

1

2

COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON APPROPRIATIONS

5

- - -

6

Room 401, City Hall
Philadelphia, Pennsylvania
May 10, 2001
8:50 a.m.

7

8

- - -

9 BILL NO. 010262 - an ordinance authorizing transfers
10 in appropriations for fiscal Year 2001 within the
General Fund from the Mayor's Office of Information
11 Services, the Department of Licenses and
Inspections, the Director of Finance, Fringe
12 Benefits, and the Department of Revenue Sinking Fund
Commission to the Mayor's Office of Information
13 Services, the Managing Director, the Fire
Department, the Department of Recreation Fairmount
14 Park Commission, the Department of Human Services,
Philadelphia Prisons, the Department of Revenue, the
15 City Representative and the Director of Commerce and
the Sheriff.

16

- - -

17

PRESENT:

18

COUNCILWOMAN JOAN L. KRAJEWSKI, Chairperson

19

COUNCILMAN DARRELL L. CLARKE

20

COUNCILMAN FRANK J. DI CICCIO

21

COUNCILMAN BRIAN J. O'NEILL

22

COUNCILMAN ANGEL L. ORTIZ

23

- - -

24

VINCENT VARALLO ASSOCIATES, INC.
Registered Professional Reporters
Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
25 (215) 561-2220

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

I N D E X

BILL 010262	PAGE
ROBERT DUBOW, City's Budget Director	3
JAMES CURATO, Director of Commerce	7

1 P R O C E E D I N G S

2 COUNCILWOMAN KRAJEWSKI: Good morning.

3 The Committee on Appropriations is now in session.

4 Will the Clerk please read the bill?

5 THE CLERK: Bill No. 010262, an
6 ordinance authorizing transfers in appropriations
7 for fiscal Year 2001 within the General Fund from
8 the Mayor's Office of Information Services, the
9 Department of Licenses and Inspections, the Director
10 of Finance, Fringe Benefits, and the Department of
11 Revenue Sinking Fund Commission to the Mayor's
12 Office of Information Services, the Managing
13 Director, the Fire Department, the Department of
14 Recreation Fairmount Park Commission, the Department
15 of Human Services, Philadelphia Prisons, the
16 Department of Revenue, the City Representative and
17 the Director of Commerce and the Sheriff.

18 COUNCILWOMAN KRAJEWSKI: Good morning.

19 MR. DUBOW: Good morning, Councilwoman
20 Krajewski and members of the Appropriations
21 Committee. My name is Rob Dubow. I serve as the
22 City's Budget Director. I appear before you today
23 to offer testimony on Bill No. 010262. As shown in
24 Exhibit A attached, there are a total of 11
25 transfers requested in the bill, including 10

1 5/10/01 - Appropriations - Bill No. 010262
2 involving a net change in departmental
3 appropriations and one transfer between classes
4 within a departmental budget, and that does not
5 result in any net change in appropriations.

6 The largest requested increase is 4.5
7 million in the Class 100 appropriation for the
8 prison system to cover overtime expenses resulting
9 from higher than anticipated inmate population
10 levels.

11 We're also requesting 3 million in Class
12 100 for the Fire Department to fund the first year
13 of the new two-year interest arbitration award and
14 the upgrade of Medic Unit 32 from a 12-hour unit to
15 a 24-hour unit.

16 We're requesting 2.5 million in Class
17 500 for the Commerce Department to cover the cost
18 associated with the creation of the New Economy
19 Development Alliance which will work with major
20 corporate and educational institutions to attract
21 entrepreneurs to Philadelphia. Those costs include
22 start-up staffing and outfitting of office space as
23 well as seed money that will be leveraged to raise
24 matching funds from other sources.

25 The Administration also requests an

1 5/10/01 - Appropriations - Bill No. 010262
2 increase in the Class 100 and 200 appropriations for
3 the Sheriff's Office totaling \$760,000 to cover wage
4 increases for deputy sheriffs that's required by the
5 new contract and overtime in mileage reimbursement
6 costs.

7 Other increases requested include
8 500,000 in Class 200 to the Department of Revenue
9 for increases in postage costs and certified mail
10 use. And \$350,000 in Class 100 to the Fairmount
11 Park Commission to cover unanticipated overtime
12 usage.

13 We're also asking for a transfer of
14 \$900,000 from the Department of Licenses and
15 Inspections to the Managing's Director's Office.
16 Those funds will be used to implement a lot cleaning
17 program and they'll will be on managed by the
18 Managing Director's Office using City employees
19 rather than contracted services through L & I.

20 The increases in appropriation are made
21 possible through savings of \$10 million in
22 appropriations from the Department of Revenue
23 Sinking Fund resulting from available debt service
24 funds that are not needed in FY 2001 because of the
25 postponement of new debt issuance.

1 5/10/01 - Appropriations - Bill No. 010262

2 Additionally, the Director of Finance
3 Fringe Benefits line has savings of 1.6 million
4 because there are fewer City employees than
5 originally projected in Fiscal Year '01.

6 The internal transfer we're requesting
7 is \$300,000 in Class 100 to Class 200 in the Mayor's
8 Office and Information Services to cover the cost of
9 contractual services needed to provide expertise not
10 currently available on staff.

11 Now, I hope comments have been helpful.
12 And on behalf of the Administration, I respectfully
13 request your favorable consideration of the bill and
14 suspension of the rules to permit consideration of
15 this ordinance on First Reading Calendar at City
16 Council's next meeting.

17 I'll be happy to answer any questions.
18 And there are representatives of the departments
19 represented in the bill who are also available to
20 answer questions. Thank you.

21 COUNCILWOMAN KRAJEWSKI: Thank you. In
22 your testimony you state that, we will proceed
23 through a professional search to identify and select
24 an executive director. May I ask, who is "we"? Is
25 it the Mayor's Office? Is it the Commerce

1 5/10/01 - Appropriations - Bill No. 010262

2 Department or some other City agency?

3 MR. DUBOW: I'm going to ask the
4 Commerce Director, Jim Curato to come up and address
5 those questions.

6 COUNCILWOMAN KRAJEWSKI: Good morning.

7 MR. CURATO: Good morning, Madam Chair
8 and members of City Council. My name is James
9 Curato, I'm City Representative and Director of
10 Commerce.

11 Councilwoman, the "we" is the New
12 Economy Development Alliance, which is a new
13 organization that this Administration wants to
14 establish to market and promote the City for high
15 tech businesses.

16 COUNCILWOMAN KRAJEWSKI: I'm sorry.
17 Repeat that again. What agency?

18 MR. CURATO: New Economy Development
19 Alliance.

20 COUNCILWOMAN KRAJEWSKI: Another one.
21 This is a new one.

22 COUNCILMAN ORTIZ: What was wrong with
23 the way we were doing things?

24 MR. CURATO: Well, Councilman, the idea
25 behind the formation of this entity is that in order

1 5/10/01 - Appropriations - Bill No. 010262
2 to target, specifically target, the high tech and
3 life science industries, we need a focused effort,
4 which is to say that my department is responsible
5 for all business development and growth in the City,
6 but we wanted a more focused effort given the great
7 upside potential for attracting high tech and life
8 sciences businesses into Philadelphia. And frankly,
9 in dealing with these businesses in this industry, a
10 lot of the traditional tools and strategies that we
11 bring to bear for business growth do not apply. We
12 need to be a little bit more creative. We need to
13 look at different ways to attract these businesses.
14 So the idea was to form a new entity that would be
15 specifically focused on high tech and life sciences
16 business.

17 Right now we are -- if you look at a
18 variety of surveys that are done that rank Cities as
19 far as their participation in this industry --

20 COUNCILMAN ORTIZ: I understand that,
21 but I thought over the last few years, and this is
22 before your tenure, we have spoken about those
23 things in this Council for the last six, seven years
24 and structuring a strategy to do that and getting
25 some of the buildings that were up and renovated and

1 5/10/01 - Appropriations - Bill No. 010262
2 wired so that we could attract all of these
3 businesses. I thought we had an ongoing program
4 directed at that new technology in place. I didn't
5 know that whatever we were doing to attract that new
6 technology over the last few years was not being
7 successful, we were focused wrong. I thought we
8 were focused -- I mean, people came into this
9 Council asking for tax relief to wire this and do
10 other stuff and go down the line, and we approved
11 it. And to find out that now we haven't been
12 focused over the last few year is sort of like, wow,
13 what have we been doing?

14 MR. CURATO: Councilman, what we've
15 tried to do over the past several years is address
16 the issue. We've done it, but we haven't really
17 done it in a coordinated fashion. What I think this
18 new organization will do will be coordinate the
19 different agencies and players that are out here
20 right now trying to do this effort. And there are a
21 number of them. I think the City will bring
22 leadership and a coordination role so that we're all
23 working together and this will be a very focused
24 effort. The steps that have been taken thus far
25 over the past several years have been very helpful

1 5/10/01 - Appropriations - Bill No. 010262

2 in getting us started, but if we're going to move
3 from what I would characterize as the mid tier of
4 cities who are perceived as high tech and life
5 sciences cities --

6 COUNCILMAN ORTIZ: NASDAC is going down
7 the tubes.

8 MR. CURATO: If we're going to move from
9 the mid tier to the upper tiers, we've got to do
10 more and we've got to have a more focused effort.

11 COUNCILMAN ORTIZ: All right.

12 COUNCILWOMAN KRAJEWSKI: Who will
13 appoint the board positions?

14 MR. CURATO: The board positions will be
15 appointed --

16 COUNCILWOMAN KRAJEWSKI: Meaning, the
17 executive director or who?

18 MR. CURATO: The organization is still
19 being formed. The Law Department is drafting
20 documents now that would establish the corporation.
21 We currently are envisioning a board of
22 approximately 13 members. I believe only six have
23 been identified thus far. The Mayor would make the
24 final decision on board appointments. Judith Roden,
25 the President of the University of Pennsylvania is

1 5/10/01 - Appropriations - Bill No. 010262
2 the Chair. And, again, additional board
3 appointments will be announced in the coming weeks.

4 COUNCILWOMAN KRAJEWSKI: Will the
5 staffing need to be filled with hires through the
6 Civil Service process or will the people be
7 transferred from other City agencies or will these
8 be based on recommendations solely from a
9 professional search?

10 MR. CURATO: The way we envision it,
11 Councilwoman Krajewski, is that the executive
12 director would be hired and there is a search firm,
13 a local search firm that is working on that right
14 now to find the best person for this position. Once
15 that person is identified --

16 COUNCILMAN ORTIZ: Can you tell us the
17 search firm.

18 MR. CURATO: Hydrick and Struggles.
19 Once that person is identified, we would then
20 proceed to fill out the rest of the staff. I will
21 not -- I will speak on behalf of the Administration,
22 certainly not for the new executive director because
23 that person has not been identified yet. But I
24 think we're envisioning a relatively small staff
25 headed by a dynamic executive director who has the

1 5/10/01 - Appropriations - Bill No. 010262

2 skills, background, savvy and knowledge to talk to
3 people who are in this industry and let them know
4 that Philadelphia is a place that they want to be.

5 COUNCILWOMAN KRAJEWSKI: Well, are these
6 positions for the executive director and board
7 required to have Council approval, you know, being
8 filled similar to what is done with other agencies
9 and authorities?

10 MR. CURATO: Would the staff positions
11 be subject to City Council approval, Councilwoman?
12 I would say no. We're not envisioning that they
13 would.

14 COUNCILWOMAN KRAJEWSKI: They don't need
15 Council approval like other agencies?

16 MR. CURATO: Correct. That's the way
17 our plan is. They do not need City Council
18 approval.

19 COUNCILMAN ORTIZ: Will these people be
20 City employees?

21 MR. CURATO: No.

22 COUNCILWOMAN KRAJEWSKI: Where are they
23 coming from?

24 MR. CURATO: Well, the executive
25 director, we're trying to find the best person

1 5/10/01 - Appropriations - Bill No. 010262

2 literally in the country for this position. The
3 rest of the staff would come from the area. We'll
4 be looking for the best people we can possibly find.

5 COUNCILMAN ORTIZ: The City will pay
6 them? Who will pay these people?

7 MR. CURATO: We're proposing that they
8 be paid from a portion of the funds that we're
9 asking for here today.

10 COUNCILMAN ORTIZ: Under what authority
11 can this Council appropriate money to pay people who
12 are not City employees?

13 MR. DUBOW: Kind of the same setup we
14 have with organizations like the Defender
15 Association where we give them funds and they hire
16 their own employees. We don't approve Defender
17 Association employees.

18 COUNCILMAN ORTIZ: That's
19 constitutionally mandated that we do certain things
20 along those lines. This does not seem to me to be
21 something that is within a constitutionally mandated
22 function.

23 MR. DUBOW: I'm just talking about the
24 structure of how their employees are hired. We
25 don't have a say in that.

1 5/10/01 - Appropriations - Bill No. 010262

2 COUNCILMAN ORTIZ: I mean, we're going
3 to take money to give to an entity that is not under
4 purview of the City and obviously not will not come
5 under the purview of this Council in terms of
6 monitoring and we're supposed to be giving them
7 money to hire people and pay people and we will
8 appropriate that money and we will have, in essence,
9 very little to do once we appropriate that money as
10 to what the function of these people are and how
11 they measure their jobs. I really -- I'd really
12 like to see something in writing about this. I
13 really would like to see a whole conceptual paper on
14 this, on the authority that comes down. I'd like
15 our Legal Department to take a look at it.

16 MR. CURATO: Okay.

17 COUNCILWOMAN KRAJEWSKI: I have to agree
18 with you, Councilman. I think we have another
19 appropriations hearing on another date, so maybe we
20 can continue this because I'm not satisfied with the
21 answers either.

22 Are there any other questions?

23 This appropriations hearing will recess
24 to the call of the Chair on this particular bill.
25 And Mr. Dubow, I hope you can come back and the

1 5/10/01 - Appropriations - Bill No. 010262
2 Commerce Director can come back with more specific
3 answers. We just can't give \$2.5 million dollars
4 and get no answers on it. Thank you all very much.
5 We appreciate this.

6 (Council adjourned at 9:05 a.m.)

7 - - -

8

9

10

11

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

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 May 10, 2001, were reported fully
and accurately by me, and that this is a correct
transcript of the same.

RE: COMMITTEE ON APPROPRIATIONS

Lisa C. Bradley, RPR
and Notary Public