

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

5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Thursday, December 9, 1999
9 9:00 a.m.
10 - - -

11 BILL 990805 - Withdrawn.

12 BILL 990806 - Authorizing transfers in
13 appropriations for Fiscal Year 2000 within the
14 Aviation Fund.

15 BILL 990807 - Authorizing transfers in
16 appropriations for Fiscal Year 1999 within the
17 Aviation Fund.

18 BILL 990808 - Authorizing transfers in
19 appropriations for Fiscal Year 1999 within the
20 General Fund.

21 BILL 990836 - Authorizing transfers in
22 appropriations for Fiscal Year 2000 from the
23 General Fund, the Director of Finance -
24 Contribution to School District/Tax Cuts and the
25 City Representative and the Director of Commerce -
Economic Stimulus and from the Grants Revenue
Fund, the Director of Finance - Provision for
Other Grants to the General Fund, the First
Judicial District of Pennsylvania.

(Full text of all bills contained herein.)

19 PRESENT: COUNCILWOMAN JOAN L. KRAJEWSKI, Chair
20 COUNCIL PRESIDENT ANNA C. VERNA
21 COUNCILWOMAN DONNA REED MILLER
22 COUNCILMAN DARRYL L. CLARKE
23 COUNCILMAN FRANK DICICCO

24 - - -

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1 12/9/99 APPROP. - BILLS 990806, 807, 808, 836

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

3 COUNCILWOMAN KRAJEWSKI: Good morning.

4 The Committee on Appropriations is now in
5 session. Will the clerk please read the title of
6 the bills.

7 THE CLERK: Bill No. 990806, an
8 ordinance authorizing transfers in appropriations
9 for Fiscal Year 2000 within the Aviation Fund from
10 certain or all City offices, departments, boards,
11 and commissions to certain or all City offices,
12 boards, departments, and commissions.

13 Bill No. 990807, an ordinance
14 authorizing transfers in appropriations for Fiscal
15 Year 1999 within the Aviation Fund from certain or
16 all City offices, departments, boards and
17 commissions to certain or all City offices,
18 departments, boards, and commissions.

19 Bill No. 990808, an ordinance
20 authorizing transfers in appropriations Fiscal
21 Year 1999 within the General Fund from certain or
22 all City offices, departments, boards and
23 commissions to certain or all City offices,
24 departments, boards, and commissions.

25 Bill No. 990836, an ordinance

1 12/9/99 APPROP. - BILLS 990806, 807, 808, 836
2 authorizing transfers in appropriations for Fiscal
3 Year 2000 from the General Fund, the Director of
4 Finance - Contribution to School District/Tax Cuts
5 and the City Representative and the Director of
6 Commerce - Economic Stimulus and from the Grants
7 Revenue Fund, the Director of Finance - Provision
8 for Other Grants to the General Fund, the First
9 Judicial District of Pennsylvania.

10 COUNCILWOMAN KRAJEWSKI: I believe that
11 Bill No. 990805 has been withdrawn. Thank you.

12 Who's here from the administration?
13 (City witnesses come forward.)

14 COUNCILWOMAN KRAJEWSKI: Good morning,
15 gentlemen.

16 MR. NADOL: Good morning.

17 MR. DUBOW: Good morning.

18 COUNCILWOMAN KRAJEWSKI: Please state
19 your name for the record.

20 MR. NADOL: I'm Mike Nadol, N-A-D-O-L,
21 City Finance Director.

22 MR. DUBOW: I'm Bob Dubow, City's
23 Budget Director.

24 We're here before you today to offer
25 testimony on Bills 990807, 990808, which make FY

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2 '99 budget appropriation transfers between and
3 among classes and departments in the City's
4 General Fund and Aviation Fund.

5 In addition, we're going to offer
6 testimony on Bills 990836 and 990806, which make
7 FY 2000 appropriation transfers between and among
8 classes and departments in the City's General
9 Fund, the Grants Fund, and the Aviation Fund.

10 Bill No.'s 990807 and 990808 are
11 required for the 1999 year-end closing of
12 financial records in the City. As you know,
13 year-end transfer ordinances are introduced in
14 City Council every year. Once each Fiscal Year
15 ends, the Accounting Bureau and the Office of the
16 Director of Finance close the books on that year's
17 financial transactions and begins to compile the
18 annual financial report of the City covering that
19 Fiscal Year.

20 In the course of preparing the City's
21 financial report, the Accounting Bureau and the
22 Budget Office identify reconciliations which need
23 to take place between the total (unintelligible)
24 and the financial report and the appropriations
25 for each department included in the City's

1 12/9/99 APPROP. - BILLS 990806, 807, 808, 836
2 operating budget.

3 Once the annual financial report is
4 completed, it's audited by the City Controller,
5 who serves as the City's independent auditor. For
6 the Controller to give a favorable opinion
7 regarding the annual financial report,
8 (unintelligible) appropriations for each
9 department and each fund must be consistent with
10 the annual report. Enactment of the 1999 year-end
11 transfer ordinances will make possible direct
12 reconciliation that's required in order to permit
13 the controller to issue a favorable opinion.

14 The transfers in Bill No. 99808 are
15 needed to close the books on the FY '99 General
16 Budget. As shown in Exhibit A attached, there are
17 33 transfers in the bill. Now I'll summarize the
18 reason for the major transfers included in it.

19 There are a total of 20 transfers that
20 involve a change in total appropriations for a
21 particular department or cost center, 7 of which
22 are increases. These 7 transfers represent total
23 net increases of \$37.4 million.

24 The largest request to increase is a
25 \$14.4 million net increase in the Police

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2 Department appropriation, with 14.8 transferred to
3 Class 100, largely to cover increased costs
4 associated with the August 1998 arbitration award,
5 as well as some increased overtime costs related
6 to an increased number of arrests. Another
7 \$176,596 would be transferred to the Department's
8 Class 800 appropriation to fund the Department's
9 FY 8 payment to the City's Productivity Bank for
10 the initial MDT pilot program. The MDT pilot led
11 to the installation of mobile data terminals in
12 all police district patrol cars. These increased
13 costs are offset by small surpluses totaling
14 \$519,892 in the Class 200 and Class 3/400
15 appropriations for the Police Department.

16 An increase of \$14,083,860 is requested
17 in the Director of Finance-Contribution to the
18 School District appropriation. This increase is
19 requested to support the continued improved
20 operations of the Philadelphia public school
21 system. Specifically, the City's annual
22 supplementary appropriations to the School
23 District have enabled the School District to
24 provide additional staff and equipment, including
25 metal detectors, to create a safer learning

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2 environment for the City's students, provide
3 additional textbooks, computers, and other
4 educational materials, and to continue full-day
5 kindergarten for every five-year-old in the City.

6 The \$14 million proposed transfer
7 represents the second such transfer to the School
8 District out of the FY '99 budget and continues
9 our efforts to provide additional aid to the
10 School District on an interim basis until the
11 Commonwealth meets its constitutional obligation
12 to properly fund the schools. With this second
13 supplementary contribution from FY '99's budget,
14 the Administration does not currently anticipate a
15 contribution in FY 2000.

16 An increase of \$4.4 million is
17 requested in the Licenses and Inspections
18 demolition appropriation due to additional
19 requirements for the demolition of imminently
20 dangerous buildings. In total, L&I demolished
21 1,059 buildings in FY '99, which is an increase of
22 31 percent from FY '98, even while the City
23 provided the highest level of demolition funding,
24 a total of \$15 million, in the city's history.
25 That's 'cause the average cost of demolition has

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2 risen substantially as a result of enhanced
3 monitoring to prevent the onsite bearing of
4 nontoxic debris at demolition sites, more
5 expensive asbestos remediations, and reduced
6 opportunities to perform string demolitions, an
7 approach used by L&I to demolish adjoining
8 buildings together to achieve cost efficiencies.

9 A net increase of approximately
10 \$4.3 is requested in the Department of Records
11 appropriation to repay a Productivity Bank loan.
12 In FY '94, the Records Department received a
13 \$3.85 million loan for an automated document
14 recording system which was to have been
15 implemented by the fall of 1996. Unfortunately,
16 under the system's design and implementation
17 process, the Department encountered a number of
18 delays before the effort collapsed altogether,
19 with the vendor terminating its contract and fully
20 reimbursing City for all the funds that the City
21 had paid. Subsequently, in March of 1998, the
22 Administration initiated a comprehensive effort to
23 re-engineer the document-recording process first
24 before settling on an automation system. During
25 the last 18 months, the Department has implemented

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2 a redesigned manual recording process that has
3 increased its daily recording capacity from an
4 average of 760 documents to 917 documents with the
5 same level of resources.

6 Additionally, the Department has
7 established a customer service desk and a pilot
8 program to provide remote computer access to the
9 Recorder's Index for some of its largest-volume
10 clients. With the re-engineering process
11 completed, the Department recently received, with
12 Council approval, to second Productivity Bank loan
13 to fund a new automated recording system that
14 will, as a result of the, re-engineering effort,
15 support a new, efficient recording process. And
16 now the Productivity Bank will be fully repaid
17 with principal and interest for its original loan.

18 These increases in appropriations are
19 made possible through reductions in 13 different
20 appropriations.

21 The largest proposed reduction in this
22 ordinance is approximately 7.1 million from the
23 Director of Finance-Fringe Benefits. This
24 reduction's made possible because of
25 lower-than-projected costs for employee health and

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2 medical benefits in FY '99. Although the costs
3 were lower than budgeted, the total of 162.1
4 million was an increase from 151.6 in FY '98.

5 A reduction of 6.7 million is requested
6 in the appropriations for the Department of
7 Revenue-Sinking Fund Commission. This reduction
8 is possible due to savings resulting from a bond
9 refunding and lower-than-budgeted costs for new
10 general obligation bonds and for short-term
11 borrowing.

12 Excess appropriations are also
13 available in the amount of \$6.4 million from the
14 Department of Public Health. Approximately
15 1.2 million of the savings is a result of
16 unanticipated vacancies in authorized positions,
17 with the rest largely the result of
18 lower-than-anticipated revenue pass-through's to
19 the contract operator of the Philadelphia Nursing
20 Home. The nursing home's operations are funded
21 largely through revenue from medical assistance
22 and Medicare. These revenues are received
23 directly by the Department of Public Health, which
24 then passes it on to the contractor. The FY '99
25 budget assumed an amount of passed-through revenue

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2 based on an arrange daily census at the nursing
3 home of 475, which is 95 percent of capacity. The
4 actual average census during FY '99, however,
5 reached only 433 because of delays in opening a
6 new 50-bed unit. Revenues received from the
7 nursing home and the corresponding pass-through
8 expenditures, therefore, were lower than budgeted.

9 Another \$5.7 million is available in
10 the General Fund appropriation for the Streets
11 Department, a savings that resulted largely from
12 higher-than-expected level of vacancies in
13 authorized positions, a mild winter that reduced
14 overtime costs for snow removal from what had been
15 budgeted, and a reduction in the electric power
16 costs for street lights, alley lighting, and
17 traffic signals. The energy savings was largely
18 the result of a combination of lower-than-budgeted
19 rates for electricity and the Department's
20 light-Emitting Diode, or LED program, which
21 involves the replacement of 26,000 red traffic
22 signals with long-life, energy-efficient LED
23 signals. Intensive testing shows that LED signals
24 are brighter, less likely to burn out than
25 traditional traffic lights, and consume 83 percent

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2 less energy than incandescent bulbs. These
3 devices, moreover, have a useful life in excess of
4 six years, compared to useful life of one year for
5 conventional bulbs.

6 Another approximately 2.5 million is
7 available in the appropriation for the Streets
8 Department's Sanitation Division as a result of
9 higher-than-expected level of vacancies in
10 authorized positions, reduced overtime as result
11 of disposal efficiencies, and lower-than-projected
12 landfill costs, resulting from lower-than-expected
13 overall tonnage collected.

14 A reduction of about 3.6 million is
15 requested in the appropriation for the Department
16 of Human Services. This reduction is made
17 possible because of a higher-than-projected level
18 of vacancies in authorized positions and a
19 lower-than-projected cost for placement of
20 children in the Children Youth Division as a
21 result of slower growth in the CYD caseload than
22 had originally been projected.

23 Other significant reductions in
24 appropriations proposed in this bill include an
25 approximately 2.2 million decrease in the Public

The other 13 transfers in this bill are

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2 between classes and in departments and thus result
3 in no net change in FY '99 department
4 appropriations.

5 The largest internal transfer is a
6 \$4.8 million shift between classes in the First
7 Judicial District budget. As in the last several
8 years, the First Judicial District realized the
9 Class 100 surplus. This ordinance would transfer
10 the surplus to Class 200 to provide additional
11 monies to the Administrative Office of the
12 Pennsylvania Courts for training and equipment for
13 City court personnel as well as for renovations of
14 First Judicial District-occupied space in City
15 Hall, consistent with the ongoing agreement of
16 understanding between the City and the AOCF.

17 The next largest internal transfer is a
18 \$519,892 shift between classes in the Police
19 Department budget. The Police Department achieved
20 a slight surplus in Class 200 and Class 3/400 that
21 will be used to help cover increases in Class 100
22 costs, as well as a \$176,596 scheduled repayment
23 to the Productivity Bank for the mobile data
24 terminal project, as described earlier in the
25 testimony.

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2 The transfers in Bill No. 990807 are
3 needed to close the books --

4 COUNCILWOMAN KRAJEWSKI: Excuse me Mr.
5 Dubow.

6 MR. DUBOW: Yes?

7 COUNCILWOMAN KRAJEWSKI: These are just
8 transfers from class to Class; is that what we're
9 saying?

10 MR. DUBOW: That's right, yes.

11 COUNCILWOMAN KRAJEWSKI: All right.
12 Well, I believe that we could have your testimony
13 read into the --

14 MR. DUBOW: Okay, all right. And do
15 you want to do that for the remaining bills too?
16 They have the --

17 COUNCILWOMAN KRAJEWSKI: Yeah, I think
18 we can go on.

19 MR. DUBOW: -- Aviation in the FY 2000
20 midyear and the Aviation midyear for FY 2000.
21 We'll just read those into the record?

22 COUNCILWOMAN KRAJEWSKI: Right.

23 MR. DUBOW: Okay, thank you.

24 (Remainder of Mr. Dubow's testimony
25 submitted in written form and is attached hereto.)

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2 COUNCILWOMAN KRAJEWSKI: Are there any
3 questions from members of the committee?

4 Yes, Councilwoman Miller?

5 COUNCILWOMAN MILLER: Good morning.

6 MR. DUBOW: Good morning.

7 COUNCILWOMAN MILLER: I have a question
8 as it relates to the School District contribution.

9 MR. DUBOW: Yes.

10 COUNCILWOMAN MILLER: And in your last
11 sentence, it says that the Administration does not
12 currently anticipate a contribution in Fiscal Year
13 2000.

14 MR. DUBOW: Yes.

15 COUNCILWOMAN MILLER: Could you further
16 expound on that?

17 MR. DUBOW: Yeah. Essentially what
18 we're doing with this transfer is asking you to
19 approve a second FY '99 transfer, so we'd be
20 giving the District roughly 30 million in '99
21 instead of 15 million in each year.

22 COUNCILWOMAN MILLER: Okay. Well, I
23 know that everybody has been anticipating getting
24 money from the State and since I've been here, we
25 have not, and I want to advocate on the School

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2 District's behalf that if they need the additional
3 15 million next year, then we should be able to
4 give it to them.

5 MR. NADOL: Just to clarify what we're
6 proposing to do. We're proposing to take
7 advantage of certain one-time revenue gains that
8 the City experienced in the Fiscal Year just
9 passed that left us in a stronger position than
10 might otherwise, you know, have been the case to
11 accelerate the FY 2000 payment and to do it within
12 the City's Fiscal 1999 budget.

13 So we're not proposing or anticipating
14 that we're shortchanging the District in the next
15 year; we're actually paying next year's
16 contribution a little bit early out of Fiscal Year
17 '99's budget in order to take advantage again of
18 some of the one-time revenue gains that we
19 experienced in our last Fiscal Year.

20 MR. DUBOW: We're giving them in
21 advance.

22 COUNCILWOMAN MILLER: I understand
23 you're giving them in advance, but I would like
24 them to have consideration next year based on need
25 and one-time gains, and I'm sure we'll have some.

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2 Okay thank you.

3 COUNCILWOMAN KRAJEWSKI: Thank you.

4 Are there any other questions from
5 members of the committee?

6 (No questions.)

7 COUNCILWOMAN KRAJEWSKI: With that, I'm
8 going to call on Councilman DiCicco for the
9 purpose of Bill No. 990806.

10 COUNCILMAN DICICCO: You mean 836?

11 COUNCILWOMAN KRAJEWSKI: Oh, I'm sorry,
12 836.

13 The Chair recognizes Councilman
14 DiCicco.

15 COUNCILMAN DICICCO: Thank you, Madam
16 Chair.

17 I offer an amendment to Bill No.
18 990836, and the amendment is on Page 2, under the
19 title "From Grants Revenue Fund 8.20, Director of
20 Finance-Provision for Other Grants."

21 Advances and other miscellaneous
22 payments. Strike \$30,040,235 and insert
23 \$30,540,235. Total, strike \$30,040,235 and insert
24 \$30,540,235. Total quote from Grants Revenue
25 Fund, strike \$30,040,235 and insert \$30,540,235.

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2 Total from section, strike \$54,485,629 and insert
3 \$54,985,629.

4 Going further down on Page 2, General
5 Fund, under Section 2.68, First Judicial District
6 of Pennsylvania. Under "Personal Services,"
7 strike \$41,883,398 -- sorry, let me repeat that.
8 Strike \$41,883,398 and insert \$42,383,398.

9 On Page 3 under "Total," strike
10 \$54,485,629 and insert \$54,985,629. Next line
11 "Total," two section, strike \$54,485,629 and
12 insert \$54,985,629.

13 COUNCILWOMAN KRAJEWSKI: All in favor
14 of the amendment?

15 COUNCILMAN DICICCO: I would move for
16 the adoption of the amendment.

17 (Duly seconded.)

18 COUNCILWOMAN KRAJEWSKI: All in favor
19 in favor?

20 Opposed?

21 So the amendment is. . .

22 All right, that ends our public
23 hearing. We will now go into our public meeting.

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1 12/9/99 APPROPRIATIONS - PUBLIC MEETING

2 COUNCILWOMAN KRAJEWSKI: Councilman
3 DiCicco, Bill No. 990836.

4 COUNCILMAN DICICCO: Thank you, Madam
5 Chair. I move for the adoption of the amendment
6 that was just read into the record on Bill No.
7 990836.

8 (Duly seconded.)

9 COUNCILWOMAN KRAJEWSKI: All in favor?
10 Opposed?

11 All right, Bill No. 990836 will be
12 reported out of this committee, as amended, so as
13 to permit first reading at the next session of
14 Council.

15 COUNCILMAN DICICCO: I move that
16 Bill No. 990836, as amended, be reported out of
17 this committee with a favorable recommendation and
18 that the rules of Council be suspended so as to
19 permit first reading at our Council session today.

20 (Duly seconded.)

21 COUNCILWOMAN KRAJEWSKI: All in favor,
22 aye?

23 Opposed?

24 The bill will be reported out of this
25 committee with a favorable recommendation and with

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2 a suspension of rules so as to permit first
3 reading at the next session of Council.

4 Councilman Clarke, Bill No. 990806.

5 COUNCILMAN CLARKE: Thank you, Madam
6 Chair. I move that Bill 990806 be moved out of
7 committee with a favorable recommendation and a
8 suspension of the rules.

9 (Duly seconded.)

10 COUNCILWOMAN KRAJEWSKI: All those in
11 favor?

12 Opposed?

13 Therefore, Bill No. 990806 will be
14 reported out of this committee with a favorable
15 recommendation and with a suspension of rules so
16 as to permit first reading at the next session of
17 Council.

18 The Chair recognizes Councilwoman
19 Miller for Bill 990807.

20 COUNCILWOMAN MILLER: Thank you, Madam
21 Chair. I move that Bill No. 990807 be moved out
22 of this committee with a favorable recommendation
23 and that the rules of Council be suspended so as
24 to permit first reading.

25 (Duly seconded.)

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2 COUNCILWOMAN KRAJEWSKI: All those in
3 favor?

4 Opposed?

5 Therefore, Bill No. 990807 will be
6 reported out of this committee with a suspension
7 of the rules so as to permit first reading at the
8 next session of Council.

9 The Chair recognizes Councilwoman Verna
10 for Bill No. 990808.

11 COUNCIL PRESIDENT VERNA: Madam Chair,
12 I move that Bill No. 990808 be reported out of
13 committee with a favorable recommendation and also
14 a recommendation that the rules of Council be
15 suspended so as to permit first reading at our
16 next meeting.

17 (Duly seconded.)

18 COUNCILWOMAN KRAJEWSKI: All those in
19 favor?

20 Opposed?

21 Therefore, Bill No. 990808 will be
22 reported out of this committee with a favorable
23 recommendation and with a suspension of rules so
24 as to permit first reading at the next session of
25 Council.

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2 Thank you all very much. That ends the
3 hearing on Appropriations.

4 COUNCILMAN DICICCO: Thank you, Madam
5 Chair.

6 COUNCIL PRESIDENT VERNA: Thank you,
7 well done.

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

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RE: COUNCIL COMMITTEE ON APPROPRIATIONS

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BILL NO.'S 990806, 807, 808, 836

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JOSEPHINE CARDILLO,

Registered Professional Reporter