

COUNCIL OF THE CITY OF PHILADELPHIA
FISCAL STABILITY AND
INTERGOVERNMENTAL COOPERATION

Room 400, City Hall
Philadelphia, Pennsylvania 19106
Wednesday, February 26, 2025
11:49 a.m.

PRESENT:

COUNCIL PRESIDENT KENYATTA JOHNSON
COUNCILWOMAN NINA AHMAD
COUNCILMAN MICHAEL DRISCOLL
COUNCILWOMAN KATHERINE GILMORE RICHARDSON
COUNCILMAN JIM HARRITY
COUNCILMAN CURTIS J. JONES, JR.
COUNCILWOMAN RUE LANDAU
COUNCILWOMAN QUETCY M. LOZADA
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN NICOLAS O'ROURKE
COUNCILMAN ANTHONY PHILLIPS
COUNCILMAN JEFFREY YOUNG, JR.

RESOLUTION: 240886

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2 COUNCIL PRESIDENT

3 JOHNSON: Good morning, everyone.

4 This is the public hearing of the
5 Committee of Fiscal Responsibility
6 and Intergovernmental Cooperation.
7 The purpose of this public hearing
8 is to hear testimony regarding
9 Resolution No. 240886.

10 Ms. Helen Loughhead, can
11 you please call the roll.

12 THE CLERK: Vice-Chair
13 Councilmember O'Neill.

14 COUNCILMAN O'NEILL:
15 Present.

16 THE CLERK:
17 Councilmember Squilla.

18 (No present.)

19 THE CLERK:
20 Councilmember Gauthier.

21 (No present.)

22 THE CLERK:
23 Councilmember Jones.

24 COUNCILMAN JONES:

1 Present.

2 THE CLERK:

3 Councilmember Young.

4 COUNCILMAN YOUNG:

5 Present.

6 THE CLERK:

7 Councilmember Driscoll.

8 (No present.)

9 THE CLERK:

10 Councilmember Lozada.

11 COUNCILWOMAN LOZADA:

12 Present.

13 THE CLERK:

14 Councilmember Bass.

15 (No response.)

16 THE CLERK:

17 Councilmember Phillips.

18 (No response.)

19 THE CLERK:

20 Councilmember Gilmore Richardson.

21 COUNCILWOMAN GILMORE

22 RICHARDSON: Present.

23 THE CLERK:

24 Councilmember Thomas.

1 (No response.)

2 THE CLERK:

3 Councilmember Harrity.

4 COUNCILMAN HARRITY:

5 Here.

6 THE CLERK:

7 Councilmember Ahmad.

8 COUNCILWOMAN AHMAD:

9 Here.

10 THE CLERK:

11 Councilmember Landau.

12 COUNCILWOMAN LANDAU:

13 Here.

14 THE CLERK:

15 Councilmember Brooks.

16 (No response.)

17 THE CLERK:

18 Councilmember O'Rourke.

19 COUNCILMAN O'ROURKE:

20 Here.

21 THE CLERK: Council

22 President Johnson.

23 COUNCIL PRESIDENT

24 JOHNSON: Here. Thank you. A

1 quorum of this Committee is
2 present. This hearing is now
3 called to order.

4 Will the Clerk please
5 read the title of the resolution
6 before the Committee today.

7 THE CLERK: Resolution
8 240886, authorizing the Committee
9 on Fiscal Stability and
10 Intergovernmental Cooperation to
11 hold quarterly hearings that
12 include monthly reporting
13 requirements, to discuss the fiscal
14 position and overarching social
15 impact goals of the City, including
16 and as related to the Five-Year
17 Plan and reporting requirements set
18 forth in the Quarterly City
19 Manager's Report and as submitted
20 to the Pennsylvania
21 Intergovernmental Cooperation
22 Authority.

23 COUNCIL PRESIDENT
24 JOHNSON: Thank you very much.

1 Will the Clerk please
2 call the first panel.

3 THE CLERK: Yes. Rob
4 Dubow, Finance Director and Sabrina
5 Maynard, Budget Director.

6 (Witnesses approached
7 Witness table.)

8 COUNCIL PRESIDENT

9 JOHNSON: Good morning.

10 MR. DUBOW: Good
11 morning.

12 COUNCIL PRESIDENT

13 JOHNSON: Just state your name just
14 for the record. Please begin your
15 testimony. But good morning, Rob.
16 Good morning, Sabrina.

17 MR. DUBOW: Good
18 morning, Council President Johnson
19 and members of the Committee. I'm
20 Rob Dubow. I'm the City's Finance
21 Director. I am joined at the table
22 by Sabrina Maynard, the City's
23 Budget Director. Thanks for the
24 opportunity to update you on the

1 status of our finances.

2 As we'll discuss, we are
3 testifying before you at a time of
4 heightened risk for the City's
5 finances. In addition to that risk
6 and to the end of our \$1.4 billion
7 in COVID relief funding, we face
8 our legacy challenges of a fund
9 balance that is lower relative to
10 those at peer cities. A Pension
11 Fund that, while improving in
12 health, is a funding percent that's
13 still in the 60s.

14 We also face high
15 infrastructure costs, high level of
16 fixed costs. We have a high
17 poverty rate that both depresses
18 our revenue base and increases the
19 demand for services. We also face
20 the usual risk of potential
21 economic slowdown. That risk is
22 heightened however by the
23 uncertainty around the actions of
24 the federal government, and that

1 uncertainty creates multiple
2 threats to the City's finances.
3 Perhaps the largest are the threats
4 to our grants and to our tax base.

5 To put that in context,
6 in FY24 we received about \$2.8
7 billion in federal grants. The new
8 federal government's review of all
9 grants raises doubts about the
10 timing of receipt of those grants,
11 and in the worst case could mean
12 some grants might not even be
13 received. And then we've seen in
14 the recently passed budget by the
15 Federal House about \$880 million in
16 Medicaid costs, actually obviously
17 will have a really big impact on
18 people's ability to get the medical
19 care that they need.

20 Federal government may
21 also make cuts that will affect
22 what has been kind of the bulwark
23 of our City's tax base, medical
24 institutions, educational

1 institutions and government. In
2 FY24 education and medical
3 institutions and government
4 accounted for more than \$1 billion
5 in wage tax collections. That's
6 almost 45 percent of our
7 reductions.

8 The federal government
9 has already cut the number of staff
10 employed in Philadelphia, and
11 potential cuts to research funding
12 could lead to additional job cuts.
13 Those job cuts would obviously be
14 reflected in our wage tax
15 collections.

16 Understanding that there
17 are always potential threats to our
18 budget, we've taken steps to guard
19 our fiscal condition. We've built
20 up a fund balance that the recently
21 released quarterly report shows
22 will end this fiscal year at about
23 \$580 million. That's about 9
24 percent of revenues, which is

1 slightly higher than our internal
2 goal of having a fund balance of
3 between 6% and 8% of revenues, but
4 it's much lower than the roughly
5 17% recommended by the Government
6 Finance Officers Association.

7 We've also built up the
8 Budget Stabilization Reserve Fund,
9 which will add an extra layer of
10 protection for the city. And in
11 the quarterly report that was just
12 released, we added an \$80 million
13 reserve against federal policy
14 changes. As we monitor potential
15 threats to our finances, we need to
16 continue providing essential
17 services, improving the City's
18 competitiveness and making the
19 investments that will make
20 Philadelphia the safest, cleanest,
21 greenest big city in the country
22 with access to economic opportunity
23 for all.

24 The quarterly report

1 shows changes driven by one of
2 those investments as it reflects
3 the increased spending to prepare
4 for the 2026 events that was
5 included in the Mid-year Transfer
6 ordinance that was voted out of
7 committee last week.

8 The Mayor's second
9 budget which will release this
10 month -- next month, sorry, will
11 show additional crucial investments
12 and we'll continue to balance those
13 investments with the City's long-
14 term fiscal health. That concludes
15 my testimony. We're happy to
16 answer any questions you have.

17 COUNCIL PRESIDENT
18 JOHNSON: Thank you very much.
19 Thank you for your testimony. Just
20 a question: So we're seeing a
21 projected fund balance you just
22 talked about in the amount of 584.3
23 million for FY25. That's 16
24 million higher than the approved

1 Five-Year Plan and 58 million less
2 than the projected fund balance
3 last quarter.

4 MR. DUBOW: Correct.

5 COUNCIL PRESIDENT

6 JOHNSON: So talk to us about how
7 the projected fund balance aligns
8 with our goal of being fiscally
9 stable.

10 MR. DUBOW: Yeah. So we
11 have an internal goal of having a
12 fund balance that's between 6% and
13 8% of revenues. The fund balance
14 we're projecting is around 9% of
15 revenues, so it's higher than our
16 internal goal. The Government
17 Finance Officers Association, kind
18 of our trade group, recommends you
19 have a fund balance that's equal to
20 two months' worth of revenues which
21 is about 17%, and that actually is
22 not inconsistent with what other
23 large cities have.

24 For us we always have to

1 balance that against the need for
2 investments, against our ability
3 given the high poverty rate here,
4 so we balance where we know we
5 should be according to what the
6 Government Finance Officers
7 Association says versus what we
8 think is reasonable given our
9 needs.

10 COUNCIL PRESIDENT

11 JOHNSON: And I remember doing a
12 reading over the Five-Year Plan.
13 And just correct me if I'm wrong,
14 there's a projection of negative
15 job growth that's a part of that
16 particular plan. Are you familiar
17 with that in the Five-Year Plan
18 that we really originally --

19 MR. DUBOW: Yeah. So we
20 base our projections on work with
21 an outside econometric firm and
22 then they give us recommendations.
23 We test that at a meeting that PICA
24 hosts for us down at the Fed. So

1 we use projections based on that
2 back-and-forth. And our wage tax
3 is a combination of what we see in
4 job growth and what we see in
5 wages. And there's kind of an
6 interplay. So our econometric firm
7 thought that nationally the job
8 markets get very tight and that's
9 why you're seeing some job loss.

10 The flip side of that is
11 then you see larger wage growth
12 than you would if the job growth
13 was stronger. And I should also
14 add that we have the new plan
15 coming out in just two weeks and
16 that will have a new set of
17 projections.

18 COUNCIL PRESIDENT
19 JOHNSON: Okay. I just want to get
20 clarity. So the firm that we use
21 projected negative job growth
22 throughout the Five-Year Plan --

23 MR. DUBOW: A couple of
24 years in the last plan, but that

1 may look different in what's coming
2 up in a couple of weeks.

3 COUNCIL PRESIDENT

4 JOHNSON: Okay. So the one that's
5 coming out will probably have a
6 whole different outlook
7 differently?

8 MR. DUBOW: Updated
9 outlook, yes.

10 COUNCIL PRESIDENT

11 JOHNSON: Because things are
12 changing as we move forward.

13 MR. DUBOW: Exactly.

14 COUNCIL PRESIDENT

15 JOHNSON: I only asked that
16 question because I remember going
17 over the Five-Year Plan and then
18 also looking at the negative job
19 growth assumption. And then how
20 are we figuring out to create job
21 growth if we know going down the
22 next few years it's going to be
23 negative, our strategy actually to
24 grow as a means to address poverty.

1 MR. DUBOW: Yep. And
2 that's always our goal too, is to
3 see jobs grow.

4 COUNCIL PRESIDENT
5 JOHNSON: Do we anticipate -- I
6 know we just did a transfer
7 ordinance, \$45 million to the
8 various groups that are going to be
9 supporting on the celebration of
10 the 250th year of our country.

11 Do we take in
12 consideration doing that
13 celebration any job growth during
14 that period because we're investing
15 so much City dollars and promotion?

16 MR. DUBOW: So our
17 econometric firm kind of looks at
18 all of that as they do their
19 projections. They'll look at
20 something like that and say, okay,
21 that might have a positive
22 impact --

23 COUNCIL PRESIDENT
24 JOHNSON: I mean us as city. I'm

1 sorry. Not the outside firm.

2 MR. DUBOW: Well, we
3 base our projections on what the
4 outside firm gives us.

5 COUNCIL PRESIDENT

6 JOHNSON: Okay.

7 MR. DUBOW: So they will
8 take that information into account
9 when they come up with their
10 suggestions that they then show to
11 us and we then value test down at
12 the Fed.

13 COUNCIL PRESIDENT

14 JOHNSON: Okay. All right. The
15 City's FY24 fund balance was 942.9
16 million, which was 414.2 million
17 higher than the adopted budget.
18 The fiscal year prior to the City's
19 FY23 fund balance was 981.6 million
20 which was over 600 million higher
21 than the adopted budget. What were
22 the major drivers behind the
23 higher-than-expected fund balances
24 and have those trends continued

1 this year?

2 MR. DUBOW: Yeah. So
3 one of the biggest things that's
4 been driving our fund balance has
5 been our challenge with hiring
6 people so we have usually big
7 underspends in our Class 100.
8 We've put a large emphasis on
9 trying to increase the number of
10 positions that are filled. So
11 we're starting to see some of that
12 turn around.

13 There are some
14 departments like L&I, for example,
15 they've been able to hire more
16 inspectors or the Law Department
17 has been able to hire more lawyers,
18 HR's (inaudible) work. So we're
19 starting to see some improvement
20 there which we're hoping will then
21 cut into that underspend because
22 while that underspend winds up
23 helping our fund balance, we
24 actually want to fill those

1 positions and want to provide the
2 services.

3 So that's been the
4 biggest single driver of the
5 increase in our fund balance. We
6 also have a business tax that's
7 particularly hard to project
8 because it doesn't come in until
9 the end of April, so it usually
10 comes in after we've finished our
11 budget. And for the last couple
12 years, it's come in higher than we
13 anticipated. So that's been a help
14 too.

15 COUNCIL PRESIDENT
16 JOHNSON: So you say the business
17 tax has been coming in more?

18 MR. DUBOW: The last
19 couple years it came in higher.

20 COUNCIL PRESIDENT
21 JOHNSON: Higher than normal?

22 MR. DUBOW: Yeah.

23 COUNCIL PRESIDENT
24 JOHNSON: The report also shows a

1 projected increase of 12 million in
2 revenue from last quarter. Can you
3 provide more context for why these
4 revenues perform better than
5 expected, particularly when we just
6 talked about real estate transfer
7 tax?

8 MR. DUBOW: Yeah. So
9 the transfer tax had really rapid
10 growth before the pandemic. And
11 then for a couple of reasons
12 including changes in the market,
13 like increases in interest rates
14 and the changes that we all made in
15 the abatement, there was a kind of
16 downturn in the number of
17 transactions. That has started to
18 moderate a little so that's meant
19 that there have been more
20 transactions. Real estate transfer
21 tax has been a little better than
22 we thought it would, which is a
23 good indication that there's been
24 activity in the real estate market.

1 COUNCIL PRESIDENT

2 JOHNSON: Do you think based upon
3 those changes, the changes in the
4 abatement had a chilling effect on
5 the market?

6 MR. DUBOW: No. I think
7 what happened is there was a rush
8 to market before the change in the
9 abatement. And so, because there
10 was that rush a lot of activity
11 that would have happened over the
12 next year or two --

13 COUNCIL PRESIDENT

14 JOHNSON: Happened early on?

15 MR. DUBOW: -- moved up.
16 Yes.

17 COUNCIL PRESIDENT

18 JOHNSON: Because I do know
19 everybody did a rush to pull those
20 permits and kind of crashed the
21 system early on.

22 MR. DUBOW: Yes. I
23 think the thing that had the bigger
24 impact on the market was the jump

1 in interest rates.

2 COUNCIL PRESIDENT

3 JOHNSON: Give us an idea in terms
4 of the economic climate how are we
5 doing compared to other major
6 cities right now. I mean, we got
7 the title of being the largest,
8 poorest city in America. However,
9 we're doing some things to move the
10 City of Philadelphia forward. How
11 do we fare, so economically?

12 MR. DUBOW: Yeah. So I
13 think we still -- if you're talking
14 about the poverty rate, we're still
15 high compared to the other top 10
16 cities. On the other hand, our
17 poverty has been coming down
18 steadily and is the lowest it's
19 been in a while. And obviously, we
20 all agree there's a lot more we
21 want to do. We have started to see
22 some movement in the right
23 direction there.

24 COUNCIL PRESIDENT

1 JOHNSON: Okay.

2 The Chair recognizes
3 Councilmember Kathy Gilmore
4 Richardson.

5 COUNCILWOMAN GILMORE

6 RICHARDSON: Thank you,
7 Mr. President.

8 And thank you very much
9 both to Rob and Sabrina for all of
10 your work over the last several
11 weeks. I wanted to start here and
12 I can circle back obviously, but I
13 wanted to talk about some of the
14 sort of overarching things that
15 were notated in the QCMR.

16 And I wanted to go back
17 to the question specifically that
18 Mr. President asked around the
19 higher-than-anticipated fund
20 balance. And you know that this
21 typically happens each year. And
22 we know that staffing assumptions
23 are a big part of this, right --

24 MR. DUBOW: Yep.

1 COUNCILWOMAN GILMORE

2 RICHARDSON: -- particularly in the
3 Public Safety portfolio. So I
4 wanted to ask the question in
5 advance of budget around the
6 staffing assumptions and if you are
7 realistically placing the vacancy
8 rate and the budget in advance so
9 that we have a more realistic
10 picture of where we'll be at the
11 end of the fiscal year and then for
12 each fiscal year moving forward?

13 MR. DUBOW: Yes. So we
14 are and have been and will
15 continue, but we're increasing the
16 vacancy rate to kind of acknowledge
17 that positions won't be filled.
18 So, yes, we're doing that.

19 In the longer term what
20 we really want to do is peel back
21 on the number of positions that
22 we're showing, acknowledging that
23 they won't be filled and then
24 you'll see the vacancy rate come

1 down and the budget will reflect
2 more like what's likely to happen.

3 COUNCILWOMAN GILMORE

4 RICHARDSON: Can you speak to
5 specifically the Public Safety
6 portfolio? Because obviously we
7 know that we have a lot of
8 overtime. There has been a number
9 of things happening. As the Mayor
10 stated our Black Swan event in the
11 Northeast, which our public safety
12 professionals were just stellar in
13 responding to but because we know
14 we're so short-staffed, a lot of
15 overtime, same thing thankfully for
16 the Eagles parade and a few other
17 things that have happened over the
18 last several months.

19 And so, I asked
20 specifically about the Public
21 Safety portfolio because even if
22 you look at PPD, we know that we're
23 off by at least from filled
24 positions to budgeted positions

1 about 1400 vacancies. We know we
2 can't fill 1400 positions in a
3 year.

4 So the question remains
5 is how are we looking at vacancies
6 with a real lens so that we
7 understand what our fund balance
8 will truly be? We don't have the
9 wiggle room of the federal money
10 anymore. So I know you all
11 typically go to departments and ask
12 about the vacancy rates and sort of
13 what they believe they are able to
14 do for the year.

15 But what are you all
16 doing specifically in that Public
17 Safety portfolio so that we know
18 we're accounting for what we could
19 actually do? Because I don't know
20 that, you know, we don't know what
21 we don't know right now about what
22 will happen moving forward.

23 MR. DUBOW: So a few
24 things to say on that. One, the

1 hiring challenge in public safety
2 is a national issue, not specific
3 to here. We have been trying to
4 take actions to address it with
5 things like hiring and retention
6 bonuses and kind of looking at
7 things, prisons for example, that
8 would help attract people.

9 But with that said,
10 there are still a number of
11 vacancies. We've gotten to the
12 point, at least with police, where
13 we're not losing ground anymore.
14 We're at least kind of staying
15 steady. But you'll see in the
16 budget that there is a healthy --
17 upcoming budget, that there is a
18 healthy vacancy allowance --

19 COUNCILWOMAN GILMORE

20 RICHARDSON: Right.

21 MR. DUBOW: There's not
22 enough funding in the budget to
23 actually fund the positions that we
24 show because we're assuming that

1 they would be vacant for portions
2 of the year, and that's really the
3 way we handle it now.

4 COUNCILWOMAN GILMORE

5 RICHARDSON: So I guess my request
6 and my ask would be if we could
7 have an actual real picture for the
8 upcoming budget this year so that
9 we know what to anticipate. Okay.
10 Because I think that'll help us be
11 able to look at the budget
12 differently and understand what we
13 really need to do. Okay.

14 MR. DUBOW: Yep.

15 COUNCILWOMAN GILMORE

16 RICHARDSON: I read the QCMR when
17 we first received the information.
18 And I wanted to talk about -- and
19 are you prepared to talk about the
20 next Mid-year?

21 MR. DUBOW: The next
22 Mid-year --

23 COUNCILWOMAN GILMORE

24 RICHARDSON: I think I saw around

1 220 million in new spending?

2 MR. DUBOW: Yep. So the
3 big portions of that are that
4 federal reserve that we talked
5 about and increasing that as kind
6 of a safety measure against what
7 we're seeing.

8 MS. MAYNARD: So --

9 MR. DUBOW: Identify
10 yourself.

11 MS. MAYNARD: Hi.
12 Sabrina Maynard, Budget Director.
13 So there are other items in there.
14 So that includes --

15 COUNCILWOMAN GILMORE
16 RICHARDSON: So that was only about
17 a third of the money, right?

18 MS. MAYNARD: Yep. So
19 there are a couple of other items
20 in there as well. There are off
21 the top of my head -- I can go back
22 and pull some Wellness investments.
23 We had put in some -- thinking
24 about doing PAYGO for the remainder

1 of the phase of the Wellness
2 project that had been unveiled in
3 January. And we took care of the
4 law piece and the 2026 piece in the
5 Mid-year from last week. Let me go
6 back. Sorry.

7 COUNCILWOMAN GILMORE

8 RICHARDSON: And while you're
9 looking so I don't use up all of my
10 time, my last question will be
11 specifically on Page 23 of the QCMR
12 around purchase of services
13 analysis for selected departments
14 in the General Fund under Managing
15 Director.

16 So you've listed CPOC,
17 Defender, Public Safety, and then
18 that's all other departments from
19 the Managing Director's Office, is
20 that correct, with the 41 million?

21 MR. DUBOW: 41 million
22 versus the budget, yes.

23 COUNCILWOMAN GILMORE

24 RICHARDSON: And that's all under

1 just Managing Director. And that's
2 not including Public Safety,
3 correct?

4 MR. DUBOW: That's not
5 including the new Public Safety
6 office, that's right.

7 COUNCILWOMAN GILMORE

8 RICHARDSON: Right. And could you
9 just talk about that a bit while
10 Sabrina will do the last answer.

11 MS. MAYNARD: So -- yep.
12 So the Managing Director's piece is
13 largely, predominantly Wellness-
14 related costs. So I think there's
15 an operating component about 35
16 million and a PAYGO component of
17 about 30 million.

18 COUNCILWOMAN GILMORE

19 RICHARDSON: I'm sorry. I didn't
20 hear the last --

21 MS. MAYNARD: Sorry.
22 PAYGO, Pay As You Go capital for
23 the Riverview facility.

24 COUNCILWOMAN GILMORE

1 RICHARDSON: Oh, PAYGO.

2 MS. MAYNARD: Yep.

3 COUNCILWOMAN GILMORE

4 RICHARDSON: Okay.

5 COUNCIL PRESIDENT

6 JOHNSON: Just a point of
7 information, can you just clarify.

8 It's Pay As You Go you said,
9 correct?

10 MS. MAYNARD: Yep. So
11 that means we're not borrowing for
12 those costs. That's just
13 transferring from operating over to
14 capital.

15 COUNCIL PRESIDENT

16 JOHNSON: I know what Pay As You Go
17 means. I just want to get an idea
18 in terms of the operation, funding
19 for the Wellness Center, are they
20 contracts that we're going to be
21 using or is this inhouse?

22 MS. MAYNARD: It's a
23 number of contracts.

24 COUNCIL PRESIDENT

1 JOHNSON: Thank you very much.

2 COUNCILWOMAN GILMORE

3 RICHARDSON: Thank you,

4 Mr. President.

5 And --

6 MS. MAYNARD: Yes,

7 sorry. So there are a number of

8 items in there. We took care -- so

9 there are a couple of departments

10 where -- in reference to what Rob

11 was speaking about earlier, we are

12 seeing higher -- we're actually

13 seeing people be retained and

14 positions be filled. And so,

15 that's concentrated in a couple of

16 places.

17 We are seeing higher

18 overtime in Fire. So that's a

19 piece of that. Sustainability, the

20 Law Department, the District

21 Attorney's Office, a couple of

22 places where we are making

23 adjustments there. The other

24 adjustment in the transfer

1 ordinance is moving the funding
2 from the Labor Reserve out to the
3 departments that had collective
4 bargaining agreements, so making
5 sure that those go out to the
6 departments that will need them.

7 We also are proposing
8 making a contri -- not a
9 contribution, making an investment
10 in the prisons for a number of
11 items that we know we need for the
12 litigation. So building
13 maintenance, body cameras,
14 continuing the lock project to
15 replace locks, air-conditioning,
16 training and some other programming
17 and investments. Those are some of
18 the items.

19 COUNCILWOMAN GILMORE

20 RICHARDSON: Okay. Great.

21 Thank you,
22 Mr. President.

23 COUNCIL PRESIDENT

24 JOHNSON: You're welcome.

1 I just want to ask a
2 question before I call the next
3 member regarding the projected
4 increase in the General Fund
5 balance obligations is 295 million
6 more than budgeted, roughly \$300
7 million more than what's budgeted.
8 And so, I just want to get an idea
9 of what's driving that increase?

10 MR. DUBOW: So the
11 biggest single thing is the reserve
12 we put in against federal funding,
13 \$80 million. But there's also the
14 money that we put in for 2026, the
15 increase in indemnities cost that
16 was also --

17 COUNCIL PRESIDENT
18 JOHNSON: Separate from the
19 Mid-year or the Mid-year is a part
20 of that number?

21 MR. DUBOW: That was in
22 the Mid-year. So both of those
23 things from the Mid-year also added
24 to our cost. The things that

1 Sabrina was talking about with
2 prisons, some of the wellness
3 investment and then the smaller
4 things in other departments that
5 are actually hiring people.

6 MS. MAYNARD: And 2026.

7 COUNCIL PRESIDENT

8 JOHNSON: And 2026. Okay. And
9 then the last thing before I call
10 on my next member, do you have an
11 update on the following in terms of
12 spending: I know we did 100
13 million investment to build a
14 wellness ecosystem. And so, we saw
15 the results of that. 10 million to
16 support workforce development,
17 employer partnerships that include
18 commitments to employment, another
19 130 million to expand PHL Taking
20 Care of Business, 500 million for
21 the street repaving, 18 million for
22 citywide residential cleaning
23 program, and 12.3 million, which
24 I'm a beneficiary of, twice weekly

1 trash collection. Do you have an
2 idea of how much you spent totally
3 in each of those categories?

4 MR. DUBOW: Yeah, we can
5 get you that. Some of that is for
6 multi-year numbers, but we'll get
7 you that and get you a breakout on
8 those items.

9 COUNCIL PRESIDENT

10 JOHNSON: Thank you very much.

11 The Chair recognizes
12 Councilman Curtis Jones.

13 COUNCILMAN JONES: Thank
14 you, Mr. President.

15 COUNCIL PRESIDENT

16 JOHNSON: You're welcome.

17 COUNCILMAN JONES:
18 Couple of quick questions and good
19 afternoon.

20 MR. DUBOW: Afternoon.

21 COUNCILMAN JONES: Does
22 this surplus -- how does this
23 surplus rank over the past eight
24 years by way of amount? Is it the

1 largest?

2 MR. DUBOW: So two years
3 ago was the largest. We were up in
4 the high nines. What we're
5 projecting now is about 580, so
6 it's lower than it's been the last
7 couple years but still higher than
8 our internal goal.

9 COUNCILMAN JONES: Out
10 of the taxes that we receive, there
11 are seven taxes, correct, major
12 taxes?

13 MR. DUBOW: Yeah, there
14 are a lot --

15 COUNCILMAN JONES: Say
16 it again.

17 MS. MAYNARD: Roughly.

18 COUNCILMAN JONES:
19 Roughly. Okay. Of which the
20 business tax represents about 70%
21 of our City's revenue; is that
22 correct?

23 MR. DUBOW: If you count
24 the wage taxes, business tax, yes.

1 COUNCILMAN JONES: What
2 percentage does real estate taxes?

3 MR. DUBOW: So real
4 estate tax -- I'll actually do
5 that. So our total taxes are about
6 5 billion I think, and -- let me
7 find the real estate tax number.
8 So total taxes we're projecting
9 actually at 4.3 million.

10 COUNCILMAN JONES: 4.3
11 million?

12 MR. DUBOW: Billion,
13 sorry. If it was million, then
14 we'd have a lot bigger problems
15 than we're talking about today.
16 And then the property tax is about
17 900 million, so about 20%-ish.
18 It's a bigger percent for the
19 School District. But for us it's a
20 little below 20%.

21 COUNCILMAN JONES: What
22 is our taxable total properties for
23 the City of Philadelphia, what is
24 the amount?

1 MR. DUBOW: Now, I have
2 to get back to you on that exact
3 number.

4 COUNCILMAN JONES: Real
5 estate that we can levy at --

6 MR. DUBOW: Yeah, the
7 taxable real estate. I don't have
8 it off the top of my head, but I
9 can get it.

10 COUNCILMAN JONES: What
11 was it from your last recollection?

12 MR. DUBOW: I don't know
13 the -- I know amounts that we
14 collect them. I don't have the
15 total assessed value here.

16 COUNCILMAN JONES: It's
17 my understanding it was somewhere
18 in the neighborhood of 1.6 -- nope,
19 168.

20 MR. DUBOW: That sounds
21 right, yes.

22 COUNCILMAN JONES: 168
23 billion.

24 MR. DUBOW: Yes.

1 COUNCILMAN JONES: Which
2 I would say is probably the largest
3 taxable amount in our history.

4 MR. DUBOW: Yeah. We
5 also until 2013 we based
6 assessments on a fractional
7 assessment. So we were showing
8 assessed value as like a third of
9 their value. So making that change
10 meant the assessed value
11 immediately tripled. But then the
12 market has been strong since 2013.
13 So, yeah, values have been going
14 up.

15 COUNCILMAN JONES: So
16 because of AVI we have seen the
17 largest amount of increase in
18 taxable properties in the City's
19 history, correct?

20 MR. DUBOW: Yeah, it's a
21 combination of AVI and the strength
22 of the market.

23 COUNCILMAN JONES: All
24 right. That's fair. So my

1 question becomes we used to get
2 annual requests to adjust the
3 millage rate. You guys would come
4 to us and say, we need X amount of
5 millage rate adjustment in order to
6 get this amount of revenue coming
7 into our coffers so that we can
8 operate the government, correct?

9 MR. DUBOW: So there
10 were very few millage rate changes.
11 I think it may be only a couple of
12 years where there were millage rate
13 changes. So that didn't happen a
14 lot for the General Fund.

15 COUNCILMAN JONES: So
16 what I'm asking I guess is, is it
17 time that we based on AVI and the
18 increase in value and the market
19 rate, because I know the tax report
20 came back saying eliminate the
21 BIRT, let's take care of big
22 businesses, isn't it time to give
23 the little guy a break?

24 MR. DUBOW: Yep. So the

1 way we've been doing that is
2 through relief measures. So for
3 last year, for example, we put in
4 that low-income freeze on the
5 property tax so that your property
6 tax won't increase if you meet the
7 guidelines.

8 We've increased the
9 Homestead so that homeowners see
10 reduced value. And because of the
11 way we've increased it, it's a
12 particularly beneficial impact for
13 low-value houses. We have the LOOP
14 program. We have payments -- the
15 OOPA program. We have a really
16 wide array --

17 COUNCILMAN JONES: I'm
18 familiar with OOPA and all of that.
19 The question becomes for me has
20 those programs not outpaced the
21 value that we are receiving based
22 on AVI and based on market rate and
23 is it time for a millage adjustment
24 downward to help out people who own

1 real estate in our communities?

2 And I say all of that to
3 say, Rob, that I put in a bill to
4 look at neutralization of that
5 amount to kind of evaluate where we
6 are, evaluate how much we take in
7 and whether or not in lieu of the
8 fact that we're doing all this for
9 businesses, isn't it time that we
10 take a hard look at reducing the
11 burden of property owners in
12 Philadelphia? And that's a trick
13 question.

14 MR. DUBOW: Yeah. But
15 really there's -- it's really a
16 question of approach, right,
17 because what we've been doing over
18 time is taking a targeted approach
19 to help people and you're asking
20 should we look at a more
21 generalized approach helping kind
22 of everybody or is the targeted
23 approach better. And I think
24 that's a good discussion to have

1 during the budget process.

2 COUNCILMAN JONES: I

3 think that's an accurate

4 assessment.

5 MR. DUBOW: I like your

6 use of assessment there.

7 COUNCILMAN JONES: So I

8 put in -- play on words.

9 I have put in that bill,

10 Mr. President, for us to take a

11 look at our resolution. And we'll

12 be submitting a subsequent bill

13 because we are able to do that, but

14 do we regularly do that is my

15 question. And in areas that you

16 have protected in South Philly and

17 we have protected citywide with the

18 reality of AVI, some places have

19 disproportionately been

20 overassessed. And I've had

21 individuals come into my office and

22 say that we have appraised the

23 property at let's say \$200,000.

24 But the reality is they couldn't

1 get \$150,000 for it in the real
2 world and therefore they are out of
3 sync, out of loop with reality.

4 And so, what I'd like us
5 to do is take a hard look at that
6 population, although it only
7 represents 20% of our budget but to
8 homeowners it is everything. And
9 so, with that I would like us to
10 take a hard look at when is it time
11 to give the little person a break
12 and not just big business.

13 Thank you,
14 Mr. President.

15 COUNCIL PRESIDENT

16 JOHNSON: You're welcome.

17 The Chair recognizes
18 Councilmember Jim Harrity.

19 COUNCILMAN HARRITY:

20 Hello, everyone. Good afternoon.

21 MR. DUBOW: Hello.

22 COUNCILMAN HARRITY:

23 Looks like everybody's sleeping
24 here. Get it a little livelier.

1 Rob, I just got a couple questions.
2 But, one, I don't usually feed into
3 rumors but this one disturbed me,
4 so I figured let me ask even if it
5 just turns out to be false.

6 Are we allowed to spend
7 the soda tax money or is it being
8 held up in escrow? I was told --
9 the rumor was that the money that's
10 going from the soda tax is right
11 now held up in escrow because of
12 some court battles or something
13 that are going on?

14 MR. DUBOW: No. When
15 the soda tax was first implemented,
16 there were court battles and it
17 wasn't imposed. But then those
18 battles -- won those battles --

19 COUNCILMAN HARRITY:
20 Good. All right.

21 MR. DUBOW: -- so that
22 money is flowing.

23 COUNCILMAN HARRITY:
24 Good. All right. Then to my next

1 question which is what is the total
2 revenue a year from the soda tax?

3 MR. DUBOW: It is this
4 year projected at 66 million-ish.

5 COUNCILMAN HARRITY:
6 What is it? I'm sorry.

7 MR. DUBOW: It's
8 projected at about 65.7, I think.

9 COUNCILMAN HARRITY:
10 65.7 million it's projected at?

11 MR. DUBOW: Yes.

12 COUNCILMAN HARRITY:
13 Okay. How much of that goes to the
14 day care, childcare?

15 MR. DUBOW: So we
16 have -- actually it is divided
17 between that and debt service on
18 Rebuild --

19 COUNCILMAN HARRITY:
20 Rebuild, right.

21 MR. DUBOW: We get you
22 that split. We're actually at the
23 point where the cost of the
24 programs and the debt service is

1 more than what we bring in, in the
2 beverage tax, so it's supplemented
3 by the --

4 COUNCILMAN HARRITY: How
5 about this, is it around 10 million
6 for day care? Is that number --

7 MR. DUBOW: For PreK I
8 think it's more than that.

9 COUNCILMAN HARRITY:
10 More than that? What would you
11 think, anywhere around?

12 MR. DUBOW: I don't want
13 to -- I don't want to guess. But I
14 think --

15 COUNCILMAN HARRITY:
16 Okay. But you'll get me those
17 numbers and you'll get me the
18 numbers of how much goes to
19 Rebuild. And I pulled up another
20 question. So Rebuild, you just
21 said that we are paying off loans
22 for Rebuild. Is that with that
23 money? Is that --

24 MR. DUBOW: Yes. So

1 Rebuild is funded by borrowings and
2 then the debt service of that
3 borrowing.

4 COUNCILMAN HARRITY: So
5 we're borrowing money to pay for
6 something, right, but --

7 MR. DUBOW: To pay
8 for --

9 COUNCILMAN HARRITY: --
10 the money is supposed to be there.
11 So why are we borrowing money to do
12 the projects if \$66.6 million is
13 going in there every year? I don't
14 understand why we're not just
15 paying for these projects instead
16 of also paying interest on these
17 projects. That's my --

18 MR. DUBOW: So the cost
19 of the projects is -- and this is
20 rounding. So let's say \$300
21 million. And in order to fund that
22 upfront, we borrowed. So we'd get
23 money that we could then use to
24 make investments in recreation

1 facilities, libraries --

2 COUNCILMAN HARRITY: So
3 essentially spending money that we
4 didn't have yet?

5 MR. DUBOW: Well, no.
6 We borrowed. And the reason you
7 borrow for something, it's the same
8 like getting a mortgage on your
9 house because you're going to be
10 using that facility for 20, 30
11 years. So there's a rationale that
12 you will be paying debt service
13 while you're getting the benefit of
14 that. You wouldn't borrow for
15 operations. You wouldn't borrow
16 for day care, for example, because
17 that's something you're using up
18 that year. It's gone. But --

19 COUNCILMAN HARRITY: My
20 thing is about the fiscal
21 responsibility of it. You know, if
22 we have money to build, let's
23 build. But to take a loan to pay
24 for something that the money's

1 supposed to be there for, that's
2 where my disconnect is.

3 MR. DUBOW: There's not
4 enough money that comes in from the
5 beverage tax each year to pay for
6 all of the facilities. There is
7 enough money to help us pay the
8 debt service over time. We would
9 not have been able to make the
10 investment that we made in
11 facilities just by using beverage
12 tax money as it came in. And we
13 get the benefit from these
14 facilities over time. So it makes
15 sense financially.

16 COUNCILMAN HARRITY:
17 Okay. I mean, it makes sense to
18 you. Doesn't really make much
19 sense to me.

20 MR. DUBOW: Well, also
21 we have capital guidelines that we
22 base on what industry standards are
23 for what it makes sense to borrow
24 for and what it doesn't and we

1 follow those.

2 COUNCILMAN HARRITY:

3 Okay. I guess I'll be happy with
4 that. Okay. I'll give you some
5 more investigating.

6 MR. DUBOW: And happy to
7 talk to you about it any time.

8 COUNCILMAN HARRITY:

9 Yeah, absolutely. You know, I
10 always -- money man.

11 COUNCIL PRESIDENT

12 JOHNSON: Thank you very much,
13 Member.

14 I just had another
15 question in regards to let's go
16 back to the millage rate that
17 Councilman Curtis Jones was talking
18 about and obviously want to make
19 sure that we're providing relief
20 for homeowners. He talked about a
21 targeted approach versus a general
22 approach. Give me an idea between
23 the difference in the approach.

24 MR. DUBOW: Yeah. So

1 targeted approach is doing things
2 like the Low-income Freeze that we
3 did or the Senior Freeze or
4 Homestead, which just helps people
5 on the residential side. If you
6 just lower the millage because of
7 the way state law works, you can't,
8 for example, lower the millage on
9 the residential side. You lower it
10 for everybody. So --

11 COUNCIL PRESIDENT

12 JOHNSON: So even the rich folks
13 get a break as well?

14 MR. DUBOW:

15 Businesses --

16 COUNCIL PRESIDENT

17 JOHNSON: Everybody?

18 MR. DUBOW: Yes,
19 everybody.

20 COUNCIL PRESIDENT

21 JOHNSON: So your target approach
22 is because you want to focus on
23 those most in need?

24 MR. DUBOW: Yeah, that's

1 right.

2 COUNCIL PRESIDENT

3 JOHNSON: Follow-up question --

4 it's like third rail but I'm still

5 going to ask it -- have we ever

6 explored PILOTS, right, because

7 we're talking about real estate and

8 taxable real estate, right?

9 And this came up in part

10 of a conversation yesterday with

11 some Tax Reform members just having

12 the general conversations where you

13 have a certain institution and they

14 have millions in property, right,

15 millions and millions in property

16 but they're not being taxed. But

17 yet the CEO might make eight

18 figures, so to speak, I guess seven

19 figures, right. And it'd be pretty

20 well off as a nonprofit with

21 property and land. Have we ever

22 explored maybe certain thresholds?

23 MR. DUBOW: So there was

24 a time when there were PILOTS from

1 those institutions. There are
2 PILOTs we get related to specific
3 projects. We don't receive PILOT
4 payments now from those
5 institutions.

6 COUNCIL PRESIDENT

7 JOHNSON: Have we explored it? As
8 a revenue can't you --

9 MR. DUBOW: I think
10 there have over the years been
11 ongoing discussion. So I think,
12 yes, it's been explored over time.

13 COUNCIL PRESIDENT

14 JOHNSON: Councilmember Phillips.
15 Thank you, Rob.

16 COUNCILMAN PHILLIPS:

17 Thank you, Council President.

18 So, Rob, I just have a
19 question on what Council can do to
20 help in this situation. So there's
21 high fixed costs, including like
22 debt service that continue to be a
23 challenge. Are there any
24 strategies in place to restructure,

1 reduce these costs without
2 compromising essential services?
3 And also, is there anything that we
4 as City Councilmembers can do to
5 help in this regard with you?

6 MR. DUBOW: So on the
7 debt service side, one of the
8 things that we do all the time is
9 look to see whether there are
10 opportunities to refund our debt
11 the way you refinance a mortgage to
12 see whether we can lower our cost.
13 That's a little more challenging
14 now that interest rates have gone
15 up, but we still look at that.

16 Also, we talked a little
17 before about doing things like do
18 pay-as-you-go financing for
19 capital. That really helps us in
20 terms of reducing how much we have
21 to borrow. So those things help
22 with fixed costs. I think in terms
23 of what Council can do -- there's a
24 lot of what Council already does,

1 which is kind of be thought
2 partners with us as we kind of go
3 through what we're going through,
4 particularly with the uncertainty
5 that we're facing.

6 COUNCIL PRESIDENT

7 JOHNSON: Did you say thought
8 partners?

9 MR. DUBOW: Thought
10 partners, yes, work together.

11 COUNCIL PRESIDENT

12 JOHNSON: Okay. Thought partners.

13 MR. DUBOW: I think, you
14 know, my initial instinct was to
15 say just pass whatever budget we
16 send over. That would be helpful.
17 But I thought --

18 COUNCILMAN PHILLIPS: I
19 was going to say that. I was
20 like --

21 COUNCIL PRESIDENT

22 JOHNSON: Member Phillips, he said
23 thought partners.

24 COUNCILMAN PHILLIPS:

1 Thought partners. I only mentioned
2 that because all while being
3 fiscally responsible is important,
4 we absolutely do, that's our
5 responsibility. We still have a
6 lot of concerns that take place in
7 the city. And our residents are
8 still going to want to see action,
9 so that was important.

10 And lastly, what are
11 the -- I'm not sure if you talked
12 about this deeply, but are there
13 any alternatives to the federal
14 cuts that are going to impact the
15 City that we can turn to in terms
16 of foundations or any of the
17 private investments beyond?

18 MR. DUBOW: Yeah. I
19 think we need to look for anything
20 we can like philanthropy or whether
21 there's any ability at the state.
22 But I think the scale of what we
23 could face, the federal government
24 probably far outweighs anything

1 that we could get there.

2 So I think one of the
3 key things is to try to work with
4 our delegation to make sure that
5 the worst doesn't happen.

6 COUNCILMAN PHILLIPS:

7 Yeah, absolutely. I mean, just
8 from your standpoint, we want to
9 balance long-term financial health
10 as I mentioned earlier. Yet we
11 still need to improve public
12 services and economic opportunity.
13 Where do you see our city going
14 with our public services and
15 economic opportunity with all these
16 potential changes that are
17 happening?

18 MR. DUBOW: Yeah. I
19 mean, I think we still have to --
20 we still have to make the crucial
21 investments. We still have to make
22 sure -- we've been seeing increases
23 in public safety. We have to make
24 sure that continues. And seeing

1 the city get cleaner, we have to
2 make sure that continues. To
3 continue to look for ways to
4 increase economic opportunity, I
5 think that's what you're saying.
6 We have to make sure all that still
7 happens in the face of the
8 uncertainty we're facing.

9 COUNCILMAN PHILLIPS:

10 All right. Thank you.

11 COUNCIL PRESIDENT

12 JOHNSON: Thank you.

13 And I have my last
14 question and then we'll bring up
15 Marisa Waxman from PICA.

16 Have we, Rob, done an
17 internal analysis for efficiencies
18 in terms of just how we spend money
19 as a government, like not an
20 outside person such as a controller
21 but within our own purview of the
22 administration just to kind of look
23 at how we go about spending our
24 dollars to save dollars?

1 MR. DUBOW: Yep. And
2 it's an ongoing thing, everything
3 from looking at what people buy for
4 events, like we're not buying 100
5 pineapples for example or
6 everything is kind of done
7 responsibly. Part of our budget
8 review is working through with
9 every department looking at how
10 they spend their money and make
11 sure that it makes sense, so it's
12 an ongoing process. So I think the
13 answer is, yes, we do that --

14 COUNCIL PRESIDENT

15 JOHNSON: Thank you. I --

16 MS. MAYNARD: One of the
17 things -- sorry.

18 COUNCIL PRESIDENT

19 JOHNSON: Go ahead, Sabrina.

20 MS. MAYNARD: Through
21 the budget process we find
22 economies of scale sometimes. So
23 we find like multiple departments
24 will maybe be working on

1 communications or what have you and
2 we are in a position to make those
3 connections on behalf of folks.
4 And so, that's one of the things we
5 look for.

6 COUNCIL PRESIDENT

7 JOHNSON: All right. Thank you
8 very much.

9 Any other questions from
10 members?

11 Councilwoman Katherine
12 Gilmore Richardson, Majority
13 Leader.

14 COUNCILWOMAN GILMORE

15 RICHARDSON: Yes. Thank you.
16 Thank you very much, Mr. President.
17 I apologize. I wanted to come back
18 around and be mindful and
19 thoughtful of my colleagues.

20 But one thing I wanted
21 to talk about that we've noticed
22 and particularly with the increase
23 of some of the spending that we've
24 had to do this year for obvious

1 reasons is that our spending
2 continues to outpace our collection
3 and we know that that's not a
4 sustainable practice forever going
5 forward.

6 And so, one, I heard the
7 President talk about how you all
8 are looking for cost-saving
9 measures internally. But I wanted
10 to go back to something that was
11 brought up in the past
12 administration, something that I
13 think Montgomery County was able to
14 do very well. You know where I'm
15 going with this. And you all have
16 implemented program-based
17 budgeting, right, but have not
18 really achieved real savings as a
19 result of that implementation.

20 So is there any thinking
21 around implementing a zero-based
22 budgeting model for the City that
23 we kind of start from zero, start
24 from scratch to try to get us in a

1 better place around spending?

2 Because I mean it's like
3 you said, it's like having your own
4 house. If I only have \$10,000 a
5 month and I'm spending 12, I'm
6 short 2 every month. And so, what
7 are we doing about that?

8 MR. DUBOW: So I do
9 think that our budgeting process,
10 the performance-based budget, does
11 give us a good idea of what we get
12 for what we spend and whether that
13 investment makes sense. I think
14 zero-based budgeting is a -- I
15 think we would need to
16 significantly ramp up our
17 administrative capabilities to do
18 that.

19 COUNCILWOMAN GILMORE

20 RICHARDSON: Right. And you know I
21 brought this up in the past.

22 MR. DUBOW: Yeah.

23 COUNCILWOMAN GILMORE

24 RICHARDSON: But I think over time

1 we are spending much more than what
2 we have in previous years, and we
3 know the staffing allowances and
4 the vacancies that we have and the
5 need to address over time and all
6 of those things.

7 But with the real
8 realities that we face over the
9 next three to four years, I think
10 it's incumbent upon us to do all
11 that we can to reduce the
12 overspending so that we're in a
13 better space.

14 MR. DUBOW: And I think
15 that is something we can do given
16 the budget process we use now.

17 COUNCILWOMAN GILMORE

18 RICHARDSON: Okay. And then if you
19 could give me a written response on
20 what it would take to move us from
21 our current budgeting model to a
22 complete zero-based budgeting model
23 for the City, that would be
24 helpful.

1 MR. DUBOW: Yes.

2 COUNCILWOMAN GILMORE

3 RICHARDSON: And what it would take
4 from a staffing perspective so that
5 we can see that from a staffing
6 perspective, so that we can see
7 that if from a staffing perspective
8 it even has a return on investment.

9 MR. DUBOW: Yes, and
10 even whether we have the ability to
11 hire that many people.

12 COUNCILWOMAN GILMORE

13 RICHARDSON: Right. Okay. Thanks.

14 COUNCIL PRESIDENT

15 JOHNSON: Thank you, Majority
16 Leader.

17 The Chair recognizes
18 Councilmember Quetcy Lozada.

19 COUNCILWOMAN LOZADA: I
20 just have one really quick
21 question, and I'm responding to
22 some of the concerns that we are
23 experiencing in the District as it
24 relates to some of our, I guess,

1 water infrastructure or the pipes
2 in the city of Philadelphia.

3 I have in my District
4 about 10 to 15 sinkholes. And so,
5 considering that some of the
6 infrastructure in the city is so
7 antiquated, are we prepared to
8 respond to the growing number of
9 sinkholes that we're seeing in I'm
10 sure it's not just in the 7th
11 Council District but across the
12 city of Philadelphia, understanding
13 that some of that money comes from
14 the federal government? Are we
15 prepared to respond to some of
16 those issues that we're going to
17 see over not just the winter months
18 but of course entering into the
19 summer? Are we prepared for that?

20 MR. DUBOW: Yeah. And
21 so, I know Water has substantial
22 capital investments that they have
23 planned over time. I do think
24 there are some federal matches for

1 that. So I think that is probably
2 one of the uncertainties we face,
3 is what that federal funding looks
4 like going forward. So I agree
5 with you it's really important to
6 be able to make that investment and
7 to avoid having what is happening
8 with sinkholes.

9 COUNCILWOMAN LOZADA:

10 How much is budgeted for that right
11 now?

12 MR. DUBOW: I have to
13 get back to you. I have to kind of
14 talk to Water about it, but it's a
15 substantial amount.

16 COUNCILWOMAN LOZADA:

17 Okay. Thank you.

18 COUNCIL PRESIDENT

19 JOHNSON: Thank you, Member Lozada.

20 Are there other
21 questions for this panel?

22 (No response.)

23 COUNCIL PRESIDENT

24 JOHNSON: Thank you very much for

1 your time, Rob and Sabrina.

2 MR. DUBOW: Thank you.

3 COUNCIL PRESIDENT

4 JOHNSON: Thank you very much.

5 Will the Clerk please
6 call the next panelist.

7 THE CLERK: Marisa
8 Waxman, Executive Director of PICA.

9 (Witness approached
10 Witness table.)

11 COUNCIL PRESIDENT

12 JOHNSON: Welcome back, Marisa.

13 MS. WAXMAN: Thank you.

14 COUNCIL PRESIDENT

15 JOHNSON: Just state your name and
16 title for the record and please
17 begin your testimony.

18 MS. WAXMAN: Great.
19 Good afternoon, Council President
20 Johnson and members of the
21 Council's Committee on Fiscal
22 Stability and Intergovernmental
23 Cooperation. My name is Marisa
24 Goren Waxman. I'm the Executive

1 Director of the Pennsylvania
2 Intergovernmental Cooperation
3 Authority, also known as PICA.

4 PICA is grateful to this
5 Committee for convening today to
6 provide an opportunity to highlight
7 the need for the City to maintain
8 and enhance its financial
9 condition. As you know, this is
10 why PICA exists.

11 In the early 1990s, the
12 City of Philadelphia was on the
13 brink of bankruptcy. Revenues fell
14 short of projections. The City
15 didn't have cash to pay for its
16 operations and no one would lend it
17 any money. Local- and state-level
18 stakeholders rallied and cooperated
19 to address the fiscal crisis, and
20 the Pennsylvania legislature passed
21 the PICA Act to bolster
22 Philadelphia's fiscal condition and
23 restore access to capital markets.

24 The passage of the PICA

1 Act also created PICA as an
2 independent state authority with a
3 bipartisan board that assists
4 Philadelphia in solving financial
5 and budgetary problems and helping
6 it achieve and maintain access to
7 capital markets.

8 Today a large part of
9 PICA's work is reviewing and
10 approving the City's five-year
11 financial plan and monitoring the
12 City's finances to ensure that the
13 City sticks to that plan. This
14 cooperative approach has been
15 working. Revenues have increased,
16 improved. Fiscal and budgetary
17 practices have been put into place.
18 The City's bond ratings have
19 improved, and fund balances have
20 generally grown.

21 But ongoing fiscal
22 stability is not insured. Local
23 decisions, changes in the economy
24 and policy choices at other levels

1 of government can either improve or
2 undercut the City's fiscal
3 condition. It's important to
4 remember that we don't just want
5 fiscal stability to get a good bond
6 rating or an award from the
7 Government Finance Officers
8 Association.

9 Maintaining and
10 enhancing our fiscal condition
11 means that Philadelphia can
12 predictably provide critical
13 services to residents, be ready for
14 the unexpected, whether it's a mega
15 snowstorm or Super Bowl parade and
16 avoid overburdening its taxpayers
17 at the same time.

18 PICA's the City's fiscal
19 lifeguard. If the City is in real
20 fiscal distress, we dive into the
21 pool and use all of the tools at
22 our disposal to ensure the City
23 doesn't go under. Much of the time
24 when things are going well

1 financially, we're just watchful,
2 scanning the pool for potential
3 danger either from outside like an
4 oncoming storm or from within the
5 pool like imbalanced pool chemicals
6 or horseplay that could turn
7 dangerous. We issue reminders to
8 brush up on your breaststroke, have
9 flotation devices available and be
10 aware of upcoming weather
11 conditions.

12 Over the past month,
13 there have been announced changes
14 from the federal government that
15 may have a material impact on the
16 City of Philadelphia's finances.
17 Changes to the nature and level
18 federal grants directly to the City
19 may have an impact on service
20 delivery and infrastructure
21 investments. Changes in grants to
22 organizations and institutions
23 across our region may also impact
24 social services, cultural offerings

1 and more. Loss of jobs at those
2 organizations or Philadelphia-based
3 federal employees would have a
4 negative impact on Philadelphia's
5 tax collections.

6 Policy changes related
7 to tariffs could raise costs for
8 items that the City purchases,
9 requiring more funds or scale back
10 projects. Many of the proposed
11 changes are not entirely clear,
12 face legal challenges, and this
13 creates fiscal uncertainty as the
14 City manages its current year
15 budget and develops the FY26-30
16 plan.

17 PICA uses a group of
18 nine indicators to monitor the
19 City's fiscal condition. Although
20 a single data point can reveal if a
21 city's in distress like a negative
22 fund balance, assessing relative
23 fiscal health in Philadelphia's
24 trajectory requires more varied

1 inputs.

2 These indicators are
3 grouped in five categories: Debt,
4 fiscal management, pension,
5 reserves and revenues. While for
6 most of the indicators, they're not
7 specific targets or thresholds that
8 are legally mandated or universally
9 identified as correct, PICA has
10 identified thresholds to categorize
11 whether the City's performance
12 raises minimal, moderate or
13 significant concern.

14 As PICA's entire reason
15 for existing is to maintain and
16 enhance the City's fiscal
17 stability, we'll always have at
18 least minimal concern about any
19 indicator. When PICA reviewed the
20 FY25-29 plan last summer, it had
21 minimal concerns about three of the
22 measures, the City's credit rating,
23 wage tax collections as a percent
24 of estimates and the change in tax

1 and local government, nontax
2 revenue collections.

3 PICA had moderate
4 concern about one indicator related
5 to debt, long-term obligations as a
6 share of General Fund spending.
7 There were five measures however at
8 levels raising significant concerns
9 for Philadelphia's financial
10 health. That was the operating
11 surplus or deficit as a percent of
12 revenues, the percent of the
13 pension funded, the change in fund
14 balance, fund balance as a percent
15 of revenues and total reserves for
16 unanticipated conditions.

17 The City's FY25 Q2
18 Quarterly City Manager's Report
19 released on February 18th offers
20 more recent data for some of the
21 fiscal indicators in FY25. The
22 City's updated projections show a
23 significantly larger operating
24 deficit in FY25 than presented in

1 the FY25-29 plan. The Q2 QCMR
2 shows a small reduction in revenues
3 and a large increase in spending.

4 Initially, the City
5 planned to spend 96 million more
6 than it collected in FY25. That
7 has been updated to 395 million.
8 While this is possible due to the
9 larger than projected FY24 fund
10 balance, the City cannot spend more
11 than it collects indefinitely.

12 The City's Q2
13 projections show a small increase
14 in fund balance over the adopted
15 Five-Year Plan with an additional
16 16 million raising the expected
17 FY25 fund balance to 584 million.
18 This is a small positive step, but
19 the level of fund balance remains
20 well below recommended levels. And
21 given that the FY24 fund balance
22 was significantly higher than
23 presented in the FY25-29 plan,
24 there's now a larger percentage

1 decline from the prior year to the
2 next. Ideally, fund balances would
3 grow each year, at least until the
4 City can achieve more reasonable
5 levels of reserves.

6 The City has made
7 tremendous improvements in its
8 fiscal condition since the crisis
9 that precipitated the creation of
10 PICA in the early 1990s. In the
11 past five years, the state has had
12 notable successes, including
13 navigating the economic and
14 operational challenges of a global
15 pandemic, while maintaining
16 positive fund balances, achieving
17 its highest credit rating in more
18 than four decades, depositing funds
19 in the Budget Stabilization Reserve
20 for the first time and making
21 subsequent deposits, progressing
22 towards a fully-funded Pension Fund
23 and making the final payment on the
24 PICA bonds.

1 PICA recognizes and
2 celebrates these achievements and
3 commends successive Mayors and City
4 leadership, City employees, City
5 Council, City unions, Pension Board
6 members and many other stakeholders
7 for this progress. But PICA
8 simultaneously continues to have
9 concerns about the City's fiscal
10 stability.

11 Looking ahead, PICA
12 recommends that the City sustain
13 and expand its efforts to maintain
14 and enhance its fiscal condition,
15 by allocating additional resources
16 for expected and unexpected
17 circumstances. With uncertainty
18 coming from federal funding and
19 policy changes, upcoming labor
20 contracts, continued community
21 needs and other potential
22 challenges, planning for reserves
23 is a prudent step to avoid future
24 fiscal crises.

1 Setting aside more
2 reserves, whether in fund balance,
3 the Budget Stabilization Reserve or
4 other reserves is not without
5 drawbacks. There are trade-offs
6 with other policy priorities and
7 estimating the correct amount of
8 needed reserves can be challenging,
9 but there are many benefits as
10 well, including less need to reduce
11 spending and services when a crisis
12 hits and potential for improved
13 credit ratings and lower borrowing
14 costs.

15 Improving development of
16 detailed and accurate budgets for
17 planned initiatives is recommended
18 as well. Launching new initiatives
19 and expanding services, apps and
20 comprehensive budgets may expose
21 the City to cost overruns and
22 budget shortfalls. Since the
23 budget was adopted, the City's
24 financial reports indicate the need

1 for significant resources for
2 programs underway that haven't been
3 approved by City Council.

4 For example, the most
5 recent Quarterly City Manager's
6 Report indicates the need for an
7 additional 7.7 million for expanded
8 Fire services, and the report from
9 the first quarter outlined the need
10 for tens of millions or more for
11 contracts for the new wellness
12 centers that had not yet been
13 legislated and aren't reflected in
14 the City's approved FY25-29 plan.

15 PICA also recommends
16 continuing the commitment to
17 achieving 100% funding for the
18 Pension Fund by 2033. If the City
19 stays the course as planned and the
20 Pension Fund is 100% funded by
21 FY33, the City's normal cost will
22 be less than 200 million annually,
23 rather than the nearly 900 million
24 we are paying now each year. At

1 that point, the City will have the
2 flexibility to set aside funds for
3 incremental adjustments to improve
4 the health and safety of the
5 Pension Fund while also freeing up
6 hundreds of millions of dollars in
7 revenue previously dedicated to
8 fixed costs for other priorities.

9 PICA is pleased to
10 continue its support for the City
11 of Philadelphia's financial health
12 and is grateful for the ongoing
13 cooperative relationship with the
14 administration. And as City
15 Council gears up to consider the
16 FY26 budget and the FY26-30 year
17 plan, PICA remains, as Rob
18 suggests, another thought partner
19 and a resource for thinking about
20 the impacts of Philadelphia's
21 fiscal stability. And please
22 remember to sign up for our
23 E-newsletter and follow us on
24 LinkedIn to stay up-to-date on our

1 monitoring and analysis of the City
2 of Philadelphia's fiscal condition.
3 Happy to answer any questions you
4 have and thank you.

5 COUNCIL PRESIDENT

6 JOHNSON: Thank you very much. I
7 think you answered a couple of my
8 questions in your summary. I want
9 to get an idea of -- and you pretty
10 much summarized our overall health,
11 right. I think right now you said
12 we're spending more than we're
13 actually collecting. And so, we
14 have to stabilize it as we move
15 forward.

16 I'm going to do this.
17 Councilmember Kathy Gilmore
18 Richardson.

19 COUNCILWOMAN GILMORE

20 RICHARDSON: Thank you. Thank you,
21 Council President.

22 And thank you, Marisa.
23 It's so good to see you and thank
24 you for all of your help over the

1 years. I wanted to go to the part
2 of your testimony where you
3 concentrated on the total reserves
4 for unanticipated conditions. And
5 you talked about PICA setting
6 additional benchmarks for the City
7 relative to the total reserves.

8 And so, could you just
9 talk about that a bit more? You
10 know that we worked together so
11 that we can increase the
12 contributions going to the Budget
13 Stabilization Reserve, particularly
14 after COVID. That was a very
15 glaring experience to go through
16 together.

17 So if you could talk
18 about those higher benchmarks. You
19 heard the Administration talk about
20 the Federal Reserve and the money
21 that was set aside in the most
22 recent Mid-year. And so, in light
23 of that updated information can you
24 talk about what you all are

1 thinking about for the total
2 reserves?

3 MS. WAXMAN: Certainly.

4 I'll start -- and thank you,
5 Councilmember -- by noting that the
6 PICA Act, the state legislation,
7 only requires the City to have a
8 positive fund balance in order for
9 the PICA Board to approve the plan,
10 right. So when we're looking to
11 approve the plan, if they've got
12 \$0.67 less than the price of a
13 pineapple, whatever it is, that's
14 enough to get PICA's approval.
15 That said, we make recommendations
16 to go higher.

17 The Government Finance
18 Officers Association recommends 17%
19 and PICA isn't particularly,
20 doesn't particularly care that it
21 be definitely all in fund balance
22 or all in the Budget Stabilization
23 Reserve or all in a new federal
24 grants reserve. It's about looking

1 holistically that do we have about
2 two months' worth of revenues or
3 two months' worth of savings
4 because if there's a problem and
5 it's a little bit of a wobble, it
6 can cover it.

7 But really what that
8 level buys us is time to make good,
9 smart, strategic decisions if the
10 scale of the problem is huge, like
11 the loss of all federal funds.
12 We're not going to be able to build
13 up in the near term a \$2.8 billion
14 reserve.

15 COUNCILWOMAN GILMORE

16 RICHARDSON: Right.

17 MS. WAXMAN: But having
18 that 17%, two months' worth of
19 spending, buys us time to be
20 thoughtful and make good decisions.

21 COUNCILWOMAN GILMORE

22 RICHARDSON: Okay. Thank you for
23 that. I wanted to make sure I put
24 that on the record. Knowing

1 that -- and I think your testimony
2 talked about this, around the
3 spending. Okay. Could you talk
4 about sort of some of the
5 recommendations that the PICA Board
6 is giving to the City specifically
7 because you talked about having to
8 have the positive fund balance no
9 matter what.

10 But when spending
11 outpaces your revenue collection at
12 some point the buck is going to
13 stop. And so, what has been the
14 recommendation from PICA to the
15 City?

16 MS. WAXMAN: So our
17 clearest recommendation is to get
18 to the point when you're doing a
19 five-year plan, plan to get to
20 structural balance where your
21 revenues each year can more than
22 cover your expenses. And so,
23 that's what we would like to be
24 seeing in the outyears of the plan.

1 Philadelphia has been
2 able to do it in certain years.
3 But projects going forward, I think
4 that it would be smart, sound,
5 fiscal and budgetary practice to
6 develop budgets that expect to have
7 structural balance to them and not
8 rely on fund balance because at
9 some point those won't be there.

10 COUNCILWOMAN GILMORE

11 RICHARDSON: Right. Thank you.
12 Thank you very much.

13 COUNCIL PRESIDENT

14 JOHNSON: Thank you, Madam Leader.

15 Marisa, what specific
16 areas do you believe Council should
17 be paying close attention to in
18 terms of our City's fiscal health
19 from the outside looking in?

20 MS. WAXMAN: So you know
21 I think all of them obviously and I
22 know that you are and we appreciate
23 this hearing today. But I think
24 it's sort of stepping through the

1 basics. One, looking on the
2 revenue side, making sure we
3 understand where we're getting
4 funding from and our expectations
5 match up to reality.

6 Luckily, we found that
7 Philadelphia has a really good
8 track record there but keeping the
9 eye on the ball that the revenue
10 projections are realistic. Once we
11 get to the spending side it's
12 thinking about things like all
13 those fixed costs, what can we do.
14 It's a lot of those you can't
15 change in one year but making the
16 progress on the Pension Fund, being
17 thoughtful about debt issuance and
18 balancing that with pay-as-you-go
19 financing is really important to
20 make sure that we are not locking
21 ourselves into payments, pushing
22 those forward on folks so that
23 there's no flexibility.

24 Really on the spending

1 side it's about maintaining a level
2 of flexibility so that we can make
3 decisions for what the needs are.
4 And then we're PICA. The key thing
5 we care about is maintaining and
6 planning for positive fund balances
7 just so that there's a cushion so
8 that if something unexpected
9 happens, there's the flexibility to
10 make different decisions and the
11 time to make them.

12 We've seen in the city
13 the past year a number of
14 organizations go away, BDT,
15 University of the Arts, that seem
16 not to have time to make different
17 decisions. And that's really what
18 having adequate reserves is about,
19 is either being able to sort of
20 bridge over a minor thing or being
21 able to pivot and make decisions.
22 And so, building flexibility into
23 our financial plans I think is
24 really key.

1 COUNCIL PRESIDENT

2 JOHNSON: Can you highlight any
3 particular revenue streams or
4 expenditure categories that are
5 showing concerning trends compared
6 to our projections?

7 MS. WAXMAN: So
8 obviously, as both the Finance
9 Director and I raised today and
10 everyone is thinking about, the
11 federal funds is a significant
12 concern as well as the tax revenue
13 streams that are dependent on
14 those. So coming from our meds and
15 eds, we have always been a city
16 almost insulated from certain
17 economic changes and trends because
18 of our concentration. The meds and
19 eds, that their funding wasn't
20 based on sort of the economy,
21 day-to-day ups-and-downs of the
22 stock market. But right now they
23 really may be much more vulnerable.

24 And I may not get this

1 exactly right, but I believe around
2 \$100 million of the wage tax each
3 year comes from federal government
4 employees. And so, there's a real
5 vulnerability for us that we
6 haven't had in the past and that's
7 something that we're looking at and
8 concerned about.

9 And then PICA just did a
10 report looking at the precision of
11 our revenue estimates over the past
12 20 years. Some of them have been
13 really close on the nose, our wage
14 tax or real estate. But we do have
15 some other taxes that are
16 incredibly volatile that Rob and
17 Sabrina already spoke about today,
18 the Business Income and Receipts
19 Tax and the Realty Transfer Tax.

20 The amusement tax is
21 also pretty volatile, but it tends
22 to depend on how good the teams are
23 and whether or not we get into the
24 playoffs. So if you can control

1 that, that'd be super helpful for
2 the revenue projections.

3 COUNCIL PRESIDENT

4 JOHNSON: Yeah. I'm looking for,
5 what is it called, not a three-peat
6 but a two-peat. Okay. Back-to-
7 back.

8 The Chair recognizes
9 Councilmember Anthony Phillips.

10 COUNCILMAN PHILLIPS:

11 Thank you, Council President. All
12 about the two-peat.

13 I just want to ask, you
14 mentioned in your testimony that
15 setting aside more reserves whether
16 in the fund balance, Budget
17 Stabilization Reserve or other
18 reserve is not without drawbacks
19 and you mentioned that it's
20 important that we put more into the
21 reserves. It would be very
22 prudent. Do you have a dollar
23 amount of how much it should be in
24 the reserves every single year?

1 MS. WAXMAN: So as I
2 said, PICA by law is simply looking
3 for a positive fund balance. But
4 we do recommend looking to things
5 like the GFOA, which would right
6 now be in the neighborhood of about
7 \$1 billion. So about twice what
8 the City is projecting for its fund
9 balance this year.

10 COUNCILMAN PHILLIPS: So
11 you can't necessarily recommend
12 anything that would make sense --

13 MS. WAXMAN: Well, we
14 recommend aiming towards that GFOA
15 level around 17%. But by law we're
16 not going to hold up the City's
17 financial plan because the state
18 law says it should be positive.
19 But we recommend looking to that
20 17%, which right now is about \$1
21 billion and is in line with what
22 other jurisdictions do.

23 I know it may sound, you
24 know, we've gotten used to having

1 much thinner fund balances in
2 Philadelphia but that's not normal.

3 COUNCILMAN PHILLIPS: So
4 that's why, you know, I understand
5 \$1 billion is the goal, right, but
6 we're not going to meet that goal.
7 But I just was curious, like who
8 would be responsible that would
9 give us a sense of what can we do
10 that would be just as grand?

11 MS. WAXMAN: So one of
12 the things we'll be looking for
13 when we look at the FY26-30 plan
14 when it comes out next month is, is
15 the City even hitting what its
16 internal goal of 6% to 8% in each
17 year of the plan. So that's
18 another, you know, if you think
19 that getting to the 17%, billion
20 dollars, within the next five years
21 is too much of a stretch, another
22 sort of level that we'll be looking
23 at is, is the City hitting that at
24 least 6% to 8% target in each year

1 of the plan.

2 COUNCILMAN PHILLIPS:

3 Okay. And then also, have you
4 looked at other cities that are
5 doing well with their reserve
6 balance or cities that have come
7 out of a circumstance similar to
8 what we're going through right now
9 that we should potentially model?

10 MS. WAXMAN: Yeah. So
11 there are a number of cities that,
12 you know, no two cities are exactly
13 alike. But we do keep an eye and
14 PICA in the past benchmark against
15 other cities. We probably will
16 within the next year. But looking
17 at cities like Las Vegas, you might
18 think those are gamblers. They're
19 not willing to have a lot of money
20 set aside. No, they have over 20%.

21 A number of cities
22 legislate and say that there must
23 be at least a 10% fund balance.
24 Washington, D.C. has -- and

1 obviously their structure is very
2 different, but they have very
3 significant reserves.

4 And so, there are places
5 that we can look to that the
6 demographics are somewhat similar,
7 conditions are always a little bit
8 different, but it's something we
9 can also get back to you with.
10 It's just looking at where are
11 other cities right now and how does
12 Philadelphia stack up so that's
13 something we can certainly look
14 into.

15 COUNCILMAN PHILLIPS:
16 Yeah, that would certainly be very
17 helpful. Yeah, that would be
18 beyond helpful. And I'm just
19 really curious about how do we get
20 the right dollar amount, right,
21 because right now Rob is kind of
22 like overseeing all of it, right.
23 And do we need to make sure we get
24 other people involved, right, to

1 make sure that we're at the right
2 dollar amount because we just want
3 to get this all right. Thank you.

4 COUNCIL PRESIDENT

5 JOHNSON: Thank you, Member
6 Phillips.

7 Councilmember Katherine
8 Gilmore Richardson.

9 COUNCILWOMAN GILMORE

10 RICHARDSON: Thank you,
11 Mr. President.

12 Marisa, I wanted to just
13 go back to the part where you
14 mentioned the impact of the job
15 loss in the federal government for
16 people who work here in
17 Philadelphia around the wage tax.
18 And you said in total for all of
19 our federal employees it's around
20 \$100 million in wage tax that comes
21 to the City. And what is PICA's
22 thinking around the impact that
23 that could have on our budget?

24 MS. WAXMAN: I mean,

1 there's so much uncertainty right
2 now so knowing what the scale is
3 going to be is hard to predict.

4 COUNCILWOMAN GILMORE

5 RICHARDSON: You don't know what
6 you don't know right now.

7 MS. WAXMAN: And so,
8 yeah. All of us wish we had a
9 crystal ball and knew how this
10 would shake out, as we talked to
11 colleagues in other cities, turn to
12 our professional organizations that
13 look nationally. But there may be
14 hard challenges ahead, but we don't
15 know yet what those are going to
16 be.

17 And one of the nice
18 things about being at PICA is we're
19 concerned with the fiscal stability
20 but obviously it is the elected
21 leaders. We don't substitute our
22 wisdom for the policy choices and
23 decisions in those places, but we
24 are happy to provide as much

1 analysis and support as you guys
2 navigate upcoming challenges as we
3 can to you.

4 COUNCILWOMAN GILMORE

5 RICHARDSON: Sure. I would love to
6 keep up with the federal trend. We
7 actually had a constituent reach
8 out to our office yesterday looking
9 for assistance who was just let go
10 from SSA. So I would love to
11 continue to receive the outside
12 PICA analysis regarding this issue
13 in particular. Thank you.

14 COUNCIL PRESIDENT

15 JOHNSON: Thank you very much,
16 Majority Leader.

17 Are there any other
18 questions from members of the
19 Committee?

20 (No response.)

21 COUNCIL PRESIDENT

22 JOHNSON: Marisa, as always thank
23 you --

24 MS. WAXMAN: Thank you

1 so much.

2 COUNCIL PRESIDENT

3 JOHNSON: -- for your hard work and
4 your dedication. Welcome back to
5 City Council.

6 And with that being
7 said, if there are no other
8 questions, comments or witnesses
9 for this Committee, this concludes
10 the hearing on Resolution No.
11 240886. And I want to sincerely
12 thank everybody for taking time out
13 of your schedule and being here at
14 this hearing. Thank you very much.

15 (Committee on Fiscal
16 Stability and Intergovernmental
17 Cooperation adjourned at 1:06 p.m.)

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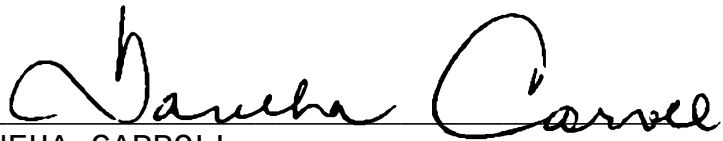
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C E R T I F I C A T I O N

I, hereby certify that the proceedings
and evidence noted are contained fully and
accurately in the stenographic notes taken by
me in the foregoing matter, and that this is
a correct transcript of the same.

A handwritten signature in black ink, reading "Taneha Carroll". The signature is fluid and cursive, with the first name "Taneha" and the last name "Carroll" clearly distinguishable.

TANEHA CARROLL
Court Reporter - Notary Public

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		86:18	220	58	
\$	1	87:18	29:1	12:1	9
\$0.67	1.6	95:15,	23	580	9
86:12	40:18	20	30:11	38:5	9:23
\$1	10	96:19	240886	584	9%
9:4	22:15	18	102:11	78:17	12:14
95:7,20	36:15	36:21	250th	584.3	900
96:5	49:5	18th	16:10	11:22	39:17
\$1.4	68:4	77:19	295		82:23
7:6	10%	1990s	35:5	6	942.9
\$10,000	97:23	71:11		6%	17:15
65:4	100	79:10	3	10:3	96
\$100	18:7	1:06	30	12:12	78:5
93:2	36:12	102:17	31:17	96:16,	981.6
99:20	62:4		51:10	24	17:19
\$150,000	100%	2	35	600	A
46:1	82:17,	2	31:15	17:20	abatement
\$2.8	20	65:6	395	60s	t
8:6	12	20	78:7	7:13	20:15
87:13	20:1	51:10		65.7	21:4,9
\$200,000	65:5	93:12	4	48:8,10	ability
45:23	12.3	20%	4.3	66	8:18
\$300	36:23	39:20	39:9,10	48:4	13:2
35:6	130	46:7	41	7	59:21
50:20	36:19	97:20	30:20,	7.7	67:10
\$45	1400	20%-ish	21	82:7	absolute
16:7	26:1,2	39:17	414.2	70%	ly
\$580	15	200	17:16	38:20	53:9
9:23	68:4	82:22	45	7th	59:4
\$66.6	16	2013	9:6	68:10	60:7
50:12	11:23	41:5,12			access
\$80	78:16	2026	5	8	10:22
10:12	168	11:4	5	8%	71:23
35:13	40:19,	30:4	39:6	10:3	72:6
\$880	22	35:14	500	12:13	account
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