

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING AND PUBLIC MEETING
4 BEFORE THE COUNCIL COMMITTEE ON APPROPRIATIONS

5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Thurs., 6/17/99, 9 a.m.
9 - - -

10 BILL 980834 - Authorizing transfers and
11 appropriations for Fiscal Year 1999 within the
12 Grants Revenue Fund. . .

13 BILL 990445 - Authorizing transfers and
14 appropriations for Fiscal Year 1999 within the
15 General Fund. . .

16 BILL 990446 - Authorizing transfers and
17 appropriations for Fiscal Year 2000 from the
18 General Fund. . .

19 BILL 990447 - Authorizing transfers and
20 appropriations for Fiscal Year 2000 within the
21 HealthChoices Behavioral Health Revenue Fund. . .

22 BILL 990448 - Authorizing transfers and
23 appropriations for Fiscal Year 2000 within the
24 HealthChoices Behavioral Health Revenue Fund. . .

25 BILL 990449 - Authorizing transfers and
appropriations for Fiscal Year 2000 within the
Grants Revenue Fund. . .

BILL 990450 - Authorizing transfers and
appropriations for Fiscal Year 2000. . .

(Full text of all bills within transcript.)

18 PRESENT: COUNCILMAN MICHAEL A. NUTTER, Vice Chair
19 COUNCILWOMAN ANNA C. VERNA
20 COUNCILWOMAN AUGUSTA CLARK
21 COUNCILMAN DARRYL CLARKE
22 COUNCILMAN ANGEL L. ORTIZ
23 COUNCILMAN RICHARD T. MARIANO
24 COUNCILMAN FRANK RIZZO

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1 6/17/99 APPROPRIATIONS

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

3 COUNCILMAN NUTTER: Good morning,
4 ladies and gentlemen, the Committee on
5 Appropriations is now in session. I'm Councilman
6 Nutter, Vice Chair of the committee. Councilwoman
7 Krajewski will not be able to attend this
8 morning's meeting, as she is attending to very
9 serious business in her district. In attendance
10 this morning is Council President Verna;
11 Councilman Rizzo, who has been appointed to the
12 committee this morning by Council President Verna;
13 Councilman Clarke, and Councilman Mariano.

14 Will the clerk of the committee please
15 read the titles of the bills.

16 THE CLERK: Bill No. 980834, an
17 ordinance authorizing transfers and appropriations
18 for Fiscal Year 1999 within the Grants Revenue
19 Fund from the Director of Finance Provision for
20 Other Grants to the District Attorney.

21 Bill No. 990445, an ordinance
22 authorizing transfers and appropriations for
23 Fiscal Year 1999 within the General Fund from the
24 Department of Recreation, the Department of
25 Recreation Stadium Complex, the Department of

1 6/17/99 APPROPRIATIONS

2 Public Property Utilities, the Department of
3 Licenses and Inspections, the Director of Finance,
4 and the Personnel Director to the Mayor's Office
5 of Information Services, the Managing Director
6 Office of Fleet Management, the Police Department,
7 the Department of Recreation, the Department of
8 Recreation Stadium Complex, the Department of
9 Recreation Fairmount Park Commission, the
10 Department of Licenses and Inspections, the
11 Procurement Department, the Personnel Director,
12 and the City Commissioners.

13 Bill No. 990446, an ordinance
14 authorizing transfers and appropriations for
15 Fiscal Year 2000 from the General Fund - Director
16 of Finance Contribution to the School District/Tax
17 Cuts and the City Representative and the Director
18 of Commerce Economic Stimulus, and from the Grants
19 Revenue Fund - the Director of Finance Provision
20 for Other Grants to the General Fund, the Director
21 of Finance and the First Judicial District of
22 Pennsylvania.

23 Bill No. 990447, an ordinance
24 authorizing transfers and appropriations for
25 Fiscal Year 2000 within the HealthChoices

1 6/17/99 APPROPRIATIONS

2 Behavioral Health Revenue Fund from the Director
3 of Public Health to the Department of Public
4 Health.

5 Bill No. 990448, an ordinance
6 authorizing transfers and appropriations for
7 Fiscal Year 2000 within the HealthChoices
8 Behavioral Health Revenue Fund from the Director
9 of Public Health to the Department of Public
10 Health.

11 Bill No. 990449, an ordinance
12 authorizing transfers and appropriations for
13 Fiscal Year 2000 within the Grants Revenue Fund
14 from the Director of Finance - Provision for Other
15 Grants to the Mayor's Office of Housing and
16 Community Development.

17 And Bill No. 990450, an ordinance
18 authorizing transfers and appropriations for
19 Fiscal Year 2000 within the Grants Revenue Fund
20 from the Director of Finance - Provision for Other
21 Grants to the City Representative and the Director
22 of Commerce.

23 COUNCILMAN NUTTER: Are there
24 representatives from the Administration who wish
25 to be heard on these bills?

1 6/17/99 APPROPRIATIONS - Bill 990445

2 (Dean Kaplan comes forward.)

3 MR. KAPLAN: Yes, thank you. Good
4 morning, Councilman Nutter and members of the
5 Appropriations Committee. I'm Dean Kaplan, the
6 City's Budget Director, and I appear before you
7 today to offer testimony on each of the bills
8 recited by the clerk, which make transfers between
9 and among classes and departments in various funds
10 of the City for FY 1999 and FY 2000. I'll address
11 them each in turn.

12 The transfers in Bill No. 990445 are
13 needed to realign FY appropriations in the General
14 Fund. There are nine transfers that involve the
15 change in total appropriations for a particular
16 department or cost center. The largest is an
17 increase of \$835,000 to the Mayor's Office of
18 Information Services to cover the cost of making
19 the City's information technology systems Year
20 2000-compliant. Specifically, these funds will be
21 used to cover the cost of upgrading the City's
22 e-mail system, fixing noncompliant systems in the
23 Sheriff's Office and Personnel Department, testing
24 system in Police and Records, including the
25 preliminary arraignment system, and providing

1 6/17/99 APPROPRIATIONS - Bill 990445

2 project management support above and beyond what
3 that staff could provide this year.

4 There are \$650,000 requests for the
5 Procurement Department to cover costs related to
6 increased advertising expenses, mostly
7 election-related.

8 There's \$600,000 for the Police
9 Department for the rental of vehicles for
10 narcotics surveillance and accelerated
11 installation of mobile data terminals and police
12 vehicles, which has resulted in increased air time
13 costs for the Police Department once those MDTs
14 were in operation.

15 Additional increases beyond that
16 include \$500,000 for Fleet Management for
17 replenishment of their parts inventory.

18 \$300,000 for the City Commissioners for
19 increases in the general and primary
20 election-related expenses.

21 \$200,000 for the Recreation Department
22 to cover an increase in the cost of the contract
23 for cleaning the Vet.

24 And \$172,000 for Fairmount Park for the
25 cleanup from several storms last year, which has

1 6/17/99 APPROPRIATIONS - Bill 990445

2 caused them to have a shortfall in Class 200, as
3 well as the cost for the maintenance of the
4 City-owned Johnson art collection at the Art
5 Museum.

6 We are proposing to support these
7 increases with a transfer of \$2.5 million from the
8 Director of Finance appropriation, which has
9 become available because the payments on the band
10 width sale, which we discussed a couple weeks ago
11 at the 800-megahertz hearing, will not be made
12 until FY 2000. When we put together the budget in
13 FY '99, the timing of those payments had not been
14 finalized, and we assumed they would be made his
15 year. They will not be made until next year, and
16 as a result, we have an additional appropriation
17 authority available there. And then there's an
18 additional \$720,000, which is available because of
19 the warm winter, which has produced savings in
20 electric, gas and steam costs for the City.

21 There are three other transfers in this
22 bill which are between -- within department and
23 don't include increased appropriations in all.
24 They include \$55,000 also for the Recreation
25 Department; this is for their -- in their

1 6/17/99 APPROPRIATIONS - Bill 990445
2 non-stadium budget to fund increased
3 transportation costs for the after-school
4 program. \$50,000 for L&I for transportation for
5 inspectors and their IT support services. And
6 \$25,000 within the Personnel Department for
7 computer purchases.

8 That concludes my testimony on Bill No.
9 990445.

10 I respectfully request your favorable
11 consideration on this bill and suspension of the
12 rules to permit consideration of this ordinance on
13 the first-reading calendar at your next meeting.

14 COUNCILMAN NUTTER: Okay. Mr. Kaplan,
15 just a couple questions that I have, but first,
16 Councilwoman Clark is also in attendance, for the
17 record.

18 I'm sorry. Your testimony was just on
19 Bill No. 990445?

20 MR. KAPLAN: Yes.

21 COUNCILMAN NUTTER: Is that correct?

22 MR. KAPLAN: Yes.

23 COUNCILMAN NUTTER: I'm sorry, my
24 question is on a different bills.

25 Any questions on 99045.

1 6/17/99 APPROPRIATIONS - Bill 990445

2 (No questions.)

3 MR. KAPLAN: Should I continue?

4 COUNCILMAN NUTTER: Proceed, please.

5 MR. KAPLAN: Bill No. 980834 makes
6 FY 'appropriation transfers between departments
7 within the Grants Revenue Fund. It includes just
8 one transfer for the District Attorney's Office
9 from the Director of Finance Provision for Other
10 Grants. During the months of March, April, May
11 and June last year, additional funds forfeited in
12 the police seizures was deposited in Grants
13 Revenue. The DA's Office does not have sufficient
14 authority to transfer proceeds of these seizures,
15 which they use to support their narcotics
16 investigations, so they have requested, and the
17 Administration supports, an increase of a half
18 million dollars in Class 100 power for them so
19 that they may use these forfeited funds to support
20 police overtime, their own investigations, and
21 prosecution of narcotics investigations.

22 Again, in addition to supporting the
23 bill, the Administration requests a suspension of
24 the rules.

25 COUNCILMAN NUTTER: I understand.

1 6/17/99 APPROPRIATIONS - Bill 990445

2 On that particular matter, Mr. Kaplan,
3 I read in the testimony that there was this, I
4 guess, excessive amount of -- I won't say
5 "excessive" amount of money, but a significant
6 amount of money became available in March, April,
7 May, and June of last year. Can you explain again
8 what the problem is that's presented by having --
9 what is it, \$754,000 at the tail-end of fiscal
10 year?

11 MR. KAPLAN: Yes. In FY '98, there
12 were not sufficient appropriations to cover the
13 forfeiture money that was seized during the year.
14 Over the last five years or so -- I don't have the
15 exact numbers with me -- but forfeiture seizures
16 have declined fairly steadily; and as a result,
17 over time, we've slowly decreased the
18 appropriation for this. Normally, obviously, we
19 leave them a little bit of room, but we don't want
20 to over-appropriate for any purpose.

21 What happened was that this additional
22 almost three quarters of a million dollars was
23 well beyond what they had the ability to spend in
24 '98. And, of course, by that time, in '99, we
25 had already passed the -- the Council had already

1 6/17/99 APPROPRIATIONS - Bill 990445

2 passed the budget. It was enacted, and that was
3 the number which couldn't be accommodated in '99,
4 either. We --

5 COUNCILMAN NUTTER: I'm sorry to
6 interrupt you. You said that the seizures, drug
7 seizures had gone down?

8 MR. KAPLAN: The amount which was
9 eligible for this sort of seizure, and perhaps
10 it's best if I ask -- I think the question you're
11 asking is probably one best answered by the DA, so
12 I might ask Al Toczydlowski, who's here from the
13 DA's Office, and George Mosley to come up.

14 But that number will fluctuate,
15 depending on the level of police and DA activity.
16 And perhaps they can explain better why the
17 changes occur in that number.

18 I might mention, while they're sitting
19 down, that as a result of this, we did request
20 that Council introduce a transfer ordinance, which
21 was done in November; and for a variety of
22 reasons, it has not been scheduled for a hearing
23 till now. So that's the other reason for the
24 fairly substantial lag time in getting to this
25 issue.

1 6/17/99 APPROPRIATIONS - Bill 990445

2 Messrs. Toczydlowski and Mosee come
3 forward.)

4 COUNCILMAN NUTTER: Please identify
5 yourselves for the record.

6 MR. MOSEE: My name is George Mosee.
7 I'm the Deputy for Narcotics in the Philadelphia
8 DA's Office.

9 MR. TOCZYDLOWSKI: Albert Toczydlowski,
10 Deputy for Administration in the DA's Office. And
11 that's T-O-C-Z-Y-D-L-O-W-S-K-I.

12 MR. MOSEE: And Mosee is M-O-S-E-E.

13 COUNCILMAN NUTTER: Hold on for a
14 second, please.

15 Mr. Mosee, you were sitting in the
16 back. Did you hear the question?

17 MR. MOSEE: Yes, I did, Councilman.

18 COUNCILMAN NUTTER: Okay.

19 MR. MOSEE: Basically, it boils down to
20 three factors. There was a significant increase
21 in the number of seizures by the Police
22 Department. There was a lull in the speed at
23 which the seizures were ultimately forfeited, and
24 the monies were then received from the Police
25 Department which maintained custody of the money

1 6/17/99 APPROPRIATIONS - Bill 990445

2 until the time that forfeiture orders were
3 obtained. It just turned out that everything
4 arrived at the same time -- toward the end of the
5 fiscal year.

6 COUNCILMAN NUTTER: I understand but
7 does that answer the question raised by
8 Mr. Kaplan's testimony? Mr. Kaplan said that the
9 drug forfeitures had gone down.

10 MR. MOSEE: That is correct. They had
11 gone down, and there was a significant increase in
12 the number of seizures by the Police Department
13 during Fiscal '98.

14 COUNCILMAN NUTTER: Okay. Do you know
15 what the -- it's my understanding that there is a
16 sharing of these proceeds between the DA's Office
17 and the Police Department.

18 MR. MOSEE: That's correct.

19 COUNCILMAN NUTTER: Now, is the total
20 amount to be shared the \$1,335,159 figure? Is
21 that the total amount they could share between the
22 two agencies?

23 MR. MOSEE: Actually, there's an
24 initial disbursal of expenses up front. The
25 Police Department gets \$200,000 up front. The

1 6/17/99 APPROPRIATIONS - Bill 990445

2 District Attorney's forfeiture expenses are
3 covered up front, and they amount to about
4 \$725,000. After that, everything is shared 50/50
5 -- at least that's the way it was in prior fiscal
6 years.

7 And in Fiscal 2000, the money --

8 COUNCILMAN NUTTER: So you're talking
9 about a million dollars right off the top in terms
10 of expenses --

11 MR. MOSEE: That's correct.

12 COUNCILMAN NUTTER: And you share about
13 \$335,000?

14 MR. MOSEE: That's correct. And the
15 rest is shared 50/50. In this fiscal 2000, in
16 Fiscal 2000, the money will be shared 60/40 after
17 the initial expenses are split.

18 COUNCILMAN NUTTER: Okay, 60 percent
19 going where?

20 MR. MOSEE: To the Police Department.

21 COUNCILMAN NUTTER: All right. Are
22 there any other questions on this particular
23 bill?

24 (No further questions at this time.)

25 COUNCILMAN NUTTER: Thank you.

1 6/17/99 APPROPRIATIONS - Bill 990446

2 Mr. Kaplan?

3 MR. KAPLAN: Thank you.

4 The next bill in numerical order here
5 is Bill No. 990446, which would realign the FY
6 2000 appropriations in the General Fund for the
7 First Judicial District. It provides for a
8 transfer of \$53,763,000 to the First Judicial
9 District of Pennsylvania and \$2.86 million to the
10 Director of Finance, for a total of
11 \$55.867 million. This funding is transferred from
12 the General Fund Appropriations from the Director
13 of Finance, the City representative, and Provision
14 for Other Grants.

15 This ordinance is necessary because, as
16 all members of Council are well aware, the FY 2000
17 budget as adopted did not provide funding for the
18 First Judicial District of Pennsylvania,
19 consistent with the Supreme Court's directive of
20 July 26, 1996 requiring that the General Assembly
21 enact a constitutional funding scheme for the
22 courts. As you know, the Administration has taken
23 the position for the last several years that the
24 State should adopt full funding for the FJDP and
25 other court-related agencies, and we have

1 6/17/99 APPROPRIATIONS - Bill 990446

2 regularly tried to work with the State to provide
3 that funding.

4 This particular legislation would
5 provide funding for the first six months of this
6 fiscal year. This particular year is a little bit
7 different from the last several times we've gotten
8 through this exercise. Most of you are aware that
9 the First Judicial District has, as it did last
10 year, brought suit against the City to provide
11 funding. The City is awaiting a hearing schedule
12 on that matter. However, both this body and the
13 State legislature will be out of session before
14 that hearing is resolved, so we wanted to have the
15 ability to be in a position to fund the courts so
16 that the justice system can operate on July 1st.

17 The second thing that's slightly
18 different this year is that the Governor has
19 proposed for both of the last two years -- we
20 believe, at least in part, as a result of this
21 strategy -- that the State begin funding the
22 courts, and has included funding for the senior
23 cord administrators across the State in his budget
24 submission. Last year, the General Assembly
25 enacted a provision which required -- that

1 6/17/99 APPROPRIATIONS - Bill 990446

2 mandated that that money could not be spent until
3 a comprehensive funding plan for the courts is put
4 in place and for those -- essentially that those
5 appropriations were authorized, and that never
6 happened.

7 This year, there is legislation to
8 achieve that. It has been passed by the State
9 Senate as S.B. 3. It is in the House, and it's
10 the Administration's understanding that this is
11 one of several pieces of legislation which is
12 under active consideration by the House as it
13 finishes its session today and tomorrow.
14 Obviously, we're encouraged by this action and
15 believe that this shows some good-faith effort on
16 the part of State and the State legislature to
17 help resolve this.

18 So, therefore, we are again supporting
19 this transfer, and requesting a suspension of the
20 rules and first reading.

21 COUNCILMAN NUTTER: Mr. Kaplan, let me
22 ask this question. On the front page of the bill
23 the "from" section, Section 2.46, Director of
24 Finance Contribution to School District/Tax Cuts.
25 And you have in the contributions, indemnities,

1 6/17/99 APPROPRIATIONS - Bill 990446

2 and taxes line, \$23,140,447 coming out of that.

3 What is that particular budget
4 category? And what is the impact on the School
5 District of this?

6 MR. KAPLAN: As you know, several years
7 ago, the Mayor stated that were the State to adopt
8 funding of the courts, he was inclined to propose
9 to this Council that we would use the savings
10 generated to assist the School District to pay for
11 additional economic development and to pay for
12 further tax cuts. During his budget address this
13 year, the Mayor proposed that, in fact, school
14 funding would be primary area he thought we should
15 direct any saving to.

16 Because we know that this has been a
17 somewhat contentious issue and one where, again,
18 we do not wish to be in the position of having to
19 close the courts, we have regularly budgeted the
20 money that we would have put in the FJDP line in
21 the line called "Contribution to the School
22 District and Tax Cuts," and then another amount of
23 money in a line called "Commerce Director Economic
24 Development." Those lines make it available for
25 us should the State step up to the plate on this;

1 6/17/99 APPROPRIATIONS - Bill 990446

2 and if not, we can use it, as we are proposing
3 today, to transfer to the First Judicial District
4 of Pennsylvania.

5 To answer your specific question --

6 COUNCILMAN NUTTER: Well, do I
7 understand that for that total line in the FY 2000
8 budget, 2.46, you've set aside \$40,560,000?

9 MR. KAPLAN: Yes.

10 COUNCILMAN NUTTER: In essence, that's
11 where part of the court funding money is.

12 MR. KAPLAN: Right.

13 COUNCILMAN NUTTER: And the other
14 location is in the -- I think it's 252?

15 MR. KAPLAN: Mm-hmm.

16 COUNCILMAN NUTTER: Director of
17 Commerce - Economic Stimulus line?

18 MR. KAPLAN: That's correct.

19 COUNCILMAN NUTTER: Is all \$40 million
20 in that line the new hiding location for the First
21 Judicial District?

22 MR. KAPLAN: I would not call it a new
23 or a hiding location. We've used both these lines
24 for three years or so.

25 COUNCILMAN NUTTER: Well, they're old,

1 6/17/99 APPROPRIATIONS - Bill 990446

2 and it's an open hiding location.

3 MR. KAPLAN: Yeah, and I think we've
4 been quite clear about what we are doing here.

5 COUNCILMAN NUTTER: Okay.

6 MR. KAPLAN: Yes.

7 COUNCILMAN NUTTER: Go ahead, I cut you
8 off.

9 MR. KAPLAN: Yes. And I think that the
10 final piece of your question is that, obviously,
11 we believe it would be a tremendous advantage to
12 the School District if either the State met what
13 we believe to be their funding obligations to the
14 School District or if we were allowed to use money
15 that we otherwise would spend on the courts in
16 that purpose. However, this line is not a line
17 which was presumed in our budget to be available
18 for the School District unless the court situation
19 was resolved.

20 COUNCILMAN NUTTER: Okay.

21 Are there any other questions?

22 (No further questions at this time.)

23 COUNCILMAN NUTTER: Okay. Continue,
24 Mr. Kaplan.

25 MR. KAPLAN: The next two pieces of

1 6/17/99 APPROPRIATIONS - Bill 990447, 48
2 legislation are Bill No.'s 990447 and 990448. Let
3 me discuss both of those together.

4 Both of these bills request the
5 approval of expenditures of reinvestment monies
6 from the HealthChoices Behavioral Health Revenue
7 Fund, more commonly known as "Community Behavioral
8 Health," or "CBH."

9 The first bill, 990447, requests
10 approval of a little over \$6 million for the
11 homeless services provided in response to the
12 enactment by Council last year of the sidewalk
13 behavior ordinance. The services would include
14 supportive independent living arrangements for
15 formerly homeless people, shelter support staff,
16 the addition of new residential facilities,
17 including entry-level safe haven and recovery
18 housing, a shelter assessment treatment team, and
19 enhanced outreach in case-management services.

20 These are essentially the pieces of the
21 program that we had discussed at some length with
22 Council in a transfer earlier this year, and these
23 monies were assumed in the FY 2000 budget and the
24 FY 2000 and 2004 five-year plan as the first piece
25 of the long-term funding for the sidewalk

1 6/17/99 APPROPRIATIONS - Bill 990447, 48
2 ordinance response. This money would fund the
3 first 18 months of the next five years in the
4 plan, and then the plan assumes General Fund
5 monies for the last three and a half years of the
6 plan.

7 As you've no doubt noticed in the Daily
8 News last week and in the Inquirer this week,
9 there have been very laudatory editorials about
10 the success of the sidewalk ordinance to date.
11 While we are very pleased to see that that success
12 has been recognized, there is clearly a lot of
13 work to be done in this area, and the continued
14 funding for the outreach teams for the housing and
15 for some of the intensive shelter services is
16 critical if we are going to continue the progress
17 that was noted in the newspaper.

18 As you know, the process for approving
19 the expenditure of these reinvestment monies
20 requires both Council approval by this transfer
21 ordinance and State approval. The Health
22 Department has received approval for Bill No.
23 990447 -- that's funding for the sidewalk
24 ordinance. However, at this point, we do not
25 expect immediate approval from the State for

1 6/17/99 APPROPRIATIONS - Bill 990447, 48
2 990448.

3 Therefore, we are requesting that you
4 approve and suspend the rules for 990 447 with
5 that for now, and that you hold 990448 pending
6 further discussions between the Health Department
7 and the State on the expenditure of the proposals
8 in that particular ordinance.

9 COUNCILMAN NUTTER: Are there any
10 questions?

11 COUNCILMAN CLARKE: Yes.

12 COUNCILMAN NUTTER: Councilman Clarke.

13 COUNCILMAN CLARKE: I have a question,
14 Mr. Kaplan, on the supported independent living
15 arrangements and the new residential facilities.
16 Do you have a breakdown on just what they are and
17 where they may be? Can that be made available?

18 MR. KAPLAN: I don't have that with
19 me. We could make that available, yes. I'd be
20 happy to do that.

21 COUNCILMAN CLARKE: Okay.

22 COUNCILMAN NUTTER: Okay, any other
23 questions?

24 (No further questions at this time.)

25 COUNCILMAN NUTTER: Please continue,

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 Mr. Kaplan.

3 MR. KAPLAN: The next transfer in
4 numerical order is Bill No. 990449. It's a
5 request for a transfer of \$3.2 million to the
6 Office of Housing and Community Development from
7 the Director of Finance Provision for Other
8 Grants. This transfer will allow the Office of
9 Housing and Community Development, primarily
10 through the Redevelopment Authority, to fund
11 additional acquisition of blighted tax-delinquent
12 properties for rehabilitation.

13 This is a matter which has been under
14 some discussion between the Administration and
15 Council and the housing agencies for a few years.
16 What it would do is allow what we call the
17 "recycling" of funds which normally would be used
18 -- come in from blighted properties when we
19 condemn them and go into the General Fund to
20 instead be used by the RDA and OHCD to purchase
21 additional blighted properties.

22 We believe that the amount of this bill
23 will allow for the purchase, condemnation, and
24 remarketing by RDA of approximately 1100
25 properties, the vast majority of which these

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 properties are valued under \$10,000 and many of
3 which have tax delinquencies which far outstrip
4 the actual value of the properties.

5 Again, in this case, we request Council
6 suspension of the rules and passage of this bill
7 today so that it could be considered at Council's
8 next meeting.

9 COUNCILMAN NUTTER: On this particular
10 issue, Mr. Kaplan, is it my understanding that
11 this proposal came out of some combination of a
12 series of public hearings held in the Commerce and
13 Economic Development Committee as well as
14 subsequent effort that I know that former City Joe
15 Duretsky (ph.) was involved in? I've had some
16 discussions with my chief of staff and a number of
17 other people participating in that effort.

18 Is this the result of those discussions
19 about how we used these dollars that end up as, I
20 guess, in your words, end up going to court when
21 we're trying to acquire properties but we have to
22 put up -- is it collateral or some kind of escrow
23 in case the owner suddenly resurfaces?

24 MR. KAPLAN: Yes. As the submitted
25 testimony that Executive Director of the RDA

1 6/17/99 APPROPRIATIONS - Bill 99044p
2 points out, these monies are normally paid into
3 court, and the City can normally draw against that
4 amount to satisfy liens on those properties. And
5 essentially what we're proposing is that we would,
6 rather than take that money when we do satisfy
7 those liens and just deposit them in the General
8 Fund. We would now reappropriate it and make it
9 available to do more of the same. So hopefully,
10 that would dramatically increase the number of
11 properties that the RDA can handle.

12 And as pointed out, this is something
13 which has been a close collaborative effort
14 between Council, community groups, the housing
15 agencies, and others in the Administration. This
16 is clearly a joint and collaborative effort.

17 COUNCILMAN NUTTER: So, again, are you
18 saying that rather than those dollars leaving that
19 fund and ending up in the City's General Fund,
20 they would go back to the housing agencies?

21 MR. KAPLAN: Yes. What we would do is,
22 normally, as in any case when there's a lien on a
23 property, quite often the City has the primary
24 claim on those dollars. So particularly in these
25 cases, these properties where the value is far

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 less than the amount of City liens, the City would
3 get their 2 or 3 or 4 or \$5,000, whatever that
4 amount was; and as with all liens, would deposit
5 it in the General Fund for general City
6 activities, and that would be the end of that.

7 What we're proposing is from an
8 accounting point of view, we can't just release
9 those liens; we have to deposit them to show it,
10 but we're suggesting that we would appropriate the
11 amount of those liens back to OHCD, and OHCD would
12 make them available to the RDA to do further
13 acquisitions.

14 COUNCILMAN NUTTER: So what, every year
15 or maybe in the midyear transfer ordinance, you
16 would try to figure out or you would make some
17 determination as to what that amount was? And
18 then just through the appropriation process, since
19 you just said, you can't take the money directly,
20 you would give it back to the agency?

21 MR. KAPLAN: Yes. What I believe would
22 happen is, we think about 2.25 million of this
23 amount is for properties which are currently
24 eligible for this, which are kind of in the
25 inventory now. About a million of this amount

1 6/17/99 APPROPRIATIONS - Bill 99044p
2 would be for new properties in FY 2000. In future
3 years, I believe -- obviously, this administration
4 will not be making the proposal -- but I would
5 recommend to the subsequent administration that
6 they just include this in the budget as a grant
7 line for OHCD we. And we think about a million
8 dollars is probably the right number, but that
9 could be adjusted, as you're suggesting, by
10 transfer.

11 COUNCILMAN NUTTER: Lastly, do you
12 anticipate that this will have any impact on the
13 speed which, you know, at times, is a misnomer in
14 the acquisition disposition process as a word.
15 But, you know, do you anticipate that this will
16 shorten the process of acquisition and disposition
17 at all?

18 MR. KAPLAN: Yes, we do. I think it
19 would be a little bit premature to say how much
20 but we anticipate that this should increase the
21 speed of acquisition.

22 COUNCILMAN NUTTER: Any other
23 questions?

24 Mr. Kaplan, this is the first time
25 we're doing this? This is a new proposal?

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 MR. KAPLAN: Yes, it is.

3 COUNCILMAN NUTTER: A new idea? Okay.

4 Thank you for collective creativity.

5 Did you estimate what this dollar
6 amount -- do I recall you saying that this should
7 cover about 1100 properties?

8 MR. KAPLAN: That's our current
9 estimate, yes.

10 COUNCILMAN NUTTER: Okay, all right.

11 Councilwoman Clark has a question.

12 COUNCILWOMAN CLARK: Mr. Kaplan, how do
13 you plan on reducing blight using this technique?

14 MR. KAPLAN: Well, because this is a
15 new proposal, at this point, there is no funding
16 in the five-year plan for this technique, and
17 that's one of the reasons we're asking for this
18 today. And, as I mentioned, this would allow
19 about 1100 properties to go forward, of which
20 about two-thirds, more or less, of that money
21 would go towards those we already have available.

22 I don't know if the money ties exactly
23 to the number of properties, but let's say, for
24 argument's sake, it's probably relatively close.
25 And then at this point, based on discussions

1 6/17/99 APPROPRIATIONS - Bill 99044p
2 between RDA, OHCD, and Finance, we believe that
3 about a million dollars year would be needed to do
4 the properties they believe are eligible.

5 As Councilman Nutter suggested, if we
6 were to find that this is a particularly
7 successful method and that there may, in fact, be
8 more properties that we can use this for, I don't
9 think there would be any objection on the part of
10 any of the people involved on this side to
11 increasing that amount to meet additional need if
12 it's out there. I think this is kind of our best
13 estimate at the time of what we would need going
14 forward.

15 So my assumption is, to answer your
16 question the short way, in the future, we would be
17 proposing to have about \$5 million in the
18 five-year plan, or about a million a year.

19 COUNCILWOMAN CLARK: One of the things
20 that has caused a great deal of criticism is the
21 number of rehabilitable houses that are standing
22 and getting worse and the number of people who
23 need affordable housing. It seems to me that this
24 is a real tangible step to bring in the need and
25 the resource together. And if it works, then we

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 need to have a plan for reducing the blight and
3 increasing the number of rehabbed houses.

4 And I guess that's where my question is
5 headed. Maybe it's best directed at the
6 Redevelopment Authority but I would like to see us
7 put some kind of structure on such a plan.

8 MR. KAPLAN: Yeah. I think that is a
9 question that is best addressed by Mr. Eisenstat
10 from the Redevelopment Authority, so I will defer
11 to him.

12 (Noel Eisenstat comes forward.)

13 MR. EISENSTAT: Good morning.

14 COUNCILWOMAN CLARK: Good morning,
15 Mr. Eisenstat.

16 MR. EISENSTAT: My name is Noel
17 Eisenstat. I'm the Executive Director of the
18 City's Redevelopment Authority.

19 The action as presented to you today
20 only deals with the existing pipeline of
21 activities that are already ongoing as it relates
22 to the cycling activity. There is a second
23 element of this that Councilman Nutter knows a
24 little bit about because of the activities of
25 former solicitor Joe Duretsky, which is that part

1 6/17/99 APPROPRIATIONS - Bill 99044p
2 of the revenue generate from this will also allow
3 the Authority to open a program within the -- by
4 the end of this calendar year now that would allow
5 the acquisition of an additional thousand
6 properties.

7 The decisions surrounding that were in
8 fact to start the program in a process in this
9 coming year where we would first deal with vacant
10 lots. We weren't going to tackle structures at
11 first from an issue of speed and demand. And the
12 feeling of the Acquisition Task Force Subcommittee
13 that many individuals participated on, the
14 objective is to start a program this year that
15 would increase the acquisition of new vacant lots
16 as a result of this program by, as I said, a
17 thousand parcels.

18 COUNCILWOMAN CLARK: And when taken
19 together, we have dilapidated housing and the
20 acquisition of vacant lots does go a long way
21 toward removing blight, which is the greatest
22 problem that older neighborhoods are facing. And
23 I guess I'm trying to see whether this is a
24 one-time shot in the dark or whether it's a plan.

25 MR. EISENSTAT: Well, I think it's a

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 plan, and I think that those who have been working
3 through that process -- notice I didn't use the
4 word "speed" in that description -- believe that
5 we can't expect to take a program that started at
6 40 or 50 per parcels a year and now appropriate a
7 thousand. We want to double that.

8 It would be very nice if I could come
9 before you today and say that we have figured out
10 a way to take a system that's now to do 10 or 15
11 parcels a year -- that's just not going to be the
12 case. There's an --

13 COUNCILWOMAN CLARK: Well, I'm not
14 interested in your telling me pretty stories; I
15 just want to know where you're headed and how
16 likely we are to get there in any date certain.

17 MR. EISENSTAT: We'd like to open a
18 system in the next few months that will open these
19 thousand parcels that have been dubbed a "gateway
20 center," and this really is a program that will be
21 directed to property owners in neighborhoods who
22 have attempting to acquire vacant lots for years.
23 The Vacant Property Review Committee, which many
24 of you all know about, really addresses the needs
25 of individuals with vacant lots that the City had

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 acquired in previous years for sheriff's sale, and
3 that there is no, for lack of a better term retail
4 program where John Q. Public can show up and say,
5 "I want the lot next to me and it's in private
6 ownership."

7 And we think that we want to press this
8 acquisition system as much as we can. But in
9 terms of that, we think trying to do an additional
10 thousand units is appropriate. We think anything
11 more than that would overload the system and the
12 current staff loads.

13 COUNCILWOMAN CLARK: Thank you. That's
14 my last question.

15 COUNCILMAN NUTTER: Thank you,
16 Councilwoman Clark.

17 Councilman Clarke?

18 COUNCILMAN CLARKE: Good morning, Mr.
19 Eisenstat.

20 Mr. Eisenstat, recently, Council passed
21 a vacant lot nuisance abatement bill. Does this
22 particular program that you're speaking of today
23 somehow enhance our ability to do that? Or is
24 this separate and aside from that, or will any
25 funding, as a result of this, help staff that

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 particular --

3 MR. EISENSTAT: I don't believe that
4 this program will help staff that program. I can
5 assure you that there is no -- that that's not
6 what the intention of this activity is today.

7 However, I would tell you two things.
8 One is anecdotal and the second is specific to
9 this. In fact, the new program you speak of will
10 clearly be able to be piggybacked here in terms of
11 the fact that we may identify lot owners, we may
12 acquire the property, and utilize the powers that
13 were permitted in this new piece of legislation
14 that we're now beginning to implement.

15 What I would also note -- maybe you
16 know or do not know it, but a number of Council
17 colleagues have come to us, including most
18 recently, Councilman DiCicco yesterday, and we're
19 beginning to work with them on amending the 1202
20 ordinance to allow additional Council awards in
21 areas to be included in the program.

22 COUNCILMAN CLARKE: Okay. My concern
23 is that the intention of the bill was to expedite
24 the process of allowing homeowners or community
25 organizations access to these privately-owned

1 6/17/99 APPROPRIATIONS - Bill 99044p

2 vacant lots. And I'm somewhat concerned that we
3 may basically be duplicating ourselves.

4 MR. EISENSTAT: No, not at all. The
5 bill you're mentioning allows a property owner or
6 a community group or an adjacent owner the rights
7 of possession before title is vested.

8 COUNCILMAN CLARKE: Right.

9 MR. EISENSTAT: This process gets you
10 the title. So think of this as -- that bill that
11 you speak of, which I know you were very
12 instrumental in crafting if not drafting, that's
13 the beginning of the train, and this is the end of
14 the train. This allows the system --

15 COUNCILMAN CLARKE: So once we get
16 license agreement with the homeowner, then
17 ultimately, this bill will actually help us get
18 the title.

19 MR. EISENSTAT: Right. This bill does
20 funding. The result of some of that funding will
21 allow that to happen.

22 COUNCILMAN CLARKE: So it is, in fact,
23 potentially the enhancement of our particular --

24 MR. EISENSTAT: Well, I think it's more
25 than potentially; it very much should be.

1 6/17/99 APPROPRIATIONS - Bill 990450

2 COUNCILMAN CLARKE: Okay. Thank you,
3 Mr. Eisenstat.

4 COUNCILMAN NUTTER: Any other
5 questions?

6 (No further questions at this time.)

7 COUNCILMAN NUTTER: Mr. Kaplan?

8 MR. KAPLAN: Thank you. The last bill
9 we are proposing today is Bill No. 990450, which
10 requests the transfer of \$2.66 million to the
11 Commerce Department from the Director of Finance's
12 Provision for other City Grants.

13 Those of you with relatively lengthy
14 memories for the arcane details of the budget will
15 recall that we had actually appropriated this
16 money originally in FY '98 to the Municipal Energy
17 Office and the Managing Director's Office. And
18 this is a project which would allow the
19 development of a compressed natural gas station
20 and bus fleet at the Airport, basically allowing
21 the expenditure of federal grant dollars.

22 As the project has developed, it has
23 become clear that it will be more easily
24 administered by the Aviation Division of the
25 Commerce Department, and all we are requesting

1 6/17/99 APPROPRIATIONS - Bill 990450

2 today is, essentially, a reappropriation of that
3 money to Commerce rather than MDO, because both
4 the Municipal Energy Office and the Aviation
5 Division have determined that it will be easier to
6 comply with a grant affording requirements and
7 other requirements of the grant by having it
8 located in Aviation. So this is not new money or
9 a new program, but merely a kind of relocation of
10 the grant dollars.

11 Again, we recommend its approval and
12 request for reading -- a suspension of the rules
13 for first reading today.

14 COUNCILMAN NUTTER: Are there any
15 questions on that bill?

16 (No response.)

17 COUNCILMAN NUTTER: Mr. Kaplan, a
18 couple of last questions.

19 In the budget line item 8.20, to the
20 Director of Finance Provision for Other Grants,
21 Advances and Other Miscellaneous Payment, what is
22 that line item?

23 MR. KAPLAN: There is generally, as you
24 notice today, there are a number of grant
25 proposals where we have asked for provision for

1 6/17/99 APPROPRIATIONS - Bill 990450

2 transfer of grant money actually from that line to
3 other grants in the government. As you know, the
4 Charter will not allow the City to increase
5 appropriations beyond the amount that's
6 appropriated in the budget except under
7 extraordinary circumstances, great emergencies.
8 The only time I know that we have done it in the
9 last two administrations has been for the
10 blizzard.

11 So in order to deal with that fact and
12 also the fact that we frequently receive grants
13 during the year that are in excess of what we had
14 planned that are different or new, we would
15 otherwise be constrained to not do anything with
16 those grants and sometimes miss grants, State or
17 federal money, especially because we didn't have
18 appropriations elsewhere in the budget available.

19 So that line is calculated each year
20 largely on the basis of our historical experience
21 of what grants might come particularly DHS and
22 health grants that we might need additional
23 appropriation authority for. When that occurs, we
24 come back to Council and ask to transfer money
25 from that line elsewhere. The Finance Department

1 6/17/99 APPROPRIATIONS - Bill 990450

2 actually hold very, very few grants, so they tend
3 not to be expended from Finance at all, but
4 normally, we come back here and ask for your
5 approval.

6 COUNCILMAN NUTTER: Okay. And item
7 10.5, to the Director of Finance Community
8 Development Block Grant to be Allocated advanced
9 another miscellaneous payment, \$20 million.

10 MR. KAPLAN: I believe that's a similar
11 line for CDBG appropriations again because those
12 tend to fluctuate from year to year.

13 COUNCILMAN NUTTER: Okay. Lastly,
14 Mr. Kaplan, you had written back to me -- these
15 were are on budget items and specifically with
16 regard to Fairmount Park three issues, and I have
17 not received -- you indicated that you wanted
18 Fairmount Park to respond to you in anticipation
19 of today's transfer ordinance hearing or
20 Appropriations Committee hearing on three issues
21 -- Papa Playground, the Japanese House, and Kelly
22 Pool.

23 Have you received a response from the
24 Fairmount Park Commission on those issues?.

25 MR. KAPLAN: Yes, I have just received

1 6/17/99 APPROPRIATIONS - Bill 990450

2 a response from them, and my understanding of the
3 -- and there are also now several other things
4 that have occurred.

5 COUNCILMAN NUTTER: Well, you don't
6 need to go into the deep details.

7 MR. KAPLAN: Okay. Their report, which
8 I will forward to you on Papa Playground is that
9 they have reached some accommodation with the
10 community groups and others at the playground.

11 On other two issues, my understanding
12 is that the hiring of the appropriate recreation
13 specialty instructors has been approved for a
14 couple weeks, and they are proceeding to hire
15 those people.

16 COUNCILMAN NUTTER: Okay. Do not
17 respond to this question, but if you could forward
18 to the Chair -- if you could give us a list of the
19 line items or departments that for FY '98 and for
20 FY '99, at the end of those fiscal years, had the
21 largest surpluses, I would greatly appreciate it.

22 MR. KAPLAN: Certainly.

23 COUNCILMAN NUTTER: Thank you.

24 Are there any other questions for Mr.
25 Kaplan?

1 6/17/99 APPROPRIATIONS - Bill 990450

2 COUNCIL PRESIDENT VERNA: Is Mr. Kaplan
3 requesting the suspension on all of the bills?

4 MR. KAPLAN: Yes, I am requesting a
5 suspension of the rules on all of the bills before
6 you today.

7 COUNCILMAN NUTTER: Except you want
8 Bill 990448 held, right?

9 MR. KAPLAN: If you could hold that
10 bill, I'd appreciate that.

11 COUNCILMAN NUTTER: All right.

12 Let the record reflect -- and I don't
13 think I took care of this earlier -- that
14 Councilman Ortiz is present.

15 If there are no other questions for
16 Mr. Kaplan, we will now move into a public meeting
17 for the purpose of reporting out bills.

18 - - -

19 COUNCILMAN NUTTER: The Chair
20 recognizes Council President Verna for a motion on
21 Bill No. 990445.

22 COUNCIL PRESIDENT VERNA: Mr. Chairman,
23 I move that Bill 990445 be reported out of Council
24 with a favorable recommendation, also a
25 recommendation that the rules of Council be

1 6/17/99 APPROPRIATIONS - Pub. Meeting
2 suspended so as to permit first reading at our
3 next session of Council.
4 (Duly seconded.)
5 COUNCILMAN NUTTER: All in favor say
6 aye?
7 All opposed?
8 The ayes have it regarding Bill No.
9 990445.
10 The Chair recognizes Councilwoman Clark
11 on Bill No. 980834.
12 COUNCILWOMAN CLARK: Mr. Chairman, I
13 move that Bill No. 990446 be reported out of --
14 COUNCILMAN NUTTER: I'm sorry, it's
15 980834.
16 COUNCILWOMAN CLARK: 834?
17 COUNCILMAN NUTTER: Yes.
18 COUNCILWOMAN CLARK: Sir, it's 990834.
19 COUNCILMAN NUTTER: 980, yes.
20 COUNCILWOMAN CLARK: I move that Bill
21 No. 990834 be reported out of this committee with
22 a favorable recommendation and that the rules of
23 Council be suspended so as to permit first
24 consideration at the next stated meeting of
25 Council.

1 6/17/99 APPROPRIATIONS - Pub. Meeting

2 (Duly seconded.)

3 COUNCILMAN NUTTER: It has been moved
4 and properly seconded.

5 All in favor shall say aye?

6 Any opposed, say nay?

7 The ayes have it, and Bill No. 980834
8 will be moved out of committee.

9 The Chair recognizes Councilman Clarke
10 for a motion on Bill No. 990446. And that's
11 Councilman Clarke, with an E.

12 COUNCILMAN CLARKE: I am requesting
13 that Bill No. 990446 be reported out of Council
14 with a favorable ruling and a suspension of the
15 rules.

16 (Duly seconded.)

17 COUNCILMAN NUTTER: All in favor of the
18 motion, say aye?

19 Any opposed, say nay?

20 The ayes have it, and Bill No. 990446
21 is reported out of committee.

22 The Chair recognizes Councilman Rizzo
23 for a motion on Bill No. 990447.

24 COUNCILMAN RIZZO: I recommend that
25 Bill No. 990447 come out of this committee with a

1 6/17/99 APPROPRIATIONS - Pub. Meeting
2 favorable recommendation and a suspension of the
3 rules.
4 (Duly seconded.)
5 COUNCILMAN NUTTER: All in favor, say
6 aye?
7 Any opposed, say nay?
8 The ayes have it, and Bill No. 990447
9 had been reported out of committee.
10 The Chair recognizes Councilman Mariano
11 for a motion on Bill 990449.
12 COUNCILMAN MARIANO: I make a motion
13 that Bill No. 990449 be voted out of committee
14 with a favorable recommendation, and I ask for a
15 suspension of the rules.
16 (Duly seconded.)
17 COUNCILMAN NUTTER: All in favor, say
18 aye?
19 Any opposed, say nay?
20 The ayes have it, and Bill No. 990449
21 is reported out of Council.
22 The Chair recognizes Councilman Ortiz
23 for a motion on Bill 990450.
24 COUNCILMAN ORTIZ: Mr. Chairman, I move
25 that Bill No. 990450 be moved out of committee

1 6/17/99 APPROPRIATIONS - Pub. Meeting
2 with a favorable recommendation and a
3 recommendation that the rules of Council be
4 suspended so as to permit first reading in the
5 next session of Council.

6 (Duly seconded.)

7 COUNCILMAN NUTTER: It has been moved
8 and properly seconded.

9 All in favor, say aye?

10 Any opposed, say nay?

11 The ayes have it, and Bill No. 990450
12 is reported out of committee.

13 And, again, Bill No. 990448 has been
14 held at the request of the Administration.

15 There being no further business, the
16 Appropriations Committee is now in recess.

17 (Adjourned at 9:48 a.m.)

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RE: COUNCIL COMMITTEE ON APPROPRIATIONS

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BILL NO.'S 980943, 990445, 46, 47, 48, 49, 50

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JOSEPHINE CARDILLO,

Registered Professional Reporter