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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

BEFORE THE COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, March 26, 1998
9:20 a.m.

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Bill No. 980006 - An ordinance to authorize the
creation of a loan or loans to provide funds
for various capital municipal purposes.

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PRESENT: COUNCIL PRESIDENT JOHN F. STREET

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COUNCILWOMAN AUGUSTA A. CLARK
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DAVID COHEN
COUNCILWOMAN ANNA CIBOTTA VERNA
COUNCILWOMAN HAPPY FERNANDEZ
COUNCILWOMAN MARIAN B. TASCIO
COUNCILMAN RICHARD T. MARIANO
COUNCILMAN FRANK RIZZO

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I N D E X

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Bill No. 980006

Dean Kaplan, Budget Director,
City of Philadelphia. 4

Thomas Queenan, Treasurer,
City of Philadelphia. 9

1 PUBLIC HEARING - COMMITTEE OF THE WHOLE

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

3 PRESIDENT STREET: Good morning, ladies
4 and gentlemen. This is the recessed hearing of
5 the Council Committee of the Whole. We would
6 appreciate it very much if Council Members would
7 please come to the chamber.

8 Today we will have a public hearing on
9 980006. We would appreciate it if Council Members
10 would come to the Council chamber so we can have a
11 quorum and have a public hearing on this bill.
12 We need a quorum of this committee before we can
13 have a public hearing. We need at least one more
14 Council Member and we can have a quorum.

15 Ladies and gentlemen, a quorum is
16 present. This is a public hearing on Bill No.
17 980006, which is an ordinance to authorize the
18 creation of a loan or loans to provide funds for
19 various capital municipal purposes.

20 We have two witnesses that are at the
21 witness table who are prepared to testify: Dean
22 Kaplan, the Budget Director for the City of
23 Philadelphia; and Thomas Queenan, the City
24 Treasurer.

25 It is my understanding that the

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2 testimony of these witnesses has previously been
3 circulated to all Council Members, but what we
4 would appreciate our witnesses doing is
5 summarizing their testimony and making yourselves
6 available for questions from Council Members.

7 The Chair recognizes Mr. Kaplan.

8 MR. KAPLAN: Thank you very much, Mr.
9 President. Good morning to the President and
10 other members of Council. As the President said,
11 I'm Dean Kaplan, the City's Budget Director, and I
12 will endeavor to be as brief as possible.

13 Joining me today is City Treasurer
14 Thomas Queenan. First Deputy City Controller
15 David Volpe is here as well as other
16 representatives of the Capital Program Office and
17 the Budget Office.

18 We are appearing before you today to
19 offer testimony on Bill No. 98006, which proposes
20 to authorize the creation of loan or loans to
21 provide funds for the various capital purposes for
22 the FY '99 capital budget.

23 This bill was originally introduced
24 requesting \$131 million in new authorization for
25 FY '99, and over the past several months,

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2 representatives of my office, the City Council,
3 the Treasurer, the Law Department, the Capital
4 Program Office, and the Controller's Office have
5 met to discuss the possibility of using prior year
6 authorization to reduce the total amount that
7 we've asked to borrow.

8 And as a result of an agreement between
9 all the representatives of those offices that I
10 have mentioned, today we're proposing to amend the
11 bill by reducing the total amount of authorization
12 requested by \$29 million, from \$131 million to
13 \$102 million.

14 Let me briefly summarize the two things
15 we're achieving here. One of the changes is a
16 technical correction. We are reducing the Parks,
17 Recreation, and Museums category by \$7.7 million.
18 Normally, at the request of Council, we would not
19 modify this line at all.

20 However, in this case, all of the
21 expenses in the capital budget, all the
22 authorization in the capital budget that's been
23 proposed for the Capital Program Office were
24 mistakenly coded to the Parks and Recreation
25 category in the original bill.

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2 And we have moved that authorization to
3 the proper line, which is the municipal buildings
4 line. So that's -- there is a change in Parks and
5 Recreation, which, as I mentioned, we normally try
6 not to do, but it's only a transfer of
7 authorization from one place to another and will
8 not result in any change in Parks or Recreation
9 spending.

10 The remaining reductions, we are able
11 to recommend as a result of the fact that they are
12 previous loan authorizations other authorizations
13 which have not been used for a variety of reasons.

14 We generally request projects based on
15 the original estimate and not, obviously, the
16 final cost, which, in many cases, is lower. We
17 frequently have a lower cost of issuance. And as
18 the Council well knows, we've reduced the cost of
19 issuance over the last several years so we have
20 many previous issues which had additional cost of
21 issuance that was not used.

22 As we testified last year, there was a
23 multi-year issue in FY '96 in which we actually
24 set aside future authorization for last year and
25 this year. And also in the past, we frequently

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2 didn't carry over all of our authorization from
3 one year to the next, meaning that there was
4 unused authorization in each budget year.

5 The result of all these items is that
6 we've been able to take a variety of prior
7 authorization and apply it to this year so that we
8 can lower the borrowing request of the voters and
9 improve the record-keeping in the City.

10 Let me close by saying that, as you
11 know, there are a large number of projects in the
12 capital budget for next year, which have been
13 included at the direct request of City Council
14 Members.

15 Passage of this bill and the amendment
16 will not result in the cancellation of any of
17 these projects. And it will also not eliminate
18 funding or authorization for any of Council's
19 current or previous projects. As I mentioned,
20 we've worked closely with the City Council staff
21 to ensure that that was the case.

22 I can also assure Council that the
23 revised authorization as requested will allow the
24 Administration to implement all the projects
25 appropriated in the FY '99 capital budget as

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2 proposed, and it will include sufficient
3 authorization for the additional \$900,000 in Free
4 Library projects that Council had requested of the
5 Administration and that we discussed at the
6 hearing last week.

7 This summarizes my testimony and the
8 recommended amendments to the bill. The City
9 Treasurer also has brief testimony this morning.

10 Thank you.

11 PRESIDENT STREET: Thank you very much.

12 The Chair recognizes Mr. Queenan.

13 MR. QUEENAN: Good morning. I'm Thomas
14 Queenan. I'm City Treasurer. And I'm here in
15 support of Bill No. 980006.

16 As mentioned earlier, I have provided
17 written testimony on this particular bill, but I
18 will just summarize it briefly by stating that the
19 request for authorization from City Council is to
20 have this -- to have a ballot question placed on
21 the May 19, 1998 primary election day ballot. At
22 the end of my testimony, it was attached, a sample
23 of the question that will appear on that
24 particular ballot.

25 We require authorization of City

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2 Council in order for this ballot to be placed on
3 -- or in order for this question to be placed on
4 the ballot. It's important that the affirmative
5 vote is evidenced by a two thirds vote of City
6 Council.

7 PRESIDENT STREET: Thank you very much.

8 MR. QUEENAN: Pardon me, just one other
9 item.

10 It's important that this bill be
11 approved affirmatively by Council no longer than
12 April 16th in order to facilitate having the
13 question placed on the absentee ballot as well as
14 having it printed for the ballot for May 19th.

15 So to that end, we respectfully request
16 a suspension of the rules as it relates to this
17 particular bill.

18 Thank you very much.

19 PRESIDENT STREET: Thank you very much.

20 The Chair recognizes Councilwoman
21 Tasco.

22 COUNCILWOMAN TASCO: Thank you. Good
23 morning.

24 There are some projects and
25 specifically one in the Lawndale area of my

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2 district. We wanted to do the tennis courts, and
3 we needed \$80,000; we only had \$50,000. And we
4 were told there was no money.

5 Why couldn't some of the unexpended
6 money have been appropriated for that project?
7 And if it can be, how would we go about getting
8 it?

9 MR. KAPLAN: It's important to clarify
10 that this ordinance only applies to authorization
11 to borrow, not to actual planned expenditures. So
12 that we have not actually borrowed in most cases.
13 We actually haven't -- we're not we're not talking
14 about cash that's available; we're talking about
15 authorization which was not used in previous
16 years.

17 However, as you know, we will be
18 entering a new fiscal year in July, and we should
19 be able -- I don't see why we couldn't sit down
20 and talk to your office about the Lawndale
21 project. I know that you've requested a break-out
22 of the spending in your district. And, hopefully,
23 we can talk about that in the next couple days and
24 find a way to --

25 COUNCILWOMAN TASC0: But aren't you

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2 saying that you're reducing the amount that you
3 want to authorize in the bond proposal for '99,
4 \$29 million less because you have excess money
5 from prior years?

6 MR. KAPLAN: Yeah, it reflects the fact
7 that there have been projects over many years. In
8 fact, if you look at the list, it goes back to the
9 early 1960s where we, in some cases, have borrowed
10 money and eventually usually borrow less than we
11 authorize.

12 And this has been an issue for a long
13 time in that a number of people, in particularly
14 the Controller's Office, has rightly pointed out
15 that we have authorized far more borrowing than we
16 may actually have the capacity to do.

17 And so the goal is to do two things.
18 First of all take, it's to take the amount of
19 authorized projects that either came in under
20 budget or, for various reasons, may not get billed
21 or were additional authorizations, as I mentioned,
22 for some of the cost of issuance, and reduce that
23 number.

24 It tends to make borrowers very nervous
25 that we have the ability to borrow more money, we

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2 have authorization to borrow more money than we
3 can actually afford to pay for.

4 So there is a difference between this
5 authorization and what we might actually be able
6 to fund with the debt service we've budgeted for
7 FY '99 in the five-year plan.

8 So they are two kind of things.

9 COUNCILWOMAN TASCO: Okay, thank you.

10 PRESIDENT STREET: Thank you very much.

11 The Chair recognizes Councilman
12 Cohen. . . who can't find his microphone. We need
13 this borrowing so that we can replace this sound
14 system.

15 Now three of them can't find the
16 microphone. How many Council employees does it
17 take to find one microphone?

18 (Laughter.)

19 COUNCILMAN COHEN: I thank the staff
20 very much.

21 I would like to pursue a question
22 raised by Councilwoman Tasco further. You're
23 saying that this bill will authorize the City to
24 borrow up to a certain amount, and you've reduced
25 the amount you originally wanted to because you

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2 are eliminating -- you are incorporating prior
3 authorization.

4 You've decided you're going to use all
5 of the prior authorizations? Does this wipe them
6 clean?

7 MR. KAPLAN: No, it does not. What we
8 are proposing is to use about half of the
9 outstanding prior authorization because, as I
10 mentioned, there are a number of projects,
11 particularly in the Recreation area and in the
12 Library area where there are projects requested by
13 Members of Council, and we would not use that
14 authorization.

15 So it's about half of what's
16 outstanding. About 30 million was used -- is
17 proposed to be used and about 30 million would
18 remain.

19 COUNCILMAN COHEN: So does that mean
20 that --

21 PRESIDENT STREET: Councilman, could I
22 enter the --

23 COUNCILMAN COHEN: Yeah.

24 PRESIDENT STREET: This is an amendment
25 that was requested by the Controller's Office in

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2 conjunction with our staff in order to eliminate a
3 certain level of confusion that exists when we
4 have these prior authorizations piling up and
5 piling up, and then we go out and we put another
6 bond question on, and we get additional
7 authorization.

8 And so that authorization is there, and
9 it can be used, and there's no sense in just
10 keeping piling it up. And what the Controller's
11 Office -- and, frankly speaking, Mr. McPherson and
12 Mr. Certo concluded that it was a good idea and
13 that we really ought to reduce the amount of
14 authorization that we put on the ballot and take
15 advantage of that which we already have.

16 COUNCILMAN COHEN: My next question
17 would be: So why don't we take the full 60
18 million, using, you know, approximate figures
19 given by the City Budget Officer? Why don't we
20 clean up this whole backlog and reduce by an
21 additional 30 the amount of authorization?

22 PRESIDENT STREET: Well, because you
23 don't want to play it so close to the vest, that
24 if you want authorization sufficient to take care
25 of whatever emergency needs you might have.

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2 I mean, for example, and this is all
3 hypothetical. I mean, suppose we had we did a
4 field house on the Von Collin Field. Some people
5 will remember this, it was the subject of some
6 reporting. We originally thought that that
7 development little project was going to cost about
8 \$275,000. But as a result of a miscalculation of
9 where water lines were, another hundred or
10 \$150,000 worth of authorizations was needed.

11 So don't want to play it so close to
12 the vest that if going into a recreation center or
13 going into some other project, you find that you
14 need significantly more authorization to spend
15 than was originally anticipated, and you don't
16 have any right to spend that money.

17 So over the years, we try to be -- we
18 try to make sure we have additional -- we have the
19 kind of authorization that you need so that you
20 don't run into that kind of problem.

21 The Controller's Office and our staff
22 rightly agree that we don't want to carry this to
23 a ridiculous extreme. And so what we've tried to
24 do is narrow the amount of outstanding
25 authorization without interfering with any

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2 existing developments or proposals that give us
3 the capacity to fund and spend for all of our
4 current needs but not just have this authorization
5 floating around out there.

6 And so I think what we had is an
7 agreement among the Finance Department, the
8 Controller's Office, and our staff that we'll
9 reduce it by this amount because this will give us
10 the flexibility that we need in order to make sure
11 we have the authorization that we want and that we
12 might need, including any emergency that might
13 develop without having this -- just having it out
14 there, you know, in a disorganized way, so that
15 you don't really know all of what you have.

16 COUNCILMAN COHEN: Well, is this
17 authorization to spend or authorization to issue
18 bonds that we're dealing with?

19 PRESIDENT STREET: This is
20 authorization to spend.

21 COUNCILMAN COHEN: I mean, say with the
22 bill we're talking about, I thought it was an
23 authorization to issue bonds.

24 PRESIDENT STREET: We are authorizing
25 the issuance of bonds, but what we are doing is,

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2 at the same time, we're reducing the amount of
3 authorization that we have to spend because we're
4 using other authorization that currently exists.

5 COUNCILMAN COHEN: Oh, I understand
6 that, but in the Von Collin -- and the reason I
7 raise this is according to the newspaper reports,
8 it's possible you may not be in City Council too
9 much longer or at least not beyond next term. And
10 you're the only one, I think, in City Council
11 that's ever understood this.

12 And as you try to reopen this issue,
13 we've got to know what this means. Like we
14 discovered there was a large number, about \$30
15 million somewhere which the Mayor had available as
16 a result of the sale of port property that
17 occurred during the general budget hearings. And
18 suddenly, he's decided to use this.

19 When we authorize this, does it mean
20 that to get this money, there will have to be an
21 issuance of bonds?

22 PRESIDENT STREET: Mr. Kaplan, can I --

23 COUNCILMAN COHEN: Or does it authorize
24 the City -- and I understand that it can be
25 negotiated, but you don't always have to, you

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2 know, have bidding for it.

3 Or does it mean that the Mayor's
4 automatically authorized to just borrow this
5 amount of money from whatever source he wants at
6 any time in his discretion, as necessary?

7 MR. QUEENAN: I'll try to answer that
8 question for you briefly. Again, my name is
9 Thomas Queenan, City Treasurer.

10 This authorization or this ordinance
11 that is before this body is a ordinance that is
12 permitting us to place a question on the ballot.
13 When the citizens -- if that authorization -- if
14 this ordinance is approved by Council, we can
15 place the on the ballot.

16 Then we have to rely upon the citizens
17 of the City of Philadelphia to approve the
18 question. And if they approve the question, it's
19 an approval for the City of Philadelphia to borrow
20 against that authorization.

21 This is not a question or an ordinance
22 for the actual issuance of the bonds that would be
23 issued against that authorization. We would have
24 to return back to City Council with another
25 ordinance requesting your approval to issue bonds

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2 against an authorization that was approved by the
3 citizens of the City of Philadelphia.

4 And before they can approve that
5 authorization, we have to approve to have the
6 question placed on the ballot.

7 COUNCILMAN COHEN: Is the issuance of
8 bonds the only way the money can be used that's
9 involved in this ordinance? Or could the Mayor,
10 for example, make a private loan?

11 You know, we have bankers come in and
12 negotiate, because the bill talks in terms of
13 negotiated private loans. Wouldn't that be
14 possible, once we authorize this and then the
15 voters approve it?

16 I'm just trying to find out what is it
17 we are doing as a result of --

18 MR. QUEENAN: Well, you are absolutely
19 right. Again, there are certain ways that you can
20 issue bonds. You can do privately placed, you can
21 do publicly offered.

22 But, again, in either case, we would
23 have to return to City Council with another
24 ordinance requesting approval to do such a thing.

25 In regards to other sources of monies

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2 not related to bonds, I'll turn that over to Dean
3 Kaplan.

4 MR. KAPLAN: Yeah, as I was discussing
5 with Councilwoman Tasco, the cash portion of the
6 budget, what we're actually spending on projects
7 as they get billed is somewhat separate from the
8 authorization.

9 Under the City's accounting procedures
10 and rules, we would not be able to begin any of
11 projects that are in the FY '99 budget on July 1st
12 unless we had authorization from the voters to
13 borrow money.

14 That doesn't mean that we will run out
15 on July 1st, as you know, and borrow the money.
16 We, obviously -- because the timing of projects
17 changes, some projects go ahead right away and
18 some take longer, there is some remaining cash.

19 And, as you know, we are planning to
20 borrow in the fall. So we are at a point where
21 cash -- we do need to go out and borrow.

22 But the cash pool is available for any
23 authorized projects that have been authorized by
24 this Council and in the borrowings, the previous
25 borrowings in the capital budget.

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2 So the answer is --

3 COUNCILMAN COHEN: Could I give you an
4 exact date, sir?

5 MR. KAPLAN: The answer is "yes and no"
6 to your question.

7 COUNCILMAN COHEN: Well, what I'd like
8 to know specifically, the Mayor decides tomorrow
9 that there's a certain project that needs to be
10 done. It's his best judgment that it needs to be
11 done.

12 MR. KAPLAN: Mm-hmm.

13 COUNCILMAN COHEN: He doesn't want to
14 go to a bond issue. It involves \$5 million, and
15 it's more that is cash-available. Can he use an
16 authorization already granted in the form this
17 bill calls for to go out and negotiate a loan for
18 5,000, he's not going on the bond issue, say a
19 10-year loan or a 5-year loan or whatever, can he
20 do that?

21 That's what I'm trying to find out.
22 What power is it we are giving to the executive in
23 the City if we pass this?

24 MR. QUEENAN: My understanding of the
25 City Charter is no, the Mayor cannot do that. Any

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2 type of a borrowing or loan or request for funds
3 from outside parties would have to be approved by
4 City Council.

5 MR. KAPLAN: In addition, there are two
6 sides to that. First of all, this authorization
7 will only allow us to go to the voters and get
8 them to authorize issuing the bonds in the future.

9 Council has two other bites of that
10 apple. One is that we would have to return to you
11 to get a specific in terms of borrowing. You
12 would have to approve the borrowing of whatever
13 form it was in.

14 And more importantly, on the short
15 term, if he decided to do a project tomorrow for
16 \$5 million that had not been approved in a capital
17 budget -- that's appropriation of this money -- we
18 would have to return to you.

19 Now, in some cases, you know, there are
20 appropriations for projects where, you know,
21 they've been moving along and, those are
22 available. Obviously, we could do those. We
23 probably have authorization for most of those
24 already.

25 But if the Mayor suddenly decided, as

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2 you're theorizing, tomorrow he wanted to do a
3 completely new thing, we would -- in most cases
4 that I can think of, we'd probably have to come
5 back here and get a capital budget amendment as
6 well.

7 So we'd have to come in at least two
8 more times probably to do that.

9 COUNCILMAN COHEN: You said "in most
10 cases." Can you think of any cases where you
11 would not have to come back to City Council?

12 MR. KAPLAN: I can't think of any
13 because in almost all those cases, there would be
14 some sort of bond issue or --

15 MR. QUEENAN: Right or some type of
16 contract that that person would have to enter
17 into, and I don't believe that that person has the
18 authority to enter into a contract like that.

19 I also cannot think of any other
20 situation where we would not have to come back to
21 City Council to ask for approval to borrow money
22 to fund that sort of hypothetical project.

23 COUNCILMAN COHEN: This is a follow-up
24 to question I raised in the general budget
25 hearings as to how do we determine what funding is

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2 available to a mayor at a given time for him to
3 use without coming back to this body for
4 authorization?

5 Because finding that \$30 million that
6 had been lying around since 1990 was a bit
7 disturbing because I've wondered and still wonder
8 and haven't gotten an answer, are there any other
9 hidden pools of money around that could be used?

10 But I have no further questions on --
11 oh, one other question. On the material you
12 submitted to us, you have a whole list of numbers
13 and items. But there's a heading marked "Line,"
14 and I assume that would be a reference back to the
15 line in the capital budget or capital program, and
16 that's left blank.

17 It would be very helpful to us if that
18 line were filled in with the appropriate number so
19 that we could refer back to the budget material.
20 Would it be possible to do that?

21 MR. KAPLAN: I think in many of these
22 cases, the loan number is there because the loan
23 was authorized but we may not have appropriated it
24 in a specific capital budget, but let me
25 investigate that and respond to you directly. I'm

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2 not sure there is a line number for all the
3 projects.

4 In other words, in some cases, for
5 example, we put money in the loan authorization.
6 A good example would be --

7 COUNCILMAN COHEN: Well, perhaps you
8 can indicate that.

9 MR. KAPLAN: Yeah.

10 COUNCILMAN COHEN: You could fill in
11 the lines where they do exist and where they don't
12 exist perhaps by an asterisk, or in some other
13 fashion you could perhaps explain what that makes
14 specific reference to so that we'll have a better
15 understanding of what the money's being used for.

16 MR. KAPLAN: Okay.

17 COUNCILMAN COHEN: All right. Could
18 you send that to the President --

19 MR. KAPLAN: Mm-hmm.

20 COUNCILMAN COHEN: -- say, within the
21 next week or so?

22 MR. KAPLAN: Mm-hmm.

23 COUNCILMAN COHEN: Thank you.

24 Mr. President, let me ask you, are you
25 in general agreement with the testimony they have

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2 given?

3 PRESIDENT STREET: Yeah. As a matter
4 or fact, Mr. McPherson was sitting here telling me
5 that there is not a line for many of these
6 projects because they really go back. Some of
7 this authorization goes back to the sixties.

8 I mean, this is really a lot of
9 bookkeeping. I mean, this is some housekeeping
10 that the Controller's Office and our staff needs
11 to be done. Why would be carrying unused
12 authorization that goes back to the sixties? And
13 they're really trying to clean it up and bring it
14 up, but we don't want to create a problem for
15 ourselves when it comes to our ability to finance
16 the existing program.

17 But, you know, to have unused capital
18 authorization that goes back to the sixties and
19 seventies really is inappropriate.

20 COUNCILMAN COHEN: Well, we would think
21 so, but I still wonder, are there any other areas
22 in addition to these that reflect hidden
23 authorizations that they may or may at any time
24 suddenly produce?

25 PRESIDENT STREET: Authorization is not

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2 our problem. Our problem is money to spend and
3 what is spent.

4 COUNCILMAN COHEN: Yes.

5 PRESIDENT STREET: Because in most
6 cases, we sometimes move authorization around in
7 order to be able to complete existing projects,
8 but most of that is voted on right here.

9 We just -- the Controller's Office and
10 our staff didn't think it made sense to keep going
11 for additional authorization when we have
12 authorization that we can use as a basis for
13 spending the amount of money that we know we're
14 going to need in order to be able to implement the
15 existing program.

16 This is not money. It isn't money.
17 The money is another whole different question.

18 COUNCILMAN COHEN: All right.

19 PRESIDENT STREET: Are there any other
20 questions?

21 The Chair recognizes Councilwoman
22 Verna.

23 COUNCILWOMAN VERNA: Thank you, Mr.
24 President.

25 Mr. Kaplan, I would like you to make

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2 crystal-clear for the record that the passage of
3 this ordinance will not result in the cancellation
4 of past or future projects in any Councilman's
5 district.

6 MR. KAPLAN: That has been requested by
7 that member No.

8 COUNCILWOMAN VERNA: And if the project
9 is more than what has been appropriated, we will
10 have --

11 MR. KAPLAN: Right, this authorization
12 would not be involved with that.

13 PRESIDENT STREET: Thank you very much.

14 The Chair recognizes --

15 COUNCILWOMAN VERNA: Mr. President, I
16 don't know if the amendments were read for the
17 record or if the --

18 PRESIDENT STREET: No, we'll read them
19 at the public meeting.

20 The Chair recognizes Councilwoman
21 Tasco.

22 COUNCILWOMAN TASCO: I just need to be
23 clear on what I'm doing here this morning.

24 The authorization is not the -- what
25 happens to these projects, Mr. Kaplan, that you

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2 have on this list? These projects were authorized
3 sometime ago, but the money was never borrowed to
4 fund the programs, the projects?

5 MR. KAPLAN: In some cases, yes, and in
6 some cases, no. Let me give you a couple of quick
7 examples.

8 For example, in FY '97, Council
9 authorized Loan 199, which is pretty recent. And
10 we've asked you to allow us to use \$2.3 million of
11 that authorization for next year's capital budget.

12 Among the reasons we're doing that, for
13 example, you'll recall that that year we had
14 decided to take down the cost of issuing the bonds
15 we had normally budgeted at 4 percent. The
16 Controller and Council requested us to reduce
17 that. Since we were usually paying less anyhow,
18 they thought that was too much.

19 They asked us to take down that amount
20 to no more than 3 percent. So that right there
21 created about \$1,200,000 in additional
22 authorization that we've kind of jointly agreed
23 not to use for that purpose. And that's not even
24 a project.

25 Another example in that year would be

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2 that about a half million dollars of the payroll
3 that the Streets Department charges for the
4 Streets Department capital projects and
5 resurfacing to the capital budget wasn't spent
6 just because of the timing of payroll and when
7 they hired people and how many people they ended
8 up needing. Obviously, they tend to budget fairly
9 conservative on that.

10 So we're not going to spend -- we can't
11 go back and spend that on payroll from two years
12 ago. We now have half a million dollars in
13 authorization which we can't really do anything
14 else with.

15 When you look into the detail that we
16 provide, you'll see that there are subway projects
17 from the 1960s. I'm not sure anyone knows exactly
18 what they are. Some of them are \$92.97, some of
19 them are significant amounts. But in many of
20 these cases, we've completed these projects.

21 If you go into the detail, you'll see
22 there's a Loan 169 for the Frankford El for
23 \$426,000. That's a project that was completed
24 approximately 20 years ago. The remaining
25 authorization for that project was still out

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2 there. We didn't need all of the money and all of
3 the authorization that we had approved by Council
4 at that time, and we can reprogram that.

5 That's the major -- that's the largest
6 single category that we had. And what's happened
7 is that now each year at the end of the year, we
8 selectively carry forward authorizations so we can
9 use it the next year if we need it. We didn't
10 always do that in the past, so we do have this
11 kind of large backlog.

12 As I told Councilwoman Verna and
13 earlier the Council President, this will not have
14 an effect on any of the project that Council
15 Members have requested. And it won't eliminate
16 funding or cancel any of those.

17 However, there are -- there is a fairly
18 large amount of authorization which we just really
19 don't need, going back 20 or 30 years, which we
20 can apply to next year's loan.

21 And to follow up on what the Council
22 President said and what Councilman Cohen asked, I
23 mean, I think that this is something on a smaller
24 scale that we'll probably continue to do in future
25 years to the extent that particularly the

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2 Controller and Council staff agree with us, that
3 that makes sense.

4 And we carefully go through the list to
5 make sure that the projects that we're moving
6 authorization for are not going to affect things
7 that are currently requested by Members of Council
8 and others.

9 I'm not sure I completely answered your
10 question.

11 (Laughter.)

12 PRESIDENT STREET: Any other
13 questions? Councilwoman Tasco, are you
14 finished?

15 COUNCILWOMAN TASCO: I guess so.

16 PRESIDENT STREET: Okay. Is there
17 anyone else who wishes to ask any questions of the
18 witnesses?

19 (No further questions at this time.)

20 PRESIDENT STREET: Seeing no one, is
21 there anyone else in the room who would like to
22 testify on this bill? Is there anyone else in the
23 room who is here for the purpose of testifying on
24 the bill that's in front of the Council Committee
25 of the Whole?

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2 (No response.)

3 PRESIDENT STREET: Seeing no one, this
4 brings us to the end of our public hearing.

5 - - -

6 PRESIDENT STREET: We will now go into
7 our public meeting.

8 Mr. Kaplan, do you have a set of
9 amendments that you wish for us to consider at
10 this time?

11 MR. KAPLAN: Yes, we have submitted a
12 marked-up copy of the bill to Mr. McPherson. And
13 also, I believe, each Council Member has an
14 8-and-a-half-by-11 version of the amendment.

15 We're suggesting -- we're proposing to
16 amend the measure by reducing the total amount of
17 authorization requested by \$29,229,000, from
18 \$131,339,000 to \$102,110,000.

19 And the proposed reduction is
20 distributed among the purpose categories as
21 follows:

22 Transit - from \$4,846,000 to
23 \$3,635,000.

24 Streets and Sanitation - from
25 \$19,143,000 to \$15,382,000.

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2 Municipal Buildings - from \$29,335,000
3 to \$18,294,000.

4 Parks and Recreation and Museums - from
5 \$36,321,000 to \$28,638,000.

6 And, finally, Economic and Community
7 Development - from \$41,694,000 to \$36,161,000.

8 PRESIDENT STREET: For a total of
9 \$102,110,000.

10 MR. KAPLAN: Yes.

11 MR. QUEENAN: Yes.

12 PRESIDENT STREET: The Chair recognizes
13 Councilwoman Verna for a motion.

14 COUNCILWOMAN VERNA: Mr. Chairman, I
15 move that the amendments be adopted.

16 (Duly seconded.)

17 PRESIDENT STREET: All in favor, let it
18 be known by saying aye.

19 All opposed, say nay.

20 The eyes have it. The amendments are
21 adopted.

22 The Chair recognizes Councilwoman Verna
23 for a motion on Bill No. 980006.

24 COUNCILWOMAN VERNA: Are we suspending
25 the rules?

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2 PRESIDENT STREET: (Nods.)

3 COUNCILWOMAN VERNA: Mr. Chairman, I
4 move that Bill No. 980006 be reported out of
5 committee as amended, and that we suspend the
6 rules so as to personality first reading at our
7 next session of Council.

8 PRESIDENT STREET: Is there a second?
9 (Duly seconded.)

10 PRESIDENT STREET: All those in favor,
11 let it be known by saying aye.

12 All those opposed, say nay.

13 The ayes have it. Bill No. 980006 will
14 be reported from this committee with a favorable
15 recommendation and a recommendation that the rules
16 of Council be suspended to permit first reading at
17 our next session of Council.

18 Thank you very much. This brings us to
19 an end of our business for today.

20 (Adjourned at 10:11 a.m.)

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RE: COUNCIL COMMITTEE ON THE WHOLE

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JOSEPHINE CARDILLO, RPR

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