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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE OF THE WHOLE

5

FY '05 OPERATING BUDGET

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 12, 2004
9:45 a.m.

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BILL NO. 040255

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PRESENT:

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COUNCIL PRESIDENT ANNA C. VERNA

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COUNCILMAN JAMES KENNEY

15

COUNCILWOMAN BLONDELL REYNOLDS BROWN

16

COUNCILMAN JUAN RAMOS

17

COUNCILMAN MICHAEL NUTTER

18

COUNCILMAN FRANK RIZZO

19

COUNCILMAN FRANK DICICCO

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COUNCILWOMAN MARIAN TASCO

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2 COUNCIL PRESIDENT VERNA: It is my
3 understanding that we have approximately 67
4 witnesses that have asked to be heard today
5 and we would like to hear everyone testify.
6 With that being said, we will allotting each
7 group five minutes to speak.

8 Good morning. Kindly identify
9 yourself for the record and proceed with your
10 testimony.

11 MS. FISCHER: Good morning. My name
12 is Joanne Fisher from the Maternity Care
13 Coalition. I'm the Executive Director. I am
14 joined by other Maternity Care Coalition
15 staff, colleagues, volunteers and soon-to-be
16 some clients.

17 I am here to address two important
18 issues: The survival of the MomMobile program
19 in Philadelphia's neighborhoods and the
20 healthcare crisis currently facing our City's
21 childbearing families.

22 In the past three years, 9 out of 33
23 OB units in Philadelphia have closed, the
24 number of OB/GYN practices serving women on
25 medical assistance was reduced by 27 percent,

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2 and hospitals that were previously eager to
3 contract with Maternity Care Coalition and
4 City health centers to attract new patients
5 are no longer interested, explaining that OB
6 is too high risk, their institutions are at
7 capacity or that too many families are
8 uninsured.

9 As you know, Health Commissioner
10 Domzalski highlighted many of these issues in
11 his budget address, and we appreciate his
12 strong support for Maternal Child health
13 initiatives. MCC, PCCY and others are ready
14 to work with the Health Department and Council
15 to encourage public hearings specifically on
16 this growing health crisis for child-bearing
17 families. A plan must be developed before
18 market forces create even greater hardships.

19 In this context, it is especially
20 critical to maintain adequate funding for
21 services to pregnant women, infants and
22 families in Philadelphia's low-income
23 neighborhoods. In only the first nine month
24 of this year the MomMobile Program served
25 2,147 women and 2,256 children, a total of

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2 4,403 women and children in the City.

3 Philadelphia City Council and the
4 Health Department established the MomMobile
5 program in 1988 following hearings on infant
6 mortality. Since that the, MCC has leveraged
7 City dollars with other government and private
8 dollars to expand the MomMobile Program to
9 nine Philadelphia neighborhoods. We've been
10 able to triple your about \$400,000 investment
11 and serve nearly 5,000 each year.

12 For 15 years you have invested in an
13 infrastructure that has provided a crucial
14 safety net for over 48,000 families. If, as
15 we have been led to believe, the City is
16 unable to fund the MomMobile at the current
17 level, we will be forced to close down two or
18 three MomMobile sites, leaving the residents
19 of those neighborhoods without this important
20 resource. What will that mean? I urge you to
21 read the attached letters.

22 Councilwoman Verna, a constituent of
23 yours writes, "They helped me with maternity
24 clothes when I was pregnant. I wasn't working
25 at the time and really couldn't afford to buy

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2 any. That was a blessing to me."

3 Councilwoman Reed Miller, from your
4 district, "I stand as a woman who needs that
5 care, someone to share for I and my child have
6 dreamed to be. Please keep the program
7 running. I don't have anyone to catch us if
8 we fall.

9 From the Latino MomMobile,
10 Councilman Mariano and Ramos, translated from
11 Spanish, "They have been there for me, the
12 mother I never had. When I came to this
13 country, I didn't know anyone. They helped me
14 with the barriers I faced in this country with
15 my language and other obstacles, taught me how
16 to be a good mother and responsible. They
17 directed me on where I could complete my GED
18 and learn English.

19 Councilwoman Tasco, your constituent
20 says, "The MomMobile is important to me and my
21 family because they have all that is needed in
22 the community, such as HIV prevention.
23 Without education, mothers would pass the HIV
24 virus to their newborn baby.

25 To Councilwoman Krajewski, "I am a

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2 young teenage mother who didn't know much
3 about babies. They gave me great support
4 through all my problems with family members
5 and friends.

6 And from Strawberry Mansion,
7 Councilman Clarke, "I think that if it wasn't
8 for the MomMobile, I would be on the Street
9 living with my newborn. The MomMobile helped
10 me with housing. In just a couple of months,
11 I will be in my own place with my son.
12 MomMobile also helped pay for the
13 transportation to get back and forth to the
14 clinic during my pregnancy. They helped me
15 with formula when my WIC check ran out.

16 And Councilwoman Blackwell, one of
17 your constituents here today has found meaning
18 in his life after five strokes and terrible
19 isolation when his aunt invited him to visit
20 MCC's Healthy Start Resource Center on
21 Lancaster Avenue. He has been volunteering
22 every since. He says, "They helped to fight
23 and strive for a better community, a stronger
24 community, a different outlook on life."

25 In addition to these testimonials,

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2 independent research indicates that families
3 who participate in the MomMobile program are
4 better able to set goals for themselves, more
5 knowledgeable about healthy behaviors and
6 community resources and see themselves as
7 empowered to take care of themselves and their
8 families.

9 Many of us began this week
10 appreciating our mothers. At MCC, we support
11 and acknowledge mothers every day. We notice
12 when moms put their babies to sleep on their
13 backs, when they take their children for
14 immunizations, when they graduate high school
15 or get a job. We make sure that mothers who
16 have too few resources and too many burdens
17 get the education, support and recognition
18 they need.

19 We are encouraged by our recent
20 discussions with the health department
21 leadership. They recognize the value of the
22 MomMobile and are searching for ways to keep
23 these services available.

24 We ask you to recommit to this
25 partnership at the same level as last year so

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2 that together we can create healthier
3 communities and strengthen families one baby
4 at a time. Thank you.

5 COUNCIL PRESIDENT VERNA: Thank you.

6 Any questions from Members of the
7 Committee?

8 The Chair recognizes Councilman
9 Nutter.

10 COUNCILMAN NUTTER: Thank you, Madam
11 Chair.

12 Let me just make sure I'm
13 understanding the testimony. Your funding
14 last year, was it the \$400,000 for the current
15 fiscal year?

16 MS. FISCHER: For the current fiscal
17 year in funding from Title 5 and immunization,
18 it was \$375,000, but the immunization funding
19 was not for a full year.

20 COUNCILMAN NUTTER: And that was out
21 of the Health Department?

22 MS. FISCHER: Yes.

23 COUNCILMAN NUTTER: And you've been
24 notified that it was being completely cut?

25 MS. FISCHER: We've been notified

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2 that there's been a shift in priorities and
3 that those funds would not be available. But
4 the Health Department now is in conversation
5 looking hopefully for other sources of funds.

6 COUNCILMAN NUTTER: Just one last
7 question. When you said that they explained
8 that there had been a shift in priorities,
9 what was the shift to?

10 MS. FISCHER: A focus on more
11 intensive case management program for parents
12 of newborns.

13 COUNCILMAN NUTTER: For parents
14 and --

15 MS. FISCHER: Which would serve
16 about 400 families in the City.

17 COUNCILMAN NUTTER: Did that have
18 anything to do with the types of services that
19 you provide?

20 MS. FISCHER: Our programs serves a
21 less intensive intervention for a much larger
22 group of families.

23 Also, our program is for pregnant
24 women as well as new parents.

25 COUNCILMAN NUTTER: What's your

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2 sense of -- when you said the Health
3 Department said that they were going to seek
4 alternative funding, do you have any sense of
5 the possibility of success in that regard?

6 MS. FISCHER: I'm very hopeful, and
7 we have another meeting scheduled for this
8 week.

9 COUNCILMAN NUTTER: Thank you very
10 much.

11 MS. FISCHER: Thank you.

12 COUNCIL PRESIDENT VERNA: Thank you.

13 Are there any other questions or
14 comments from members of the Committee?

15 (No response.)

16 COUNCIL PRESIDENT VERNA: Thank you
17 very much. We appreciate you coming in to
18 testify.

19 Good morning. Please identify
20 yourself for the record and proceed with your
21 testimony.

22 MS. YANOFF: Good morning. My name
23 is Shelly Yanoff. I'm Executive Director of
24 Philadelphia Citizens for Children and Youth,
25 which is the outside government regional child

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2 advocacy organization.

3 The City that wants to be a City of
4 readers with its One Book - One Philadelphia
5 Initiative is proposing the cut general fund
6 library services by more than two and a half
7 million dollars.

8 The proud city of neighborhoods,
9 home to more than 400,000 children, many of
10 them at risk, is threatening to cut 62
11 recreation sites and more than \$7 million from
12 its recreation budget. The same city of
13 neighborhoods which is closing recreation
14 centers because of lack of money is increasing
15 its subsidy to the Pennsylvania Convention
16 Center by \$5 million.

17 The city where nearly one-third of
18 all children are living in poverty is
19 providing 6.8 million to one of the new
20 stadiums for maintenance and upkeep to make
21 sure that rich people can come to town and
22 have fun.

23 The city whose movers and shakers
24 want tax cuts to attract people and businesses
25 is planning to provide \$1 million over four

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2 years to the Chamber of Commerce to conduct a
3 campaign to help them make money for more
4 business.

5 The city that is making news by
6 supporting college scholarships for low-income
7 kids is at the same time cutting its
8 contribution to Community College, the college
9 that most of the City's needy children depend
10 on for post-high school education.

11 The city that is facing a crisis in
12 the availability of maternity care, prenatal
13 care and hospital beds is proposing to cut its
14 outreach efforts to pregnant women.

15 The city that is long waiting lists
16 for outpatient/inpatient mental health
17 treatment for families and increasingly for
18 children is proposing to cut its support for
19 mental health care by a million dollars.

20 The city whose museums provide
21 exposure to art and culture for tens of
22 thousands of children, families and adults and
23 attracts more tourists than its heavily
24 taxpayer-supported teams is proposing to end
25 its vital contribution to the Philadelphia

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2 Museums of Art, the Atwater Kent Museum, home
3 of the City's own history, as well as to
4 various small community arts and culture
5 programs which are critically important.

6 What's wrong with this picture?

7 Plenty.

8 Yet at the same time, there are many
9 things in this budget that are right. We
10 support the City's contribution of \$35 million
11 to our schools. Good schools are vital to
12 attracting families and keeping them here.

13 We support the increases proposed by
14 the Department of Human Services for abuse
15 prevention dollars largely from the state and
16 federal government. It's less costly in both
17 human and fiscal sense to prevent something
18 from happening than to fix it once it's been
19 broken. Particularly when it comes to
20 children, preventing abuse and neglect and
21 strengthening families in our communities is
22 the first and best strategy for children to
23 grow up whole and healthy.

24 We strongly support the Scholarship
25 Fund and urge that it be used for all needy

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2 Philadelphia students, those in public as well
3 as those in parochial schools.

4 We strongly support the promised
5 allocation of more police to neighborhoods
6 outside of and around our schools. We support
7 the increase funding for domestic violence.
8 Too many of our families suffer. They need
9 more attention. The City needs to increase
10 its capacity to provide safe havens.

11 We support the city's ongoing
12 progress in getting the lead out of our
13 children's lives. And Council has been
14 critical in this, as in all of the other
15 things.

16 And we support the efforts to
17 develop more and better housing for current
18 and future Philadelphians.

19 But as we set and pursue these
20 worthwhile priorities, we must hold our
21 children and families harmless. And the
22 budget doesn't do that. We understand that
23 this is a difficult time, but it is in these
24 times that we need to take extra care to hold
25 on to what's working for people. From our

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2 health centers where we need more hours to our
3 pools where kids can find safety and fun to
4 the museums that feed our spirit and attract
5 visitors to our libraries which are beacons of
6 hope in many of our communities, all these
7 priorities are essential to the well being and
8 quality of life for Philadelphians.

9 Our proposal. Just as the City has
10 proposed waiving or postponing the expected
11 annual payment from the Philadelphia Gas
12 Works, we ask that the wealthy sports teams
13 which no longer have to pay the City rent for
14 stadiums or for sky boxes forego the 6.8
15 million in payments they are to receive from
16 the City this year for their publically
17 subsidized new home.

18 Times for the Gas Works are hard.
19 They're also hard for the children and
20 families of our City. We ask you as
21 policymakers to postpone or reject a
22 \$6 million increase in the Convention Center
23 subsidy. We ask that the City Council reject
24 any more give-aways to business that then
25 cause an end to services that all of us need.

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2 We should practice zero tolerance on TIFs and
3 other failed efforts. And we ask the Chamber
4 of Commerce to pay for its Select Philadelphia
5 Campaign. We ask that you find ways to
6 continue to support the arts in our City,
7 including our museums and cultural programs.

8 We believe these are extraordinary
9 times and it's more important than ever to
10 offer safe harbors for children and families.
11 Our kids need to be able to select a pool
12 close to home to swim in this year, a fully
13 staffed and clean recreation center to play
14 in, a health center to be treated in, an art
15 program to participate in, a library to think
16 in.

17 We ask that as Council people you
18 trim expenses with selectivity and care and
19 invest in these scarce resources. We ask that
20 you hold our children harmless.

21 If Council were able to successfully
22 call on the sports teams to postpone or waive
23 the 6.8 million from the new stadium upkeep,
24 we could put 1.5 million back in the library,
25 3.1 million into the rec centers, 2.2 million

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2 back into the Art Museum. Let's put our
3 upkeep where it belongs.

4 If Council refrain from expanding
5 the subsidy for the Convention Center this
6 year, we could put the \$1 million back into
7 Behavioral Health to help decrease waiting
8 lists, add 1 million in to prenatal care
9 outreach as was just testified about so that
10 our babies are born as healthy as they can be
11 with mothers who are prepared to care for
12 them. We could increase the care and hours at
13 our health centers which are the only place
14 the increasing immigrant families can get
15 medical attention. We can put \$750,000 back
16 into Community College, make whole the City's
17 Arts and Cultural Funds and increase support
18 for housing initiatives.

19 We know it isn't easy. These are
20 hard times, but we ask you to really do what
21 you can to do this. Thank you very much.

22 COUNCIL PRESIDENT VERNA: Thank you.

23 Are there any questions or comments
24 from Members of the Committee?

25 (No response.)

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2 COUNCIL PRESIDENT Verna: Thank you
3 again, Shelly.

4 Good morning. Kindly identify
5 yourself for the record and proceed with your
6 testimony.

7 MS. BORGERHOFF: Good morning. My
8 name is Jane Bogerhoff, I'm Director of Center
9 City Crime Victim Services, and I'm here on
10 behalf of the City victim service agencies.
11 Actually, Frank Servone from Support Center
12 for Child Advocates and Stephanie Mayweather
13 from East Division Crime Victims Services will
14 be speaking to you this morning.

15 COUNCIL PRESIDENT Verna: We do have
16 a copy of your testimony which will be the
17 stenographer. It will be transcribed in full,
18 so if you could abbreviate your comments, we
19 would appreciate it.

20 MR. SERVONE: Thank you, Madam
21 President and Members of Council. It's good
22 to see you here this morning in this important
23 initiative to listen to the people. We were
24 here on Monday. We heard your concerns. We
25 heard the concerns of the community that costs

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2 are high, that revenue is down. We ask you to
3 not re-victimize victims of crime by allowing
4 them to fend their way through a system that
5 is so very insensitive to their needs.

6 Ms. Mayweather and I represent --
7 I'm Frank Servone, the Director of the Support
8 Center for Child Advocates in Philadelphia.
9 Ms. Mayweather will follow me. We together
10 represent 12 victim service agencies from this
11 community who stand with children, with the
12 elderly, with the disable, with those who need
13 companions in the court system.

14 The City provides funding the
15 supplement our charitable dollars to provide
16 services to our client populations, court room
17 accompaniment, advocacy and other services to
18 more than 40,000 victims of crime each year.
19 In this difficult economic climate, both our
20 work load and our costs continue to rise
21 dramatically.

22 I heard with you on Monday
23 complaints about reduced increases in pension
24 benefits to some classes of City workers. I
25 can assure you that most of our agencies have

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2 virtually no retirement programs. Our
3 salaries are dramatically below the public
4 sector, and we're providing a public function.
5 A cut in our funding will result in reductions
6 of services to our City's most vulnerable
7 citizens.

8 We respectfully urge this Council to
9 maintain support for crime victims at the
10 2003-2004 levels. You may recall that our
11 funding comes through the District Attorney's
12 budget. She has recommended that our budget
13 be reduced less dramatically than proposed by
14 City government but that she would accept a
15 decrease. She's elected to recommend to this
16 body that her reductions come from personnel,
17 not from victim services. We join her
18 request.

19 In short, we ask for the continued
20 funding of \$640,000 in our Class 250 line in
21 the District Attorney's budget.

22 I give you Ms. Mayweather for her
23 brief remarks.

24 MS. MAYWEATHER: I'll be as brief as
25 I can.

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2 Most are not aware of victims
3 services of victims rights until they
4 themselves have become victims of crime or
5 someone close to them. We read about these
6 violent acts every day in the newspapers, we
7 hear about these violent acts every day on the
8 news. "Boy shot on way to school. Girl, 9,
9 bites hand of would-be kidnapper. Nun
10 attacked in Germantown. Teen accused of
11 covering up girl's death. Woman sexually
12 assaulted in the Northeast. Mother of five
13 slain, shot to death in North Philadelphia.
14 Cab driver found shot to death in West
15 Philadelphia."

16 That's seven headlines, one for
17 every day of the week.

18 Victim service agencies assists
19 scores of victims who do not make the
20 headlines. We are now seeing an abundance of
21 child victim homicides, children being
22 murdered, shot, stabbed, raped. Innocence
23 slowly disappearing. Since the beginning of
24 this school year, since September, we have
25 seen 26 child homicides, that's 26. There are

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2 only 52 weeks in a year. That's one child
3 every other week, one child biweekly. Most of
4 us get paid biweekly, so just imagine every
5 time you pick up your paycheck, a child has
6 been murdered. That's 26 children, 26
7 families, 26 communities in crisis.
8 Twenty-six children, that is one entire
9 classroom of children being wiped out by
10 violence in the City of Philadelphia.

11 Now, I'm going to wrap this up. I
12 just want -- I brought a picture today. I
13 just want to show our picture. I want you to
14 brace yourselves because this picture is
15 pretty startling. I'm going to show you a
16 picture. It's a face of a victim of a violent
17 crime in the City of Philadelphia. What it
18 is, it's a mirror. It's a mirror. It's your
19 reflection. It's to show you that you could
20 be a victim of a violent crime in the City of
21 Philadelphia. Thank you.

22 COUNCIL PRESIDENT Verna: Thank you.

23 (Applause.)

24 COUNCIL PRESIDENT Verna: When the
25 District Attorney was in, she spoke about her

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2 budget but she did not elaborate. She did
3 mention some of the programs, but we did not
4 get a dollar figure attached to the program.
5 Were you cut by \$640,000?

6 MR. SERVONE: No.

7 COUNCIL PRESIDENT Verna: What is
8 your budget this year and what are they
9 reflecting in '05?

10 MR. SERVONE: From 640,000 to, I
11 believe, around 594,000. Remember, these are
12 -- the DA budget for us or City Council
13 budget, all of our budgets are substantially
14 higher. Your dollars are essentially
15 supplementing our own substantial efforts in
16 fund-raising.

17 COUNCIL PRESIDENT Verna: Thank you
18 very much.

19 The Chair recognizes Councilwoman
20 Blackwell.

21 COUNCILWOMAN BLACKWELL: Thank you,
22 Madam President.

23 This is an area where I have a lot
24 of interest. We've tried to work with Victim
25 Witness directors and the offices closely. So

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2 many of us have had our share of crime in the
3 City. Unfortunately, too often, several days
4 a week. And we are certainly hopeful that in
5 the final analysis we work things out, because
6 the Victim Witness Service Program is one
7 where victims of crime are contacted and are
8 offered services, everything from counseling
9 to burial to who knows what. We had in the
10 Lex Street murders, the greatest massacre in
11 the City, and we work closely with them across
12 the board. So I'm hopeful, Madam President,
13 that everything gets worked out and so that
14 the Victim Witness Service Program, especially
15 in West and Southwest where we've had some
16 issues, that we can resolve the issues and
17 move forward, because we definitely need
18 service. Thank you for your testimony.

19 COUNCIL PRESIDENT Verna: Thank you
20 very much.

21 Are there any other questions or
22 comments from Members of the Committee?

23 (No response.)

24 COUNCIL PRESIDENT Verna: Seeing
25 none, thank you so much for coming in. We

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2 appreciate your testimony.

3 MR. MCPHERSON: The next witness is
4 Mark Schweiker, Greater Philadelphia Chamber
5 of Commerce.

6 COUNCIL PRESIDENT VERNA: Good
7 morning. Welcome.

8 MR. SCHWEIKER: Good morning, Madam
9 President and Members of Council.

10 COUNCIL PRESIDENT VERNA: Excuse me.
11 Before you start, do we have copies of your
12 testimony?

13 MR. SCHWEIKER: Yes. We were here,
14 as you likely know, on Monday, and provided
15 advanced copies.

16 COUNCIL PRESIDENT VERNA: Yes. I'm
17 sorry we couldn't to you, but I know you were
18 in a hurry.

19 Please identify yourself for the
20 record and proceed with your testimony.

21 MR. SCHWEIKER: Mark Schweiker,
22 President and CEO of the Greater Philadelphia
23 Chamber of Commerce.

24 COUNCIL PRESIDENT VERNA: Please
25 proceed.

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2 MR. SCHWEIKER: Thank you. And with
3 me are Joe Mahoney, Executive Vice President
4 of the Greater Philadelphia Chamber of
5 Commerce, and Denise Early who tends so ably
6 to City Hall affairs for the Greater
7 Philadelphia Chamber of Commerce.

8 I come before you today to offer
9 testimony on the Fiscal Year 2005 budget
10 proposal. As you know, the GPCC is 5,500
11 strong, with each member having their own
12 special needs and demands.

13 In a perfect world, there would be
14 no wage tax, no deficit and no need to think
15 of closing swimming pools and recreation
16 centers. But this is not a perfect world and,
17 therefore, you must make careful choices.

18 The Chamber has always supported
19 fiscally responsible tax reform, tax reform
20 that would entice employers to do business
21 here and their employees to live here. We are
22 pleased to see the proposed continuation of
23 reductions in the gross receipts and wage
24 taxes contained in this budget proposal. Yes,
25 we would like deeper and quicker cuts in these

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2 taxes and we strongly believe they hamstring
3 the business community, but as long as they
4 continue to spiral downward, we believe the
5 trend is our friend.

6 We are ever hopeful that when gaming
7 is passed in Harrisburg, and I believe and
8 would hope that it will pass, we will get
9 additional relief on the wage and property
10 taxes.

11 The Tax Reform Commission did a
12 stellar job over the summer, and I personally
13 testified on their findings before this
14 Council not once but twice.

15 Again, the GPCC's strong position on
16 meaningful fiscally responsible tax reform
17 remains our mantra. Now, not in a position to
18 pick or choose nor to pit one tax
19 recommendation against the other in the sea of
20 bills before you. We need continued tax
21 reform that will help us grow our businesses
22 and our population. We need jobs.

23 It is my job to shepherd 5,500
24 members and ensure that the remain in this
25 region. Without meaningful tax reform on the

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2 horizon, those who can will surely leave. I'm
3 passionate about the need for economic growth
4 in the City and the region. While I fully
5 understand and appreciate there is a big hole
6 in the budget this year, I'd hate to see us
7 cut off our nose despite our face. I'm
8 alarmed that some of the proposed cuts would
9 pose great difficulty on the economy of our
10 great City. Some of the proposed cuts seem
11 shortsighted in that they would reduce the
12 people flowing into Center City to attend
13 cultural and educational events, thereby
14 reducing revenues and generating a negative
15 multiplier effect for the City's bottom line.

16 Although tax reform is a main focus
17 of the Chamber, there are other areas of
18 concern in the budget proposal that I would
19 like to address at this time. It is a concern
20 that the proposed increase in the parking tax
21 will have a negative impact on our hospitality
22 industry --

23 (Applause.)

24 MR. SCHWEIKER: -- by convincing
25 would-be attendees that premiere events like

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2 the Annual Flower Show to stay home, visitors
3 of the life blood of downtown Philadelphia.
4 Increases in the tax can negatively impact
5 arts and culture, sporting events and a host
6 of other industries including shopping.
7 Shoppers can go to suburban mall where parking
8 is plentiful and free. The ripple effect will
9 be real, and increases in parking rates will
10 further the City's high price of doing
11 business perception.

12 I'd like to interject a few words of
13 support for the fantastic service our
14 Philadelphia Community College provides to the
15 local economy.

16 (Applause.)

17 MR. SCHWEIKER: It should be said,
18 celebrating its 40th anniversary, Philadelphia
19 Community College currently supports 46,000
20 students. And just last Sunday, they
21 graduated their largest class ever, 1,808
22 graduates.

23 In a recent speech, Chairman of the
24 Federal Reserve Board Alan Greenspan
25 highlighted the good work of these two-year

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2 institutions by stating that productivity in
3 the United States has increased generation
4 after generation, creating ever-rising
5 standards of living. Our knowledge-based
6 skills in a business environment have enabled
7 our workforce to create ever greater value
8 added. The avenues to acquiring those skills
9 -- and this is the point. The avenues to
10 acquiring those skills are many. And one
11 effective tool that we have developed to
12 facilitate the transition to a new job or
13 profession has been our community colleges.

14 (Applause.)

15 MR. SCHWEIKER: Community colleges
16 have been in the forefront of teaching the
17 types of skill that build on workers' previous
18 experiences to create new job skills. I'd
19 hate to see potential students forego higher
20 education due to the rising cost of tuition.

21 Two weeks ago, the Chamber sponsored
22 an event in Washington, D.C., taking
23 approximately 65 of our members to the Capital
24 to here from our delegation on both the House
25 and Senate sides. Interestingly enough,

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2 Congressman Rob Andrews from New Jersey touted
3 regional cooperation and even used his
4 daughters -- it happened to be Take Your
5 Daughter to Work Day -- as props. His point
6 being that even though he had a New Jersey zip
7 code in southern New Jersey, as we all know,
8 he had a Philadelphia brand. His daughters
9 row on the Schuylkill and perform at the
10 Academy of Music and at the Kimmel Center. He
11 said that when people ask him, "Why do you
12 live here," his response was, "Why not?"
13 Spelling off our great assets like medical
14 facilities, schools, arts and culture, access
15 to the ocean and mountains, and our proximity
16 to New York and Washington, D.C., and yes, the
17 home of our very own Smarty Jones.
18 Representative Andrews said that, and I quote,
19 "This region is like no place on earth."
20 Now, I sat on the Regional
21 Cooperation Committee of the 21st Century
22 Review Forum chaired by Aqua America CEO Nick
23 DeBenedictis . The overall finding of the
24 Committee is that the strengths and weaknesses
25 of Philadelphia greatly impact the success of

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2 the region as a whole. The Committee further
3 embraced the need for a regional consortium to
4 meet once each quarter to continue an ongoing
5 dialog on issues of common concern and to
6 encourage the precepts of smart growth.

7 Folks -- and I don't have to
8 convince anyone here about the virtue of
9 this -- we need to shout this message from our
10 rooftops. The City and region are in it
11 together. Thanks to the Administration's
12 early support and your encouragement, the
13 Chamber seeks to hold up its end and spread
14 this regional promotion message through the
15 Select Greater Philadelphia Campaign.

16 Select Greater Philadelphia is a
17 business marketing initiative dedicated to
18 attracting, growing and retaining regional
19 businesses to the Greater Philadelphia Region.
20 This region has long suffered from a poor
21 image as a business location. Often it's seen
22 as a second tier location for businesses and
23 talent. In addition, the region simply has
24 not sold itself. Businesses and visitors who
25 are interested in the region have found it

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2 difficult to find information, access contacts
3 and get assistance when deciding on whether to
4 locate here. Up until now, there simply has
5 not been a one-stop shopping location for
6 businesses and people to visit which
7 represented the entire Greater Philadelphia
8 region. Select Greater Philadelphia bridges
9 and fills this gap, embracing the full
10 11-county region while working in conjunction
11 with other economic development and marketing
12 organizations.

13 The goal of Select Greater
14 Philadelphia is to attract growth and retain
15 businesses in the Greater Philadelphia.
16 Through the repositioning of Greater
17 Philadelphia as a first tier business
18 location. In its first 12 to 18 months, the
19 goal is to introduce Select Greater
20 Philadelphia to a regional, national, and
21 international audience, define the regional
22 benefits, differentiate the region, and
23 support local fund-raising efforts. Over a
24 longer term, the goal is to move Greater
25 Philadelphia to the short list of cities, and

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2 from there, win new businesses to the region.
3 Marketing will be directed to audiences inside
4 and outside the region, including location
5 decision-makers and regional stakeholders. A
6 seven-phase strategy will lead to select
7 success, specifically intercept, entice,
8 inform, fulfill, welcome and entertain,
9 deliver, and ultimately select. Select
10 Greater Philadelphia will capture the
11 intention of the decision-makers, pique their
12 interest, communicate the wealth of the region
13 and this City's strengths and assets, fulfill
14 their needs, bring in prospects for firsthand
15 experiences, tailor their programs and
16 packages to fit their organization, and in the
17 end win their business.

18 Select Greater Philadelphia is the
19 first initiative of its kind in the region
20 than and represent unprecedented collaboration
21 to create this initiative. It will be a
22 program that will build over time with the
23 potential of significant returns.

24 Now, one of the cornerstones in our
25 attraction efforts must focus on quality of

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2 life. The arts and culture community is a
3 large dimension of those efforts. For
4 example, the Philadelphia Museum of Art
5 attracts approximately 1 million visitors
6 annually. This economic engine generated
7 \$169 million in total economic activity in
8 Fiscal Year '03, created over 3,000 full-time
9 jobs, and generated 12.5 million in tax
10 revenues to the City and Commonwealth in
11 Fiscal Year '03.

12 So let me take this occasion to
13 acknowledge the support provided by members of
14 this Council to restore most of the slashed
15 funding for this facility. The Chamber was
16 very instrumental in securing a multimillion
17 dollar grant for new lighting along the
18 Parkway to enhance attendance, not to keep it
19 in the dark. The arts and culture
20 institutions are vital to the City's economic
21 success. This sector is a major employer in
22 the City, employing 12,000 full and part-time
23 workers, pays 6.5 million in wages and sales
24 taxes, and supports \$564 million spending in
25 the five counties.

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2 While we recognize the City's budget
3 issues are real and should not be minimized,
4 we feel that the proposed \$4.5 million cut,
5 dropping from 7.1 million to 6.2 million.
6 This drop to the arts and cultural allocation
7 is disproportionate as it represents a 64
8 percent total cut in arts funding. A lively
9 cultural scene contributes to neighborhood
10 vitality in many, many ways.

11 While many public schools are no
12 longer able to provide students with arts and
13 culture education and opportunities, a total
14 of 229 -- and this is remarkable -- a total of
15 229 area non-profit cultural organizations
16 offer programs and services to the City's
17 children. And research proves that children
18 who study the arts more likely to attend
19 school regularly, to graduate, to earn higher
20 SAT scores, and to continue on to college.

21 Almost 60 percent of young college
22 graduates living or working in Center City
23 viewed Philadelphia's arts and cultural events
24 as a comparative strength versus other cities.
25 We win because of the robust in art and

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2 cultural sector in Greater Philadelphia and in
3 this City. Fortune Magazine rated
4 Philadelphia third as the best City in the US
5 in which to work and live, citing the regions
6 arts and cultural assets as key to that
7 standing.

8 Let me give special thanks at this
9 point and acknowledgment here for your support
10 of the ACE INA TIFF bill that received final
11 passage on April 22nd. This is a prime
12 example to keeping 1,000 good-paying jobs in
13 the City, thereby continuing the tax revenue
14 stream generated to the ACE INA to this City.

15 In other good economic news for the
16 City, a biotech firm, AppTec Labs, a
17 pharmaceutical manufacturing business has
18 moved in at the old Philadelphia navy base,
19 employing at this point 160 full-time high-end
20 jobs. And CIGNACorp., one of the largest
21 employers in Center City, has decided to keep
22 its corporate headquarters at Liberty Place
23 through 2016; CIGNA employees, a total OF
24 3,000 in the Philadelphia area. It would be
25 nice, however, to not need special incentives

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2 to keep major employers in town. Again,
3 meaningful tax reform would eliminate the need
4 for these special perks.

5 I was heartened by the Mayor's plan
6 and interest in development of 15 miles of
7 waterfront property that will establish
8 Philadelphia as the New River City in America.
9 Not only will this be good as a tourist
10 attraction which will benefit the hospitality
11 industry, it also will surely enhance property
12 values throughout the City.

13 Let me also say the Chamber looks
14 forward to working with Commerce Director
15 Stephanie Nadoff this summer on the economic
16 summit with high hopes of retaining and
17 winning new employers for this City and
18 region.

19 As I finish up, just inclines me to
20 mention a popular say, as Philadelphia goes,
21 so goes the region.

22 Finally, me say that the Mayor has
23 taken a bold step forward in his efforts to
24 right-size government by proposing to close or
25 sell some facilities in order to balance the

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2 budget. The Chamber has long been a proponent
3 of asset sales and right-sizing of government
4 as a means of increasing revenue, particularly
5 in light of the escalating deficit. May I
6 also suggest that the City be more strident in
7 the collection of taxes and fees. And I know
8 that other organizations have addressed the
9 need for that development.

10 I believe one of the findings of the
11 Tax Reform Commission was that if collections
12 went up by just 1 percent, the City could
13 realize \$20 million in annual revenue.

14 And, Madam President, thank you so
15 much for the opportunity to be heard today.

16 COUNCIL PRESIDENT VERNA: You're
17 welcome. And thank you for coming in.

18 (Applause.)

19 COUNCIL PRESIDENT VERNA: The Chair
20 recognizes Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you, Madam
22 President.

23 Governor, thank you for your
24 testimony. I agree with you. Two of the
25 probably craziest things we can do is raise

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2 the parking tax in Philadelphia.

3 (Applause.)

4 COUNCILMAN KENNEY: Which obviously
5 is too high now and drives people to suburban
6 malls and especially gives us a bad reputation
7 when it comes to special events in the City
8 because some gouging does go on, as is
9 expected.

10 And the other thing is the reduction
11 in operating subsidy to the Art Museum, which
12 probably brings in more -- it does bring in
13 more visitors and hotel rooms and spending
14 than the four sports teams combined.

15 What I'm a little bit confused about
16 is the Chamber's position on the Tax Reform
17 Commission's recommendations. Is the Chamber
18 recommending that I as a Councilmember vote
19 for all the provisions that are represented in
20 the bills introduced by Councilman Nutter or
21 not?

22 MR. SCHWEIKER: Well, it's not easy
23 to provide you a simple to what is -- you
24 folks live it every day when you examine
25 budget, a complex question and a complex

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2 budget. Our preference is that as it relates
3 to tax reform, that while the possibility of
4 all of it being installed within the budget in
5 '05, probably is difficult to achieve. With
6 some action toward that end this year and not
7 abandoning the idea of improving the City's
8 tax model in years to come that we could live
9 with here.

10 COUNCILMAN KENNEY: I've been here
11 since 1992. And I guess in --

12 MR. SCHWEIKER: Let me add one,
13 Councilman Kenney. It's probably a year ago,
14 I probably on behalf 5,000 businesses would
15 have given you a more strident response. But
16 the economic reality that seizes this City's
17 revenue collection performance cannot be
18 ignored. There's been a slow-down. It makes
19 it tough, given that economic backdrop to plow
20 ahead and install all of the suggested
21 reforms. You know, some things got to be give
22 picture. And someone who has -- I've got a
23 good 15 budgets under my belt. I was not a
24 legislator. I was in the executive branch
25 every step of my public career way. It ain't

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2 easy, and this year is not easy. And to that
3 end, ours is a measured response. It would be
4 wonderful if revenue collections were up and
5 growing in double digit ways and we could
6 install some of this reform this year, but it
7 is not the picture.

8 COUNCILMAN KENNEY: I guess the
9 other dilemma is that since I've been here and
10 since we've been instituting incremental tax
11 reductions both on the wage and business tax
12 side, we've continued to see a growing loss of
13 population and jobs. So it seems that the
14 incremental kind of reasonable tax reform that
15 the Administration touts just does not work.
16 And my concern is -- I asked this question to
17 David Thornberg the other day. I don't see
18 this government, with its shrinking population
19 tax base or City and its growing population of
20 people of need, how we ever get a point in our
21 history going forward where it will ever be
22 the right time to take the measures necessary
23 to take this City from a City that employs
24 people through government and institutions to
25 a City that employs people through the private

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2 sector. If the private sector does not return
3 and continues to leave, we have a
4 self-fulfilling prophecy of death.

5 And it is hard, it's going to be
6 hard for the Mayor, it's going to be hard for
7 Members of this Council, it's going to be hard
8 for the government in general to deal with the
9 fallout of what happens if we do what the Tax
10 Reform Commission is recommending. But I
11 think at some point in time if we don't do it
12 or we try to inch our way into it, we're never
13 going to the effect that we need to turn the
14 government around.

15 MR. SCHWEIKER: I wouldn't quarrel
16 with your assessment and your anxiety about
17 what future awaits us. Like you, my wife and
18 I are raising our kids here and we want them
19 to be here and feel a sense of promise about
20 the City and the region. So it concerns me,
21 too, and I'm the voice to close to 6,000
22 member businesses that have the same kind of
23 concern. But these are folks that make
24 budgets every year, and they too realize that
25 their top line has diminished. Expenses creep

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2 up, and it just makes it tough.

3 I don't think -- that's why I
4 mentioned a moment ago, in a perfect world
5 with rising revenue collections maybe this was
6 the year to just install impressive
7 recommendations brought forth by the Tax
8 Reform Commission. Hopefully, there will be a
9 more supportive set of economic circumstances
10 in years to come to be more aggressive.

11 COUNCILMAN KENNEY: The problem is,
12 I don't see that because we went through
13 probably one of the greatest booms in this
14 country's economic history, and we still did
15 not benefit as a City the way other regions
16 and other cities benefited, a lot because of
17 the structure of our government and spending.

18 MR. SCHWEIKER: Well, that has to be
19 discussed categorically. I mean, depending on
20 the industry sector, there was profound
21 growth, even with some questionable public
22 budgeting practices. And, yes, some industry
23 sectors have weakened for sure. But I would,
24 just to add in some remarks as it relates to
25 the tax model of the City, you know the

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2 prospect of the wage tax reduction being
3 financed by the gaming legislation half a
4 point is not an insignificant development. I
5 think it's a very significant development.
6 And I would hope, and you're all involved in
7 political prognostication as I am, you don't
8 know what the State Legislature will do. But
9 we're ever so hopeful that that half a point
10 drop comes to pass. That would be
11 significant.

12 COUNCILMAN KENNEY: I think that
13 happened in the future that would be
14 tremendous adjust our budget and our tax
15 reduction issues to match that extra income.
16 But I think to kind of wait for that to
17 happen, as you know, sitting at the front of
18 that Senate for as many years as you have, you
19 can see that things sometimes don't happen.

20 And I just want to end by saying,
21 part of the dilemma here is that the people
22 who proposed this tax reform are sometimes
23 pitted or portrayed as they don't care about
24 the issues of providing for social services
25 and other things. I think the contrary is the

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2 case. I think that if you provide tax reform
3 which grows the private sector economy, there
4 will be plenty of money to help with libraries
5 and schools and keeping families here and
6 paying for rec centers and paying for social
7 services when the only area of revenue for
8 those social services in a diminishing tax
9 base that's continuing to go, we're not doing
10 those poor and needy people any good at all by
11 not changing the way we look at our
12 government.

13 (Applause.)

14 MR. SCHWEIKER: The reality of those
15 who have to make decisions on the budget,
16 whatever public position, is that a question
17 has to be answered, "Will they manifest in
18 this fiscal year --

19 COUNCILMAN KENNEY: Probably not.

20 MR. SCHWEIKER: And I think under
21 the heading of routine prudence which is what
22 is expected of public office holders who
23 literally raise their hand to take an oath and
24 back a budget that genuinely is in balance,
25 that its expenses won't out run what you

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2 expect to collect in revenue, and
3 parenthetically, that revenue level comes from
4 tax rates. If that exercise doesn't create a
5 balance and you and sincerely so believe that
6 that's going to occur in the next 12 months,
7 then it makes it questionable. Perhaps people
8 could be hurt. Is that possible in this
9 particular fiscal year? It makes it very,
10 very tough, and that's my observation that
11 it's a tough decision for Members of Council
12 as well as the Mayor.

13 COUNCILMAN KENNEY: And I will end
14 on this. I think the people are being hurt
15 now. I think the tax policies of our
16 government over the past 20 years have hurt
17 people tremendously. And in the 12-month
18 period of pain compares nothing to the pain
19 that's been going on for the last 20, 25
20 years.

21 MR. SCHWEIKER: I don't want to
22 quarrel with your assessment.

23 The Chamber sees itself as a
24 proponent of improving the stage for creating
25 the circumstances that lead to significant

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2 economic growth, whether it is advocacy for a
3 more attractive tax model to the Select
4 Greater Philadelphia.

5 Let me just mention this to you,
6 Madam President, we're the fourth biggest
7 metro area in the country. We're still a
8 mighty economic force, with the fifth biggest
9 city, which may lose that status soon as we
10 know. However, in terms of promoting
11 ourselves, as we talk about the potency of
12 Select Greater Philadelphia, we don't behave
13 like the fourth biggest region. We don't
14 promote ourselves. We don't have a marketing
15 effort like a place like Charlotte or Atlanta,
16 or Phoenix Scottsdale employs. And in part,
17 it explains our economic weakness. I'm not
18 suggesting for one moment that we ignore the
19 fundamentals of hard tax policy that make us
20 unattractive. But perhaps I could answer it
21 or finish up the comment this way. Could you
22 imagine the fourth biggest airline trying to
23 conduct itself nationally or internationally
24 do business and not market itself? Well, they
25 would not. They'd go out of business. It's

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2 preposterous. Well, friends, here we are, the
3 fourth metro area, and we're doing just that.
4 I mean, Charlotte's not only beating at
5 Lincoln Financial Field for the NFC
6 Championship, they're beating us on the
7 figurative field with economic and job growth,
8 and in part because they spend 5 million per
9 year promoting their place as a profitable
10 area to do business. And so there are other
11 ways we can create the economic stage and one
12 of them is promoting our region.

13 COUNCILMAN KENNEY: I think we'd
14 probably have to make the City a profitable
15 area to do business before we advertise it as
16 such. Because from the region, I understand,
17 from the City's perspective, it's a pretty
18 hard sell when you talk about economic
19 advantage when it's really not here within the
20 city limits. Thank you.

21 MR. SCHWEIKER: Every City has its
22 blemishes, keep that in mind, across the
23 country. But we can accent the positive and
24 generate economic growth.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 The Chair recognizes Councilwoman
3 Brown.

4 COUNCILWOMAN BROWN: Thank you,
5 Madam President.

6 Good morning, Mr. President. One
7 background informational question for me. And
8 if you don't have it, if you could please
9 forward a profile of the membership of the
10 Greater Philadelphia Chamber, the percentage
11 of those members that reside in Philadelphia
12 and the surrounding counties, types of
13 businesses that they generate, that would be
14 very helpful.

15 MR. SCHWEIKER: We can do that.

16 COUNCILMAN KENNEY: Just a point of
17 information on the net analysis. On top of
18 what the Councilwoman has asked for, could you
19 talk about the number of employees, the number
20 of jobs within the City that your Chamber
21 members represent in addition to the number of
22 residents?

23 MR. SCHWEIKER: Sure, we can
24 generate that.

25 COUNCILMAN KENNEY: Thank you.

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2 COUNCILWOMAN BROWN: Thank you,
3 Madam President.

4 COUNCIL PRESIDENT Verna: Thank you.
5 The Chair recognizes Councilman
6 Nutter.

7 COUNCILMAN NUTTER: Thank you, Madam
8 Chair.

9 Good morning, Governor Schweiker.
10 Governor, I'm trying to reconcile a couple
11 pieces of information. I read through your
12 testimony and I also have Mr. Mahoney's
13 testimony, which I think both of you were
14 maybe trying to give on Monday. Sorry for the
15 compressed schedule. I listened to the
16 testimony, I read the testimony, and I heard
17 your responses to a couple questions.

18 We are at that point where the real
19 decisions have to be made, and we've had a Tax
20 Reform Commission, we've had a 21st Century
21 Review Forum, we've had hearings in general
22 back in February on the tax matters which,
23 again, your testimony actually reflects that
24 you testified at. What I'm trying to resolve,
25 at least for myself, is I see the statement

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2 that talks about fiscally responsible tax
3 reform that you're certainly pleased with the
4 current reductions that are proposed in the
5 budget. I guess what I'm still trying to
6 reconcile is, the Chamber had a member which
7 Mr. Mahoney's testimony recognizes Mr.
8 Vandenbrul, and before the merger, Greater
9 Philadelphia First also appointed a member
10 Stuart Weintraub, a well-known attorney and a
11 bit of a tax expert in his own right and there
12 have been also meetings, I think, of the Tax
13 Committee within the Chamber.

14 I can't speak for my colleagues, but
15 I have had a number of business people, small
16 and large, indicate that they need further
17 relief in order for Philadelphia to progress.
18 And Mr. Mahoney's testimony reminds us that
19 there was a letter from the CEO Council. I
20 mean, these are big name companies, big name
21 people signed a letter indicating that they
22 supported the recommendations of the Tax
23 Reform Commission. You mentioned your own
24 service on the 21 Century Review Forum and
25 there were many other well-known people

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2 involved with that.

3 What I'm hearing in the testimony is
4 certainly different than what I read in the
5 letter from the 40 plus CEOs which said pass
6 the tax reform package. At the announcement
7 of the package, there was great support for it
8 in many members of the business community.

9 And now I'm hearing almost you, "Well, you
10 should just keep doing what you've been doing
11 because you can't do anything else." And I
12 guess I'm concerned about that message, given
13 all that has happened and certainly the
14 critical role and position that you hold. The
15 two members appointed by the business
16 community have been very strong, vocal
17 proponents who I think you know and respect
18 for their work. So I need, I guess, some
19 clarification.

20 MR. SCHWEIKER: Sure. Hopefully,
21 when I'm finished, Joe Mahoney can give his
22 remarks and then perhaps there can be more
23 extended exchange on this. But Councilman
24 Nutter, I think whether it's the CEO Council
25 for Growth or myself, one particular

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2 preference and outlook doesn't change. We're
3 encouraging the Council in tandem with the
4 Mayor to pursue all that's doable. I think
5 that sometime during the beginning of the year
6 absent the growing deficit number, I don't
7 think anyone had a good handle on what would
8 be the off referenced deficit number during
9 the budget creation season for the City what
10 it would be back then. Yes, without a doubt,
11 once the Tax Reform Commission was culminated
12 that everyone was clamoring for let's get
13 these installed. And I don't think anyone was
14 of the mind that the economic weakness would
15 descend upon the City's revenue performance to
16 the extent that it would be. Thus, the belief
17 and the preference that you do what is doable
18 this year, that doesn't change the Chamber's
19 preference that we pursue tax reform; it's
20 when you do it.

21 COUNCILMAN NUTTER: Well, I
22 appreciate that, but it also doesn't change
23 the underlying imperative for all the
24 circumstances and conditions that caused the
25 Tax Reform Commission to say what they said or

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2 the 21 Century Review Forum, or anyone else.
3 I would also suggest back, and you and I have
4 a great working relationship, that I think
5 we're at a point where we can't just do what
6 we think is doable. I think we have to do
7 what is required of us.

8 (Applause.)

9 COUNCILMAN NUTTER: The one thing we
10 know for sure is if we keep doing what we've
11 been doing.

12 MR. SCHWEIKER: You keep getting
13 what you've always got. That's a Texas --

14 COUNCILMAN NUTTER: Is that where it
15 came from? I never got far out of West
16 Philly, so I don't know about that.

17 I mean we can't continue on the same
18 path. It will absolutely, positively,
19 guaranteed as we are sitting here get us what
20 we have gotten, which is the largest loss of
21 population of any county in the United States
22 of America since 2000, the largest amount of
23 job loss, biggest population loss possibly in
24 the last 40, 50 years as a City. You
25 mentioned earlier, the data is coming up

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2 according to a professor at the University of
3 Pennsylvania, I think next Thursday, May 17th,
4 we're supposed -- as if it's the prediction of
5 the eclipse of the sun, we're supposed to
6 possibly slip into sixth place.

7 Part of the reason we ended up here
8 was because of the Greater Philadelphia
9 Chamber of Commerce. Two years ago, come the
10 23rd of last month, we concluded one
11 discussion and started another. That's when
12 the wage tax bill got signed, after tremendous
13 activism and public encouragement and support
14 by the Greater Philadelphia Chamber, and we
15 want to maintain that kind of working
16 relationship but also advocacy. I mean --

17 MR. SCHWEIKER: So you're of the
18 mind that this all has to be done this fiscal
19 year?

20 COUNCILMAN NUTTER: There are
21 matters that need to take place this fiscal
22 year. They probably should have taken place
23 last fiscal year. I think notwithstanding
24 much of the discussion and writings and you
25 can take it to the next step of even

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2 propaganda, I mean, the City is not going to
3 fall apart based on this first year in the
4 package or anyone's version of the package.

5 (Applause.)

6 COUNCILMAN NUTTER: I need to clear
7 up the record first. I'm not a package
8 person. There are 13 bills, there are a
9 variety of other bills. At the end of the
10 day, our names are going to get called and
11 you're going to vote on each one of those
12 bills. It's not like, vote once and it's
13 over. And publicly on record saying I'm
14 probably not going to do all of them, but the
15 overwhelming majority of them do need to be
16 done. I will say again as I said on Monday, I
17 expect that all of us take our jobs in this
18 body very seriously. And just because you put
19 a set of scenarios in place or set a train on
20 its particular track, it doesn't mean that you
21 can't stop at the next station. We will be
22 right back here next year having budget
23 hearings and we'll hear about the fiscal
24 condition of the City, maybe we'll hear about
25 it in January or whenever the budget comes in.

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2 And if things aren't working, then I expect
3 that the 17 responsible people in this body
4 and the responsible person in the Mayor's
5 office downstairs, Mayor Street, we will have
6 another conversation. And if things are not
7 going right, I expect that we will adjust
8 ourselves. We cannot act like we're out on a
9 boat somewhere on a particular course and even
10 though the wind has shifted and we're about to
11 capsize that we're just sit there and say
12 "Well, you know, we set out on this course and
13 that's the course that we're going to take
14 there's nothing we can do about it. And if
15 the place burns up, well, that's just the way
16 it goes. That's irresponsible.

17 Because I was a person who
18 criticized former Mayor Rendell in 1995 about
19 the first set of cuts in the wage tax. He was
20 right; I was wrong. I've told him personally
21 and I've said the publicly. But when the
22 announcement was made that we would stop the
23 increment tax cuts, the dollar a month, what
24 people didn't care about, they wouldn't miss
25 it, it wouldn't matter is what caused

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2 thousands of people to take a short hop from
3 Walnut Street to City Hall because somehow we
4 realized that it did matter.

5 The time to start is now. We can't
6 continue to do what's doable. That's a part
7 of the problem in this City. We're always
8 willing to accept second best, we're always
9 willing to take what we can done, we're always
10 looking for what can I get, 9 votes, 12 votes,
11 what's the best deal that I can get as opposed
12 to what is the right thing to do.

13 (Applause.)

14 COUNCILMAN NUTTER: I think we're
15 just beyond doable; we're at what's required.

16 MR. SCHWEIKER: Can I respond.

17 COUNCILMAN NUTTER: Sure.

18 COUNCIL PRESIDENT VERNA: I would
19 like to remind our witnesses and my colleagues
20 that we do have 67 witnesses to testify. If
21 we can be as brief as possible, I would
22 appreciate it.

23 COUNCILMAN NUTTER: The witness has
24 been well within his time. I took him way
25 over

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2 MR. SCHWEIKER: Councilman, I'm some
3 who held public office for sometime. And when
4 you hit important days like this, you ought to
5 have the opportunity to offer extended
6 remarks. And without exception, respect that
7 privilege and certainly your position. I have
8 tremendous respect for command of the issues.

9 Now, obviously I wasn't -- during
10 that budget season with the march and
11 everything, President and CEO, I had another
12 job. Perhaps I could say to make the point,
13 that was then, this is now. Let's contemplate
14 the circumstances that led to that vitriol and
15 that kind of response, literally a march, the
16 one and only time in the 203 history of the
17 Greater Philadelphia Chamber of Commerce was
18 such a measure and action taken. The idea was
19 not continue with reductions. That was wholly
20 unacceptable. That was then and you had that
21 kind of reaction.

22 Now, albeit small, the reductions
23 continue. The prospect of a half point drop
24 exist by virtue of that gaming legislation,
25 and that's what's going on now.

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2 The dedication to that, whether it's
3 on the part of the Mayor or this Council still
4 exists. So staying with this overarching
5 response of, "that was then, this is now," I
6 think you do what you can this year in a
7 fiscally prudent way. Economic circumstances
8 have changed. But what hasn't changed on the
9 part of the Greater Philadelphia Chamber of
10 Commerce is our belief that the work of the
11 Tax Reform Commission should have been
12 convened. This did important work. They've
13 offered some important suggestions. The
14 question is, what can be activated in this
15 fiscal year? And it seems that the economic
16 distress that defines the budget-making this
17 year is such a point that it makes it tougher.

18 Now, your a smart guy. You've been
19 through budget-making. If you are going to
20 reduce revenue perhaps in the short run -- and
21 we all can agree that if there's a question
22 mark as to whether or not you can really juice
23 greater revenues through a more affordable tax
24 model in this next 12 month period, in this
25 next 12 month period, if you're going to do

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2 that, what slashing do you do on the expense
3 side? So very respectfully -- and I don't
4 think that's the job of the Greater
5 Philadelphia Chamber of Commerce. What
6 cutting do you do? I don't think that's only
7 the Mayor's job.

8 COUNCILMAN NUTTER: I understand.

9 MR. SCHWEIKER: That's the 17
10 members of the Council. It's a "something's
11 got to give" picture. And in that regard,
12 what is it? And then we would like to look at
13 that. If that's something you would
14 circulated -- I'm not saying if you -- if you
15 buy that kind of an assessment. It ain't
16 easy, friends. This is a tough, tough year.
17 I don't want to lose any credibility by saying
18 that you can go and install all these reforms
19 in 2005. Mathematically, it seems very tough
20 to accomplish, even though it would be
21 outstanding in terms of creating interest of
22 doing business in the City.

23 COUNCILMAN NUTTER: I understand.

24 MR. SCHWEIKER: I might add, Madam
25 President, for the record, we do wish for all

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2 the bills to be voted. The membership does
3 prefer that this year.

4 COUNCILMAN NUTTER: Thank you. I
5 appreciate that.

6 Thank you, Madam Chair. I
7 apologize.

8 MR. SCHWEIKER: Madam President,
9 we've got a big gathering.

10 COUNCIL PRESIDENT Verna: I know.
11 That is why we called you immediately upon
12 your arrival.

13 Are there any questions of Governor
14 Schweiker?

15 (No response.)

16 COUNCIL PRESIDENT Verna: Thank you.
17 Thank you very much.

18 MR. SCHWEIKER: Thank you, Madam
19 President. Thank you, Members of Council.

20 COUNCIL PRESIDENT Verna: Our next
21 witness.

22 MR. MCPHERSON: Rob Zuritsky.

23 COUNCIL PRESIDENT Verna: Good
24 morning. Kindly identify yourself for the
25 record and proceed with your testimony.

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2 MR. ZURITSKY: I'm Robert Zuritsky
3 with Parkway Corporation,

4 MR. BLAKE: I'm Alan Blake with
5 Central Parking.

6 MS. CUTLER: Cory Cutler from
7 Rittenhouse Row.

8 MR. ZURITSKY: Good morning, My name
9 is Robert Zuritsky, and I am here representing
10 the Philadelphia Parking Association. We are
11 a group of nine operators managing 90 percent
12 of the Philadelphia's parking facilities. The
13 parking industry employs 2500 people, many of
14 them you have seen in recent days and most of
15 them City residents, myself included.

16 There seems to be a perception that
17 increasing the parking tax 33 percent and real
18 estate taxes over a hundred percent with the
19 land value tax for parking facilities is not
20 something that we should be concerned with.
21 This is because we can always just pass on the
22 additional cost to the parking public and they
23 will stand for anything.

24 I think we all learned from
25 experience that you can tax people too much

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2 and chase them away from your City and from
3 your business, which is precisely why we are
4 here to lower the cost of doing business in
5 Philadelphia.

6 The parking industry is already the
7 highest taxed industry in the City. Roughly
8 30 percent of every dollar that we charge our
9 customers today goes to the City in one form
10 of tax or another.

11 The parking operators are not alone
12 in their concern. Monday, Controller Jonathan
13 Saidel voiced his concern. Today, you heard
14 from the Governor Schweiker from the Chamber
15 of Commerce. The cultural arts are concerned.
16 Rittenhouse Row is here. And we believe
17 Center City proprietors will be also joining
18 us later to voice their concern.

19 None of our customers visit the City
20 to park their cars. They come to work, live,
21 see their doctor, see a show or exhibit, stay
22 at a hotel or eat at one of our wonderful
23 restaurants. The parking tax is already an
24 added cost that affects people's decisions
25 whether they choose to invest their time and

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2 money the City.

3 But that is not the only issue
4 facing the parking industry. The land value
5 tax threatens to increase parking lot real
6 estate taxes over 100 percent in the coming
7 years. The theory from this Henry George who
8 lived over 150 years ago was to force
9 landowners to develop their land or be
10 punished. This might have worked when your
11 City was all farmland, but in a developed city
12 it doesn't seem like a great idea.

13 The cities that have embraced this
14 tax are Allentown and Harrisburg, neither of
15 which has been the center of increased land
16 usage or increased capital spending. I
17 encourage you to compare the activity on
18 Center City streets and sidewalks on a
19 Wednesday night or a Sunday afternoon with
20 either of those two cities and then decide if
21 you want to take the risk of transferring the
22 tax burden of our tallest buildings onto the
23 backs of the tenants of our low-rise buildings
24 that maintain the walkable character of our
25 fine City.

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2 The land value tax will also
3 punished 25 to 30 percent of our City's
4 residents simply because they will have the
5 misfortune of living in an up and coming
6 neighborhood and actually eliminate
7 the 10-year tax abatement for new row house
8 development.

9 As a developer, I can tell you that
10 no development has ever taken place as a
11 result of a threat to increase your real
12 estate taxes a hundred plus percent. By
13 contrast, most development in the City has
14 taken place because of the alignment of
15 business conditions and City incentives. For
16 instance, the current building activity is due
17 to Philadelphia's 10-year tax abatement and
18 the success of the residential market. The
19 project at Jefferson square is a great example
20 of this. There was an article in the Sunday
21 Inquirer. There were people camping out to
22 get these new homes. I don't think that the
23 demand would be as strong if there wasn't a
24 10-year tax abatement for these new residence.

25 This morning I received a letter

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2 from the head of the Pittsburgh Parking
3 Authority, Steve Irwin (ph). Hopefully, this
4 will be published in the paper coming up, and
5 I just want read one paragraph of it.

6 "As chairman of the Public Parking
7 Authority of Pittsburgh, I have firsthand
8 knowledge of how serious the impact of the
9 increase is and will be. First, the tax is
10 bad for business. It sends a terrible message
11 to suburbanites who choose to or need to work
12 in downtown, to organizations considering
13 holding conventions here or businesses
14 thinking of relocating. It deters shoppers
15 from coming into town and tourists from
16 staying here. The added cost and
17 inconvenience caused by the tax just makes
18 their options more enticing. Like
19 Philadelphia, we need to bring people into
20 this City, not chase them away. Driving up
21 the cost of doing business in downtown
22 Pittsburgh does little to support efforts to
23 keep stores and companies here and attract
24 thriving and growing businesses in the future.
25 It is impossible to measure the hard dollars

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2 loss due to the tax because business and
3 visitors tend to erode over time rather than
4 in an instantly."

5 In conclusion, the parking operators
6 support tax reform because it will make the
7 City more competitive but believe the land
8 value tax should stay in Allentown. I
9 respectfully ask the City Council to look for
10 further cuts in spending rather than raise the
11 parking tax or land tax and risk damaging the
12 few remaining strengths of our local
13 authority. Thank you for the opportunity to
14 present our views.

15 (Applause.)

16 COUNCIL PRESIDENT VERNA: Thank you.

17 Good morning. Please identify
18 yourself.

19 MR. BLAKE: Once again, I'm Alan
20 Blake with Central Parking. I'd like to thank
21 you for the opportunity to speak today. As
22 the general manager for Central Parking System
23 for Philadelphia, I would like to voice my
24 concern over the proposed increased parking
25 tax.

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2 Over the past three weeks, a wide
3 cross-section of Central Parking field
4 employees and their parking patrons have
5 written to Councilmembers and the Mayor on
6 this same issue. They are adamantly opposed
7 to a 33 percent increase on the parking tax.
8 My employees understand that people pay for
9 parking. And if drivers perceive prices have
10 escalated beyond what the market will bear,
11 then they will choose an alternative plan.
12 Fewer drivers translate into fewer employees
13 required to provide parking services. Between
14 our Center City, airport, and stadium
15 operations, 1,021 men and women are currently
16 employed by my company. A large percentage
17 are full-time workers with health and
18 retirement benefits who also happen to be
19 residents of Philadelphia.

20 Central Parking has a vested
21 interest in the continued success of this
22 City. We operate 58 parking facilities which,
23 excluding the airport, generated nearly \$10
24 million annually to the City in parking taxes
25 collected. We are presently the highest tax

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2 industry, and any additional increase that we
3 would have to pass on to our parking patrons
4 will have a negative ripple effect.

5 It is my opinion that the City would
6 not raise projected \$11 million it hopes to
7 gain from this increase. Less people will
8 drive. Between escalating gas prices with no
9 end in sight and parking taxes higher than any
10 other northeast city, why would you continue
11 to drive? For patrons outside of
12 Philadelphia, a switch to public
13 transportation is either not an option
14 available to them or one that they are not
15 comfortable in choosing. An increased parking
16 tax only serves to throw up one more road
17 block for not visiting Philadelphia. With
18 less expensive alternatives available, the end
19 result will be less visitors to a City.

20 In closing, a 20 percent parking tax
21 impacts every type of business in the City.
22 Restaurants, hotels, commercial buildings,
23 tourist attractions and retail stores all
24 depend heavily on drivers from the surrounding
25 region. City residents themselves are also

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2 impacted, as this increase will be passed on
3 to their monthly charges.

4 The parking industry provides an
5 important service to a diverse population who
6 are the key to sustaining Philadelphia's
7 economic recovery. It is my hope that
8 Councilmembers can find alternative means to
9 close the City's short-term deficit without
10 further shifting an unfair tax burden on to
11 parking patrons. Thank you.

12 (Applause.)

13 COUNCIL PRESIDENT VERNA: Thank you.

14 Please identify yourself for the
15 record.

16 MS. CUTLER: My name is Cory Cutler,
17 I'm the Executive Director of Rittenhouse Row.
18 I represent a non-profit consortium of 200
19 businesses, shops, restaurants, hotels,
20 galleries, salons and services businesses
21 located between Market and Spruce Streets from
22 the Avenue of the Arts to 21st Street. Our
23 goal is to attract more visitors to our area
24 by promoting the area of the destination.

25 On behalf of these 200 members and

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2 our Board of Directors, I'm here today to
3 report the proposed tax increase would be very
4 detrimental to the economic vitality of our
5 destination and will have a tremendously
6 December negative impact. Thank you.

7 COUNCIL PRESIDENT Verna: Thank you.

8 (Applause.)

9 COUNCIL PRESIDENT Verna: Can you
10 give you an estimate as to how many employees
11 the parking lots and garages,

12 MR. ZURITSKY: We have in the
13 parking industry --

14 COUNCIL PRESIDENT Verna: I heard
15 you said that you have a thousand?

16 MR. ZURITSKY: I have a thousand
17 just with my company, but within the Parking
18 Association which represented 90 percent of
19 the parking lots here in Philadelphia, that
20 number is 2500.

21 COUNCIL PRESIDENT Verna: So the
22 less usage, you would have less employees,
23 would you not?

24 MR. ZURITSKY: That's correct.
25 There's less services to provide. Most of my

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2 employees are doing valet parking. The less
3 cars to park, I wouldn't be able to keep as
4 many employees.

5 COUNCIL PRESIDENT VERNA: Thank you.

6 The Chair recognizes Councilman
7 Nutter.

8 COUNCILMAN NUTTER: Thank you, Madam
9 Chair. I'll be brief.

10 This is certainly an intriguing
11 situation. I understand everything that you
12 testified to and share a number of the
13 concerns that you have raised, and I'll get
14 back to that in a second. But I do feel
15 somewhat compelled to at least to put on the
16 record, and we've had a little bit of this
17 conversation at least in the hallway not too
18 long ago, you certainly be aware that -- and
19 this is more related to the parking tax
20 proposal. I'm assuming you've also talked
21 about the land value tax. I was away from my
22 chair during your testimony.

23 I mean, there are certainly, I
24 think, more than a general perception that
25 parking rates in Philadelphia are pretty high

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2 and that at times, and especially under a
3 variety of circumstances, we even get
4 complaints that there may possibly be even
5 some gouging going on related to specific
6 events, all of which does not necessarily
7 maybe generate significant amount of sympathy
8 toward the parking industry in general. On
9 the other hand, it would seem to me that
10 raising the parking tax is probably not one of
11 the ways to address that particular issue.
12 But I would like to ask you as leaders in the
13 industry if at a subsequent point in time we
14 might have some opportunity either in my
15 general capacity as a Member of this City
16 Council or as Chair of the Transportation and
17 Public Utilities Committee, the need for a
18 serious parking plan and discussing about
19 parking mainly in Center City but there are
20 certainly other areas where parking is an,
21 both from a transportation standpoint as well
22 as a cost factor standpoint, as well as when
23 the witness talks about the impact on Center
24 City business and whether people come downtown
25 or not because they either can't find parking

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2 or they feel like there's almost a bit of a
3 ransom to get their car back after spending
4 sometime in City, I think, are all very
5 complex issues. And I'd like to hear from you
6 with regard to any amount of commitment you'll
7 be willing to make to have further discussions
8 about those issues which I think we can work
9 on which are to the positive benefit of the
10 citizens of this City.

11 MR. ZURITSKY: We would welcome the
12 opportunity to sit with you. We think there
13 are transportation traffic issues that were
14 brought up the other day. We have been
15 talking about traffic issues and concerns
16 about those issues for many, many years and
17 brought it to many different people through
18 the years.

19 As far as rates in the City, as we
20 said before, we are already the highest taxed
21 industry in the City. We're already paying 30
22 cents of every dollar before all your expenses
23 and rents and labor costs and all those
24 things, so we feel -- we would love to have a
25 discussion about all parking issues with you

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2 and we welcome that.

3 COUNCILMAN NUTTER: All right.

4 We'll follow up on that. Thank you very much.

5 Thank you, Madam Chair.

6 COUNCIL PRESIDENT VERNA: The Chair

7 recognizes Councilman Kenney.

8 COUNCILMAN KENNEY: Thank you, Madam

9 President.

10 It's appropriate that Councilman

11 Rizzo come over and have a chat with me

12 because I think we had a meeting or two with

13 the parking industry, and you were very

14 gracious to meet with us to talk about

15 short-term parking issues and also some of the

16 other issues related parking. And as I

17 remember, correct me if I'm wrong, it was

18 understood when we left the meeting that

19 Center City District and the Parking Authority

20 were going to come up with some numbers that

21 we could crunch to figure out what was going

22 on and what needed to be done, including even

23 perhaps a reduction in the parking tax in an

24 effort to subsidize the reduction in

25 short-term parking rates. Our calls to the

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2 Center City District, our calls to the Parking
3 Authority, nobody is interested in doing it.
4 I don't know whether or not someone got to
5 somebody and told them to drag their feet or
6 what happened, but all I know is that we've
7 been waiting for numbers from those entities
8 which apparently are not coming because they
9 were instructed or asked not to do it, and now
10 we're back to square one where we were. And
11 that was the result of legislation that we
12 introduced that the industry understandably
13 was upset with, and I understand that and they
14 should have been upset because it was an
15 attempt to get everybody to the table. Once
16 the bill or the specter of that bill was
17 removed and a cooperative effort was
18 established, the cooperation went away.

19 I know you would love to have a
20 conversation with Councilman Nutter and I'd
21 like you to have a conversation with us, but
22 we've had this conversation and the entities
23 that were supposed to help us get the data
24 necessary decided they weren't going to do it.
25 So if the Center City District which is an

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2 important entity and a very good entity for
3 gathering that information and the Parking
4 Authority isn't willing to do it, I don't know
5 how we get the numbers and data we need to
6 even have a discussion about this.

7 Do you have insight into how this
8 process got sidetracked, so to speak?

9 MR. ZURITSKY: I know THAT we looked
10 at things and we had further discussions.
11 It's a complicated issue, rates. I'm not sure
12 we have any solutions. As I recall we did
13 meet because there was some concerns about
14 some of the shows that had happened and some
15 things that happened, and I believe that there
16 was some change in some operators' policies
17 and some of those problems have gone away.

18 You know, rates in the City go up
19 and go down as market conditions allow them.
20 One of the best locations in the City, one of
21 my competitors, I just noticed this month
22 their rates just came down at their facility.
23 It's 15 Street, one of the best streets in the
24 City. Rates, it's a very pure market supply
25 and demand business.

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2 COUNCILMAN KENNEY: But the problem
3 is our market supply and demand analysis is
4 juxtapose with the zero cost of parking at the
5 King of Prussia Mall. And while I understand
6 it's what the market will bear and we
7 shouldn't as a government be involved in
8 regulating rates from a philosophical
9 standpoint, if it cost you \$15 to park for two
10 hours to go shopping at Lord and Taylor, how
11 are we serving Lord and Taylor or the
12 employees of Lord and Taylor or the employees
13 of the restaurant that shopper may go to or
14 not go to ever again?

15 The same issue comes up with the
16 Flower Show or Car Show. If I drive in here
17 from Reading to go a Car Show and park my car
18 and I realize that once I've made the trip
19 it's going to cost me \$30 to get my car parked
20 or \$25, I'm going to pay that money. I'm
21 going to go in and enjoy the Car Show. And
22 when it's over, I'm going to get back in my
23 car and I'm going to thumb my nose at the City
24 and leave and never come back again. And
25 that's the kind of comments you get.

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2 So regardless of what the market
3 bears, there's other markets that are affected
4 by it like restaurants, like shows, like
5 hotels, like other things. And we really
6 tried to have this conversation. And I would
7 like to have it again, but I do need some
8 assurance somebody provide the data which
9 certainly Councilman Rizzo and I are not
10 equipped enough to go around and figure out
11 data necessary to determine what we hope was a
12 reduction in the parking tax. If we could
13 have figured out a way to reduce the parking
14 tax and allow you to subsidize the short-term
15 shopper, that would have been a great
16 solution. But we never got off first base
17 because --

18 MR. ZURITSKY: We looked at it for a
19 long time. We will get together with you
20 again and we'll talk about it some more.

21 COUNCILMAN KENNEY: I don't want to
22 monopolize because I know Councilman Rizzo
23 wants to say something about that. I don't
24 want to go back at this in an adversarial
25 situation. I don't want to have to introduce

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2 a bill that will talk about regulating rates
3 from a government perspective and have
4 everybody upset, we have a big meeting and
5 then we realize we're not on a different page,
6 we're on the same page. You want to do your
7 business and employ your people, the people
8 you employ you pay decent wages, a lot of
9 immigrant employment in the parking industry
10 in Philadelphia. We don't want to hurt
11 anybody, but I also want to drag some of those
12 cars out of Cherry Hill and Deptford and King
13 of Prussia and get them down here to Walnut
14 Street and have them shop here.

15 COUNCIL PRESIDENT VERNA: Thank you,
16 Councilman.

17 I would like to remind my colleagues
18 and witnesses again, we do have 67 witnesses
19 to testify today. So, again, I'm going to ask
20 that you try to be as concise as possible.

21 COUNCILMAN KENNEY: Can I make a
22 comment on that?

23 COUNCIL PRESIDENT VERNA: This is a
24 very important issue.

25 COUNCILMAN KENNEY: That's not the

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2 issue. I think the it's important to the
3 people who are witnesses here who have been
4 waiting and have to come back day after day
5 should recognize that we should have had this
6 budget in mid-January. We would have had a
7 regular list of hearings dates. I mean, for
8 us to get the budget in mid-March and have it
9 done basically by the end of May and to have
10 all these people jammed in with just a short
11 set of hearings, we didn't do that. We didn't
12 do that. The second floor did that.

13 (Applause.)

14 COUNCIL PRESIDENT VERNA: With that
15 being said, we still have 67 witnesses today.
16 So I would again ask that we try to be as
17 concise as possible.

18 The Chair recognizes Councilman
19 Rizzo.

20 COUNCILMAN RIZZO: I want to add to
21 Councilman Kenney's comments on the meeting
22 that we had at the Chamber offices. And I
23 think everyone knows that it was a result of
24 potential legislation that could regulate the
25 parking industry. I was very motivated at

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2 that meeting, and as Councilman Kenney
3 described, it just went away when the threat
4 of that legislation was pulled back. We
5 discussed again short-term rates to get people
6 in and out. We discussed a myriad of issues
7 at that meeting. And it just went away.

8 So again, we appreciated the
9 attention when that legislation was pending,
10 but I think that now with the severe
11 circumstances that we're experiencing, that we
12 truly, truly need to get back to that table
13 with all of those parking lot operators to see
14 what we can do to encourage people to come to
15 the City and not have to spend 15, 20 bucks to
16 grab a quick lunch and maybe shop for an hour.
17 So I would appreciate you addressing that.

18 I know we fixed some things at that
19 meeting; the venues at the stadium, et cetera,
20 the parking rates, which you've been very
21 cooperative with. At least I know your
22 company has, but I'd like to get back to the
23 table. Thanks.

24 COUNCIL PRESIDENT Verna: Thank you.

25 The Chair recognizes Councilman

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2 DiCicco.

3 COUNCILMAN DICICCO: Thank you,
4 Madam President.

5 Good morning. I apologize that I
6 was not here at the beginning of your
7 statement, so if the question I'm about to ask
8 has already been answered, I'll just wait and
9 look at the notes of testimony. I was at a
10 community meeting in South Philadelphia from
11 9:00 this morning.

12 The proposed 5 percent increase for
13 the parking tax, if that becomes a reality,
14 what does that mean to the average customer in
15 terms of an increase? Because I have to assume
16 that that's going to get passed onto the
17 customer, or at least a portion of it.

18 MR. BLAKE: On a regular, let's say,
19 \$15 daily ticket, that's 75 cents, and on a
20 monthly customer, anywhere from maybe \$15 a
21 month.

22 COUNCILMAN DICICCO: So if that were
23 to become a reality and the land tax were to
24 become a reality, what would that number come
25 to? I mean, that get's passed onto somebody.

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2 Has any calculations been looked at as to what
3 the cost of parking today versus what the cost
4 of parking tomorrow would be with the 5 percent
5 and the land tax value as an industry?

6 MR. ZURITSKY: The land tax is
7 something that I've been looking at for two
8 years as this discussion started, and I
9 honestly don't fully understand it yet.

10 COUNCILMAN DICICCO: Neither do I.

11 MR. ZURITSKY: I remember hearing
12 Mr. Glancey mentioning it too, it's a radical
13 surgery with this tax. I think the average
14 parker for the parking tax would pay \$100 to
15 \$200 more a year. The land value could be
16 another \$200 to \$300 a year. It's hard to
17 really justify. What happens is, we have to
18 raise our rates to pay the tax. What that
19 means is we're going to lose business for
20 raising the tax, for raising that rate. It
21 means we have to raise the rate a little bit
22 more just to make up for the loss because we
23 have our mortgages and our rent payments and
24 so forth. So the real impact is fairly
25 dramatic.

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2 COUNCILMAN DICICCO: I don't think I
3 have any other questions.

4 I just want to echo the comments of
5 Councilman Kenney. I know there are some
6 people who were here on Monday from my
7 district in the Wash West community,
8 Washington Square West community, who were
9 complaining to my staff that they never got a
10 chance to testify, although I think it was in
11 the newspaper on Monday that the public would
12 testify later that day. There was some
13 complaint that we were grandstanding up here.
14 This is not grandstanding. This is important
15 business. That's what we're elected to do, to
16 have these hearings, get as much information
17 as we can so that we can make hopefully the
18 right decision when it comes to these matters
19 and other matters. So I just wanted to echo
20 the comments of Councilman Kenney.

21 This is crunch time for us. We
22 didn't create this situation. This all came to
23 us very, very late. And unfortunately, the
24 public for whatever reason doesn't understand
25 that because they're not involved in the

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2 day-to-day politics that we are. We do
3 apologize that they have to keep coming back.
4 But this is by no means grandstanding. We're
5 all running from one meeting to the another and
6 it's put a strain on of all us.

7 Thank you for being here.

8 COUNCIL PRESIDENT VERNA: Thank you,
9 Councilman.

10 Thank you, gentlemen. We appreciate
11 your coming into testify.

12 (Applause.)

13 MR. MCPHERSON: The next panel is a
14 group of recreation people. Mike McCrea, Jim
15 Hellman, Irene Russell, Tiffany Green, Karim
16 Lewis, Aileen Bunch and Frank Barnett.

17 Will you come to the table, please?

18 COUNCIL PRESIDENT VERNA: Are you
19 going to have one or two spokespersons, or are
20 you all going to --

21 MR. MCCREA: We're all on the list
22 so we kind of decided to go together.

23 COUNCIL PRESIDENT VERNA: Well, as I
24 said, we're on a time limit.

25 Who's going to testify first?

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2 Please identify yourself.

3 MS. RUSSELL: Good morning. My name
4 is Irene Russell.

5 Good morning, Madam President,
6 Members of Council, other guests and speakers.
7 My name is Irene Russell, and I thank you for
8 allowing my input on this very important
9 matter today.

10 I sit here today as one who is
11 actually on the front lines of public
12 recreation, interacting with the children and
13 community. I sit here today because I can
14 speak firsthand of the difference that I have
15 seen recreation programs have in the lives of
16 children and families within a community.

17 At Stinger Square Park, where once
18 there was no activity and no maintenance, there
19 is now a vital place for the entire community
20 to come together and enjoy varied programs and
21 events. The involvement of people who care
22 about this park has made it a model, not just
23 for Philadelphia, but for other cities as well.
24 They now host a complete season of events and
25 have an Internet presence as well.

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2 At Donald P. Finnegan Playground,
3 where some of the same conditions existed,
4 there is now constant activity and programs and
5 a community who is pulling together around this
6 facility. There is a drill team, sports teams,
7 regular trips, an after-school program and
8 literacy programs, not to mention summer day
9 camps at both sites. There are people coming
10 and going all the time at Finnegan, and parents
11 coming to thank us for giving their children a
12 place that they want to go. Yes, children want
13 to be at Finnegan Playground every day because
14 there's always something there for them to do
15 and be a part of.

16 Children are signing up for Youth
17 Works and parents are already asking for day
18 camp registrations at both sites. I have seen
19 young boys who used to hang on the corners pick
20 up a drum and never miss a practice for the
21 drill team. Others have joined the SABL league
22 and played heartily for the basketball
23 championship. I have seen children pick up
24 books and read them voraciously. And I have
25 seen children tell me how they feel safe there.

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2 Across this City there are places
3 just like Finnegan and Stinger Square that
4 don't need to have their doors closed, but
5 rather need someone to go in and open those
6 doors with programs and exciting things for
7 kids to do. Everybody benefits from these
8 programs, not just the children who attend
9 them.

10 The Mayor has promised that there
11 will be no child left behind in Philadelphia.
12 I ask that the Members of City Council, along
13 with the children of Philadelphia, hold him to
14 that promise by keeping parks and public
15 recreation alive in Philadelphia for
16 generations to come. Thank you.

17 (Applause.)

18 COUNCIL PRESIDENT VERNA: Thank you.

19 Ms. Russell, I believe you cover
20 Stinger Square and Finnegan.

21 MS RUSSELL: Yes. Donald Finnegan.

22 COUNCIL PRESIDENT VERNA: Am I
23 correct in my understanding that you do have a
24 number of volunteers at Finnegan.

25 MS. RUSSELL: Yes.

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2 COUNCIL PRESIDENT Verna: And that
3 the Finnegan family has actually contributed
4 400 or 500 books.

5 MS. Russell: Yes. They donated a
6 library.

7 COUNCIL PRESIDENT Verna: How many
8 children would you say go to that center a
9 day.

10 MS. Russell: Well, the drill team
11 has 40 children enrolled. The SMBL has, like,
12 36 children enrolled. We have a summer
13 baseball league starting up, and we already
14 have a strong enrollment for that. Our
15 after-school program has enrolled at least 30
16 children. There are people already signing
17 up. We already have at least about 15 going
18 on 20 registrations for camp, which doesn't
19 even start until July. We have game nights on
20 Tuesday with 25 kids coming to that. We have
21 karaoke night on Friday, and we have 25 kids
22 coming for that, not to mention spectators who
23 come in. The don't want to sing, but they
24 come in and watch. So we have a great number
25 of children and adults now coming to the park.

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2 We have a spark of volunteerism
3 that's taken place that's just phenomenal. A
4 fellow opened up a water-ice stand across the
5 street because he saw the numbers and so he
6 created a business around those numbers. So
7 we're even sparking new business in the
8 community through the activity at Donald
9 Finnegan Playground.

10 COUNCIL PRESIDENT Verna: Thank you
11 very much.

12 Our next witness.

13 MS. BUNCH: Good morning, Council
14 President Verna, Councilmembers, guests and
15 other speakers. I'm honored to be here this
16 morning to strongly protest cuts to the
17 recreation budget.

18 COUNCIL PRESIDENT Verna: I'm sorry.
19 Please identify yourself.

20 MS. BUNCH: I'm sorry. My name is
21 Aileen Bunch. I'm here today to strongly
22 protest the cuts to the recreation budget,
23 recreation center closures City-wide, and
24 specifically Sacks Playground located at 4th
25 and Washington. I'm also the Co-Chair of the

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2 Friends of Gold Star Park, which until about
3 two years ago was a pretty blighted park on
4 the 600 block of Wharton Street. My family
5 purchased our home, our very first home, south
6 of Washington because we couldn't afford
7 anywhere else. We moved right across from a
8 broken down playground.

9 Well, to make a long story short,
10 the neighbors got involved, got the park
11 cleaned up, and now it's just one of the most
12 wonderful parks in all of Philadelphia. We
13 have a lot of volunteers that come out and help
14 out. And to think that maintenance services
15 will be cut to our park is just devastating.
16 We can't do without just basic maintenance
17 services.

18 But regarding Sacks, it's very
19 infuriating to think that this is on the
20 chopping block. For all intents and purposes,
21 Sacks has been closed for years because the
22 Department of Recreation hasn't properly
23 maintained it. They have not properly funded
24 it. There's no full-time staff there. All we
25 have is a 6-month seasonal maintenance

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2 attendance. This is a facility that is an
3 entire City block with ball fields, with two
4 basketball courts, with a building, a swimming
5 pool and a broken down tot lot that is just a
6 disgrace.

7 We really would like to see changes
8 and improvements and we would like to be a part
9 of a process to get changes and improvements at
10 Sacks Playground, and not to be threatened with
11 closure, especially when four recreation
12 centers north of Washington Avenue and east of
13 Broad Street will be allowed to remain opened,
14 fully funded with adequate programming, et
15 cetera, et cetera. And those facilities in
16 particular are Hawthorne, Palumbo, Seger and
17 Starr Gardens. It's a disgrace when all of
18 these facilities will be allowed to remain open
19 and operable and funded and only be within two
20 to four blocks of each other, and yet Sacks and
21 Chew will be closed because they're south of
22 Washington in minority, low income
23 neighborhoods that can't advocate for them as
24 strongly as north of Washington can.

25 Eighty percent of the facilities on

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2 the chopping block are in low income, minority
3 neighborhoods. All I see around my
4 neighborhood is growth, growth, growth. Zip
5 Code 19147 is just experiencing so much growth,
6 and we need to improve our facilities for our
7 children, not close them down.

8 (Applause.)

9 MS. BUNCH: Thank you. And I will
10 shout from the roof tops. All the
11 Councilmembers and the Mayor's Office got my
12 letters of protest, so it's all in there.

13 You know, there has been a lot of
14 good around Sacks for a lot of years. In
15 particular, the Nesmitt (ph) family, who's run
16 programs out of their own pockets, who have
17 garnered volunteers to clean up the
18 facilities, who worked with Bruce Springstein,
19 you know, to get his video filmed there.
20 They've done a lot of good, but now we all
21 jump in and help them and to bring our
22 facility up.

23 It's just sickening to me -- and
24 this is the last thing I'll say, the last
25 thing I'll shout -- but it's just absolutely

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2 disgusting when you have \$200,000 plus new
3 construction going up. And actually most of
4 the new construction going up around us is
5 starting at \$700,000. And yet you want to
6 close down the rec center right across from
7 the housing projects, right across from George
8 Washington Elementary School. Our kids need
9 this facility. That's all I'm going to say.

10 (Applause.)

11 COUNCIL PRESIDENT VERNA: Thank you
12 very much.

13 Good morning. Please identify
14 yourself.

15 Councilman DiCicco.

16 COUNCILMAN DICICCO: I just want to
17 make a comment or two.

18 You and I and three or four other
19 folks from your community had a meeting about
20 a month or so ago, and I was very candid about
21 what the proposal was as it pertains to Sacks,
22 talked about some possible alternatives.
23 Although I wasn't recommending them, some
24 discussion pointed to them. I'm still waiting
25 to have further conversations with you and

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2 your association.

3 But you did mention that Sacks was
4 being closed and the other four facilities just
5 north of Washington Avenue were not. Just for
6 the record, Seger is also on that list of
7 proposals to be closed as well.

8 MS. BUNCH: I heard it was removed
9 from the list.

10 COUNCILMAN DICICCO: Well, I haven't
11 seen the list. There is a new list, I am
12 told.

13 MS. BUNCH: It's not on there
14 anymore.

15 COUNCILMAN DICICCO: I don't know if
16 it is or isn't because I've not seen it. I
17 never even saw the first list. What I said at
18 the time --

19 COUNCIL PRESIDENT VERNA: Maybe Ms.
20 Bunch could tell us what's actually on the
21 list at the present time.

22 COUNCILMAN DICICCO: I was told as
23 of this past Friday that the new list now
24 includes Rizzo Ice Skating Rink to be closed
25 as well. I don't pay attention to all those

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2 rumors and lists that are going on. This
3 something that this Council will have to deal
4 with collectively when it comes to the
5 Department of Recreation.

6 I think you know where I stand.
7 You're right. Sacks has for a number of years
8 been lacking in capital improvements, and
9 there are some reasons for that, which we
10 discussed, and it certainly will be on my
11 agenda to keep Sacks open.

12 There are some facilities that I've
13 agreed with the Administration that I will
14 seriously look at either closing or selling or
15 what have you. But Sacks is not one of them.
16 And now that you are there and your
17 organization I'm much more comfortable in my
18 fight to keep that place open because we really
19 didn't have that much of a well-organized
20 effort there over the years. I'm not pointing
21 fingers. It's a different day.

22 The Jefferson Square Housing
23 Development has been completely sold out as of
24 last week. Another 90 some-odd new families
25 are moving into the Jefferson Square area,

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2 which is just adjacent to the Sacks facility,
3 and that gives me more reason to fight to want
4 to keep Sacks open. I just want to get that on
5 the record.

6 MS. BUNCH: I want to make it clear
7 that we really appreciate Councilman DiCicco's
8 efforts in our community. You really are a
9 friend of parks and rec centers in the 1st
10 District. I often hear other names mentioned
11 in the parks revitalization program. Jannie
12 Blackwell, Councilman Nutter, et cetera, et
13 cetera. And I could be all day praising you
14 all for all the wonderful work you've done for
15 our communities. Thank you.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 Our next witness, please identify
18 yourself for the record.

19 MS. FOX: Hi. Good morning. My
20 name is Betty Finnegan Fox.

21 COUNCIL PRESIDENT VERNA: Hello.

22 MS FOX: President Verna and Members
23 of the City Council, as I said, my name is
24 Betty Finnegan-Fox. I am a resident and
25 homeowner in the Grays Ferry community and

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2 daughter of the late Donald Finnegan, for whom
3 the playground at 30th and Oakford is named
4 after.

5 By the way, I did supply packages of
6 my talking points, and of course because we
7 believe in our playground, it's in the folder
8 back on that table. I also have a Power Point
9 presentation that I hope everybody can look at
10 and see the good that has been done there.

11 Today I speak on behalf of the
12 community and the Finnegan family to request
13 that Donald Finnegan Playground does not close,
14 but is given the budget to continue the
15 services that are so vital to our community,
16 such as providing the staffing and the
17 resources to keep the building open and
18 available to the Grays Ferry children, teens
19 and adults.

20 Over the last year, under the
21 leadership of Irene Russell and her two
22 part-time staff members, I witnessed the
23 vitality and community involvement that has
24 been lacking at the playground for many years.
25 She not only sees the future of the Finnegan

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2 Playground as a safe and welcoming environment
3 for the children of the community, but the
4 programs and activities that she has pursued
5 and offered engage all races, ages and creeds
6 from our community.

7 This past year has been challenging
8 with the news that the Donald Finnegan
9 Playground may close, but good in many ways as
10 we watch the community involvement. This past
11 year produced some remarkable highlights for
12 our community.

13 The first annual Martin Luther King
14 Day of Service I had, it was nearly 200 people
15 from the community of the Grays Ferry area
16 coming together to celebrate the spirit of Dr.
17 King, both old and young, of all backgrounds
18 work together to clean the playground.
19 Speakers shared their thoughts on volunteering
20 and lunches were served to all who attended
21 that day. We did have many other events that
22 day, but that's the high point.

23 The second annual One Book One
24 Philadelphia project -- and as you know, this
25 is a project of the Office of the Mayor, John

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2 Street, and the Free Library of Philadelphia.

3 We held that, and there were door prizes for

4 the children consisting of materials that will

5 help to enhance their reading and writing

6 skills. We had also given out six copies of

7 the book, The Color of Water by James McBride.

8 That was this year's One Book selection.

9 As I mentioned, a book corner was

10 dedicated in Donald's memory at the playground

11 with, gosh, more than 150 new books, and that

12 has gone up, and nearly 300 used books, and

13 that has gone up recently for children and

14 teens, which include fiction, non-fiction,

15 reference books. And we have just added GED

16 materials, as well as for the collection six

17 copies of The Color of Water.

18 The first read-a-thon, where savings

19 bonds were offered as an incentive for the most

20 books read and the best book report. One young

21 boy, God love him, he read 40 books and did a

22 book report on each that we had to read, which

23 we did, because he gave it that extra effort.

24 And needless to say, he was the top winner.

25 Even though only several children received the

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2 savings bonds, all of the children were winners
3 just for entering the read-a-thon to show them
4 that each child received a gift certificate and
5 a special gift at our awards ceremony.

6 The Finnegan family also received
7 \$1,000 in contributions from individuals to
8 provide new sports equipment. And as Irene
9 said, sign-up has already begun for the summer
10 league. And this baseball league will take
11 place, and we expect the children to enjoy the
12 luxury of competing on, if not the best, one of
13 the best fields in the City.

14 The second to none Precision
15 Steppers Drill Team had their first try-outs in
16 September 2003, and on January 3, 2004 they
17 competed at Delaware State University, placing
18 fifth and sixth out of 40 other teams.
19 Fund-raising has taken place to ensure they
20 have the materials they need to compete.

21 The programs and activities that
22 take place at the playground revitalized the
23 playground, bringing components of literacy,
24 music, sports and just plain old fun to our
25 community. I have attached a list of

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2 activities and programs that do take place now,
3 as well as what we're looking forward to in the
4 future.

5 In addition to the programs and
6 activities already in place at the playground,
7 other activities are being planned to enhance
8 the scope of the programs for children and
9 adults. The staff is now in the process of
10 creating a Web site. We are working on a GED
11 program for those adults and young adults who
12 wish to get their high school degree.

13 When I return home from work in the
14 evenings the number of children and adults in
15 the playground astound me. Whether they're on
16 the basketball court, in the play area, on the
17 ball field, inside the building reading,
18 practicing for the next drill team meet or
19 participating in one of the activities, the
20 need is clear that Donald Finnegan Playground
21 needs to stay open for the community.

22 Whenever I stop at the playground I
23 am reminded when my father went to the trouble
24 of bringing the playground back to life, not
25 for personal glory, but for the community,

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2 especially our children.

3 Finally, the Finnegan family has
4 committed themselves to helping in the
5 financing of the programs and activities with a
6 variety of fund-raising projects taking place.
7 We had to stop our fund-raising projects when
8 we heard we were closing because it is not
9 ethical to continue soliciting. We will go to
10 area businesses, which we have done. We have a
11 flea market planned. We have all exciting
12 programs upcoming.

13 I'll sum up with the words of Duffy
14 Dowardy, "The difference between good and great
15 is a little extra effort." The Donald Finnegan
16 Playground has the staff in place giving more
17 than a little extra effort. The children and
18 adults in the community are getting that.

19 Irene Russell has also made the
20 Finnegan family feel welcome yet again to
21 participate in the activities at the playground
22 while giving back to the community. Just as
23 the staff of the playground is doing, the
24 Finnegan family, working as a team with the
25 staff, plan on giving the Donald Finnegan

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2 Playground more than a little extra effort in
3 whatever way we can.

4 Closing the playground will not help
5 our community. The spark has been lit, and
6 going backward will only deny the community a
7 thriving and active recreation center offering
8 services in a safe and welcoming environment.
9 While most people have negative thoughts about
10 inner-city communities, we have optimism
11 because this is our home and the children are
12 our future. Thank you.

13 (Applause.)

14 COUNCIL PRESIDENT VERNA: Thank you.

15 Mrs. Fox, I can see that you are
16 really fulfilling your father's dream, and I
17 congratulate you for that. It's wonderful.

18 The next witness.

19 Your name, sir?

20 MR. BARNETT: My name is Frank
21 Barnett, 300 block of Titan Street, 1st
22 Councilmanic District. I want to thank you for
23 allowing me to speak today.

24 A lot of my points have been taken
25 today fortunately by Councilman DiCicco and

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2 Aileen Bunch. I'm here to voice my opposition
3 to the closing of any recreation center in
4 Philadelphia, but in particular Sacks
5 Playground at 4th and Washington.

6 There was a list of recreation
7 centers that was printed in the paper. I
8 think one of the problems is that, as
9 Councilman DiCicco alluded to, there seems to
10 be a lot of rumors going around. There's not
11 an official list, so that people in these
12 neighborhoods who are affected by the closures
13 of these rec centers are actually unaware that
14 their neighborhoods may be targeted for
15 closure.

16 In terms of Sacks, the criteria for
17 the closing of some of the rec centers has been
18 reported; physical condition, programming,
19 staffing, proximity to other rec centers. As
20 far as Sacks is concerned, when you're at the
21 bottom of funding, you're of course going to be
22 at the bottom of the list for physical
23 condition. And I would challenge Commissioner
24 Richard to come up with the name of the staff
25 person at Sacks Playground because we haven't

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2 had one for years.

3 I'm a recent newly moved-in resident
4 to the neighborhood surrounding Sacks
5 Playground, referred to as Jefferson Square
6 area. It's been mentioned before, of course,
7 in the tax hearings previously. We've got
8 people waiting out in line for homes in the
9 area, and yet two blocks away, the Department
10 of Recreation plans to in effect pull the rug
11 out from underneath these new people, and
12 essentially do the same for the people who have
13 been displaced, gone through losing their homes
14 and having homes torn down next to them, people
15 who have been displaced from the housing
16 projects who have been moved into nicer homes,
17 but now in effect are going to have the
18 recreation rug pulled out from underneath them.

19 Again, I'd like to voice my
20 opposition to any of the closings, and I came
21 today to speak about Sacks Playground, but I
22 want all the Councilpersons today to think
23 about the rec centers in their districts and to
24 think about the people who use them. Use is
25 also one of the criteria supposedly used for

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2 closing some of the rec centers.

3 I went down to Sacks Playground, and
4 within half an hour I collected 50 signatures
5 on a petition. And this was in half an hour.
6 These are from parents, not even from the
7 children they were with. So I think if the
8 Councilpersons think about the people and the
9 children who are actually using the rec centers
10 in spite of the conditions, I think they would
11 need to think again about proper funding and
12 not closing or selling any of these rec
13 centers.

14 COUNCIL PRESIDENT Verna: Thank you,
15 Mr. Barnett.

16 (Applause.)

17 COUNCIL PRESIDENT Verna: Who is our
18 next witness?

19 Mr. Hellman, please identify
20 yourself for the record. Do you have written
21 testimony, sir.

22 MR. HELLMAN: Yes. Good morning,
23 Members of City Council.

24 COUNCIL PRESIDENT Verna: Good
25 morning. Please proceed.

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2 MR. HELLMAN: My name is Jim Hellman.

3 I'm a resident of Grays Ferry, and I'm very
4 active in my community, particularly with
5 public recreation.

6 Before I begin my actual testimony, I
7 want to take a moment to greet our 2nd District
8 Member of City Council.

9 Hello, President Verna.

10 COUNCIL PRESIDENT VERNA: Good
11 morning.

12 President, the Committee of
13 Concerned Citizens Forgotten Bottom
14 Neighborhood Association, friends of Stinger
15 Square, Grays Ferry Community Council, Martin
16 Luther King's Village Neighborhood
17 Association, South Philadelphia Rainbow
18 Committee, Point Breeze Network Plus, Point
19 Breeze Civic Association, Point Breeze
20 Community Development Coalition, South
21 Philadelphia Homes Neighborhood Advisory
22 Council, Philadelphia Alliance for Community
23 Improvement and the advisory councils at Vare
24 Recreation Center, Lanier Playground, Finnegan
25 Playground, Stinger Square Park, Wharton

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2 Square Park, Chew Playground and Smith

3 Playground have all authorized me to tell you
4 two things.

5 One, public recreation in Grays
6 Ferry and Point Breeze has greatly benefited
7 from your support over the years, and all of us
8 do appreciate your support.

9 And two, in Point Breeze and Grays
10 Ferry, the people support the fine job you're
11 doing as President of City Council under very
12 difficult and unusual circumstances.

13 I'm an advocate for public
14 recreation, and I don't apologize for that to
15 anyone. I am convinced that public recreation
16 is vital to the health of our communities and
17 to the well-being of our children and youth. I
18 volunteer my time and energies to advance
19 public recreation in my community and in my
20 City. I am a proud member of the Philadelphia
21 Recreation Advisory Council, or PRAC, where I
22 serve as editor of the PRAC newsletter, member
23 of the PRAC budget committee and chairman of
24 the PRAC legal community. It is in the latter
25 capacity that I testify today.

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2 We understand that the Department of
3 Recreation has been the favorite whipping boy
4 of mayors gone by. We have never agreed with
5 it, but we do understand it. We know the
6 Department has endured budget cuts in past
7 administrations. We know there have been
8 staffing cuts and there have even been facility
9 closings. But the Department of Recreation and
10 the public it serves has never experienced the
11 wholesale dismantling we are getting from Mayor
12 John F. Street.

13 At the risk of sounding idealistic,
14 the City of Philadelphia belongs to its
15 citizens. We love our City. We choose to live
16 here, to work here, to raise our families here
17 and to play here. We want our City to endure
18 and prosper. But our City has a problem. The
19 problem is that under the subterfuge of cutting
20 the deficit, a deficit that he himself created,
21 Mayor Street wants to close 40 public
22 recreation facilities, 20 swimming pools, 40
23 summer camps and all five ice rinks. The \$4
24 million in proposed cuts for next fiscal year
25 comes on top of a total of \$4.5 million in

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2 budget cuts in the last four years.

3 Our City has a problem. With all
4 the closings, the City will save \$4 million.
5 \$4 million out of a \$227 million deficit. That
6 is just 2 percent of the deficit. And who will
7 pay the price for that 2 percent? Mayor Street
8 won't pay it. He can't run for re-election.
9 His salary won't be cut. The budget for his
10 office won't be slashed. In fact, the budget
11 for the Mayor's Office will be increased by 18
12 percent. Of course, the citizens will pay the
13 2 percent price tag. It is our playgrounds,
14 our swimming pools and our summer camps that
15 will be gone. It is our children and our youth
16 who will have to walk many more blocks on hot
17 summer days to find an open pool in a
18 unfamiliar neighborhood where they might be
19 able to swim. While our children are
20 struggling to do that, Mayor Street will be
21 free to hold his press conferences and attend
22 his galas immune to the difficulties he has
23 imposed on our communities.

24 Our City has a problem. Recreation
25 Commissioner Victor N. Richards sat before the

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2 City Council and proudly announced there would
3 be no service cuts, just before he announced
4 the closing of 40 summer camps. Aren't summer
5 camps and ice rinks services? What language
6 are officials speaking anyway?

7 Our City has a problem. Some of our
8 officials point out that Philadelphia has far
9 more public recreation facilities and swimming
10 pools than the City of Houston, even though
11 Houston has a greater population. The
12 officials say that is a bad thing and it
13 justifies closing our facilities and our pools.
14 They call it right-sizing. But I say it's a
15 great thing. We can all be proud that
16 Philadelphia provides better for our children
17 and youth than the City of Houston does.

18 (Applause.)

19 MR. HELLMAN: While we must be
20 concerned with fiscal responsibility,
21 government services by definition must be
22 based on need and not just on population. The
23 real definition of right-sizing is what works
24 and what our citizens need, and public
25 recreation does work in our City.

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2 As a personal aside, if our City
3 officials are so fascinated with the City of
4 Houston, that they hold it up as a role model
5 for Philadelphia, maybe they should consider
6 moving to Houston. I for one will be happy to
7 pay for the plane fare. One way, of course.

8 Our City has a problem. At a recent
9 press conference, Mayor Street called for
10 dignity during budget hearings. But where is
11 the dignity for our communities? Nobody from
12 the Department of Recreation or the Mayor's
13 Office bothered to talk with our communities on
14 what should be done. We have not had a voice.
15 There have not been any feasibility studies,
16 nor any consultation or discussion with the
17 very people who will be most affected. Where
18 is our dignity, Mr. Mayor? And why don't you
19 hold a press conference about that?

20 Our City has a problem. While
21 cutting public recreation, Mayor Street
22 increases funding for Safe and Sound and the
23 so-called Children's Investment Strategy.
24 Let's take a moment to look at one example of
25 the disparity.

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2 Donald P. Finnegan Playground at
3 30th and Wharton Street is targeted for
4 closing. Using the Department of Recreation's
5 own figure, it costs the City just \$10,600 per
6 year to operate Finnegan Playground. \$10,600.
7 What does the City get for that investment?
8 The City gets an after-school program with 27
9 enrollments and 15 to 18 children attending
10 each day, 40 children on three teams for the
11 76ers neighborhood basketball league, a first
12 ever read-a-thon with an award ceremony for 20
13 children, a drill team with 50 children, a game
14 night with open play time for some 40 children,
15 a karaoke night with open night for another 40
16 children, a first ever Martin Luther King day
17 of service for over 100 adults and children, an
18 upcoming Phillies rookie baseball league for 20
19 children, a summer camp for 30 children and
20 much more, all sponsored by the Department of
21 Recreation.

22 With almost 400 participants
23 benefiting from the activities at Finnegan, the
24 average cost to the City is just \$28.88 per
25 person, per year. \$28.88. Compare that to

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2 just one private after-school program funded
3 through Safe and Sound. The Gold Medal Karate
4 School Program serves 38 children and receives
5 \$78,546 in funding. That's a whopping \$2,067
6 per person, per year. Yet Mayor Street would
7 have us believe that we can afford the \$2,067
8 per person private program, but we can't afford
9 the \$28.88 per person public recreation
10 facility. Now, that is isn't simply being
11 counter boneheadedness. That is scandalous and
12 just plain wrong.

13 (Applause.)

14 MR. HELLMAN: We have a problem in
15 our City. While cutting public recreation,
16 the Street Administration is planning to
17 increase funding for private organizations by
18 some \$20 million. What exactly do we get for
19 the \$92 million the Administration plans to
20 spend.

21 By Safe and Sound's own admission,
22 after three years and more than \$100 million,
23 we get results that are, quote, mixed with
24 inconsistent progress, end quote. If private
25 organizations are so much better than public

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2 recreation, why are we stuck for three years
3 in the rut of mixed with inconsistent progress
4 after spending so much of our money?

5 (Applause.)

6 MR. HELLMAN: To be honest, if Safe
7 and Sound would be a subsidiary of some
8 private corporation, UPS, for example, that
9 corporation would long ago have sold off Safe
10 and Sound for not producing profit
11 commensurate with enormous investment. Yet
12 the Street Administration takes the opposite
13 approach. Funding for private organizations
14 is increased, while public recreation is cut
15 drastically.

16 And this is a good time to point out
17 that public recreation facilities and programs
18 were ineligible to even apply for any Safe and
19 Sound funding for three years. Last year the
20 Managing Director made us eligible to apply
21 for after school funding. However, none of
22 the applications submitted for public
23 recreation programs received any funding at
24 all. In fact, none of the applicants ever
25 even received a written decision, much less an

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2 explanation as to why no funding was granted.
3 The practical effect of our eligibility for
4 funding is zero. To this day, public
5 recreation programs and organizations are not
6 eligible to apply for Beacon funding or family
7 support funding, even though public recreation
8 facilities have been serving our communities
9 in that capacity for over 50 years.

10 On Monday morning the Philadelphia
11 Recreation Advisory Council filed a civil
12 complaint in federal court. Among the
13 defendants named in the complaint are the City
14 of Philadelphia and Safe and Sound.

15 (Applause.)

16 MR. HELLMAN: PRAC is considering
17 filing a separate complaint against Naomi
18 Post-Street. Although a private citizen, PRAC
19 believes Ms. Post is the chief architect of a
20 scheme to privatize public recreation and
21 remains the driving force behind Safe and
22 Sound.

23 It is PRAC's position that an
24 independent finder of fact should decide
25 whether the Mayor is meeting his obligations

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2 to properly fund a department mandated in the
3 Home Rule Charter.

4 It is PRAC's position that a finder
5 of fact should determine whether the authority
6 of the Department of Recreation should be
7 restored, including the repatriation of any and
8 all funds misallocated or misapplied to or by
9 Safe and Sound.

10 It is PRAC's position that a finder
11 of fact should examine the evidence and
12 determine whether that evidence supports the
13 conclusion that the Mayor, various other past
14 and present City officials and Safe and Sound
15 are attempting or have attempted to privatize
16 public recreation by denying the voters an
17 opportunity to amend the Home Rule Charter.

18 It is PRAC's position that a finder
19 of fact should decide whether public recreation
20 programs and facilities have been treated
21 fairly by the City of Philadelphia, Safe and
22 Sound, and the so-called Children's Investment
23 Strategy, or whether public recreation programs
24 have been subject to bias favoring private
25 organizations and have been denied reasonable

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2 remedy through due process.

3 It is PRAC's position that a finder
4 of fact should be given the opportunity to
5 determine whether Mayor Street was exercising
6 proper discretion by creating a semi-private
7 organization with a no-bid contract like Safe
8 and Sound, that is free to spend millions and
9 millions of taxpayer money without legislative
10 safeguards specified in the Home Rule Charter.

11 Is is PRAC's position whether a
12 finder of fact should review the evidence and
13 determine whether PRAC, our local advisory
14 councils, our public recreation facilities and
15 programs, and the children, youth and adults
16 who participate in them have been damaged by
17 the actions of the City and Safe and Sound, and
18 if so, to what amount.

19 (Applause.)

20 MR. HELLMAN: PRAC is looking
21 forward to the discovery period when volumes
22 of documents from the City and Safe and Sound
23 will become available for scrutiny so that the
24 public can finally understand exactly who is
25 doing what with our money.

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2 PRAC begins this undertaking with
3 eyes wide open. We know how difficult it is to
4 fight City Hall. We know how the wagons will
5 be circled. We know the City will mount an
6 aggressive defense finding whatever funding is
7 needed to do so. The Mayor can always find
8 money when he wants to.

9 PRAC is also aware of Mayor Street's
10 reputation for vindictiveness at anyone's
11 expense. The action of this very Council on
12 January 5th is ample evidence of that. Even
13 so, PRAC will pursue our course with vigor,
14 determination and commitment because the future
15 of public recreation in our City hinges on our
16 effort. Public recreation for the citizens of
17 Philadelphia is worth fighting for. Thank you.

18 (Applause.)

19 COUNCIL PRESIDENT Verna: Thank you.

20 Mr. McCrea, I ask you to be brief as
21 possible, please.

22 MR. MCCREA: Good morning. Thank
23 you again for the opportunity for all of us to
24 testify. I know I came with a big group and we
25 were all here on Monday, so some of us got

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2 pushed off, so that's why the group is so big
3 today.

4 COUNCIL PRESIDENT VERNA: I
5 understand.

6 MR. MCCREA: I do apologize. But
7 thank you for the time.

8 As president of the Philadelphia
9 Recreation Advisory Council, I represent 195
10 organizations, volunteer organizations, that
11 work out of every recreation facility in the
12 City. It's my responsibility to oversee and
13 represent those volunteer organizations united
14 in the common goal of partnering with the
15 Recreation Department to deliver a wide variety
16 of vitally needed services to every community
17 across the City. Part of that responsibility
18 is to bring us to the Council a message
19 concerning the needs of our communities,
20 including what we all need to do to better meet
21 those needs. It is in that capacity that I
22 testify today.

23 Commissioner Richard testified that
24 he plans to close 40 recreation facilities, 40
25 summer camps, 20 pools and all five ice rinks,

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2 essentially turning out that over 500 summer
3 seasonal jobs will be lost in the process of
4 that as well. He seemingly left that out of
5 his testimony.

6 For the last four years, the
7 Commissioner has been saying that there are too
8 many recreation facilities and pools to serve
9 the declining population.

10 COUNCIL PRESIDENT Verna: Mr.
11 McCrea, just a moment, please. The noise level
12 is much too high. Anyone having conversation,
13 please do so in the corridor.

14 Please proceed.

15 MR. MCCREA: Thank you.

16 While the population has declined,
17 truancy, drugs, gangs, teen pregnancy,
18 firearms, homicides and random violence both
19 in schools and on the street has risen
20 precipitously at the same time. Using
21 statistics from Safe and Sound, in the last
22 three-and-a-half years over 60 children a
23 month under the age of 21 have been victims of
24 gunshot violence. As responsible adults and
25 elected leaders, we should be incensed with

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2 that statistic. It is unthinkable that we
3 would allow this kind of danger and damage to
4 our children and youth while not taking
5 extraordinary steps to reverse that trend.

6 During the same three-and-a-half
7 years our funding and resources have been
8 drastically cut and should be obvious to anyone
9 who lives in the real world that we don't have
10 enough facilities and services to go around.

11 It is clear that the Commissioner
12 and the Mayor also don't reside in the same
13 world that we do. While the Philadelphia
14 Recreation Advisory Council does not support
15 any closings of any facilities, if we actually
16 had to choose, I think that there are more
17 reasonable options than those already
18 presented.

19 Piggybacking on Councilman DiCicco's
20 comments a couple weeks ago, let's consider
21 Camp William Penn, for example. The camp
22 serves a total of 400 children at a cost of
23 \$560,000 for just 29 days a year. Located on
24 over 350 acres in the Pocono Mountains, camp
25 property is conservatively worth \$25 to \$30

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2 million. The cost of upkeep for that size of
3 property for 29 days per year of use is simply
4 not practical. Those same 400 children could
5 be sent to private camp for considerably less
6 money. Selling camp property would generate
7 ample revenue that could be used to support
8 existing public recreation facilities and
9 services at no additional cost to the City.

10 Another example of poor choice
11 involves the percentage of department cuts that
12 have been proposed. Of the \$4 million proposed
13 cuts, 80 percent is being taken from programs,
14 another 19 is being taken from maintenance and
15 administration is being cut just 1 percent.
16 Now, I ask you, if 99 percent of the
17 department's cuts are coming from program and
18 maintenance, why do we need the same level of
19 administrative personnel? The department's
20 main goal has always been and will continue to
21 be to provide services. Given that, programs
22 should be at the bottom of the cut list, not
23 the top.

24 In all my years in volunteer service
25 I have suffered with the Recreation Department

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2 through the tough times and through somewhat
3 more prosperous times when facilities were
4 reopened and programs were expanded and
5 adapted. Through good times and bad times we
6 always shared the responsibility of delivering
7 services to the community. We have never felt
8 as disheartened as we do today. Public
9 recreation has been under constant attack in
10 the last four years, and it's clear that this
11 Administration is trying to dismantle the
12 Recreation Department and downplay our
13 contributions as equal partners.

14 The Street Administration is doing
15 that by reducing our funding and resources
16 while providing over \$200 million to private
17 organizations attempting to provide identical
18 services. The fact is that private and
19 non-profit organizations and advisory councils
20 were specifically excluded from even applying
21 for this funding, simply because we partnered
22 with the Recreation Department.

23 When we tried to address our
24 grievances to various City officials, one City
25 official from DHS told us to, quote, work

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2 harder and do a better job, unquote, before
3 rudely dismissing us with a flip of his middle
4 finger. That obscene gesture is symptomatic of
5 the Street Administration's attitude toward
6 public recreation in Philadelphia.

7 Public recreation services are what
8 we do and what we will continue to do. Even
9 through all the unfairness, lack of
10 appreciation and devastating lack of support,
11 Philadelphia Recreation Advisory Council will
12 remain in the forefront of the effort to
13 provide for our children and youth.

14 We do not proceed with our civil
15 complaint lightly. It receives a great deal of
16 thought and discussion, but with the Street
17 Administration's obvious vendetta against
18 public recreation, something had to be done to
19 stop the bleeding. In their blindness, 60
20 gunshot victims a month may be good enough for
21 the Street Administration, but it is not
22 acceptable to us those of us, volunteers and
23 staff together, who care, who really care.
24 Thank you.

25 (Applause.)

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2 COUNCIL PRESIDENT VERNA: Thank you.

3 And on behalf of all of the Members
4 of City Council, I want to thank all of you
5 for working so hard for the betterment of our
6 communities, and we truly appreciate the
7 countless hours that you volunteer in our
8 recreation centers. Thank you very much.

9 MR. MCCREA: Thank you. We
10 appreciate your support as well.

11 COUNCIL PRESIDENT VERNA: Sir, are
12 you with the advisory.

13 MR. LEWIS: Yes.

14 COUNCIL PRESIDENT VERNA: Your name.

15 MR. LEWIS: Karim Lewis. I have
16 written testimony.

17 COUNCIL PRESIDENT VERNA: Mr. Lewis,
18 that will be given to the stenographer. It
19 will be transcribed in full. I would ask you
20 to please, please abbreviate your remarks.

21 MR. LEWIS: Good day, Madam Chair,
22 and other honorable Members of Council present.
23 My name is Karim Lewis. I am the founder and
24 executive director of the Community Empowerment
25 Network. Today I am testifying against the

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2 closing of the City's recreation centers and
3 swimming pools, ice rinks, particularly the
4 Baker Recreation Center, located at 55th and
5 Lansdowne and the Rose Recreation Center,
6 located at 75th and Lansdowne Avenue, both from
7 West Philadelphia.

8 After supporting the Mayor in the
9 past mayoral election, believing he was the
10 best candidate for the neighborhoods of
11 Philadelphia, I was disappointed to hear in
12 March that he was proposing to close recreation
13 centers without meeting with community leaders
14 or their respective organizations, particularly
15 with the Baker and Rose Playgrounds.

16 Volunteers from community-based
17 organizations run these centers without any
18 City funding; in Baker's case, Up Against
19 Drugs, Inc., and in Rose's case, Overbrook
20 Civic Association. Before and during this
21 current Administration, monies provided by the
22 City only covered the cost of one staff person
23 and the utility cost. Volunteers coordinate
24 programs, activities, maintain maintenance,
25 such as cleaning, painting, cutting the grass

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2 and managing their own security and safety
3 programs at each of these facilities.

4 Because volunteers in these
5 communities run and maintain -- the 19th Police
6 District can testify to this -- neither of
7 these recreation centers has required the Safe
8 Streets program to baby-sit our facilities,
9 thus allowing the 19th Police District to work
10 on designated drug corners, saving the City of
11 Philadelphia millions of dollars in overtime
12 pay.

13 As a former director of community
14 relations for the Anti-Drug/Anti-Violence
15 Network, I can testify how both these centers
16 are models of how the Mayor's Neighborhood
17 Transformation Initiative should work. Neither
18 of these two communities have had a stabbing or
19 a shooting in their respective facilities
20 during this era of the war on drugs beginning
21 in the late 1980s. To cut off funding with no
22 plan is political hypocrisy. From an
23 Administration promoting safe streets and NTI
24 it is punishing those who are doing a fine job.

25 After recently hearing that no money

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2 would be allocated in the 4th Councilmanic
3 District and now seven of our recreation
4 centers are slated to be closed, as a taxpayer
5 I feel we are victims of taxation without
6 representation. This proposed budget does not
7 save money if crime, drug dealers, blight and
8 abandonment of properties are now given an open
9 invitation to take over our recreation centers.

10 This is exactly what would happen.
11 Closing swimming pools in the hot summer months
12 of July and August is a set-up for a
13 catastrophe. Statistically, our youth are
14 statistically the victims in the perpetrators
15 of violence, particularly homicides, during
16 these summer months when they are most reckless
17 and restless. After a day or two inside the
18 house fighting off 90 to 100 temperatures, they
19 gain excess energy to burn. The swimming pools
20 offer cool relief from the blistering summer
21 heat. The City of Philadelphia has a
22 responsibility to give them something positive
23 to do, or they will surely find something
24 negative to do. Again, statistically, the
25 summer months have been when violence has

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2 peaked in our City amongst young people.

3 Closing the swimming pools would be a death
4 sentence.

5 These proposed budget cuts at the
6 expense of our children's and youth's lives are
7 a cost that we can ill afford to pay, after
8 years of peaceful activities at these
9 recreation centers maintained by minimum City
10 finances and citizens willing to volunteer
11 their time, labor and money from their own
12 pockets. If a neighborhood fatality would come
13 to Baker or Rose Playground, this Mayor's
14 legacy will be anything but the neighborhood
15 Mayor.

16 In light of our nation's Executive
17 Branch's war-time activities. A red light goes
18 off whenever I hear a big government making
19 decisions in a vacuum that have a major impact
20 on the citizens.

21 COUNCIL PRESIDENT Verna: Please try
22 to conclude your statement.

23 MR. LEWIS: Okay.

24 The reason I deem that there is no
25 plan for the closing of these recreation

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2 centers and swimming pools, in the last five
3 weeks, I've seen five different lists of sites
4 to be closed. Does anyone have a final
5 official list?

6 When seeking how the sites to be
7 closed were selected, no one I spoke to had a
8 direct answer, besides, it's the Commissioner's
9 list. When inquiring about what happens to the
10 facilities, no one has given me a direct
11 response.

12 The Mayor's administrative office
13 I've spoken to has informed me that they're
14 debating about leasing some of the centers to
15 community-based organizations. There are
16 studies being conducted on the feasibility of
17 selling them to private companies run by sports
18 facilities. Additionally, there is
19 consideration to tear them down and sell the
20 properties. But no one has spoken to the
21 advisory councils of Rose or Baker.

22 Let me --

23 COUNCIL PRESIDENT VERNA: I'm sorry.
24 You're really going to have conclude your
25 statements. We're really getting so far behind

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2 time. We have any number of people that still
3 want to testify.

4 MR. LEWIS: Okay.

5 I just want to say that in the previous
6 Administration, there were other ways that
7 supplemented the Recreation Department. Safe
8 and Sound was a program that under the Rendell
9 Administration was part of the Recreation
10 Department. That supplemented us.

11 Baker Playground is located in the
12 Empowerment Zone. There's no reason that
13 monies can't still be going to this playground.
14 We haven't received a dime since the
15 Empowerment Zone has been in existence. This
16 program had \$100 million to be spent over 15
17 years. One of the benchmarks was to fund some
18 recreation or activities. That hasn't happened
19 yet.

20 So I'm just saying that, you know,
21 the Rendell Administration would jump into the
22 swimming pools in June and have corporate
23 sponsors every year that helped supplement
24 them. This City has not went to corporations
25 to raise the \$4 million. They can put their

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2 logos on fences and gates, the basketball
3 courts, like they do at the sports centers to
4 advertise, and then this would be a tax
5 write-off for them.

6 I believe that with sports teams
7 giving people \$15 to \$20 billion sign-on
8 bonuses, they have a responsibility to give
9 something back to young people who are
10 athletes, who learn their craft at these sports
11 centers. So I urge Council not to pass this
12 2004-2005 budget without funding for the 40
13 recreation centers and 20 swimming pools and
14 five ice rinks. Thank you.

15 COUNCIL PRESIDENT VERNA: You've got
16 your message over. You can stop.

17 (Applause.)

18 COUNCIL PRESIDENT VERNA: Thank you.

19 I believe Tiffany Green was next to
20 speak.

21 We really are on time constraints
22 here. So, Tiffany, if you will identify
23 yourself for the record and proceed with your
24 testimony.

25 MS. GREEN: Tiffany Green. I'm

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2 representing Smith Playground Advisory Council.
3 I thank you very much for allowing us to speak.

4 Smith Playground has been in our
5 community since 1917. That's a very long
6 time. I decided to come here today to talk
7 from a human standpoint. People say, Tiffany,
8 you're so passionate about keeping the
9 recreation centers open. Why is that? Let me
10 tell you why.

11 Last year we decided to take a
12 corner that had been not used for a very long
13 time, 20th and Tasker. Councilwoman Ann Verna
14 helped me and assisted me in getting the
15 playground clean. The program went on. We had
16 close to 100 boys come out for basketball
17 league. During the middle of the summer, I
18 remember a black mini-van drove up. The
19 children and I had come out early, about 5:30,
20 to clean the glass off the playground. A
21 mini-van drove up, and jumped out was a young
22 fellow about 18, and he unloaded a 9-millimeter
23 gun, and all I heard was children saying, Miss
24 Tiffany, Miss Tiffany. And I told them to get
25 down on the ground. And at that time we had

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2 been asking for police coverage because we knew
3 20th and Tasker has always been a hot corner.
4 And we were told that they were understaffed
5 and they did not have the manpower. I say all
6 that to say that we need our recreation
7 centers.

8 Let's talk about the level of
9 violence. I have not heard that, and I have
10 been down here on three different occasions.
11 The level of violence. If you take Brooklyn,
12 New York, it has 2.4 million people and less
13 shooting victims. Yet, Philadelphia has 1.5
14 million people, and since January 2004 we've
15 had 90 shooting victims under the age of 17.
16 That is very significant.

17 Giving you a little history about
18 Smith, here is an article I pulled back in
19 April 1926 where Smith Pool -- it was written
20 in the Evening Bulletin. Many of you remember
21 that, the Evening Bulletin. And in this
22 article, it states, "Smith Playground awaits in
23 spring, the pool then a real joy." Well, the
24 pool now is a real joy.

25 Smith Playground and pool has been

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2 utilized by three generations in South
3 Philadelphia since 1917. Smith Playground
4 services one of the largest communities in
5 South Philadelphia, which is comprised of Point
6 Breeze, Wilson Park and Passyunk neighborhoods.
7 The youth member of eight large organizations
8 and six school district schools use Smith.
9 Mind you, none of these schools have an indoor
10 or outdoor pool where the children can learn to
11 swim.

12 We have several new groups who have
13 also started using Smith. That's the Cory
14 Irving Basketball League where they provide
15 free summer camp to over 100 youth, as well as
16 the Mayor's own funded program there, Beacon,
17 who have increased their outdoor activities at
18 Smith Playground, not to mention Point Breeze
19 Civic Association, who has been using Smith for
20 the last 30 years, since the height of the gang
21 war era.

22 Smith plays a significant role in
23 our community. It's apparent that the Smith
24 Playground and pool are not only needed, but
25 also over-utilized by the community in the

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2 summertime, not only by organizations, but by
3 individual children and adults who use the pool
4 at night. Smith records show that last summer
5 approximately 300 to 500 people used the pool
6 daily, and that Smith's submitted utilization
7 records for the budget cuts are inaccurate.
8 And we do have those records.

9 COUNCIL PRESIDENT Verna: How did
10 you come to that figure?

11 MS. Green: We have the records
12 where we went to Smith Playground --

13 COUNCIL PRESIDENT Verna: Will you
14 show me a copy of whatever you have, so it
15 doesn't take any of your time, please?

16 MS. Green: Yes, I will you send you
17 a copy of what we have.

18 COUNCIL PRESIDENT Verna: The Chair
19 recognizes Councilwoman Krajewski.

20 COUNCILWOMAN KRAJEWSKI: I'm just
21 curious. Does the pool have the big sliding
22 board at Smith Playground.

23 MS. Green: Well, this is the Smith
24 Playground in South Philadelphia, not in West
25 Philadelphia.

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2 COUNCILWOMAN KRAJEWSKI: It's a
3 different one, then?

4 MS. GREEN: Yes. Because that's a
5 historical site, that can never be touched,
6 the Smith Playground. We're talking about
7 Smith Playground in South Philadelphia.

8 COUNCILWOMAN KRAJEWSKI: I was just
9 a little tyke when I went.

10 MS. GREEN: And right now Smith not
11 only offers several basketball leagues, but we
12 also have instituted pickle ball. I don't
13 know if any of you remember pickle pool.

14 Smith is very important to us.
15 Also, in South Philadelphia there's
16 approximately 23 recreation centers. 13 are in
17 white areas and 10 are black areas. And out of
18 the 10, five are proposed to be closed. And
19 these are areas that have a level of high
20 violence. So we need to take a look at that.
21 That is extremely important.

22 I just want to sum it up for you,
23 Councilwoman Verna.

24 COUNCIL PRESIDENT VERNA: Please,
25 Tiffany.

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2 MS. GREEN: Here's a quick poem by Father
3 Bruce Ritter from Brooklyn. I'm going with the
4 Brooklyn theme.

5 "Our Children Learn What They Live.

6 If a child lives with criticisms, he
7 learns to condemn.

8 If a child lives with hostility, she
9 learns to fight.

10 If a child lives with fairness, she
11 learns justice.

12 If a child lives with acceptance and
13 friendship, he learns to find love in the
14 world.

15 And if a child lives with nothing,
16 he expects nothing."

17 Thank you very much.

18 COUNCIL PRESIDENT VERA: Thank you.

19 (Applause.)

20 MS. GREEN: Next up I have Trudy Gay
21 from the Wharton Square Park.

22 COUNCIL PRESIDENT VERA: I know
23 that you're here to support all of the other
24 recreation centers, and your name was not on
25 the list. You're jumping ahead of people. I

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2 would simply like you to identify yourself and
3 just say that you support the recreation
4 centers being kept open in your community.

5 MS. GAY: Councilwoman Verna, my
6 name was on the list, but there was a slip-up.
7 I was coming under the name Mike McCrea.

8 COUNCIL PRESIDENT VERNA: Your name
9 was on the list, but I don't think your name
10 was on the list.

11 Please identify yourself for the
12 record.

13 MS. GAY: My name is Trudy Gay. I'm
14 from the Wharton Square Recreation Center at
15 23rd and Wharton Street in South Philadelphia.
16 Why I came today is because I wanted to thank
17 you for removing the Wharton Square off the
18 list of closings. That's why I was here.

19 COUNCIL PRESIDENT VERNA: We haven't
20 seen the final list, so from your mouth to
21 God's ears. And I will tell you, you do a
22 fabulous job, and there's absolutely no reason
23 whatsoever that Wharton Square should be
24 closed.

25 MS. GAY: Thank you.

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2 COUNCIL PRESIDENT Verna: Thank you.

3 Again, I'm going to ask you to
4 please be brief. Please identify yourself for
5 the record.

6 MS. BROWN: Good morning. My name
7 is Tyleen Brown. I am a Philadelphia Alliance
8 youth coordinator and a Chews Advisory Board
9 member.

10 Salutations to the Honorable John F.
11 Street, Mayor or our fine City, to the most
12 Honorable Anna C. Verna, Council President,
13 distinguished Members of Council. I'd like to
14 introduce Ms. Harriet Brown.

15 MS. HARRIET BROWN: Good morning to
16 this distinguished board. My name is Harriet
17 Frye Brown, President of the Chew Advisory
18 Council and founder of the Philadelphia
19 Alliance for Community Improvement, of which I
20 am also the president. I come before you today
21 representing two playground advocate activists,
22 parent, grandparent, community parent and
23 neighbor born and raised here.

24 The alpha of community service began
25 before Council some 20-odd years ago,

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2 remembering Councilwoman Krajewski offering
3 assistance on behalf of Philadelphia's children
4 and Southern Home Services. Those days were
5 bright, full of hope, as we celebrated the year
6 of the child. Their welfare, their recreation
7 was, what do they need and how soon.

8 The omega seems to say, annul their
9 welfare and recreation and how soon. The omega
10 seems to say, times are lost for our children.
11 Our tax dollars, even from the disadvantaged,
12 have provided brand-new multi-million dollar
13 recreation centers at the southern most part of
14 Broad Street for the boys of summer and autumn
15 that working, middle class and working poor
16 families cannot even afford. Is there a plan
17 for Center City/South Philadelphia that calls
18 for our trusted officials to allow resources to
19 be acquired by developers for townhouses that
20 are inhabited by those who can afford private
21 recreation for themselves?

22 Where lies the future of our
23 children who no longer have summer jobs, who
24 are now subjected to the lures of drug dealing,
25 addiction and violence. Our children look to

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2 us as providers and protectors, providing a
3 safe haven, an environment of learning,
4 recreation and moral fortitude. I challenge
5 each and every one of us to be answerable to
6 that calling. Say no to leaving our children
7 to wander the streets and swelter in concrete
8 without relief. Say yes to our obligation as
9 caring members of society and keepers of our
10 children's well-being.

11 In closing, Chew Playground is
12 utilized; CAPA track, cross country softball
13 teams, Thomas Jefferson University softball,
14 Kencrest Special Needs, Lincoln Day Care,
15 Arthur School, churches and communities come to
16 Chew for services. Our pool schedule is
17 active, including swim teams. Our day camp is
18 self supportive. Please understand our day
19 care is self supportive, which includes swim
20 time for 40-plus children of working parents.

21 Some of our programs are inhibited
22 from a lack of maintenance and support
23 personnel who are mandated to work elsewhere.
24 Because of personnel shortages, we cannot
25 increase our recreation population and are

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2 requesting capital improvements for our
3 baseball field, our pool and building.

4 As God watches over us, I submit to
5 you respectfully, Harriet Frye Brown.

6 COUNCIL PRESIDENT VERNA: Thank you
7 very much, Harriet.

8 MS. HARRIET BROWN: Thank you.

9 COUNCIL PRESIDENT VERNA: Thank you
10 all so very much for coming in to testify.
11 And we appreciate all of the work that you do
12 for the community.

13 MR. MCPHERSON: The next witness is
14 Harry Harrison from the African-American Museum
15 of Art.

16 And after Mr. Harrison is Ed Gross
17 from the Greater Philadelphia Hotel
18 Association.

19 COUNCIL PRESIDENT VERNA: Good
20 morning, Mr. Harrison. Kindly identify
21 yourself for the record and proceed with your
22 testimony.

23 MR. HARRISON: Madam President,
24 Members of the Council, other presenters and
25 friends, good afternoon. My name is Harry

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2 Harrison, and I am president of the
3 African-American Museum in Philadelphia.

4 Many of you have probably heard or
5 read about us in the paper in the recent days,
6 as I've tried to explain to the media why the
7 museum hasn't paid our staff in over a month.
8 In the midst of these institutional crises --

9 COUNCIL PRESIDENT VERNA: Excuse me
10 just a moment, please. I just got a copy of
11 your testimony, which appears to be extremely
12 lengthy. It will be given to the stenographer.
13 It will be transcribed in full. If you can
14 abbreviate your testimony, we'd appreciate it.
15 Thank you.

16 MR. HARRISON: Sure. In the midst
17 of these institutional crises, our doors
18 remain open because we have a dedicated and a
19 loyal professional staff. They cared about
20 their responsibilities, getting the job done
21 before the layoffs and after the layoffs and
22 before the projected budget cuts. My entire
23 staff volunteered to work throughout the
24 crisis, and I commend them from the depths of
25 my heart. The museum doors remain open.

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2 With the \$135,000 advance from the
3 City of Philadelphia, we were able to
4 compensate the staff for full and part-time
5 workers for their previous labor. I came here
6 today with what I believe to be a carefully
7 constructed factual assessment of the reasons
8 why I support an institution such as the
9 African-American Museum makes good business
10 sense.

11 In the days between my preparation
12 of this testimony and today, I've come to
13 realize that support, not at a reduced level,
14 not at the current level, but I've come to
15 realize that we need expanded support. That
16 must be the goal. I am humbled by the enormous
17 show of support from elected officials,
18 community groups and businesses that have
19 rallied to our aid, and of course I look
20 forward to being the beneficiary of their
21 spontaneous contributions.

22 The African-American Museum plays an
23 important role in our understanding of the
24 African-American culture and its relationship
25 to cultures around the world; who are we, where

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2 we came from, what unites us. These are but a
3 few of the questions that are asked in that
4 only the museum can help us to understand and
5 answer. My board and my staff know that, and
6 that's why we are keeping our doors open in
7 these frightening times.

8 The community knows it. That's why
9 our phones haven't stopped ringing since the
10 stories broke. And I hope when I'm finished
11 today, you know that this City's best hope of
12 bridging the economic divide is through the
13 knowledge, understanding and passion that the
14 African-American Museum brings to the City of
15 Philadelphia.

16 Let me share with you an allegory.
17 In many ways, the evolution of the
18 African-American Museum in Philadelphia can be
19 compared to that of the other woman, a
20 dignified woman who has endured an
21 unsatisfactory relationship with a notable
22 gentleman, the City of Philadelphia, for 28
23 years. She had been promised many wonderful
24 things during the bicentennial courtship, but
25 those grand plans were never realized. She

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2 remained hopeful.

3 Eventually, the noble gentleman
4 built her a house, but it was not a home. Yet
5 she remained faithful in her love for the
6 gentleman. She made due. Then the children
7 came, and of course they loved their mother and
8 their noble father. But respect was limited.
9 There was never enough food, and so they become
10 accustomed to the crumbs and leftovers.

11 They had a marginal existence, yet
12 outsiders heard of their devotion to educate
13 and preserve their ethnic heritage, and the
14 masses flocked to meet her. Family heirlooms
15 and histories were freely given, and soon she
16 had amassed over 750,000 objects and documents
17 of high value. Yet the home looked barren.

18 More children came, and the house
19 became overcrowded. Space was at a premium,
20 but the noble father did little to improve
21 their lives. He was content to visit for a
22 short time and enjoy the space that the mother
23 created. Then he would go away again. The
24 children loved their mother and often wondered
25 when the noble gentleman would spend more time

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2 with the family.

3 Years passed and the woman aged.

4 Still, she remained a vibrant, attractive,
5 fascinating woman. Visitors and relatives
6 admired her. More and more people came to see
7 her and listened to her stories.

8 As time progressed, her noble
9 gentleman became more distant and withdrawn
10 from his children, excusing his lack of
11 interest by saying they were now grown and
12 should be able to care for themselves. But he
13 forgot that the mother of his children still
14 needed support if she was to continue her work
15 and teach future generations.

16 The City of Philadelphia is well
17 suited to play the role of the noble gentleman,
18 enjoying the attention the museum receives and
19 proud of its accomplishments, the collections,
20 exhibitions and programs, providing a building.
21 Funding is the basic and moving further and
22 further away from active participation and
23 strong support.

24 COUNCIL PRESIDENT VERNA: Thank you.

25 Mr. Harrison, how many employees do

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2 you have?

3 MR. HARRISON: I have a total of 15
4 full-time employees.

5 COUNCIL PRESIDENT VERNA: 15
6 full-time and four part-time?

7 MR. HARRISON: Yes. That's right.

8 COUNCIL PRESIDENT VERNA: And with
9 the funds that were advanced you, will they
10 cover all of the employees up until July 1?

11 MR. HARRISON: Well, we are doing an
12 active and aggressive fund-raising to make
13 sure that we can successfully complete this
14 fiscal year without great distress.

15 COUNCIL PRESIDENT VERNA: Thank you.

16 The Chair recognizes Councilwoman
17 Tasco.

18 COUNCILWOMAN TASCO: Thank you.

19 Good morning. How are you? Or is
20 it afternoon?

21 You know, I know about financial
22 institutions and funding. My question that
23 comes to you is, how many members are on your
24 board?

25 MR. HARRISON: 33.

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2 COUNCILWOMAN TASC0: Is there any
3 financial requirement to be a board member?
4 Are they required to raise or give any money
5 to the museum.

6 MR. HARRISON: Their commitment is
7 \$1,000.

8 COUNCILWOMAN TASC0: How many of
9 them make that commitment.

10 MR. HARRISON: I'll say 70 percent.

11 COUNCILWOMAN TASC0: What is the
12 action you can take if they're not coming up
13 to their commitment.

14 MR. HARRISON: Well, we can ask them
15 to become current or we can ask them to seek
16 other ways to fulfill their commitment. If
17 they're not active financially, they can be
18 asked to withdraw from the board according to
19 the bylaws.

20 COUNCILWOMAN TASC0: How is the
21 board appointed.

22 MR. HARRISON: Through a nomination
23 Committee.

24 COUNCILWOMAN TASC0: Is the \$1,000
25 commitment a commitment that's in the bylaws

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2 or can that commitment be changed.

3 MR. HARRISON: It could be changed.

4 COUNCILWOMAN TASCO: Have you all
5 done an analysis of the board members to see
6 if, one, one continues to be active as board
7 members; two, if they're making their
8 commitment, and just what is their future
9 participation as a board member.

10 MR. HARRISON: We have not done that
11 analysis.

12 COUNCILWOMAN TASCO: I think that's
13 important because financial institutions want
14 to know first what your board is doing. And I
15 think part of your success could be in trying
16 to identify those board members who have the
17 resources who can serve on the board and be
18 financially supportive of the museum. That
19 will give you some basis to hire the necessary
20 staff to go out and do the fund-raising for
21 you. I know the executive director does that.
22 But having a development officer is very
23 important.

24 So I think that the assessment of
25 board would be most helpful. And then those

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2 people who are not performing need to go. And
3 you need to ask people to serve on the board
4 who have an interest and a commitment to the
5 museum and then have term limits. Are there
6 term limits?

7 MR. HARRISON: Yes.

8 COUNCILWOMAN TASCO: If they don't
9 make their commitments, they just have to go.
10 Because it is very important to the survival
11 of that institution, and also to your ability
12 to reach out to the broader community to gain
13 additional support.

14 MR. HARRISON: Thank you,
15 Councilwoman.

16

17 COUNCILWOMAN TASCO: Thank you.

18 COUNCIL PRESIDENT VERNA: Thank you.

19 The Chair recognizes Councilman
20 Nutter.

21 COUNCILMAN NUTTER: Thank you, Madam
22 Chair.

23 Thank you for your testimony. I wanted
24 to ask you to put on the record for us, as we
25 did with the Philadelphia Museum of Art and a

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2 couple other institutions -- you talked in your
3 testimony about the relationship with the City
4 of Philadelphia of some 28 years. Could you
5 explain in a little more detail on the record
6 in slightly less maybe romantic terms what the
7 relationship is between the City and the museum
8 from the start, what it has been, what are the
9 contractual terms and conditions of any
10 agreement that may exist, what funding was
11 provided when the museum was built or created?
12 That kind of information from the start.

13 MR. HARRISON: Sure. The museum is
14 actually the first municipality
15 African-American structure that was built by a
16 municipality in the country. So in many ways,
17 with the Philadelphia persona, this museum was
18 a first in terms of the way it was constructed.
19 It was constructed with City funds.

20 COUNCILMAN NUTTER: So the City of
21 Philadelphia provided funding for the
22 construction of the museum.

23 MR. HARRISON: Yes. And they
24 continue to support the museum in terms of the
25 capital expenditures and things of that sort.

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2 COUNCILMAN NUTTER: Is there a lease
3 agreement between the City and the museum?

4 MR. HARRISON: Yes, there is.

5 COUNCILMAN NUTTER: What are the
6 terms and conditions of that lease? What are
7 the City's financial obligations, either from
8 an operating budget or capital expenditure
9 responsibility.

10 MR. HARRISON: We would estimate
11 around \$100,000 in terms of capital.

12 COUNCILMAN NUTTER: No. I'm not
13 asking you for the amount. I'm asking you,
14 can you provide to the Chair for us a copy of
15 the lease.

16 MR. HARRISON: Yes. I have a copy
17 with me.

18 COUNCILMAN NUTTER: What I'm
19 interested in is, for the moment, not the
20 dollar amounts, but what does the lease say in
21 terms of the actual obligations by the City of
22 Philadelphia.

23 Do you possibly have more than one
24 copy with you?

25 MR. HARRISON: No. I just brought

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2 one copy.

3 COUNCILMAN NUTTER: We'll get it
4 copied while we're here.

5 I'm sorry, ma'am. Have you
6 identified yourself?

7 MS. REBO (ph): Excuse me. Yes. My
8 name is Joy Rebo and I'm an employee of the
9 museum.

10 "The undersigned represents that it
11 owns the premises. The undersigned as lessor
12 and the borrower as lessee agree to no
13 knowledge in the event of default as defined
14 in the lease." Forgive me. I'm skipping to
15 try to just pull out certain points.

16 COUNCILMAN NUTTER: I understand.

17 MS. REBO: "The undersigned
18 understands that borrower has executed or will
19 be executing a loan agreement in connection
20 with financing.

21 Undersigned acknowledges that the
22 borrower during the term of the lease and prior
23 to the termination of the lease shall have the
24 right from time to time to remove such
25 equipment, personality and trade fixtures.

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2 Undersigned agrees to indemnify and
3 hold harmless the City of Philadelphia from any
4 and all injuries and damages." And that
5 essentially, other than the signatories, is the
6 lease.

7 COUNCILMAN NUTTER: Okay. Why don't
8 we do this. Let me ask you a couple of other
9 questions, and while we're in that Q and A or
10 while you're talking with other Members, if you
11 could maybe give that lease to the gentleman
12 behind you and we can have some copies made.

13 What's the annual budget of the
14 museum.

15 MR. HARRISON: \$1.7 million.

16 COUNCILMAN NUTTER: And the City's
17 support has been \$300,000, 330,000.

18 MR. HARRISON: Yes. \$300,000.

19 COUNCILMAN NUTTER: Okay. And the
20 rest of the funding you've raised from either
21 other governments or private supporters.

22 MR. HARRISON: Yes. We get about
23 \$300,000 from the Commonwealth of
24 Pennsylvania. And the rest is through
25 admissions, earned income and fund-raising.

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2 COUNCILMAN NUTTER: Then maybe my last
3 question will be, have there been a series of
4 audits over the past few years? And I'm
5 assuming you must have either a chief financial
6 or a development committee, a chair or -- I
7 don't know the entire structure, but I have to
8 assume that you've been having, probably as
9 many other similarly situated facilities,
10 financial problems over the past few years?

11 MR. HARRISON: Yes.

12 COUNCILMAN NUTTER: It's not just
13 something that has recently happened; is that
14 correct?

15 MR. HARRISON: Yes.

16 COUNCILMAN NUTTER: And was a plan
17 put into place whenever you recognized or
18 identified that you're having some problems?

19 MR. HARRISON: Yes.

20 COUNCILMAN NUTTER: Is the plan
21 working?

22 MR. HARRISON: The plan is working.
23 The funds that we are seeking are coming in
24 slowly. And that creates the distress.

25 COUNCILMAN NUTTER: When was your

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2 most recent financial report?

3 MR. HARRISON: The most recent

4 audited report was 2002.

5 COUNCILMAN NUTTER: Well, where is

6 your 2003?

7 MR. HARRISON: It is finished.

8 COUNCILMAN NUTTER: Are you on a

9 fiscal year or a calendar year?

10 MR. HARRISON: We're on a fiscal

11 year. Our fiscal year begins July 1 and ends

12 June 30th.

13 COUNCILMAN NUTTER: So your last

14 audited financials were from June 30, 2002?

15 MR. HARRISON: Yes.

16 COUNCILMAN NUTTER: What happened

17 with your FY '03 audit?

18 MR. HARRISON: The report is done.

19 We have to review it and we have to pay the

20 auditors.

21 COUNCILMAN NUTTER: Okay. When was

22 it completed?

23 MR. HARRISON: I think it was

24 completed in February.

25 COUNCILMAN NUTTER: Of this year?

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2 MR. HARRISON: Yes, sir.

3 COUNCILMAN NUTTER: How much does it
4 cost?

5 MR. HARRISON: The final cost is
6 \$8,400.

7 COUNCILMAN NUTTER: Okay. Does the
8 lack of audited financials negatively impact
9 your ability to raise money?

10 MR. HARRISON: Yes.

11 COUNCILMAN NUTTER: That's all I
12 have for the moment, Madam Chair. I may come
13 back. Thank you.

14 COUNCILMAN DICICCO: Good afternoon.

15 Mr. Harrison, about a year or so
16 ago, I had the opportunity to meet with some of
17 the folks over at the museum. I don't believe
18 I met you there at that time. I'm not sure if
19 I did. I don't recall .

20 MR. HARRISON: We did. I had a
21 beard.

22 COUNCILMAN DICICCO: You don't look
23 like the same guy now as you did then. That's
24 for sure. So I apologize. I meet so many
25 people. No disrespect to you. You had a

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2 beard, so I can understand that.

3 During that discussion I did a tour
4 of the facility. I know the facility has some
5 real serious capital issues to address. At the
6 time there was some leakage in the building and
7 some ceiling that needed to be done. I would
8 hope that some of those things that we talked
9 about were addressed. I had someone from
10 Public Property and/or the Department of Rec
11 with me.

12 MR. HARRISON: Yes, some of those
13 have been addressed.

14 COUNCILMAN DICICCO: I think also,
15 though, part of the discussion had to do with
16 the facility itself and the fact that the
17 layout, the floor plan, doesn't lend itself to
18 a museum in the manner in which it would be
19 more useful, more user-friendly, if you will.

20 I think there was some conversation
21 about, in lieu of trying to retrofit the
22 building and bring it up to the level of where
23 it would be more user-friendly, that maybe
24 there was an opportunity to look at some other
25 site or sites. Given the financial constraints

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2 that we're faced with today, it would be
3 somewhat ridiculous to talk about constructing
4 a new building because the likelihood of that
5 happening is remote during this particular
6 time. I'd like to share with you a comment.
7 Think about it. I don't know if it will work.

8 There are some museums that are all
9 struggling in terms of fund-raising and being
10 able to maintain a level of usability, if you
11 will, that maybe there's an opportunity to
12 consolidate some of these facilities into a
13 larger facility where you can subdivide the
14 operations. It may sound like pie in the sky
15 right now, but I think it's something that we
16 need to look at.

17 Again, looking at your facility and
18 the fact that it needs some considerable
19 capital improvements, would it not be better if
20 we can take some of that money that we would
21 put into there and use it at another site?

22 I use Atwater Kent as an example. I
23 spoke to the folks from Atwater Kent. No one
24 wants to hear that. We all like to have our
25 own little turf and individuality, and I can

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2 appreciate and respect that. But given the
3 finances of the City and where it may be
4 looking going forward, it just becomes every
5 year more and more difficult for us to
6 accommodate all those needs.

7 There may be a building or two in
8 the 1st Councilmanic District or another
9 district where you can joint venture, if you
10 will, consolidate, having your own distinct
11 individuality in terms of what your museum
12 represents, but in a larger building where
13 there may be two museums sharing the space,
14 which would certainly reduce the cost, capital
15 cost, maintenance cost, significantly for your
16 institution.

17 And I'm using Atwater Kent. It
18 could be another institution or institutions.
19 I don't need a comment from you now. It's just
20 food for thought. I don't even know if we
21 could find a building that would accommodate
22 all of the folks that might be willing to do
23 that. But I think it's something we really
24 should be talking about going forward.

25 The Art Museum I know has another

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2 facility across from their main facility, which
3 was the old insurance company building off of
4 the Parkway. They're going to be using that.
5 There probably is no room in there. But they
6 thought about that. We've talked about using
7 the Art Museum and incorporating some of their
8 exhibits into other facilities that may provide
9 additional patronization of those places.

10 If there's something that the Art
11 Museum has on display that is somehow connected
12 to the African-American culture, why not share
13 some of that with the African-American Museum
14 so that both of you can have some of the
15 patrons that would be coming through your
16 doors, which helps with revenue? Again, just a
17 comment.

18 MR. HARRISON: I appreciate your
19 comment.

20 COUNCILMAN DICICCO: I'm looking to
21 figure out a way in which we could all at the
22 end of the day keep all of these places open
23 and put less of a strain on any individuals
24 who have to go out and figure out how to raise
25 the money year in and year out. Thank you.

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2 COUNCIL PRESIDENT Verna: Thank you.

3 The Chair recognizes Councilman

4 Goode.

5 COUNCILMAN GOODE: Thank you, Madam

6 President.

7 Good afternoon, Mr. Harrison.

8 MR. HARRISON: Good afternoon.

9 COUNCILMAN GOODE: What percentage
10 of your budget comes from the City of
11 Philadelphia.

12 MR. HARRISON: I would say around 35
13 to 40 percent.

14 COUNCILMAN GOODE: What percentage
15 do you believe should come from the City of
16 Philadelphia.

17 MR. HARRISON: I would estimate at
18 least 55 percent.

19 COUNCILMAN GOODE: How long has it
20 been at that funding level.

21 MR. HARRISON: It's been at this
22 funding level for at least five years and is
23 declining.

24 COUNCILMAN GOODE: Are you aware of
25 any request for an increase in funding over

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2 those five years.

3 MR. HARRISON: No, I have not.

4 COUNCILMAN GOODE: Have you made any
5 request for an increase in funding over those
6 five years.

7 MR. HARRISON: No. I've only been
8 here three --

9 COUNCIL PRESIDENT VERNA: He hasn't
10 been here that long.

11 COUNCILMAN GOODE: Why is there not
12 a request within your testimony?

13 MR. HARRISON: I did.

14 COUNCILMAN GOODE: What is the
15 amount.

16 MR. HARRISON: I didn't put a dollar
17 amount. I did ask for an increase.

18 COUNCILMAN GOODE: The question is,
19 if we're funding the museum at a certain
20 percentage, you believe that percentage should
21 be higher. No one has ever made that request.
22 You're here testifying today. I'm asking, is
23 there a specific percentage or dollar amount
24 that you believe the City should be funding and
25 why not offer that as part of your testimony?

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2 MR. HARRISON: I'll be glad to do
3 that. I'll amend my testimony.

4 COUNCILMAN GOODE: So you believe
5 the City funding should be what?

6 MR. HARRISON: 55 percent.

7 COUNCILMAN GOODE: Of \$1.7?

8 MR. HARRISON: Yes.

9 COUNCILMAN GOODE: Thank you.
10 Thank you, Madam President.

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

13 COUNCILMAN NUTTER: Thank you, Madam
14 Chair.

15 Mr. Harrison, I was a little
16 concerned -- come back to the agreement --
17 because I thought you said that your budget was
18 \$1.7 million, and you get \$330,000 from the
19 City?

20 MR. HARRISON: No. I get \$300,000
21 from the City. \$270,000 is being proposed.

22 COUNCILMAN NUTTER: It was \$300,000
23 last year and there's a \$30,000 cut.

24 MR. HARRISON: Yes, sir.

25 COUNCILMAN NUTTER: I'm sorry. I was

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2 under the impression it was \$330,000 going to
3 \$300,000.

4 But in response to Councilman Goode,
5 I thought you said that your present
6 percentage of your budget funded by the City
7 was 30, 35 percent. Was that your answer.

8 MR. HARRISON: My calculation may be
9 a little off. I can double-check that.

10 COUNCILMAN NUTTER: It's more like
11 17, 18, something like that.

12 MR. HARRISON: It's more like 17,
13 18.

14 COUNCILMAN NUTTER: And then again
15 when you responded the second time with the
16 enhanced funding from Councilman Goode, you're
17 now suggesting that you'd like to be at the 55
18 percent level on a \$1.7 million budget. All
19 right.

20 The document that you were reading
21 from earlier, when I asked you about a lease
22 -- which has now been copied -- this is a
23 document from January of '03. When I asked
24 about a lease, I was assuming that there was a
25 document back from '76 or so. Do you have any

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2 other lease agreement with the City of
3 Philadelphia from the time that the museum was
4 created.

5 This document seems to have more to
6 do with a financing or a borrowing; is that
7 correct?

8 MR. HARRISON: Yes. I looked at it
9 and it said, Landlord Assessment Agreement.

10 COUNCILMAN NUTTER: It's a
11 landlord's agreement, but it's about an entity
12 called First County Bank providing financing
13 to you related to articles and items at the
14 museum. But it's signed by the current
15 Recreation Commissioner back in January of
16 '03.

17 What I'm asking you about is a lease
18 or license agreement between the museum and
19 the City of Philadelphia back from the time
20 that the museum was built.

21 MR. HARRISON: Okay. Council
22 Nutter, I will have to get that for you. I did
23 not bring that with me.

24 COUNCILMAN NUTTER: Is there such a
25 document.

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2 MR. HARRISON: I would assume there
3 is.

4 COUNCILMAN NUTTER: Okay. That's
5 what I'm really looking for because I want to
6 better understand what the nature is of any
7 obligation that may have been created between
8 the City and the museum back at that time.

9 We've in the course of these budget
10 hearings have had the opportunity to look at
11 lease agreements, for instance, between the
12 City and the Philadelphia Museum of Art; one
13 from, I think, 1928 or 1929, and one from 1968,
14 that lay out in some amount of detail what the
15 City's obligations are to the Philadelphia
16 Museum of Art, another institution that we
17 built and own. So I'm looking for the same
18 kind of document. This one has virtually
19 nothing to do with what I'm looking for. It's
20 something about a financing that you did about
21 10 years ago.

22 MR. HARRISON: I will research that
23 and get it to you as soon as possible.

24 COUNCILMAN NUTTER: Well, get it to
25 the Chair and the Chair will get it to us.

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2 MR. HARRISON: I will.

3 COUNCILMAN NUTTER: Thank you very
4 much.

5 COUNCIL PRESIDENT VERNA: The Chair
6 recognizes Councilman Rizzo.

7 COUNCILMAN RIZZO: Thank you, Madam
8 Chair.

9 I think I have that lease at home.
10 I'll get it for you in the archives.

11 I would hope that before we consider
12 -- and I know that relocating the museum is an
13 alternative. But I would hope before we would
14 do that -- the new Please Touch Museum, that
15 would always be an opportunity. I would hope
16 -- and I'd like to hear from you -- if we do
17 everything right, if you do the best you can do
18 and raise the money, do some things that are
19 out of the box and try to go after money that
20 you've never gone after before, do you believe
21 that you can salvage it and keep it where it
22 is?

23 Again, if we can get you the funding
24 that the City should be providing and the state
25 should be providing, that continues, do you

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2 believe that we can keep this museum at its
3 current location and keep it operating the way
4 that it should operate?

5 MR. HARRISON: As Councilman DiCicco
6 stated earlier, there are some capital
7 expenditures that we would have to implement in
8 order to bring it up to acceptable museum
9 standards. It was built primarily as a
10 pavilion, not as a museum. And so the retrofit
11 that has taken place over the last 20-some
12 years has been to bring it up to code in terms
13 of the application and standards for museums
14 around the country. So it would take some
15 working, yes, but we could make it happen.

16 COUNCILMAN RIZZO: I'm not talking
17 about an aggressive program to do all of this
18 next year, or the year after. But again,
19 getting stabilized, getting back on track, and
20 then talking about a capital program that
21 could do the things you just described, do you
22 think you can really do that? Based on the
23 few weeks now, the month or so that you're
24 really beating the bushes, do you really think
25 that there's an opportunity to save this.

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2 MR. HARRISON: Yes, sir. I really do
3 believe that.

4 COUNCILMAN RIZZO: Thank you.

5 COUNCIL PRESIDENT VERNA: Thank you
6 very much.

7 Mr. Harrison, thank you very much.

8 We appreciate your coming in.

9 Mr. Ed Grose.

10 MR. MCPHERSON: He will be followed
11 by Mr. Eddis.

12 COUNCIL PRESIDENT VERNA: Is Mr.
13 Eddis here? If you would just approach the
14 front so that right after Mr. Grose you can
15 testify.

16 Thank you so much for your
17 patience. We appreciate your coming in.
18 Please identify yourself for the record.

19 MR. GROSE: Good afternoon. My name
20 is Ed Grose. I'm the executive director of the
21 Greater Philadelphia Hotel Association,
22 speaking on behalf of David Newhart, our
23 president, who had been here on Monday when we
24 were originally scheduled to testify, but who
25 is unable to be here today. Thank you for this

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2 opportunity to speak with you regarding the
3 re-instatement of budget allocation to the
4 City's arts and cultural institutions.

5 Philadelphia fortunes have long been
6 boosted by such world-class institutions and
7 performance arts such as the Rodan Museum, the
8 Academy of Music, the Philadelphia Opera
9 Company, Koresh Dance Company and the
10 African-American Museum. That fact is more
11 true today than ever before, since jobs in the
12 City economy no longer depend on proximity to
13 manufacturing.

14 Over the past two decades we have
15 seen many corporate headquarters, some through
16 mergers and acquisitions, leave the City. As
17 has been the trend, more and more jobs are
18 created through the hospitality industry here
19 in Philadelphia. We must continue to do all
20 that we can to support that industry and make
21 it as attractive to business, leisure and
22 convention travelers as possible.

23 Philadelphia hotels alone employ
24 about 14,000 workers, and we estimate 80
25 percent of those live in the City of

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2 Philadelphia. Our region's cultural assets are
3 one of the top three reasons why businesses
4 relocate here, according to a Gallop survey
5 reported last year by the Arts and Business
6 Council of Greater Philadelphia. Among those
7 top three reasons was overall quality of life,
8 which I am convinced is strongly influenced by
9 our rich atmosphere of history, tradition and
10 cultural achievement.

11 We have the best Convention Center
12 in the country, with just about every major
13 brand of hotel offering rooms for every
14 traveler's budget, special needs and most
15 within easy walking distance of the Center.
16 Few other cities can say that they have more
17 than 10,000 hotel rooms in an area that offers
18 all of this and some of the most amazing
19 restaurants in the world, from five star gems
20 to South Philly's finest.

21 But even with all of this and
22 proximity by air, land, sea or train, our
23 hotels are seeing about only a 66 percent
24 occupancy rate this year, with a possible dip
25 projected for next year. We have seen that dip

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2 hit the bottom lines of other industries,
3 including our office building market,
4 restaurants -- some closing forever -- and some
5 hotels converting into residential units. What
6 hurts one part of the travel and hospitality
7 business hurts all of it.

8 Why at this critical time would we
9 do something that can only hurt the image and
10 attraction to the City by cutting the budget
11 for our cultural and arts organizations, which
12 are so much a fabric of our history and appeal?

13 A study conducted last year from the
14 Travel Industry Association of America and
15 Smithsonian Magazine shows continued and
16 growing interest in travelers' desire to
17 experience cultural arts, historic and heritage
18 activities.

19 We are talking about 81 percent of
20 US adults, or 118 million travelers, that are
21 considered historic, cultural travelers. Even
22 if we are to believe that the future for
23 cultural institutions is that they must learn
24 to rely on less and less public funding and
25 more on private support, how can we in

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2 Philadelphia consider such a severe cut at this
3 time? Why at a time when millions of dollars
4 in advertising is being spent through our
5 convention, travel and tourism agencies, which
6 emphasize our arts, history and cultural
7 institutions as a big attraction would we
8 consider cutting the budget for our cultural
9 venues?

10 Who has not seen the ad with
11 Philadelphia's own Kevin Bacon touting the arts
12 and culture of his hometown? Even the state's
13 new ad campaign hits the historic, ethnic and
14 cultural appeal the state has to offer, and
15 that includes Philadelphia institutions.

16 Travelers, according to the study I
17 just mentioned, often are influenced to select
18 their destination choice by a specific history
19 or cultural event or activity. Four in 10
20 added extra time to their trips specifically
21 because of the historical and/or cultural
22 activities. If business travelers extend a
23 stay to take in a Monet, a Philadelphia
24 Orchestra concert or visit the Mummers Museum,
25 it means that they extend their stay in the

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2 City, will dine in our restaurants, rent cars,
3 buy newspapers, shop and sip coffee at mini
4 cafes. If getting our share of this segment of
5 travelers' time were not so important, our
6 individual hotels and room tax dollars used to
7 market the City would not go into hotel
8 packages developed in cooperation with the
9 GPTMC or Convention Bureau when the Art Museum
10 has a Monet exhibit or the flower show is held
11 at the Convention Center. Last year alone,
12 visitors here to see the Digascio spent \$3
13 million in our hotels, while direct economic
14 impact to that same show brought in \$27 million
15 to the City.

16 More than any other industry its
17 size Philadelphia's non-profit cultural
18 industry provides a major competitive advantage
19 for the region. The area's reputation for
20 world-class arts and culture helps define our
21 image and adds significant value to regional
22 companies. Our non-profit institutions provide
23 irreplaceable value for the region. They
24 create an image of quality and creativity,
25 which is the foundation for knowledge

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2 industries of the future. They foster
3 sensation of achievement and reverence for
4 excellence and help companies recruit and
5 retain talented workers. They boost the region
6 to a leadership position in the growing
7 cultural tourism market and enhance and bolster
8 the area's extensive for-profit cultural
9 sector.

10 Philadelphia was prominent in the
11 1700s as the largest City in the western
12 hemisphere, and is now recognized as America's
13 seat of history. Greater Philadelphia's
14 non-profit cultural sector is a \$300 million
15 industry with more than 5,500 direct full and
16 part-time employees. The economic impact for
17 the five-county region supports an impressive
18 \$564 million in spending, more than 11,000
19 jobs, combined annual compensation of nearly
20 \$200 million and more than \$10 million for the
21 state and \$6 million to the City from income
22 and sales taxes.

23 Across the region, other regions
24 have recognized the strong economic value of
25 cultural and the arts by developing ways to

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2 financially support their institutions of
3 greatness.

4 Regional business leaders in
5 Charlotte raise \$4 million a year from
6 Workplace Giving Campaign in support of the
7 Regional Arts Council. Corporate leaders in
8 Silicon Valley raise \$12 million for endowments
9 that provide ongoing support to cultural
10 organizations. Denver raises \$22 million
11 annually for their arts from a dedicated
12 regional sales tax.

13 Since it began in 1989, attendance
14 at cultural institutions have grown by 39
15 percent and total income has climbed by 99
16 percent.

17 How does the City's reputation for
18 world-class arts and culture translate into
19 economic growth? The ultimate goal in economic
20 development is to become a hot City, a name
21 that is known to every recruiter, business
22 analysts, and journalists as a great place to
23 live and work. Harvard economist Rosabeth
24 Moss-Canter (ph) says companies increasingly
25 view their home cities as show places.

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2 In larger companies, top managers
3 and professionals are recruited on a national
4 and international basis. Companies need to
5 make sure their home city has maximum amenities
6 and minimum problems in order to compete for
7 talent in the global market.

8 Economist David Birch (ph) reported
9 that regions that can attract workers will
10 naturally attract companies. A region that
11 supports artistic creativity is more likely to
12 support the kind of risk-taking attitudes
13 prevalent in the entrepreneur economy, he said.
14 It's obvious that we cannot chase smokestacks
15 in our search for job growth. Instead of
16 giving large grants or tax breaks to lure
17 companies here, regions with an eye towards the
18 future are focussing on improving their
19 existing public assets. The economic
20 development goal should be to make this region
21 as attractive to conventioners, tourists and
22 meeting and relocation planners as possible.

23 Let us find a way to help our
24 cultural, historic and arts venues to stand on
25 their own so that they can continue to be a

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2 magnet to attract meeting planners, convention
3 and leisure travelers to the City, not cut off
4 their funding when they're so much a part of
5 our fabric of our City. Hurting them at this
6 time hurts all Philadelphians.

7 COUNCIL PRESIDENT VERNA: Thank you.
8 Again, I want to thank you for your patience.
9 I know that you were represented on Monday, and
10 I can tell you that I truly believe that the
11 greater majority of the Councilmembers truly
12 concur with your assessment, that it's very
13 important that we continue to fund the arts and
14 cultural institutions. As you said, it
15 actually has a domino effect. We concur with
16 your assessment and we're going to work very
17 hard to try to correct this issue. Thank you
18 so much. .

19 MR. GROSE: Great. I appreciate
20 that. Thank you very much.

21 MR. MCPHERSON: Mr. Eddis.

22 MR. EDDIS: Good afternoon.

23 COUNCIL PRESIDENT VERNA: Kindly
24 identify yourself for the record and proceed
25 with your testimony.

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2 MR. EDDIS: Bob Eddis, president of
3 Philadelphia Lodge 5. I'd also like to
4 introduce the gentlemen that are here with me
5 today. Joe Coyle, Gene Blackman, and Kenny
6 Rox (ph).

7 COUNCIL PRESIDENT Verna: How do you
8 do?

9 MR. EDDIS: Madam President,
10 Councilman Rizzo, on behalf of our members,
11 we'd like to come to you and explain to you a
12 little situation that we have when we review
13 the budget.

14 We never see that the City employees
15 are included in it. And we see at the time
16 that the City is trying to make great
17 decisions because we know we're at a key point
18 that this has to also be looked at.

19 We look at the history. We look
20 back at 1992 when the City was in the same
21 strife and we see the price that was paid. We
22 see it was the Philadelphia Police Officer who
23 took the \$6,000 pay cut. They've never been
24 able to gain that back since that time.

25 We believe very strongly that we're

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2 a world-class City and we need to continue
3 along that way. We don't see that happening
4 as a result of libraries, health centers and
5 the Mounted Unit in itself being closed down,
6 unless the people are out there themselves
7 seeing the services that are performed.

8 I apologize for my casual dress
9 today, but this as a result of my most
10 enjoyable day, which is Wednesday. I get to
11 go out and ride with the officers and be able
12 to relate to the officers and also talk to the
13 community to see where the interaction is
14 going, to see what the real quality of life
15 issues are and how they feel in regard to
16 that.

17 As we go around, a lot of times
18 we're viewed in a different light and
19 different people based on different parts of
20 the community, but the one thing that
21 everybody is seeing now is that we feel strong
22 in where we're going within this community and
23 we want to be a part of it. We also feel that
24 our officers need to be able to be in a
25 position where they're going to be able to be

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2 compensated for the work services.

3 When people came up here earlier in
4 regard to talking about the news and the press
5 and seeing people hurt, we're the ones that
6 unfortunately have to deal with that price.
7 Our fear is that these empty playgrounds
8 become crime scenes. Is this where we're
9 going to carry our children out of this
10 summer?

11 When we talk about injuries, I think
12 we're qualified to speak in that regard
13 because 800 police officers a year get hurt.
14 We find it very significant that here we are
15 in the middle of National Police Week standing
16 here trying to explain the necessity in order
17 to be able to keep the quality of life in our
18 City to make sure that everybody knows the
19 significance of where we're trying to go.

20 I promise you I'm going to keep this
21 within five minutes because I respect the
22 other people who have to come after us, but we
23 just feel strongly that there's certain points
24 that we have to make. As we said, in regard
25 to any time there's a decrease of something,

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2 something always has to be removed. We know
3 that. You can't take away a tax without
4 removing something in the process. We believe
5 that there does need to be change; however, we
6 just feel that now may not be the time because
7 of the situation we're in. Sure, it's
8 important that our economic growth continues,
9 that businesses continue to come to the City,
10 but what's the City? Where are we going to
11 be? What's the quality of life for the people
12 every single day when they don't have the
13 availability to be able to go and take
14 advantage of the libraries?

15 I sit in a unique situation right
16 now. I have a 19-year-old daughter who's
17 currently up Seton Hall in special ed and
18 speech pathology. And I'm asking her, are you
19 going to come back to the City of
20 Philadelphia? She said, dad, I can't. I
21 don't want to raise my family there. I said,
22 why. She said, I don't feel as if it's safe.
23 She didn't say anything about the business.
24 She didn't say anything about that. I didn't
25 ask her to give me the answer I want.

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2 I just feel that we need to keep our
3 City safe. We need the support of Council as
4 we have always had in the past. We strongly
5 respect the significance of the role that
6 Council plays. We also know that the officers
7 that we have in our City deserve to be
8 considered, because during the last 15 years,
9 last 20 years, last 25 years in this City, we
10 always hear, we can't do this because of
11 budgetary reasons.

12 We saw in the beginning of this year
13 where Council was able to receive a raise. We
14 never came out against that because we saw for
15 the last 10, 12, 15 years, Councilmembers
16 never received a raise. So we're not just
17 going to be out there banging drums and
18 screaming. That's not our approach. Our
19 approach is to try to send a message that we
20 need to be able to have these things on track,
21 but we have to look at it to say, is the
22 timing right now? Is our City where it should
23 be?

24 Unfortunately on February 11th --
25 fortunately, I was with my wife up in New York

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2 City. Unfortunately, I turn on the television
3 after returning from St. Pat's Cathedral -- it
4 was my wife's 50th birthday -- and low and
5 behold, there we have on the news about a
6 young man being killed at 23rd and Cambria.
7 And the question I asked is, if it was 1974,
8 if it was 1984, if it was 1994, if it was
9 2004, why did it have to be 23rd and Cambria?

10 Nothing has really changed that much
11 in the area quality of life. Business is very
12 important. But our most important asset is
13 the citizens of this City, the children of
14 this City, and I know that the Council people
15 feel that way, and am just imploring you with
16 this time to take a strong look prior to
17 making any cuts to see what the long-term
18 effects would be for the quality of life for
19 the people who live here, who stay here and
20 who love this City. Thank you.

21 (Applause.)

22 COUNCIL PRESIDENT VERNA: Thank you.
23 I just want to ask you a question, if I may.
24 You mentioned about the mounted police.

25 When the Police Commissioner was in

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2 here and he was talking about the elimination
3 of the mounted police, I think I questioned
4 him what the saving would be. And he
5 indicated it would be a saving of \$700,000.
6 Somebody told me they heard on television that
7 the saving was more like \$20,000. Do you have
8 any knowledge of that? And do we still have
9 the mounted police, or are we waiting until
10 this budget goes through to decide whether or
11 not the mounted police would continue?

12 MR. EDDIS: Unfortunately, the
13 Mounted Police Unit is being disbanded, and
14 the process has already began. From our
15 numbers, calculations, we're told
16 approximately it's a savings of \$400,000. And
17 our question is, if we're going to be a
18 world-class City who spends millions of
19 dollars to try to bring in events -- work one
20 parade, one Flyers parade, and see the
21 advantage in the lives that are saved as a
22 result having that horse.

23 COUNCIL PRESIDENT Verna: We may
24 have bicycles, but what would happen to the
25 former Commissioner with the bicycles? Didn't

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2 he have to come in from out of town to go to
3 hearing a couple weeks ago?

4 MR. EDDIS: Yes, ma'am.

5 COUNCIL PRESIDENT Verna: I don't
6 know of anybody that's going to be able to
7 pick up a horse, but they can certainly pick
8 up the bicycles.

9 MR. EDDIS: You can clear a crowd.
10 And as I said earlier, unfortunately we see
11 800 officers a year getting hurt .

12 COUNCIL PRESIDENT Verna: It's
13 absurd. That's not many more than mounted
14 police for crowd control. I'm not the Police
15 Commissioner, but to me it just doesn't make
16 any sense.

17 The Chair recognizes Councilman
18 Nutter.

19 COUNCILMAN NUTTER: I think there's
20 a point of information, Madam Chair.

21 COUNCIL PRESIDENT Verna:
22 Councilman, you have a point of information?
23 I'm sorry.

24 COUNCILMAN RIZZO: I was just going
25 to add if the Police Department would start

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2 collecting the money that they pay police
3 officers to work overtime off duty, that the
4 mounted police plus we could have bought a
5 couple motorcycles and bikes.

6 My point being is -- no criticism of
7 the Police Commissioner -- but there are some
8 administrative problems in that Police
9 Department, that they're not watching the
10 money as closely as they should. I can tell
11 you that it distresses me to see that mounted
12 unit gone, because I think we all know who
13 brought it back. If the money was being
14 spent wisely within that Police Department, we
15 wouldn't have to be worrying about \$400,000 to
16 fund the Mounted Police Unit.

17 Thank you, Madam President.

18 MR. EDDIS: Councilman, Madam Chair,
19 may I make one other comment? We're also, as
20 a result of the services that we provide to
21 the surrounding communities that are also
22 going to benefit from some of these decreases,
23 we're charged the expenses.

24 Our bomb squad is utilized as a
25 result of its qualifications throughout the

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2 whole entire Philadelphia County with no
3 revenue coming back to the City as a result of
4 the utilization of this service. Somewhere
5 along the line that charge could help offset
6 and make the people in the City want to stay
7 in this City.

8 COUNCILMAN RIZZO: Basically what
9 you're saying is that when we provide that
10 service of the bomb squad, that we should be
11 being compensated for that? I agree with you.

12 MR. EDDIS: Well, we have to train
13 the officers. It's our officers that are put
14 in jeopardy. If there going to be utilized,
15 we have no problem having them be utilized,
16 but where can you go and have that kind of
17 service and not have some kind of cost?

18 COUNCILMAN RIZZO: Exactly. I agree
19 with you totally. I'm going to put that on my
20 list.

21 COUNCIL PRESIDENT VERNA: Are you
22 referring to other jurisdictions, if our
23 officers go to other jurisdictions?

24 MR. EDDIS: Yes, ma'am. Another one
25 of our basic problems is just vests and

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2 radios. We have major problems in our City.
3 And when we see a budget cut, we're saying
4 what chance do we have now to provide our
5 officers the necessary safety? We're not
6 trying to cry the blues, but 800 officers a
7 year are getting hurt. What are we doing?

8 COUNCILMAN RIZZO: Thank you, Madam
9 Chair.

10 COUNCIL PRESIDENT VERNA: Thank you.
11 The Chair recognizes Councilman
12 Mariano.

13 COUNCILMAN MARIANO: Thank you,
14 Madam President.

15 Mr. Eddis, I'm very interested in
16 all this terrorism stuff -- not that I'm
17 interested, but it's something we should be
18 concerned about, as you all are.

19 I know Chief Inspector O'Connor very
20 well. The chief does stuff -- I saw him on TV
21 last night, what they did down at Lincoln
22 Financial Stadium. That's a drain on your
23 department and money that you wouldn't have
24 prior to 9/11. Now, 9/11, this is a really
25 happening and we have to respond.

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2 I saw on TV -- and that might have
3 been what Councilman Rizzo was talking about
4 -- our bomb squad was in some other part of
5 the state outside the City. Do we get
6 reimbursed by the Feds anything?

7 MR. EDDIS: No, sir. As a matter of
8 fact, one of the parts that's frustrating, we
9 had the chance to meet with the 50 major
10 cities, and we've been asking for years when
11 the Homeland Security money is being utilized,
12 when is it going to be used to offset some of
13 the expenses within local government?

14 In California, as they always are,
15 being 20 years ahead of us, they have been
16 doing that for the last year and a half, they
17 offset their expenses for law enforcement
18 through revenue generated through Homeland
19 Security dollars.

20 COUNCILMAN MARIANO: I'm sure the
21 ex-governor, that would be Ridge, who's the
22 head of Homeland Security -- in fact, he's in
23 town this week or next week to talk about just
24 that.

25 My only thing is -- and I know

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2 you're not responsible for this -- if we give
3 everybody on 95 with Jersey tags driving over
4 60 miles an hour a ticket, we could solve all
5 the budget crises in this whole City. Because
6 if you drive up 95 -- and I know you're not
7 responsible, but I had to throw that out there
8 -- everybody is speeding. I'm doing 60.
9 They're doing 80 and nobody has Pennsylvania
10 tags.

11 MR. EDDIS: There's a lot of ways.
12 Kiddingly, we can lower the amount of players
13 on the ball team from 25 to 24 and use the
14 price for a utility player and put our horses
15 back there.

16 COUNCILMAN MARIANO: Exactly. Thank
17 you.

18 COUNCIL PRESIDENT VERNA: Thank you.
19 The Chair recognizes Councilman
20 Nutter.

21 COUNCILMAN RIZZO: Madam Chair, can
22 I add to that, please?

23 One of the issues that I think we
24 should discuss is, we train police officers in
25 our academy, I believe, for many

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2 municipalities around this region, and I'm not
3 sure we're being compensated appropriately for
4 that.

5 COUNCIL PRESIDENT Verna: We're
6 supposed to be reimbursed.

7 COUNCILMAN Rizzo: Reimbursed, but
8 not to the point of, from what understand, a
9 proper reimbursement. I think that some of
10 these things that Mr. Eddis discussed, that I
11 discussed, that they should be listening and
12 really making sure that we're being properly
13 compensated for that training that we provide.

14 I don't know if it's been updated
15 recently, Mr. President. I don't know that.

16 MR. EDDIS: Councilman, to respond
17 to that, we see as a result of Homeland
18 Security a great drain being placed on the
19 National FBI Academy to provide training. We
20 have said, wouldn't it be nice if we could be
21 able to handle the top part of the country to
22 utilize our training facility to provide this
23 so our instructors are already trained in that
24 area?

25 When I look at the budget and I see

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2 how much money the department generates from
3 outside training, I think that's a part of
4 where we're missing the boat because we have a
5 highly trained Police Department that have the
6 capability of doing the same thing, that
7 people ride past us going down 95 right down
8 to the FBI Academy, that they should stop into
9 Philadelphia. We could be able to do it. We
10 see other towns doing that and we're wondering
11 why we're missing that. Where are we looking
12 for funding mechanisms to help ourselves?

13 COUNCILMAN RIZZO: We are the envy
14 because most of the units, the K-9 Unit -- and
15 I hope that survives -- but most of the dogs
16 that were trained throughout this region were
17 trained and retrained at the Philadelphia
18 Police Academy's K-9 Unit. So, you're right.
19 That facility is known for it's quality
20 training, firearms, you name it, involving law
21 enforcement. We could be making some money
22 for the training.

23 MR. EDDIS: And offset the budget.
24 We go to other municipalities and we see -- we
25 have a major piece of land up there and you

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2 can't even simulate weather conditions, but
3 you could put a small building so the officers
4 could shoot range, snow, the whole bit, and
5 then use that facility as training to be able
6 to draw additional revenue into our
7 municipality.

8 COUNCILMAN RIZZO: Thank you, Madam
9 Chair.

10 COUNCIL PRESIDENT VERNA: You're
11 welcome.

12 Councilman Nutter, did you want to
13 be recognized?

14 COUNCILMAN NUTTER: It's just a very
15 quick kind of thing.

16 Mr. Eddis, I just really wanted to
17 say to you and to the other members of your
18 team that are with you, I greatly appreciate
19 your coming into our Council budget hearings,
20 not only to talk about issues that may be
21 directly pertinent to the Police Department
22 and the members that you represent in the FOP.

23 What I really appreciate, quite
24 honestly, is that you also talked about some
25 of the other elements of the budget, that

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2 while they may not be directly related to
3 police -- your comments particularly about
4 recreation centers and other facilities, I
5 just think is a testament to how you have
6 provided the kind of leadership that you do.
7 And it's not just in your present capacity as
8 president. You've been doing many of these
9 things even before. And under the most recent
10 previous president, Mr. Costello, I think it
11 is very helpful to get a perspective from a
12 leader in the Police Department or in the
13 police union on some of the other issues that
14 effect the citizens of this City.

15 I just really wanted to recognize
16 the breadth of your concern in that matter in
17 that we have an opportunity to hear from you
18 under these circumstances, not just from a
19 police focus, but also as a citizen. And you
20 raised by example, a personal matter with
21 regard your daughter possibly coming back.

22 MR. EDDIS: I'm not giving up. I'm
23 still trying to get her back. I've got three
24 girls and a boy and I'm bringing them home.

25 COUNCILMAN NUTTER: And I know you

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2 don't give up without a fight. I actually
3 feel sorry for her. But I just really wanted
4 to say thank you for that and I've enjoyed our
5 working relationship over the years.

6 MR. EDDIS: Thank you. I appreciate
7 it. And we appreciate the help that we
8 receive in City Council and we're looking
9 forward to many years of working together.

10 COUNCIL PRESIDENT VERNA: Thank you
11 for all of your fine work. Thank you so much
12 for coming in to testimony.

13 Councilman Ramos.

14 COUNCILMAN RAMOS: Thank you, Madam
15 President.

16 Mr. President, I appreciate you and
17 the members of your team coming here before us
18 this afternoon. I've told you before that I
19 will not let our police union stand alone. I
20 want that to be on the record. Have you been
21 following the great tax debate in this
22 Chamber? Has the FOP had any thoughts or any
23 position on how this impacts on you in one way
24 or the other?

25 MR. EDDIS: Our greatest fear is, as

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2 a result of this time right now, that if there
3 is a decrease, that we will not be able to
4 provide the citizens the necessary protection
5 that they need out there as a result of what
6 possibly could lead into cut-backs.

7 We feel strongly that we want our
8 City to grow. In order for it to grow, people
9 have to know that it's a safe place. We know
10 that most of our City is extremely safe, and
11 we believe that the job and we believe that
12 community policing concept, which for many
13 years was opposed, which has really taken
14 place now in recent years, is the way to go.
15 Because without the police and the community
16 working as one, we're never going to achieve
17 our goals.

18 Our fear is, as a result of making
19 decisions, we're not going to see the effect
20 until afterwards. That to us is the
21 frustrating part. Because afterwards we're
22 going to say, what could we have done? Why
23 could we have stopped that? We're saying now,
24 before we get to that point, before we have
25 one more victim in this City, that we have to

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2 see, that we have to carry -- people think,
3 well, you do it every day. You get used to
4 it. You never get used to it. You never get
5 used to carrying the children in this City.

6 We know you have a great
7 responsibility to balance this budget, we know
8 the significance of that, but at what price?
9 Are we willing to compromise our quality of
10 life in order to make sure we balance a
11 budget? It's a hard question. I don't
12 believe we should.

13 COUNCILMAN RAMOS: We're in the
14 middle of the great tax debate in this town.
15 I don't know anyone that's for more taxes.
16 Everyone wants to lower taxes. I'm one of
17 them. All Philadelphians feel the same way.
18 Are you saying that if we pass all these tax
19 bills, that this will have a negative impact
20 on your members?

21 MR. EDDIS: I have had the chance to
22 actually read all of the proposals, and I
23 believe there are some very good proposals. I
24 just believe that timing is the key to life,
25 and right now the key to life in our City is

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2 the quality of life. I believe at this time,
3 until we're able to get everything straight,
4 making these moves at this time is going to be
5 harmful to community.

6 COUNCILMAN RAMOS: Thank you, Mr.
7 President. Keep up the good work.

8 COUNCIL PRESIDENT VERNA: Thank you.
9 Again, we applaud you for all your fine work.
10 And your testimony was great. Thank you so
11 much.

12 MR. MCPHERSON: The next witness is
13 John Gallery from the Preservation Alliance.
14 He had to leave, but he left his testimony.

15 COUNCIL PRESIDENT VERNA: Which will
16 be circulated to all Councilmembers and to the
17 stenographer.

18 COUNCILWOMAN BLACKWELL: Good
19 afternoon. Welcome. Thank you both.
20 Identify yourselves for the record and begin
21 your testimony.

22 MS. ROACH: My name is Laura Roach.

23 MS. WILLIAMS: Naydira Williams.

24 MS. ROACH: Good afternoon, Members
25 of City Council. The Coalition to Reduce

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2 Health, Education and Economic Disparities,
3 CREED, is a collaboration of African-American
4 social service organizations that formed to
5 address the circumstances that contribute to
6 the disproportionate funding to organizations
7 indigenous to the African-American community.
8 The goal of CREED is to assure that a fair and
9 equitable distribution of City government
10 contracts and resources are awarded to
11 African-American-owned and operated social
12 service organizations.

13 The City of Philadelphia outsources
14 between \$1.2 to \$1.6 billion in social service
15 contracts from community behavioral health,
16 health and welfare departments and the School
17 District of Philadelphia.

18 African-American operated
19 organizations receive less than \$75 million
20 Collectively of the \$1.2 to \$1.6
21 billion awarded. The African-American
22 organizations that make up the membership of
23 CREED are indigenous to the distress of
24 African-American communities that are in need
25 of these critical services. We are often the

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2 providers of last resort for communities that
3 have been ravaged by blight, crime, violence
4 and poor physical, mental and financial
5 health.

6 We serve a constituency whose
7 demographics are African-American, low to
8 moderate income, uninsured and underinsured,
9 unemployed and underemployed, with numerous
10 indicators of poor health.

11 Our service areas present the
12 prevalence of HIV infection, asthma, diabetes,
13 substance abuse, infant mortality and other
14 chronic and life -threatening illnesses. Our
15 neighborhoods are also home to high rates of
16 homicide and community and domestic violence
17 and our children are disproportionately
18 represented in the child welfare system.
19 However, a substantial portion of the dollars
20 allocated to address these ills are awarded to
21 agencies with little or no ties to the
22 community.

23 Further, these agencies and
24 institutions do not invest in the community.
25 They do not live in the community, buy goods

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2 and services from the local community, hire
3 professionals and executives from the
4 community. African-American organizations
5 that are indigenous to the community are more
6 likely to hire professionals and other staff
7 that are from the community, purchase goods
8 and services from other African-American
9 service professionals, i.e., accountants,
10 lawyers, consultants, vendors, et cetera. The
11 purchasing of these goods and services further
12 strengthen the economy of the local community
13 and creates jobs and stabilizes the
14 environment economically. A more economically
15 stable environment creates jobs, better
16 housing, health benefits, recreational
17 facilities and stabilizes the individual and
18 family.

19 Every day in the headlines of the
20 local press, we read that another life is
21 taken senselessly and we wring our hands in
22 distress, wondering what to do. Young men and
23 women who have lost all hope of finding living
24 wage jobs drop out and participate in the
25 underground economy of drugs and crime, ending

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2 up addicted and strung out, dead or in jail,
3 thus leaving grandparents to raise little ones
4 instead of enjoying retirement.

5 The history of economic
6 discrimination and red lining leaves our
7 neighborhoods with abandoned houses, no
8 supermarkets, stop-and-go beer joints,
9 high-priced convenience stores for grocery
10 shopping and predatory lenders, i.e., pay day
11 loans.

12 When rebuilding and other economic
13 stimulus projects are brought into our
14 neighborhoods, unemployed men and women stand
15 by and watch while workers from the suburbs
16 and other middle class neighborhoods get most
17 of the work. When the City of Philadelphia
18 awards social service contracts to address the
19 social ills of the community, agencies
20 operated by African-Americans that are
21 indigenous to the community are often edged
22 out. They are denied the opportunity to
23 strengthen programs and revenue base by the
24 actions of some permanent government employees
25 who have formed relationships with preferred

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2 service providers not indigenous to the
3 community.

4 Most of the preferred providers,
5 agencies selected by these permanent
6 government workers don't have necessary
7 cultural sensitivity needed to address the
8 problems of our community. This is evidenced
9 by the continued decline of our neighborhood,
10 in spite of the millions of dollars allocated
11 yearly to address these problems.

12 These agencies view our community as
13 business opportunities to strengthen their
14 organization's bottom line, and thus enrich
15 their communities at the expense of the people
16 they claim to serve. This must stop. We
17 cannot in good conscience allow this to
18 continue to happen without a fight.

19 We are asking Members of City
20 Council to stand up and speak out against
21 these inequities by taking these agencies to
22 task for these longstanding practices that rob
23 our community of the resources needed to
24 rebuild, not only the infrastructure, but the
25 self-esteem of our residents as well.

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2 MS. WILLIAM: My name is Naydira
3 Williams. Today I'm here to speak about the
4 North Philadelphia Human Services Development
5 Corporation, and the comprehensive family
6 support coordination program that we offer in
7 North Philly.

8 Let me give you a little background
9 about us first, please. In North Philly,
10 specific census tracts were eliminated during
11 the planning stages of the Empowerment and
12 Enterprise Community Process. As a result,
13 community leaders, business and other
14 stakeholders from the North Central
15 Philadelphia community jointly created a
16 strategic plan for the development and
17 implementation of a human service development
18 corporation to serve the needs of the general
19 and subcultural population in North
20 Philadelphia.

21 Unlike community development
22 corporations which address the physical and
23 economic needs of struggling communities, a
24 human service development corporation will
25 provide an intricate network of human services

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2 to assist in the stabilization of individuals
3 and families.

4 The goal is to not plan for families
5 in North Philly, but to plan with their
6 involvement and participation. The focus is
7 to empower individuals who will empower their
8 families, which in turn will empower their
9 communities. Self-sufficiency creates a
10 process by which individuals and families
11 become independent entities.

12 The North Philadelphia Human
13 Services Development Corporation was created
14 because of the need to implement a
15 community-based conduit that assures all
16 services and programs geared to what
17 individuals and families will be coordinated.

18 NPHSDC has approached existing
19 agencies and organizations with the purpose of
20 developing partnerships and collaborations
21 that will allow families in North Philly and
22 the surrounding communities to maximize the
23 use of services and programs.

24 In North Philadelphia, 65 percent of
25 the households live below the poverty level.

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2 70 percent of the households are single female
3 parent households. 63 percent of the most
4 economically devastated are persons 18 years
5 and under. 75 percent of the households have
6 become welfare dependent, creating a cycle
7 dependency, poverty and apathy. There are a
8 growing number of grandparents and family
9 members who have become caretakers because of
10 the rise and incidence and prevalence of
11 substance use, abuse and addiction. An
12 overwhelming percentage of these individuals
13 have few job skills, lack adequate day care
14 and depend upon multiple health, human and
15 social service agencies who make conflicting
16 demands upon families. As a result,
17 neighborhoods have deteriorated. Strong
18 community standards and family values are not
19 available to provide the needed support
20 systems for those who need help. Family
21 energy is sometimes consumed with the task of
22 dealing with multiple control agencies and
23 their often demanding requirements.

24 In addition, the communities have
25 uncoordinated and loosely integrated human

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2 service programs that are overlapped and
3 compete for spare resources. Plans for
4 individuals, families and community
5 self-sufficiency are essential in light of the
6 restructuring of North Philadelphia, and the
7 pending termination of families receiving
8 TANF, Temporary Assistance to Needy Families.

9 The need for community-based support
10 services in North Philadelphia and surrounding
11 communities are evident. The neighborhoods
12 within North Philadelphia and surrounding
13 communities share a common bond of
14 concentrated and persistent economic
15 disadvantages and declining family
16 investments. The lack of opportunity and
17 investment in these neighborhoods increase
18 family isolation and undermines the family's
19 competence and confidence.

20 The recent crack cocaine epidemic in
21 North Philadelphia has compounded devastation
22 and issues for families in their
23 neighborhoods. As a result, 51,159
24 grandparents and family members have become
25 caretakers because of the rise in incidence

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2 and prevalence of substance abuse, abuse and
3 addiction.

4 The number of women incarcerated has
5 tripled over the past five years. Based on
6 the Bureau of Justice and the Department of
7 Correction's statistics, six out of 10 women
8 incarcerated were arrested because of their
9 behavior created due to substance abuse
10 issues. 52 percent are assessed as needing
11 intensive drug and alcohol treatment and were
12 active users at the time of incarceration.
13 Six in 10 women have experienced physical,
14 emotional and/or sexual abuse in the past.
15 Over 230,000 children in Philadelphia reside
16 with family members. 30 percent of all women
17 incarcerated return to prison within two to
18 three years. 5 percent violate parole. 20
19 percent are all charges with robbery, theft
20 and assault. 70 percent of all women
21 incarcerated have children 18 years and under.
22 When released, these women will not find
23 affordable housing opportunities waiting. The
24 process of family re-unification then becomes
25 impossible because they are now being punished

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2 a second time. Yet, the Department of Human
3 Services demand that they get housing before
4 their children are returned. I'm damned if I
5 do and damned if I don't.

6 These conditions also strain
7 connections to relationships and resources
8 families require to become stable and
9 self-sufficient. As a result, negative and
10 self-destructive mind-sets are the outcome.
11 As a result, their self-worth and
12 self-development are diminished, so they seek
13 methods to fill voids of growth and
14 development.

15 Families with generations of drug
16 and alcohol abuse, neglect, family and
17 domestic violence dependencies and health
18 issues not only display self-destructive
19 behavior, but become parasites. They feed,
20 produce and infect the community. As a
21 result, we all become affected when
22 destruction ends with devastation. These
23 families live as individuals and not as a
24 unit, especially families affected with
25 generations of drug and alcohol and/or family

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2 abuse. In most cases these families
3 facilitate, enable and become co-dependent.
4 Based on 2000 statistics, these are families
5 affected with teen pregnancies, neglect,
6 sexual and domestic violence, abuse,
7 delinquency, criminal behavior, poor health
8 and destructive behaviors. This includes a
9 mental and physical challenge for those who
10 depend on these individuals for caregiving.
11 There are too many lack of resources
12 in these families. As a result, the quest for
13 personal, family and community responsibility
14 has no meaning or understanding. The North
15 Philadelphia Human Services Development
16 Corporation focuses to strengthen families, to
17 define strengthening as a deliberate,
18 sustained effort to connect isolated families
19 to the resources, opportunities and the
20 support systems they need that all family
21 members are healthy and successful. This is
22 being accomplished by using a
23 multi-disciplinary team approach in an
24 appropriate, high quality, cost effective
25 community-based method that provides access to

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2 health and human services while promoting
3 education, training and support to families,
4 children and individuals.

5 We serve children and families with
6 mental health, health, housing, job training,
7 education and employment needs. We know that
8 all the families referred to us come from
9 dysfunctional and economically disadvantaged
10 backgrounds. We believe that these families
11 can succeed and tough neighborhoods can be
12 transformed into supporting and enabling
13 environment. This can happen if people who
14 live, work and hold positions of influence in
15 their communities make the neighborhoods and
16 the families within them a priority by
17 increasing investments and activities that
18 promote family strength. Yet, community-based
19 organizations like NPHSDC must make due with
20 sparse funding opportunities to reach families
21 who require the most services and programs
22 because they are a subculture in our
23 community.

24 We live these issues every day and
25 have invested interest in removing,

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2 eliminating and/or reducing the blight and
3 pain felt and lived by our neighborhoods. And
4 we wonder why recidivism in African-American
5 communities is prevalent. We know that the
6 so-called poverty pimps rely on our
7 disparities to maintain their purpose. We are
8 told that these programs or services are
9 available, yet it is not the community-based,
10 grass roots organizations that do the actual
11 work, that get the proper funding that get
12 between the two are disproportionately unfair.
13 We take note that these disparities are across
14 the board.

15 It appears there are enemies that
16 believe African-American communities cannot
17 resolve its own issues. We are still being
18 defined by outside forces who truly believe
19 they knew what's best for us. We state today,
20 enough is enough. Community residents in need
21 of services and programs will not go into
22 Center City, Northeast, South Philadelphia or
23 Kensington. Why should our families have to
24 travel across the City to services and
25 programs that are culturally insensitive to

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2 their needs, especially when those services
3 are in their communities, but is not given
4 capacity building opportunities because we
5 scramble for minimum funding?

6 NPHSDC has partnered today with a
7 lot of organizations, and I'm not going to
8 read all of that. We urge City Council to
9 investigate the funding stream and who they
10 are actually benefiting. We ask that you meet
11 with us to hear our strategic plan, to resolve
12 the issues that our families face every day.
13 We recommend that you ask questions as to why
14 only certain organizations are looked upon as
15 the wherewithal, while the blight, pain and
16 recidivism is maintained under the pretense
17 of, our communities are receiving services.

18 How many more children will we have
19 to lose to violence, mothers and fathers to
20 crack cocaine, incarceration, individuals
21 through AIDS and HIV infections and families
22 through homelessness before enough is enough?
23 We say today enough is enough. We look
24 forward to our concerns being made a priority
25 and our findings -- and your findings -- of

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2 what we know to be fact.

3 May God bless, for today is a new
4 beginning for community-based grass roots
5 organizations. And I thank you.

6 (Applause.)

7 MS. SIMPKINS: To the honorable
8 Members of City Council, ladies and gentlemen,
9 I say good afternoon. I am Argyle Simpkins,
10 President and CEO of Abo Haven, Inc.

11 First let me say that I appreciate
12 the opportunity to present some important
13 information to this esteemed Body. However,
14 let me state in advance that what I have to
15 share is disturbing. Why do I say this?
16 Because for far too long in this City,
17 organizations like Abo Haven, Inc., which I
18 founded, have not received proper professional
19 treatment from the Transitional Workforce
20 Division of the Philadelphia Workforce
21 Development Corporation.

22 For the record, I have been involved
23 in training the underemployed, unemployed, and
24 other socially-challenged populations for
25 almost three decades. My former employee was

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2 honored by organizations from the Greater
3 Philadelphia Chamber of Commerce to Harvard
4 University, based on the programs I wrote and
5 the work performed by me and my staff.

6 On June 26th of 2003, the executive
7 director of my former employer called me to
8 say we were shutting down and asked if I
9 wanted to continue the organization. Of
10 course I said I did. And that's when I was
11 told, okay. But you've got 48 hours to put
12 the deal together. Well, I did. And we moved
13 on with our mission. 16 full-time jobs were
14 saved and hundreds of young women coming off
15 of welfare have and continue to benefit from
16 the fact that we didn't close and abandon them
17 in their efforts to get the valuable services
18 we provide.

19 Now our ability to provide services
20 to the populations I mentioned is jeopardized
21 by a new contracting process that the
22 Transitional Workforce Division at PWDC is
23 trying for the first time. Let me state that
24 this isn't the first time that this operating
25 unit of PWDC has changed their policies to the

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2 detriment of our clients and the dedicated
3 staff who works with them.

4 Instead of going into all the
5 details during this presentation, I am
6 providing copies of information which
7 chronicles the problems caused by the
8 Transitional Workforce Division of PWDC for
9 many who are economically disadvantaged and
10 poor people trying to improve their lives.

11 Most of my clients are
12 African-American single mothers coming off of
13 welfare. My staff and I have developed
14 excellent techniques for training them for the
15 workforce so they can make a better life for
16 their children. Our record is well
17 established, being amongst the top training
18 providers in the City of Philadelphia.

19 Recently, a new Request for
20 Qualifications, or RFQ as it is called, was
21 sent to us and other providers for work which
22 Abo Haven, Inc. Is already doing. However,
23 the response we received was, and I quote,
24 "After extensive evaluation of your
25 organization's qualifications, your agency was

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2 not amongst those selected to advance to the
3 next phase of the contracting process."

4 For how many years have
5 African-Americans organizations been excluded
6 from participating in this economy by being
7 told you're not qualified? Bear in mind that
8 the position of PWDC is that our response
9 disqualified us. Well, in the past when the
10 executive director was not an
11 African-American, if something was not quite
12 right with their contract proposal, someone at
13 PWDC picked up the phone and called us for
14 clarifications. Such actions are common
15 courtesy for proven providers. Now that I run
16 the organization, no such consideration was
17 given. Institutional racism? Perhaps.
18 Unfair? Absolutely.

19 Well, I've taken my time this
20 afternoon, and let me leave you with this
21 request. Take a careful look at how PWDC has
22 treated Abo Haven, Inc., and this RFQ process.
23 Review the information that I provided you in
24 the package this afternoon and then tell me we
25 can't do the work which they paid millions for

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2 from majority firms and don't get half the
3 quality and the results as we do at Abo Haven.

4 Many of my staff came from the same
5 conditions of our clients. That's why we
6 understand their needs and can teach them how
7 to succeed in a formal economy.

8 And I also want to add finally, let
9 me offer a shameless plug for the new Abo
10 Haven, Inc. Center for non-traditional, early
11 learning and child care that's going to be
12 located at 1010 Spring Garden, right next door
13 to the Spaghetti Warehouse. We have 9,200
14 square feet. We look forward to opening this
15 addition to our organization in the fall of
16 this year. You can look to see me as I wish
17 to introduce our model to increasing the
18 capacity for quality, affordable child care
19 here in Philadelphia. Thank you.

20 (Applause.)

21 COUNCILWOMAN BLACKWELL: Thank you
22 very much. We certainly want to thank you for
23 your commitment to our community. Certainly,
24 in the Million Women's March.

25 Ms. Naydira Williams, certainly Ms.

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2 Roach, all that you've done. I guess we have
3 known each other maybe 30 years or close to
4 it. Certainly we trust you. We share your
5 commitment and we thank you for being here.

6 Councilwoman Tasco.

7 COUNCILWOMAN TASCO: Thank you,
8 Councilwoman.

9 I too would like to say good
10 afternoon to the three ladies at the table. I
11 know them all very well and have work with
12 them.

13 And certainly Argyle Simpkins, I
14 received my first computer training from you
15 and some of your staff members. I'm
16 intimately familiar with the program. I agree
17 with your comments about the organization and
18 who was in charge, when and how things were
19 done and what is done now. I agree with that.

20 I certainly will use my office to
21 look into that because the Transitional
22 Workforce Program is sort of like an aside
23 from the City Council here. We'll check into
24 that.

25 Naydira, certainly you have worked

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2 in the vineyards for so many years, fighting
3 for you community.

4 These ladies stand to support the
5 community when others have gone. And they
6 know what is going on and is transpiring in
7 the community with families and have tried to
8 provide services to those families. I have to
9 support them in their statement.

10 I said when the Health Commissioner
11 was in here, and we said it to the Department
12 of Human Services, that the larger
13 corporations get the majority contracts and
14 they have to fight for crumbs, and then they
15 don't get the support that they need to work
16 in the community, and it's not fair. I have
17 taken this message to the Mayor. I have
18 talked to my colleagues on Council about it.
19 Because it has to stop.

20 These people who know and understand
21 the communities -- and you look around at all
22 the community organizations, Councilwoman
23 Blackwell, that used to be in the community
24 working with families. They're gone. That's
25 because they haven't gotten the support and

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2 the funding that they needed, and the money is
3 going outside of the community. It is a
4 systemic problem. There are people in these
5 departments who set these proposals up for
6 their friends, and those friends get those
7 contracts and the people in the community
8 cannot access them.

9 I have a question I'd like to ask
10 each of you. When we were talking to the
11 Health Commissioner and he had to admit that
12 there's not enough diversity in terms of how
13 the contracts are given out, you, Laura and I
14 had been working on that. Are you familiar
15 with the Philadelphia Health Management
16 Corporation?

17 MS. ROACH: Yes.

18 COUNCILWOMAN TASC0: Have you had
19 any dealings with them? Have you ever sought
20 funding from them, and what was the response?

21 MS. ROACH: We've applied for
22 funding from the Health Department. And the
23 Health Department contracts with PHMC to
24 handle certain aspects of their procurement
25 process with some contracts.

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2 One of the concerns that we also
3 have is that PHMC acts in their capacity, but
4 then they also compete against community
5 groups for contracts and they get the funding.
6 There's a clear conflict there. How can you
7 be part of the procurement process and then
8 also compete against people in the community?
9 This is happening all the time. We service
10 100 percent of the African-American community.

11 An example of huge disparities is
12 with HIV and AIDS. 68 percent of people
13 living with HIV today are African-American. I
14 see more than 200 people a month with HIV and
15 AIDS in my center and I don't get any funding
16 from the Health Department. I can't
17 understand why, if I'm providing services to
18 people that are affected by this disease, and
19 most of the funding is for people affected by
20 this disease, why are not dollars coming in to
21 community-based organizations?

22 I hear constituents saying all the
23 time, they don't want to go downtown. They're
24 tired of being told to go downtown for
25 services. It's not fair to the constituents

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2 to have to go outside of where they live at to
3 get services when there are providers in the
4 community that are capable of providing those
5 services that are not receiving funding.

6 They tell us that we don't have the
7 capacity to do the work. But we have the
8 capacity because they come to us and they use
9 our data. They come in and interview our
10 clients. They conduct surveys and they do all
11 the things that they need to to bring money
12 into the City. But then when the money comes
13 into the City, they develop proposals to keep
14 us out. They are systemically keeping us out
15 of the system. There are barriers that are
16 put up deliberately to keep black
17 organizations from receiving funding. And
18 we're saying that enough is enough. They're
19 making all kinds of excuses, but the bottom
20 line is that we don't receive the funding that
21 we should receive to provide these services.

22 COUNCILWOMAN TASCO: Also, the
23 Commissioner stated that PHMC provides
24 technical assistance to community
25 organizations. Have you ever received -- .

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2 MS. ROACH: No. I never received
3 technical assistance from anybody. And I know
4 that the City receives capacity building
5 dollars. We have never received any capacity
6 building assistance from the City. I don't
7 know where it goes, but it doesn't come to
8 people like us.

9 MS. WILLIAMS: I think that we need
10 to look at how these lists are developed of
11 community-based organizations. Who is
12 responsible for developing that list? Because
13 they have a way of prioritizing who gets what.

14 One of my greatest concerns right
15 now in North Philly is mental health issues.
16 We have no way of getting assistance to
17 families who are suffering from mental health
18 issues. Some of the folks who come home are
19 duly diagnosed. PHMC is also working with
20 those dollars. So PHMC has built themselves a
21 conglomerate basically.

22 So again, as Laura says, when those
23 RFPs come out, they write the RFP to meet the
24 needs of the person they want to give the
25 proposal to, and that's how it's done. So

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2 when organizations who are actually working
3 with these issues need funding to get to --
4 and we're not wherewithal either. We're
5 willing to work with professionals to make
6 sure that families get professional service.
7 I don't want to get that mixed up, because
8 we're not clinicians. We're not therapists
9 and we're not psychologists. But when folks
10 come into office and they're in need of those
11 services, if they're not in that community,
12 people will not go. They will not go to South
13 Philly for a therapeutic program.

14 We just did a partnership with
15 Jefferson's outpatient because they have a
16 forensic process. Our folks will not go to
17 South Philly to that program. We're trying to
18 work with Jefferson to bring the same program,
19 a satellite program, into North Philly because
20 our people are comfortable home with the
21 people that they know.

22 My staff right now is traveling all
23 over the City to get people to services. But
24 we can't get children who are walking around
25 with TSS workers, who speak another language.

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2 These children don't understand. All those
3 issues are straining these families to the
4 point that they're not functioning. And when
5 you have an organization like PHMC, who has
6 its hands in everything, and they're
7 determining who gets what.

8 Folks like us, if you say no or I'm
9 not going in that direction or it doesn't fit
10 in my community, then you are totally taken
11 out of the loop. So you've got to almost --
12 excuse my expression -- kiss butt. But some
13 of those don't believe in that, so we will
14 make do without. But I'm just saying when you
15 have organizations like PHMC who has a
16 connection to mental health, who has a
17 connection to Healthy Start, who has
18 connections to all of that, they are looked at
19 as a health conglomerate. The folks who are
20 doing the work never get the opportunity to.

21 COUNCILWOMAN TASCO: Thank you,
22 Madam Chair.

23 COUNCILWOMAN BLACKWELL: Thank you,
24 Councilwoman.

25 Councilman Clarke.

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2 COUNCILMAN CLARKE: Thank you, Madam
3 Chair.

4 I would just like to echo the
5 comments of my colleagues, Councilwoman
6 Blackwell and Councilwoman Tasco, and commend
7 you for the wonderful work that you've done,
8 particularly the work that you've done in
9 North Philadelphia.

10 Frankly speaking, without your
11 agencies, I would have no place to send some
12 of my constituents who have issues that we in
13 the City government cannot provide proper
14 assistance. When there looks like there's a
15 situation where there is no answer, you all
16 provide an answer. You all provide a service,
17 sometimes uncompensated, but always
18 under-compensated. So I want to thank you.

19 I agree with Councilwoman Tasco with
20 respect to the dolling out of resources, that
21 it has been done in an inequitable way, and I
22 will be there to support you and support my
23 colleagues on this very, very crucial issue.
24 Thank you for coming out and testifying.

25 MS. ROACH: Thank you. We

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2 appreciate that.

3 COUNCILMAN CLARKE: I'll talk to you
4 guys later on tonight.

5 COUNCILWOMAN BLACKWELL: Thank you
6 very much.

7 Councilwoman Blondell Reynolds
8 Brown.

9 COUNCILWOMAN BROWN: Thank you,
10 Madam Chair.

11 I want to underscore the comments
12 and remarks and support shared with you by
13 Councilwoman Tasco, who chairs the Committee
14 on Health and Human Services, and Councilman
15 Clarke. I am keenly aware of the inequity and
16 the humongous hurdles faced by Argyle
17 Simpkins' organization. I've become keenly
18 aware of what is happening in the Health
19 Department.

20 Councilwoman Tasco did invite a
21 number of us into a meeting to discuss this in
22 a way where we have their attention
23 one-on-one. I was not able to go to that
24 meeting, but I did pay attention to a letter
25 that she forwarded to the Mayor, so that we

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2 put this on a radar screen in a huge way. You
3 should be encouraged. We do have work to do.
4 But it takes exchanges like this and you all
5 just pulling our coattail repeatedly and
6 consistently to remind us that it's not right.

7 So let me thank you for bringing it
8 to my attention, because I was unaware of this
9 until Ms. Roach pulled my coattail a few
10 weeks. And then in talking with Councilwoman
11 Tasco, learned that you are right. It is
12 systemic and it needs to stop. Because you're
13 in trenches, you're on the front line and your
14 acknowledgment that professionals need to be a
15 part of the mix is important, but the bottom
16 line remains the first stop, if you will, is
17 at the doors of the agencies that you
18 represent.

19 So I have already had my
20 conversations both on and off the record with
21 the leadership and the board chairmanship at
22 PWDC and simply working with Councilwoman
23 Tasco. She takes the leadership on the other
24 issue in the Health Department. Thank you.

25 COUNCILWOMAN BLACKWELL: Thank you.

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2 Councilwoman Brown.

3 COUNCILWOMAN BROWN: We would be
4 remiss not to acknowledge the other agencies.
5 Did you acknowledge them?

6 COUNCILWOMAN BLACKWELL: Yes.

7 Thank you very much. I did not know
8 all of you were together. We certainly
9 welcome you and thank you for your patience
10 and we're glad to see all of you this
11 afternoon.

12 Please identify yourself for the
13 record and begin.

14 MS. BUNDY: Hello, everybody. My
15 name is Louise Bundy, and I'm one of the
16 co-founders of North Philadelphia Human
17 Services Development Corporation. I am also
18 chair for Sister for Street, and I'm also the
19 47th Ward chairperson and a few other things.
20 I'm on different boards.

21 MR. HALL: My name is Gary Hall.
22 God Bless.

23 MS. SIMS: My name is Regina Sims.

24 MS. BUNDY: I'm here today because
25 we have got to be able to get some help. I'm

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2 so happy to hear the things that ya'll said.
3 Most of the things I was going to say have
4 already been said. I mean, the answers has
5 been here. You all spoken. Naydira and them,
6 they said what they had to say. All that
7 stuff I was going to say.

8 I'm also here to say that they have
9 been wonderful -- I notice in the North
10 Philadelphia Human Services part anyhow, all
11 the different work that they have done. They
12 have done so much to help people. I'm talking
13 about from all over the City. People come in
14 there from different parts of the City and
15 they don't mind helping them. They have a lot
16 of patience, a lot understanding with the
17 people. The people like them a lot. They
18 like them. They put up with a lot of crap.

19 I was sitting there a few times and
20 listening to how people come and they say
21 things. And do you know what they do? They
22 listen to them and then they'll -- they may go
23 out of the room for a minute, and then they
24 come right back and they deal with them the
25 same way they would with me or you. That's a

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2 lot to take.

3 Like they said, a lot of people come
4 in that don't have nothing to eat. These
5 people don't have nowhere to stay. This is
6 heartwarming for people who don't have a place
7 that they can call home. They help a lot of
8 those people. They help people that come in
9 that have a place to stay, but they don't
10 really have a place to stay. Seniors come in
11 there. They don't have the proper food, the
12 proper clothing. They have people that are
13 families who come in with babies. They don't
14 know what to do about their babies. There's
15 all kinds of things going on. To be the front
16 runner like they are is kind of hard.

17 I may be one of the co-founders, but
18 they're doing the heavy work. I do what I
19 can, any time and any place. But I'm
20 constantly praying because I know that God is
21 the only one who can really handle a lot of
22 these problems. We do it with love and
23 compassion. But there's so much going on out
24 here that people need to wake up and realize
25 that it has nothing to do with how many people

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2 you're involved with or how powerful you are,
3 but that you have got to help other people.
4 Just because they don't have nothing doesn't
5 mean they shouldn't be helped. It's just not
6 right. Okay? That's how I feel about it.

7 I wanted to say something also. You
8 can go from A to Z and you will find something
9 being done at this organization in North
10 Philadelphia Human Services -- I do know -- to
11 help people, from babies, children, to seniors
12 and more. The staff is very patient,
13 courteous and pleasant to be around.

14 I don't like writing things down. I
15 think that each of you can say with honesty
16 that your children or seniors need the proper
17 funding at your centers or other facilities
18 that help these people, so that they can
19 continue their work and continue giving
20 support to these individuals who need it so
21 much.

22 Each president that was up here,
23 CEO, each one put up with a lot. I also want
24 to congratulate Council because I know that
25 you all have to put up with a lot when you

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2 have to hear what we have to say and have to
3 put in perspective where it's supposed to go.
4 The compassion part means a lot, also.

5 God bless all of you.

6 COUNCILWOMAN BLACKWELL: Thank you,
7 Ms. Bundy.

8 MR. HALL: Good afternoon,
9 Councilwoman Blackwell. My name is Gary Hall,
10 and I am the founder and executive director of
11 CAACY, Community Advocates Association for
12 Children and Youth. I'm only here to give you
13 a thumbnail view of information.

14 There's a packet that has the
15 Philadelphia Inquirer on it, which basically
16 gives you information about CAACY. And the
17 Philadelphia Inquirer has basically documented
18 the 25 years of services that we have provided
19 to children, youth and families. That's the
20 first document.

21 The next document is the
22 Philadelphia Weekly, which has also documented
23 the services CAACY has provided in
24 Philadelphia.

25 I also have a letter from Governor

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2 Rendell that has also recognized CAACY's work
3 in the community. We've also been recognized
4 by the District Attorney's Office for the work
5 that has been done in saving a child's life
6 who had been sexually molested for 10 years by
7 a step-parent who was also a police officer.
8 But there's a letter that also commends us for
9 the work that has been done on the protection
10 of a child who has been sexually abused by a
11 step-parent.

12 I should mention that our funding
13 comes from the Philadelphia Department of
14 Human Services, as well as State
15 Representative Frank Oliver. If it was not
16 for State Representative Frank Oliver for the
17 past four years, probably our doors would have
18 been closed.

19 My concern is that we're in an
20 environment that requires evidence and
21 outcomes, and CAACY basically had to go
22 through a process to prove that it had
23 outcomes that were positive in delivering
24 service. Being a small, non-profit
25 organization, we were not aware of the process

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2 that was involved in becoming evidenced-based
3 and producing outcomes that would produce
4 funds or dollars for providing services to
5 children and youth in the community.

6 The Department of Human Services has
7 received over \$600 million dollars in funds.
8 In this year that passed they received \$667
9 million, and next fiscal year they're going to
10 receive over \$700 million. And this agency
11 that is 25 years old has received \$500,000 in
12 cuts and funds because of the change in the
13 arrangement of funding. It is unfair. It is
14 very unfair for an agency that has been in the
15 community for 25 years to receive a 50 percent
16 cut in funding when our outcomes are
17 impeccable.

18 In a report that you have in your
19 packet called "Safety and Permanency," which
20 is done by the American Humane Society and the
21 Philadelphia Outcome Report, it shows that
22 CAACY indeed has favorable outcomes to provide
23 services to children, youth and families in
24 their home. CAACY indeed can prove that 83
25 percent of its clients come to them after a

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2 year do not go in placement. 90 percent of
3 the clients that come to them after a year do
4 not have an indicated report of abuse or
5 neglect. I also should mention that 70
6 percent of the clients that we receive do not
7 have a placement, do not have an indicated
8 report or a new SCO service after a year.

9 So the agency's track record and the
10 agency's outcomes over the 25 years have shown
11 that we are able to provide services to our
12 community. But for some reason, our cry is
13 like a cry in the darkness and we don't
14 receive the funding. So I just came in here
15 today to give you evidence that here is an
16 agency that has 25 years of services, has
17 provided services to the community. It's an
18 African-American agency. It has received
19 \$500,000 in cuts. We're in triage mode, and
20 the Department of Human Services has received
21 nothing but increases in funding from the
22 state in terms of BLOC grants.

23 I should also mention that when I
24 looked at the information in terms of dollars
25 DHS funding receives, in terms of the dollar

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2 figure, 90 percent comes from Title 20, Title
3 4E, Title 4B, Title 148. The other 10 percent
4 comes from the county. So when you look at
5 it, there's 90 percent from state and federal
6 dollars, and 10 percent comes from the county.
7 So there's enough money to help out
8 African-American agencies.

9 I just want to say that we really
10 need the Council to really take a look at the
11 equity in the distribution of funds. DHS in
12 their plan, in their implementation and budget
13 plan, has shown that they were trying to
14 change SCO services to children in their own
15 home, and they were implementing new programs
16 because they didn't think that SCO worked.
17 But the report that you have in front of you
18 will show you that the American Humane Society
19 and the Philadelphia Outcomes Report show that
20 SCO does work.

21 There's an old saying -- and I know
22 the bell rang -- that if there's no truth,
23 there's no relationship. It's about time when
24 we start talking about dealing with black folk
25 and black people in the community, we need to

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2 have a little bit more truth so we can have a
3 stronger relationship in strengthening the
4 families, and hopefully we can cut down on the
5 deaths in the community. Thank you.

6 COUNCILWOMAN BLACKWELL: Thank you.

7 MS. SIMS: Good afternoon. My name
8 is Regina Sims, and I'm a parent of a
9 handicapped child. I'm here to talk about how
10 the City and the departments are changing our
11 statuses.

12 Warren E. Smith. Warren E. Smith is
13 a family thing. It's an oriented family
14 thing. The way they're changing everything
15 around, talking about this entity and putting
16 us anywhere, throwing people here, throwing
17 people there, handicapped here, handicapped
18 there, that's not right at all. That is not
19 right. They should not bother with Warren E.
20 Smith, but just give Warren E. Smith extra
21 money to help us to continue to be in the
22 family organization that we are together.

23 I don't approve of how everyone is
24 trying to break up Warren E. Smith and take
25 Warren E. Smith down the gutter because they

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2 don't think it's working. It works. It works
3 for me. It works for everybody that's in that
4 program.

5 Warren E. Smith is a
6 family-oriented thing. They want to bring in
7 this entity thing. What is an entity? I do
8 not understand and neither do the other
9 parents that are coming in.

10 Warren E. Smith handles over 2,500
11 families. And after they get rid of the
12 little bit of money that the City and the
13 Congress and the state want to give Warren E.
14 Smith, they're trying to take Warren E. Smith
15 and shove them under the rug. And not only
16 shove them under the rug, they want Warren E.
17 Smith to teach somebody from Jersey, from New
18 York or other different places. They feel
19 like bringing other people in. They want to
20 teach them and give them their jobs, and
21 that's not right.

22 Why would you take and bring
23 somebody into something that is already
24 working for us families, and then want to
25 break families up and try to just ask us where

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2 we want to go? You don't know where we want
3 to go. We want to stay with Warren E. Smith.
4 That's our feeling. That's the way I feel,
5 and all of the 2,500 families that I've been
6 in and with.

7 Warren E. Smith is looking for
8 Warren E. Smith. It's not fair the way this
9 City and everybody wants to take and just cut
10 that program completely out.

11 Now, they're going to talk about
12 unemployment. They're ready to get rid of the
13 people that are working at Warren E. Smith
14 once they teach the people they want them to
15 teach, and get them out of here. That's not
16 right.

17 Cathy Sykes did not like the way I
18 talked to her at the meeting we had at 1315
19 Windrim. She did not like it. She couldn't
20 even explain what an entity was to us. She
21 didn't even know. But yet, ya'll want to
22 phase out Warren E. Smith and then bring in
23 some, quote/unquote, entity. Don't nobody
24 understand about no entity. Why would you all
25 want to take and mess up a family organization

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2 that's working with us in our communities, in
3 North Philly, South Philly, West Philly, and
4 Germantown? All over this City they work with
5 us.

6 We are a family group thing. And my
7 daughter and me, we don't understand what
8 this, quote/unquote again, entity is. Do
9 ya'll know? No, you do not know. Does
10 anybody in here know what an entity is? No,
11 they don't. But they're ready to phase out
12 Warren E. Smith, and that's not right.

13 Why are you going to take something
14 that's working and break it up? Once you
15 break it up, you're going to want to bring
16 everybody back to, quote/unquote again, Warren
17 E. Smith. They're going to try to get us back
18 in there under the Warren E. Smith group, and
19 then ya'll are going say, oh, I'm sorry. The
20 entity didn't work. That's what everybody is
21 going to say. The entity didn't work. But
22 now we've got to go back to Warren E. Smith.
23 That's not fair. They should have never
24 bothered with something that is already
25 working for the people that have a handicapped

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2 child.

3 Anybody who is in here that has a
4 handicapped child, you know what, you all
5 throw them in a barn or in an institution and
6 don't care. Well, I have my daughter at home,
7 and there's 2,400 other families that have
8 their children at home. Warren E. Smith comes
9 out to our homes. Our case managers are good
10 to us. We're good to them. We work together.
11 We're a family. Why break it up? Once you
12 break it up, what are you going to do when
13 ya'll can't put it back together? Oh, then
14 we're going to call it Warren E. Smith again.
15 And then you're going to say, the entity
16 didn't work, so we got to take that out. But
17 ya'll don't want to give Warren E. Smith no
18 more extra money. They don't want to help the
19 families and help the case managers continue
20 to help the families.

21 COUNCIL PRESIDENT Verna: Excuse me.
22 Would you starting concluding your testimony,
23 because your time is up?

24 MS. SIMS: I didn't hear the bell.

25 COUNCIL PRESIDENT Verna: It did

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2 ring, so if you will conclude. We have a
3 number of witnesses that still would like to
4 testimony.

5 MS. SIMS: I will.

6 In conclusion, as I was saying, the
7 entity that everybody wants to bring into
8 Warren E. Smith is not fair. Nobody
9 understands. Ya'll don't understand it, but
10 yet you want to break up the family of Warren
11 E. Smith. That's my conclusion.

12 COUNCIL PRESIDENT Verna: Thank you
13 very much. Thank you all very much.

14 (Applause.)

15 COUNCIL PRESIDENT Verna: The two
16 witnesses that are here, have you been heard
17 yet?

18 I'm sorry. Councilwoman Brown, then
19 Councilwoman Tasco, then Councilman Ramos.

20 Councilwoman Brown.

21 COUNCILWOMAN BROWN: Thank you,
22 Madam Chair.

23 I don't want to beat a dead horse,
24 the remarks that I made for the prior panel
25 also applies to the testifiers there. You do

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2 not have to answer this in this forum. I
3 would be curious to know, however, if the
4 support that you've received from Frank
5 Oliver, Representative Oliver, District
6 Attorney Lynne Abraham and others who know
7 well of your work, if you made sure that that
8 has resonated with the agency that's making
9 the decisions about funding.

10 So just think about that, because
11 it's important that those worlds connect.
12 Because ultimately it's DHS that is rendering
13 the judgment, if you will, on whether or not
14 you get funded. If others know well of the
15 work that you're doing, particularly the cases
16 that you've presented, they're heart-wrenching
17 and speak well as to how valuable the service
18 is, and that's good. But in the world we live
19 in it matters more to make sure that those who
20 ultimately make those funding decisions know
21 that you have the level of support that you
22 have, both elected officials and otherwise.
23 Do you follow me?

24 MR. HALL: Yes.

25 COUNCILWOMAN BROWN: Thank you,

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2 Madam Chair.

3 COUNCIL PRESIDENT Verna: You're
4 welcome.

5 The Chair recognizes Councilwoman
6 Tasco.

7 COUNCILWOMAN TASC0: Yes. Again,
8 colleagues on Council, this whole situation is
9 not only with the Health Department, but with
10 DHS. We've looked at through the past several
11 years how the funding stream has left the
12 African-American community and has been
13 diverted to other communities for services in
14 the African-American community, and I think
15 it's a travesty that we have these
16 organizations -- and I worked with you when I
17 was in Congressman Gray's office, you were
18 working with CAACY then -- to provide services
19 in the community and these groups are still
20 struggling. It just doesn't make any sense.
21 I don't know who's in charge at this point.
22 But I certainly call on our colleagues. We
23 have an opportunity to do something about it
24 and we have to do something about it.

25 To the young lady who came in here,

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2 all of my colleagues have received letters
3 that I have written about Warren E. Smith.
4 Since I have been in City Council we have had
5 to struggle with the effort to dismantle
6 Warren E. Smith.

7 Warren E. Smith is a community
8 health program in the North Philadelphia
9 catchman areas from Girard Avenue to
10 Cheltenham, and a little bit over in the
11 Germantown area, over to Front Street. The
12 majority of problems are there. There are a
13 lot of agencies that want to capture the
14 services from Warren E. Smith and put this
15 agency out of business.

16 We met a few weeks ago with the
17 Department of Health to talk about the process
18 in which they set up to dismantle Warren E.
19 Smith. They're going to take away the
20 services, the ability of Warren E. Smith to
21 deliver these services, take the employees and
22 let the new entity hire these people to work
23 in their community, but the administration
24 goes to entities that were not set up, but
25 have been organized through people in the

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2 Health Department who are their buddies so
3 that they can get these contracts, divert the
4 money away from Warren E. Smith, an
5 African-American community, with employees in
6 an African-American community, serving
7 African-Americans. These people now have to
8 go elsewhere to get their services. It's not
9 right.

10 I've talked to the Mayor. I want
11 the providers to know that Shirley Kitchen,
12 State Representative, would have been here
13 today, but she's working in Harrisburg. She
14 told me yesterday she's finally gotten the ear
15 of her colleagues in the Senate because it
16 also -- she has to address this at the state
17 level because the money flows from the state.
18 The contract that is going to these entities
19 should be stopped -- and I've told the Mayor
20 -- because the process by which it was done
21 was not fair.

22 So these people are not here because
23 they just want to gripe. They are here
24 because this is a serious issue. The
25 providers have constantly talked to us about

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2 it. I'm glad to see they have organized it.

3 It has come to a head. Because we do have
4 control in Council, as well as with our state
5 legislators because we control the budget.

6 Now, a lot of these dollars are
7 grant dollars. That's why it's important to
8 talk to our state elected officials because
9 they can use their leverage at the state to
10 halt the dollars.

11 It's not fair what is happening.
12 There has been an ongoing effort to dismantle
13 this organization. As Laura said, they
14 provide services in the community. The
15 dollars are turned around in the community,
16 and now the dollars will not be turned around
17 in the community. They will be turned around
18 someplace else not in this City. We're
19 sitting here talking about cutting recreation
20 centers, libraries, fire departments, police,
21 and the dollars are flowing to the suburbs.
22 It is not right. So I want to support it as
23 Council --

24 (Applause.)

25 COUNCILWOMAN TASC0: -- on this

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2 matter because it's not right. And again, I
3 don't know who is in charge because it seems
4 like, as David Cohen says, the inmates are
5 running the asylum. Thank you.

6 (Applause.)

7 COUNCIL PRESIDENT VERNA:

8 Councilwoman, I have seen copies of your
9 correspondence regarding this issue, and I
10 think you should know that you would certainly
11 have the support of all of your colleagues on
12 this. Thank you very much.

13 (Applause.)

14 COUNCIL PRESIDENT VERNA: The Chair
15 recognizes Councilman Ramos.

16 COUNCILMAN RAMOS: I just have a
17 point of clarification, if Mr. Hall can help
18 me understand this.

19 In the paperwork that you provided
20 us in the package, you have a letter here
21 dated February 6th, 2001 from MBEC stating
22 that you were being certified as a minority
23 business. But then you get a letter on
24 January 16th of this year saying that you've
25 been dis-certified. Just explain to me, what

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2 are you saying by including these letters in
3 your package?

4 MR. HALL: What I'm saying is that
5 things are being dismantled for
6 African-American agencies. The first letter
7 came from Mr. Roundtree. This is the
8 procurement process. We were supposed to be
9 identified as a minority business.

10 COUNCILMAN RAMOS: And you were,
11 according to this letter.

12 MR. HALL: Right. So we went back
13 to the administration because this first
14 letter, the expiration date was February 6th,
15 2004. So we just wanted to renew the letter
16 with the new administration, which was under
17 Mr. Michael Williams. And they said that we
18 know longer can be approved. So I just wanted
19 someone, the Council, to review that because I
20 don't understand why I'm not considered as a
21 minority business because I'm a non-profit
22 entity and I just happen to be an
23 African-American non-profit organization. So,
24 once again it's another cut to move us out.
25 So I just needed to bring that to your

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2 attention. This is just evidence of what's
3 going on with minority agencies.

4 And then in the last paragraph, "We
5 encourage you to include for-profit
6 minorities." If I can't be included, how can
7 include for-profit organizations? Do you
8 understand what I'm saying?

9 COUNCILMAN RAMOS: I'm hearing you.

10 MR. HALL: The letter is confusing.
11 It's just another example of what's going on
12 with minority organizations.

13 COUNCILMAN RAMOS: Have you
14 addressed this with the new director of MBEC
15 of why you have been disqualified after you
16 were qualified in February of 2001?

17 MR. HALL: I will send a letter to
18 him and ask him that question. The answer to
19 your question is, no, I haven't. I just got
20 the letter.

21 COUNCILMAN RAMOS: It was addressed
22 on January 16th, but you got it on May 5th?

23 MR. HALL: That's exactly what
24 happened. That's exactly what happened.

25 COUNCILMAN RAMOS: Mr. Hall, I would

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2 like to give you a hand, if you'll permit me,
3 to inquire about this. Because the same rules
4 applied back on January, 6th of 2001 as they
5 applied on January, 6th of 2004, unless there
6 have been some changes here in MBEC statutes
7 that I don't know about. But I'll be glad to
8 assist you.

9 MR. HALL: I would love your
10 support.

11 COUNCILMAN RAMOS: You got it.
12 (Applause.)

13 COUNCIL PRESIDENT Verna: Thank you.
14 The Chair recognizes Councilwoman
15 Brown.

16 COUNCILWOMAN BROWN: I am next
17 because it was not a point of information.

18 I should just put on the record, and
19 you should be advised, that during the budget
20 testimony of Commissioner Alba Martinez, I
21 believe we asked a question directly, how many
22 agencies are led by men of color? Because --
23 I guess you would call it unofficial
24 information -- I've learned that is not real
25 in our community and that is a real concern

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2 for me when it is typically -- I don't know
3 the numbers -- young people, young men of
4 color who are in the system. So we were
5 informed that that hard data information would
6 have been gotten back to us. But it's
7 consistent with the issues that have been
8 raised by Councilwoman Tasco and others. It's
9 just another part of that pie.

10 MR. HALL: And do you remember when
11 you asked Commissioner Alba Martinez that
12 question?

13 COUNCILWOMAN BROWN: It was during
14 budget testimony. I cannot give you a date.
15 But we're waiting for the hard data.

16 MR. HALL: You know she's leaving,
17 right?

18 COUNCILWOMAN BROWN: I'm very much
19 aware. She has deputies, however. We expect
20 that we will get the information.

21 MR. HALL: Thank you very much.

22 COUNCILWOMAN BROWN: Thank you,
23 Madam President.

24 COUNCIL PRESIDENT Verna: Thank you.

25 The two people sitting here, are you

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2 scheduled to testify?

3 MS. SMITH: Yes.

4 COUNCIL PRESIDENT VERNA: What is
5 your name?

6 MS. SMITH: Leona Smith.

7 COUNCIL PRESIDENT VERNA: Please
8 approach the witness table.

9 COUNCIL PRESIDENT VERNA: And again
10 your name is?

11 MR. MOORE: Kaseem Moore.

12 COUNCIL PRESIDENT VERNA: Please
13 identify yourself for the record. I'm going
14 to ask you to be as brief as possible because
15 we do have a number of people that have been
16 waiting to testify. Thank you very much.

17 MS. SMITH: I understand.

18 COUNCIL PRESIDENT VERNA: Kindly
19 identify yourself for the record.

20 MS. SMITH: My name is Leona Smith.

21 COUNCIL PRESIDENT VERNA: Please
22 proceed.

23 MS. SMITH: First, I want to say
24 good afternoon to Members of Council.

25 I'd like for the record to reflect

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2 that I certainly support my colleagues,
3 Naydira, and Laura Roach, and my organization
4 truly supports everything that they have
5 testified today. And it's nothing new.
6 Because discrimination has within
7 African-American programs -- and I'm a
8 director of my program, a training program for
9 incarcerated women. We have been
10 discriminated against for a long period of
11 time.

12 And I would like to commend
13 Councilwoman Tasco and Councilwoman Jannie
14 Blackwell, as well as the full entire Council,
15 for recognizing and taking a final position to
16 do something. And I hope something gets done
17 about what is occurring here in the City of
18 Philadelphia.

19 I come here today with many
20 concerns. As I sat here and listened this
21 morning, I became outraged as a 40-year
22 activist, that any time -- what have we come
23 to that we would close recreation centers,
24 close various programs, pools for our
25 children? What have we come to today?

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2 I often hear about tax breaks, tax
3 breaks and tax breaks. We as poor people, we
4 never benefited from those tax breaks. As a
5 matter of fact, as a homeowner, my taxes went
6 up instead of going down. So anytime that we
7 cut services and programs based on the fact of
8 comparing for Safe Streets versus children,
9 it's a big concern. Comparing monies downtown
10 being rebuilt, as I see all the time -- I was
11 just out there this morning and I heard all
12 kinds of construction going on. Yet we're
13 going to cut programs for the future of our
14 children. We're going to pay one or another.
15 I work in a prison. Taxpayers and our
16 taxpayer dollars are going to pay \$35,000 a
17 year for incarceration for one person. So you
18 pay now or you're going to pay later.

19 Our children, that's the only
20 recreation our children have as a poor people.
21 We don't have the luxury of having a pool
22 built out in our backyard. We don't have that
23 type of luxury. I'm just so outraged by the
24 fact that these services for our babies are
25 threatening to be cut. We're not going take

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2 it lying down.

3 Let the record reflect that we will
4 organize in our communities -- and I'm telling
5 you this right now because it has already
6 begun -- to stop whatever is being done here
7 because our children are our future, and we
8 want to make sure that they grow up to be the
9 best that they can be, just like anybody else.

10 The other thing that I would like to
11 share with you in terms -- every other
12 category has a line item for funding. The
13 prison that I work at is low max security.
14 There's no line item and no category that
15 provides any level of resources to deal with
16 that population. They're discriminated
17 against in the job market. They're not
18 eligible for any subsidized housing. You have
19 the workforce that's discriminated against
20 because, even though they committed a very low
21 crime, they're discriminated against the
22 employment -- just got welfare back on. Of
23 course we know that welfare has never been the
24 answer. Yet there's no line item to deal
25 specifically with that population.

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2 Now, you have a line item for
3 homelessness, and I know because I was a
4 homeless advocate for many, many, many years.
5 And again, even with the homeless population,
6 you don't have no African-American
7 organizations that are running those agencies.
8 They're all white that's running those
9 agencies.

10 Let me finish because I know I sat
11 here all morning long and a lot of people
12 talked longer than what I did. So at this
13 point in time, if you allow me to conclude
14 what I have to say, I would certainly
15 appreciate it.

16 COUNCIL PRESIDENT VERNA: Please
17 conclude.

18 MS. SMITH: Thank you. I certainly
19 will.

20 What I'm saying to you is that this
21 City has to look at what you're doing and
22 change things. I agree with Councilman
23 Nutter, that things have to be done
24 differently today than it was done yesterday.
25 If not, I think that we are all going to

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2 regret what is happening here at this point in
3 time in the City of Philadelphia.

4 So I urge you to consider everything
5 that I just said to you this afternoon. Think
6 about how you're going to put some resources
7 to provide some services for the population,
8 and it will save the City of Philadelphia some
9 money at the end.

10 COUNCIL PRESIDENT VERNA: Thank you
11 very much.

12 Please identify yourself for the
13 record and proceed with your testimony.

14 MR. MOORE: Good afternoon. My name
15 is Kaseem Moore, president and CEO of a
16 company that specializes in reintegrating
17 ex-offenders back into the community.

18 What I'd like to talk about is some
19 of the concerns that we see on a daily basis
20 from individuals coming in, mostly adult males
21 coming out of state correctional institutions
22 and the problems that they face once they get
23 on the street. There needs to be more
24 resources available for these individuals.

25 We sentence people to terms in

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2 prisons, and we say that, you know, do your
3 time, get on with your life, become a
4 productive member of society. That's very
5 difficult to do when you can't get basic
6 medical care. You can't find housing, you
7 can't find employment because of your criminal
8 background. I think what people fail to
9 understand is that, not only does it affect
10 the ex-offenders himself, but it also affects
11 their spouse. It affects their children. And
12 those issues are not being addressed. There
13 needs more contracts and more resources given
14 to individuals who have an invested interest
15 in seeing these people succeed.

16 One of the things that we always try
17 to strive on is that we have an invested
18 interest in seeing these guys make it because
19 when they don't make it, they end up in our
20 communities.

21 It's also just as important that we
22 recognize these, quote/unquote, ex-offenders
23 as individuals; individuals who have needs and
24 who have wants. There are a lot of people who
25 want to support their families, who want to

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2 support their children, but unfortunately the
3 system is not geared to give them a fair
4 chance of doing those things.

5 I also want to state that I know a
6 lot of people come from the premise of -- that
7 people are individuals that have never had a
8 crime committed against them. I need to say
9 that I've had a brother who was murdered.
10 I've had another brother who was severely
11 beaten. Neither one of those individuals were
12 committing a crime or selling drugs at the of
13 their injuries or of their death. But I still
14 feel that if we're going to send people to
15 correctional institutions, prisons, for,
16 quote/unquote, rehabilitation, then we need to
17 continue that process once they get out in the
18 street. Thank you for your time.

19 COUNCIL PRESIDENT Verna: Thank you
20 very much.

21 The Chair recognizes Councilwoman
22 Blackwell.

23 COUNCILWOMAN BLACKWELL: Thank you,
24 Madam President.

25 We certainly want to thank Leona

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2 Smith and all who have testified. We worked
3 with her many, many times. She's helped a lot
4 of people in need over the years, and
5 certainly we want to say a special thank you
6 for your commitment to people in need.

7 MS. SMITH: Thank you.

8 COUNCILWOMAN BLACKWELL: Thank you,
9 Madam President.

10 COUNCIL PRESIDENT Verna: Thank you.

11 The Chair recognizes Councilwoman
12 Tasco.

13 COUNCILWOMAN TASC0: Thank you.

14 I too want to say, nice to see you,
15 Leona. I remember the exciting days in this
16 Council when you were advocating for the
17 homeless. You did a fine job.

18 MS. SMITH: Thank you.

19 COUNCILWOMAN TASC0: To the
20 gentleman, Haseem Moore, do you receive
21 funding for your program from the City?

22 MR. MOORE: No, we do not. We're in
23 the process of waiting for a reply from our
24 bid to the state DOC.

25 COUNCILWOMAN TASC0: Department of

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2 Corrections?

3 MR. MOORE: Department of
4 Corrections, that's correct.

5 COUNCIL PRESIDENT VERNA: Thank you
6 very much.

7 Any other questions or comments from
8 Members of the Committee?

9 (No response.)

10 COUNCIL PRESIDENT VERNA: Seeing
11 none, I thank you very much.

12 Good afternoon. I know that you've
13 been here since early this morning. I really
14 thank you for your patience. Please identify
15 yourself for the record and proceed with your
16 testimony.

17 MR. BRAXTON: Thank you. My name is
18 John Braxton, and I'm the co-president of the
19 faculty and staff federation at Community
20 College of Philadelphia. I appreciate all the
21 Councilmembers' time. I know all of you have
22 been waiting a long time also and hearing lots
23 of testimony. We have several of my
24 colleagues here in the room today, and I hope
25 that they can just be recognized. We won't go

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2 through their names. I'll be the only one
3 presenting testimony in order to save time.

4 I want to make two main points.
5 The first is that the Community College of
6 Philadelphia is facing an unprecedented crisis
7 in funding. Community colleges were created
8 40 years ago for the purposes of providing
9 access to higher education for all who may
10 benefit, and that system is in more danger
11 today than it has been at any other time due
12 to inadequate public funding.

13 The state legislature has, for the
14 first time ever, decided not to fund community
15 colleges on a per student basis. In a time of
16 increasing enrollment at community colleges,
17 this results in substantially less money per
18 student.

19 At the same time the Mayor is
20 proposing a \$750,000 cut in funding for
21 Community College of Philadelphia. These
22 numbers simply do not add up to successful
23 outcomes for our students or for our
24 communities. Someone has to pay for the
25 shortfall.

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2 In the short run it's the students
3 who are being hit with unprecedented tuition
4 and fee hikes, as well as the faculty,
5 two-thirds of whom continue to work as
6 unfairly paid part-time instructors. Our
7 union represents approximately 400 full-time
8 faculty and approximately 800 part-time
9 faculty. I want to say more about those
10 part-time faculty in a little bit.

11 In the short run the students are
12 paying the price of the shortfall in funding.
13 In the long run we all pay the price because
14 students who are denied access to class
15 because of economic hardship are less
16 productive in the workforce, less able to find
17 well-paying jobs that build our tax base, and
18 more likely to become a drain on City
19 services.

20 As the president of Philadelphia
21 Community College said last week, President
22 Curtis explained that the act of creating the
23 community colleges calls for operating costs
24 of the college to be split three ways;
25 one-third by the City, one-third by the local

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2 sponsor, the City that is, one-third from the
3 state and one-third from tuition. But today
4 the funding picture is very much out of whack
5 with that, with the state contributing just
6 under one-third, 31 percent, the City only
7 about 17 percent, and the students, for the
8 first time ever, are being asked to pay over
9 50 percent of the cost for Community college.

10 With enrollment costs increasing and
11 public funding decreasing, CCP has had to
12 institute unprecedented tuition and fee
13 increases. As President Curtis explained last
14 week, it means a CCP student will have to pay
15 at least 15 percent more in tuition and fees
16 this coming term, and because of new fees for
17 laboratory, clinic courses and certain other
18 courses, one in five students pay 30 or 40
19 percent more than previously.

20 Clearly it's a difficult time to be
21 a student at Community College of
22 Philadelphia. But beyond that, the problem
23 that should be of concern of all is this: At
24 what point in this scheme of tuition and fee
25 increases do we begin making college

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2 unaffordable for some of our students? At
3 what point will some or even many students
4 simply give up on the idea of college because
5 of the funding decisions of legislature and
6 local sponsors of community colleges? At what
7 point are we as a society, as a City, giving
8 up on the promise of access to higher
9 education for all our citizens who may
10 benefit? And so we wholeheartedly join
11 President Curtis in urging Council to restore
12 the \$750,000 that were cut from last year's
13 Community College of Philadelphia funding as a
14 crucial step towards maintaining that promise.

15 The second point that I would like
16 to make then has to do -- the first point was
17 to request to restore the cuts. The second
18 point has to do with the fact that we think
19 Community College of Philadelphia is not
20 dealing in good faith with its faculty, and
21 City Council has not yet heard the whole story
22 with respect to the over-use and abuse of
23 part-time faculty.

24 In return for the funding it
25 receives from the City, CCP obviously needs to

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2 be accountable to this Body for the way it
3 uses the funds for its educational program.
4 As co-president of the faculty and staff
5 union, I would like to briefly outline two
6 areas where we believe the college
7 administration should be a better steward of
8 the public funds it receives in matters of
9 concerns to the faculty.

10 First, the college's failure to have
11 at least 60 percent of the credit courses
12 taught by full-time faculty. And second, the
13 over-use and abuse of part-time faculty.

14 First, there is a problem at the
15 college with the administration not hiring
16 sufficient full-time faculty to meet the
17 full-time/part-time ratio, which is a
18 requirement provided in the labor contract
19 that at least 60 percent of the courses be
20 taught by full-time faculty, of the credit
21 courses. The college administration has not
22 met that requirement for the past four or five
23 semesters, and appears to have no plan in
24 place to make up the considerable number of
25 sessions by which it has fallen short.

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2 Contrary to the impression left by
3 President Curtis when he testified before
4 Council last week, this is not merely business
5 as usual. It is a serious and inexplicable
6 breach of faith with the faculty and with
7 students as well, which our union has had no
8 choice but to take to arbitration.

9 We will deal with this through the
10 arbitration process, but I bring it to your
11 attention today because this problem is
12 exacerbated by the funding crisis, and City
13 Council does have the power to help ease the
14 funding problem.

15 I also bring to your attention the
16 college's failure to abide by the 60/40 ratio
17 because I hope that next year when Community
18 College administrators testify before City
19 Council, you will ask them if they have
20 learned to abide by the 60/40 ratio provision
21 of the collective bargaining agreement.

22 Second and finally, contrary to what
23 President Curtis said here this last week,
24 there is more controversy than ever at the
25 college about the situation of part-time

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2 faculty. The most significant development
3 since last year is the report published in
4 October of 2003 by the state legislator's
5 joint state government commission, which is
6 called "Part-time Faculty at Institutions of
7 Higher Education in the Commonwealth of
8 Pennsylvania." The report was a result of a
9 study authorized by the House, a resolution
10 introduced by State Representative James
11 Roebuck from West Philadelphia, who also sits
12 on the Community College Board of Directors.
13 Among other things, the report recommends that
14 part-time Community College instructors be
15 paid a fair salary vis-a-vis full-time
16 instructors based on the extent to which their
17 relative qualifications, experience, and job
18 responsibilities are similar to and different
19 from those of full-time faculty members.

20 It is not enough to assert, as
21 President Curtis did here last week, that the
22 more than 800 instructors at CCP are treated
23 fairly. The fact of the matter is that they
24 do essentially the same work, have essentially
25 the same qualifications, a master's degree,

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2 and in accordance with their years of
3 experience, should be paid essentially the
4 same wages per course as their full-time
5 counterparts.

6 President Curtis did not mention
7 that part-time faculty are not paid to hold
8 office hours. What does this say about our
9 commitment to students or our sense of
10 fairness to instructors who hold office hours
11 without compensation? Remember, we are
12 talking about 40 percent of the credit courses
13 being taught by part-time faculty affecting
14 nearly all of our 30,500 credit students.
15 These part-time faculty sometime teach at two
16 or three area colleges, where they make a
17 total in a year of \$24,000 by teaching the
18 same number of courses that their full-time
19 colleagues teach at one institution, who on
20 the average make twice that salary.
21 Meanwhile, the average CCP graduate with a
22 two-year associate's degree earns a \$35,000
23 salary. Is this any way to run a college?

24 COUNCIL PRESIDENT Verna: Please
25 conclude, if you will.

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2 MR. BRAXTON: I just have a little
3 bit more to conclude.

4 President Curtis neglected to refer
5 to the re-opener provision in our collective
6 bargaining agreement which enables the
7 salaries of part-time faculty to be increased,
8 should either the state legislature or the
9 City appropriate new funds specifically for
10 the purpose of improving part-time salaries.

11 President Curtis left the false
12 impression that because we have two more years
13 before our contract expires, Council cannot do
14 anything to change part-time pay rates. I
15 repeat, that's false. I'd be happy to show
16 Councilmembers the contract provision that
17 specifically provides for new negotiations and
18 arbitration if additional money is
19 appropriated for improving part-time pay.

20 In conclusion, the tuition and fee
21 crisis confronting our students is the new
22 face of the problem at Community College
23 underfunding. The old face, a problem long in
24 the making, is the unfair and inadequate pay
25 received by part-time faculty. We therefore

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2 ask Council to address both these problems
3 in the 2004/2005 budget. First by restoring
4 the \$750,000 for the college's operating
5 costs. And second, by appropriating
6 \$800,000, in addition to begin to improve the
7 inadequate pay received by part-time faculty.

8 The Pennsylvania Task Force on
9 Part-time Faculty in its recommendations,
10 recommended that the state provide a \$4
11 million fund to increase funding to community
12 colleges to begin to correct the pay
13 inequities for part-time faculty. We ask that
14 the City of Philadelphia also pay its fair
15 share by appropriating \$800,000 for pay equity
16 for part-time faculty. Thank you very much.

17 COUNCIL PRESIDENT VERNA: Thank you
18 very much.

19 The Chair recognizes Councilwoman
20 Tasco.

21 COUNCILWOMAN TASCO: Good afternoon.
22 You answered one of my questions about the
23 part-timers and the issue of renegotiating the
24 contract if you get additional dollars.

25 What is the board's position on the

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2 staffing ratio? You talked about the
3 requirement that you should have 60 percent
4 full-time and 40 percent part-time. What is
5 the board doing about that?

6 MR. BRAXTON: I'm not sure if the
7 board itself is doing anything. The
8 administration, I think, has been in contact
9 with the board and has told them that they are
10 out of compliance. The administration's
11 position is what I can speak of, because
12 they've told us about that. And they have
13 said that they intend to come back into
14 compliance, that they intend to make up the
15 number of sessions that they fell short of
16 over the past two years, but they don't make
17 any commitment as to when that will be.

18 COUNCILWOMAN TASCO: What is the
19 board's role in all of this?

20 MR. BRAXTON: Well, I think the
21 board's role should be to enforce the
22 collective bargaining agreement.

23 COUNCILWOMAN TASCO: Have you made
24 contact with the board? Have you all
25 addressed the board in any way?

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2 MR. BRAXTON: We have to some
3 degree. Legally, we're supposed to address
4 our contacts to the administration, who is
5 supposed to pass this on to the board. We
6 have made the board aware of this by giving
7 them leaflets before one of their recent
8 meetings.

9 We are also in touch with some of
10 the board members individually. But so far
11 it's the administration's position that's
12 prevailing, which is they are saying that they
13 will try to make it up, but they're not saying
14 when.

15 COUNCILWOMAN TASCO: Thank you,
16 Madam President.

17 COUNCIL PRESIDENT Verna: Thank you.

18 Are there any other questions or
19 comments from Members of the Committee?

20 (No response.)

21 COUNCIL PRESIDENT Verna: Seeing
22 none, thank you so much.

23 Good afternoon. Thank you for your
24 patience. Please identify yourself for the
25 record and proceed with your testimony.

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2 MR. HANLEY: Thank you. My name is
3 Joseph Hanley.

4 Council President Verna and other
5 Members of City Council, again my name is
6 Joseph Hanley. I am a senior property
7 administrator for PNC Bank. However, this
8 afternoon I'm here in the capacity as vice
9 president of the Building Owners and Managers
10 Association, commonly referred to as BOMA, to
11 testify on behalf of the Philadelphia Tax
12 Reform Commission Bills 040009 through 040021.

13 As a non-profit organization whose
14 members provide over 90 million square feet of
15 workplace throughout the City and the
16 tri-state area, BOMA supports meaningful tax
17 reform within Philadelphia. These are some of
18 the City-related facts in which BOMA members'
19 buildings provide:

20 51 million square feet of office
21 space. Excess of 500,000 office workers.
22 Assessed real estate value in excess of \$1.6
23 billion. Annual real estate tax revenue to
24 the City of approximately \$133 million.
25 Annual tax revenue, including City wage,

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2 business privilege, use and occupancy, and
3 Center City district assessment totaling \$1.16
4 billion.

5 As real estate professionals in the
6 Philadelphia area, BOMA members work with two
7 types of companies and organizations; tenants
8 whose businesses operate within the City who
9 struggle with the decision of whether to
10 remain in Philadelphia or to relocate
11 somewhere outside the City limits, and
12 prospective tenants that are considering a
13 move to the City or the region.

14 Based from discussions with our
15 tenants and potential tenants, the number one
16 concern is that businesses located within the
17 City shoulder a tax burden that businesses
18 outside the City do not. The current inequity
19 tax structure is a major barrier to future
20 growth and prosperity within the City of
21 Philadelphia.

22 Creating equity in the City's tax
23 structure is just one of the issues involved
24 here. More importantly, tax reform is about
25 creating an environment that will foster

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2 growth, generate new jobs and improve the
3 overall quality of life throughout the City
4 and its neighborhoods. Meaningful tax reform
5 will benefit us all. The failure to undertake
6 meaningful tax reform, on the other hand, can
7 have devastating consequences to the City.

8 In recent months, we have been kept
9 afloat by the fact that several large
10 corporations and major employers with upcoming
11 lease expirations have made the decision to
12 remain in the City. This news follows a long
13 decline in the City's employment base.

14 Currently the vacated rate in
15 Philadelphia's central business district
16 stands at approximately 14 percent, up from
17 8.6 percent in 2001. At the same time, the
18 inventory of office space has shrunk by 1.5
19 million square feet, due to conversions of
20 office space to more productive uses,
21 including residential real estate. The
22 current vacancy rate would have been even
23 higher had not this been the case. New
24 construction currently in progress, as well as
25 proposed new office towers, could well

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2 aggravate the current vacancy rate if new bold
3 tax initiatives are not undertaken now.

4 It is important to note that many of
5 the recent transactions may not have happened
6 without major economic concessions by the City
7 and the Commonwealth of Pennsylvania. While
8 strategies such as one-off transactions and
9 certain KOIZs benefit specific employers who
10 have the right connections yield results in
11 terms of retention, these are piece meal
12 strategies at best, and furthermore aggravate
13 the inherent inequity of the current tax
14 structure, in so far as other property owners
15 and residents end up shouldering the tax
16 burden. These piece meal strategies hamper
17 the City's ability to facilitate a long-term
18 plan for benefiting the community as a whole.

19 What we are facing is simple
20 economics of supply and demand. At the
21 present time, supply is outstripping demand.
22 The market is out of equilibrium. With
23 vacancy rates rising and rental rates
24 declining, a reduction in commercial property
25 values is not far behind.

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2 A number of BOMA members have
3 already filed protective tax appeals. To
4 date, those represented only a fraction of the
5 overall membership. However, it could be the
6 proverbial handwriting on the wall. If the
7 City does not adopt meaningful tax reform, and
8 thereby create an environment that will
9 attract new businesses, these trends will only
10 continue.

11 The math is pretty straightforward.
12 A 10 to 20 percent reduction in commercial
13 property value will lead to a significant
14 erosion to the City's tax base. The
15 unfortunate result of this trend would most
16 likely be a shifting of the tax burden to the
17 residential sector. In our opinion, the
18 Philadelphia Tax Reform Commission's
19 recommendations represent a cohesive strategy
20 for achieving growth and prosperity.

21 COUNCIL PRESIDENT VERNA: Thank you.

22 Are there any questions or comments
23 from Members of the Committee?

24 (No response.)

25 COUNCIL PRESIDENT VERNA: Thank you

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2 so much for your patience. We appreciate your
3 coming in to testify.

4 MR. HANLEY: Thank you very much.

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2 COUNCIL PRESIDENT Verna: Please
3 identify yourself and proceed with your
4 testimony.

5 MR. IDING: Thank you, Madam Chair.

6 I'm Pat Iding. I'm the current
7 President of the Philadelphia Council of
8 the AFL-CIO, representing somewhere around
9 150,000 workers who live and work in the
10 City of Philadelphia. Shall I proceed?

11 COUNCIL PRESIDENT Verna: Please.

12 MR. IDING: Thank you, Madam
13 Chairman, and I thank this Council to allow
14 me a few minutes to give our feelings and
15 represent the labor movement in the City.

16 I do not come before you as a fiscal
17 expert or budget analyst, and I do not come
18 before you as... But I do come before you
19 as one who has spent decades representing
20 working people in the City of Philadelphia,
21 in particular organized labor.

22 I'm always ready to stand out for
23 the City of Philadelphia and for the
24 workers of Philadelphia, as the workers are
25 ready to stand out for the City of

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2 Philadelphia.

3 With all the fine detailed analysis
4 that has been conducted by many parties on
5 the issue of tax reform, and all the new
6 articles, opinions, and columns and
7 editorials, and with all the public and
8 political opinion on all sides of the tax
9 issue, I have struggled to identify what I
10 might bring to the discussion, from my
11 position as President of the AFL-CIO, and
12 as a concerned resident of Philadelphia.

13 I have been impressed with the
14 dedication and sincerity all the parties
15 have brought to this debate. As a labor
16 leader in Philadelphia, I can assure you
17 that I and various unions represented by
18 the AFL-CIO are equally dedicated and
19 sincere when it comes to wanting and
20 needing the City to succeed in meeting the
21 present and long-term commitments.

22 First, let us not ignore the fact
23 our local government's financial
24 difficulties has many sources outside the
25 City itself.

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2 The Federal Government is draining
3 resources from our cities and returning
4 little, while incomprehensible sums are
5 spent on someone's else's idea of proper
6 military and international spending, tax
7 cuts to the wealthy, and program
8 expenditures to the unfunded domestic
9 needs.

10 The Federal Government continues to
11 impose security needs on cities, especially
12 large ones like Philadelphia, without
13 providing any or anywhere near the
14 resources to service these needs. We are
15 outraged and frustrated over this, and I
16 think we should be.

17 With regard to the tax reform
18 package that's in front of you, I have a
19 serious problem. The approach seems to put
20 forward massive tax cuts, somehow labeled
21 as reform, yet unaccompanied with the
22 functional reforms where the money is to be
23 saved. It just seems to me that this is
24 putting the cart before the horse.

25 We all think we know that the money

2 can be saved in the operation of City
3 government, but we also know that when
4 those savings affect our neighborhoods, our
5 communities, our libraries, our schools,
6 our recreation centers, suddenly they
7 become very unpopular.

8 There are a number of efforts under
9 way now to look at realizing -- re-sizing
10 functions in the City in response to
11 changes in population.

12 These efforts should proceed
13 responsibly. Changes should be fare,
14 equitable across the board, and not be
15 driven by the strength of a particular -- a
16 particular or a parochial interest.

17 I say respectfully that if this
18 legislative body cuts taxes by another
19 quarter billion dollars over this five-year
20 plan, I am very concerned for our brothers
21 and sisters who are municipal unionized
22 workers and for all our City's work force
23 in general, because common sense seems to
24 tell us that if the City is already
25 struggling to balance its budget and books

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2 by cutting services, closing some

3 recreation centers and pools, cutting
4 funding of the arts, and re-sizing Fire
5 Department operations, what services and
6 workers are we going to have to cut to pay
7 for another \$285 million in tax cuts?

8 We'd have to cut police officers,
9 and firefighters, health center workers,
10 sanitation workers, the workers that keep
11 our beautiful Fairmount Park, and the
12 workers who operate the recreation centers
13 for our children.

14 I'm also well aware that this budget
15 as it is proposed, includes no wage
16 increases for our municipal unionized work
17 force.

18 The organized labor movement stands
19 with our brothers and sisters who work in
20 our City government in deserving a fair,
21 living wage.

22 But how can they bargain for that,
23 what they deserve, if another quarter
24 billion dollar hole is created in the
25 five-year plan?

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2 As I said, I come before you not as

3 a number's cruncher but as a person who's
4 spent a lifetime standing up for workers.
5 That is what compels me to come before you
6 today and urge you to vote no on this
7 package of additional tax cuts.

8 We can only spell bad news in the
9 long run for the men and women who work so
10 hard, pay their taxes, play by the rules,
11 live in the City, the City we love. And I
12 think that we have to consider them when
13 we're considering any kind of tax cut.
14 Thank you very much.

15 COUNCIL PRESIDENT VERNA: Thank you
16 very much.

17 (Applause.)

18 COUNCIL PRESIDENT VERNA:
19 Councilwoman Blackwell, your light is on.
20 Did you want to be recognized?

21 COUNCILWOMAN BLACKWELL: Thank you.

22 I wanted to thank Mr. Pat Iding. I
23 serve with him also on a board that where
24 many, many, some 80,000 people are
25 involved. His concern for our City, his

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2 work in labor is renown. We thank him for
3 coming and for speaking out on the issues

4 that affect our citizens.

5 Thank you, Pat.

6 MR. IDING: Thank you Councilwoman.

7 COUNCIL PRESIDENT Verna: Thank you.

8 Any other questions or comments from

9 members of the Committee?

10 (No response.)

11 COUNCIL PRESIDENT Verna: Seeing

12 none, thank you so much for your testimony.

13 MR. McPherson: The next witness is

14 Richard Watson.

15 COUNCIL PRESIDENT Verna: Is Richard

16 Watson here?

17 MR. McPherson: Naomi Zaslow.

18 (No response.)

19 MR. McPherson: George Boggs, Sr.

20 (No response.)

21 MR. McPherson: Action Alliance for

22 Seniors.

23 (No response.)

24 MR. McPherson: Fred Murphy was

25 here. He has left testimony.

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2 MR. McPherson: Cynthia Figueroa.

3 COUNCIL PRESIDENT Verna: Good

4 afternoon.

5 MS. FIGUEROA: Good afternoon.

6 COUNCIL PRESIDENT VERNA: Please
7 identify yourself for the record, and
8 perhaps you could identify the group with
9 you.

10 MS. FIGUEROA: My name is Cynthia
11 Figueroa. I am the Executive Director of
12 Women Against Abuse. And with me today I
13 have representatives from the three other
14 domestic violence agencies, as well Tara
15 Knight, the Residential Services Director
16 for Women Against Abuse; Roberta Hacker
17 from Women in Transition; Ana Lisa Yoder
18 from Lutheran Settlement House; and joining
19 us shortly is Joanna Otero from Congreso de
20 Latino Unidos. I'll be testifying on
21 behalf of the committee.

22 COUNCIL PRESIDENT VERNA: Okay. I
23 notice that your testimony is rather
24 lengthy.

25 MS. FIGUEROA: I promise it will be

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2 short.

3 COUNCIL PRESIDENT VERNA: We will
4 give a copy of it to the stenographer, and

5 it will be transcribed.

6 MS. FIGUEROA: Certainly.

7 COUNCIL PRESIDENT VERNA: Thank you.

8 MS. FIGUEROA: Today I want to
9 provide you information in support of the
10 Mayor's budget through general operating
11 dollars designated to support the
12 enhancement of domestic violence services
13 in Philadelphia.

14 Specifically, the Mayor's budget --
15 proposed budget will provide funding for
16 the expansion of domestic violence shelter
17 services, and the enhancement of the
18 City-wide Domestic Violence Hotline.

19 Recently in a press release issued
20 by Mayor John F. Street, dated September
21 23, 2003, the Mayor appointed a domestic
22 violence task force.

23 There are statistics that
24 illustrated that in a period of nine months
25 there had been over 82,000 911 calls

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2 involving domestic violence.

3 There were 10,715 crimes that were
4 coded as domestic violence in nature, most

5 of which were aggravated assault.

6 Equally alarming right now is that
7 the limited staff and financial resources
8 of domestic violence communities have to
9 serve the women and children.

10 As the fifth largest City in the
11 nation, we have some of the most limited
12 resources in the nation.

13 The four domestic violence agencies
14 present today have a total of 104 full and
15 part-time staff designated directly to
16 serving victims.

17 In addition, Women Against Abuse
18 runs the only domestic violence shelter in
19 Philadelphia, with a limited capacity to
20 serve only 46 women and children.

21 There are only two major funding
22 sources at a state level which over the
23 course of the last few years have been cut.
24 This year we're seeing level funding from
25 one of our state funders.

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2 I would like to point out that
3 related to shelter services, while other
4 cities suffer severe shortage, Philadelphia
5 is worse than other major cities.

6 Chicago has approximately one
7 domestic violence shelter bed for every
8 13,000 residents, and New York has
9 approximately one for every over 5,000
10 residents.

11 Philadelphia currently has
12 approximately one bed for every 23,076
13 residents. As mentioned before, the
14 current facility only holds 46 women and
15 children.

16 Additionally, our lack of resources
17 means that we serve as a triage system, and
18 that we have to turn several women and
19 children away, particularly to the homeless
20 shelter system.

21 The other part of the proposed
22 budget would -- The proposed budget would
23 actually allow Women Against Abuse to
24 double our shelter capacity, and we could
25 bring the City-wide number to a hundred

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2 shelter beds for Philadelphia.

3 Domestic violence services are
4 captured mostly through our hotline
5 services, which are really the lifeline of

6 services in Philadelphia.

7 Together, as a group, we provide
8 safety planning, counseling, advocacy and
9 referrals for -- through our hotlines.

10 Right now the budget would allow us
11 to coordinate and appropriately fund the
12 hotline to enhance Philadelphia's ability
13 to respond to domestic violence.

14 The Mayor's budget will also support
15 existing staff. Currently the providers
16 all have individual hotline numbers. And
17 due to our limited resources, we often
18 collaborate to cover each other's hotlines.

19 Having several numbers for one --
20 for one City is often cumbersome and
21 confusing for clients and victims and the
22 systems that need to reach us.

23 The Mayor's budget will actually
24 provide us assistance in planning and the
25 consolidation of the local domestic

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2 violence hot lines.

3 Most significantly, this would
4 enhance our services and alleviate the
5 pressures on other systems, for example,
6 the police department.

7 We're hoping that the City will send
8 a clear message, that we care about the
9 women and children.

10 We are grateful, and it's much
11 needed and well time -- overdue, that
12 there's designated funding to support the
13 enhancement of domestic violence shelter
14 services and hotline services.

15 Thank you.

16 COUNCIL PRESIDENT Verna: Thank you
17 very much.

18 Any questions or comments from
19 members of the Committee?

20 (No response.)

21 COUNCIL PRESIDENT Verna: Seeing
22 none, I thank you for your patience.

23 Ms. Figueroa: Thank you.

24 COUNCIL PRESIDENT Verna: You've
25 been very patient. Thank you so much.

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2 (Applause.)

3 Mr. McPherson: Next witness is Jean
4 Bluebaker. Jean Bluebaker.

5 (No response.)

6 Mr. McPherson: Charles Taylor.

7 COUNCIL PRESIDENT Verna: Good
8 afternoon. Thank you for coming in.
9 Please identify yourself for the record and
10 proceed with your testimony.
11 MS. Muchison: My name is Bernadette
12 Loraine Teagle Muchison.
13 COUNCIL PRESIDENT Verna: The noise
14 level is much, much too high.
15 MS. Muchison: Thank you, Madam
16 Chairman.
17 COUNCIL PRESIDENT Verna: Thank you.
18 MS. Muchison: Good afternoon
19 honorary Council Chairwoman Anna Verna,
20 council members, distinguished guest
21 speakers, and to all who are assembled
22 today.
23 My name is Bernadette Loraine
24 Muchison, and I live in Councilmanic Marian
25 Tasco's Ninth Councilmanic District in

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2 Logan for over 27 years.
3 I am also a committee person of 49th
4 Ward, 22nd Division, who represent over 900
5 registered voters.
6 COUNCIL PRESIDENT Verna: That's a
7 big division.

8 MS. MUCHISON: I have to come ask
9 Council's office for your help. We have
10 distributed --

11 (Alarm sounds.)

12 COUNCIL PRESIDENT Verna: Please
13 proceed.

14 MS. MUCHISON: We have hand
15 delivered letters to Council's office,
16 Council person's at large office,
17 requesting funds to be diverted back to
18 recreation centers, particularly Barrett
19 Playground in Logan.

20 We are asking for immediate change
21 in the decision to close Barrett Recreation
22 Center at Logan. This is the only
23 recreation center in Logan, the only one in
24 our community.

25 The impact to close Barrett Center

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2 in our community would be devastating.
3 This is the site where our children have
4 quality programs. The center have after
5 school programs, computers, gymnastics,
6 exercise equipment used by the community.

7 Summer camps are held here. Our

8 basketball courts and fields are utilized
9 as well. Adults use this center for
10 activities as well. We have community
11 meetings, rallies, et cetera, at the
12 center.

13 Seniors, foster parents, day care
14 providers, as well as nearby schools
15 without yards bring their children daily to
16 use this site.

17 We are asking these residents,
18 especially the ones that were displaced,
19 due to the sinking home area, to not travel
20 out of our community to another community
21 and use their facility.

22 Barrett... It is extremely
23 imperative to maintain community programs
24 at Barrett which is indeed -- enhances the
25 quality of life in Logan.

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2 These types of services prevent
3 crimes by children who have over -- who
4 otherwise would be idle. They are not
5 going to travel over a mile to use a
6 facility in another community. Why should
7 they?

8 This is the only site where the 49th

9 Division, 22nd and 14th have -- hold their
10 elections.

11 There is no new growth in the Logan
12 community. There are no new developments
13 in the Logan community. And therefore, we
14 are overwhelmed with the little services
15 that are provided there, and we're fed up
16 with it.

17 The first major devastating impact
18 that happened in Logan was the sinking
19 homes. Our State Representative, Council
20 Office, Marian Tasco, stands by our efforts
21 not to close Barrett Recreation Center.

22 Our community stands by our efforts
23 by signing petitions and speaking -- and
24 having me speak in front of you today.

25 We hope that you listen, and pray

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2 that you make the right decision to stand
3 by our Logan residents, by not closing
4 Barrett Recreation Center.

5 Thank you ever so much for your
6 time.

7 COUNCIL PRESIDENT VERNA: Thank you.

8 (Applause.)

9 COUNCIL PRESIDENT Verna: The Chair
10 recognizes Councilwoman Tasco.

11 COUNCILWOMAN Tasco: Thank you so
12 much, Miss Muchison. I know that you have
13 been here all day. I go out and you come
14 on. But thank you for coming down to
15 testify.

16 I just want to say to my colleagues
17 that the Barrett playground is in an area
18 that has suffered for many, many years from
19 the tag of being the sinking home area.

20 And there are a not a lot of
21 resources in that area. We are working
22 very hard with Let's Love Logan, and the
23 other programs, Ad Hoc Logan, and the
24 various community programs there to help,
25 you know, improve the quality of life in

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2 the Logan area.

3 They work very hard to provide
4 programs at Barrett. And there is no other
5 recreation center around the corner, as
6 purported by the Recreation Department, as
7 they try to close these recreation
8 facilities down.

9 I have stated my frustration about

10 the process or lack thereof in establishing
11 what -- and not having a criteria how
12 you're closing these recreation facilities.

13 One day I have no recreation
14 facilities on the list in the Ninth
15 Councilmanic District. Then I look up and
16 there are several on the list, with no
17 conversation.

18 And how they came to the conclusion
19 that the site should be closed just boggles
20 my mind. I don't have a definitive
21 analysis and a criteria upon which these
22 recreation centers have been targeted.

23 And I think it would be awful to
24 close any of the centers that they have
25 targeted in the District because we have so

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2 few in the Ninth Councilmanic District.
3 And they are not close to each other. And
4 to close the one in Barrett, the Barrett
5 Recreation Center, would be criminal, so --
6 and would be a disservice to those people
7 in the Logan community who use that
8 facility, and to the children in that area
9 who have no place else to go.

11 yourself and proceed with your testimony.

12 MR. CRAWFORD: My name is David
13 Crawford. Madam President, I had so much
14 fun Monday I just had to come back.

15 I want to give some testimony live,
16 and I also want to submit written testimony
17 of my partner, Steve Mullen. Steve is
18 unable to be here because of a prearranged
19 commitment.

20 Steve has written testimony on the
21 question that came up on Monday as to
22 whether a passage of a set of tax
23 reductions would have a negative impact on
24 the City's credit rating.

25 Steve's view is that it would not,

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2 contrary to testimony that came from the
3 Administration. So I'm submitting that
4 testimony, and reporting that Steve would
5 be available to talk with any Council
6 members who have questions about it at some
7 other time.

8 As for my testimony, I wanted to
9 address some questions that were raised by
10 Chief of Staff Wilkerson and others

11 regarding E-Consult's estimates of the
12 stimulative effect of the tax reductions
13 proposed by the Tax Reform Commission.

14 Five quick points. Well, four quick
15 points and one that takes a little longer.
16 We followed a well-established method for
17 making these sorts of calculations.

18 We based the calculations on
19 econometric models which were, in turn,
20 based on historical data on tax rates and
21 revenues.

22 We did not, as some questioners
23 suggested, assume the size of the impacts
24 of tax rates on revenue. Rather, we
25 allowed the historical data to tell us what

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2 the relationships have been in the past,
3 and we used those relationships to project
4 the future impacts of proposed changes.
5 This is how virtually all public policy
6 analysis is conducted.

7 Our approach even allowed the
8 possibility that we would find impacts
9 whose directions contradicted economic
10 theory. I'm pleased to say that we didn't
11 find any such, but the method did not stack

12 the deck.

13 Second, we looked at the impact of
14 each changing tax rate on its own base and
15 on the base of other taxes.

16 For example, our investigation
17 revealed that Wage Tax cuts can be expected
18 to cause increases not just in the Wage Tax
19 space, but also in the property tax base.

20 We measured these effects, what we
21 call own effects and cross effects, for all
22 of the tax rates, and those are built into
23 our calculations.

24 Third, in addition to looking at
25 historical relationships between tax rates

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2 and tax bases, we also looked at
3 relationships between tax rates and
4 employment, which is the source of the
5 employment projections that were submitted
6 to the Commission.

7 Fourth. Now I have to get slightly
8 technical. Our models focused on
9 Philadelphia's share of national activity,
10 not on the absolute level of such activity.

11 For example, we looked at

12 Philadelphia Wage Tax base as a percentage
13 of total wages earned in the United States.

14 We focused on shares for two
15 reasons. First of all, because
16 Philadelphia competes nationally for
17 business and household location, its share
18 of the nation is a good indicator of its
19 relative growth and success.

20 And second, by using the local
21 share, we have effectively controlled for
22 national trends in growth and inflation.

23 Thereby, we avoid attributing
24 changes in the Philadelphia tax bases that
25 would result from inflation or other

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2 general trends. We avoid attributing those
3 to changes in the City's tax rates.

4 Fifth and finally, on Monday Miss
5 Wilkerson expressed concern that the size
6 of the supply side response that E-Consult
7 had estimated was, quoting her written
8 testimony, more than five times as great as
9 the model developed for the country's
10 largest state by one of the leading
11 economics departments in the world.

12 I want to bring to the attention of

13 Council that in 1997 the New England
14 Economic Review which is published by the
15 Federal Reserve Bank of Boston, contained
16 an article by Michael Wezelenkow, in which
17 he surveyed the evidence from dozens of
18 studies of the impacts of taxation on the
19 economic development all over the country.

20 Professional Wezelenkow pointed out,
21 as did Councilman Kenney on Monday, that
22 the size of the response to tax changes
23 depends on the size of the region
24 considered.

25 Professor Wezelenkow goes on to say

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2 that responses to tax changes within a
3 region tend to be at least four times as
4 big as the response between regions.

5 Ms. Wilkerson's comparison of
6 E-Consult's estimates of impacts in
7 Philadelphia with existing estimates for
8 California should be viewed as enhancing,
9 not undermining, the credibility of the
10 E-Consult estimates, because our estimates
11 are entirely consistent with the results of
12 a large body of mainstream economic

13 analysis.

14 I'd be happy to try to answer any
15 questions.

16 COUNCIL PRESIDENT VERNA: Thank you.
17 Are there any questions from members of the
18 Committee?

19 The Chair recognizes Councilman
20 Nutter.

21 COUNCILMAN NUTTER: Thank you, Madam
22 Chair.

23 Mr. Crawford, you had some
24 opportunity to... you and/or other members
25 of your firm, to look at the financial

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2 situation in Philadelphia, not just in a
3 snapshot form; but you... the company did
4 work for the Philadelphia Tax Reform
5 Commission, I think, at their request; is
6 that right?

7 MR. CRAWFORD: That's correct. And
8 before that, for the Controller's Office.

9 COUNCILMAN NUTTER: For the
10 Controller's Office. Okay.

11 And part of your work ended up in
12 one of the volumes of the Tax Reform
13 Commission work?

14 MR. CRAWFORD: That's correct.

15 COUNCILMAN NUTTER: Okay.

16 MR. CRAWFORD: Volume III.

17 COUNCILMAN NUTTER: And at the
18 present point in time when you were here
19 the other day, you've heard a significant
20 amount of testimony from a variety of
21 perspectives, either supporting or
22 proposing the Tax Reform Commission's
23 proposals.

24 Is there anything that you've heard
25 in your professional opinion that would

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2 dissuade you, either from the time of your
3 work at the Tax Reform Commission last year
4 or you did some work with the 21st Century
5 Review Forum, which was this year, the
6 committee put together by the Mayor.

7 Is there anything that you've heard
8 that tells you that the Tax Reform
9 Commission plan would not work?

10 MR. CRAWFORD: Working my way
11 through the triple negative.

12 COUNCILMAN NUTTER: I understand.

13 MR. CRAWFORD: No. I haven't

14 learned anything that changes my view that
15 the Tax Reform Commission hit it right.

16 You know, what's happened since that
17 time, since I worked there is, we've got a
18 clearer picture of the budget.

19 I think the picture we're looking at
20 today is pretty much the picture that the
21 21st Century Review Forum was looking at.
22 I don't think there's a lot of news since
23 then.

24 No, I have not heard anything that
25 deters me from my opinion that the package

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2 put forward by the Tax Reform Commission is
3 the right way to go.

4 COUNCILMAN NUTTER: Tell us a little
5 bit about the 21st Century Review Forum
6 work. What was the context? There was a
7 subcommittee as a part of one of the
8 five --

9 MR. CRAWFORD: Yes. There were
10 committees and then subcommittees.

11 The Forum was made up of five
12 committees, one of which was the Program
13 Evaluation Committee. That's the committee
14 on which I serve.

15 Then the Program Evaluation
16 Committee had five subcommittees, one of
17 which was on the subject of tax reform.

18 COUNCILMAN NUTTER: Yes.

19 MR. CRAWFORD: The others were NTI,
20 Education, Services for Children, and
21 whichever one I'm forgetting.

22 My work was largely focused on the
23 tax subcommittee which was chaired by Dr.
24 Jerry Nowack.

25 COUNCILMAN NUTTER: And the

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2 conclusion of the subcommittee was what?

3 MR. CRAWFORD: Well, with regard to
4 the Tax Reform Commission, we reviewed
5 their recommendations, we considered their
6 recommendations, and developed an
7 understanding of them.

8 And at the end, we were quite
9 comfortable endorsing all but one of the
10 recommendations which was a sort of
11 technical inside baseball kind of
12 recommendation, number seven.

13 COUNCILMAN NUTTER: Do you have any
14 recollection, and was there any... Did the

15 21st Century Review Forum just pretty much
16 rely on the work that was done by the Tax
17 Reform Commission, in terms of financial
18 analyses or kind of a rounding of the
19 numbers?

20 MR. CRAWFORD: Well, we did -- we
21 did rely heavily on the Tax Reform
22 Commission's work.

23 But as one of the committee members,
24 Ed McBride of P.E.C.O. said at one of our
25 meetings, it was now time for somebody else

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2 to look at the product of the Tax Reform
3 Commission and try to evaluate whether the
4 recommendations were sensible.

5 So it really was an attempt to take
6 a fresh look at what they had -- at what
7 they had recommended.

8 COUNCILMAN NUTTER: And I guess
9 lastly, from the Tax Reform Commission
10 report, in conjunction with the work that
11 you did, I'm looking at a chart on Page 65
12 that indicates that the Commission
13 recommendations, if implemented, would have
14 an FY '05 impact of \$17.1 million.

15 Do you have any -- I know that that

16 work was a while ago, but do you have any
17 recollection of those figures?

18 MR. CRAWFORD: I do remember those
19 figures, Councilman. But I should point
20 out that E-Consult did not make those
21 computations.

22 Those computations were made by the
23 Tax Reform Commission. And as I
24 understand, they in turn relied very
25 heavily on the financial analysts in the

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2 Administration to make those calculations.

3 COUNCILMAN NUTTER: Okay. You're
4 available for any other questions or issues
5 that may arise that members may have, with
6 regard to these matters or your work?

7 MR. CRAWFORD: Certainly.

8 Certainly.

9 COUNCILMAN NUTTER: And I know you
10 indicated you have Mr. Melon's testimony.
11 He couldn't be here, with the schedule
12 conflict. But his testimony tries to speak
13 to the issue with regard to rating agencies
14 and their views of what we may do.

15 MR. CRAWFORD: That's right. His

16 testimony is entirely focused on the issue
17 that Finance Director Davis raised, about
18 the possible impact of changing legislation
19 on the credit rating in the City of
20 Philadelphia.

21 COUNCILMAN NUTTER: Okay. Maybe my
22 last question will be this one. There's
23 been a great amount of expression of
24 concern, with regard to a more doomsday
25 like scenario, out of the work of the Tax

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2 Reform Commission or even the comments or
3 statements made by the 21st Century Review
4 Forum.

5 Do you share any of those doomsday
6 scenarios, if we start on a path of
7 significantly changing the tax structure of
8 the City, while at the same time conducting
9 ourselves in a way that requires annual
10 review of all of our actions?

11 MR. CRAWFORD: No. I don't see any
12 likelihood of any sort of doomsday scenario
13 if the package were to be enacted.

14 As you point out, I don't think
15 anybody is talking here about locking in
16 rates for five years or ten years. There

17 was a lot of discussion about that Monday.
18 But I have never heard anybody say we need
19 to absolutely lock in tax rates for five
20 years or ten years.

21 What we're talking about is putting
22 a schedule in place, knowing that if
23 it's... if it goes off the track, we can
24 come back and amend it. I think only a
25 fool would try to... I guess Mr. Gore

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2 learned about lock boxes.

3 I don't know that you would try to
4 lock in tax rates for a ten-year horizon,
5 with no possible recourse to readjust them.

6 But it strikes me that that's a
7 straw man sort of argument that's come up,
8 that -- because as I read the Tax Reform
9 Commission, they didn't propose it. They
10 didn't propose locking these things in.

11 The subject never even came up with
12 the tax subcommittee of the 21st Century
13 Review Forum. I don't think any of us were
14 contemplating that there would be some
15 absolute lock-in.

16 So given that you're not doing an

17 absolute lock-in, I don't see it being
18 risky at all. In fact, you're talking in
19 the first year about... about very, very
20 small changes.

21 So, no, I don't see a potential for
22 doomsday. And I guess I would also point
23 out, in the interest of completeness, that
24 if you don't do anything...

25 COUNCILMAN NUTTER: Well, that was

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2 going to be my next question, because I'd
3 like you to give us your perspective on the
4 cost or the impact of doing nothing.

5 MR. CRAWFORD: Well, if you don't do
6 anything, I don't think doomsday would be
7 the right metaphor, because it's going to
8 be slow in coming. Doomsday suggests
9 something immediate and abrupt, but...

10 (A Councilman said something, away
11 from the microphone, not reportable.)

12 MR. CRAWFORD: Well, no, it's
13 probably dooms decade, Councilman, that
14 if... You know, what you're going to see
15 if you keep this current tax package in
16 place, I think, is a continuing decline of
17 the City economy.

18 I said in my testimony on Monday
19 that the choice really that was before this
20 Council was between trying to really turn
21 things around in Philadelphia or just
22 managing its decline.

23 I think if you don't do something,
24 it's going to continue to decline, which
25 means as each year goes by, there's going

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2 to be less economic activity in the City.

3 There's going to be -- Even with the
4 current tax rates, there's going to be less
5 tax revenue. There's going to be less
6 ability to provide services. And that
7 would be a true disaster.

8 Unlike many people who advocate
9 cutting taxes, I believe in government, and
10 I believe in the value of government
11 services.

12 And I think the real concern about
13 doing nothing is not in the '05 budget.
14 It's in the '10 budget and the '15 budget,
15 when Philadelphia just simply will not be
16 able to provide even minimal services.

17 It's not going to happen abruptly.

18 It's not going to... We can't say it's
19 going to happen tomorrow. But I think it's
20 going to happen. It's already happening.

21 COUNCILMAN NUTTER: Okay. Thank
22 you.

23 Thank you, Madam Chair.

24 COUNCIL PRESIDENT Verna: The Chair
25 recognizes Councilman Ramos.

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2 COUNCILMAN RAMOS: Thank you, Madam
3 Chair.

4 Thank you, Mr. Crawford, for taking
5 time again today to share your insight, and
6 given that you have done this for a long
7 period of time.

8 In the work that you did in support
9 of the TRC and the -- I believe it's in the
10 TRC report -- E-Consult said, and I quote,
11 our greatest concern regarding the revenue
12 impacts of reducing the gross receipts and
13 Wage Tax rates is whether the City can
14 increase its property tax revenues in
15 proportion to the predicted rise in
16 property values associated with tax
17 reductions.

18 The question is whether the City

19 will resist the inevitable pressure to slow
20 the growth and assessments and/or lower the
21 effective property tax rate as property
22 values rise, end of quote. Do you remember
23 that?

24 MR. CRAWFORD: Yes, I do.

25 COUNCILMAN RAMOS: What do you think

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2 about that? Don't we need Philadelphians
3 to absorb 20 or 30 percent increases in
4 real estate tax bills to get these
5 recommendations to work?

6 MR. CRAWFORD: Over time... If you
7 look at the whole package together, over
8 time --

9 COUNCILMAN RAMOS: Well, would --

10 MR. CRAWFORD: -- one of the
11 fundamental principles is that there's
12 going to be an increasing reliance on
13 property taxes as a share of total revenue.

14 As the relative size of wage and
15 business taxes shrink, the relative size of
16 property taxes is going to increase.

17 And I testified on Monday, and I
18 believe it just as strongly today, that

19 this Council should not launch cuts of
20 business and wage taxes unless you have the
21 resolve --

22 COUNCILMAN RAMOS: I remember that
23 very distinctly.

24 MR. CRAWFORD: -- unless you have
25 the resolve to allow property tax revenues

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2 to go up.

3 COUNCILMAN RAMOS: Do you think
4 Philadelphians will need to absorb 20 to 30
5 percent increases in tax bills to get these
6 recommendations to work?

7 MR. CRAWFORD: That could be about
8 the right... It sounds a little high, but
9 it could be about the right ballpark.

10 COUNCILMAN RAMOS: Could be right.
11 That's a lot. That's a lot to absorb.

12 MR. CRAWFORD: Remember --

13 COUNCIL PRESIDENT VERNA: Chair
14 recognizes Councilman Kenney.

15 COUNCILMAN KENNEY: 20 percent over
16 what period of time?

17 MR. CRAWFORD: Well, I mean, the
18 package -- the package is going over, like,
19 ten years.

20 COUNCILMAN KENNEY: So it's 20
21 percent over 10 years.
22 COUNCILMAN RAMOS: Well, that's a
23 follow-up question. Is that over a
24 ten-year period or is that...
25 MR. CRAWFORD: I'd have to go back

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2 and look. And I will. I don't know over
3 what period.
4 Let me remind you what I said in --
5 COUNCILMAN KENNEY: But it's not 20
6 percent in 2005.
7 MR. CRAWFORD: Oh, it's not
8 immediate. Oh, absolutely not.
9 COUNCILMAN KENNEY: Thank you.
10 MR. CRAWFORD: I mean, it's --
11 it's -- it's -- it's -- it's tiny in the
12 first -- in the first period.
13 You need to keep in mind that
14 compared to the overwhelming majority of
15 cities, Philadelphia's property taxes are a
16 very low percentage of its total taxes.
17 If you set yourself up to make an
18 apples to apples comparison, it's a little
19 hard to do because some cities have the

20 School District in and some don't.
21 So, what we did was, we took the
22 School District out of our numbers and
23 compared them to other cities.
24 When you do it on that basis,
25 Philadelphia is getting about 21 percent of

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2 its tax revenue from property taxes. The
3 average of major cities is 40 percent.
4 So Philadelphia has made an
5 historical decision or there has been a
6 historical evolution that has brought us to
7 the point where property taxes are a
8 relatively small part of our revenue stream
9 and Wage and Business Taxes are a
10 relatively large part.

11 And that's exactly the way you want
12 to design a system if you want to strangle
13 a City, because the supply side impacts of
14 high business taxes are going to be much
15 more significant than the impacts of high
16 property taxes.

17 It is much easier for business and
18 jobs to move away from the City than it is
19 for the property.

20 COUNCILMAN RAMOS: Can you get us

21 specific information? Because your first
22 answer, when I posed the question, was that
23 it was about right.

24 Then when my good friend and
25 colleague, Councilman Kenney, jumped in,

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2 then we got into whether this was over a
3 ten-year period or not. Can you... I
4 mean, you --

5 MR. CRAWFORD: Well, I'll have to go
6 look at --

7 COUNCILMAN RAMOS: I mean, this is
8 something that you've made very clear in
9 your statement, that unless -- you know,
10 unless this happens, you shouldn't -- that
11 we shouldn't then do this.

12 MR. CRAWFORD: That's right. And
13 let me just repeat what I said in response
14 to Councilman Nutter's question. We didn't
15 toss the plan out. That was done by the
16 Finance Office of the City.

17 Those numbers are their numbers. I
18 didn't make those calculations. And I
19 would assume that they have made their
20 calculations with professional integrity.

21 But backing off from the numbers and
22 looking at the big picture, one of the
23 fundamental underlying philosophies of the
24 Tax Reform Commission is a shift from
25 business and wage taxes to property taxes.

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2 And I think it's important that
3 everybody understand that. Whether you
4 like it or don't like it, I think it's
5 important that everybody understand it.

6 COUNCILMAN RAMOS: Now, a lot of
7 this also is based on real property tax
8 reform that's coming from Harrisburg.

9 I was up last night watching some of
10 that debate go on. You know, the business
11 of slots is also in play here. Isn't that
12 a big part of getting tax reform funded?
13 Isn't that a big part of it?

14 We need this real property tax
15 reform to really happen through the state
16 with these slots, for this to really be
17 able to do a significant reduction in our
18 tax structure.

19 MR. CRAWFORD: We made two sets of
20 projections: One, that assumed no change
21 in state taxes; and another that assumed

22 the package of reforms that Governor
23 Rendell had put in play at around the time
24 we were doing the work.

25 Virtually all of the discussion that

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2 you've heard of our work in the last
3 several days is based on the scenario in
4 which there is no state tax reform.

5 If there is no state tax reform,
6 then you are looking at the shortfall in --
7 the shortfalls in revenues that people have
8 been -- that people have been talking
9 about.

10 If you assume that there is some
11 sort of significant state tax reform, of
12 the sort that Governor has proposed, that
13 flips you into the other scenario in which
14 you can... our projections show that you
15 can run the decreases, in fact the
16 accelerated decreases of the Wage Tax
17 without reducing revenue, that there's
18 going to be enough in that -- there's going
19 to be enough in that deal to fully offset,
20 in fact, more than fully offset.

21 COUNCILMAN RAMOS: Just one last

22 question, Madam President. I just want to
23 engage you in this because you know a whole
24 lot more than I do in this -- in this
25 field.

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2 What's your thinking of why we
3 should go first, instead of us waiting
4 until the state... you know, see what
5 happens with the state proposals?

6 MR. CRAWFORD: Well, I think what
7 you -- what you should do is go --

8 COUNCILMAN RAMOS: I understand we
9 should be daring and, you know, --

10 MR. CRAWFORD: Yeah. I -- I --

11 COUNCILMAN RAMOS: -- and we have to
12 be valiant. I understand all of that,
13 but why --

14 MR. CRAWFORD: No. I --

15 COUNCILMAN RAMOS: -- you know, why
16 should we go first? Why shouldn't -- Why
17 can't -- Why shouldn't we wait until the
18 state... you know, see if we get slots, and
19 see if we get this real property tax
20 relief?

21 MR. CRAWFORD: My answer is, you
22 should go as far as you can without state

23 tax reform and do that now. If the state
24 tax reform comes through, you can do more.

25 And in fact, the Tax Reform

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2 Commission, I think anticipating the
3 ambiguous political environment, gave two
4 different scenarios of tax cutting, one to
5 be implemented if there was no tax reform,
6 the state tax reform, and a more aggressive
7 cutting regime if there were tax reform.

8 So, my advice to the Council is the
9 to take that less aggressive package that
10 the -- that the Tax Commission proposed.
11 And then, if something like what the
12 Governor proposed happens, then you could
13 move on to the more aggressive form.

14 COUNCILMAN RAMOS: Well, is your
15 last statement a statement as our
16 consultant or is that a statement as an
17 officer in E-Consult?

18 Because you're saying that we should
19 now... Because you are our consultant now,
20 I believe, right? At last I got a
21 letter --

22 MR. CRAWFORD: Yes.

23 COUNCILMAN RAMOS: -- to that effect
24 MR. CRAWFORD: Yes.
25 COUNCILMAN RAMOS: So you're here in

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2 public testimony suggesting to me that I
3 should take the... run with the tax reform
4 package.
5 MR. CRAWFORD: Yeah. The --
6 COUNCILMAN RAMOS: Is that a yes?
7 MR. CRAWFORD: The answer to your
8 questions are the same. I give you... As
9 my client, I give you my honest opinion.
10 COUNCILMAN RAMOS: Okay.
11 MR. CRAWFORD: I've discovered over
12 my consulting career that that's sometimes
13 cost me engagements. But I have always
14 told my clients what I think because I
15 think that's why you hired me. So the
16 question that I give you as consultant is
17 also my -- my personal view as an
18 economist.
19 COUNCILMAN RAMOS: Thank you. Thank
20 you for your answers.
21 MR. McPHERSON: Councilman DiCicco.
22 COUNCILMAN DiCICCO: Mr. Chairman,
23 thank you.

24 Good afternoon. I would just like
25 to go back to the comments concerning the

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2 real estate tax.

3 (Alarm rings.)

4 COUNCILMAN DiCICCO: Fastest five
5 minutes I've ever had.

6 And you agree that it would not be
7 posed by Mr. -- Councilman Kenney, that it
8 would not be an immediate increase, and we
9 spread out.

10 And I know you don't have all of the
11 facts and figures in front of you. But the
12 would ten years be a reasonable amount of
13 years where you think that increase would
14 be spread out, could be spread out? I
15 mean, I'm not going to hold you --

16 MR. CRAWFORD: Yes. Yes. In our
17 projections, what we assumed was that the
18 effective property tax rate would remain
19 the same, and you hold the line with that
20 effective tax rate as property values go
21 up.

22 So there's no increase in tax rates,
23 but there would be an increase in property

24 tax revenue as the value of the properties
25 increased.

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2 COUNCILMAN DiCICCO: So if we used
3 the ten years, and we take that 20 percent
4 increase, it's two percent a year.

5 MR. CRAWFORD: It's even less when
6 you take into account compounding, correct.

7 COUNCILMAN DiCICCO: I'm going to go
8 high.

9 MR. CRAWFORD: That's right.

10 COUNCILMAN DiCICCO: I'm going to go
11 high.

12 MR. CRAWFORD: That's right.

13 COUNCILMAN DiCICCO: And the reason
14 is last year when we were... Was it last
15 year? I even forgot. Last year or the
16 year before, when tens of thousands of City
17 residents received an overwhelming increase
18 in their real estate taxes in one fell
19 swoop, if you will.

20 What I heard from my constituents --
21 And I conducted four or five town meetings
22 across my District; and literally several
23 thousand people attended those meetings
24 cumulatively -- was that most people

25 realized that, like everything else in

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2 life, the cost of living increases, and
3 there's certain taxes that will go up,
4 although we don't like that to happen, but
5 that's the reality of it.

6 The message that was clear to me was
7 that people understood that because
8 government, like all of us who have a
9 budget, the cost of doing business
10 increases.

11 And they were willing to accept
12 minimal incremental increases spread out
13 over a period of time.

14 So, kind of answering Councilman
15 Ramos's questions that he posed to you, is
16 that... And I'm not in favor of tax
17 increases, but realizing that some --
18 You're shifting. It's going to have to
19 come from somewhere.

20 I don't think that 20 percent over
21 10 years -- it could even be longer, maybe
22 a little bit less, but I don't think less
23 than ten years, is all that something that
24 would be that significant, in terms of

25 causing some negative effect on the

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2 population about, here goes my real estate
3 taxes, and I'm getting out of town,
4 because, you know, when you get a 600 --
5 when you get a two -- one, two or three
6 hundred percent increase, as many of them
7 did last year, that is reason for concern,
8 when you're paying in Society Hill which is
9 a neighborhood I represent, and you're
10 paying \$6,000 a year, and you get a bill
11 that now says you're going to be paying 11,
12 15 or 20,000, that's shock and awe.

13 But those folks all said, you know,
14 point or two a year spread over the course
15 of ten years or so is acceptable and
16 understandable.

17 So I just wanted to clarify that,
18 and again, to kind of answer a little bit
19 about what Councilman Ramos was talking
20 about.

21 The other thing I wanted to mention,
22 picking up on Councilman Nutter's
23 statements to you about the effect... if we
24 don't do something now, I posed some
25 questions myself to the Administration the

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2 other day about doing something dramatic.

3 And I think now is the time to do it.

4 When we talk about, if we don't do
5 something now, the continual decline in the
6 revenues and businesses and jobs in the
7 City will continue, it's not as simple as
8 that, as least for me. And that's where I
9 need for you to kind of clarify it.

10 We can look at a percentage of job
11 reduction over a year or two or five or ten
12 years, but it really doesn't hold to any
13 specific formula, because isn't it kind of
14 like the snowball effect?

15 When... The more... Every year
16 that you lose some, you actually lose more
17 because it kind of... you know, one
18 business is losing jobs, less revenue is
19 coming in, and another business starts
20 reducing.

21 And then all of a sudden that little
22 snowball becomes a larger snowball, and
23 then it's a huge snowball that basically
24 wipes you out sooner.

25 We've been playing with this notion

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2 for years that we're in trouble and the
3 City has got to do something different. If
4 not, we're not going to maybe function as a
5 City any longer.

6 But when people walk the streets and
7 see things happening, for the average
8 person, they don't get it. They don't see
9 it, because they see police, they see fire
10 personnel out there.

11 And they just keep thinking, well,
12 maybe it's political rhetoric. Maybe it's
13 really not as bad as it is, when in fact
14 those of us on the inside, who deal with
15 this every day, understand what it means.

16 And five or ten years out it may be
17 worse than it has been for the last five
18 years in decline. Does that make sense?
19 Do you agree that --

20 MR. CRAWFORD: Yes, it does make
21 sense.

22 COUNCILMAN DiCICCO: -- it can
23 actually be much more dramatic over the
24 last five years or the last ten years.

25 MR. CRAWFORD: It certainly could

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2 be. I mean, I'm convinced that with the
3 current structure, you're looking at
4 ongoing decline.

5 You raise the question of might
6 there come a tipping point where that --
7 where the rate of decline could accelerate.

8 And the answer is yes, that could
9 happen. You could get into a sort of a
10 death spiral scenario because, remember, as
11 your economic engine shrinks, the needs of
12 your population are not going to shrink as
13 fast.

14 So there's going to be more and more
15 demands. So you get into a sort of a
16 scenario where, you know, would the last
17 business to leave Philadelphia please turn
18 the lights off.

19 COUNCILMAN DiCICCO: Right.

20 MR. CRAWFORD: So, yes, it could
21 accelerate. I can't, as I sit here, tell
22 you that it definitely will or when it
23 will, but I think it's a reasonable
24 scenario.

25 COUNCILMAN DiCICCO: That none of us

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2 can say, you're right. None of us have a
3 crystal ball to look into the future.

4 But if history has proven anything
5 to us, it's certainly not going to make
6 things better and it progressively or I
7 think accelerates the problems that we have
8 today going forward.

9 Thank you. I don't have any further
10 questions.

11 MR. MCPHERSON: Councilman Nutter.

12 COUNCILMAN NUTTER: Mr. Crawford, to
13 follow up on an area where Councilman Ramos
14 was, do you know of any other major city in
15 the Commonwealth or any other major city
16 across the country that has the array of
17 taxes that we have in Philadelphia and/or
18 the apparent over reliance on a wage tax to
19 fund its operations?

20 MR. CRAWFORD: No, I don't. I think
21 it's pretty clear that Philadelphia is an
22 outlier, in terms of the structure of its
23 tax. It may not be an outlier so much in
24 the level but it certainly is an outlier in
25 terms of the structure.

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2 COUNCILMAN NUTTER: And would you
3 agree or disagree with the statement that
4 because of both the array of taxes that we
5 have in contrast to other cities, and an
6 over reliance on a wage tax, that may
7 require us to do a fairly significant
8 reworking of our tax structure because
9 we're dealing with an array of taxes that
10 most other cities don't have to contend
11 with in the first place?

12 MR. CRAWFORD: Yeah. That's
13 correct. Because other cities don't have
14 these structures, it makes them more
15 dangerous for us.

16 And I would further argue that the
17 comparisons you have to worry about most
18 are the comparisons not with other cities
19 but with your close-by neighbors; that, you
20 know, big tax differences between the City
21 of Philadelphia and the surrounding
22 counties in both Pennsylvania and New
23 Jersey are, you know, truly dangerous.

24 If you think about a business
25 deciding to locate, say that they're

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2 already sold on the idea of coming to this
3 general area.

4 There are a number of things that
5 they can get anywhere in that area. They
6 can get the work force. They can get the
7 weather. They can get the transportation
8 network, basically.

9 So, what is going to affect the
10 choice? Once you've decided to come to the
11 Philadelphia metropolitan area, what's
12 going to affect the choice about where in
13 that area to locate?

14 Well, it's going to be the
15 differences. It's going to be the things
16 that make Delaware County different from
17 Philadelphia, or make Burlington County,
18 New Jersey, different from Bucks County,
19 Pennsylvania. And once you get within the
20 area, the glaring difference, the glaring
21 disadvantage of Philadelphia is the tax
22 structure.

23 COUNCILMAN NUTTER: Okay. Thank
24 you.

25 Thank you, Madam Chair.

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2 COUNCIL PRESIDENT VERNA: Thank you.

3 The Chair recognizes Councilman
4 Clarke.

5 COUNCILMAN CLARKE: Thank you, Madam
6 President.

7 Good afternoon. Just in response to
8 your statement about job retention, and you
9 referenced New Jersey, although you did
10 reference the surrounding counties.

11 Do you have an idea as to why some
12 of the larger corporations recently opted
13 to re-up their leases in Philadelphia, as
14 opposed to moving to Camden, given the
15 significant size of the incentive package
16 that was put on the table by New Jersey and
17 they opted to stay in Philadelphia?

18 MR. CRAWFORD: I don't know the
19 entire story. It is certainly true that we
20 fared well in the last round of major
21 corporate leases that were -- that were up
22 for renewal, and that we did retain
23 significant numbers.

24 I don't know... I'm not privy to
25 the decision processes of those companies,

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2 and I also don't know what arrangements may
3 have been made with those companies, in
4 terms of incentives to stay. So, I really
5 can't answer the question.

6 COUNCILMAN CLARKE: Okay. Well, I
7 mean, I asked that question because you
8 just referenced our potential inability to
9 retain jobs.

10 And those are significant leases
11 that were re-signed. And from all
12 accounts, public accounts because I, like
13 you, was not privy to the discussion in the
14 room. But in all accounts, the financial
15 package that was put on the table by New
16 Jersey was three, four times what we
17 offered, at least what people are telling
18 us that was offered, because we sometimes
19 find ourselves not being able to be the fly
20 on the wall. And you have no sense of why
21 that happened.

22 MR. CRAWFORD: I don't know about
23 those particular cases. You know,
24 different cities are going to have
25 different reasons for being in

2 Philadelphia. And those different reasons
3 are of different importance to different
4 firms.

5 The fact that you retain a
6 significant number of large employers is
7 good news, undeniably, but it doesn't say
8 that you're going to maintain employment
9 levels.

10 You know, the trend is pretty clear
11 that overall employment in the City is
12 declining. Now, holding on to a Cigna or
13 another big group is a way to slow that
14 decline or maybe even offset some of it.

15 But I don't think we're -- I don't
16 think we should take too much comfort in
17 those new leases. We should not take so
18 much comfort that we will decide not to --
19 not to dramatically change our tax
20 structure.

21 COUNCILMAN CLARKE: I agree with
22 you, in that we should not take comfort.

23 My question was pretty much in
24 response to your statements, and the
25 implication that as a result of our tax

2 structure -- And I do believe we have to do
3 something about our tax structure, as much
4 as anybody else in this room.

5 It's just simply a way about getting
6 there that the implication --

7 COUNCILMAN DiCICCO: Point of
8 information, if I can.

9 COUNCIL PRESIDENT VERNA: The Chair
10 recognizes Councilman DiCicco.

11 COUNCILMAN DiCICCO: Not to
12 interrupt the conversation, but I'm
13 familiar with Cigna because the building
14 that they're relocating to is in my
15 District, moving out of your District, no
16 reflection on you, Councilman Clarke.

17 And one of the reasons, I think the
18 primary reason that they stayed, in
19 addition to the financial package that we
20 put together, and this Council supported
21 the TIF, as you know, for that relocation
22 project, is the fact that this company
23 started in the City over 200 years ago, and
24 they actually felt a very moral obligation.

25 COUNCILMAN CLARKE: Councilman, I

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2 think you're talking about Ace.

3 COUNCIL PRESIDENT Verna: I believe,
4 Councilman -- I think Councilman Clarke is
5 talking about Cigna.

6 COUNCILMAN DiCICCO: Apologize.

7 COUNCILMAN RIZZO: Point of
8 information.

9 COUNCILMAN RIZZO: I want to add --
10 I want to add to that.

11 COUNCIL PRESIDENT Verna: Councilman
12 Rizzo.

13 COUNCILMAN RIZZO: Thank you, Madam
14 Chair.

15 I want to add to that. Part of the
16 of what I read, at least, is the fact that
17 you said we shouldn't have comfort with
18 that lease.

19 And I agree also with that because I
20 believe part of the decision was based on
21 the fact that it disrupts... You know the
22 word I'm trying to use.

23 MR. CRAWFORD: Disruption.

24 COUNCIL PRESIDENT Verna:
25 Disruption.

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2 COUNCILMAN RIZZO: Yeah, disruption

3 That would have occurred. And also they
4 also indicated about people have to be
5 relocated, et cetera.

6 So, I don't think it was -- their
7 decision was entirely based on just what
8 they got out of a lease. At least that's
9 my interpretation of what I read.

10 Thank you.

11 COUNCIL PRESIDENT VERNA: Thank you.
12 Councilman Clarke.

13 COUNCILMAN CLARKE: I actually agree
14 with Councilman Rizzo. I mean, the reality
15 that there are a number of factors for
16 people when they make these decisions.

17 And, you know, not to suggest that
18 Philadelphia is ahead of everyone else in
19 some of those other areas. You know,
20 obviously our educational system needs to
21 be improved, and we need to increase our
22 quality of life.

23 I guess I only want to ask those
24 questions in response to your statements;
25 and two, understanding that there are

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2 significant other issues that relate to
3 decision making, it could be, and as

4 Councilman Rizzo said it, the part that
5 tipped the scale was people just simply
6 didn't want to move their desk across the
7 water. Hopefully, everyone feels that way.

8 Another question. There was an
9 issue that I talked about the other day
10 about this... I didn't think I have it
11 here... was the budget-based tax system
12 that was the recommendation of the Tax
13 Reform Commission. I'm trying to... I
14 want to see. I may not have the
15 corresponding bill.

16 MR. CRAWFORD: I think you're
17 referring to Number 7.

18 COUNCILMAN CLARKE: Number 7, right.
19 Number 7. I voiced some concerns about
20 that in earlier testimony.

21 And from what I see, there have been
22 references to it several places throughout
23 the Tax Reform Commission's report, that
24 potentially our ability to raise the
25 necessary revenues, to ensure that we have

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2 a balanced budget, pretty much reflect on
3 our ability to either lower or increase the

4 rate on our real estate.

5 And at that time I voiced some
6 serious concerns that it could potentially
7 create a substantial increase in real
8 estate revenues for the City that would
9 essentially be on the backs of the people
10 who live here and work here, who operate
11 businesses here.

12 And I wasn't in the room, but I
13 think you may have referenced a certain
14 potential percentage of increase. And I
15 don't know over the time period.

16 But based on my minimal analysis of
17 some of this information, it appears that a
18 substantial amount of the burden on this
19 whole reform package will be shifted from
20 the business and wage earners, a
21 substantial amount who live outside of the
22 City -- and we're trying to get the
23 numbers, as it relates to the number of
24 people who live and work in the City.

25 We're trying to find what the now

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2 resident's savings will be. That
3 essentially will be put on the backs of
4 individuals who live in the City. And I'm

5 somewhat concerned about that.

6 And if that is the case, I'd like to
7 have the public understand that there's a
8 real potential of substantial increases in
9 their taxes on the real estate side.

10 MR. CRAWFORD: I don't think you
11 were in the room a few minutes ago when I
12 was addressing this, in response to another
13 question.

14 It is certainly the case that one of
15 the underlying organizing principles of the
16 Tax Reform Commission's package is that
17 over time, over many years, over ten years,
18 there will be a shift in the structure of
19 Philadelphia's taxes, so that the City will
20 rely less heavily on business and wage
21 taxes and more heavily on property taxes.

22 If it does that, it will move us to
23 a structure that is much more consistent
24 with other cities in the country, and it
25 would be a move in the direction consistent

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2 with what most economists would argue that
3 what a city should try to do is move taxes
4 away from those activities that are most

5 mobile, that can leave the City the most
6 easily, and toward those activities that
7 are less mobile.

8 That does mean that over time there
9 will be an increase in real estate taxes.
10 But a couple of considerations. Number
11 one, it's likely to be very slow, this
12 transition.

13 And the second thing is that many,
14 not all, but many of the property owners in
15 Philadelphia are also wage earners or small
16 business people.

17 And while their property taxes may
18 be increasing, they will be enjoying
19 reductions in wage taxes or business taxes.

20 So, in terms of the big picture,
21 many people will not be hurt as much as you
22 might think, when you first say, oh, my
23 God; property taxes are going to go up.

24 Now, let me rush to point out that
25 there is a group that gets left behind.

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2 There are property owners who are not wage
3 earners and not small business owners.

4 And there is going to be... There
5 may be some challenges. And the Tax Reform

6 Commission in its wisdom put in some
7 safeguards and buffering ideas about how to
8 soften that blow.

9 COUNCILMAN CLARKE: Yeah. State
10 authorized.

11 MR. CRAWFORD: But for --

12 COUNCILMAN CLARKE: Some of those
13 things are --

14 MR. CRAWFORD: But for lots of
15 people there's going to be a reduction in
16 wage and -- or business taxes that will
17 offset the increase in property taxes.

18 COUNCILMAN CLARKE: Have you done an
19 analysis on the wage owners? And I know
20 this is somewhat tedious, the wage -- the
21 non-resident wage owners and the resident
22 wage owners, that would simply allow you to
23 determine the percentage of individuals who
24 would, in fact, live in the City that could
25 potentially get substantial or minimal

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2 increases in real estate versus those
3 individuals who live outside of the City
4 who would not -- that would not impact
5 them, although they would get reductions in

6 wage tax?

7 MR. CRAWFORD: That is knowable. I
8 don't know -- I don't -- And I think it's
9 in the report that E-Consult gave to the
10 Tax Commission which is now in Volume III,
11 but I can't summon that number up from
12 memory.

13 It is known. The City knows what
14 percentage of the tax base is from
15 non-residents and what percentage is from
16 residents?

17 COUNCILMAN CLARKE: I know that. I
18 know. My question -- And if I didn't form
19 it right, I'm sorry.

20 MR. CRAWFORD: Okay.

21 COUNCILMAN CLARKE: My question is,
22 when you did your analysis, the... I guess
23 because you were consultant to the Tax
24 Reform Commission?

25 MR. CRAWFORD: Yes.

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2 COUNCILMAN CLARKE: And supported
3 the documents.

4 When you did your analysis, did you
5 take into account the percentages of
6 non-residents versus residents, in

7 analyzing the recommendations...

8 MR. CRAWFORD: We did.

9 COUNCILMAN CLARKE: And impact on
10 those two categories.

11 MR. CRAWFORD: In modeling the
12 potential impacts, we did look into the
13 issue of differential effects of
14 residential and non-residential.

15 And it turned out that, in terms of
16 measuring the overall supply side impacts,
17 it didn't really matter.

18 If you broke it out separately, you
19 got pretty much the same answers than if
20 you broke it out -- than if you didn't.

21 That doesn't mean it couldn't be
22 done and shouldn't -- and, you know, it
23 could be done for the questions that you're
24 asking.

25 We weren't asking that question. We

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2 were trying to just capture the overall
3 supply side effect. And what we learned
4 was, it didn't really matter whether you
5 looked at it separately or together for
6 that question. But it may well matter for

7 other questions.

8 COUNCILMAN CLARKE: Yeah. I mean,
9 all right. It does.

10 MR. CRAWFORD: Absolutely.

11 COUNCILMAN CLARKE: It does.

12 MR. CRAWFORD: Absolutely.

13 COUNCILMAN CLARKE: You're talking
14 to a politician. Where a person lives is
15 always relevant.

16 MR. CRAWFORD: I understand.

17 COUNCILMAN CLARKE: So let me
18 understand. I guess the bell didn't ring,
19 so I guess I'm going to keep talking.

20 Your analysis that real estate
21 revenue will not grow in a substantial
22 level immediately, is that based on...
23 What?

24 I mean, we recently -- And I know a
25 lot had to do with the interest rates, and

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2 some other factors, where we had -- and we
3 were wrestling with the issue in Council
4 over the last couple of years about
5 substantial increases in individual's real
6 estate tax bills.

7 And I saw, frankly speaking, a more

8 aggressive increase in real estate values,
9 subsequently taxes, than I've ever seen in
10 job growth.

11 And my concern is that, as
12 aggressive as we are recommending that
13 these tax cuts come into play, I don't
14 think that the job growth will in any way,
15 shape or form meet the potential growth in
16 real estate taxes. Do you believe that to
17 be the case?

18 Do you really think that, you know,
19 under this particular strategy, that the
20 job growth will be that aggressive that
21 will then create an environment where you
22 will not have to increase the rate to meet
23 our budget projections?

24 MR. CRAWFORD: I think over the long
25 haul, yes, there will be growth. And it's

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2 not just jobs. There will be growth in
3 general business activity and growth in
4 property values.

5 But let me argue just a little bit
6 with the premise to your question, in that
7 we're not talking about dramatic changes

8 out of the blocks. We're not talking about
9 a huge reduction in business or wage taxes
10 in the first year.

11 COUNCILMAN CLARKE: I understand.

12 MR. CRAWFORD: So over time the cuts
13 in business and wage taxes that have been
14 recommended will get larger, though there's
15 a cumulative effect of them, so they do
16 become big.

17 COUNCILMAN CLARKE: Right.

18 MR. CRAWFORD: But they become big
19 gradually.

20 COUNCILMAN CLARKE: But we're
21 talking about locking -- We're talking
22 about locking in those reductions. We're
23 not talking about a plan. We're talking
24 about a tax...

25 MR. CRAWFORD: Well --

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2 COUNCILMAN CLARKE: ...that locks in
3 those reductions.

4 MR. CRAWFORD: Well, I addressed
5 that a few minutes ago, again, I think
6 while you were out of the room.

7 But I have -- I'm not aware that
8 anybody is seriously suggesting any

9 absolute lock-in of tax rates.

10 I think that there was a lot of
11 discussion about it Monday, but if you go
12 back and look at the Tax Reform Commission
13 report, they said, here's what we think you
14 should do to reduce taxes. They didn't say
15 lock it in. They didn't say you can't come
16 back and revise it.

17 COUNCILMAN CLARKE: We can always do
18 that. We understand we can always --

19 MR. CRAWFORD: When the -- When the
20 tax subcommittee of the 21st Century Review
21 Forum looked at it, we never thought that
22 we were talking about some sort of
23 automaton tax policy that was going to be
24 put in place for ten years. So, I'm not
25 aware that anybody has made that

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2 suggestion.

3 I know some people have opposed the
4 idea, but I have yet to see anybody who's
5 recommending it. So, I'm not sure who
6 those people are arguing with.

7 You know, what you're talking about
8 here is enacting a schedule of changes you

9 intend to make in the tax rates.

10 COUNCILMAN CLARKE: With a bill.

11 MR. CRAWFORD: Pardon?

12 COUNCILMAN CLARKE: With a bill.

13 MR. CRAWFORD: With a bill. And if

14 one year --

15 COUNCILMAN CLARKE: You understand

16 that's a little different than a plan.

17 MR. CRAWFORD: No; I do understand

18 that. But I also understand that you can

19 pass a bill, another bill, in a year or two

20 years or three years.

21 One of the, I think, big appeals of

22 the approach that the Tax Reform Commission

23 suggested is that you can proceed slowly.

24 And if you get off track, you can fix it.

25 They're not talking about... You're

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2 not falling off a cliff. You're not

3 dramatically changing rates overnight, so

4 there will be an opportunity for the

5 Administration and this Council to monitor

6 how it's going, and make corrections if

7 it's not... if it's not going as

8 anticipated.

9 COUNCIL PRESIDENT VERNA: Councilman

10 Clarke, if you don't mind...

11 COUNCILMAN CLARKE: That's fine.

12 COUNCIL PRESIDENT VERNA: We'll go

13 to the second-go around because we have

14 other Council members that want to be

15 recognized.

16 COUNCILMAN CLARKE: Madam President,

17 I've learned if the bell doesn't ring, you

18 keep talking.

19 COUNCIL PRESIDENT VERNA: I know.

20 The bell did go off.

21 The Chair recognizes Councilman

22 Kenney.

23 COUNCILMAN KENNEY: Thank you, Madam

24 President.

25 Mr. Crawford, is the Tax Reform

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2 Commission recommending that we raise real

3 estate tax rates?

4 MR. CRAWFORD: No, sir.

5 COUNCILMAN KENNEY: Okay. And the

6 only way real estate tax rates go up, as I

7 understand it in this City, is that the

8 City Council of Philadelphia raises those

9 rates; is that correct?

10 MR. CRAWFORD: That's my
11 understanding, yes.

12 COUNCILMAN KENNEY: So the only
13 increase in property tax revenues as a
14 result of --

15 COUNCIL PRESIDENT Verna: Chair
16 recognizes Councilman Nutter for a point of
17 information.

18 COUNCILMAN NUTTER: I'd only answer
19 that, Councilman, the taxes of residents in
20 real estate have gone up every year since
21 we've been here.

22 COUNCILMAN KENNEY: I understand.

23 COUNCILMAN NUTTER: We haven't
24 changed the rates.

25 COUNCILMAN KENNEY: We're talking

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2 about rates.

3 COUNCILMAN NUTTER: Right.

4 COUNCIL PRESIDENT Verna: Rates.

5 COUNCILMAN KENNEY: Just on the rate
6 issue, the Reform Commission is not
7 recommending we raise real estate tax
8 rates. And the only way that real estate
9 tax rates get raised is by us raising them.
10 It's a safe statement.

11 MR. CRAWFORD: That's --

12 COUNCILMAN KENNEY: So the
13 increase -- The increase in potential
14 property tax revenues comes about as a
15 result of the increase in property values.

16 MR. CRAWFORD: An increase in
17 wealth, yes.

18 COUNCILMAN KENNEY: An increase in
19 property values.

20 And in the event that an increase in
21 property values skyrocket in this City, we
22 do have the ability under state
23 Constitutional amendment that was passed...
24 God, I guess back in 1983, '84, to give
25 relief, if we want to, if we need to, to

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2 long-term owners like you describe who
3 don't have income or don't -- aren't
4 working and getting the benefit of the wage
5 tax reductions and don't own businesses.

6 We have the authority, and hopefully
7 at the time the capacity, through a revival
8 in our private sector economy, to give
9 those kind of tax relief to long-term
10 residents who may be experiencing

11 astronomical rises in their real estate
12 taxes -- not their rates, the value of
13 their homes, in the event we need to
14 protect them.

15 So, if I were to pass or we were to
16 pass these rates, these 12 or 13
17 recommendations, and I'm the average
18 homeowner in the City, do I have to be
19 fearful of losing my home as a result of
20 increased real estate taxes?

21 MR. CRAWFORD: No.

22 COUNCILMAN KENNEY: I get the
23 impression that somehow there's this belief
24 out there, this view out there, that
25 somehow this passage of these bills,

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2 reducing wage and business taxes, are going
3 to drive people to the poorhouse, and
4 they're going to have to sell their homes
5 because they can't pay their real estate
6 taxes. I don't think that's -- that's...
7 I don't think it's accurate, and I don't
8 think it's a fair characterization.

9 Because we've had, as Councilman
10 Nutter said, increases in property taxes as
11 a result of increase in assessments and

12 increase in property value, even in an
13 economy here in Philadelphia where we're
14 losing jobs and residents.

15 If -- If -- If theoretically we pass
16 this, and property tax values -- property
17 tax -- property values go up and taxes go
18 up as a result of that, it would be great
19 to have additional job growth and
20 residential retention and attraction in
21 addition to the increase in property
22 values, which all could be accomplished,
23 hopefully, and I think reasonably, with the
24 passage of these reform recommendations.
25 Is that a misstatement?

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2 MR. CRAWFORD: I agree. I agree.

3 COUNCILMAN KENNEY: Secondly, if
4 I'm -- Theoretically, if I'm an 800 -- If
5 I'm a C.E.O. of an 800-person company in
6 Cleveland, and I'm looking to move to the
7 Philadelphia region -- it's one of the
8 regions I'm examining -- what are some of
9 the issues in my due diligence would I
10 examine to determine whether or not it
11 makes sense for me to bring those 800 jobs

12 to the Philadelphia region or in any
13 region?

14 MR. CRAWFORD: Well, there are a
15 number of considerations. I think you
16 would be interested in the work force that
17 was available in the area, the area broadly
18 defined. It wouldn't have to be the City
19 of Philadelphia.

20 COUNCILMAN KENNEY: No. I'm talking
21 about the region.

22 MR. CRAWFORD: But the work force in
23 the region. Because it's well known that
24 workers move across the county lines.

25 Most businesses would be thinking

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2 about where the customers were. Often
3 businesses want to be close to their
4 customers.

5 They would be thinking about a
6 variety of lifestyle issues, about where
7 people want to live; and they would be
8 thinking about -- In fact, they'd have a
9 fiduciary responsibility to think about the
10 impact on their tax liabilities associated
11 with choosing one venue over another.

12 It's not... You know, it's not the

13 only consideration that would come up in
14 location. But as -- as I was saying
15 earlier, once you get -- once you get a
16 firm interested in the area, then the
17 choice of the location within the area...

18 COUNCILMAN KENNEY: My question --
19 My question is what -- Philadelphia --
20 Based on those set of -- those set of
21 standards or criteria, the Philadelphia
22 region fares pretty well, I would think, as
23 a region.

24 MR. CRAWFORD: Yes.

25 COUNCILMAN KENNEY: When it comes to

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2 the consideration of moving that Cleveland
3 firm to Philadelphia with 800 employees.
4 Is that a fair statement?

5 MR. CRAWFORD: I think that's fair,
6 yes.

7 COUNCILMAN KENNEY: Now, within the
8 region, what sets Philadelphia apart from
9 that pretty attractive, positive region?

10 What happens to Philadelphia when
11 that view starts to get microscoped down to
12 the specific region, and making a choice

13 between Gloucester, Burlington, Montgomery,
14 Chester, Delaware or Bucks and Philadelphia
15 Counties? What happens to Philadelphia in
16 that analysis?

17 MR. CRAWFORD: As the microscope
18 focuses, the tax differences get larger and
19 more important, because that's an important
20 dimension in which there really are
21 differences across the region.

22 COUNCILMAN KENNEY: So in addition
23 to trying to scrimp, and fight, and push
24 and save the companies that we have here
25 already, with varying degrees of innovative

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2 tax incentives, changing our tax situation
3 and status in Philadelphia would take all
4 the need for that TIF, KOZ, KOIZ, KOEZs,
5 whatever the letters are, would diminish
6 the need for that, and would also put us on
7 a better level playing field with the five
8 or six or seven county SMSA around us. Is
9 that safe?

10 MR. CRAWFORD: I agree with that,
11 yes.

12 COUNCILMAN KENNEY: Thank you.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 The Chair recognizes Councilman
15 Nutter.
16 COUNCILMAN NUTTER: Thank you, Madam
17 Chair.
18 I'm intrigued by some of the
19 questions that have been raised. And I
20 wanted to just put a couple things on the
21 record.
22 Councilman Clarke is absolutely
23 correct, that the City has fared well with
24 regard to current... many large current
25 businesses that are in the City.

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2 We read press stories about some of
3 the retention efforts. I think he's also
4 right. We don't know why many of the
5 companies decided to do what they have
6 done, although we're very happy about it.
7 I think that, at least as members of
8 the City Council, if not the general
9 public, should, though, not have to rely on
10 possibly be a fly on the wall when it comes
11 to the utilization of public tax dollars,
12 and have a better sense of just what the
13 incentives are that are being put on the

14 table.

15 We did learn the other week that at
16 least one company, the City was prepared to
17 renovate their offices which is an
18 interesting incentive to offer. But we
19 actually don't know what incentives were
20 put on the table.

21 But as happy as we could be or
22 should be about retaining the companies
23 that we have, in recent times I don't
24 recall hearing about any new companies
25 coming, and any that have in the past

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2 couple years have also sought significant
3 relief from our overburdening tax structure
4 here in Philadelphia.

5 And so we end up usually buying the
6 business to come into the City. We've also
7 had -- And it was mentioned a couple times
8 by different people. This Council has
9 approved in excess of 25 some odd tax
10 increment financing districts which, again,
11 are an effort to deal with an
12 out-of-control tax structure.

13 Even with that tool available to us,
14 only ten of them have actually come to

15 fruition. We have, I think as Councilman
16 Kenney mentioned, Keystone Opportunity
17 Zones.

18 What are they about? They are
19 relief from an overburdened tax system.
20 Keystone Opportunity Improvement Zones.
21 Same thing.

22 And I guess if our property tax
23 situation was as bad as we might suggest
24 that it is or that the counties around us
25 have, then I guess the Governor's tax

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2 reform package would have those dollars
3 coming for property tax relief, as opposed
4 to wage tax relief which is what it's for.
5 And I assume that we would like to utilize
6 those dollars for that purpose.

7 So, with regard to the other concern
8 about the property tax situation, I think
9 Councilman Kenny has laid that out. It's
10 not like just because values go up, there
11 is an automatic requirement that there be
12 some X percentage increase or some
13 exorbitant increase in a resident's tax.

14 As long as this Council is in

15 business, it has the right to determine
16 rates, and pretty much on an annual basis
17 decides how much real estate tax revenue
18 we're going to raise from the citizens of
19 this City.

20 So, I'm just left, I guess, to
21 suggest that all of these factors are
22 within our jurisdiction and control. But
23 every step along the way, every complaint
24 that has been made, especially from
25 business if not from residents, does have

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2 to do with the tax issue here in
3 Philadelphia.

4 There's no other City, I believe, or
5 county in this Commonwealth that has a wage
6 tax, none. Most of them do have property
7 tax systems that are somewhat spiraling out
8 of control which is why they've been
9 demanding property tax relief, while at the
10 same time they eat our lunch on a pretty
11 regular basis for the landing of new
12 businesses who want to be near
13 Philadelphia, but many of which don't
14 necessarily want to be in Philadelphia
15 because they can't make the numbers work

16 for them.

17 So, we can continue to try to do tax
18 increment financing. We can continue to
19 try to identify even downtown locations
20 that are, quote unquote, blighted, in the
21 heart of Center City.

22 We can try to do any set of
23 programs, ideas and schemes that we like.
24 We cannot escape the fact that our tax
25 structure is out of control, the City is

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2 overburdened with it.

3 And until we have a complete
4 overhaul of our tax system, it may not
5 matter that much that we have to negotiate
6 these deals on a deal-by-deal basis, as
7 opposed to leveling, to the extent that we
8 can, the playing field, managing through
9 the tougher times, as recommended by both
10 the Tax Reform Commission and the 21st
11 Century Review Forum.

12 No one has ever said that there
13 won't be challenges with this; but, you
14 know, that's why we've the jobs that we
15 have. And that's the challenge of

16 leadership in being in public service. I
17 just wanted to put those comments and
18 thoughts on the record.

19 We have to do something. And I
20 think rather than trying to pretty much
21 scare people to death about it, if we
22 actually came up with some ideas and some
23 programs that were of a longer time
24 horizon, then in the next few months or
25 even the next couple years, the City might

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2 actually work its way out of a very bad
3 situation that's been going on for some
4 time.

5 Thank you very much, Madam Chair.

6 COUNCIL PRESIDENT Verna: You're
7 welcome. The Chair recognizes Councilman
8 Clarke.

9 COUNCILMAN CLARKE: Thank you.
10 Thank you, Madam President.

11 Madam President, I just wanted to
12 get a little clarity on where I am. I
13 don't believe that we can continue to do
14 things the same forever, right.

15 I clearly understand the problems
16 associated with creating new jobs and the

17 problems associated with maintaining jobs.

18 And I understand the problems
19 associated with the perception of the
20 School District, and other issues; and
21 crime, the safety and violence in our
22 communities. We have to do a lot of things
23 differently. All right?

24 But my discussion at this point with
25 this particular witness is centered on a

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2 recommendation by the Tax Reform
3 Commission.

4 And my colleagues had suggested that
5 there is no requirement or we're not
6 obligated to do anything. And that may, in
7 fact, be true.

8 But the reality is and the
9 recommendation by the Tax Reform
10 Commission, the budget-based property
11 taxation recommendation is that it says the
12 Mayor and City Council to determine annual
13 real estate tax rates... Let me start from
14 the beginning.

15 The Commission recommends creating a
16 system of budget-based property taxation by

17 legislatively obligating the Mayor and City
18 Council to determine all annual real estate
19 taxes, rates, after setting the budget and
20 reviewing assessments, thereby maintaining
21 a stable revenue stream under the control
22 of local government.

23 Now, that tells me that on the
24 budget process, if we're putting together a
25 budget, with all of the various sources and

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2 categories, if there's a shortfall in
3 revenues associated with business tax and
4 wage tax, then it has to be made up by the
5 real estate tax.

6 COUNCIL PRESIDENT VERNA: Excuse me,
7 Mr. Crawford.

8 The Chair recognizes Councilman
9 Nutter.

10 COUNCILMAN NUTTER: Thank you, Madam
11 Chair.

12 Councilman Clarke, I appreciate your
13 concern about that particular provision. I
14 think, as you well know, the Tax Reform
15 Commission put together their report.
16 Their recommendations are in a document.

17 I introduced these bills. I asked

18 them to give me their bills on a disk. I
19 didn't change a word, a comma, or a period.

20 But I think you also know from
21 Monday's hearing, notwithstanding my
22 sponsorship of the legislation, I asked...
23 And I think both of us asked similar
24 questions on Monday.

25 And I think I shared with you that I

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2 have my own concerns about that. And
3 probably the best way to deal with that
4 particular issue, notwithstanding the Tax
5 Reform Commission recommendations which,
6 you know, we're also not automatically
7 required to adopt, is that that particular
8 provision should more than likely be
9 amended, so as to not have this last amount
10 of money to fill a budget gap automatically
11 determined by almost fiat of a piece of
12 legislation that says, you fill the gap
13 automatically with real estate taxes, as
14 opposed to, I think, a more affirmative
15 process that is similar to what we have
16 now, that says if you want to derive \$438
17 million worth of real estate tax, which may

18 or may not be the number in the current
19 budget, but it's up in that neighborhood,
20 then once you know what your total
21 assessments are, you determine what your
22 tax rate is based on how much money you're
23 trying to generate, which is what most
24 municipalities do.

25 So, I mean, I'll be the first to

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2 say, as I've said publicly, there are some
3 who believe that, you know, somehow you
4 have to be for all 13.

5 I don't support that proposition.
6 That is a dereliction of my duty as a
7 member of City Council. And I don't
8 necessarily believe that every individual
9 component of each of the TRC bills has to
10 be followed as if it's dictated to us.
11 That's one way of doing it.

12 I believe, actually, I have another
13 way. But I didn't write the bill. So I
14 just wanted to at least get that on the
15 record, that we're probably in agreement on
16 that particular issue.

17 MR. CRAWFORD: Madam President --

18 COUNCIL PRESIDENT VERNA:

19 Councilman -- Oh, I'm sorry, Mr. Crawford.
20 Go ahead.

21 MR. CRAWFORD: Just to respond to
22 Councilman's question, I think you're
23 absolutely right about how that would work.
24 And I want to -- I want to point out that
25 the tax subcommittee of the 21st Century

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2 Review Forum did not endorse that
3 recommendation. That was the one out of 28
4 that we said no. The tax --

5 COUNCILMAN NUTTER: One out of 28.

6 MR. CRAWFORD: -- subcommittee of
7 the 21st Century Review Forum, which
8 reviews --

9 COUNCILMAN CLARKE: Which was a part
10 of?

11 MR. CRAWFORD: The Mayor's
12 Philadelphia 21st Century Review Forum.

13 COUNCILMAN CLARKE: What does that
14 have to do with the Tax Reform Commission?

15 MR. CRAWFORD: We were charged with
16 reviewing the work of the Tax Reform
17 Commission.

18 COUNCILMAN CLARKE: Okay.

19 MR. CRAWFORD: And I sat on that tax
20 subcommittee. And that committee voted
21 four to one against recommendation seven --
22 COUNCILMAN CLARKE: So --
23 MR. CRAWFORD: -- and I was one of
24 the four.
25 COUNCILMAN CLARKE: So.

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2 MR. CRAWFORD: So if you're looking
3 for somebody to defend that, you don't
4 look -- don't look to me because I voted
5 against it.
6 The tax subcommittee endorsed all of
7 the recommendations of the Tax Reform
8 Commission except that one.
9 COUNCILMAN CLARKE: Okay. So, who
10 are you... Because I know you're the
11 Council's consultant. Now, who's
12 consultant are you --
13 MR. CRAWFORD: I am --
14 COUNCILMAN CLARKE: -- at the
15 witness table?
16 MR. CRAWFORD: I am Council's
17 consultant. E-Consult has been retained to
18 advise City Council, and there's a --
19 COUNCILMAN CLARKE: So you're

20 testifying -- Okay.

21 MR. CRAWFORD: Before that we worked
22 on tax policy with the Controller's Office.
23 We provided support to the Tax Reform
24 Commission. And then I personally was
25 appointed by the Mayor to serve on the tax

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2 subcommittee of the program evaluation
3 committee of the 21st Century Forum Review.

4 COUNCILMAN CLARKE: All right.

5 MR. CRAWFORD: And we were charged
6 with looking at what the Tax Reform
7 Commission had done and offering our
8 opinions.

9 COUNCILMAN CLARKE: Okay. I mean,
10 because I was --

11 MR. CRAWFORD: And --

12 COUNCILMAN CLARKE: I was talking
13 to -- Okay.

14 MR. CRAWFORD: So I --

15 MR. CRAWFORD: That's fine.

16 MR. CRAWFORD: So when I was
17 testifying Monday, I -- I -- I pointed out
18 that the -- that that tax subcommittee
19 endorsed 27 of the 28. The one we voted

20 against 4 to 1 -- and I'm with the 4 -- is
21 the one that concerns you.

22 COUNCILMAN CLARKE: Okay. Well --

23 MR. CRAWFORD: That you were just
24 talking --

25 COUNCILMAN CLARKE: -- that's

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2 wonderful.

3 MR. CRAWFORD: The one that you were
4 just talking about.

5 COUNCILMAN CLARKE: That's one of
6 the ones --

7 MR. CRAWFORD: Excuse me.

8 COUNCILMAN CLARKE: -- that
9 concerned me.

10 MR. CRAWFORD: I didn't mean to give
11 an exhaustive list of your concerns, but --

12 COUNCILMAN CLARKE: Okay.

13 MR. CRAWFORD: -- but that one is
14 one that we did not support.

15 COUNCILMAN CLARKE: Okay. Just
16 wanted to be clear.

17 In Volume III in the chart, Page 51,
18 it talks about potential increases in
19 revenue, and it talks about tax revenue --
20 wage tax revenue change, gross receipts

21 revenue change, and property tax revenue
22 change.

23 In the chart, earlier you referenced
24 the potential slow growth in revenue change
25 as a result of the proposed -- And I know

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2 you're now telling me that you don't
3 recommend certain aspects of the
4 budget-based system.

5 In year five there is...
6 potential -- Let's see. 11 in first year,
7 24, 42, 67, 92. Do you attribute that 92
8 meaning a revenue change solely to a
9 decrease in values or do you attribute it
10 to increase in changing rates?

11 MR. CRAWFORD: You're referring to
12 the property tax revenue change?

13 COUNCILMAN CLARKE: Yes.

14 MR. CRAWFORD: Yeah. That is
15 entirely attributable to increases in value
16 and increases in new real estate
17 development. It is -- It is based on the
18 assumption that the effective property tax
19 rate remains where it is today.

20 COUNCILMAN CLARKE: Okay. So the

21 increased value...

22 MR. CRAWFORD: So five years out,
23 because of the stimulative effects of all
24 these tax changes, you've got the existing
25 real estate is more valuable and there

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2 should be additional real estate
3 development, so that the real estate tax
4 base will have grown to the point where,
5 with the current effective tax rate, you
6 can realize an increase of \$92 million
7 in --

8 COUNCILMAN CLARKE: So, do you have
9 a sense -- And I know this is some level of
10 detail -- of what percentage will be -- can
11 be attributed to new development, and what
12 percentage can be attributed to existing
13 real estate?

14 MR. CRAWFORD: No, I can't. The
15 data... I'm not aware that the data exists
16 that would allow you to break that out. I
17 mean, what we -- what we -- This is based
18 on our analysis offer the history of tax
19 rates, and the total value of the real
20 estate base.

21 And we don't have data to tell us

22 whether it's -- whether it's new
23 development or increased value.

24 COUNCILMAN CLARKE: So --

25 MR. CRAWFORD: So, I don't see a way

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2 that that could be done. Certainly there's
3 no way it could be done easily.

4 COUNCILMAN CLARKE: So how could you
5 get to the number?

6 MR. CRAWFORD: We get the total. We
7 get the --

8 COUNCILMAN CLARKE: Well, how do you
9 get the total if you don't know the pieces?

10 MR. CRAWFORD: Because we have
11 historical data on the total. We have
12 historical data on the total value of real
13 estate in the City of Philadelphia. And we
14 know over time how that --

15 COUNCILMAN CLARKE: So is it your
16 assumption that the growth in new
17 construction and the increased values of
18 existing property get you to this number?

19 MR. CRAWFORD: That's right.

20 COUNCILMAN CLARKE: So your
21 assumption is that the growth in new

22 construction, new properties; therefore,
23 new real estate revenue, will be similar
24 over the next five years, and --

25 MR. CRAWFORD: Yeah.

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2 COUNCILMAN CLARKE: -- I mean, as
3 far as --

4 MR. CRAWFORD: We really don't know
5 the mix. Part of it -- Part of it is going
6 to be an increase in value of the stock
7 that's there today, and part of it is going
8 to be new -- new -- new development.

9 And -- and I don't see a way -- I'll
10 think about whether I can come up with a
11 way, but I don't see a way to break that
12 out. The problem is, we don't really have
13 a good history that would allow you to look
14 at those two components.

15 COUNCILMAN CLARKE: Okay. I'm
16 just -- You know, you have a number here.

17 MR. CRAWFORD: Yes.

18 COUNCILMAN CLARKE: You know, margin
19 of success --

20 MR. CRAWFORD: Let -- Let -- Let --
21 Let me try to back up.

22 COUNCILMAN CLARKE: Substantial --

23 MR. CRAWFORD: Let me back up just a
24 minute, if I could.

25 COUNCILMAN CLARKE: All right.

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2 MR. CRAWFORD: And maybe I can
3 clarify. What we have is historical data
4 that goes back over decades on the total
5 value of real estate in Philadelphia.
6 That's the property tax base.

7 COUNCILMAN CLARKE: Mm-hmm.

8 MR. CRAWFORD: We know how that has
9 grown over time. We also know how property
10 tax rates and wage tax rates and business
11 tax rates have changed over time. Okay?

12 Well, the starting point of all our
13 calculations is to look back at the history
14 and get a feel for how the property tax
15 base changes when tax rates change, how
16 they've changed in the past.

17 When tax rates have changed
18 property, property tax rates have --
19 property -- the property tax base has
20 changed. By looking at that pattern over
21 time --

22 COUNCILMAN CLARKE: Excuse me. Not

23 to -- What about interest rates? Do you
24 think that has any effect on...

25 MR. CRAWFORD: Interest rates are

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2 not likely to have an impact on this
3 analysis because, as I explained earlier in
4 my initial testimony, the... we've done all
5 of our analysis looking at Philadelphia's
6 share. So, we have looked at the value of
7 Philadelphia real estate as a total -- as a
8 percentage of national real estate.

9 To the extent that interest rates
10 are going to change the value of real
11 estate, they're going to -- they're likely
12 to change them in Philadelphia pretty much
13 the same way they changed them anywhere
14 else in the country.

15 So that Philadelphia's share of real
16 estate value should not move much at all in
17 response to changes in interest rates.
18 That's one of many issues that --

19 COUNCILMAN CLARKE: But that --

20 MR. CRAWFORD: -- could have
21 complicated our analysis.

22 COUNCILMAN CLARKE: The process --

23 MR. CRAWFORD: -- that we avoided --

24 COUNCILMAN CLARKE: My question
25 is --

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2 MR. CRAWFORD: -- looking at shares.
3 COUNCILMAN CLARKE: Yeah, but my
4 question... And if I didn't communicate it
5 to you correctly, it centers more around
6 the increased revenue that you project.
7 So, over the last couple of years
8 interest rates dropped. We got, as it was
9 quoted in some document somewhere, a
10 windfall to the City because of increased
11 values and subsequently increased tax
12 bills. Does that play into this at all or
13 are you not looking at --
14 MR. CRAWFORD: It doesn't --
15 COUNCILMAN CLARKE: -- interest
16 rates --
17 MR. CRAWFORD: -- because at the
18 very first step we say, we're not looking
19 to look directly at the value of
20 Philadelphia's property.
21 What we're going to do is look at
22 that --
23 COUNCILMAN CLARKE: As a --

24 MR. CRAWFORD: -- as a percentage of
25 national. So, anything that would affect

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2 values nationally, like interest rates, is
3 washed out of the analysis, which is a good
4 thing because we're trying to isolate the
5 effect of Philadelphia's taxes on its share
6 of real estate. So things like interest
7 rates are not going to contaminate this
8 analysis.

9 COUNCILMAN CLARKE: So you -- So
10 when you've done your -- When you did your
11 analysis, you did it solely on prior years.
12 And I know -- I think a member from your
13 company was here Monday --

14 MR. CRAWFORD: Yeah, I was here --

15 COUNCILMAN CLARKE: -- and talked
16 about 50 years --

17 MR. CRAWFORD: Yes --

18 COUNCILMAN CLARKE: I mean, talked
19 about the --

20 MR. CRAWFORD: -- I was here Monday.

21 COUNCILMAN CLARKE: I mean --

22 MR. CRAWFORD: Yeah, it's roughly 50
23 years.

24 COUNCILMAN CLARKE: Is that what

25 you're talking about?

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2 MR. CRAWFORD: Yes. Yes.

3 COUNCILMAN CLARKE: So, over the
4 last ten years, as you -- as you analyze
5 the real estate taxes in Philadelphia, does
6 that get you to this projection? I mean,
7 did we have a similar increase in real
8 estate revenues over the last period of
9 years that --

10 MR. CRAWFORD: I would have to go --
11 I would have to go look at the -- I would
12 have to go look at the data. We did not
13 focus on... We did not focus an analysis
14 just on the last ten years, so I'd have to
15 look at the data to answer what I think
16 you're asking me, which is -- is there
17 something different about the last --

18 COUNCILMAN CLARKE: Yeah. I'm
19 trying to --

20 MR. CRAWFORD: -- ten years --

21 COUNCILMAN CLARKE: Right. Or the
22 point --

23 MR. CRAWFORD: -- that would lead
24 you to --

25 COUNCILMAN CLARKE: -- I'm trying to

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2 get a --

3 MR. CRAWFORD: -- a different

4 conclusion.

5 COUNCILMAN CLARKE: -- sense for

6 where you get the 92 million projection.

7 And you said you've done an analysis of the

8 history -- of the history of the real

9 estate --

10 MR. CRAWFORD: We've got a long

11 history of --

12 COUNCILMAN CLARKE: -- that we

13 have -- you have similar increases in real

14 estate --

15 MR. CRAWFORD: Yeah. Part of it --

16 Part of it... Of course, we're talking

17 about going the other direction.

18 We have a... To the extent we have

19 a history of changes in tax rates, it's

20 mainly been increases in wage taxes and

21 business taxes.

22 So, we look at how values go down

23 when tax rates go up. Then what we do is

24 flip that over and say, okay, now if we go

25 back down to lower rates --

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2 COUNCILMAN CLARKE: So... Okay.

3 Now --

4 MR. CRAWFORD: -- then the income
5 is --

6 COUNCILMAN CLARKE: -- there's
7 another equation. It's not really the
8 history of what --

9 MR. CRAWFORD: No; it is the
10 history.

11 COUNCILMAN CLARKE: -- you've done.

12 MR. CRAWFORD: It -- It -- It's --
13 It's what goes up must come down. There's
14 very good reason to believe that the
15 patterns that you see as -- as tax rates
16 are going up are very likely to be undone
17 as tax rates come down. It's -- It's the
18 same economics. It's just --

19 COUNCILMAN CLARKE: All right.

20 MR. CRAWFORD: It's just in another
21 direction.

22 COUNCIL PRESIDENT VERNA: Mr.
23 Crawford...

24 COUNCILMAN CLARKE: I'm saying, that
25 just adds another level of speculation. I

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2 mean, earlier you said you looked at the
3 history of Philadelphia.

4 And I assumed that it was -- you
5 know, you got this number based on the
6 increase in property values over some
7 period of time.

8 But then you just assumed that over
9 the next five years you'd have similar
10 growth. but now you're saying it's based
11 on the potential of the decrease in wage
12 and business taxes, and then subsequent
13 effect on the real estate taxes.

14 MR. CRAWFORD: That's right.

15 COUNCILMAN CLARKE: So that's
16 another level of speculation.

17 MR. CRAWFORD: That's -- That's --
18 Well --

19 COUNCILMAN CLARKE: I mean, that's
20 not --

21 MR. CRAWFORD: I wouldn't
22 characterize it as speculation.

23 COUNCILMAN CLARKE: Could be great
24 speculation, possibly; but I'm saying --

25 MR. CRAWFORD: The...

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2 COUNCILMAN CLARKE: -- speculative
3 to some degree.

4 MR. CRAWFORD: You know, you've got
5 a 50-year history of tax rates and property
6 values. And during that period there is
7 lots of variation in tax rates and lots of
8 variation in property values.

9 The standard approach to those kinds
10 of problems is to look at those patterns
11 and try to use those patterns to make
12 projections into the future.

13 COUNCILMAN CLARKE: Okay.

14 COUNCIL PRESIDENT VERNA: Mr.
15 Crawford, would you make yourself available
16 to any and all Council members who have
17 questions?

18 MR. CRAWFORD: Yes, Madam President.
19 We'd be happy to do that.

20 COUNCIL PRESIDENT VERNA: You will
21 be available?

22 MR. CRAWFORD: Yes, ma'am.

23 COUNCIL PRESIDENT VERNA: Do you
24 know how to contact Mr. Crawford,
25 Councilman?

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2 COUNCILMAN CLARKE: Madam President,
3 I have no problem with that, but sometimes,
4 you know, it's better --

5 COUNCIL PRESIDENT VERNA: One
6 question leaves --

7 COUNCILMAN CLARKE: -- when you have
8 it in public debate.

9 COUNCIL PRESIDENT VERNA: I know. I
10 understand.

11 COUNCILMAN CLARKE: I'm not
12 suggesting that Mr. Crawford would give me
13 a different answer in a private meeting,
14 but sometimes that discussion needs to be
15 in the public debate.

16 COUNCIL PRESIDENT VERNA: All right.
17 We just have people that have been waiting
18 here.

19 MR. CRAWFORD: Madam President, my
20 phone number is at the bottom of my
21 testimony, and I welcome phone calls from
22 any members.

23 COUNCIL PRESIDENT VERNA: Thank you.

24 Councilman Nutter, do you have any
25 further questions?

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2 COUNCILMAN NUTTER: No, I don't.

3 Actually, I think there are some community

4 members who wanted to get on.

5 COUNCIL PRESIDENT VERNA: Yes.

6 COUNCILMAN NUTTER: And I was going

7 to recommend them.

8 COUNCIL PRESIDENT VERNA: Any other

9 questions or comments for Mr. Crawford?

10 (No response.)

11 COUNCIL PRESIDENT VERNA: Mr.

12 Crawford, thank you very much. We

13 appreciate your testimony.

14 MR. CRAWFORD: My pleasure.

15 COUNCIL PRESIDENT VERNA: East Mount

16 Airy neighbors. We have a commitment that

17 they will all come up to the table. We

18 will have one spokesperson. And I am told

19 that they will be very brief.

20 Good evening. Thank you so much for

21 your patience. I know that you've been

22 here for quite a while, and we appreciate

23 your staying.

24 Identify yourself for the record and

25 proceed with your testimony.

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2 MR. JORDAN: Yes. Good afternoon,
3 Council President Verna and City Council
4 members here today.

5 My name is Aldustus Jordan. I'm
6 testifying today with my fiance Keisha
7 Hegamin, and on behalf of the East Mount
8 Airy Association of Neighbors.

9 Really, briefly, for the record, I
10 want to give folks the opportunity, since
11 they came out on this hot day and waited
12 for several hours, to just briefly
13 introduce themselves, and then I'll move
14 forward with my prepared testimony.

15 MS. EVANS: Elvira Evans, President
16 of Pleasant Playground Advisory Council.

17 MR. SAUDERS: Good afternoon. My
18 name is Gerald Sauders.

19 COUNCIL PRESIDENT VERNA: Good
20 afternoon.

21 MR. SAUDERS: I'm a resident of
22 Mount Airy, currently a university student
23 and athlete, holder of City record for pole
24 vault, and got my start in the Philadelphia
25 recreation system.

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2 COUNCIL PRESIDENT Verna: Thank you.

3 Ms. Coleman: Good afternoon. My

4 name is Jill Ann Coleman, and I represent

5 five generations and over 40 years in East

6 and West Mount Airy.

7 COUNCIL PRESIDENT Verna: Welcome.

8 Mr. Incognito: Howdy. I'm Lou

9 Incognito. We're parents of five,

10 grandparents of eight. Happen to be second

11 vice president of East Mount Airy

12 Neighbors, and we say, I say, don't cut

13 business taxes. You'll hurt our City.

14 Mr. Jordan: Okay. The closing of

15 the Pleasant Recreation Center and others

16 like it across the City raises grave

17 concerns about the prospects of raising a

18 family in our community.

19 And it sends a message that

20 Philadelphia is not fully committed to

21 encouraging young families like Keisha and

22 I to remain in the City and raise our

23 children.

24 Many of us live a few blocks away

25 from Pleasant Playground and Recreation

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2 Center. Every day we walk or drive past
3 and see fathers teaching their children how
4 to play baseball, dozens of young men
5 playing basketball. At certain times of
6 the year we can hear bands and drill teams
7 practicing. We cannot imagine a day when
8 these sights and sounds are no longer part
9 of our neighborhood.

10 The Pleasant Playground is the only
11 recreation center with a pool and tennis
12 court in East Mount Airy.

13 For decades children and families
14 have relied on the services at the center,
15 to ensure that the young people of Mount
16 Airy have the critical social and
17 educational outlets necessary for them to
18 grow into healthy young adults.

19 For a City and an Administration
20 that boasts of bold initiatives for
21 transforming neighborhoods and ensuring
22 safe streets, the proposed closing of
23 recreation centers is simply unacceptable.

24 The bottom line is, if this City is
25 willing to invest \$5 million in the

2 Convention Center, \$1 million for the
3 Chamber of Commerce, and \$6.8 million for
4 the maintenance and upkeep of a sports
5 stadium, then it can find the same amount
6 of money for the maintenance and upkeep of
7 the recreation centers that support our
8 City's young people.

9 (Applause.)

10 MR. JORDAN: In a year when the City
11 is healing from dozens of violent young
12 deaths and a few short weeks since
13 thousands came together to March in North
14 Philadelphia to renew its commitment to our
15 young children, it is disheartening that
16 this Administration would consider
17 eliminating critical resources that provide
18 our youth with a safe and healthy
19 environment to grow and thrive.

20 In closing, we strongly urge the
21 City to reconsider closing of Pleasant
22 Playground and the dozens of others across
23 the City that provide a vital service to
24 our children and families.

25 And for the record... For the

2 record -- I believe you have them already,
3 Council President, we have a petition.

4 COUNCIL PRESIDENT VERNA: Petitions?

5 MR. JORDAN: More than 1,000
6 residents within the East Mount Airy
7 community, that is standing strong in
8 saying that we need to invest in our young
9 people, and invest in our recreation
10 centers, and invest in youth development
11 here in the City of Philadelphia. Thank
12 you.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 Councilwoman Miller, do you have
15 copies of the petition?

16 COUNCILWOMAN MILLER: Yes, I do. I
17 have copies here of the petition.

18 COUNCIL PRESIDENT VERNA: Thank you.

19 COUNCILWOMAN MILLER: I'd like to
20 just take this opportunity to thank the
21 residents of East Mount Airy and the
22 surrounding area for coming in, and to
23 express their opinion in opposition on the
24 closing of Pleasant Playground.

25 And we're all in the same page. We

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2 don't all -- We also don't believe Pleasant

3 Playground should be closed. There are
4 activities going on there. We've done a
5 lot of work and have put money into
6 Pleasant Playground.

7 And I'd like to say that we will do
8 everything we can to keep Pleasant
9 Playground open. Thank you.

10 MR. JORDAN: Thank you.

11 (Applause.)

12 COUNCIL PRESIDENT VERNA: Thank you.
13 Thank you all for your patience. You were
14 very patient waiting.

15 Is Mr. Schwartz in the room?

16 (No response.)

17 What I would like to do now... I
18 noticed that we have -- You've been waiting
19 practically all day.

20 Are you going to be testifying on
21 the Rizzo Skating Rink? Are you going to
22 be testifying with this group?

23 Can I ask everybody from the Rizzo
24 Skating Rink to come up before Mr. Schwartz
25 because the children have been very

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2 patient. And I think it would be nice if

3 they came up to the witness table. Please
4 approach the witness table.

5 Mr. Schwartz, I was wondering if you
6 were in the room. I would just like to
7 hear from the children first.

8 MR. SCHWARTZ: Okay.

9 COUNCIL PRESIDENT VERNA: Thank you.
10 Good evening. Do you all play hockey?

11 (A number of children nod their
12 heads in the affirmative.)

13 COUNCIL PRESIDENT VERNA: You do?
14 What rink do you belong to?

15 A NUMBER OF CHILDREN: Rizzo.

16 COUNCIL PRESIDENT VERNA: Rizzo.

17 COUNCIL PRESIDENT VERNA: How often
18 do you play?

19 (Unidentified children speaking away
20 from the microphone, not reportable.)

21 COUNCIL PRESIDENT VERNA: I beg your
22 pardon?

23 Okay. Who's going to testify?
24 Who's going to testify? Would you please
25 take a seat, identify yourself for the

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2 record, and proceed with your testimony.

3 MR. PINTO: I'm Angelo Pinto. I'm

4 the President of the Rizzo Rink Advisory
5 Council.

6 Personally I've been there over 17
7 years. We have hockey programs, ice hockey
8 programs in the winter, roller hockey in
9 the summer.

10 Hundreds of kids go through our
11 rink. The City plans to close the rink in
12 efforts to balance the physical budget.

13 Rizzo Rink has done an outstanding
14 job in our community. We've come to...
15 We've come to learn -- Wait a minute --
16 Hundreds of children have come to learn...
17 I can't even read my own handwriting any
18 more.

19 It has come to our attention at
20 Rizzo Rink Advisory Council that our rink
21 may be closed. The City plans to close the
22 rink in efforts to balance the physical
23 budget.

24 Rizzo Rink has done an outstanding
25 job in our community. Hundreds of children

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2 have come to learn how to ice skate and
3 play hockey.

4 We are proud of our facility. We
5 are equally proud of the staff and are
6 committed volunteers. We have over 50
7 volunteers that volunteer at Rizzo Rink
8 every year.

9 Our facility is very safe. It is a
10 place where parents take the children to
11 have affordable time on the ice.

12 Many rinks in the suburbs are very
13 expensive. The ice hockey programs in
14 particular can cost upwards of a thousand
15 dollars. We skate at Rizzo Rink for
16 pennies on the dollar, compared to suburb
17 rinks.

18 At Rizzo Rink, we participate in our
19 hockey programs. The ice hockey programs
20 at Rizzo are run solely by volunteers.
21 Inner city children need a safe, affordable
22 place. They need to know where it is safe.
23 Our streets have become entirely too
24 violent.

25 Rizzo Rink is not only an ice

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2 skating facility. We operate year around.
3 We have a thriving spring, summer roller
4 hockey leagues for children of all ages.

5 We regularly compete in City-wide
6 roller hockey tournaments. Sometimes we
7 even win.

8 Our very successful summer camp also
9 provides swimming at Hanlon Pool which is
10 right around the corner, another facility
11 that we use.

12 We can not afford to lose many more
13 children to violence. Closing recreation
14 centers are not the answer.

15 Please support us in our effort to
16 keep Rizzo Rink from closing by signing the
17 attached petition.

18 And Council members, you are all
19 residents of Philadelphia. If you would
20 like to sign our petition, I'm pretty sure
21 we can find a pen.

22 COUNCIL PRESIDENT VERNA: I'm sure
23 that Councilman Kenney would like to be the
24 first one because I know that he is to take
25 his son --

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2 COUNCILMAN KENNEY: I got it
3 already. I signed it already.

4 COUNCIL PRESIDENT VERNA: Oh, you

5 already signed. He needs to be the first
6 one. Thank you.

7 MR. PINTO: We had over --

8 COUNCIL PRESIDENT VERNA: I know
9 they always used to say --

10 MR. PINTO: -- thousand signatures
11 on petitions.

12 COUNCIL PRESIDENT VERNA: Oh, my.

13 MR. PINTO: Okay. We weren't
14 playing around.

15 Rizzo Rink will not go quietly.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 MR. PINTO: We'll come back as many
18 times as we have to.

19 COUNCIL PRESIDENT VERNA: Angelo,
20 you were very good. Thank you.

21 And I think it's wonderful that the
22 children came in. Is there a spokesman
23 from the children's group? Can we hear
24 from one of them, please. Put your signs
25 down, please. Only one, please.

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2 DEBBY: My name is Debby. And I
3 take ice skating lessons there. And I've
4 been playing there for three years, and...

5 And I disagree with this because

6 what's more important, kids or money.
7 Because lots of kids take lessons there.
8 And what if the Mayor had a favorite
9 thing to do and someone stopped it from
10 happening. He would be really sad.
11 COUNCIL PRESIDENT Verna: I don't
12 believe you recognized yourself.
13 (Applause.)
14 COUNCIL PRESIDENT Verna: I don't
15 believe you recognized yourself for the
16 record. What is your name, dear?
17 UNIDENTIFIED CHILD: My name is --
18 COUNCIL PRESIDENT Verna: No, no.
19 (Laughter.)
20 COUNCIL PRESIDENT: I said who is
21 that person?
22 DEBBY: Debby.
23 COUNCIL PRESIDENT Verna: Debby, how
24 old are you?
25 DEBBY: Seven.

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2 COUNCIL PRESIDENT Verna: And how
3 many years have you been taking ice hockey
4 lessons?
5 DEBBY: Three.

6 COUNCIL PRESIDENT VERNA: Three
7 years.
8 DEBBY: Hockey would be five.
9 COUNCIL PRESIDENT VERNA: Oh, that's
10 wonderful.
11 Thank you all so much for coming in.
12 The Chair recognizes Councilman DiCicco.
13 COUNCILMAN DiCICCO: Thank you,
14 Madam President.
15 And good afternoon, everyone, and
16 thank you for coming out today.
17 I don't know if you were here
18 earlier when I spoke about some of the
19 recreation facilities in my District when
20 the other group was in earlier today.
21 I found out late Friday via phone
22 call that the Rizzo Rink is on the new
23 list, if you will, of potential recreation
24 facilities that are slated for closure. I
25 have not seen that list.

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2 If there is a list, it will be the
3 third one that I've seen in the last --
4 will have seen in the last three or four
5 weeks. So, I don't know where this came
6 from or how it got there.

7 There are a number of facilities I
8 said I would fight to the death to make
9 sure that they don't close. Rizzo is
10 obviously one of those facilities.

11 My dear friend and colleague,
12 Councilman Kenney, when I came to Council
13 in 1996, really encouraged me to put extra
14 additional activity fund dollars into the
15 facility because... I knew it was there.
16 Drive by it. It's part of my neighborhood,
17 but I never really went into the facility
18 to see it in operation.

19 This is a perfect example of a
20 recreation facility that not only draws
21 people from all over the community and
22 educates children and gets them off the
23 street, but it has a high degree of
24 corporate sponsorship. There are many
25 businesses in and around the South

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2 Philadelphia community that put significant
3 funds into the facility every year, in
4 addition to what we do as a City to keep
5 this facility open.

6 And again, I know Councilman Kenney

7 probably won't want to say it, but the
8 10,000 kids... He's one of the big kids
9 that is part of that facility.

10 He has skated there, and he's been
11 an instructor. I don't know if you still
12 are, Jimmy. Jimmy is still an instructor.
13 He won't be the one to say it, but I'll say
14 it for him.

15 He goes down there and teaches kids
16 how to skate, ice skate. And he offered me
17 to go down there. I'm too old for that. I
18 won't even attempt it any more.

19 But that's the kind of facility that
20 we're talking about. We have volunteers
21 from all over. We even have an elected
22 official who takes the time, his time. And
23 we all know as elected officials we don't
24 have much free time for ourselves. But he
25 takes the time to go down there and put his

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2 energy and resources into that facility,
3 because he knows it's the right thing to
4 do, and he's helping kids out.

5 So, I don't know, again, how this
6 ever got on the list. It's certainly
7 nothing that's going to stay on the list,

8 if I have anything to say about it.

9 And Councilwoman Verna, whose
10 District is across Broad Street, I'm sure a
11 number of people from her facility use it,
12 this Rizzo facility as well. So, we're all
13 in it together.

14 Thank you for coming out. And as
15 you said, Angelo, they will hear our voices
16 loud and clear. Thank you.

17 COUNCIL PRESIDENT VERNA: Thank you.

18 (Cheers and applause.)

19 COUNCIL PRESIDENT VERNA: The Chair
20 recognizes Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you.
22 Thank you, Madam President. Thank you,
23 Councilman DiCicco, for your comments, and
24 thank you for all your support that you've
25 given to the rink over the years, both from

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2 the activities fund and the capital fund,
3 and all of the other funds that you've been
4 successful, along with other elected
5 officials in South Philadelphia in helping
6 this rink.

7 These comments that I'm going to

8 make are really applicable to not only
9 Rizzo but the Scanlon and Simons, and to
10 Cobbs Creek and to Tarkin, and all the City
11 rinks altogether.

12 I've been associated with Rizzo for
13 about ten years. I've coached there for
14 eight, coached my son through his years.

15 He has since gone on to high school.
16 He plays high school hockey. And I felt a
17 compulsion, a need to stay there and
18 continue coaching because it is one of the
19 few things that I do associated with this
20 job that's actually fun and rewarding.
21 It's obviously a lot more rewarding than it
22 is today.

23 But the comments about the rink are
24 important because the City provides very
25 little, with the exception of its dedicated

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2 staff, in the way of money to run these
3 rinks.

4 The money that's raised to keep
5 these rinks open, to keep these rinks
6 extended hours, to buy equipment -- And let
7 me tell you something: Hockey is perhaps
8 one of the most expensive sports that

9 anyone can play. A lot of times the issue
10 of playing hockey or not playing hockey has
11 to do with the availability of equipment.

12 Rizzo Rink, along with all of those
13 other rinks I mentioned, Cobbs Creek and
14 the others, provide the equipment to their
15 kids because they raised money to make sure
16 that no kid is turned away.

17 In the event that the small amount
18 of money that's paid for a hockey program
19 or a figure skating program or a roller
20 hockey program cannot be paid by the
21 parents, the Advisory Council through their
22 hard work in selling concessions and in
23 their having fund raisers and in beating up
24 elected officials for more money, and by
25 beating up the business community for

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2 money, they don't turn any kid away.

3 And one of the finest things I've
4 seen, in relationship to neighborhood and
5 race relations in this City, have to do
6 with the interaction of those rinks in West
7 Philadelphia in Councilman Blackwell's
8 District; Simon... I think is up in

9 Councilwoman Tasco's District; Scanlon...
10 I'm not sure exactly whose District it's
11 in.

12 UNIDENTIFIED VOICE: Tarkin.

13 COUNCILMAN KENNEY: Tarkin. When we
14 have our kids of different ethnic and
15 racial backgrounds participate in a sport
16 that African Americans have been
17 traditionally excluded from because of cost
18 and because of culture, because of
19 experience and not having access to those
20 kind of programs, and we can have kids from
21 Cobbs Creek come down and play kids from
22 2nd Street and South Philadelphia and have
23 the opposite happen out in West
24 Philadelphia and Northwest Philadelphia,
25 the fact that anyone in the Recreation

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2 Department or in this Administration would
3 consider closing these places is insane.

4 The small amount of money it's going
5 to save -- because the employees there,
6 they're going to go get assigned somewhere
7 else. So we're not saving personnel costs.

8 What we are ruining and what we are
9 losing are people who go down there like

10 the Avalons and work those concession
11 stands at 6 o'clock on a Saturday morning
12 through the entire winter, and turn that
13 money over to that program, that extends
14 the rink hours, that buys equipment for
15 kids, and that pays the fees for kids who
16 can afford to participate in the sport.

17 I can't imagine why anyone would
18 have considered shutting these down and
19 closing off this opportunity for
20 neighborhood interaction, for kids to play
21 a sport in the winter.

22 You know, there's not a lot of
23 sports you can play in the winter. The
24 outdoor basketball courts are gone. the
25 athletic fields are frozen. There's no

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2 baseball.

3 There's basketball and there's ice
4 hockey. And if we can expand the
5 opportunity for kids in our City throughout
6 the entire City to play this sport and to
7 interact with each other, we are being so
8 penny wise and pound foolish to close these
9 places down.

10 So I think we need to be committed
11 to putting these programs back.

12 And let me tell you something: They
13 want to find a place to cut, go look at the
14 rampant overtime in this government, go
15 look at the bad investments in the pension
16 fund that's caused us to have to dip into
17 the General Fund to make sure our pension
18 funds are fully funded, and all the other
19 waste and abuse that goes on in this City,
20 and pay to play, on top of it, that adds to
21 cost of contracts when we do no-bid
22 contracts in this City, I think you'll find
23 the money to put all this back and do tax
24 reform, too.

25 Thank you, Madam President.

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2 (Applause.)

3 COUNCIL PRESIDENT Verna: The Chair
4 recognizes Councilwoman Blackwell.

5 COUNCILWOMAN BLACKWELL: Thank you,
6 Madam President.

7 My colleague and I don't always
8 agree on everything, but I certainly
9 appreciate his involvement in the Laura
10 Simms Skate House in Cobbs Creek Park over

11 the years. And certainly a special
12 greeting to the Sharpe family, and a thank
13 you to all of you for coming in.

14 Certainly many who have been around
15 here a long time will remember Lucien
16 Blackwell arguing year after year about the
17 ice rink.

18 And then when Rizzo was funded, he
19 said, well, I'll take the money that Rizzo
20 Rink got, because we were in the plans.
21 And it was pushed back. And obviously both
22 are built and have been for some time.

23 And in fact, the impetus for the
24 rink in Cobbs Creek passed, and we
25 renamed -- this Council renamed it after

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2 Laura Simms.

3 And Lucien used to brag that the
4 Flyers said it was the best in the region,
5 not that we were arguing which rink is the
6 best.

7 But certainly we absolutely support
8 the statements here, that our rinks and rec
9 centers need to be exempted from cuts, and
10 that they're very, very, very important to

11 our communities, and that when we
12 sacrifice, we have to draw the line
13 someplace.

14 Thank you very much.

15 COUNCIL PRESIDENT Verna: You're
16 welcome.

17 The Chair recognizes --

18 COUNCILMAN KENNEY: Point of
19 information.

20 COUNCIL PRESIDENT Verna: Point of
21 information. The Chair recognizes
22 Councilman Kenney.

23 COUNCILMAN KENNEY: I won't argue as
24 to what programs are the best, but I will
25 admit that the Laura Simms Skate House has

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2 the biggest and best ice surface of all the
3 rinks in the City. Even our rink surface
4 is a little small, but the hardest ice in
5 the City is in West Philadelphia.

6 COUNCIL PRESIDENT Verna: The Chair
7 recognizes Councilman Rizzo.

8 COUNCILMAN RIZZO: Thank you, Madam
9 Chair.

10 COUNCIL PRESIDENT Verna: Excuse me.

11 COUNCILMAN RIZZO: Madam Chair, I'd

12 like to also echo --

13 COUNCIL PRESIDENT Verna: Excuse me,
14 Councilman Rizzo. There's a point of
15 information on the floor.

16 The Chair recognizes Councilman
17 Mariano.

18 COUNCILMAN MARIANO: I don't agree
19 with Councilman Kenney on very much, but I
20 do agree with him on this issue.

21 Scanlon is in my District,
22 Councilman. Scanlon won't get closed.
23 Tarkin won't get closed because Councilman
24 Tasco shares with me.

25 I was listening to you upstairs. I

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2 do agree with the Councilman. I just
3 wanted him to know. We're all going fight
4 to keep these ice rinks open.

5 (Cheers and applause.)

6 COUNCIL PRESIDENT Verna: We agree
7 on something; wonderful.

8 The Chair recognizes Councilman
9 Rizzo.

10 COUNCILMAN RIZZO: Thank you, Madam
11 Chair.

12 Madam Chair, I want to echo my
13 support for the recreation program.

14 Specifically, since we have our
15 friends from the Rizzo Rink here, I want to
16 let them know that I'm going to join
17 Councilman Kenney and every other member of
18 Council in expressing my support, that this
19 does not happen to this facility.

20 It's named after my grandfather,
21 Ralph Rizzo. A lot of people aren't aware
22 of that, but...

23 (Applause.)

24 COUNCILMAN RIZZO: But I had an
25 opportunity on so many occasions, because

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2 it had my family name, to go to the
3 facility and visit.

4 I was so impressed. Until you go
5 and see what activity is there, President
6 Verna, when I went to visit, I thought I
7 was at the Spectrum. I thought I was at a
8 professional ice skating palace, it was so
9 beautiful and well maintained.

10 And that wasn't happening by
11 accident, that maintenance. And I knew
12 that there was a lot of -- lot of effort

13 from the community, and a lot of effort
14 from the people that work there.

15 So again, I just want to echo my
16 support in retaining a program. And I
17 don't want to repeat what Councilman Kenney
18 said, but he said it very articulately.
19 And I just want to again express my support
20 to do what we can do to maintain this
21 facility.

22 COUNCIL PRESIDENT VERNA: Thank you
23 very much, Councilman.

24 COUNCILMAN RIZZO: Thanks.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 I want to thank you all for coming
3 in. And I think the children deserve a
4 round of applause. They've been very, very
5 well behaved.

6 (Applause.)

7 COUNCIL PRESIDENT VERNA: Thank you
8 all so very much.

9 And as you walk out, be assured that
10 we will fight very hard to keep the rink
11 open. Thank you.

12 Our next witness.

13 MR. MCPHERSON: Robert Cheetham.
14 COUNCIL PRESIDENT Verna: You have
15 been one of the most patient men I've seen.
16 You were here Monday, and I believe you
17 were here all day today; were you not?
18 MR. CHEETHAM: Been here since just
19 before noon.
20 COUNCIL PRESIDENT Verna: Thank you.
21 Please identify yourself for the record.
22 MR. CHEETHAM: My name is Robert
23 Cheetham.
24 Madam President, members of City
25 Council, I want to thank you for the

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2 opportunity to speak before you today on
3 the subject of tax reform proposals that
4 you're currently considering.
5 I'm a small business owner, and a
6 homeowner in the Spring Garden
7 neighborhood.
8 I came here as a student, I stayed
9 to work in the City, and then started a
10 business, and bought a home here.
11 My wife is a new immigrant, working
12 for a nonprofit theater.
13 (Applause.)

14 MR. CHEETHAM: My business, a small
15 software development firm, has done well
16 here. We've added employees over the past
17 couple of years and expanded our office
18 space.

19 Our company was set up as an S
20 Corporation. This is a business structure
21 designed for small businesses with small
22 number of owners. It simplifies taxes by
23 allowing us to pass through our business
24 net income to our personal taxes. It's
25 sort of a cross between a conventional

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2 corporation and a partnership.

3 The federal and state governments
4 both recognize this corporate structure,
5 but Philadelphia does not.

6 Consequently, we are forced to pay
7 both net income tax at the business and
8 then school tax on our personal return, all
9 on the same money.

10 And unlike dividends, we must
11 recognize that income and pay the double
12 tax on it, even if we invest it back in the
13 business and do not ever see it.

14 I'm in favor of paying my fair share
15 of taxes, but this type of double taxation
16 would not exist for me in any other
17 jurisdiction in which I would like to live.

18 We're growing and profitable now,
19 but in our first two years we did not turn
20 a profit. We had losses. Yet even with
21 these losses, Philadelphia taxed us on our
22 gross receipts.

23 And what is this tax called? A
24 business privilege tax, as if it's a
25 privilege for me to have a business.

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2 The amount I actually paid came to
3 only a few hundred dollars a year. It
4 wasn't the amount that was important, but
5 its symbolic significance was very
6 powerful.

7 We're all here to talk about tax
8 reform and budget cuts. But my chief
9 challenge as a business owner today is
10 hiring great people with the
11 technological -- technical qualifications
12 that I need.

13 And with few exceptions, we've had
14 enormous challenges recruiting locally, so

15 we've recruited nationally. But many of
16 the candidates we've interviewed don't want
17 to move here. Part of that is image, and
18 we work very hard to sell Philadelphia,
19 sometimes successfully. It's a place that
20 we believe in.

21 But part of it is also the tax
22 structure. Last fall I failed to convince
23 a terrific candidate to move from the west.

24 COUNCIL PRESIDENT VERNA: Excuse me,
25 please. We're still trying to conduct our

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2 business. Thank you.

3 Please proceed.

4 MR. CHEETHAM: Last fall I failed to
5 convince a terrific candidate who was
6 considering moving from out west because
7 the tax burden he would face here was much
8 higher than what he would have in his own
9 city.

10 And as a small business, we couldn't
11 afford him to substantially -- We couldn't
12 afford to substantially increase his salary
13 to compensate.

14 This spring I managed to persuade

15 another new employee who lives in Delaware
16 County to join us. But again, a
17 significant part of his decision-making
18 process was the additional tax burden he
19 would be obliged to pay.

20 I don't want to dwell on the
21 undesirable aspects of living and having a
22 business in Philadelphia. In many ways
23 Philadelphia has been a good home for us.
24 My wife and I live near downtown. We walk
25 or bicycle to work.

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2 All of my employees either walk or
3 take public transit to work. We love the
4 architecture, the restaurants, the
5 theaters, and the museums.

6 As a former City employee, I know
7 how difficult it can be to work with the
8 City government.

9 But when I started my business, both
10 L & I and the Revenue Departments were very
11 helpful to us, in terms of working through
12 the necessary forms and registrations. I
13 realize not everyone has the same
14 experience, but mine was a good one.

15 But the amenities that my wife and I

16 value, the historic fabric and active art
17 scene, great restaurants, walkable streets,
18 and vibrant neighborhoods also exist in
19 Boston, London, Paris and San Francisco.

20 You see, in my mind Philadelphia
21 isn't competing just with Bucks and
22 Montgomery Counties, it's competing with
23 every major city in the world for
24 attention, for investment dollars, for
25 businesses and for workers.

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2 I believe Philadelphia can meet that
3 challenge. I believe it could become a
4 mecca for new immigrants, like my wife. I
5 believe it could have a busy Convention
6 Center and an active technology sector.
7 But I also realize that this may not
8 happen.

9 The formation of the Tax Reform
10 Commission was a positive step in my mind.
11 Most of its recommendation, I believe, are
12 good ones.

13 I want to mention one other thing,
14 and then I'll wrap up. I know that all of
15 you have been here a long time today. I

16 want to mention the proposed cuts to the
17 arts and culture.

18 This may not seem like it's
19 connected to tax reform, but for us it is.
20 The arts, culture of Philadelphia are one
21 of its chief assets.

22 And they're one of the main reasons
23 we decided to stay here after school and
24 start a business and buy a home here.

25 In short, I'd urge you to implement

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2 the tax reform package and to reconsider
3 the arts, culture and library funding cuts
4 that have been proposed.

5 And I want to close by saying that
6 I'm not necessarily opposed to paying my
7 fair share of taxes. I'm not looking for a
8 handout, and I'm willing to pay, for
9 example, either the wage or the business
10 privilege taxes on our net income. I think
11 those are fair taxes.

12 Reflecting on the gentleman that was
13 speaking earlier, I am willing to pay an
14 increased real estate tax, on the basis of
15 the increased value in my home.

16 But every year my wife and I sit

17 down, and we have to make some very tough
18 decisions. Are we going to stay in
19 Philadelphia or are we going to go to some
20 of these other wonderful places in the
21 world that we would imagine living?
22 Are we going to stay in Philadelphia
23 and create new jobs here or are we going to
24 go somewhere else and create new jobs
25 there?

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2 And so, we've paid a great deal of
3 attention to what the Tax Reform Commission
4 has said, to what the Mayor has proposed,
5 and to what you're all considering here.
6 And the decisions you make over the
7 next few months are going to directly
8 impact us in a very big way. I'll close
9 with that.
10 Thank you.
11 COUNCIL PRESIDENT Verna: Thank you
12 so very much.
13 I think your testimony was right on
14 target, and I think most of what you said
15 is conversations that Council members have
16 had, I guess in the last several years, how

17 we want people to stay in the City.
18 And we compliment you on that. And
19 we certainly want to see people like you
20 stay, and have a family, and send your
21 children to schools, stay in business, hire
22 more people as you go along, and perhaps
23 with whatever we do, that may be
24 encouraging you to do that.
25 MR. CHEETHAM: I'll look forward to

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2 that. Thank you very much.
3 COUNCIL PRESIDENT Verna: Thank you.
4 Thank you. Thank you, and good luck to
5 you.
6 MR. McPHERSON: The next witness is
7 Joseph Powell.
8 Patrick Starr.
9 COUNCIL PRESIDENT Verna: Good
10 evening.
11 MR. STARR: Good evening, Council
12 President Verna, and good evening to all
13 the other members of Council, and members
14 of the audience.
15 My name is Patrick Starr. I'm Vice
16 President of the Pennsylvania Environmental
17 Council and a founding member of the

18 Northeast Riverfront Task Force, chaired by
19 former Congressman Bob Borski.

20 And we're going to deviate from the
21 focus on tax reform to a completely
22 different issue. I'm here this evening to
23 speak in support of Mayor Street's fiscal
24 year '05 budget, that calls for the
25 creation of a new economic development

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2 fund, with an initial investment of \$125
3 million, to make Philadelphia the New River
4 City.

5 As some of you may know, in 2001,
6 thanks to the leadership of Councilwoman
7 Joan Krajewski, Mayor Street, and then
8 Congressman Borski, as well as other
9 elected officials and community leaders,
10 the City Planning Commission developed a
11 new vision plan for the nearly 3500 acres
12 that comprise the North Delaware
13 Riverfront, stretching from Penn Treaty
14 Park to the Bucks County line.

15 The plan provides a recipe for
16 converting thousands of acres of
17 post-industrial, environmentally

18 contaminated brown field sites into a
19 revitalized riverfront, with vibrant new
20 communities and a new urban greenway.

21 Given my organization's metropolitan
22 efforts to fight suburban sprawl and save
23 open space, we believe strongly that the
24 Delaware Riverfront, with its excellent
25 highway access, dramatic views, potential

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2 recreational amenities, can become a new
3 high value Philadelphia neighborhood that
4 will retain existing Philadelphia residents
5 who might be looking to buy up and possibly
6 out of the City, as well as attracting back
7 to the City those who will seek the
8 riverfront's unique amenities.

9 Subsequent to an ordinance of this
10 Council passed last summer, an agreement of
11 sale between Conrail and the City of
12 Philadelphia for the 1.8 mile Kensington
13 and Tacony railroad corridor is nearly
14 final, one of the first major investments
15 in public infrastructure on the riverfront.

16 The funding for buying it, designing
17 it, building it, and signing it is already
18 in place from state and federal sources,

19 and a new recreational trail for
20 Philadelphia families will result in a few
21 years.

22 Similarly, other projects on the
23 riverfront have moved along, with federal
24 support and state support, including the
25 demolition of the Tacony Warehouse where

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2 new housing may become a reality, and a new
3 public park at Lardner's Point.

4 The Streets Department is working on
5 extending the Delaware Avenue north from
6 the Betsy Ross Bridge through Bridesburg,
7 with a vision to eventually pick up again
8 at Tacony Palmyra, continuing to Pennypack
9 Park. This is planned as a new river road.
10 This is also being funded largely through
11 federal funding, which will complete the
12 river road.

13 All told, approximately \$14 million
14 in state and federal funds have been spent
15 or committed to these riverfront projects,
16 and another \$11 million has already been
17 requested.

18 It is now critical that the River

19 City Initiative dollars be invested to
20 leverage these state and federal
21 commitments and lay the groundwork for the
22 new development.
23 Mayor Street's economic development
24 fund provides an essential tool to leverage
25 these very sizable state and federal

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2 investments.

3 The \$125 million investment in a new
4 River City Initiative is critical to
5 unleashing private market development.

6 Sites in Bridesburg such as the
7 former Philly Coke site, the former Dodge
8 Steel site in Tacony, and the Army
9 Warehouse site in Tacony are being targeted
10 by private developers who would invest
11 millions of dollars in new communities.

12 But to start the transformation of
13 this currently vacant landscape, the City
14 must invest in streets, water and sewer
15 utilities, and in the public greenway that
16 protects the riverfront for everyone to
17 enjoy and view.

18 The market is waiting to happen, but
19 there is a gap between the vision and the

20 current reality of rusted and abandoned
21 warehouses. The City must do its part as a
22 partner in making new development less
23 risky and stimulating the tide of
24 transformation.

25 Philadelphia can take advantage of

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2 this tremendous river asset to create an
3 attractive new housing community and
4 connect our City to its great rivers.

5 I urge you to support the momentum
6 of opportunities for new development on the
7 City's rivers and tremendous new
8 recreational amenities by approving the
9 economic development fund initiative and
10 the New River City investment.

11 I dare say, just relating to the
12 other testimony we've been hearing this
13 afternoon, this is certainly a case of
14 investing in the future development, and
15 the future tax base of Philadelphia.

16 And I believe it is an investment
17 that you will be very proud that you made
18 and one that you will certainly not regret.

19 And so, I thank you for hearing our

20 testimony. And if there are any questions,
21 I'd be very glad to answer those.

22 COUNCILWOMAN BLACKWELL: Thank you
23 very much. And may I say, we miss you in
24 my neck of the woods.

25 MR. STARR: I miss you, too,

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2 Councilwoman Blackwell.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 Councilman Kenney.

5 COUNCILMAN KENNEY: Thank you, Madam
6 President.

7 Mr. Starr, it's a pleasure hearing
8 your testimony.

9 I just wanted to bring your
10 attention -- I'll drop a copy off to you
11 before you leave -- that back in 2000,
12 March 30th of 2000, we issued an extensive
13 report on just what you're talking about.

14 And although some work started in
15 2001, it's certainly sooner than 2004. And
16 hopefully we would have been living in
17 River City before today. So, on the way
18 out the door, I'll make sure you get a copy
19 of it.

20 MR. STARR: That would be excellent.

21 Well, it is going to happen. You're going
22 to see the beginning of some of that
23 investment very soon.

24 COUNCILMAN KENNEY: It's going to
25 happen before we approve or disprove the

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2 \$125 million a year?

3 MR. STARR: I think that we need
4 that \$125 million to make sure it happens.

5 COUNCILMAN KENNEY: I understand.
6 But don't get too far down the road before
7 we approve the \$125 million, if in fact we
8 decide to do it.

9 MR. STARR: Thank you.

10 COUNCILMAN KENNEY: Thank you.

11 COUNCILWOMAN BLACKWELL: Thank you
12 again.

13 MR. MCPHERSON: Next witnesses are
14 Louise Turan, Nancy Carroll.

15 Identify yourself for the record.

16 MS. TURAN: My name is Louise Turan,
17 and I'm the Executive Director of the
18 Schuylkill River Development Corporation.

19 MS. CHILDRESS: My name is Tracy
20 Childress. I'm Director for Business and

21 Community Development for SRDC.

22 MS. TURAN: Thank you very much for
23 having us here today. And I wanted to
24 thank all the City Council members and also
25 say I certainly have a greater appreciation

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2 for all your hard work, after listening to
3 a full day of testimony today.

4 When Mayor Street told the Greater
5 Philadelphia Chamber of Commerce that we
6 can make Philadelphia a New River City in
7 America, he was articulating the spirit
8 behind many exciting projects that will
9 soon bring our City to life and reconnect
10 communities to the Schuylkill River.

11 I should also add that we're
12 delighted to follow up on the heels of
13 Patrick Starr and the Pennsylvania
14 Environmental Council's great work on the
15 Delaware.

16 Our initiative will feature along
17 the Schuylkill new recreational trails,
18 streetscape, bridge improvements, tourist
19 attractions, and a re-energized business
20 and residential community, as well as
21 restored environmental and industrial

22 areas.
23 Along with the prospects that lie
24 ahead for the Delaware, the Schuylkill
25 transformed will indeed re-brand

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2 Philadelphia as a New River City.

3 And I do hope it will happen,
4 Councilman Kenny, before the budget is
5 approved or not approved.

6 And I would like to add a footnote
7 that we already have funding in place for
8 many of our projects which we can get to at
9 the end of the testimony, if you have time.

10 Since 1992 SRDC has been
11 coordinating several billion dollars worth
12 of improvements along the riverfront, for
13 the benefit of current and future
14 generations.

15 However, we are at a critical
16 juncture. And like our other projects
17 along the river, it is vital that we
18 maintain our momentum and bring our
19 pioneering venture to complete fruition.

20 When City Council votes on Mayor
21 Street's budget later this month, members

22 of Council will have an opportunity to
23 inject new life into an under utilized
24 riverfront and create a regional jewel that
25 will kindle economic growth and enrich the

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2 quality of life for our citizens in this
3 area.

4 Imagine a riverfront immediately
5 adjacent to residents and businesses that
6 includes access to first-class outdoor
7 recreation: Running, walking, boating,
8 biking, picnicking, and a reduction of the
9 number of vacant and industrial parcels
10 along the Schuylkill, lower Schuylkill
11 between the Fairmount Water Works and the
12 dam.

13 All of these will inspire green and
14 beautification projects. The broader gains
15 for the City and the residents include the
16 retention of student and workers, more
17 tourism venues, and heightened tax revenue
18 from industrial reuse and new businesses.

19 The effort that we are coordinating
20 is actually a partnership between the City,
21 the state, and federal agencies, as well as
22 local foundations, private businesses, area

23 universities, and through the process of
24 coming up with our plan for the Schuylkill
25 River, we have coordinated and touched on

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2 40 different communities and neighborhood
3 organizations along the Schuylkill.
4 For example, some of our projects
5 include a new pedestrian and bicycle ramp,
6 connecting to the South Street Bridge that,
7 will bring -- actually provide a first-time
8 access for many West Philadelphians to the
9 lower part of the future Schuylkill River
10 Park.

11 We also envision docks at Bartram's
12 Garden and at Walnut Street, and Fairmount
13 Water Works, to promote travel and tourism.

14 We are going to improve the
15 Schuylkill bridges, Market, Chestnut,
16 Walnut, and South Street, to improve
17 pedestrian crossings and relieve traffic
18 congestions, and improve linkages between
19 east and west sides of the river.

20 Eventually we hope to see a
21 Schuylkill Trail Program that will provide
22 a green edge along the river, connecting

23 Center City, all the way down to South and
24 Southwest Philadelphia.

25 We continue to make progress every

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2 day toward reaching our goal. In fact, on
3 Thursday, on May 20th at 6:30, instead of a
4 ground breaking, we're going to have a
5 light breaking, and we hope you all will
6 plan to be at the ramps at Market and
7 Chestnut when Mayor Street turns the big
8 switch on and turns on the lights in the
9 long-awaited Schuylkill River Park.

10 In closing, Majority Leader
11 Blackwell, I'd just like to say that it is
12 impossible to overestimate the positive
13 good that will be generated for this
14 region, once all the phases of our
15 ambitious project are completed.

16 We are acting now and hope that
17 everyone will join with us. We urge City
18 Council to please support this important
19 initiative.

20 The Schuylkill is a new river.
21 Philadelphia is a new City. It is a new
22 river city, and it is overflowing with
23 pride, energy and determination, to make

24 our region a better place to live, work,
25 play, learn and visit.

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2 COUNCILWOMAN BLACKWELL: Thank you
3 very much.

4 MS. TURAN: Thank you.

5 COUNCILWOMAN BLACKWELL: Yes. Thank
6 you very much. Thank you. Any questions?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: Thank you
9 again.

10 MR. McPHERSON: I think there's only
11 a couple more. Ed Izore can be next, and
12 then Fred Mauer.

13 MS. CARROLL: Good evening, Council.
14 My name is Nancy Carroll. I am the
15 Director of the Citizens to Save the Horses
16 Committee.

17 Our committee was formed in late
18 March of this year, in response to the
19 closing of the Police Mounted Patrol Unit.

20 Our group was originally made up of
21 the families and friends of the units of
22 police officers and civilian employees.

23 But the repeated media coverage and

24 our petition campaign, numbers of
25 supporters has gone well into the

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2 thousands. I have prepared a brief
3 statement on our behalf.

4 Mayor Street's, in his budget
5 proposal, has stated that the closing of
6 the Mounted Police Unit will save the City
7 \$400,000 a year.

8 The Managing Director, Phillip
9 Goldsmith, has put the savings at 500,000 a
10 year.

11 Police Commissioner Johnson places
12 that figure at \$700,000 a year.

13 Which of them is correct? None of
14 them deny that their projections include
15 the salaries of the civilian employees or
16 the police officers assigned to the unit.

17 When Johnson was before Council on
18 April 19th, he stated that the police
19 officers would be transferred to other
20 areas of patrol, and the civilians would be
21 assigned as fingerprint technicians.

22 Since they will all continue their
23 employment with the City, how can they
24 conclude [sic] their salaries in part of

25 the savings? And what, then, are the

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2 correct numbers?

3 Based on expenditures list [sic] for
4 mounted patrol from 2003 fiscal year, the
5 numbers are not all what they seem to be
6 telling us.

7 From July 1, 2002, to May 30, 2003,
8 the unit spent less than \$111,000. This
9 amount not only includes the feed, bedding,
10 supplies, equipment for the unit, but also
11 veterinarian and furrier services.

12 In fact, the unit was reportedly
13 more than \$48,000 under budget, with only
14 one month remaining in the fiscal year.
15 How then can anyone justify the closing of
16 this unit?

17 The value of this unit's service to
18 the department and the City by far
19 outweighs its operating costs.

20 The Mounted Patrol has proven itself
21 time and time again. In the First
22 District, there are certainly the
23 undisputed favor of business owners and the
24 citizens alike for patrol and crowd control

25 in the areas of South Street, Penns Landing

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2 and Delaware Avenue.

3 In the Second District, their
4 presence at the stadiums has played a key
5 role in public safety.

6 And with the national championship
7 win by any of our sports teams being only a
8 matter of time, perhaps much sooner than we
9 think, the need for this unit will be
10 overwhelming.

11 In the Third District, at the 52nd
12 and Market shopping area, the unit's high
13 visibility has been a welcome presence.

14 In the Fourth and Fifth Districts,
15 along Kelly Drive, and throughout the 9100
16 acres of Fairmount Park, the need for a
17 mounted patrol is just plain common sense.

18 Especially now, with the Fairmount
19 Park rapist still on the loose, the mounted
20 patrol not only serves as a deterrent to
21 future attacks, but also provides a sense
22 of safety for park-goers.

23 In the Eighth District, along
24 Germantown Avenue, the Mounted Patrol has
25 been a welcome addition, as a way to

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2 address the high volume of crimes in the
3 area.

4 Captain Singletary of the 14th
5 District can certainly attest to it. In
6 the 10th District, when the auto thefts at
7 the Franklin Mills Mall had become a
8 problem, the Mounted Patrol was the
9 solution. And there is so much more that
10 this unit could do for the citizens of
11 Philadelphia.

12 In the Sixth District, along the
13 waterfront, with the blight of abandoned
14 warehouses and overgrown lots being
15 replaced with new park grounds, what better
16 way to have police presence in this natural
17 environment than the Mounted Patrol.

18 In the Seventh District, along
19 Kensington Avenue, where prostitution has
20 become an ever-increasing problem for the
21 area residents, this, no doubt to have a
22 high visibility presence [sic] of the
23 Mounted Patrol would have an effect on
24 restoring a higher quality of life in the
25 neighborhood.

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2 In the Ninth District, along Rising
3 Sun Avenue business district, again, the
4 visible presence of the Mounted Patrol
5 would be an extremely effective deterrent
6 in crime, while providing a sense of
7 security, and not -- let's not forget the
8 Mounted Patrol has always played a major
9 role in community relations for both the
10 Police Department and the City of
11 Philadelphia at the multitude of parades,
12 festivals and public events throughout the
13 City each year.

14 The police officers and civilians of
15 the unit have already been reassigned, and
16 all of the 17 horses have either been given
17 back to their original owners or donated to
18 other police departments.

19 But it is not too late to save there
20 unit. All of those who accepted horses
21 have stated they would be glad to return
22 the horses, should circumstances change.

23 Unfortunately, it play only be a
24 short period of time before the unit's
25 remaining equipment and inventory are sold.

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2 So the time for action is now.

3 And our community has been hard at
4 work in this endeavor. Unfortunately, the
5 countless phone calls, letters and
6 petitions, with approximately 5,000
7 signatures by supporters of the Mounted
8 Patrol Unit to the Mayor, Police
9 Commissioner and City Council have been
10 ineffective in reversing this decision.

11 We have been forced to begin a new
12 campaign, to seek alternative funding. And
13 we are confident that much of the real
14 operating costs of the unit could be
15 obtained through private funding, and
16 possibly through grants.

17 Other police departments throughout
18 the United States, such as New York,
19 Denver, Tampa, Indianapolis, and Rochester,
20 whose mounted patrol units faced the same
21 fate as ours, were saved by the city and
22 the private sector joined together, and
23 committed the funding needed to keep the
24 units in operation.

25 On April 28th, a letter was faxed to

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2 the Office of the Police Commissioner
3 Johnson, requesting not only his support
4 but also his written terms and conditions
5 of reinstating the Mounted Unit, through
6 private funding. We have not received a
7 response.

8 So we ask you now, ladies and
9 gentlemen of City Council, please support
10 our efforts. Do not let Mayor Street take
11 this vital service for over a hundred year
12 tradition away from the citizens of
13 Philadelphia.

14 Reject the Mayor's decision to
15 disband the Mounted Patrol Unit, by
16 rejecting his budget proposal.

17 Thank you.

18 (Applause.)

19 COUNCIL PRESIDENT VERA: Thank you
20 very much.

21 MR. MAUER: I have written testimony
22 for the clerk.

23 COUNCIL PRESIDENT VERA: Please
24 identify yourself and proceed with your
25 testimony.

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2 MR. MAUER: My name is Fred Mauer.

3 I am an officer in the Friends of Tacony
4 Creek Park, and I monitor the Fairmount
5 Park budgets.

6 I want to testify on the Capital
7 Budget for Fairmount Park, the ordinance
8 for this fiscal year of '04 and '5.

9 Tacony Creek Park has had major
10 capital budget problems because the park
11 had minimal park development features.

12 Only a cinder trail was made in
13 1938. Outdoor playgrounds were placed in
14 the park plan of 1947. That's 57 years
15 ago.

16 The north section had a recreation
17 plan in 1976, so that's 28 years ago. That
18 is the park recreation capital development
19 investments of 92 years.

20 Park capital plans has not replaced
21 any picnic tables of park benches or play
22 equipment for our park users, and the place
23 looks decrepit and little evidence that
24 parks are meant for people.

25 15 years ago we had three public

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2 playgrounds, but the Park Commission
3 removed all playgrounds, and now we have
4 zero. They even removed a donated softball
5 cage, thus eliminating any free play.

6 The park attitude has been to
7 demolish everything and never to maintain
8 or to rebuild.

9 The evidence is that we went from
10 three to zero playgrounds, and that there
11 is no Tacony Creek Park capital commitment
12 or no park recreation plan in these current
13 budgets.

14 Zero playgrounds satisfies the Park
15 lawyer, that zero playgrounds is ultimate
16 public safety and absolute cost savings.

17 But I think having no playgrounds in
18 a public park is a public emergency need.
19 I think that this neighborhood of a
20 three-mile park through three Councilmanic
21 Districts, with public pedestrian access
22 and a waterway that serves a full tenth of
23 the City population deserves more care
24 under a capital plan.

25 I ask for City Council to amend the

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2 next year's capital budget to direct monies
3 to refurbish the Garland Street Hill --
4 which is adjacent to the Hill Creek Public
5 Housing Authority Playground, and to
6 institute a full Tacony Creek Park
7 recreational plan.

8 We also have a major capital back
9 issue in the current fiscal year '03, '04,
10 from a line item that was intended to
11 correct the negligence of the natural lands
12 manager.

13 He removed a 60-foot steel
14 pedestrian bridge number FB03. That bridge
15 was placed in the Frank Rizzo bicentennial
16 capital plan, and was never authorized for
17 removal, and never declared unsafe.

18 Our public petition and testimony
19 before the Public Park Commission secured
20 this line item from the City Planning
21 Commission Capital Budget in the line items
22 of fiscal year '03, '04.

23 The line item, as it states, says
24 that bridge improvements City wide, funds
25 will be used for rehabilitation and

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2 replacement, including Tacony Creek Park.
3 And it had these fiscal year authorizations
4 from fiscal years on up. Says all the
5 years. The numbers are here.

6 These bridge improvements that were
7 dedicated for this fiscal year were not
8 done in this capital year, and we have no
9 information about where the money went.

10 We note now that in the next fiscal
11 year the Planning Commission Capital Budget
12 in their line items, I examine to see what
13 they're going to do.

14 And budget line number 36-1, where
15 we define this past bridge line, does not
16 include Tacony Creek Park at all. And I
17 ask, how can this line item be deleted from
18 a six-year capital budget?

19 I think we need an audit as to why
20 this budget line was deleted, and why the
21 work was not done after the Capital Budget
22 was adopted.

23 The old bridge is still in storage
24 and easy to rebuild. I think park bridges
25 are needed until we learn how to walk on

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2 water. And we need some answers.

3 I also note the City Planning
4 Commission Capital Budget also omits
5 anything about Poquessing Creek Park.
6 Poquessing Creek Park, which is at the far
7 end of our City, it never had a master plan
8 or a WPA project to preserve this watershed
9 into a stream valley park.

10 The whole City Planning Commission
11 and PIDC are currently interested to sell
12 off all adjacent lands, including the whole
13 Byberry track before making creek
14 protection and park land, and to protect
15 water quality.

16 Every loss of Poquessing Creek
17 riparian land diminishes the quality of
18 this public park into an open sewer.

19 More Poquessing Creek land
20 acquisition and a park master plan and a
21 full length trail is needed.

22 Bucks County is on the north side of
23 the creek, and they are doing their part.
24 I think we should do our share to make
25 Tacony Creek Park.

2 We need to fund Poquessing Creek
3 Park in this fiscal year and in future
4 capital years to make it into a public park
5 land, and to integrate it into the Benjamin
6 Rush State Park, and to connect it to the
7 Delaware River Trail, which Patrick Starr
8 just talked about.

9 I think the funds requested in my
10 testimony can come from internal savings
11 within the City Planning Capital Budget of
12 this fiscal year '04, '.

13 05 under line item 34-7, Kelly Drive
14 Recreational Path lighting, that is an
15 excess that we park users do not need.

16 There are too many lights and too
17 many lighting systems on Kelly Drive. This
18 well-lighted road is pushed by the City
19 Planning Commission and the Center City
20 District for their own economic development
21 plans, and the Fairmount Park Commission
22 bows down to them.

23 It is time to end waste on Kelly
24 Drive and return to natural lighting. The
25 electricity and operations alone cost more

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2 than enough operations fund to fund our

3 Fairmount Park Rangers. I favor more
4 Rangers and less lighting.

5 The Kelly Drive 300,000 item under
6 code CN can be assigned elsewhere. And I
7 also note in the budget that Fairmount Park
8 has evaded some costs by selling Memorial
9 Hall. I don't see that the cost savings
10 was transferred over to support our other
11 missions in the park.

12 And I think that Capital Budget
13 information needs some explaining.

14 Thank you.

15 COUNCIL PRESIDENT VERNA: Thank you
16 very much, sir.

17 Any questions or comments from
18 members of the committee?

19 (No response.)

20 COUNCIL PRESIDENT VERNA: Thank you
21 again.

22 Our next witness is Ed Hazzouri.

23 Good evening. Please identify
24 yourself for the record and proceed with
25 your testimony.

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2 MR. HAZZOURI: Madam Chairman,

3 members of Council, I'm Ed Hazzouri,
4 H-a-z-z-o-u-r-i, representing the 4,000
5 Delaware Valley employees of Sunoco and
6 about 2700 employees here in the City.

7 I'd like just to speak very briefly
8 on the land value tax and its impact
9 specifically on our South Philadelphia
10 facilities which many folks know as the old
11 Atlantic and Gulf Oil Refineries, and also
12 our Frankford Chemical Plant, a long time
13 known as the Allied Signal Chemical Plant.

14 In these... In the tax proposal,
15 the idea is to encourage folks not to
16 simply own and hold on to property, but
17 rather, to either develop the land or sell
18 it and have it developed.

19 In these facilities, there's a
20 different dynamic at work. I think both
21 folks in the community and certainly we at
22 Sunoco believe that we want additional land
23 at the perimeter of our facilities and even
24 within the facility itself.

25 At the perimeter, the idea of

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2 additional land to serve as buffers for the
3 community, so that they're not faced

4 directly with our units and with our tanks;
5 and then, in addition, within the
6 facilities themselves, to have additional
7 property, again, to serve as buffers
8 between units, between tanks, so that if
9 there would be a problem, there's plenty of
10 space for containment quickly and
11 efficiently.

12 COUNCIL PRESIDENT Verna: Thank you.
13 Are there any questions or comments from
14 members of the Committee?

15 Mr. Hazzouri, thank you very much.

16 MR. HAZZOURI: Thank you.

17 COUNCIL PRESIDENT Verna: Joan Sage.

18 MS. SAGE: My name is Joan Sage.

19 And interesting that the gentleman talked
20 about Sunoco because Sunoco is one of the
21 few places that, as the previous gentleman
22 had said, would hardly move, like people
23 can move, but they won't move.

24 My name is Joan Sage, but also I am
25 all those other names of the hundreds of

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2 Philadelphians who came to this chamber on
3 Monday.

4 We came from every District of the
5 City, just as we did two years ago, to ask
6 you to enact the land tax because we think
7 of the City as a whole entity.

8 They came because they knew that the
9 land tax would not increase their property
10 taxes, but rather lower them. And that's
11 why you saw so many people here.

12 So, for all the talk about property
13 taxes going up, it wasn't for the ordinary
14 house -- homemaker -- homeowner.

15 This trend must not miss the big
16 picture. Think out of the box. When we
17 bring all neighborhoods up and equal, then
18 everybody benefits, even those few blinded
19 by shortsighted self-interest who pressure
20 you for the status quo.

21 And that big picture is how this
22 extraordinary People's Tax Commission has
23 produced the machinery that will only work
24 with all of its parts in place. Otherwise,
25 it will not function at all.

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2 Any shredding of any part of the tax
3 reform package, whether it be the land tax
4 or any other part of the legislation, will

5 destroy the machinery as a whole and
6 continue the disastrous way Philadelphia
7 now functions as bits and pieces of special
8 privilege.

9 We can see already where the City is
10 going into decline, just a City paved with
11 asphalt car parks, with reference to you
12 know who.

13 It is not slot machine gambling we
14 need, but our chamber leaders to gamble on
15 a complete change in the way Philadelphia
16 operates, well studied by the Controller's
17 Office a few years ago, which also looked
18 at the whole picture as the Tax Reform
19 Commission did.

20 Gamble and then even take credit for
21 turning Philadelphia around to become a
22 competitor with Harrisburg, as the most
23 livable City in the state. Yes, Harrisburg
24 is a land tax city.

25 And in fact, Allentown has in a

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2 referendum voted to keep it in spite of the
3 special interests that were trying to fight
4 it with lots of money.

5 As one of the general citizenry of
6 Philadelphia, I'm appealing to your hearts
7 and souls to lead us to real total tax
8 reform.

9 Let's stop the collateral damage
10 that has been and still is killing the
11 City. Radical change in the way
12 Philadelphia addresses its taxes has to be
13 done.

14 Dreams can be visions can be
15 realities. Expanding recreation centers
16 and parks, having libraries open every day
17 and evening, as they were when I was a kid,
18 and continuing to support our arts
19 communities, which are the mainstay of our
20 economy and what Philadelphia is known for.

21 We are part of the whole. And the
22 Tax Reform Commission has given you a
23 chance to make history for Philadelphia and
24 turning us in a new and fairer direction,
25 if you act now.

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2 You can do it if you have the will.
3 You have the support of the people who came
4 here on Monday, if you accept the entire
5 Tax Reform Commission's work as a whole.

6 It is a remarkable achievement.

7 Thank you.

8 COUNCIL PRESIDENT Verna: Thank you,
9 Mrs. Sage. And Mrs. Sage, I want to thank
10 you for coming in on Monday and again
11 today. You've been extremely patient.
12 Thank you very much.

13 Do we have anyone else to testify?
14 (No response.)

15 COUNCIL PRESIDENT Verna: Seeing no
16 one, I am then going to call upon Mr.
17 Schwartz.

18 Good evening. And I want to thank
19 you for your patience also.

20 MR. SCHWARTZ: That's all right.
21 I've been here patiently...

22 COUNCIL PRESIDENT Verna: Thank you.

23 MR. SCHWARTZ: ...for many years.
24 My name is Ed Schwartz. I'm President of
25 the Institute for Civic Values.

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2 COUNCIL PRESIDENT Verna: Well, I
3 think you were called back because there
4 were some questions that my colleagues had
5 that they wanted to address to you. And

6 the Chair recognizes Councilman Nutter.

7 COUNCILMAN NUTTER: Thank you, Madam
8 Chair.

9 Mr. Schwartz, thank you for coming
10 back. Sorry for the delay, but your past
11 experience tells you what this process can
12 be like.

13 I had a number of questions coming
14 from a variety of places. So I want to
15 start laying out some of these issues, so I
16 can get a better understanding of some of
17 the testimony from the other day.

18 And Madam Chair, if there are
19 other... I saw them earlier, but I've lost
20 track of them. If there are other Tax
21 Reform Commission members here, I'd like to
22 have them as well.

23 So we have Mr. Schwartz, Mr. Mandel
24 and Mr. Vanderbilt.

25 Mr. Schwartz, let me start with you.

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2 You're the former Chair of the Philadelphia
3 Tax Reform Commission. And we went over
4 some of this the other day. Now, I just
5 need to refresh on some of these specifics.

6 The Commission issued its report on

7 11/15/03; is that correct?

8 MR. SCHWARTZ: Yeah.

9 COUNCILMAN NUTTER: And then you
10 testified in February, based on a
11 resolution sponsored by Councilman Tasco,
12 in our Committee of the Whole, based on
13 laying out what the position was of the Tax
14 Reform Commission and its report at the
15 February 24, 2004 hearing on the TRC
16 report. Do you recall that?

17 MR. SCHWARTZ: Yes.

18 COUNCILMAN NUTTER: Okay. And then
19 you also served on the committee. I don't
20 remember whether you chaired that
21 particular committee.

22 MR. SCHWARTZ: I did not. You're
23 talking about the 21st Century Committee?
24 That was chaired by Jeremy Nowack.

25 COUNCILMAN NUTTER: Okay.

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2 MR. SCHWARTZ: But I was on it.

3 COUNCILMAN NUTTER: But you were on
4 it.

5 MR. SCHWARTZ: Yes.

6 COUNCILMAN NUTTER: Okay. And you

7 were asked by the Mayor to be on that
8 committee?

9 MR. SCHWARTZ: That's correct.

10 COUNCILMAN NUTTER: Okay. And that
11 report was issued on March 11, 2004.

12 And then, I'm not sure what the
13 capacity was, but certainly there was...
14 because I don't remember the introduction,
15 but there was an assumption that either in
16 your former capacity as Chair of the Tax
17 Reform Commission or as a member of the
18 21st Century Review Forum subcommittee, you
19 also participated in a press conference
20 sponsored by Philadelphia Forward, which is
21 made up of a variety of people, some of
22 whom are former Tax Reform Commission
23 members; is that correct?

24 MR. SCHWARTZ: That's correct.

25 COUNCILMAN NUTTER: Okay. And then,

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2 from what I've been able to read from the
3 Tax Reform Commission report, to the
4 transcript of the Committee of the Whole in
5 February, to the 21st Century Review Forum
6 in March, to your comments as I at least
7 recall them from April 15, 2004, there has

8 been a consistency and a theme of the need
9 to reform the taxes in the City, support
10 for the Tax Reform Commission package of
11 bills.

12 And I would say in your own way
13 you've been pretty outspoken in that
14 regard, as you are often outspoken on a
15 variety of issues.

16 What I'm now trying to understand
17 is, from the press conference on April 15th
18 to your testimony two days ago on May 10th,
19 25 days, what changed your view on a report
20 you spent almost a year working on, gave
21 fairly extensive testimony at the Committee
22 of the Whole in February, participated in a
23 process that resulted in second endorsement
24 of the Tax Reform Commission, based on your
25 service at the 21st Century Review Forum,

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2 and the press conference on the apron of
3 City Hall.

4 What happened in the intervening 25
5 days that has caused you to have an
6 apparent different opinion?

7 MR. SCHWARTZ: I have no different

8 opinion on the report or the need for the
9 things that we called for.

10 The question is whether we can
11 afford them in the rate and pace at this
12 point and projected five-year strategy for
13 doing that.

14 COUNCILMAN NUTTER: Well, let me --

15 MR. SCHWARTZ: And, well, wait.

16 COUNCILMAN NUTTER: Let me stay
17 right there, then.

18 MR. SCHWARTZ: Yeah.

19 COUNCILMAN NUTTER: From the TRC
20 report, to the Committee of the Whole, to
21 the 21st Century Review Form to the press
22 conference...

23 MR. SCHWARTZ: What changed?

24 COUNCILMAN NUTTER: In the
25 intervening 25 days, what new piece of

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2 information did you get --

3 MR. SCHWARTZ: That we have to --

4 COUNCILMAN NUTTER: -- that caused
5 you to make a reassessment?

6 MR. SCHWARTZ: About affordability,
7 that we have to contribute over the next
8 five years \$288 million more in the pension

9 than was anticipated. Maybe that was out
10 there before this month, but I became fully
11 aware of it this month.

12 And that we lost \$18 million a year
13 in the Gas Works. So now, you're dealing
14 with a \$375 million fiscal problem that was
15 not at our attention last summer or even in
16 the fall or even at the time of any of the
17 things that you described.

18 And yes. Did that have a critical
19 impact on my thinking? Absolutely. This
20 is about money. It's not about ideology.

21 COUNCILMAN NUTTER: I thought it was
22 about jobs.

23 MR. SCHWARTZ: It's about jobs, but
24 it's also about the way in which the City
25 budget can be handled, and what the City

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2 can afford.

3 COUNCILMAN NUTTER: Okay. And your
4 position is is that since the budget was
5 introduced and a unilateral decision was
6 made to forego the \$18 million, with no
7 explanation as to how that budget gap would
8 be filled or the movement of the date by

9 which we were supposed to get the \$45
10 million loan repayment by PGW, with no
11 pre-decision or discussion about how that
12 decision was made or a lack of recognition
13 in the five-year plan or the budget that we
14 would forego \$5 million in interest
15 earnings by taking the Water Department's
16 Debt Service Reserve Fund and use it for a
17 different thought or strategy, and that was
18 not accounted for in the budget.

19 All of that has happened in the past
20 few weeks, not subject of any action by
21 this body at all.

22 And you've now arrived at the
23 conclusion that \$17 million as a first-year
24 cost which is in the report by the Tax
25 Reform Commission, that the City can't

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2 afford that.

3 MR. SCHWARTZ: No, that's not what
4 we're discussing. If the debate were over
5 the \$17 million, I think that there's more
6 the City can do.

7 But that's not what we've been
8 discussing. We have been discussing
9 whether or not there should be a pre-fixed

10 tax reduction schedule that carries beyond
11 this year into the next five years, and
12 sets tax rates that will have to be
13 included in the five-year plan.

14 COUNCILMAN NUTTER: Who created the
15 schedule, Mr. Schwartz?

16 MR. SCHWARTZ: We created the
17 schedule. And the disagreement over what
18 it represented was whether or not this
19 would be mandated by law; and the second
20 question really does -- Whoa.

21 COUNCILMAN NUTTER: Well, I want to
22 deal with the first question.

23 MR. SCHWARTZ: Yeah.

24 COUNCILMAN NUTTER: Do you have a
25 copy of the report?

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2 MR. SCHWARTZ: Sitting with me, no.

3 COUNCILMAN NUTTER: Okay. How about
4 if we get one.

5 MR. SCHWARTZ: I have 300 copies
6 here.

7 COUNCILMAN NUTTER: I'd like to go
8 to Volume II, Page 89.

9 MR. SCHWARTZ: Are you going to

10 refer to the legislation?

11 COUNCILMAN NUTTER: Yes.

12 MR. SCHWARTZ: Okay. I am familiar
13 that this was in the legislation.

14 COUNCILMAN NUTTER: Okay.

15 MR. SCHWARTZ: And I have to tell
16 you -- I've said before -- the legislation
17 was drafted at the very end of the process,
18 after we had more or less agreed on the
19 plan.

20 And I guess it was negligence on my
21 part as Chairman that we never really did
22 have a serious, extended discussion at that
23 point, of what the bill said, and what they
24 represented. So people are left with
25 different impressions about what we agreed

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2 to.

3 But let me just add that even if we
4 agreed --

5 COUNCILMAN NUTTER: But let's put
6 the legislation aside.

7 MR. SCHWARTZ: Fair enough.

8 COUNCILMAN NUTTER: Let's put the
9 legislation aside for a moment. The
10 report... We should look at Volume I,

11 first page. There's a letter to the
12 citizens of Philadelphia.

13 Now, you were authorized by the
14 citizens to be in business, correct?

15 MR. SCHWARTZ: Yeah.

16 COUNCILMAN NUTTER: By referendum of
17 the voters?

18 MR. SCHWARTZ: Correct.

19 COUNCILMAN NUTTER: Okay. And you
20 were sworn in, is my recollection?

21 MR. SCHWARTZ: Yeah.

22 COUNCILMAN NUTTER: Was everyone
23 sworn as Commissioners?

24 MR. SCHWARTZ: That is correct.

25 COUNCILMAN NUTTER: Okay. So, this

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2 letter to the citizens of Philadelphia,
3 dated November 15, 2003, when you go to the
4 second page, it says, our study of
5 Philadelphia's tax system demonstrates that
6 as a city we tax what others do not.

7 Our taxes are too high, and our
8 taxes are unfairly imposed. We've also
9 found that Philadelphia compounds the
10 problem of a high overall tax burden by

11 relying too heavily on wage and business
12 taxes, the taxes that are most likely to
13 drive residents, businesses and jobs from
14 the City.

15 The City's incomparably high wage
16 and business tax rates have damaged
17 Philadelphia's economy over the past three
18 decades, ultimately reducing tax revenue
19 and the ability of the City and the School
20 District of Philadelphia to finance citizen
21 services.

22 Our tax system is broken. It didn't
23 break overnight, and it can't be fixed
24 overnight. The recommendation in this
25 report provide the City with a ten-year

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2 plan for fundamentally reforming its tax
3 system.

4 To regain its competitive edge, the
5 City needs to abandon its historic,
6 piecemeal approach to tax reform and adopt
7 the ambitious, comprehensive reform program
8 recommended in this report.

9 Respectfully submitted, Edward A.
10 Schwartz, Chair; Raymond Jones, Vice Chair;
11 Al Taubenberger, Vice Chair.

12 Now, what did you mean when you said
13 that you had a ten-year plan for
14 fundamentally reforming the tax system?

15 MR. SCHWARTZ: We had laid out a
16 blueprint as to how do go about doing this,
17 in the same way that the Convention Center
18 several years ago had laid out a blueprint
19 for what it meant to build a convention
20 center, that we had offered a blueprint and
21 a timetable that we thought appropriate for
22 the City to pursue this.

23 COUNCILMAN NUTTER: Which is now
24 embodied on Page 89 in the Volume II as an
25 ordinance.

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2 Now, I mean, you know I mean this
3 with every possible respect. I mean, if
4 anyone knows what an ordinance looks like,
5 it's you.

6 MR. SCHWARTZ: I do.

7 COUNCILMAN NUTTER: Okay. And did
8 you see the bills before the TRC signed off
9 on the report?

10 MR. SCHWARTZ: Probably, yeah. I
11 mean, it was a rough week that week, but I

12 probably saw them.

13 COUNCILMAN NUTTER: Do you have the
14 report there handy?

15 MR. SCHWARTZ: I have a report,
16 yeah. I know what you're talking about
17 with the bill.

18 COUNCILMAN NUTTER: So, if you look
19 at this, your first page to the citizens
20 talks about a ten-year plan. Doesn't this
21 bill seem to indicate that there would be a
22 ten-year schedule?

23 MR. SCHWARTZ: That's true. It
24 does. But as I'm saying, and I'm
25 acknowledging, during that last week after

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2 we did the report, we never really
3 discussed the bills, nor did I focus on
4 them and what the implications of that in
5 the legislation would be. This was not
6 something that --

7 COUNCILMAN NUTTER: Well, when you
8 were going to release it to the citizens,
9 and expressed your support for it -- and
10 you've done it consistently in at least
11 four different very public ways -- and
12 obviously you've had other discussion with

13 other people, I'm sure, in the interim,
14 were you thinking that it was a ten-year
15 plan or was it a one-year plan?

16 MR. SCHWARTZ: No. I was thinking
17 it was plan --

18 COUNCILMAN NUTTER: Because the plan
19 is rife with ten-year language.

20 MR. SCHWARTZ: Let me -- Let me say
21 what I am thinking, apart from the issues
22 of the legislation.

23 See, I think the obligation that I
24 assumed was to keep my eye on this ball for
25 as long as you can.

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2 So to me, what was first in my head,
3 was the \$17 million in costs for this year.
4 And I worked very hard, for example, to
5 persuade the Administration that they
6 needed to put single sales factor
7 apportionment into this year's budget. It
8 was a really important thing to do.

9 At one point they weren't, and now
10 they were. Now I'm looking at next year,
11 \$34 million. So I --

12 COUNCILMAN NUTTER: -- talking about

13 single factor for a while longer than that,
14 but I'm glad --

15 MR. SCHWARTZ: No, no. I'm just
16 saying --

17 (Mr. Schwartz and Councilman Nutter
18 began speaking simultaneously, not
19 reportable.)

20 COUNCILMAN NUTTER: -- you were able
21 to convince them about it.

22 MR. SCHWARTZ: No. I'm just saying
23 that -- that now the next step -- There are
24 some other things that I think within this
25 budget we could do in this year.

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2 I testified earlier in the week that
3 I would be prepared to vote for a reduction
4 in the Police Department, and... because I
5 think that's where the money is. And I
6 wrote about that before even being part of
7 the Commission. So that's this year.

8 COUNCILMAN NUTTER: Right.

9 MR. SCHWARTZ: Now, what I'm saying
10 to you is that there is a series of things
11 projected for next year.

12 Between now and next year, to me
13 this is -- always had to be affordable. So

14 the question then is, what steps do we need
15 to take between now and this year -- next
16 year to make affordable the things that
17 we're trying to do, so that we're not
18 breaking the budget, which was a constant
19 discussion on the Commission, and at the
20 heart of the premise of social and fiscal
21 responsibility.

22 So to me the issue this year was,
23 what do we do next year? And what do we do
24 the third year?

25 And as I say, the other intervening

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2 event in the midst of all of this was
3 learning that we have to pay \$288 million
4 over the five-year period more in the
5 pension fund.

6 Both of those things worked
7 together. If I looked at a budget that had
8 big holes in -- you know, in all of these
9 departments, in terms of, you know, they
10 were funded at the current levels, et
11 cetera, and we weren't dealing with this,
12 my attitude about even the legislation
13 might be different.

14 But what I see is a budget which has
15 cut virtually every department, but
16 including the police and prisons, but many
17 of them five to seven percent, service cuts
18 that you are listening to here and claiming
19 that you're very concerned about, a \$288
20 million additional investment in the plan.

21 COUNCILMAN NUTTER: Let me just stop
22 you there. It's more than a claim.

23 MR. SCHWARTZ: I'm sorry?

24 COUNCILMAN NUTTER: It's more than a
25 claim.

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2 MR. SCHWARTZ: Well, obviously,
3 what's the claim? The service cuts.

4 COUNCILMAN NUTTER: Your comment was
5 service issues that I claim to be concerned
6 about.

7 MR. SCHWARTZ: Oh. I'm sorry. That
8 you are concerned about. I wasn't meaning
9 to demean it. You are, and legitimately
10 so.

11 COUNCILMAN NUTTER: Right.

12 MR. SCHWARTZ: I'm merely saying
13 that you're looking at a whole bunch of
14 departments that are being cut, some really

15 badly, some disappearing. And that's part
16 of whatever savings would have to --

17 COUNCILMAN NUTTER: Right. And we
18 will deal with that in this budget.

19 But what I'm still trying to
20 understand is, notwithstanding this
21 schedule, because even this schedule, your
22 issue seems to be this new-found concept of
23 locking in rates, as if --

24 MR. SCHWARTZ: Well, I don't think
25 that's new found.

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2 COUNCILMAN NUTTER: -- as if you
3 vote for a bill, it has a rate in it, you
4 cannot return to it, we'll never touch it
5 again. You send the planes out. They have
6 no radio, no communications, and you cannot
7 bring them back.

8 This bill interrupts a locked-in
9 five-year schedule itself. The
10 Administration has sent a bill to disrupt a
11 five-year schedule that someone would say
12 was locked in place.

13 We voted for a bill two years ago
14 that gave for the first time a guaranteed

15 schedule of five successive years of wage
16 and business tax cuts. We did that.

17 But now there's a bill in front of
18 us to change a reduction that's supposed to
19 happen in July to January. And it can
20 happen again.

21 Or you could have this schedule in
22 place; and, actually, we're going to have
23 budget hearings next year because it's what
24 we do. And if things aren't working, we'll
25 be having this same discussion.

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2 MR. SCHWARTZ: Well, there isn't --

3 COUNCILMAN NUTTER: And we could
4 stop the prospective cuts or leave them at
5 the rate where they are, and whatever
6 they're going to be on July 1st.

7 MR. SCHWARTZ: Well --

8 COUNCILMAN NUTTER: So I guess
9 that's the problem that I'm having.

10 MR. SCHWARTZ: I know you are. But
11 you see, the added problem which was sort
12 of in my mind, and then resurfaced, is that
13 what we passed this -- what you passed this
14 year must be included as a premise for
15 revenue collections in the five-year plan

16 for the next through 2009.

17 So if the law mandates a level of
18 reduction in wage and business taxes by law
19 over the next five years beyond what's
20 there, then that will have to be reflected
21 in the five-year plan...

22 COUNCILMAN NUTTER: Right.

23 MR. SCHWARTZ: ...in additional cuts
24 in services, given that we are talking now
25 about a fixed additional payment of roughly

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2 \$288 million. And as I mentioned, by the
3 way --

4 COUNCILMAN NUTTER: Over five.

5 MR. SCHWARTZ: I'm sorry?

6 COUNCILMAN NUTTER: \$288 million,
7 you're saying, over five years.

8 MR. SCHWARTZ: Over five years, yes.
9 But ironically -- and I made this point in
10 my testimony -- that's roughly not too far
11 from what, in fact, the Tax Reform
12 Commission recommended.

13 I mean, that is over the -- It's
14 close. In fact --

15 COUNCILMAN NUTTER: Let me ask you

16 this question --

17 MR. SCHWARTZ: -- it covers the
18 first four years.

19 But now we have that as a fixed
20 payment that we can't for the moment get
21 out of.

22 Maybe the stock market's doing
23 better last year will reveal that we have
24 slightly less to pay in the pension fund.
25 Next year we have no way of knowing what

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2 that's going to be.

3 COUNCILMAN NUTTER: Well, maybe we
4 need to figure out what's going on with our
5 pension fund...

6 MR. SCHWARTZ: Well, as I said --

7 COUNCILMAN NUTTER: ...or seek to
8 reduce some of the costs over there,
9 because depending on the number of money
10 managers you have and the fees that are
11 generated, all of that comes out of the
12 pension fund.

13 MR. SCHWARTZ: And Councilman, you
14 may recall I listed that as one of the five
15 or six things that I think we absolutely
16 need to do this year to respond to --

17 COUNCILMAN NUTTER: Yeah. Well,
18 other than you and I maybe a couple other
19 people around here, I don't hear anybody
20 else talking about that because, you know,
21 that might disrupt or interrupt some other
22 things that happen --

23 MR. SCHWARTZ: Well, let me say,
24 I --

25 COUNCILMAN NUTTER: -- that are much

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2 more positive in other people's pockets.

3 MR. SCHWARTZ: Well, let me just
4 say, I can't speak for other people. But
5 as an investor who lost a certain amount of
6 money myself, when I started looking at --
7 When this happened with the pension fund, I
8 am totally outraged by it.

9 And there's so many hours in the
10 day. We're dealing with this now. We got
11 to deal with this, as well as to some
12 extent the way we deal with Blue Cross,
13 which seems to be to their advantage, not
14 ours.

15 And these are the issues that we
16 have to solve to make affordable the things

17 that I think need to happen to implement
18 the tax reform.

19 COUNCILMAN NUTTER: As you well
20 understand, and I'm sure you've read
21 through the five-year plan, in the outer
22 years of the plan, any plan that we passed
23 over the past few years, are all of the
24 cuts accounted for?

25 I think there's been a line in the

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2 five-year plan that has usually made
3 reference to cuts in the future, but
4 they're undetermined.

5 MR. SCHWARTZ: Well, then it's a
6 question of the magnitude that you're
7 talking about, aren't you -- isn't it?

8 COUNCILMAN NUTTER: Yes.

9 MR. SCHWARTZ: I think that we're
10 dealing with --

11 COUNCILMAN NUTTER: And also what
12 PICA thinks about the integrity of the --

13 MR. SCHWARTZ: Yes. No; I
14 understand that.

15 We're dealing with two -- This is
16 about not an abstraction. This is about
17 the real dollars that are facing you. And

18 maybe somebody else has a different
19 judgment.

20 COUNCILMAN NUTTER: The only real
21 dollars that are facing us, sir, are the
22 \$17 million in FY '05. That's the only
23 dollars in front of us.

24 MR. SCHWARTZ: But there is a \$288
25 million -- What did you say it was, in

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2 terms of the pension payment?

3 COUNCILMAN NUTTER: You said it was
4 \$288 over five.

5 MR. SCHWARTZ: Yeah, 288 over a
6 five-year period.

7 COUNCILMAN NUTTER: Right.

8 MR. SCHWARTZ: It's \$30 or \$40
9 million. It's \$11 million, I know, for
10 2004, that we anticipated. And it's
11 sizable over the next three years.

12 That was new information. And the
13 question, you see, is on the notion of we
14 have to adjust to contingencies.

15 If having that kind of increase over
16 the last six weeks, coupled with the fact,
17 as I pointed out, that the City has been

18 operating on a deficit spending basis,
19 operating --

20 COUNCILMAN NUTTER: You may have
21 gotten information over the past six weeks.
22 I don't think it happened over the last six
23 weeks. I don't have much in the way of
24 investments, so I don't necessarily have to
25 pay that close attention. But I don't

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2 think the market has collapsed in the last
3 six weeks.

4 MR. SCHWARTZ: No; but the amount of
5 money that we have to pay in the pension
6 fund probably was revealed at some point in
7 the fall, and I focused on it over in the
8 last month to six weeks.

9 COUNCILMAN NUTTER: I understand
10 that. Let's talk about your --

11 COUNCILMAN KENNEY: Point of
12 information.

13 COUNCILMAN NUTTER: Sure.

14 COUNCILMAN KENNEY: I'm going to
15 explode here in a minute. I've been
16 hearing consistently from members of the
17 Commission who have testified here and are
18 consultants, that it was not this

19 Commission's mission to budget.

20 It was this Commission's mission to
21 give to us a road map of reforms that we
22 needed to implement, to get ourselves out
23 of this death spiral of loss of jobs and
24 residents.

25 It was our job to deal with the

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2 budget implications of that, if we decided
3 to implement it, not you as Chairman of the
4 Commission's job.

5 MR. SCHWARTZ: But I'm not speaking
6 to --

7 COUNCILMAN KENNEY: You're speaking
8 about nothing but changes in the budget
9 down the road that we're going to have to
10 adjust.

11 MR. SCHWARTZ: Councilman.

12 COUNCILMAN KENNEY: My
13 understanding --

14 MR. SCHWARTZ: Councilman.

15 COUNCILMAN KENNEY: My understanding
16 of what your mission was was to give us a
17 five, six, seven, ten-year road map, to
18 deal with our death spiral of loss of jobs

19 and residents, not to sit here and worry
20 about the pension fund contribution.
21 That's our problem. Not to worry about
22 what services are being cut or not cut.
23 That's our problem. We're supposed to deal
24 with that.
25 You've become not only Commissioner,

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2 but a super Council member that's going to
3 tell us what's fiscally responsible for us
4 to do. That's our job to do, fiscal
5 responsibility. It's your job to give us
6 the road map to get the hell out of this
7 mess.
8 MR. SCHWARTZ: Councilman.
9 COUNCILMAN KENNEY: Which I think
10 you did originally, and then you changed
11 your mind.
12 MR. SCHWARTZ: Councilman, as I said
13 in my testimony -- and I was very precise
14 for this reason: I was here testifying on
15 behalf of the Institute for the Study of
16 Civic Values and the Tax Reform Commission.
17 I did not decide, in taking that
18 assignment which ended in January, that
19 this was going to define what I said about

20 politics, government, public policy or
21 public spending, in fact for the rest of my
22 life.

23 The irony of this is that my
24 original notion of what I was not talking
25 about during the Commission, in fact, was

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2 the need to significantly reduce the cost
3 of crime by producing [sic] the number of
4 people committing crime.

5 I made no comments about --

6 COUNCILMAN KENNEY: That's even
7 going further than the budget. Now we're
8 talking about criminal philosophy.

9 MR. SCHWARTZ: I am not here -- My
10 permanent title in life, Councilman, is not
11 chairman or even former chairman of the Tax
12 Reform Commission.

13 MR. SCHWARTZ: But don't you realize
14 with this very delicate document, that what
15 you did two days ago was throw so much
16 concern and suspicion over what the
17 implications of it are going to be, is that
18 you may have killed it? Do you understand
19 you may have had a role in killing it?

20 MR. SCHWARTZ: Well, I see the
21 question of whether it's killed or not as a
22 matter of the persistent effort to make the
23 conditions possible, that this agenda will
24 be implemented in a way that doesn't hurt
25 the City.

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2 COUNCILMAN KENNEY: But that's
3 not -- I'm sorry. I'm going to go back.
4 I'm going to relieve myself of this point
5 of information because I think that what
6 was clear was you're not supposed to be
7 concerned about the budget, we are.

8 You're supposed to be concerned
9 about the tax reform that's needed to get
10 this City out of its slump.

11 MR. SCHWARTZ: And my --

12 COUNCILMAN KENNEY: And you're
13 taking it a step further than you should
14 have. You're taking it five steps further
15 than what your mandate was as a
16 Commissioner and Chairman.

17 MR. SCHWARTZ: And I did not come
18 here as simply a chair testifying on behalf
19 of the Commission or as Chairman, because
20 if that's what I was going to do, I would

21 not have said a word about it.

22 You're absolutely right. I would
23 have simply come in, as members have, and
24 said, this is what -- as I've done here --
25 this is what the Commission supported. But

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2 I did not --

3 COUNCILMAN KENNEY: Did any other
4 members of this Commission that you led
5 know what your testimony was going to be
6 about?

7 MR. SCHWARTZ: I did let members of
8 the --

9 COUNCILMAN NUTTER: Did or didn't?

10 MR. SCHWARTZ: I did let members of
11 the Commission know that I was -- I could
12 not support a premise of a schedule that
13 would be mandated by law for the entire
14 life, that this would be enclosed in -- I
15 made that -- When that premise -- Initially
16 the discussions did not involve pursuing
17 the legislation.

18 The initial efforts were focused --
19 discussions were focused around what was
20 the Mayor going to do in his inaugural

21 address, what was the Mayor going to do in
22 his program.

23 And so, during that --

24 COUNCILMAN KENNEY: I'm going to end
25 the point of information. The Mayor's

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2 inaugural address, and crime fighting, and
3 anything else is not germane.

4 Councilman Nutter, I apologize for
5 interfering in your time.

6 COUNCILMAN NUTTER: That's all
7 right. No problem.

8 COUNCILMAN KENNEY: Please; it's
9 just beyond...

10 COUNCILMAN NUTTER: Mr. Schwartz,
11 let me ask you this question: The Tax
12 Reform Commission, Committee of the Whole,
13 21st Century Review Forum, Philadelphia
14 Forward press conference. How did you
15 think the ten-year plan was going to get
16 implemented, in your mind?

17 MR. SCHWARTZ: In my mind, year
18 after year you would look at what, in fact,
19 the challenge was for the succeeding year
20 and try to meet it. Obviously, you would
21 have --

22 COUNCILMAN NUTTER: So is that a
23 ten-year plan or is that a one-year plan --
24 MR. SCHWARTZ: No. It was actually
25 sort of a five-year plan.

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2 COUNCILMAN NUTTER: -- with nine
3 one-year renewals?
4 MR. SCHWARTZ: I mean, I could see
5 five years ahead.
6 COUNCILMAN NUTTER: I'm sorry?
7 MR. SCHWARTZ: A five-year plan.
8 COUNCILMAN NUTTER: Well, if you
9 thought it should be a five-year plan, then
10 why didn't the Commission recommend a
11 five-year plan?
12 MR. SCHWARTZ: No, no. I'm just
13 saying, how did I think this -- Well, if
14 you thought how it was going to happen in
15 the...
16 COUNCILMAN NUTTER: Yeah. Give me
17 the mechanics.
18 MR. SCHWARTZ: In the ten-year plan,
19 I think that it --
20 COUNCILMAN NUTTER: Thousands of
21 hours, hundreds of thousands of dollars.

22 How did you think this was going to get
23 implemented?

24 MR. SCHWARTZ: I think that year
25 after year people who were concerned about

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2 this would take a look at it as the
3 benchmark against which to measure what
4 else was going on.

5 COUNCILMAN NUTTER: Okay.

6 MR. SCHWARTZ: And to see how and to
7 try to get --

8 COUNCILMAN NUTTER: And so while
9 we're sitting around fiddling while the
10 joint is burning, annually trying to figure
11 some of this stuff out, is this how
12 business people make their decisions about
13 to stay or to locate or relocate, that --

14 MR. SCHWARTZ: This was the
15 question --

16 COUNCILMAN NUTTER: -- when they
17 look at the City government they want to
18 see, you know, what's our commitment to
19 either tax reform or tax reduction, they
20 just kind are of sitting on the edge of
21 their seat every spring trying to see what
22 we're going to do with ourselves?

23 Isn't that one of the reasons why,
24 of a few, that we even have a five-year
25 plan? It just came into creation in the

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2 early '90s.

3 MR. SCHWARTZ: That's true. We're
4 dealing now not with an abstraction but
5 with a real situation.

6 COUNCILMAN NUTTER: Well, you're
7 right.

8 MR. SCHWARTZ: Let me just make
9 another point. On the other side of the
10 equation is the fact that while we are
11 having this argument here, in Harrisburg
12 there is a bill that the Governor is trying
13 to get through that will bring \$135 million
14 to the City in each of the next five years
15 and permit the reduction of the wage tax to
16 3.9 percent. It is a bill that the Tax
17 Reform Commission passed -- supported
18 unanimously early in the summer.

19 COUNCILMAN NUTTER: That's good.

20 MR. SCHWARTZ: And it seems to me
21 that part of my energy, if we weren't here,
22 a lot of it would be spent in trying to get

23 that to happen. Because the way I see it
24 is the idea of the whole system having to
25 move simultaneously, which I fully agree

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2 with...

3 COUNCILMAN NUTTER: If that
4 happens --

5 MR. SCHWARTZ: ...it means that in
6 fact we've had at least some movement on
7 the business tax, we have had a pretty
8 widespread acceptance over the next two
9 years of the real estate tax
10 recommendations.

11 And this would be a significant
12 breakthrough in the wage tax. And then it
13 would also make possible in the second year
14 a careful look at how to be even more
15 strenuous on the business tax.

16 COUNCILMAN NUTTER: Let me ask this
17 question. If that action happens in
18 Harrisburg, should we just take the funds
19 that may come to us from the state and just
20 use those dollars as our wage tax reduction
21 effort?

22 Or do we take those dollars, reduce
23 the base; and then continue to have

24 reduction based on the new lower base as a
25 result of revenues from the state.

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2 MR. SCHWARTZ: I believe that the
3 money should be used in an effective way,
4 either for continued wage tax -- in some
5 combination of continued wage tax reduction
6 and aggressive business tax reduction. And
7 what formula you establish for that
8 exactly --

9 COUNCILMAN NUTTER: As I best
10 understand it, I don't think we're going to
11 get to make that choice. I think...

12 (Mr. Schwartz began speaking
13 simultaneously with Councilman Nutter, not
14 reportable.)

15 MR. SCHWARTZ: No, no. What I'm
16 saying, that you will not get a chance --

17 COUNCILMAN NUTTER: I think the
18 legislation will be written in a way that
19 it can only be used for wage tax reduction.

20 MR. SCHWARTZ: Yeah; and we will
21 also mandate a certain -- that the City's
22 current commitment continue.

23 So it does -- That will happen. But

24 I do think that it takes -- in terms of the
25 tax system of the City and the tax

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2 situation, that would set our tax -- wage
3 tax rate below four percent. And it does
4 take --

5 COUNCILMAN NUTTER: If we continue
6 beyond what the state -- Just taking what
7 the state gives us.

8 MR. SCHWARTZ: Well, I -- Yeah.

9 COUNCILMAN NUTTER: What I'm trying
10 to understand from you --

11 MR. SCHWARTZ: Do I agree we --

12 COUNCILMAN NUTTER: -- is do you
13 just take what the state gives you and call
14 it a day? Or do you take that and plan
15 continued reductions after you apply the
16 state's money, is my question.

17 MR. SCHWARTZ: Well, that is the
18 schedule we accepted in the Commission.
19 And I do agree with that.

20 COUNCILMAN NUTTER: Well, but you've
21 made it very clear --

22 MR. SCHWARTZ: I'm merely saying
23 that --

24 COUNCILMAN NUTTER: -- in response

25 to a couple questions -- I'm not absolutely

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2 sure which hat is being worn at the moment,
3 so what I want to know is, what is your
4 personal opinion.

5 MR. SCHWARTZ: Oh, I think my
6 personal opinion is that it's got -- it's
7 got to benefit tax reform. And the logical
8 way to do it is the wage tax reduction.

9 I am very concerned that we have a
10 parallel structure going on for business
11 tax reduction.

12 COUNCILMAN NUTTER: I understand
13 that. Let me ask you --

14 MR. SCHWARTZ: But -- And I also
15 think that having a huge base beyond of
16 support for the City through the wage --
17 for the wage tax -- in one way or another
18 relieves pressure on the budget, that
19 permits the business taxes which is the
20 other costly part of the program.

21 COUNCILMAN NUTTER: Let me ask this
22 question: Did you testify at budget
23 hearings for the FY '01, '02, '03 or '04
24 budget hearings?

25 MR. SCHWARTZ: Boy. Well, if you're

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2 asking me for a choice among all four, the
3 answer is, yes, I testified one year when
4 the -- the last time the wage tax issue
5 came up, I believe.

6 COUNCILMAN NUTTER: That was in '92,
7 but that --

8 MR. SCHWARTZ: No. The proposed...

9 COUNCILMAN NUTTER: I mean, that was
10 in '02. It was Bill 92.

11 MR. SCHWARTZ: Okay. It's possible.
12 That was in the spring of 2002. But that
13 was on that specific bill. That wasn't
14 related to the budget.

15 My question was: Have you testified
16 about the City budget...

17 MR. SCHWARTZ: No.

18 COUNCILMAN NUTTER: ...in '01, '02,
19 '03 or '04?

20 MR. SCHWARTZ: I have not.

21 COUNCILMAN NUTTER: Okay. So, your
22 testimony, though, makes reference to the
23 fact that City government has been living
24 beyond its means for the past four years.

25 Our annual operating deficits were

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2 as follows: In '01 it was \$65 million. In
3 '02 it was \$91 million. In '03 it was \$48
4 million. In '04 it was \$77 million. Those
5 were our annual deficits. Together they
6 add up to \$281 million.

7 You've expressed a great deal of
8 concern about our present budget, now going
9 into the future. Why is it that you didn't
10 testify in any of those budget years about
11 the fact that we were running annual
12 operating deficits?

13 MR. SCHWARTZ: Because at that point
14 I wasn't here to testify on anything,
15 really. I had other work to do which is
16 the work that I do do.

17 COUNCILMAN NUTTER: I understand
18 that. But you're very concerned about
19 these issues.

20 MR. SCHWARTZ: Well, but now I am as
21 a basis for making a judgment with --
22 which -- about life as we move forward.
23 You were here. This is what happened. I
24 have to make a judgment of the future based
25 on the past.

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2 The last three and a half years have
3 been the following: First there was --

4 COUNCILMAN NUTTER: Well, was it
5 inappropriate?

6 MR. SCHWARTZ: Whoa, whoa, whoa.

7 COUNCILMAN NUTTER: Was it
8 inappropriate for us to pass those budgets
9 with those operating deficits?

10 MR. SCHWARTZ: Well, I wasn't here,
11 but I certainly think it was never raised,
12 really, as a basis. It wasn't clear to me
13 until actually the last six months.

14 COUNCILMAN NUTTER: It wasn't a
15 secret.

16 MR. SCHWARTZ: No, it wasn't a
17 secret.

18 COUNCILMAN NUTTER: It's in the
19 budget --

20 (Mr. Schwartz began speaking
21 simultaneously with Councilman Nutter, not
22 reportable.)

23 COUNCILMAN NUTTER: It was testified
24 to by the Budget Director.

25 MR. SCHWARTZ: It certainly -- It

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2 wasn't a secret, but I can tell you as
3 somebody who was not here and not spending
4 my time looking at this set of questions,
5 it certainly wasn't apparent how much the
6 surplus was and what impact the reductions
7 would have.

8 COUNCILMAN NUTTER: Everybody in the
9 City knows that we had a \$295 million
10 surplus at the end of...

11 MR. SCHWARTZ: No. I can assure
12 you -- Maybe from here it looks like --

13 COUNCILMAN NUTTER: ...FY 2000.

14 MR. SCHWARTZ: Maybe from here it
15 looks like everybody in the City knows
16 this. I can assure you that that is not
17 the case because for the last few years I
18 have not focused intensively as to what has
19 been going on in this process, until the
20 wage tax battle.

21 And that battle then prompted me to
22 raise a little bit of money from a
23 foundation and spend months a year ago
24 doing a neighborhood guide to the City
25 budget, because I figured it was time for

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2 me to get back and understand what was
3 happening.

4 Now, even in that one, I did not go
5 back to the capital plans -- rather, the
6 five-year plans, prior to 2003 and '4.

7 It was in doing that this time that
8 I suddenly realized -- it helped explain
9 it -- I could not understand, frankly, how
10 year after year things that looked to me
11 like they were going to cost a lot of money
12 did not end up in deficits. Now I
13 understand why.

14 And the point is -- I didn't testify
15 then. But it becomes a basis for asking,
16 well, what's next? We've reached a point
17 at this moment where that happened in the
18 last four years. So, why are we not going
19 to take the... If we continue to operate
20 on that basis in the next year, then we're
21 in serious financial trouble.

22 COUNCILMAN NUTTER: Okay. So let's
23 go back to one of the other questions.
24 Your assumption was, notwithstanding the
25 fact that you put out in the report, and it

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2 is throughout the report, that there should
3 be a ten-year plan, your assumption was
4 that we would do it on a year-by-year
5 basis.

6 MR. SCHWARTZ: That is correct.

7 COUNCILMAN NUTTER: Okay. Now, is
8 that philosophy or direction written
9 anywhere in the report?

10 MR. SCHWARTZ: No.

11 COUNCILMAN NUTTER: Is there
12 anything in any of the three volumes that
13 says it's a ten-year plan that should be
14 implemented on a year-by-year basis?

15 MR. SCHWARTZ: No.

16 COUNCILMAN NUTTER: That's not in
17 your report.

18 MR. SCHWARTZ: It doesn't say
19 anything that I -- Well, no, it does not.
20 But that was the assumption that I -- It's
21 certainly the assumption I had.

22 And it was the basis of whatever
23 decisions or judgments I was making about
24 how to pursue the implementation of this
25 plan. And for the first... whatever it is.

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2 We're now in May.

3 So for the last three or four months
4 before there particular phase of the battle
5 came about, I was engaged in a pretty
6 intensive discussion about what the
7 Administration would do this year, and what
8 the projection would be beyond that.

9 And in my testimony here, I pointed
10 out that I was very concerned, and I
11 thought it was appropriate to be concerned,
12 that whatever commitments were made were
13 only this year, and it dribbles away from
14 there. So that there's a real challenge on
15 the spending side, perhaps on the
16 philosophy side, to get this fulfilled
17 beyond that.

18 COUNCILMAN NUTTER: You've made
19 reference on a number of occasions to the
20 Administration. Do you have regular
21 discussions or contact with the City
22 Administration or the Budget Office or the
23 Finance Office about the City's finances?

24 MR. SCHWARTZ: Yeah. I do now.

25 COUNCILMAN NUTTER: I'm sorry?

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2 MR. SCHWARTZ: The Finance -- The

3 Finance -- The Budget Office, particularly.

4 COUNCILMAN NUTTER: The Budget

5 Office?

6 MR. SCHWARTZ: I use that to just

7 get answers to questions about the budget.

8 COUNCILMAN NUTTER: Okay. And --

9 MR. SCHWARTZ: And I do have that

10 discussion. I want to be informed on that,

11 since I'm now pretty heavily involved on

12 it.

13 COUNCILMAN NUTTER: And is that on a

14 pretty regular basis?

15 MR. SCHWARTZ: Yeah. I mean, it's

16 not a pre-scheduled regular basis. But if

17 I have a question or two about what does

18 this mean or what are the potentials for

19 that, et cetera, yeah, I'll call up and get

20 an answer.

21 COUNCILMAN NUTTER: And have those

22 recent discussions influenced your recent

23 views?

24 MR. SCHWARTZ: The facts have

25 influence my recent views, not arguments

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2 that anybody made about what was going on.

3 Just simply the facts.

4 I've tried to get a handle on what's
5 going on. I make my own decisions on this,
6 and nobody's arguments about this situation
7 has persuaded me, to answer your question.

8 I did my own analysis, my own
9 consideration of what, in fact, I thought
10 the pension contributions would represent.
11 And by the way, much of that also was done
12 not with anybody's --

13 COUNCILMAN NUTTER: Well, your
14 earlier statement was -- I mean, your
15 analysis is based on either information or
16 documents given to you by the Budget
17 Office, correct?

18 MR. SCHWARTZ: Well, yeah, five-year
19 plans, right. It's not some secret group
20 of documents I'm getting from them that are
21 not publicly available.

22 COUNCILMAN NUTTER: Right. Do you
23 just kind of sit over in the corner and
24 read them on your own or do you have, like,
25 a real meeting and a discussion and a --

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2 MR. SCHWARTZ: No. I read them on
3 my own.

4 COUNCILMAN NUTTER: -- conversation
5 about what the different issues are.

6 MR. SCHWARTZ: No. I read them on
7 my own.

8 COUNCILMAN NUTTER: Okay. But you
9 do have meetings and discussions.

10 MR. SCHWARTZ: No, I don't have
11 meetings particularly to discuss anything.
12 I make phone calls for specific pieces of
13 information. I don't meet with them.

14 COUNCILMAN NUTTER: Didn't we just
15 have a conversation last night where you
16 told me that you had a discussion somewhere
17 in the past day or so with the Budget
18 Director, who reminded you about the impact
19 of all this on the five-year plan?

20 MR. SCHWARTZ: No. I did ask the
21 Budget Director myself to confirm -- It was
22 over the phone. I had already concluded
23 that that would be the impact.

24 And I called to confirm whether that
25 would be the impact. And I've also called

2 a couple of places outside of the Budget
3 Office to ask the same question, to get two
4 or three different views of it.

5 But I reached that conclusion
6 myself. And then I wanted to check out
7 whether I was right or wrong.

8 And, yeah, I called them. And I
9 called a couple of other places. And they
10 all agreed that that, in fact, was the
11 case.

12 COUNCILMAN NUTTER: How do you... I
13 guess what I'm also trying to understand, I
14 mean there seems to be a fairly
15 significant... call it a gulf or maybe a
16 chasm, some distancing, if you will,
17 between your perspective on all of this and
18 many of your fellow Commissioners.

19 All of you went through the same
20 process. 14 out of 15 signed off on or
21 agreed to the same document.

22 Many of the Commissioners have taken
23 a very pro Tax Reform Commission report
24 posture. Yours is in recent times
25 glaringly different.

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2 MR. SCHWARTZ: Yeah, but I have

3 to --

4 COUNCILMAN NUTTER: Do you think
5 they're less informed, less concerned, less
6 knowledgeable about the issues or just not
7 paying attention to the same things that
8 you are?

9 MR. SCHWARTZ: There were 15 people
10 on the Commission. There were several
11 people on the Commission whose concerns
12 about the overall City budget and the
13 services that I'm raising were very much
14 paramount in their thinking about it.

15 And what I think I was able to do as
16 Chairman, was to negotiate a process over
17 time, that persuaded everybody that this
18 was a worthwhile route to take.

19 And in fact, to go back to
20 Councilman Kenney's comments, what also
21 made it possible for us as a group to come
22 up with that was the premise that as a
23 Commission we were not looking at the
24 budget in any specific way, that we were
25 merely asked the way people doing the

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2 Convention Center were asked, to create the

3 blueprint. Your characterization was
4 exactly right.

5 It is now May. Of the 15 people who
6 were on this Commission, I would say that
7 there are 9 or 10 who have not been heard
8 of or seen since.

9 If we called all 15 of us together
10 and had this discussion -- I don't want to
11 put words in people's mouth -- but in fact,
12 I would say that you would get a diversity
13 of opinion from all 15 on the issue that
14 I'm talking about. And it would not be
15 overwhelming one way or another.

16 But there would certainly not -- The
17 people who are doing this now, I have great
18 respect for what they do, and who they are,
19 and where they're going.

20 This is what they want to do. But
21 if you're asking what the whole Commission
22 would do if we were meeting, that's a very
23 different question.

24 And in fact, it was my
25 responsibility to try to help bridge a gap

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2 that did exist, even within my own mind,
3 between the claims of other things in this

4 government and tax reform.

5 And there was also another process
6 which we did go through, and which we do, I
7 think all agree on, on the critical
8 necessity of this to the life of the City.
9 There was disagreement about that
10 initially.

11 I think the 14 out of 15 votes that
12 we got represented an agreement that this
13 was a critically important agenda for the
14 City to pursue. And the blueprint we set
15 forth was critically important to pursue.
16 So that we agreed on.

17 But there were certainly a number of
18 discussions throughout the Commission about
19 how this would affect City services. And
20 in fact, it was said over and over again
21 from the first day, when Bob Inman who
22 wrote the tax reform articles that got some
23 of this started.

24 And he came to testify to us that if
25 on the basis of reducing taxes we either

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2 unbalance the City budget or undermine City
3 services, then the economic gains that were

4 projected for tax reform would be lost.
5 And that came up again and again. So do I
6 see what I'm doing as inconsistent with the
7 discussion that we had?

8 COUNCILMAN NUTTER: But aren't you
9 in the chicken and egg situation?

10 MR. SCHWARTZ: No, I do [sic] not.
11 That was central to the way in which I was
12 able -- we were able to come together, 14
13 to 1. That was exactly that proposition.

14 COUNCILMAN NUTTER: How do you ever
15 get the revenue gains from the plan if you
16 don't implement it?

17 MR. SCHWARTZ: Early on you don't
18 get revenue gains. So at that point the
19 question really was, in terms of
20 socially --

21 COUNCILMAN NUTTER: But you send a
22 very strong message --

23 MR. SCHWARTZ: Whoa.

24 COUNCILMAN NUTTER: -- to people
25 trying to make decisions --

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2 MR. SCHWARTZ: We sent a --

3 COUNCILMAN NUTTER: -- of what your
4 commitment is.

5 MR. SCHWARTZ: Councilman, we did
6 two or three things here. I chaired a
7 revenue committee. It was my idea to do
8 it.

9 Some of the things that are in this
10 budget now that are causing trouble, like
11 increasing the parking tax -- I see parking
12 lot owners now have that all over the
13 place.

14 The increased revenue collections
15 that are there, some of the other fee --
16 the notion of charging for right-of-way
17 fees, all of that was in our revenue
18 committee because we understood that
19 whatever economic benefit or you want to
20 call it supply side effect would not happen
21 in the first year. That's first.

22 And then secondly, I think everyone
23 had some notion that we didn't discuss,
24 over where the fat was in the City budget.

25 Some felt that the government as a

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2 whole is really inefficient and we could
3 always find the savings to make it.

4 I felt that the crime was -- you

5 know, we'd increase that budget by about
6 \$80 million. So, in our own minds, we
7 found a way to support this as socially and
8 fiscally responsible.

9 I don't think that -- And so that
10 was the basis in believing that we could
11 implement and pursue the first two or three
12 years.

13 And then we did say that any of the
14 fiscal assumptions that we are providing do
15 not include the added benefits of economic
16 development. And we hoped that it would.

17 But the discussion very hard -- That
18 was the issue. Who doesn't want to reduce
19 taxes, particularly in the context that
20 we're creating?

21 I mean, you'd have to be crazy not
22 to. But then there's this other thing
23 called the government.

24 COUNCILMAN NUTTER: You do have to
25 be crazy not to.

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2 MR. SCHWARTZ: Yeah.

3 COUNCILMAN NUTTER: That's the
4 point.

5 MR. SCHWARTZ: I understand.

6 COUNCILMAN NUTTER: That's the
7 point.
8 MR. SCHWARTZ: I agree. I spent a
9 whole year of my life on that preposition.
10 [sic].
11 COUNCILMAN NUTTER: Right.
12 MR. SCHWARTZ: And it certainly was
13 not something I initially sought. So, I
14 mean, I paid those dues.
15 But my life, in evaluating the rest
16 of the government and the budget, was not
17 handed in in perpetuity, that I had to
18 remain --
19 COUNCILMAN NUTTER: There's nothing
20 in --
21 MR. SCHWARTZ: -- quiet on some of
22 those issues during the year --
23 COUNCIL PRESIDENT VERNA: Councilman
24 Nutter --
25 COUNCILMAN NUTTER: There's a point

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2 of order over here.
3 There's nothing in perpetuity in any
4 of those documents...
5 MR. SCHWARTZ: Well...

6 COUNCILMAN NUTTER: ...Mr. Schwartz.

7 MR. SCHWARTZ: ...I'm referring more
8 back to Councilman Kenney's comments, of
9 how could I be testifying; it was not my
10 job to talk about the budget. And it
11 wasn't during that year.

12 COUNCILMAN NUTTER: I understand.

13 MR. SCHWARTZ: And I didn't.

14 COUNCILMAN KENNEY: Point of
15 information, Madam President.

16 COUNCIL PRESIDENT VERNA: The Chair
17 recognizes Councilman Kenney for a point of
18 information.

19 COUNCILMAN KENNEY: This quick point
20 of information because I have to go pick up
21 my son at school.

22 This is an excerpt from the 21st
23 Century Review Forum, final report, March
24 11, 2004. Tell me if you agree with this
25 statement or not.

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2 The City should move quickly to
3 adopt the major recommendations of the Tax
4 Reform Commission, even if expenditures
5 have to be reduced to cover the initial tax
6 revenue shortfall.

7 In bold, the Mayor's very important
8 quality of life strategies will not have
9 the desired impacts or be sustainable in
10 the long run in the absence of fundamental
11 tax reform.

12 MR. SCHWARTZ: I agree with that.

13 And I'm...

14 COUNCILMAN KENNEY: So --

15 MR. SCHWARTZ: But we -- Looking --

16 You asked -- This is about dollars and
17 cents, real money.

18 COUNCILMAN KENNEY: Yeah.

19 MR. SCHWARTZ: It's not about
20 abstractions.

21 COUNCILMAN KENNEY: It's about
22 expenditures and revenue shortfalls, and --

23 MR. SCHWARTZ: Yes; and the fact is
24 that the budget you are being asked to vote
25 on cuts departments by as much as five,

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2 seven, to a hundred percent, all of them
3 but about eight or nine.

4 One of the few increases in this
5 budget, in fact, is \$3.9 million more to
6 the Board of Revision of Taxes, to be able

7 to implement our real estate assessment
8 agenda --
9 COUNCILMAN NUTTER: We're not --
10 MR. SCHWARTZ: -- and another \$10
11 million in lost revenue from single sales
12 tax or apportionment.
13 COUNCILMAN NUTTER: We're not
14 increasing that through the budget --
15 MR. SCHWARTZ: So right now --
16 COUNCILMAN NUTTER: -- Mr. Schwartz.
17 MR. SCHWARTZ: -- the question is,
18 how do you apply that abstract statement to
19 a real budget?
20 COUNCILMAN KENNEY: That's our
21 problem.
22 MR. SCHWARTZ: No. It's the problem
23 of the --
24 COUNCILMAN KENNEY: That's what
25 put --

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2 MR. SCHWARTZ: I do not believe --
3 COUNCILMAN KENNEY: That's what put
4 us here.
5 MR. SCHWARTZ: No. It's a citizen's
6 judgment as to what you think is being
7 right and wrong.

8 Citizens can make those judgments,
9 too. We don't all have to sit back here
10 and say, this is your job, particularly
11 this citizen who has spend as much time on
12 these issues as anybody in this room in any
13 capacity, and has read as much, if not
14 more, about all of it.

15 COUNCILMAN KENNEY: Well, then you
16 should file for the next election and run
17 at-large, and see if the people agree with
18 you --

19 MR. SCHWARTZ: I don't think --

20 COUNCILMAN KENNEY: -- but until
21 that happens, I don't think you have a
22 right to come in here, after all this work,
23 and submarine this effort.

24 MR. SCHWARTZ: Are you saying that I
25 don't have a right as a citizen to come in

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2 here and express my views on the City
3 budget?

4 COUNCILMAN KENNEY: Yes, you can.
5 But you can be called to task because
6 you're trying to submarine this effort
7 which I think is what's up.

8 MR. SCHWARTZ: I'm not trying to
9 submarine this effort.

10 COUNCILMAN KENNEY: But based on --

11 MR. SCHWARTZ: I really am not.

12 I have a different view right now of
13 what it will take to implement this. And I
14 regret the fact that it may be interpreted
15 as I don't agree with it or that I'm trying
16 to submarine it. That's other people's
17 conditions.

18 I made my own commitments here. It
19 was not a discussion here, until about
20 three or four weeks ago, about going
21 through the total passage of the
22 legislation as the vehicle to get all of
23 this done.

24 We were discussing various specific
25 things we could do, and I was working very

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2 hard on that, and will continue to work
3 very hard on it.

4 COUNCILMAN DiCICCO: Point of
5 information.

6 COUNCIL PRESIDENT VERNA: The Chair
7 recognizes Councilman DiCicco for a point
8 information.

9 COUNCILMAN DiCICCO: I have two
10 meetings at 7 o'clock in Port Richmond, so
11 I will be leaving.

12 I am just really totally baffled by
13 some of those comments that are being made
14 today.

15 The Tax Reform Commission was
16 mandated built people, voted on to be put
17 in place. The Commission was charged with
18 looking at ways in which we can reverse the
19 trend of job loss and the downward spiral
20 of the City of Philadelphia.
21 Recommendations were put forth. We're
22 dealing with them now.

23 It goes back to what I've said
24 earlier, and a number of us have been
25 saying for the last couple days. If we do

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2 nothing, it's just the continuation of what
3 we've been experiencing for the last decade
4 or two decades, three decades.

5 At some point, taking into
6 consideration your concerns about cutting
7 service and all, we have to do something
8 different. If we don't, we just wasted a

9 year of the Tax Reform Commission's time.

10 MR. SCHWARTZ: And I would feel --

11 COUNCILMAN DiCICCO: let me finish.

12 MR. SCHWARTZ: I'm sorry.

13 COUNCILMAN DiCICCO: Half a million

14 dollars of the taxpayer's' money that was

15 spent to or whatever it cost --

16 MR. SCHWARTZ: \$375,000.

17 COUNCILMAN DiCICCO: \$375,000, half

18 a million. A considerable amount of money.

19 \$500,000. Let's not debate three

20 seventy-five versus five hundred.

21 We have a five-year budget. Based

22 on everyone's best estimate, there's going

23 to be deficits over the next five years.

24 We will probably be looking at a budget

25 next year where we will probably be faced

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2 with cuts in services, closing rec centers,

3 the same kind of stuff we're going through

4 this year.

5 That means that the recommendations

6 of the Tax Commission will not be put forth

7 next year or the year thereafter or the

8 year thereafter, at least for the next five

9 years.

10 When do we implement meaningful tax
11 reform to get this show under way --

12 MR. SCHWARTZ: Well --

13 COUNCILMAN DiCICCO: -- to make a
14 difference? Because if we don't do it now,
15 the opportunity, I think, will be lost for
16 the next generation --

17 MR. SCHWARTZ: Well, let me --

18 COUNCILMAN DiCICCO: -- and we have
19 to take a risk, if you will, to make the
20 meaningful reforms that the Commission has
21 presented for us to do today.

22 MR. SCHWARTZ: I understand that
23 perspective. And as I said in my
24 testimony, we are now faced with a choice
25 of either pursuing the legislation or

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2 nothing will happen.

3 And I believe that some mechanism to
4 hold the Administration accountable toward
5 progress in this area or to hold the
6 government accountable in some way would be
7 completely appropriate. And I would fully
8 support it, and I would participate in it.

9 COUNCILMAN NUTTER: What would that

10 be?

11 MR. SCHWARTZ: Well, I think that --
12 I mean, I've been giving a lot of thought
13 to how you do it.

14 (Councilman Nutter began speaking,
15 away from the microphone, not reportable.)

16 COUNCILMAN NUTTER: That's what we
17 do.

18 MR. SCHWARTZ: But the laws have
19 other consequences.

20 COUNCILMAN NUTTER: Always.

21 MR. SCHWARTZ: Well, I'm dealing,
22 then, with the particular -- Now I will
23 say, Councilman --

24 COUNCILMAN NUTTER: Always.

25 MR. SCHWARTZ: -- that this is

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2 where --

3 COUNCILMAN NUTTER: So, no.

4 MR. SCHWARTZ: This is where you're
5 here --

6 COUNCILMAN NUTTER: Respond to
7 Councilman -- Finish what you were laying
8 out to Councilman DiCicco.

9 What is this new-found mechanism to
10 hold the government responsible and

11 accountable to implement this plan?

12 MR. SCHWARTZ: Well, I think some
13 kind of an implementation committee -- I
14 mean, committee that would be set up
15 that...

16 COUNCILMAN NUTTER: Implementation
17 committee. Go ahead. An implementation
18 committee. Another committee.

19 COUNCILMAN DiCICCO: Mr. Schwartz,
20 another committee for another year? This
21 is typical Philadelphia, you know. We just
22 don't have the guts, if you will...

23 COUNCILWOMAN TASCO: Chutzpah.

24 COUNCILMAN DiCICCO: ...to take...
25 Thank you, Councilwoman Tasco, but I won't

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2 repeat that for the record. I read your
3 lips quite clearly.

4 ...to take the initiative to make
5 the bold, dramatic steps to get something
6 done.

7 (Mr. Schwartz began speaking
8 simultaneously with Councilman DiCicco, not
9 reportable.)

10 MR. SCHWARTZ: I'm talking about --

11 COUNCILMAN DiCICCO: And I've said
12 this and I -- If we do not do something, we
13 will continue down that path of a slow but
14 sure death as a City.

15 There's no reversing it. We have
16 come to that realization in the eight years
17 that I've been here, even with the
18 incremental wage taxes, which I know you
19 didn't support back in 2002.

20 But we've seen some gains in those
21 collections. Some people say it's only
22 because of salaries that have been
23 increased.

24 But we did send a signal. Even with
25 our best efforts that we've done to date,

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2 nothing has really been a dramatic, a
3 dramatic way in which we've addressed tax
4 reform, until this Commission report was
5 put forth.

6 There's just... For me it's very
7 simple. We either do it or we don't.
8 Because we could sit here until the cows
9 come home and debate on all these other
10 issues. We're either going to do it or
11 we're not.

12 And I do understand where Councilman
13 Nutter and Councilman Kenney are coming
14 from. As the Chair of the Commission, it
15 was shocking for me to hear your testimony
16 the other day, after having -- and as my
17 colleague, Councilman Nutter, so eloquently
18 described, your public statements over the
19 last few months, the day of the hearing
20 to -- It does seem like it's a submarine
21 job to me --

22 MR. SCHWARTZ: Well --

23 COUNCILMAN DiCICCO: -- with no
24 disrespect to you, but that's what it
25 sounds like.

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2 MR. SCHWARTZ: Well, it may sound
3 like that.

4 COUNCILMAN DiCICCO: And if it walks
5 like a duck, quacks like a duck --

6 MR. SCHWARTZ: It certainly --

7 COUNCILMAN DiCICCO: -- it's a duck.

8 MR. SCHWARTZ: In terms of what
9 we --

10 COUNCILMAN NUTTER: It's a duck.

11 MR. SCHWARTZ: -- the whole -- this

12 Commission discussed as the framework for
13 this, it is entirely consistent with the
14 nature of that discussion.

15 It was the center of that
16 discussion. What could we do to be sure
17 that it was affordable?

18 I would also say that I --

19 COUNCILMAN DiCICCO: Sorry to
20 interrupt. If the discussion was centered
21 around what you're saying -- and I believe
22 that -- a decision was made to put forth a
23 list of bills or recommendations for tax
24 reform.

25 It's good that you discussed these

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2 things, and we appreciate that. But your
3 ultimate decision was a tax reform package.

4 MR. SCHWARTZ: Yes. And I --

5 COUNCILMAN DiCICCO: What's happened
6 to go back --

7 MR. SCHWARTZ: I am acknowledging --

8 COUNCILMAN DiCICCO: -- into that
9 discussion again?

10 MR. SCHWARTZ: I am acknowledging
11 we're back to the first thing I said.

12 COUNCILMAN DiCICCO: We're back to

13 square one.

14 MR. SCHWARTZ: And I would take some
15 responsibility -- No, I don't think we're
16 that far back.

17 COUNCILMAN DiCICCO: Well, to me it
18 is.

19 MR. SCHWARTZ: Well...

20 COUNCILMAN NUTTER: Mr. Schwartz,
21 let me ask you this question --

22 MR. SCHWARTZ: I mean, I am
23 acknowledging that there was not a
24 discussion of legislation.

25 COUNCILWOMAN TASCO: Point of

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2 information.

3 COUNCIL PRESIDENT VERNA: The Chair
4 recognizes Councilwoman Tasco.

5 COUNCILMAN NUTTER: It was a
6 requirement of the Commission, Mr.
7 Chairman. It was required in the
8 legislation that you put forward in the
9 Charter change. It was required that you
10 put forward legislation.

11 MR. SCHWARTZ: I know.

12 COUNCILMAN NUTTER: It wasn't an

13 option.

14 MR. SCHWARTZ: And -- Well, let me
15 say this --

16 COUNCILMAN NUTTER: It didn't say do
17 it if you feel like it.

18 MR. SCHWARTZ: No, no, no, no.
19 There was not a discussion of the
20 particular bills here by the entire
21 Commission. This issue was not --

22 COUNCILWOMAN TASC0: They were
23 printed.

24 MR. SCHWARTZ: Well...

25 COUNCILWOMAN TASC0: They were

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2 printed. They came --

3 COUNCILMAN NUTTER: I don't have
4 anything to do with that.

5 MR. SCHWARTZ: They were printed --

6 COUNCILMAN NUTTER: You gave us
7 three volumes, they're in the bills, you
8 gave me a disk, the bills got introduced.
9 It was a requirement of the work.

10 MR. SCHWARTZ: I know that.

11 COUNCILMAN NUTTER: And what you
12 discussed or what you didn't discuss,
13 that's your business. You Chaired the

14 Commission.

15 COUNCILWOMAN TASC0: I just have one
16 question. When Councilman Kenney read you
17 the point about the tax reform has to go
18 forward in spite of any cuts -- and you
19 said you believe that -- what did you
20 expect?

21 MR. SCHWARTZ: Well...

22 COUNCILWOMAN TASC0: I mean, if you
23 said, well, if we want to go forward and
24 there has to be -- might have to be cuts
25 and expend -- So what did you expect when

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2 you had to make the cuts?

3 MR. SCHWARTZ: Well, I think it's a
4 matter of the level of cuts and where --

5 COUNCILWOMAN TASC0: Well, then
6 it's --

7 MR. SCHWARTZ: Whoa, whoa, whoa. I
8 mean, we're not talking about -- You want
9 to make it all or nothing, fine. It's not
10 all or nothing.

11 You look at a real budget and see
12 what the real situation is.

13 COUNCILWOMAN TASC0: So --

14 MR. SCHWARTZ: This real budget has
15 a real situation attached to it.

16 COUNCILWOMAN TASC0: Would you like
17 to have a little bit of an expenditure, a
18 middle bit expenditure or a lot --

19 MR. SCHWARTZ: I don't think we have
20 in this --

21 COUNCILWOMAN TASC0: -- of
22 expenditure?

23 MR. SCHWARTZ: I don't think that --

24 COUNCILWOMAN TASC0: I mean, at what
25 point would cuts be acceptable, if you're

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2 saying it's okay that we move this forward,
3 in spite of the fact that there will be
4 cuts?

5 MR. SCHWARTZ: I don't think anybody
6 I know anticipated that we would have a
7 budget that would cut departments facing us
8 as a City...

9 COUNCILWOMAN TASC0: Well, we had
10 the budget --

11 MR. SCHWARTZ: ...by five to
12 seven --

13 COUNCILWOMAN TASC0: We had the
14 budget announcement in March.

15 MR. SCHWARTZ: Yeah.
16 COUNCILMAN NUTTER: March 18th.
17 COUNCILWOMAN TASC0: And as
18 Councilman Nutter says, a whole month,
19 almost two months later, all of a sudden it
20 dawned on you that there were going to be
21 cuts?
22 MR. SCHWARTZ: No. I think two
23 months later -- During the two --
24 COUNCILWOMAN TASC0: Two months
25 later --

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2 MR. SCHWARTZ: Whoa, whoa, whoa.
3 During the two-month period that we're
4 talking about, I spent most of my time
5 pushing the Administration to include as
6 much of the agenda that I could push them
7 to include, despite all of those cuts.
8 That's the way I spent from March to
9 May. Whether it was -- and single factor
10 apportionment was one, and there were two
11 or three others, and there were
12 conversations along those lines.
13 The only... The change occurred
14 when, in fact, a decision was made that we

15 would now operationalize the schedule of
16 tax reductions over a five-, ten-year
17 period.

18 And you asked me what I thought the
19 alternative was. Maybe you don't think it
20 makes any sense. But that was my
21 commitment.

22 I sat here for seven years, you
23 know, during -- I mean, in and out of the
24 place, during which time a debate over
25 building a new Convention Center was

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2 occurred.

3 And it was absolutely clear that
4 until a Convention Center was built, that
5 we would not have expansion of tourism.
6 That took about five or six years.

7 And I have been through other things
8 in my life that have taken a long time. To
9 me, what this plan does, is to provide
10 benchmarks and schedules, whether they're
11 enshrined in law or they're there. And if
12 you're serious about it, you take those
13 seriously; and I do.

14 COUNCILMAN NUTTER: Well, we are
15 very serious about it. The only problem

16 is, as you've laid it out, there's no
17 implementation date because you've got to
18 have the perfect storm of fiscal
19 environment before you can do anything.

20 And as you well know --

21 MR. SCHWARTZ: I don't think that --

22 COUNCILMAN NUTTER: -- it just
23 doesn't work that way.

24 MR. SCHWARTZ: I just don't
25 accept --

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2 COUNCILMAN NUTTER: Just doesn't
3 work that way.

4 MR. SCHWARTZ: I don't accept the
5 reality that you're painting. You're
6 saying a perfect storm. I don't think we
7 need that.

8 But at the other extreme, a \$288
9 million additional contribution of the
10 pension --

11 COUNCILMAN NUTTER: And Mr.
12 Schwartz, what's the total amount of
13 spending or the total amount of City budget
14 over that same five-year period? You keep
15 talking about \$288 million. What's the

16 City's budget presently?

17 MR. SCHWARTZ: Well, it would be, in
18 terms, of locally collected taxes.

19 COUNCILMAN NUTTER: No. What's the
20 entire City budget?

21 MR. SCHWARTZ: No; I don't think
22 that's relevant. I think the \$1 billion we
23 receive from Harrisburg and other levels of
24 government are not affected. \$930
25 million --

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2 COUNCILMAN NUTTER: Don't we spend
3 those dollars here?

4 MR. SCHWARTZ: -- are not affected
5 by the local taxes.

6 COUNCILMAN NUTTER: Fine. However
7 you want to narrow it. However you want to
8 narrow it down.

9 But it is our City budget. It is
10 what we ultimately end up spending. But
11 even in the narrow case, if you want to
12 have a billion and a half dollar
13 discussion, what's a billion and a half
14 times five?

15 MR. SCHWARTZ: 6.5.

16 COUNCILMAN NUTTER: Okay. \$288

17 million.

18 It's 7.5. \$288 million, \$7.5
19 billion of spending.

20 So, I mean, if you're going to give
21 the first part of the answer, give the
22 second part of the answer as well. We
23 don't need to jerk each other around here.

24 Let me ask you this question. You
25 mentioned earlier... You made reference on

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2 a couple of occasions you work on... What
3 is it called, the Citizen's Guide to the
4 Budget?

5 MR. SCHWARTZ: Yes.

6 COUNCILMAN NUTTER: Okay. And you
7 do that as a part of your work.

8 MR. SCHWARTZ: I did it that year,
9 yes.

10 COUNCILMAN NUTTER: Okay. Does it
11 still go on or do you have other --

12 MR. SCHWARTZ: I did not --

13 COUNCILMAN NUTTER: -- things you
14 can --

15 MR. SCHWARTZ: I did a one-year
16 report. I guess the work that I'm doing --

17 Last year I did the Tax Reform Commission.

18 COUNCILMAN NUTTER: Okay.

19 MR. SCHWARTZ: This is the one-year
20 report. I haven't done it this year.

21 COUNCILMAN NUTTER: Is that work
22 conducted on behalf of the City?

23 MR. SCHWARTZ: No.

24 COUNCILMAN NUTTER: Is it a part of
25 any City obligation or City contract work

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2 that you have?

3 MR. SCHWARTZ: No. No.

4 COUNCILMAN NUTTER: Well, what is it
5 that you do on behalf of the City?

6 MR. SCHWARTZ: I work with the City
7 on... I've had a housing project involving
8 helping neighborhood groups connect to
9 various departments.

10 And I do work in relation to the
11 internet, and help neighborhood groups and
12 citizens get contact with elected officials
13 and one another around issues of concern to
14 them. And I do a web site. And I do a
15 neighborhood page for the City web site.
16 Those are the two things I do for the City.

17 COUNCILMAN NUTTER: I'm sorry. Say

18 that again. You help people connect to the
19 government?

20 MR. SCHWARTZ: Yeah. Any given day
21 we have about 1200 people on an e-mail list
22 that connect to each other about how to
23 solve problems like, there's trash in my
24 block or what's going on with the schools.

25 There's a web site called

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2 phillyneighborhoods.org which is visited by
3 about 10, 15,000 times a month, that
4 provides people with access to information
5 that's relevant to their understanding of
6 the City government.

7 COUNCILMAN NUTTER: If someone's
8 trash didn't get picked up, why wouldn't
9 they just either call the Streets
10 Department or call a Council member's
11 office or someone?

12 MR. SCHWARTZ: Well, as it happens,
13 it's been extraordinarily helpful to people
14 to be able to connect with one another
15 around these concerns, and to connect with
16 the Streets Department online. And many of
17 them have gotten a lot of results from the

18 work that we've done. And in fact, many
19 of --

20 COUNCILMAN NUTTER: Well, wait a
21 minute. If you wanted to connect to the
22 Streets Department online, wouldn't you
23 just go to www.phila.gov --

24 MR. SCHWARTZ: Well, yeah, except --

25 COUNCILMAN NUTTER: -- and check on

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2 the Streets Department?

3 MR. SCHWARTZ: Well, except that
4 until I did the neighborhood page for that
5 page, there was no -- for that -- for the
6 City's web site, there was no easy one-stop
7 shopping there for all these neighborhood
8 concerns.

9 COUNCILMAN NUTTER: All right.
10 Let's go back for a second. The Citizen's
11 Guide to the Budget --

12 MR. SCHWARTZ: Right.

13 COUNCILMAN NUTTER: -- which you
14 referred to on a couple occasions --

15 MR. SCHWARTZ: Right.

16 COUNCILMAN NUTTER: -- this was an
17 old project, but you don't do it any more.

18 MR. SCHWARTZ: I did it one year --

19 two year -- I did it two years ago.
20 COUNCILMAN NUTTER: Two years ago.
21 MR. SCHWARTZ: It came out just
22 before the Commission was meeting.
23 COUNCILMAN NUTTER: All right. But
24 presently you have a contract with the City
25 of Philadelphia, based on internet issues

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2 and neighbors connecting to each other.
3 MR. SCHWARTZ: Yeah.
4 COUNCILMAN NUTTER: Okay. All
5 right. Who is that through?
6 MR. SCHWARTZ: Mayor's Office of
7 Information Services.
8 COUNCILMAN NUTTER: Okay.
9 MR. SCHWARTZ: And by the way, that
10 was offered to me as a contract by the
11 previous Director of MOIS, and had been in
12 discussion even in the previous
13 Administration.
14 COUNCILMAN NUTTER: Well, how long
15 have you had the contract?
16 MR. SCHWARTZ: Well, the specific
17 contract with MOIS has been two years. The
18 funding for it, the activity, was about

19 three.

20 But at the very beginning of the
21 term, as Brian Anderson was leaving, he
22 wanted us to do this as part of his
23 revamping of the City's web site.

24 There were other staff people there
25 who were for it. So at that point it

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2 became a question -- Even a letter of
3 commitment was put out, and then it was a
4 question of whether -- where the money
5 would come from.

6 COUNCILMAN NUTTER: Okay. Does it
7 cause you any, I guess, either concern or
8 sense of any potential feeling of conflict
9 to be in a situation where on the one hand
10 you're on the Tax Reform Commission, you're
11 advocating what you're advocating at that
12 time, you're off the Commission and
13 simultaneously performing contract work on
14 behalf of the City?

15 MR. SCHWARTZ: It's --

16 COUNCILMAN NUTTER: Doesn't that put
17 you in a potentially compromised situation
18 at times?

19 MR. SCHWARTZ: Well, it's something

20 I think about a little, but I -- I -- I
21 don't have to speak, you know?

22 COUNCILMAN NUTTER: I'm sorry.

23 MR. SCHWARTZ: I don't have to
24 speak. If I choose not to speak on
25 something, I don't. In other words,

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2 because --

3 COUNCILMAN NUTTER: Well, I
4 understand that. But I mean, from time to
5 time you must... I'm assuming because you
6 love the work that you do, you must have
7 some concern about the continuation of the
8 contract. You must have to talk to someone
9 from time to time about the contract.

10 MR. SCHWARTZ: Yeah. And I'd like
11 to think that the basis -- And so far the
12 basis of those discussions has been that
13 work and how well it's going, and how many
14 people we're serving, and the value that
15 we're providing. There's been no other
16 discussion about that.

17 COUNCILMAN NUTTER: Okay. Let's go
18 back to some of the meetings and
19 discussions about the current situation.

20 Who specifically do you talk to or have you
21 been talking with, with regard to the TRC
22 work, 21st Century Review Forum, and then
23 this interim period, as I've described it,
24 between the press conference on the 15th
25 and your testimony on the 10th.

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2 When you talk to the Budget Office
3 or people in the Administration, who do you
4 talk to?

5 MR. SCHWARTZ: The regular
6 conversation and for information is with
7 Rob Dubow.

8 COUNCILMAN NUTTER: Okay. Do you
9 ever talk to the Finance Director?

10 MR. SCHWARTZ: Very occasionally.
11 Once maybe.

12 COUNCILMAN NUTTER: Managing
13 Director?

14 MR. SCHWARTZ: No.

15 COUNCILMAN NUTTER: Okay. Do you
16 ever talk about the budget with the Mayor?

17 MR. SCHWARTZ: (Pause.) No, not
18 directly, no. Not really, since the
19 21st -- The last direct conversation I had
20 with the Mayor was --

21 COUNCILMAN NUTTER: What do you mean
22 not directly? Do you speak through
23 someone?

24 MR. SCHWARTZ: Well, in other words,
25 not in the same room. No. And even with

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2 Joyce, I really don't have any connection
3 this.

4 COUNCILMAN NUTTER: Okay. Let me
5 ask this question: With regard to what
6 your view is, do the couple things that
7 have been mentioned that the Mayor has laid
8 out, what would be the savings to the
9 average Philadelphian by implementing the
10 proposals that you're prepared to support?

11 MR. SCHWARTZ: You mean in the City
12 budget or... You mean, in the City budget
13 or for the average citizen?

14 COUNCILMAN NUTTER: For the average
15 citizen.

16 MR. SCHWARTZ: Well, I think that --

17 COUNCILMAN NUTTER: You have
18 proposed that there be a limited
19 implementation of the many recommendations
20 of the Tax Reform Commission. And so, in

21 that context, for what you're prepared to
22 support, those items are?

23 MR. SCHWARTZ: Let me just say, in
24 the first year, which is what I was looking
25 at, the City is short by about --

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2 COUNCILMAN NUTTER: No, no, no. I'm
3 not talking about the City.

4 MR. SCHWARTZ: I'm talking about --
5 Look --

6 COUNCILMAN NUTTER: I'm talking
7 about an average citizen.

8 MR. SCHWARTZ: -- I'm looking at
9 what the first-year agenda was.

10 COUNCILMAN NUTTER: I'm sorry?

11 MR. SCHWARTZ: I have looked at what
12 the first-year agenda was.

13 COUNCILMAN NUTTER: Right.

14 MR. SCHWARTZ: That was what was in
15 my thinking. And there were two items that
16 are not included in the Administration's
17 response to the first-year agenda.

18 COUNCILMAN NUTTER: Okay.

19 MR. SCHWARTZ: The first one is that
20 the wage tax reduction in the
21 Administration's plan is short of what we

22 proposed. And I did inquire as to how much
23 money, in turn --

24 COUNCILMAN NUTTER: The
25 Administration doesn't have a proposal, as

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2 it relates to the wage tax, other than
3 pushing back the July 1 cut to January.

4 MR. SCHWARTZ: No, but there's a --
5 there's a regular schedule of wage tax
6 reduction. And what I looked at is, if we
7 simply follow --

8 COUNCILMAN NUTTER: Those were put
9 in place by City Council.

10 MR. SCHWARTZ: I am aware of that.
11 Whoever put them in. Right now there is a
12 regular schedule of wage --

13 COUNCILMAN NUTTER: I understand
14 that, but we don't need to talk about
15 that --

16 MR. SCHWARTZ: Yes, because --

17 COUNCILMAN NUTTER: -- because
18 that's not a part of --

19 MR. SCHWARTZ: -- because the tax
20 reform --

21 COUNCILMAN NUTTER: -- that's not

22 part of the TRC proposals.

23 MR. SCHWARTZ: Yes, it is.

24 COUNCILMAN NUTTER: -- nor is it a
25 part of the Mayor's proposal.

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2 MR. SCHWARTZ: No. The TRC proposal
3 included our own schedule for wage tax
4 reduction.

5 COUNCILMAN NUTTER: Right.

6 MR. SCHWARTZ: So the question of
7 whether the TRC plan had an imprint on this
8 was whether or not the Administration, and
9 Council accepted that schedule as the basis
10 for what you're going to put into this
11 year's law.

12 And the answer is -- Whatever you
13 do, the answer is, the Administration's
14 proposal does not include that.

15 That to me --

16 COUNCILMAN NUTTER: It does not
17 include what?

18 MR. SCHWARTZ: It does not
19 correspond to what the Tax Reform
20 Commission said that the schedule ought to
21 be.

22 COUNCILMAN NUTTER: What's the

23 difference?

24 MR. SCHWARTZ: It's about... A
25 small -- small difference in percentage. I

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2 don't remember exactly.

3 COUNCILMAN NUTTER: All right.
4 Well, why don't we make sure, as we're
5 going through this --

6 MR. SCHWARTZ: And by the way, what
7 impressed me was --

8 COUNCILMAN NUTTER: Why don't we
9 make sure what proposals are being proposed
10 for the first year.

11 MR. SCHWARTZ: The other one that
12 was far more significant, it seems to me,
13 is the permission of partnerships, to
14 deduct the cost of their employees from
15 paying tax.

16 And as I understand it, we are --
17 the business taxes were less familiar to me
18 than the others, so I've had to play some
19 learning here.

20 But I think we were -- we are
21 proposing that there's a -- that 50 percent
22 of that be done in the first year. And I

23 did ask --

24 COUNCILMAN NUTTER: Is the average

25 Philadelphian a partner in a --

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2 MR. SCHWARTZ: No, but I think we

3 were --

4 COUNCILMAN NUTTER: -- law firm or

5 accounting firm or --

6 MR. SCHWARTZ: No. I think we were

7 talking about a three-tiered program. And

8 frankly, the cuts -- You're talking about

9 jobs. The reductions in taxes for business

10 would have been extremely, ironically,

11 given my history, extremely important to

12 me.

13 We did not make a significant set of

14 proposals beyond the wage tax reduction, in

15 the wage tax field for individuals.

16 And the other recommendations we

17 made all revolve around real estate taxes.

18 And those recommendations, it seems to me,

19 are being pursued by the City-wide

20 assessment.

21 And they include the land tax. And

22 as I testified here, I favor moving this

23 year on the land tax incrementally.

24 COUNCILMAN NUTTER: Okay.

25 MR. SCHWARTZ: Those are the things

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2 that were in our first year.

3 COUNCILMAN NUTTER: Let's get back
4 to the question. So for the average
5 Philadelphian, excluding the schedule that
6 is already in place for wage and business
7 taxes, because I don't think you get to
8 take any credit for that, the proposals
9 that are out there support the Governor's
10 tax reduction plan which will happen or not
11 happen, aside from whatever we do, single
12 factor apportionment probably won't affect
13 many average --

14 MR. SCHWARTZ: That won't affect
15 individuals.

16 COUNCILMAN NUTTER: -- many average
17 Philadelphians. Property tax assessment,
18 to clean that up, which actually won't go
19 into effect for two years, and the land
20 value tax, what's the financial impact in
21 the pocketbook of the average Philadelphian
22 as a result of those proposals?

23 MR. SCHWARTZ: Not -- Well, the land

24 tax ultimately will be helpful to a lot of
25 people, and the assessment reform that we

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2 would --

3 COUNCILMAN NUTTER: Talking about in
4 FY '05.

5 MR. SCHWARTZ: Very limited.

6 COUNCILMAN NUTTER: I'm sorry. I
7 didn't hear you.

8 MR. SCHWARTZ: Minimal.

9 COUNCILMAN NUTTER: Okay.

10 MR. SCHWARTZ: But -- But the
11 proposals, in fact, lead to a minimal kind
12 of benefit.

13 The major benefit in the first year
14 really, it seems to me, is for the business
15 taxes. And that, I think, if you did both
16 of the thinks -- Well, even the single
17 factor apportionment, I think, is
18 significant.

19 COUNCILMAN NUTTER: So --

20 MR. SCHWARTZ: And the
21 partnerships --

22 COUNCILMAN NUTTER: -- why don't
23 we --

24 MR. SCHWARTZ: -- with a lot of law

25 firms kind of downsizing and moving out --

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2 COUNCILMAN NUTTER: Why don't we
3 conclude with this: So now that it's clear
4 that, notwithstanding what all the reports
5 say, that you have a ten-year plan, your
6 view is that you would do things on a
7 year-by-year basis.

8 What, from your perspective, in your
9 mind's eye, what should happen to the 13
10 bills proposed by the Tax Reform
11 Commission?

12 MR. SCHWARTZ: I don't even -- I
13 would say -- I -- I haven't looked at the
14 exact number. I would pass many of them.
15 Those are the two bills that I... I -- The
16 bills that, in fact, mandate legally the --
17 the schedule of reductions are the ones
18 that I have the most problem with.

19 And then there are a couple of bills
20 that do reflect specific issues where --

21 COUNCILMAN NUTTER: Let me ask you
22 this one last question.

23 MR. SCHWARTZ: You know, I might
24 even agree with members of Council and

25 disagree with the Administration, that they

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2 ought to be passed.

3 COUNCILMAN NUTTER: I promise this
4 will be my last question. Is your concern
5 that, for instance, the wage tax bill,
6 040009, is what you're really concerned
7 about that if this bill were to pass, and
8 it has a schedule, is it your concern that
9 the members of this body, in the face of
10 information that may indicate a need to
11 either stop the next year's cuts or take
12 some other action, is it your concern that
13 City Council members just won't have the
14 guts to do that?

15 MR. SCHWARTZ: No, it's not my
16 concern. It's not a matter of guts,
17 Councilman, because it would be rational.

18 My concern -- Let's go back to the
19 first exchange -- is that we have a \$288
20 million additional pension requirement
21 which I think is significant, as I look at
22 it from the --

23 COUNCILMAN NUTTER: It is.

24 MR. SCHWARTZ: -- departments.

25 COUNCILMAN NUTTER: Right.

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2 MR. SCHWARTZ: And we are already
3 cutting departments after department, to a
4 level that people are coming in here --

5 COUNCILMAN NUTTER: Well, that may
6 be related to --

7 MR. SCHWARTZ: -- and screaming
8 about.

9 COUNCILMAN NUTTER: -- the first
10 part of your testimony, about the spending
11 over the last four years.

12 MR. SCHWARTZ: Well, all right. But
13 that is my concern.

14 COUNCILMAN NUTTER: Right.

15 MR. SCHWARTZ: That over the next --
16 Well, the \$288 million is beyond -- you
17 know, unexpected beyond that. You know, we
18 just led to that, and now we have this.

19 So my concern is, how do you get
20 hold of the spending side of this, to be
21 able to do the tax reductions in a way that
22 doesn't create devastation. That is my
23 concern.

24 And my commitment in the one area
25 that I do know a little bit about, namely,

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2 the reduction of crime --

3 COUNCILMAN NUTTER: But isn't your
4 concern resolved by --

5 MR. SCHWARTZ: -- at the same time
6 on that set of questions.

7 COUNCILMAN NUTTER: But isn't your
8 concern resolve by the fact that if in the
9 next year we haven't gotten ahold of the
10 spending issues, then at budget time we
11 would just stop the schedule? We could
12 eliminate the rest of the schedule.

13 MR. SCHWARTZ: You could. But
14 meanwhile --

15 COUNCILMAN NUTTER: Why do you have
16 so little faith that we would do that?

17 MR. SCHWARTZ: Because in the
18 five-year plan, that has to be projected
19 now, what will happen a year from now.

20 COUNCILMAN NUTTER: I understand
21 that.

22 MR. SCHWARTZ: Well, but then I
23 think that we're putting into a five-year
24 plan assumptions about service cuts that
25 would be devastating on their face.

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2 COUNCILMAN NUTTER: But they're in
3 out years in the plan. It doesn't mean
4 that they're --

5 MR. SCHWARTZ: No. I think that the
6 amount -- The amounts, in fact, would go
7 pretty -- Given... I'll look at this.
8 It's an interesting question, in terms of
9 what I think it would represent next year.

10 COUNCILMAN NUTTER: You put a
11 significant service cut in the five-year
12 plan two years out. What I'm taking from
13 you is somehow belief that that's
14 automatically going to happen.

15 MR. SCHWARTZ: No. It's an
16 assumption.

17 COUNCILMAN NUTTER: Is that what
18 you're saying?

19 MR. SCHWARTZ: Whether it's in or
20 out, I think the objective would be not
21 to -- not to -- I mean, to -- to be able to
22 preserve as much as we can, and to get the
23 full benefit of the revenues that are
24 created.

25 COUNCILMAN NUTTER: But it's in

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2 later years. And isn't that all just a
3 function of... Have you had a discussion
4 with PICA about any of this?

5 MR. SCHWARTZ: I asked PICA only one
6 question. It wasn't a long discussion.
7 And that question was: Does the budget
8 have to be in balance over the five-year
9 period --

10 COUNCILMAN NUTTER: Of course it
11 does.

12 MR. SCHWARTZ: -- for you to approve
13 it? And do you have to have confidence in
14 what you see as a reasonable basis for
15 making that decision?

16 And the answer was yes. I just --

17 COUNCILMAN NUTTER: Of course the
18 answer was yes.

19 MR. SCHWARTZ: Well, I just -- It's
20 been a while since I -- You know, you're
21 here all the time. I am not --

22 COUNCILMAN NUTTER: Well, I mean,
23 Joe Vignola testified to that at the
24 beginning of the budget process.

25 MR. SCHWARTZ: Well, I wasn't here

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2 for that hearing.

3 COUNCILMAN NUTTER: Okay.

4 MR. SCHWARTZ: So, I mean, the
5 question at that point is, what does it
6 look like, and --

7 COUNCILMAN NUTTER: And suppose the
8 City Administration presented a five-year
9 plan that was balanced and had out-year
10 unspecified cuts, which that line has been
11 in every five-year plan since we started
12 doing five-year plans, that line, that
13 language.

14 Unspecified targeted cuts is a
15 staple of the five-year plan. It's had
16 upwards of \$50, \$60 million a year in it.
17 Every one of those five-year plans has been
18 approved.

19 MR. SCHWARTZ: I am not -- Yes, but
20 the difference is -- And this is where the
21 last four years is relevant -- The levels
22 of cutbacks that we are facing now are
23 dramatically higher than what you've had to
24 deal with in the last five years because
25 there's been a surplus. And at a moment

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2 when we have --
3 COUNCILMAN NUTTER: Which has been
4 spent.
5 MR. SCHWARTZ: Wait. See, what is
6 relevant --
7 COUNCILMAN NUTTER: Which has been
8 spent away, which by your own testimony --
9 You never came in here and said anything
10 about it or raised any concerns about it.
11 What did people think was going to
12 happen when you spend up all the money?
13 MR. SCHWARTZ: Well, Councilman...
14 COUNCILMAN NUTTER: What; it just
15 magically reappears? What is it, like a
16 candle that goes out and it comes back on
17 like itself?
18 MR. SCHWARTZ: That's correct. So
19 that's between... you know, here. I'm
20 merely saying that this is where we are
21 now. And it didn't happen.
22 COUNCILMAN NUTTER: Right.
23 MR. SCHWARTZ: So the question is --
24 COUNCILMAN NUTTER: This is where we
25 are now.

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2 MR. SCHWARTZ: And let me just

3 say --

4 COUNCILMAN NUTTER: And we've got

5 two different reports that indicate that if

6 we don't do something different, we're

7 going to be in a worse place.

8 MR. SCHWARTZ: But if I --

9 COUNCILMAN NUTTER: So tell me when.

10 When do we do something? Give me a date.

11 MR. SCHWARTZ: You start now --

12 COUNCILMAN NUTTER: Because we know

13 next Thursday, according to Dr. Madden,

14 we'll be in sixth place. They figured that

15 out. So you tell me: When are we going to

16 do something different?

17 MR. SCHWARTZ: Well, I think, in

18 fact, the reduction of the wage tax, the

19 reduction of business taxes, the reduction

20 of the business... the single factor

21 apportionment, the movement toward a real

22 real estate reform system, at a moment when

23 a City like ours is experiencing

24 significant fiscal crises, is quite

25 different from what we have done and what

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2 other cities are doing.
3 You find me another city in the
4 United States -- maybe there is -- that has
5 embarked on a serious tax reduction
6 program, that is now being amplified by our
7 recommendations, when there is
8 simultaneous --
9 COUNCILMAN NUTTER: You show me
10 another City has an array of taxes like we
11 have, that has the highest wage tax,
12 highest tax burden in the --
13 MR. SCHWARTZ: Councilman --
14 COUNCILMAN NUTTER: -- United States
15 of America.
16 MR. SCHWARTZ: Councilman, I --
17 COUNCILMAN NUTTER: Show me -- Tell
18 me another City.
19 MR. SCHWARTZ: Councilman, I spent a
20 year working on this problem.
21 COUNCILMAN NUTTER: Right. And the
22 answer is? There aren't any.
23 MR. SCHWARTZ: Agreed. So, I did
24 this for a year. It's not like, you know,
25 it was something that I intended to do for

2 a year. I did it for a year, out of my
3 concern --

4 COUNCILMAN NUTTER: Well, I think
5 you volunteered for it.

6 MR. SCHWARTZ: -- for that problem.

7 COUNCILMAN NUTTER: No one made you
8 do it.

9 MR. SCHWARTZ: But you see,
10 Councilman, I will come back to where I
11 started. I was here during the three years
12 when this government went under, and I
13 listened to similar vehement arguments...

14 COUNCILMAN NUTTER: Right.

15 MR. SCHWARTZ: ...from behind the
16 scenes.

17 COUNCILMAN NUTTER: And I was
18 here --

19 MR. SCHWARTZ: Councilman, let me
20 finish.

21 COUNCILMAN NUTTER: And I was here
22 for the first four years when it recovered.

23 MR. SCHWARTZ: Yes. That was much
24 different.

25 COUNCILMAN NUTTER: So we have

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2 slightly different perspectives on this.

3 MR. SCHWARTZ: You bet. Because
4 what my perspective was is that everybody
5 had a vehement and adequate argument about
6 what we needed to do that was totally --

7 COUNCILMAN NUTTER: Well, Mr.
8 Schwartz, we --

9 MR. SCHWARTZ: -- incompatible with
10 the --

11 COUNCILMAN NUTTER: -- we didn't
12 almost go under because we were cutting
13 taxes.

14 MR. SCHWARTZ: No.

15 COUNCILMAN NUTTER: As a matter of
16 fact --

17 MR. SCHWARTZ: At that --

18 COUNCILMAN NUTTER: -- I think in
19 those years, as I recall the campaign of
20 1991, I think the facts are is that the
21 City raised taxes 19 times in the previous
22 ten-year period, and you still had
23 financial problems.

24 MR. SCHWARTZ: Yes. In those days
25 the issue was the fact that we had

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2 inherited a whole bunch of social problems

3 for which the City had to take
4 responsibility or face --

5 COUNCILMAN NUTTER: Raising all
6 those taxes sure didn't take us out of the
7 problem, did it?

8 MR. SCHWARTZ: No, it did not.
9 Well, it did immediately. But all I'm
10 saying is, even with all of that --

11 COUNCILMAN NUTTER: Yeah.

12 MR. SCHWARTZ: -- the City went --

13 COUNCILMAN NUTTER: It's like an
14 injection of sugar.

15 MR. SCHWARTZ: No.

16 COUNCILMAN NUTTER: It wakes you up
17 for a moment and then you go right back to
18 sleep. You get a short-term bump in
19 revenues, and then everybody else figures
20 out: You know, these people are just
21 taking more money out of my pocket, and I'm
22 going to leave.

23 And so the next year you have less
24 revenues, which causes you to raise taxes
25 again. It's an endless spiral downward.

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2 MR. SCHWARTZ: Yes.

3 COUNCILMAN NUTTER: That's what
4 happened.

5 MR. SCHWARTZ: And all I'm saying is
6 that what really happened beyond that is
7 that you had various people who thought
8 whatever we were doing we could afford.
9 And it was perfectly okay to vote for
10 mutually inconsistent -- And the Mayor
11 signed them.

12 And two or three years of that, that
13 projecting deficits into the future, which
14 was the centerpiece of it, whether or not
15 it had anything to do with lowering taxes,
16 which it clearly didn't because Betsy
17 Reveal was attempting to get us to raise
18 taxes to meet deficits.

19 But the central issue was in a way
20 what we're discussing. It was a decision
21 that you could project a deficit forward.

22 And so in 1988 we could project that
23 deficit to '89. And in 1990 we could
24 project it into '91. And in '91 -- And we
25 could borrow our way out of it, and we

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2 could use creative techniques.

3 Charley McPherson at that point was

4 working for the Mayor, and I was --

5 COUNCILMAN NUTTER: We did actually

6 borrow our way out of it.

7 MR. SCHWARTZ: Well, yes, in the

8 end --

9 COUNCILMAN NUTTER: That's why we

10 have an agency called PICA.

11 MR. SCHWARTZ: -- by imposition.

12 But the --

13 COUNCILMAN NUTTER: It's the

14 undiscussed thing. If you borrow a billion

15 dollars in a short period of time, your

16 finances will improve, too. That's what we

17 did.

18 MR. SCHWARTZ: I'm well aware of

19 that.

20 COUNCILMAN NUTTER: Which is what

21 helped to --

22 MR. SCHWARTZ: But Councilman --

23 COUNCILMAN NUTTER: -- build up

24 the --

25 MR. SCHWARTZ: -- what I am

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2 saying --

3 COUNCILMAN NUTTER: -- \$285 million

4 surplus.

5 MR. SCHWARTZ: -- is the Council --

6 COUNCILMAN NUTTER: The problem here

7 is, you've got a bunch of people who are so

8 scarred by the past that they can't figure

9 out what the hell to do in the future.

10 MR. SCHWARTZ: No.

11 COUNCILMAN NUTTER: That's what the

12 problem is.

13 MR. SCHWARTZ: Well, you may say

14 that. What I see is, in fact, a period of

15 time of time in which people said we could

16 put our problems, and handle deficits, and

17 they were doable and soluble.

18 COUNCILMAN NUTTER: I know.

19 MR. SCHWARTZ: There was a

20 difference --

21 COUNCILMAN NUTTER: Now we're saying

22 we're going to --

23 MR. SCHWARTZ: There was a

24 different --

25 COUNCILMAN NUTTER: Now we're saying

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2 we're going to put off tax --

3 MR. SCHWARTZ: There was a different

4 set of reasons --

5 COUNCILMAN NUTTER: Now we're saying
6 we're going to put off tax reform --
7 MR. SCHWARTZ: -- for the deficit.
8 COUNCILMAN NUTTER: -- because
9 things are just a little better.
10 MR. SCHWARTZ: That's exactly what I
11 hear here. We are looking now at a budget
12 that has got lots of problems, and we're
13 saying, don't worry about it because you'll
14 get --
15 COUNCILMAN NUTTER: Nobody said
16 don't worry about it.
17 MR. SCHWARTZ: -- put into the
18 five-year plan. We will put into the
19 five-year plan --
20 COUNCILMAN NUTTER: Mr. Schwartz --
21 MR. SCHWARTZ: -- some general
22 language --
23 COUNCILMAN NUTTER: Mr. Schwartz, do
24 I need to remind you how you got to be on
25 the Tax Reform Commission, whether you

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2 wanted to be there or not?
3 Some of us didn't say, don't worry
4 about it.

5 Some of us said, let's have a more
6 systematic, organized process to put
7 something together. That's why we had a
8 Tax Reform Commission in the first place.

9 MR. SCHWARTZ: I'm talking about --

10 COUNCILMAN NUTTER: Then we got a
11 report from 15 dedicated, serious citizens,
12 who told us what to do.

13 Then we got another report two
14 months ago from another group of people, I
15 think a half a dozen --

16 MR. SCHWARTZ: I was involved in
17 that report, too.

18 COUNCILMAN NUTTER: -- sitting on a
19 tax subcommittee who told us to what to
20 do --

21 MR. SCHWARTZ: And now we have a
22 real -- Now we have a real budget, not a
23 hypothetical one, not a
24 what-have-you-got-in-your head. You've got
25 a real budget.

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2 COUNCILMAN NUTTER: You think this
3 is a real budget? You think this budget is
4 going to get passed the way it is?

5 MR. SCHWARTZ: No, no. I'm just

6 saying --

7 COUNCILMAN NUTTER: You call that a

8 real budget?

9 MR. SCHWARTZ: I'm just --

10 COUNCILMAN NUTTER: You got to be

11 kidding me.

12 MR. SCHWARTZ: I'm just saying that

13 now you have a real budget to debate and

14 resolve.

15 COUNCILMAN NUTTER: Right.

16 MR. SCHWARTZ: With real money and

17 not

18 well-what-do-you-think-of-the-City-budget,

19 but-we're-not-going-to-talk-about-it

20 budget.

21 COUNCILMAN NUTTER: Well, you're

22 right about that.

23 MR. SCHWARTZ: So that's the

24 reaction.

25 COUNCILMAN NUTTER: That's why we

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2 get paid the big bucks.

3 Go ahead. I'm sorry. I cut you

4 off.

5 MR. SCHWARTZ: No. I'm...

6 COUNCILMAN NUTTER: Do you want to
7 tell me something else?
8 MR. SCHWARTZ: No. I'm fine.
9 COUNCILMAN NUTTER: All right.
10 Okay. So your bottom line is, one year at
11 a time, do what you can, and we'll see what
12 happens. Is that pretty much the sum and
13 substance of it?
14 MR. SCHWARTZ: Yes, but I would make
15 one addendum to it. I do think that when
16 I'm looking at this -- It's not -- It's not
17 quite, you know, we're just going to look
18 at one year and then let the next year take
19 good care of itself. As I... And then,
20 you know, you only do that year.
21 As I see the timetable here is, we
22 came out with our report, you know, earlier
23 this year. And then the Mayor extended the
24 budget process into the spring.
25 COUNCILMAN NUTTER: Well, because he

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2 had to wait and see what you guys were
3 going to tell us from the 21st Century
4 Review Forum.
5 MR. SCHWARTZ: (Laughing.)
6 COUNCILMAN NUTTER: That was the

7 public explanation.

8 MR. SCHWARTZ: Well...

9 COUNCILMAN NUTTER: We had to wait.

10 MR. SCHWARTZ: I'm sure that was --

11 COUNCILMAN NUTTER: And Page 106 and

12 107 tells the whole story.

13 MR. SCHWARTZ: Is that what he

14 really said?

15 COUNCIL PRESIDENT VERNA: Yes.

16 MR. SCHWARTZ: Yeah.

17 COUNCILMAN NUTTER: That was the

18 public explanation: We can't introduce a

19 budget --

20 MR. SCHWARTZ: For whatever --

21 COUNCILMAN NUTTER: -- because we

22 got to wait and see what the 21st Century

23 Review Forum tells us, so we can

24 incorporate that in the budget.

25 MR. SCHWARTZ: Well, let me --

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2 COUNCILMAN NUTTER: So then we get a

3 budget two months late...

4 MR. SCHWARTZ: Well, actually it's

5 interesting, because the budgets when we

6 were around in those days, I believe, came

7 out in March, around this time. And then
8 it was moved to January which may be a good
9 thing, but...

10 COUNCILMAN NUTTER: It moved to
11 January in 2000. We've had them in January
12 ever since.

13 MR. SCHWARTZ: Right. All I'm
14 saying is --

15 COUNCILMAN NUTTER: This is first
16 time we've had them in March.

17 MR. SCHWARTZ: By the way, I saw
18 that as useful to the agenda that we were
19 providing.

20 COUNCILMAN NUTTER: No. It's
21 been --

22 MR. SCHWARTZ: Because --

23 COUNCILMAN NUTTER: -- unuseful and
24 it's been a disservice to all the members
25 of this City Council.

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2 MR. SCHWARTZ: I'm not speaking to
3 you -- I -- I understand --

4 COUNCILMAN NUTTER: It's a little
5 difficult to do in two months what you
6 normally have four months to do.

7 MR. SCHWARTZ: I'm sure that's

8 the --

9 COUNCILMAN NUTTER: Just shows the
10 wonders of time.

11 MR. SCHWARTZ: Given that what we
12 were proposing was new and different and
13 difficult, it gave us more time to lobby,
14 which I did.

15 But let me just say, we have a full
16 year now from whatever it is you do --

17 COUNCILMAN NUTTER: You lobbied for
18 the same thing that you guys did in
19 November.

20 MR. SCHWARTZ: I'm talking about the
21 real battle within the Administration or
22 with the Administration to accept as much
23 of this package as we could get for --

24 COUNCILMAN NUTTER: Well, I wouldn't
25 know anything about that.

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2 MR. SCHWARTZ: Well, I'm just --

3 COUNCILMAN NUTTER: I haven't had a
4 budget discussion.

5 MR. SCHWARTZ: No. I'm just saying
6 to you --

7 COUNCILMAN NUTTER: Well, thank

8 you --

9 MR. SCHWARTZ: -- that that's, in

10 fact --

11 COUNCILMAN NUTTER: -- for fighting

12 our battles. I appreciate it.

13 MR. SCHWARTZ: It was not your

14 battle to fight; it was ours. And we did.

15 And I did. Now, where this --

16 COUNCILMAN NUTTER: I don't know. I

17 guess I --

18 MR. SCHWARTZ: Well, single --

19 COUNCILMAN NUTTER: -- mistakenly

20 thought I was part of the budget process --

21 MR. SCHWARTZ: No, no.

22 COUNCILMAN NUTTER: -- but if it's

23 now --

24 MR. SCHWARTZ: I'm saying --

25 COUNCILMAN NUTTER: If it's now been

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2 out sourced...

3 MR. SCHWARTZ: -- in the

4 preliminary --

5 COUNCILMAN NUTTER: If it's been a

6 Republican adoption of --

7 MR. SCHWARTZ: Councilman, I think

8 you know --

9 COUNCILMAN NUTTER: -- an out
10 sourcing of the budget --
11 MR. SCHWARTZ: -- that --
12 COUNCILMAN NUTTER: -- policy and
13 process --
14 MR. SCHWARTZ: -- I didn't say that.
15 MR. SCHWARTZ: Councilman --
16 COUNCILMAN NUTTER: -- I must have
17 missed a memo.
18 MR. SCHWARTZ: I think you know I
19 didn't say that. I really think you know I
20 didn't say that. What I said, in fact --
21 COUNCILMAN NUTTER: I didn't say you
22 said that.
23 MR. SCHWARTZ: Well, what I said, in
24 fact, is that Tax Reform Commission has an
25 agenda. It's new, it's different. It came

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2 out --
3 COUNCILMAN NUTTER: Yeah, it has an
4 agenda. It's called 28 recommendations.
5 MR. SCHWARTZ: Well, at this
6 point --
7 COUNCILMAN NUTTER: That's your
8 agenda.

9 MR. SCHWARTZ: -- it was called in
10 year 17, the following set of things should
11 happen. The following set of things should
12 happen this year, and we fought over those
13 things. And having a little --

14 COUNCILMAN NUTTER: That was the Tax
15 Reform Commission's agenda, but now your
16 agenda is different now than the --

17 MR. SCHWARTZ: No.

18 COUNCILMAN NUTTER: -- Tax Reform
19 Commission agenda.

20 MR. SCHWARTZ: No. My agenda is not
21 different, in terms of tax reform. It
22 isn't. The questions --

23 COUNCILMAN NUTTER: It's absolutely
24 different. It's not consistent with
25 anything in this document. I mean, we

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2 could -- You know, look: You know me. We
3 could sit here all night.

4 I can read you page after page after
5 page of what the Tax Reform Commission said
6 and what it suggested be done, which is
7 completely now different than anything
8 you're talking about.

9 You're not going to find: Do it a

10 year for ten years in a row anywhere in
11 this document.

12 MR. SCHWARTZ: Well, now, wait a
13 second.

14 COUNCILMAN NUTTER: You're not going
15 to find: Do it if you think that
16 everything will be okay.

17 You'll find on a page that says, we
18 acknowledge that there will be a fiscal
19 impact.

20 MR. SCHWARTZ: Yeah, but what --

21 COUNCILMAN NUTTER: But do it
22 anyway.

23 MR. SCHWARTZ: Yeah. Well, what
24 impact? And at what level?

25 And Councilman, if you think that I

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2 am the only one who is --

3 COUNCILMAN NUTTER: Well, you
4 know...

5 MR. SCHWARTZ: -- on this Commission
6 who is sharing the perspective that I've
7 brought here --

8 COUNCILMAN NUTTER: If you had been
9 able to do the other side of the job, which

10 you weren't allowed to do, then, you know,
11 maybe we wouldn't be having some of this
12 discussion.

13 But you know, as usual, as they say,
14 there's still two things that you never
15 want to watch being made, legislation and
16 sausage.

17 MR. SCHWART: There's still two
18 things what?

19 COUNCILMAN NUTTER: Page 69, local
20 implementation. Based upon review of
21 economic literature and econometric
22 research, the Commission believes that the
23 recommended package of tax reform will
24 generate significant economic growth.

25 Of course, we can't talk about that.

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2 That's not in the report.

3 In the short term, while the economy
4 adjusts, the Commission recognizes that its
5 tax reform recommendations could have a
6 fiscal impact. Do you remember that?

7 MR. SCHWARTZ: Sure.

8 COUNCILMAN NUTTER: Okay.

9 MR. SCHWARTZ: And it's a question
10 of the level at which it was going to

11 operate and what the real situation was.

12 COUNCILMAN NUTTER: I understand.

13 Well, look: It will be interesting to see
14 how it all plays out.

15 We can either make some serious
16 changes or we can just continue to manage
17 the decline.

18 I mean, why don't we turn the City
19 into a big hospice? We'll make everybody
20 comfortable, and we'll die gracefully, but
21 we'll do it with dignity.

22 MR. SCHWARTZ: Well, Councilman, I
23 think that if we want to get this agenda
24 through, which I did spend a lot of time
25 with and agree --

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2 COUNCILMAN NUTTER: I know you did.

3 MR. SCHWARTZ: -- and helped
4 shepherd it through --

5 COUNCILMAN NUTTER: I liked it when
6 you were --

7 MR. SCHWARTZ: -- and I think that
8 we need to have --

9 COUNCILMAN NUTTER: I liked it when
10 you were on message.

11 MR. SCHWARTZ: -- a simultaneous, as
12 I said before --

13 COUNCILMAN NUTTER: I liked it when
14 you were on message and on the same agenda.
15 That's what I really liked.

16 MR. SCHWARTZ: Well, I understand.
17 I'm more complicated than one issue; that's
18 true.

19 COUNCILMAN NUTTER: Well... We
20 don't want to go there. I'm sorry. I cut
21 you off. Why don't you finish your
22 statement.

23 MR. SCHWARTZ: I'm just merely
24 saying that, in fact, the challenge really
25 is to deal with the cost of crime. And now

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2 we've discovered two other challenges that
3 have become more serious: Namely, the
4 medical benefits and the pension issue.

5 COUNCILMAN NUTTER: Okay.

6 MR. SCHWARTZ: Now, I don't know how
7 much we can do about either of those.

8 COUNCILMAN NUTTER: Right.

9 MR. SCHWARTZ: But I think we can do
10 a lot, perhaps, about the cost of crime.

11 COUNCILMAN NUTTER: Right.

12 MR. SCHWARTZ: And I plan to spend
13 quite a lot of my own time --
14 COUNCILMAN NUTTER: So as soon as we
15 figure that out, we'll be in a much better
16 position to do the other stuff. Is that
17 where we are?
18 MR. SCHWARTZ: I'm not waiting the
19 ten years to figure that out.
20 COUNCILMAN NUTTER: Okay.
21 MR. SCHWARTZ: I think that we need
22 to have a measurable impact and significant
23 on that one next year.
24 COUNCILMAN NUTTER: Right. What's
25 the --

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2 MR. SCHWARTZ: And I think, as I
3 said --
4 COUNCILMAN NUTTER: Well, let me ask
5 you a question.
6 MR. SCHWARTZ: Yeah.
7 COUNCILMAN NUTTER: What's the plan
8 for that?
9 MR. SCHWARTZ: Well, I have my own
10 plan, to take -- You know, I've already
11 started working at it. If you want me to

12 go into it more carefully, I'll be happy to
13 do that.

14 COUNCILMAN NUTTER: No, not at the
15 moment, but I appreciate you having a plan
16 or some thoughts about it. Are they
17 actually going to get implemented? I mean,
18 are you making stuff happen within the
19 government?

20 MR. SCHWARTZ: I'm making --

21 COUNCILMAN NUTTER: Are you taking
22 that job over in the Police Department?

23 MR. SCHWARTZ: I haven't got a
24 complete... I started through the prisons.
25 And have I talked to the Prison

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2 Commissioner? Yeah. Several times.

3 COUNCILMAN NUTTER: Okay. All
4 right.

5 MR. SCHWARTZ: Absolutely.

6 See, I have my own idea of what to
7 do here, and I'm doing it.

8 COUNCILMAN NUTTER: No. I got it.
9 I mean, like setting up a shadow
10 government?

11 MR. SCHWARTZ: No. I'm an advocate.

12 COUNCILMAN NUTTER: Okay. Gotcha.

13 Okay. Okay.

14 Well, I'm sure this debate and this
15 discussion will continue.

16 MR. SCHWARTZ: (Laughing.)

17 COUNCILMAN NUTTER: And I appreciate
18 you coming back. I appreciate your views.
19 And I'll see you around.

20 MR. SCHWARTZ: And whatever happens
21 with the bills -- I don't know what's going
22 to happen -- I will say to you --

23 COUNCILMAN NUTTER: What do you
24 think should happen with the bills?

25 MR. SCHWARTZ: I think we should

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2 get -- Well, I'll tell you: I think we
3 should get as much out of the first year --
4 I haven't looked at every single bill to
5 see which ones of -- of the... The
6 Administration has agreed to what? Four?
7 Brett.

8 MR. MANDEL: I'm still recovering
9 from the "I haven't looked at every one of
10 the bills."

11 MR. SCHWARTZ: Oh, I have looked at
12 them, but I have looked at... I have

13 looked at the bills. The question is where
14 we stand now, in terms of which ones the
15 Administration is not supporting that I
16 might support, other than the two that we
17 mentioned.

18 COUNCILMAN NUTTER: Yeah. I mean --

19 MR. SCHWARTZ: And one of them has
20 cost implications.

21 COUNCILMAN NUTTER: Let's see what
22 I've got here.

23 MR. SCHWARTZ: Yeah.

24 COUNCILMAN NUTTER: We've got land
25 value.

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2 MR. SCHWARTZ: That's pretty --

3 COUNCILMAN NUTTER: Repeal of the
4 non-utilization tax which I think is not
5 going anywhere because --

6 MR. SCHWARTZ: Well, I'm the one who
7 introduced the -- got Councilman Anderson
8 to introduce that bill originally.

9 COUNCILMAN NUTTER: Yeah. Well --

10 MR. SCHWARTZ: If they would ever
11 enforce it, I would be very happy.

12 COUNCILMAN NUTTER: Yeah. Well,
13 just -- You know, no one seemed to bother

14 to do the research to find out that
15 Councilman Clarke had actually amended it a
16 couple years ago.

17 MR. SCHWARTZ: I'm aware of that
18 now.

19 COUNCILMAN NUTTER: And I think he's
20 not too thrilled about having his bill
21 repealed.

22 MR. SCHWARTZ: We've talked.

23 COUNCILMAN NUTTER: We're going to
24 close. The Administration supports a
25 transfer tax loophole closure. You know,

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2 that's a tough one. And time limit on, I
3 think, how far you can go back and collect
4 money from people or appeal...

5 MR. SCHWARTZ: Support that. To the
6 Administration --

7 COUNCILMAN NUTTER: And they
8 support, which are not a part of the Tax
9 Reform Commission, increase in the parking
10 tax, and pushing the wage tax cut back from
11 July to January.

12 MR. SCHWARTZ: And my feeling there
13 is --

14 COUNCILMAN NUTTER: That's a winner.

15 MR. SCHWARTZ: Well, my feeling
16 there is that the wage tax reduction we
17 called for the level. It's not much.
18 Should be implemented. And that, again, I
19 think that the...

20 COUNCILMAN NUTTER: It's not going
21 to be implemented in July.

22 MR. SCHWARTZ: No, no. I'm saying
23 that there's a schedule that we set forth
24 for wage tax reductions. And I think that
25 schedule should be the basis for the wage

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2 tax --

3 COUNCILMAN NUTTER: Well, I
4 understand that; but, you know, that's
5 caught up in your ten-year plan bill, Bill
6 9.

7 MR. SCHWARTZ: We're talking about
8 the amount of money.

9 COUNCILMAN NUTTER: Right. I know.

10 MR. SCHWARTZ: And that's a modest
11 amount.

12 COUNCILMAN NUTTER: Yeah. Okay.
13 All righty.

14 MR. SCHWARTZ: Thanks. Anyone else?

15 COUNCILMAN NUTTER: Thank you.
16 COUNCIL PRESIDENT VERNA: Thank you.
17 COUNCILMAN NUTTER: It's been a
18 pleasure.
19 MR. SCHWARTZ: All right. Thank
20 you. Have a good evening.
21 COUNCIL PRESIDENT VERNA: Thank you.
22 This committee will stand in recess
23 until Monday, May the 17th, at 9:30. Thank
24 you.
25 (Hearing concluded at 7:45 p.m.)

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2 CERTIFICATE
3 I HEREBY CERTIFY that the proceedings and
4 ence are contained fully and accurately in the
5 ographic notes taken by me upon the public
6 ing of The Philadelphia City Council, taken on
7 12, 2004, and that this is a true and correct
8 script of same.

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Commissioner of Deeds

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