COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Monday, June 6, 2011
1:30 p.m.

PRESENT:
COUNCILWOMAN MARIAN B. TASCO, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL CLARKE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILWOMAN BLONDELL REYNOLDS BROWN

BILLS 110297, 110229, 110363, 110371, 110373, 110375, 110376, 110444, 110445, 110446 and 110447

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COUNCILWOMAN TASCO: Good afternoon. The Council Committee on Finance will come to order.

Let me note that there is a quorum in the presses of Councilwoman Blackwell, Councilmen Green, Greenlee, Goode and myself.

We'll now ask the Clerk to read the title of the bills that will be heard today.

THE CLERK: Bill No. 110297, an ordinance authorizing the City Treasurer, on behalf of the City, to enter into an agreement with Wells Fargo Bank, N.A. for provision of payroll banking services to the City, under certain terms and conditions.

Bill No. 110229, an ordinance amending Section 1108 of Chapter 21-1100 ("Community Development") of The Philadelphia Code relating to financing mixed-use projects on or around commercial corridors, under certain terms and conditions.

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Bill No. 110363, an ordinance authorizing the Director of Finance to establish a Parks and Recreation Programs and Facilities Fund in which revenue generated from competitively awarded agreements regarding areas or facilities in the Fairmount Park system may be deposited for use to pay expenses for programs and facilities in the Fairmount Park system, under certain terms and conditions.

Bill No. 110371, an ordinance amending Title 19 of The Philadelphia Code, entitled "Finance, Taxes, and Collections," by authorizing City depositories to hold City funds without posting equivalent collateral, to the extent such City funds do not exceed the insurance provided by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Bill No. 110373, an ordinance amending Chapter 19-2600 of The Philadelphia Code, entitled "Business

Privilege Taxes," by providing for certain exclusions relating to investments made under the federal New Market Tax Credit program, under certain terms and conditions.

Bill No. 110375, an ordinance constituting the Fifteenth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bond Committee to issue and sell either at public or private sale Water and Wastewater Revenue Bonds; providing that such Bonds shall bear interest at prescribed fixed or variable rates; authorizing agreements to provide credit enhancement or payment or liquidity sources or swap payments (or any combination of the foregoing) for such Bonds; authorizing the Director of Finance to take certain actions with regard to the sale of such Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation;

setting forth the use of proceeds; covenanting the payment of interest and principal and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

Bill No. 110376, an ordinance constituting the Fourteenth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bond Committee to issue and sell either at public or private sale, Water and Wastewater Revenue Bonds; providing that such Bonds shall bear interest at prescribed fixed or variable rates; authorizing the agreements to provide credit enhancement or payment or liquidity sources or swap payments (or any combination of the foregoing) for such Bonds; authorizing the Director of Finance to take certain actions with regard to the sale of such Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation;

setting forth the use of proceeds; covenanting the payment of interest and principal and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, all under certain terms and conditions.

Bill No. 110444, an ordinance authorizing the Director of Housing, on behalf of the City, to file applications with the United States Department of Housing and Urban Development for a Community Development Block Grant; to participate in the HOME Investment Partnership program and the Emergency Shelter Grant program; and for a Housing Opportunities for Persons with AIDS grant; and to file applications with the Commonwealth to obtain grants under the Act of April 12, 1956, Public Law 1449, Section 4, as amended, to prevent and eliminate blight; authorizing the Director of Housing and Director of Commerce to file applications to obtain other grants from the Commonwealth;

authorizing the Director of Commerce to use the Section 108 Loan Guarantee Program; and authorizing the Director of Housing and the Director of Commerce to enter into all understandings and assurances contained in such applications and take all necessary actions to accept the grants; all under certain terms and conditions.

Bill No. 110445, an ordinance constituting the Twentieth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975; authorizing the City of Philadelphia to sell, either at public or private sale, Gas Works Revenue Bonds, Twentieth Series to pay the cost of refunding or redeeming certain outstanding Gas Works Revenue Bonds and other Project Costs; authorizing the City to obtain credit enhancement for the Twentieth Series Bonds; making certain determinations and covenants relating to Project Revenues and the payment of interest and principal; and authorizing covenants and actions in order that the Twentieth Series Bonds shall not be arbitrage bonds; all under certain terms and conditions.

Bill No. 110446, an ordinance amending Chapter 19-1600 of The Philadelphia Code, entitled "Water and Sewer Rents," by revising the terms of discontinuance of water and sewer charges, and making technical changes, all under certain terms and conditions.

Bill No. 110447, an ordinance constituting the Eleventh Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998; authorizing the City of Philadelphia to sell, either at public or private sale, Gas Works Revenue Bonds, Tenth Series to pay the cost of refunding or redeeming certain outstanding Gas Works Revenue Bonds, any termination payment which may become due under a Qualified Swap Agreement in connection with the redemption or conversion of all or any portion of Gas Works Revenue Bonds and other Project Costs; authorizing the City to obtain credit enhancement for the Tenth Series Bonds; making certain determinations and covenants relating to Gas Works Revenues and the payment of interest and principal; and authorizing covenants and actions in order that the Tenth Series Bond shall not be arbitrage bonds; all under certain terms and conditions.

COUNCILWOMAN TASCO: Okay. Thank you very much.

We will now hear testimony on Bill No. 110297.

(Witness approached witness table.)

MS. WINKLER: Good afternoon.

COUNCILWOMAN TASCO: Good afternoon. We understand you have an amendment on this bill. We heard testimony on this bill at the prior hearing, which was recessed until today.

MS. WINKLER: Yes. I have a proposed amendment to Bill No. 110297, which adds a new Section 3 to the bill. The amendment is in your packet, and I'd like to offer this up to the Sergeant-at-Arms.

COUNCILWOMAN TASCO: Could we get someone to get the amendment, please.

This is the exhibit to the original bill that we heard testimony on, right?

MS. WINKLER: Yes, it is. It's attached as Exhibit B. It's the fair lending plan.

COUNCILWOMAN TASCO: The fair lending plan?

MS. WINKLER: Yes. So if you recall from my prior testimony, the Bill No. 1102 -- 100129.

COUNCILWOMAN TASCO: 297?

MS. WINKLER: -- required -- yes. It required a fair lending plan to be submitted. At the time the ordinance that's being submitted to extend for one year the term of the payroll contract required that this fair lending plan, which would otherwise have been due later, for it to be included with this ordinance.

COUNCILWOMAN TASCO: Okay. So you're presenting it today as an amendment because it was omitted when you introduced at the hearing --

MS. WINKLER: It was omitted.

COUNCILWOMAN TASCO: I forgot the date, when we had the original hearing.

MS. WINKLER: It was May 23rd.

COUNCILWOMAN TASCO: All right. Thank you very much.

MS. WINKLER: Are there any questions?

COUNCILWOMAN TASCO: Any questions?

(No response.)

COUNCILWOMAN TASCO: I don't think so.

MS. WINKLER: Okay. Thanks.

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COUNCILWOMAN TASCO: We'll now hear -- you might as well stay -- 110371.

MS. WINKLER: Good afternoon, Councilwoman Tasco and members of the Committee on Finance. I'm Nancy Winkler, City Treasurer for the City of Philadelphia, and I'm here to testify in support of Bill No. 110371.

Bill No. 110371 authorizes City depositories to hold City funds without posting equivalent collateral, to the extent that such funds do not exceed the insurance provided by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation.

Effective December 31, 2010, the federal government implemented Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which provides for unlimited insurance coverage for non-interest-bearing transaction accounts. Beginning December 31, 2010 through December 31, 2012, all non-interest-bearing transaction accounts are fully insured regardless of the balance in the account at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses and governmental entities. This unlimited insurance coverage is separate from and in addition to the insurance coverage provided to a depositor or deposit accounts held in an FDIC-insured institution. Interest-bearing accounts are separately covered by FDIC insurance up to $250,000. The proposed ordinance will allow authorized depositories to use FDIC insurance as collateral for non-interest-bearing transaction accounts.

This concludes my testimony. I am happy to answer any questions you may have at this time.

COUNCILWOMAN TASCO: Are there any --

MS. WINKLER: And I would

also -- I don't know if this is the right time, but ask to suspend the rules.

COUNCILWOMAN TASCO: Any questions?

(No response.)

COUNCILWOMAN TASCO: Thank you. Next you have Bill No. 110375.

(Witness approached witness table.)

MS. WINKLER: Good afternoon again. I'm Nancy Winkler, City Treasurer for the City of Philadelphia. With me is Joseph S. Clare, III, Deputy Water Commissioner for the Philadelphia Water Department. We are here to testify on behalf of Bill Nos. 110376 and 110375.

Bill No. 110376 would provide authorization to issue Water and Wastewater Revenue Bonds in an aggregate principal amount of up to $450 million, exclusive of costs of issuance and certain other items.

The bonds will provide new capital to partially finance capital projects approved and authorized in the FY12 through '17 capital budget and plan. Proceeds from the sale of the bonds shall be used exclusively for improvements to the City's water, wastewater and stormwater systems, including treatment plants, pumping stations, conveyance and collection piping and related equipment and facilities and for transaction-related costs.

Bill No. 110375 authorizes the refunding of up to 240 million of currently outstanding Water and Wastewater Revenue Bonds for savings. Candidates for refunding shall be identified and selected based on our existing debt policy. It is the City's general practice to issue refunding bonds when the average debt service savings to be realized from a refunding is at least 3 percent. It is expected that the net debt service after the authorized refundings will be lower than the existing debt service, providing potential debt service expense reductions to offset increases in other water fund costs.

This concludes my testimony. I'm happy to answer any questions that you may have at this time. And, again, I'd like to ask for a suspension of the rules.

COUNCILWOMAN TASCO: Thank you very much.

Who are the participants on the bonds? Have you made those selections yet?

MS. WINKLER: We have not fully completed the selection of the team members. We presently have selected co-bond counsels, which are Andre Dasent and Ballard Spahr. We have issued a request for proposals for financial advisors, which is underway, and four firms have been short-listed, and we expect to have co-financial advisors appointed within the next several weeks, after which time we would proceed with the selection of underwriters. But it is our practice and our intent to have a diverse team of financial advisors and underwriters participating, along with the selected co-bond counsels.

COUNCILWOMAN TASCO: Does the Office of Equal Opportunity participate in this process?

MS. WINKLER: The Office of Equal Opportunity has been invited to participate in the process and informed of our process and of the dates of our meetings and evaluations, yes.

COUNCILWOMAN TASCO: All right. Thank you.

Councilman Bill Green.

COUNCILMAN GREEN: Thank you.

Have they attended any of your meetings?

MS. WINKLER: They did not attend the short-list meeting for -- they were invited, but they did not attend the short-list meeting.

COUNCILMAN GREEN: Okay. To

what extent is the focus of these meetings on involving Philadelphia-based underwriters in the short list for underwriters?

MS. WINKLER: We have not had any meetings related to the selection of underwriters.

COUNCILMAN GREEN: Do you plan to attempt to have at least four Philadelphia-based underwriters as part of the co-management team?

MS. WINKLER: We do weight Philadelphia -- whether or not a company is Philadelphia based or has a strong Philadelphia presence in the selection process. I'm not sure we have a minimum number of firms as a standard practice, but it's a factor in the selection process.

COUNCILMAN GREEN: So you haven't issued an RFP for these underwriters yet?

MS. WINKLER: There was an RFP issued two years ago, which -- well, there was an RFP which was concluded and which established a team of authorized underwriters authorized to serve as a senior manager in the co-manager pool for the water revenue bonds. That pool is already in place and will be in place until the end of this calendar year. So what we'll be doing is selecting from that pool which already exists.

COUNCILMAN GREEN: Who is that pool?

MS. WINKLER: I'm sorry. I don't have that list with me.

COUNCILMAN GREEN: Okay. I ask this question every time there's a bond offering about local participation, and you get the question about minority and women-owned participation, and every time you come before us -- and it's not you. It's happened for three years and five months of my presence on City Council -- it's never known, and then we pass the bill and then like a week later the underwriters are picked.

And so I personally want to try to see you have the answers to those questions prior to us authorizing this. You've had the list for over two years. You know who you're going to pick or you know who you're going to recommend in those meetings, and it's not appropriate for you to come and ask us to approve something when you're not coming here prepared to give us all of the information. And I think who the underwriters are and how this is going to get sold is an appropriate thing for us to know prior to giving you the authorization to go to market.

So I don't really have any questions. I just want to put that on the record, and that will be my stance going forward. I will vote to get this out today.

COUNCILWOMAN TASCO: Any other questions?

(No response.)

COUNCILWOMAN TASCO: We'll vote

it out of Committee, but before we pass it, we'd like to have that information, please.

MS. WINKLER: So what we'll be able to give you --

COUNCILWOMAN TASCO: We'd like to see the list of the underwriters that you have approved.

MS. WINKLER: The list. We certainly can give you the list.

COUNCILWOMAN TASCO: All right. Thank you.

MS. WINKLER: Any other questions?

COUNCILWOMAN TASCO: Any other questions?

(No response.)

COUNCILWOMAN TASCO: You're here again for the PGW bonds.

MS. WINKLER: Yes.

COUNCILWOMAN TASCO: Is Mr. Bogdonavage here?

MS. WINKLER: Yes, he is.

(Witness approached witness

table.)

COUNCILWOMAN TASCO: Good afternoon.

MR. BOGDONAVAGE: Good afternoon.

MS. WINKLER: So good afternoon, Councilwoman Tasco and members of the Committee on Finance. I am Nancy Winkler, City Treasurer for the City of Philadelphia. With me is Joseph R. Bogdonavage, Interim Executive Vice-President and Chief Financial Officer for the Philadelphia Gas Works. We are here to testify on behalf of Bill Nos. 110445 and 110447.

Council Bill No. 110445 would authorize the issuance of Twentieth Series Gas Works Revenue Bonds (the "Twentieth Series Bonds") in an amount not to exceed $19 million in proceeds. The proceeds of the sale would pay the cost of refunding or redeeming a portion of certain outstanding Sixteenth Series Bonds and other project costs.

Council Bill No. 110447 as originally submitted would provide authorization to issue up to 106 million, exclusive of costs of issuance and certain other items, of Tenth Series Gas Works Revenue Bonds (the "Tenth Series Bonds"). Today we are submitting a proposed amendment to that ordinance to authorize up to $145 million of Tenth Series Bonds, and I have that amendment here with me and it should be in your packet as well.

Candidates for refunding shall be identified and selected based on the City's existing debt policy. It is the City's general practice to issue refunding bonds when the average debt service savings to be realized from a refunding is at least 3 percent. It is expected that the net debt service after the authorized refundings will be lower than the existing debt service, providing potential debt service expense reductions to offset increases in other Gas Works fund costs. Given the interest rate volatility in the current market, the ordinance is structured to permit us to determine based on interest rates at the time of issuance to select several structures for the refunding. We are evaluating and will monitor the market for potential partial termination of a swap as part of this transaction. The proceeds of the sale would pay for the cost of refunding or redeeming certain outstanding Gas Works Revenue Bonds, any termination payments which may come due under a Qualified Swap Agreement in connection with the redemption or conversion of all or any portion of a certain Gas Works Revenue Bonds and other project costs. These transactions, if fully executed, could result in net present value savings over the life of the transaction in excess of 4 percent, or $4 million.

This concludes my testimony. I'm happy to answer any questions you may have at this time, and I'd like to ask for a suspension of the rules.

COUNCILWOMAN TASCO: Now, does your department, do you select the team for these bonds also?

MS. WINKLER: Yes.

COUNCILWOMAN TASCO: So where are we with that?

MS. WINKLER: So where we are with that is, we have selected the co-bond counsels for that, which is Andre Dasent and Phoenix -- I'm sorry; Andre Dasent and Blank Rome, and the co-financial advisors are Public Financial Management and Phoenix Advisors.

COUNCILWOMAN TASCO: Okay.

MS. WINKLER: We have not selected underwriters yet.

COUNCILWOMAN TASCO: So when do you plan to select the underwriters?

MS. WINKLER: We are still -- just by way of background, for both the Water and the PGW, we recently ran a competitive process, which is not yet concluded, for letter of credits. The City has letters of credits out that are coming to the end of their terms in August and early September for the GO, the Water and PGW. And so what we chose to do was to run a competitive process for all three of them, trying to get much better pricing and better business terms, and we're evaluating those responses and are thinking about the effect of the value of the savings and benefits that the City is deriving from that RFP process and factoring that into the selection of the underwriting teams.

COUNCILWOMAN TASCO: So you won't know until the fall?

MS. WINKLER: So it would be -- we're probably a couple of weeks away from having gone through a process of evaluating those responses and then factoring that into the team, building the teams on the two transactions.

COUNCILWOMAN TASCO: Do you

also factor in our concern for diversity and local preference?

MS. WINKLER: Yes, we will.

COUNCILWOMAN TASCO: Councilman Green.

COUNCILMAN GREEN: Thank you.

Will that be done before June 16th?

MS. WINKLER: I don't think we're going to be able to have completed that for the Water by June 16th, because we won't have selected the financial advisor, and we would anticipate financial advisor would participate with us. We don't have any meetings scheduled to evaluate the underwriters by then, but --

COUNCILMAN GREEN: When do you expect to go to market?

MS. WINKLER: Probably -- well, the PGW letter of credit expires on August 19th, so we will have concluded -- we would hope to have sold the bonds in July. But it may be -- it would be probably towards the end of July, would be my guess.

COUNCILMAN GREEN: We've discussed in private and before in public the potential of doing auction sort of processes with respect to -- instead of firm underwritten offerings and revenue bonds seem especially well suited to that, Water, et cetera. Is there any plan to look at these offerings as the potential to go that route?

MS. WINKLER: Well, the Water transaction is a new money transaction and a refunding transaction, and it would be somewhat challenging to incorporate the refunding, although it's possible, to incorporate a refunding transaction. It's far less common to do that in a competitive sale.

We're also -- so, no, we don't at this point for the Water, which it's -- we could theoretically sell those competitive. I think to try to sell the -- I don't think it's feasible to sell the PGW bonds competitive. However, I have had conversations with you about seeking to create -- to look at competitive opportunities, and we are at this point seriously considering and will most likely proceed with a competitive sale of the City's trans.

COUNCILMAN GREEN: Okay. Thank you.

COUNCILWOMAN TASCO: Any other questions?

(No response.)

COUNCILWOMAN TASCO: Mr. Bogdonavage, would you please explain why PGW believes it is a good idea to refund certain of its long-term bonds?

MR. BOGDONAVAGE: Certainly. Good afternoon, Councilwoman Tasco and members of the Committee of Finance.

Right now PGW has, as Ms. Winkler pointed out, two ordinances before you, one to refund up to $19 million of the 1975 ordinance bonds and up to $145 million of the 1998 ordinance bonds. The combination of both of those transactions will result in a net present value savings of about 4 percent, or north of $4 million, which would save PGW and the ratepayers that interest cost as we go forwards. So at this point in time, with the favorable interest rates that are in the marketplace, we think it is very prudent to take advantage of the market and also to at this point in time have about a $4 million plus savings that we can pass on through the reduced expenses that PGW is paying to the market right now for interest.

COUNCILWOMAN TASCO: Why does Bill 110447 need to be amended to increase the maximum refunded bonds from 106 million to 145 million?

MR. BOGDONAVAGE: Initially we had done some sensitivity analysis, along with our financial advisors, and the reason that the increase up to 145 million, there is a component of PGW's Eighth Series Bonds that are variable rate. Right now there's $255 million of those outstanding. PGW is in the process with the City of looking at the financial economics of whether or not we would be switching these over to a fixed-rate mode, and if that's the case, obviously when the ordinance was introduced at $106 million, it did not give us the flexibility to consider refunding some of these bonds or converting them from variable rate to fixed. The amendment up to 145 now gives us the ability to, if it is economically possible, to refund these or convert these bonds that were not contemplated in that 106 million ordinance as it was originally introduced.

COUNCILWOMAN TASCO: In your testimony on Page 1, you state there could be a total savings of $4 million if all of the anticipated transactions are done. Could you please break down the savings between the two bills. Is the 4 million savings figure based on the

106 -- I think you just did that, said that -- or on the 145 million?

MR. BOGDONAVAGE: Well, the components that make up the in excess of $4 million, the Bill 110445, which is the up to $19 million of 1975 ordinance bonds, at today's rates look like about somewhere between 800,000 and a million dollar savings of that 4 million that I mentioned. And then additionally, in the Bill 110447, up to $145 million, there's two components of that. We would be refunding some Series A bonds of the 1998 ordinance, Series 2 and 3, and that has about $2 million of savings with it. And if PGW goes ahead and converts some of the variable-rate bonds to fixed, there would be an additional savings of probably up to about a million and a half to $2 million of additional savings.

So they're the three components. The first bill for the 19 million is about 800 to a million dollars. The second bill, 447, is about roughly three to three and a half million dollars of savings on the 1998 issued bonds.

COUNCILWOMAN TASCO: Thank you.

Any other questions?

(No response.)

COUNCILWOMAN TASCO: Thank you very much.

MR. BOGDONAVAGE: Also, I don't know if Ms. Winkler had asked, we'd like for a suspension of the rules on the bill.

COUNCILWOMAN TASCO: Okay.

MR. BOGDONAVAGE: Thank you.

COUNCILWOMAN TASCO: Thank you.

We will now hear testimony on Bill 110373, Mr. Alan Greenberger.

(Witness approached witness table.)

COUNCILWOMAN TASCO: Good afternoon.

DEPUTY MAYOR GREENBERGER: Good afternoon, Madam Chair, members of the Committee. I'm Alan Greenberger, Deputy

Mayor for Economic Development and Director of Commerce. I'm here to testify in support of Bill No. 110373 as offered today, which includes one small technical correction suggested by the City Solicitor's Office. There's a change of a single word.

This bill amends Section 19-2600 of The Philadelphia Code relating to the business privilege tax by excluding from the tax certain investments made under the Department of Treasury's New Market Tax Credit program.

New Market Tax Credits are an economic development tool created by the federal government to encourage private investment in low-income communities. Local economic development financing providers like the Philadelphia Industrial Development Corporation have received allocations in the past, along with national financing providers like Wells Fargo and The Reinvestment Fund. The program requires the creation of a single-purpose entity to act as a conduit for the tax credits allocated to each project.

A strict interpretation of the current requirements of the Code would make these single-purpose entities subject to the business privilege tax. This local tax inadvertently reduces the benefit of an important federal incentive program to low-income areas of the City. Decisions about which projects the credits are applied to are up to each economic development financing provider, so it is important that Philadelphia's treatment of this benefit is consistent with the rest of the United States.

Taxing the federal credits passing through single-purpose entities, created solely to comply with New Market Tax Credit regulation, reduces the amount of the federal incentive available to actually close project funding gaps for City-based projects. When seeking funding from a national financing provider, Philadelphia projects actually compete nationally for the limited resources provided throughout the New Market Tax Credit program. Without action, we run the risk of discouraging national financing providers from investing in projects here if there is a perception that Philadelphia is unique in taxing these benefits.

This change would also benefit projects seeking New Market Tax Credit through local financing providers. For example, PIDC was successful in securing $60 million in tax credits for investment in areas identified by the Census Bureau as low-income communities throughout the City. PIDC's allocation leveraged $148 million of private investment into Philadelphia, which would not have occurred but for the availability of New Market Tax Credits in Philadelphia.

There are very few cities in the country where the local tax code has this unintended consequence. Washington, DC encountered the same problem with its business tax and they amended their code to remove this tax liability from the program. Philadelphia needs to take similar action to remain competitive.

Let me emphasize that this does not exempt the private developer from payment of the BPT in full on their business activity in the City. This exemption only affects revenues of the new special-purpose entities created to implement the program which revenues would otherwise be exempt.

This concludes my testimony. I ask that the Committee report this bill out with a favorable recommendation, with a recommendation that the rules of Council be suspended to permit first reading at the next regularly scheduled meeting of the whole Council.

Thank you for opportunity to testify. I'll be happy to answer questions.

COUNCILWOMAN TASCO: Are there

questions?

(No response.)

COUNCILWOMAN TASCO: Thank you very much.

DEPUTY MAYOR GREENBERGER: You're welcome. Thank you.

COUNCILWOMAN TASCO: We will now hear from Commissioner Michael DiBerardinis relative to Bill 110363.

(Witnesses approached witness table.)

COMMISSIONER DiBERARDINIS: Good afternoon.

COUNCILWOMAN TASCO: Good afternoon.

COMMISSIONER DiBERARDINIS: Councilwoman Tasco, members of the Committee, my name is Michael DiBerardinis, Deputy Mayor and Parks and Recreation Commissioner. With me today is Mark Focht, First Deputy Commissioner for Parks and Facilities. It is a pleasure to be here with you today, and before I start my formal testimony, I want to thank Councilwoman Reynolds Brown and Councilman Kenney for their work on this ordinance and their continued support of the Parks and Recreation Department.

I appear before you today to present testimony in support of Bill No. 110363, which, if adopted, would allow the Department to retain needed revenue from competitively bid agreements to support the Fairmount Park system to a safe, clean and ready-to-use state for all Philadelphians. This ordinance would establish a Parks and Recreation Programs and Facilities Fund into which revenue would be deposited from competitively awarded agreements that utilize areas and facilities in the Park. The Department of Parks and Recreation would then be authorized to spend money from this fund to support programming and/or care for the facilities in the Fairmount Park system.

Two recent agreements which

demonstrate the benefits of revenue generation and retention are special event management at the Fairmount Park Horticulture Center and the new Cosmic Cafe at Lloyd Hall. In both cases, a concessionaire was selected through a citywide competitive RFP process. Parks and Recreation worked with the Budget and Finance Offices to determine the amount to retain and how these funds would be used to support operations, programming and/or capital needs of the specific site or the Fairmount Park systemwide. This process allows for funding generated by a private operator to be reinvested in a facility or site, removing that cost from the City's operating or capital funds.

This ordinance is rooted in the history of our Fairmount Park, when in 1868 the Pennsylvania General Assembly first directed the Fairmount Park Commission to deposit revenue generated from activities in the park to a fund established exclusively for the purpose of caring and enhancing the park system. Numerous other municipal park systems utilize similar arrangements to support programming, operations and maintenance. These municipal park systems include St. Louis, New York, Los Angeles, Seattle and Minneapolis. I am happy to share this best practices data with the Committee.

Therefore, I am requesting this Committee's favorable consideration of Bill No. 110363, and I ask that the rules be suspended so that the ordinance may be passed upon the second reading of Council.

I would also like to thank the Parks and Recreation Commission and specifically the Commission's Revenue Enhancement Committee for their leadership and work. I would also like to thank our colleagues in the Law, Budget and Finance Department, as well as our own Parks and Rec staff who worked hard on this ordinance.

Thank you for your attention.

I'd be happy to answer any questions.

COUNCILWOMAN TASCO: Thank you very much.

You have a special events person now that runs the Horticulture Center? If there's an event there, do you work with this concessionaire?

DEPUTY COMMISSIONER FOCHT: Correct.

COMMISSIONER DiBERARDINIS: I'll allow Mark to answer that.

DEPUTY COMMISSIONER FOCHT: Mark Focht, First Deputy Commissioner.

The special events of the Horticulture Center are currently managed by Stephen Starr Catering. They were the successful firm selected through the competitive RFP process that was held about two years ago.

COUNCILWOMAN TASCO: So if an individual wants to utilize the Horticulture Center, they would negotiate with him --

DEPUTY COMMISSIONER FOCHT:

Correct.

COUNCILWOMAN TASCO: -- in terms of all of the details?

DEPUTY COMMISSIONER FOCHT: Yes. Yes. They book the facility for special events.

COUNCILWOMAN TASCO: Do they operate out of that? Otherwise, do they have a restaurant or something in there?

DEPUTY COMMISSIONER FOCHT: Not at the Horticulture Center. It's only open for special events.

COUNCILWOMAN TASCO: So it's just the managing outside events?

DEPUTY COMMISSIONER FOCHT: Correct.

COUNCILWOMAN TASCO: Thank you.

Any other questions?

Councilman Green.

COUNCILMAN GREEN: Thank you.

How does this -- the end of the ordinance states that any monies to be spent from this special fund must be authorized in the budget and by ordinance. How does that relate to like next year where we won't have authorized any funds from this fund to be spent on behalf of the park, at least when we pass the budget this month, unless there's an amendment that is forthcoming?

DEPUTY COMMISSIONER FOCHT: Councilman, we believe there is an amendment forthcoming. We have provided, at the request of Budget and Finance, the projections of revenue from both the operators at the two facilities, Cosmic Cafe at Lloyd Hall and the Hort Center special events agreement, provided the projected revenue from both the operators and the associated projected expenses.

COUNCILMAN GREEN: And what are the revenues?

DEPUTY COMMISSIONER FOCHT: The revenues combined between the two concession agreements is about $135,000 in Fiscal Year '12.

COUNCILMAN GREEN: Between the two concessions?

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DEPUTY COMMISSIONER FOCHT: The two combined. It's about $30,000 from Lloyd Hall and about 105,000 from the Horticulture Center. Again, they are projected bookings that were in response to the RFP.

COUNCILMAN GREEN: Thank you.

COUNCILWOMAN TASCO: The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Good afternoon. Please speak in some additional detail around the catering contract and how that -- where you started and where you ended up in terms of the announcement to the world that it existed, how many persons ultimately submitted a proposal, et cetera.

DEPUTY COMMISSIONER FOCHT: This would have been for the Horticulture Center. We released an RFP approximately just shy of two years ago now. I do not remember how many folks attended the pre-proposal meeting, but there were many. We believe we received, if I recall correctly, four proposals. It was narrowed to two firms. We had face-to-face interviews with two firms, and ultimately selected Stephen Starr Catering. The selection was made by a committee that included representatives of Parks and Recreation, Procurement and the Office of Economic Opportunity.

COUNCILWOMAN BROWN: Would you please submit to the Chair the list of all contracts held by restauranteurs who do business with any of the Fairmount Park and Recreation facilities?

DEPUTY COMMISSIONER FOCHT: Certainly.

COUNCILWOMAN BROWN: And let me just ask one subsequent question. So the current contract is in place for how many years and what is the renewal?

DEPUTY COMMISSIONER FOCHT: The agreement -- I'll take them separately. The agreement with Stephen Starr events for Lloyd Hall was a one-year agreement with three one-year renewals. We just exercised the beginning of the second year. And then the Cosmic Cafe at Lloyd Hall, which your committee approved this morning, would be a five-year agreement with a five-year extension.

COUNCILWOMAN BROWN: Okay. So if you will submit that information to the Chair, that will give us a broader picture of what's happening systemwide when it comes to how well the City is doing with contractors, et cetera. I'll leave it there.

DEPUTY COMMISSIONER FOCHT: Certainly.

COUNCILWOMAN BROWN: Thank you.

COUNCILWOMAN TASCO: One of the concerns I have is the cost of utilizing these facilities prior to -- I don't know what the fees are here or the scale, but when the City was managing this, the costs were very high. An average person, middle-income person, found it very difficult to rent, utilize those facilities.

Are the costs going to be in the range where Ms. Average Philadelphian can rent these places, utilize these places, or are they going to be so expensive only the wealthy can use them?

DEPUTY COMMISSIONER FOCHT: No, Councilwoman. We believe that in both cases -- let me speak specifically about the Horticulture Center, because that's the one that's used for more special events. There's a multi-tiered price structure for the use of the event, and it's kind of like a menu of different options depending on which rooms, how much time. There is also a non-profit rate that's for the use of the facility. So there's a base facility rent, and then depending on the extent of catering or other service you want, the price obviously goes up from that. But we feel that the base rent, the base fees, are very competitive throughout the City and then there is a non-profit discount on that.

COUNCILWOMAN TASCO: They're competitive you think with the local hotels or catering facilities?

DEPUTY COMMISSIONER FOCHT: Yes. Yes. They're very competitive with local hotels or catering, considering that at the Horticulture Center you have both an indoor and outdoor option. So you can book your event outdoors and if it rains that day, you can move it inside, and also we have a 300-car parking area. There are many different benefits to that facility that make it very competitive with other facilities.

COUNCILWOMAN TASCO: Thank you.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you.

Are you doing the same sort of thing with libraries? Is there a plan to set up a special fund for concessionaires in the library system or in the libraries?

COMMISSIONER DiBERARDINIS: Not

at this point. There may be. But it would sort of fall in the realm of the foundation -- the library foundation in terms of leading that. But certainly not opposed to it, but it would have to be worked out with the trustees and the foundation to see if their interest is strong to move this forward.

COUNCILMAN GREEN: Okay. I mean, it's just parks, libraries, recs, it seems like we're on a very slippery slope where we're taking dedicated funding out of the City's revenue pool and putting it into these resources. Is the intention to spend this money on things that are not being spent on the Park or is it to supplant General Fund dollars with the money that's then in these funds, or that will depend on a year-to-year basis?

COMMISSIONER DiBERARDINIS: Look, certainly my hope is it is not a dollar-for-dollar replacement. I mean, so my hope is this enhances both our capital funds, enhances that capital fund investment that the City makes, leverages it, but my hope isn't that we raise hundred thousand dollars or whatever in the future, we raised 500,000 and that goes against our capital budget. I hope it doesn't work that way. It's not my assumption. My view is this adds to our ability to invest in our infrastructure over time, not that it remains a flat gain.

COUNCILMAN GREEN: But it will be our discretion by ordinance as to what we appropriate given what's in the fund every year, et cetera?

DEPUTY COMMISSIONER FOCHT: Correct.

COMMISSIONER DiBERARDINIS: Yes.

COUNCILMAN GREEN: Okay. Thank you.

COUNCILWOMAN TASCO: And this is just for the Park facilities, not the Recreation Department facilities?

COMMISSIONER DiBERARDINIS: That's correct.

COUNCILWOMAN TASCO: Thank you very much. Do you want a suspension of the rules?

DEPUTY COMMISSIONER FOCHT: Yes, please.

COMMISSIONER DiBERARDINIS: Thank you.

COUNCILWOMAN TASCO: Thank you.

Next we have Water Department, Bill 110446.

(Witnesses approached witness table.)

COUNCILWOMAN TASCO: Thank you. Good afternoon. Would you state your name for the record and begin your testimony.

COMMISSIONER NEUKRUG: Good afternoon, Chairwoman Tasco and members of the Committee. I am Howard Neukrug, Water Commissioner, appearing before you this afternoon to testify regarding Bill No. 110446. I'm joined by Joe Clare, Deputy Commissioner for Finance for the Water Department, and Joanne Dahme, General Manager for Public Affairs.

This ordinance closes a loophole that currently allows property owners who apply for a discontinuance permit, otherwise known as D-Permit, to avoid stormwater service charge billing. A D-Permit is an accounting tool used by the Water Department and the Water Revenue Bureau to signal that a property's water and sewer services have been turned off or discontinued. The current language in the Code did not anticipate the new method for charging for stormwater services and thus this clarification or correction is needed.

By closing this loophole, we will help ensure that property owners pay for their share of the cost to treat stormwater, even during periods when there is no water or sewer service to a property, and that's since stormwater and the cost required to treat its impact can never be shut off or discontinued.

As you know, the Water Department initiated a new parcel-based stormwater billing system for non-residential properties on July 1st, 2010. These charges are currently being phased in over four years. More recently, we have recognized that the impacts of these changes on our most highly impacted customers have justified early action for additional assistance. Our four-part plan to help these customers includes, one, established a 10 percent cap for Fiscal Year 2011 and 2012 for these mostly high impacted customers; two, implemented a Customer Advisory Committee to review the phase-in process and other issues for the stormwater rates; three, initiated a low interest loan program and are investigating other innovative incentive-based programs to provide parcel credits; and, four, we've offered to support for this legislative action to close the D-Permits loophole.

Indeed, this information was shared with the Customer Advisory Committee in a meeting on May 19th, and the members have indicated their preliminary support for this action. In general, they felt that every parcel contributes stormwater runoff to our system and that these costs need to be shared by all who benefit.

Thank you for your consideration and this opportunity to testify. I'd like to ask that the rules be suspended, and I'd be happy to address any questions you may have.

COUNCILWOMAN TASCO: Thank you.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Good afternoon. I know in your testimony you say about that you expect the actual collection rates will be low initially. Are a lot of these properties -- you say there's 19,000 of them. I assume when somebody takes one of these D-Permits, they're not intending to do anything for a long time, I guess, right?

COMMISSIONER NEUKRUG: That's generally correct, yes. These D-Permits are for the actual physical disconnection of the water service line.

COUNCILMAN GREENLEE: Right. Right. So, I mean, are these -- I guess that's why you say they will be low initially. Is your thinking eventually these folks will start to do something with the properties and then -- I mean, would it be normally that you think they would pay the bills while they're not doing anything with the property?

COMMISSIONER NEUKRUG: Well, some of these properties are vacant or not paying their taxes nor water bills.

COUNCILMAN GREENLEE: That's what I was getting at.

COMMISSIONER NEUKRUG: And we will continue to certainly for the year term have those kinds of issues into the future, but we're also looking at a number of properties that have D-Permits that may be a parking lot or may be another type of facility that has either its entire or a piece of its property under a D-Permit condition.

COUNCILMAN GREENLEE: Now, the property once these -- the ones you just talked about that aren't paying taxes, water bills, whatever, or any kind of bills whatsoever, when they want to do something with the property and they -- I don't know what the word is -- discontinue the discontinuation, I guess, are they expected to pay everything before they get that permit to restore water service?

COMMISSIONER NEUKRUG: Yes, and there are a number of different variations to that theme, but generally if the City is taking over the property, the City is exempt, the RDA is exempt from this process, and it is certainly the intent of both the City of Philadelphia and the Philadelphia Water Department, who'd really like to see these sites developed -- we'd much rather have a water/wastewater/stormwater customer than a stormwater-only customer. So we're looking forward to working with any property owner who is looking to redevelop their property.

COUNCILMAN GREENLEE: Last question. Do many people, once they take these permits out, do a lot then eventually move to reopen it, to restore service, or are the vast majority of these places eventually taken over by a government entity?

COMMISSIONER NEUKRUG: I think the past trends that -- I'm speaking very generally here -- is that not a lot has happened with these vacant lots, but I think as we see the City of Philadelphia move to redevelop and become a bigger and better city, that we will see more and more action to put these vacant lots back into the private payroll.

COUNCILMAN GREENLEE: So you're talking mostly -- are you talking about mostly lots here? Is that what you're talking about mostly?

COMMISSIONER NEUKRUG: These are parcels that have no water service or sewer service. So you can imagine that there may be some entity such as parking lots that may not require water service, but most certainly all homes and most businesses require at least a toilet.

COUNCILMAN GREENLEE: You use the word "lot" as opposed to structure only, or were you just using that as a general term?

COMMISSIONER NEUKRUG: It could have a structure on it, but, again, the structure would typically be unoccupied.

COUNCILMAN GREENLEE: Right. Okay. Thank you.

Thank you, Madam Chair.

COUNCILWOMAN TASCO: The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair.

I do have a question about this. I think this could be a disincentive. We're already with our stormwater rates trying to -- or earmarked to collect $120 million. This is another 5 million, and it seems to me that -- this sounds and feels like a tax increase to me. And we have been talking a lot about where we want to -- if we want to deal with tax increases and how we want to do it. And in addition, it seems to me that this is a disincentive to businesses.

Lots where we may be able to get people to invest on all of the sudden have another bill that they didn't know about. I think we need to consider this, Madam Chair, before we act.

Thank you.

COMMISSIONER NEUKRUG: Is that a question for me?

COUNCILWOMAN BLACKWELL: Yes.

COMMISSIONER NEUKRUG: Okay. Well, thank you, Councilwoman, and as we have talked, this, first of all, is certainly not a tax increase. This is a recovery of utility funds, and right now we are approximately a $120 million year utility, and those funds are required to be received by the Water Department from the ratepayers of the City of Philadelphia. And I guess the question going back is, who should be those ratepayers, and the more -- the larger the group of people that are out there that are supporting this through their parcel-based system, the lower the fees could be for everyone.

So we're looking at this as part of the relief package that we have here for those customers who are highly impacted and those others within the City of Philadelphia who are being hit with stormwater fees, that everyone pay their fair share, and that includes vacant parcels, that includes properties such as

Loews and other sites where they may have a piece of parking lot that has a Discontinued Permit associated with it.

So it's a reasonable approach to take. No one likes to be charging anybody for any product, but the stormwater service fees do have to be collected.

COUNCILWOMAN BLACKWELL: We have not yet received the 120 million that we're trying to get, in addition to squeezing out the last penny, and it just seems to me that those who may invest in small businesses don't know if -- everybody who invests is not Loews or another big business, and this just pushes it a little bit over the edge, in my opinion.

COMMISSIONER NEUKRUG: Okay.

COUNCILWOMAN BLACKWELL: Thank you.

COMMISSIONER NEUKRUG: And for us, it's a question of fairness to the ratepayers for the City of Philadelphia.

COUNCILWOMAN TASCO: Do you want to put on the record that everybody is paying the stormwater fee, that we all pay the stormwater fee.

COMMISSIONER NEUKRUG: Everyone should be paying the stormwater fees.

COUNCILWOMAN TASCO: So right now these individuals are not paying the stormwater fee?

COMMISSIONER NEUKRUG: That's correct, yes.

COUNCILWOMAN BLACKWELL: But this is new fees.

COMMISSIONER NEUKRUG: If I can clarify.

COUNCILWOMAN TASCO: Would you, please.

COMMISSIONER NEUKRUG: Yes. The $5 million is not associated with a new fee above the 120. The $5 million represents the ability of us to reapportion that $120 million and find another class of customer that should be contributing to pay in that 120. So it's not 120 plus 5. It's 120 million is the utility costs that we are trying to recover, and here is 19,000 parcels in the City of Philadelphia that are not contributing to that $120 million. The portion of that that we're thinking about is somewhere around $5 million worth of recoverable funds. So it's finding -- and when you do that, then, of course, everyone's fees are reduced throughout the customer classes.

COUNCILWOMAN TASCO: Councilman Green.

COUNCILMAN GREEN: Thank you.

Just if you can remind me, the City is exempt from this fee, the general fee that applies to all commercial properties?

COMMISSIONER NEUKRUG: That's correct, yes.

COUNCILMAN GREEN: Is the state and federal government exempt?

COMMISSIONER NEUKRUG: The City-owned properties.

COUNCILMAN GREEN: How about state and federal?

COMMISSIONER NEUKRUG: No.

COUNCILMAN GREEN: They're not exempt?

COMMISSIONER NEUKRUG: No.

COUNCILMAN GREEN: How about property owned by -- I can't remember the name of the -- Delaware River Corporation?

COMMISSIONER NEUKRUG: Waterfront Corporation?

COUNCILMAN GREEN: Entities owned by the City?

COMMISSIONER NEUKRUG: Only vacant land or land that is underutilized owned by the City would be considered exempt.

COUNCILMAN GREEN: So City Hall right now, is it exempt?

COMMISSIONER NEUKRUG: No, it is not.

COUNCILMAN GREEN: Okay. Just vacant land?

COMMISSIONER NEUKRUG: Vacant land.

COUNCILMAN GREEN: So what about the Navy Yard?

COMMISSIONER NEUKRUG: The Navy Yard is not exempt.

COUNCILMAN GREEN: Is not exempt? Okay.

So basically it's 120 million a year sort of in perpetuity that we're raising from this charge?

COMMISSIONER NEUKRUG: That's correct. And it's the same -- and we had been collecting that money in the past. We're just changing the manner in which we charge for it. And when it was associated with a water meter, there was some more sense that made sense. If you got a D-Permit and you discontinued the water meter, we never really thought about the fact that the stormwater charge was not being charged properly.

COUNCILMAN GREEN: So there is no increase in the amount of stormwater money that we are collecting from customers or from citizens or businesses in Philadelphia?

COMMISSIONER NEUKRUG: Not any more than the general rate increase that we've experienced last July 1st and about to experience this coming July 1st.

COUNCILMAN GREEN: And how much is that?

COMMISSIONER NEUKRUG: I believe it's 5.9 percent this July 1st.

COUNCILMAN GREEN: So basically the stormwater changes created a lot of winners and losers?

COMMISSIONER NEUKRUG: It created a number of people whose stormwater bills would be reduced and others who what we are considering highly impacted and who has been a primary concern for us over the last number of months and years.

COUNCILMAN GREEN: And who are the winners?

COMMISSIONER NEUKRUG: The

people that benefit most from this change are those who use -- who are our best water customers. So those companies that use a lot of water for their processes for the buildings and do so on a relatively small surface area. Those in terms of a water business who highly efficiently use water are the ones whose stormwater bill will be reduced.

COUNCILMAN GREEN: So like a very tall Center City building is a winner?

COMMISSIONER NEUKRUG: Would typically have their stormwater costs reduced.

COUNCILMAN GREEN: And a spread-out manufacturing facility employing a couple thousand people would be a loser?

COMMISSIONER NEUKRUG: Would pay more, yes.

COUNCILMAN GREEN: And so --

COMMISSIONER NEUKRUG: And that's why --

COUNCILMAN GREEN: -- could you explain why that's the way we want to incentivize essentially taxation in the City? I mean, we could choose to take it from a Center City office building or we can choose to take it from a manufacturer paying a living wage to families, and we didn't make that choice?

COMMISSIONER NEUKRUG: Well, if you look at the 550,000 properties throughout the City of Philadelphia, you can always find examples that seem very unjust, and perhaps you've picked out two of them, but in general, the process makes a lot of sense and cities all over the country are moving in this direction, because the cost of stormwater is based upon the size of a property, and if there's someone who owns a five-acre parking lot in North Philadelphia, the costs to the City for collecting that stormwater is significantly higher than, let's say, a half-acre forested or green area.

So, yes, there is a differential that may not have been played out in the old form of rates that is more clarified now and generally is a better way to do things, but on any specific case, there are issues, and we're very aware of that. We're very concerned about that, and that's why we came to an agreement with the most highly impacted customers to limit the increase on those properties to 10 percent a year for the next two years.

COUNCILMAN GREEN: Does that cost you money on the other side, or you just don't lower the rates as quickly on the other side?

COMMISSIONER NEUKRUG: Well, we will need to recover our costs. So, yes, there are costs associated with any kind of change we make here, yes.

COUNCILMAN GREEN: So when you increase the rate limit to 10 percent, you essentially decrease the amount of cut, say, a Center City office building was going to get on stormwater fees to pay for that?

COMMISSIONER NEUKRUG: Well, no, we did not, and that's why -- in my testimony I talked about the four different points of what we're doing to move forward to deal with this perceived or real inequity in some of our customers by not just putting a cap on the increases, but also by convening the Customer Advisory Committee so that all types of parcel owners could have a chance to understand and to react to how we charge for stormwater, and then come before you again for the next rate process to see what we can do in terms of a long-term fix.

COUNCILMAN GREEN: So you did not cap the decrease?

COMMISSIONER NEUKRUG: No, we do not cap the decrease.

COUNCILMAN GREEN: Does that not create a shortfall in cash flow?

COMMISSIONER NEUKRUG: Is that

the correct way of saying it? Yes, a shortfall in revenue, yes.

COUNCILMAN GREEN: That will never be recovered because you're not going to go back and recover what you would have otherwise recovered this year.

COMMISSIONER NEUKRUG: Right.

COUNCILMAN GREEN: So how much is that on an annual basis?

COMMISSIONER NEUKRUG: We're looking at four and a half million for the first year and about nine for the following year. We're hoping that before we hit that following year, we'll have a new rate process in place so we won't even have to deal with that. So we're really talking Fiscal Year '12, four and a half million dollars.

COUNCILMAN GREEN: Well, I mean, I wouldn't plan on that.

Let me ask you this: Can we by ordinance change the rates for stormwater fees sort of however we want? I mean, can we go back to charging Center City office buildings what they were paying prior to this change?

COMMISSIONER NEUKRUG: Can City Council do that?

COUNCILMAN GREEN: Yes.

COMMISSIONER NEUKRUG: Yes.

COUNCILMAN GREEN: That's all I need to know.

Thank you.

COUNCILWOMAN TASCO: Councilwoman.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair.

This is a follow-up on what Councilman Green asked about this decrease. If you say you are looking for 120 million, then it seems to me then Jane Q business should then be -- you should be looking for 115 if you're trying to raise 5 million from this; is that correct?

COMMISSIONER NEUKRUG: Not for this coming year, but, yes, we're looking for -- as we go through our next rate process, if we have more parcels that are sharing in the cost for stormwater, everyone's bills will go down. That is the intent, and that's why we're here. We're looking to reduce in -- this particularly hits the residential customer and the highly impacted customer if we don't move forward with this. Those are the two customer classes that we're looking to support through this process.

COUNCILWOMAN BLACKWELL: What about the 10 percent cap, which I think my colleague also asked about. How does that fit into this new charge?

COMMISSIONER NEUKRUG: The 10 percent cap is another piece of a four-pronged approach to supporting those businesses that are highly impacted. One piece is to limit the percent increase to the 10 percent and the second piece of this is to issue this change in ordinance to cover up this loophole so that there's a larger share of customers to share in the costs and benefits of the stormwater service charge.

COUNCILWOMAN BLACKWELL: So are these new people, these 19,000 people you want to charge, do they get -- where do they fit into a 10 percent cap?

COMMISSIONER NEUKRUG: They will fit into the 10 percent cap in the same way, as I understand it, as if they had been paying all along.

COUNCILWOMAN BLACKWELL: When is this bill effective should it pass?

COMMISSIONER NEUKRUG: This bill is effective upon passage.

COUNCILWOMAN BLACKWELL: So this bill is effective immediately.

Thank you, Madam Chair.

COMMISSIONER NEUKRUG: And, Councilwoman, we've heard from many of our customers and have heard only positive response on having this occur.

COUNCILWOMAN BLACKWELL: Customers calling say they're glad they have a new bill?

COMMISSIONER NEUKRUG: No. Well, the educated customers, which are typically the ones from the UBOAP and others like that who have become educated in this issue, understand the importance of this bill.

COUNCILWOMAN TASCO: What's UBOAP?

COMMISSIONER NEUKRUG: United Business Owners Association of Philadelphia. They're a group of self-formed entity that came into being because of the stormwater charges changing and who testified here in February 8th, were here testifying concerned about the increase in the stormwater rates.

COUNCILWOMAN TASCO: So what happened?

COMMISSIONER NEUKRUG: What happened was, we issued this four-point approach to solving the issue temporarily. One is -- it's basically to cap the increases to 10 percent. Some of them were -- most of these businesses were going to see a 100 percent increase this July 1st. We limited it to 10 percent. And we looked at forming this Customer Advisory Committee, where they and others have a voice on how the future of the rate system should be put together for the City of Philadelphia. And the last piece of it was looking at this D-Permit and getting this D-Permit loophole eliminated.

COUNCILWOMAN TASCO: The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Good afternoon.

COMMISSIONER NEUKRUG: Good afternoon.

COUNCILWOMAN BROWN: Please state the name of the organization you mentioned that you said is very familiar with this new initiative.

COMMISSIONER NEUKRUG: Right. Well, first of all, there's the Customer Advisory Committee that has 22 representatives on it from all walks of life of the City of Philadelphia who are getting a firsthand education in how stormwater rates are created in Philadelphia and how they're charged so that they can help us come up with some new mechanisms to see how we can make things better in Philadelphia.

The group in particular that I was referring to is the United Business Owners Association of Philadelphia.

COUNCILWOMAN BROWN: Are they an arm of the Greater Philadelphia Chamber of Commerce?

COMMISSIONER NEUKRUG: I do not believe so.

COUNCILWOMAN BROWN: So what do we do for those businesses that are not members of this professional organization?

COMMISSIONER NEUKRUG: Well, we could not look at this organization as a customer class. Instead, we looked at what we considered the most highly impacted customers, and those were ones that we considered whose annual increase in stormwater rates were going to be above 10 percent. We made that threshold, because some of these have seen an initial increase of 1,000 percent, going from $10 a month to $100, $200, $3,000 a month. So there's some pretty large increases for some of our customers. So we looked back and realized that a 10 percent increase a year seemed to be a reasonable cap and a reasonable expectation that businesses -- not that -- they're still not paying their fair share, but they're moving more in that direction at a more comfortable clip.

COUNCILWOMAN BROWN: And your response to Council Lady Jannie Blackwell's question was that if passed, this would be effective immediately?

COMMISSIONER NEUKRUG: This would be effective immediately. Just the D-Permit loophole.

COUNCILWOMAN BROWN: Just the?

COMMISSIONER NEUKRUG: The D-Permit loophole. What I'm testifying here today is just one aspect of this, which is a number of customers in the City of Philadelphia who have parcels who don't have water service, do not have water service -- so you can imagine what kind of parcels we're talking about here -- and who are not required today to pay for stormwater. So any parcel that does not have water service does not have to pay for -- that has a D-Permit doesn't have to pay for stormwater service. So we're trying to close this loophole so that the stormwater fee is uniform throughout the City so that we don't have this acreage of land that is not accounted for and, therefore, residential and other businesses have to pick up their costs.

COUNCILWOMAN BROWN: Their fair share.

COMMISSIONER NEUKRUG: Their

fair share.

COUNCILWOMAN BROWN: So the goal is laudable, but I believe we as a government have a responsibility in keeping consumers and citizens and taxpayers informed about surprises, and what I'm not hearing is some space given to educating, informing, enlightening and then some folks got to hear it seven times before they get it or then see it in a bill. I'm missing that in this dialogue.

I don't believe that that's fair for us to institute anything where we're not giving taxpayers and citizens a chance to become acquainted with this new reality.

Thank you, Madam Chair.

COUNCILWOMAN TASCO: What outreach have you done to these customers that you're trying to collect from, that you will try to collect from?

COMMISSIONER NEUKRUG: Excuse me?

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COUNCILWOMAN TASCO: What outreach have you done to these?

MS. DAHME: Hi. Joanne Dahme, Public Affairs Manager for the Water Department.

We have been working with all of our customers, including the customers with D-Permits, to do a lot of public education, general information about the new stormwater fee for the past three years. So a lot of these properties are aware that the reason they're not being charged is because they do have a D-Permit. They have to essentially apply to us, because we don't always have information about what properties have D-Permits and which don't. So they put an appeal in and they note they're a D property owner and we give them an exemption.

So they're very much aware, a lot of them, not all of them, but many of them are very much aware that this D-Permit process exists, and they're taking advantage of that. So they recognize they have an opportunity not to pay. But we will certainly -- they know we're working on this. We've been very up front about -- we're hearing from other customers who are impacted that they want us to do this. Howard mentioned the United Business group. They had sent us a letter with a list of things they'd like to see happen. This was one of them, because a lot of their members and other customers go on our parcel viewer site and see properties that aren't paying, and they call us and say, Well, why isn't this property paying? That's not fair. And we agree, and that's one of the only things sometimes some of the impacted customers in the Water Department agree about, that everyone should pay what they're supposed to be paying, because they do feel as if they're sharing a greater burden. So we did make a commitment that we would continue to pursue this working with City

Council.

COUNCILWOMAN TASCO: Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Not to elongate this, but just so I'm clear from what you said, Ms. Dahme, so a lot of these people who have D-Permits have gotten bills or they are aware? When you say they're aware, I'm just trying to be clear, how are they aware?

MS. DAHME: Initially some of these properties were getting stormwater-only bills from us, because we weren't aware there was a D-Permit on the property. They came back to us and said, By the way, you know, I got a discontinuance permit on this property years ago, I shouldn't be paying. And we looked into the existing Philadelphia Code and saw that that was indeed the case with the way the Code is written today. So we had to get back to them and say, We will give you a temporary exemption from that, but be aware that we don't want that exemption to be forever, because we don't think that is right, and our customers who are now paying don't think that is right either.

COUNCILMAN GREENLEE: So how many of those, just roughly percentage-wise, would you say?

MS. DAHME: Out of the 19,000? I'd have to get back to you on the percentage.

COUNCILMAN GREENLEE: Just on Councilwoman Reynolds Brown's point about being aware, because I know that was always raised from day one on the whole issue of the stormwater, how early we knew, how much preparation we were given. So there were people who had the D-Permits that you were aware of that did not get the bill?

MS. DAHME: No. Everyone did get a bill.

COUNCILMAN GREENLEE: Everyone

did get a bill?

MS. DAHME: Everyone did get a bill. So some of these properties came back to us to note that they had D-Permits. There are many properties -- when Howard mentioned a lot of these vacant parcels out there who have been abandoned --

COUNCILMAN GREENLEE: So they're not paying anything and never --

MS. DAHME: They have never been paying anything. They probably will remain unaware and are often the people who are really hard for us to track down, because the billing addresses aren't necessarily good. It's the other group of customers who are parking lots and properties that have been redeveloped since the original time of those D-Permits were taken out that are useful businesses, when you think about Loews parking lots, hospital parking lots, parcels of land that are very active, but because the way they've been redeveloped, the parcels are drawn around where that original account that was abandoned exists. So those parcels certainly know and are very much aware --

COUNCILMAN GREENLEE: And they would have gotten a bill or some notification?

MS. DAHME: Yes. Yes.

COUNCILMAN GREENLEE: Okay. Thank you.

COUNCILWOMAN TASCO: Thank you.

Any other questions?

Councilwoman Brown?

COUNCILWOMAN BROWN: No, thank you.

COUNCILWOMAN TASCO: Thank you very much.

COMMISSIONER NEUKRUG: Thank you.

COUNCILWOMAN TASCO: Okay. Bill 110229, Community Development Block Grant, Deborah McColloch.

(Witness approached witness table.)

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MS. McCOLLOCH: Good afternoon, Councilwoman Tasco and other members of the Finance Committee and members of City Council. I am Deborah McColloch, Director of Housing. I am here to present testimony on behalf of the Administration on Bill 110229, which amends Section 1108 of Chapter 21-1100, ("Community Development") of The Philadelphia Code relating to financing mixed-use projects on or around commercial corridors, under certain terms and conditions.

The Administration has discussed a proposed amendment to the bill with the sponsor that would remove the following language under Section 1108 of Chapter 21-1100 of The Philadelphia Code: "At least 5 percent of the annual Community Development Block Grant entitlement, as provided by the federal Department of Housing and Urban Development, shall be allocated to economic development for mixed-use projects on or around commercial corridors." I would like to offer that amendment now.

The Administration supports the Mixed-Use Development Program, which was created to address the issue of vacant commercial storefronts and upper floor residential units on neighborhood commercial corridors. This past year, the Office of Housing and Community Development and the Commerce Department awarded $1 million in Community Development Block Grant funds to five developments through the Mixed-Use Development Program. The selected developments will create a total of 12 affordable housing units, nine commercial spaces and approximately 35 to 45 permanent local jobs. The Year 37 Proposed Consolidated Plan continues this program in Year 37 at the same level of funding of $1 million.

While the Administration supports the Mixed-Use Development

Program, given these uncertain economic times and the recent federal and state funding cuts of 16.5 million, we do not support legislation that mandates specific budget allocations. Now more than ever, we need the flexibility to make decisions about how best to use scarce resources to achieve our goal to serve low and moderate-income households and to revitalize communities.

Thank you for the opportunity to testify today. I'm happy to answer any questions you may have.

COUNCILWOMAN TASCO: So what are we doing here, since I was distracted?

MS. McCOLLOCH: We are eliminating -- we're removing from the Code a section under 21-1108, "Economic Development," which was included last year indicating that at least 5 percent of the CDBG entitlement must be allocated for a Mixed-Use Development Program, and rather than have a legislative requirement to have a 5 percent entitlement for the program, we are just including the program in our Con Plan, which you're going to hear later on this afternoon, of a million dollars for that program. And this original bill was sponsored by Councilman Jones, and we've met with him, and he's in agreement with this amendment to change Chapter 21-1100 and include the program in the Con Plan as we're going to present it later on this afternoon.

COUNCILWOMAN TASCO: Any questions?

(No response.)

COUNCILWOMAN TASCO: Thank you very much.

Ms. Gina Snyder. Is she still here? Gina Snyder, East Falls Development Corporation?

(No response.)

COUNCILWOMAN TASCO: Ms. Snyder did submit testimony to support Bill 110229, and that will be put into the record as presented.

We omitted Mr. James White on the stormwater piece.

Mr. White, do you still want to testify or do you want to submit your testimony for the record? Please come up. It's up to you.

I'm sorry. I'm moving too fast.

(Witness approached witness table.)

MR. WHITE: I'm sorry, Madam Councilwoman. If it would please the Council, I would submit my testimony into the record.

COUNCILWOMAN TASCO: You want to summarize? You can put it on the record however you'd like.

MR. WHITE: Am I allowed to do that?

COUNCILWOMAN TASCO: Summarize, sure.

MR. WHITE: Thank you for the opportunity to testify today. My name is

James White and I'm the Policy Coordinator of the Philadelphia Association of Community Development Corporations. PACDC is an association of 90 community development corporations, CDCs, and other organizations that have extensive experience designing and implementing strategies to address abandoned and blighted properties in the neighborhood. Today I would like to focus my testimony on the unintended consequences of Bill No. 110446.

We agree in theory with the intent of this bill, that charging properties that formerly had water service but were shut off for their share of the stormwater management fees reduces stormwater fees for everyone else. Although, if you recall the last stormwater management fees hike, for lack of a better term, did have an impact on lower-income property owners, folks that run supportive housing programs, daycare facilities, as well as the owners of rental properties that serve low-income residents across the City.

PACDC would suggest -- and I'm just highlighting and skipping here -- an amendment stating that the City will offer hardship agreements for low-income property owners and for acquisitions by non-profits. Additionally, the City should offer waiver or recapture agreements with long-term self-amortizing loans that are recaptured at resale but are subordinate to other financing.

We feel that by adding these amendments to the proposed legislation, it will avoid any delays that may be caused by liens or increasing liens on vacant properties in the future that would make them harder to acquire for non-profit developers or CDCs that are interested in remediating blight in their neighborhoods.

Thank you for your time.

COUNCILWOMAN TASCO: Have you talked to the Water Department about this?

MR. WHITE: We had several conversations ongoing, either through Regional Legal Housing Services or through our members, with the Water Department. I just believe that we feel that we need to really investigate this a little bit further before passing immediate legislation that will have an immediate impact on our community without fully giving a scope to what the impact of the legislation is, Madam Chair.

COUNCILWOMAN TASCO: So are you saying that there could be possibly vacant properties that your CDCs might want and --

MR. WHITE: And there could be -- these could end up with increased liens due to these fees that we may not be aware of. Time and time again we've had problems when approaching the Administration to acquire properties, as you know, in the past, and sometimes the intention of the legislation, although it has a great meaning and a greater good, sometimes we incur an unintended consequence that may be unforeseen. So we're just asking for a little bit more time to get a little bit deeper dive into exactly what the Water Department is proposing.

COUNCILWOMAN TASCO: So if there are liens on properties, you have to satisfy those liens when you are acquiring those properties?

MR. WHITE: In some cases, yes. In some cases, these liens aren't resolved. In some cases, they end up being bills that are passed on to the non-profit developer in the process from the City.

COUNCILWOMAN TASCO: Councilman Greenlee.

COUNCILMAN GREENLEE: Yeah. Thank you, Madam Chair.

That's what I was trying to get at. So if there's taxes or water owed on these properties, sometimes you have to pay those?

MR. WHITE: They're inadvertently passed on to the developer in the process because they aren't extinguished in a timely manner.

COUNCILWOMAN BROWN: Madam Chair?

COUNCILWOMAN TASCO: Yes.

COUNCILWOMAN BROWN: Mr. White, you said that you are currently in discussions with the Water Department?

MR. WHITE: Yeah. We have different members of ours, Regional Legal Housing Services and some of our other CDCs, that have had conversations regarding stormwater management issues in the past. We've also had conversations where the Water Department has come out to our Association and did presentations regarding the increases in the fees of stormwater.

So our question becomes, Madam, with all due respect, is if this is going to be a bill that's going to be, as soon as it's passed, immediately enacted, I think we need to take a little bit longer look overall at what the scope of what this does beyond what its intent is, because what we've discovered is sometimes the good intentions sometimes --

COUNCILWOMAN BROWN: The conversations are good. The discussions are healthy. At the end of those presentations, what was the ask? What were the expectations raised by the Association of the Water Department? And have those concerns been adequately, appropriately addressed in writing or at all?

MR. WHITE: No, ma'am, they haven't. That's why we're coming here today at the last minute when we realize that this bill was introduced and would have an immediate impact. We've asked several questions about what the long-term projections would be of these fees beyond the fixed years 2012 and

2013. We have asked -- and these are questions that we're still waiting to get the answers for from the Administration.

COUNCILWOMAN BROWN: You've put those questions in writing?

MR. WHITE: We put, yes, in the form of e-mail and the form of other memos that Regional Legal Housing Services has developed. So this for us has been an ongoing concern, and what we would ask, as I stated, is that if this bill were to pass, that they would amend the bill to include hardship agreements for low-income property owners such as I suggested and for the acquisitions by non-profits of these vacant properties so that there is -- or some type of waiver or recapture agreement so that we can avoid any unintended consequences that this bill may have.

COUNCILWOMAN TASCO: Mr. Clarke, Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

Mr. White, how are you?

MR. WHITE: Hi. How are you, sir?

COUNCILMAN CLARKE: You're talking about private acquisitions by CDCs, not government-assisted acquisitions?

MR. WHITE: We're talking about private acquisitions and some government-assisted acquisitions where we've had problems.

COUNCILWOMAN TASCO: We can't hear you. Would you please speak into the microphone.

MR. WHITE: Yes.

COUNCILMAN CLARKE: Well, on government acquisitions, all the liens are -- and I'm assuming we're talking about using NTI or some other kind condemnation measures -- that those liens actually assist the City in the condemnation process, because the acquisition -- the compensation to the property owner actually goes against the lien. So we actually don't have to pay for that, if there are substantial liens. So that's actually beneficial. If it's a private acquisition by a CDC, which, to my knowledge, at least of the ones in my area, it's like very minimal. I mean, most of the acquisitions done by the CDCs are either government-assisted or they acquired already publicly owned properties. So to change the program to address three, four, five properties I think is --

MR. WHITE: We also have private developers in the Association, sir. So it's not just the non-profits that you're speaking of.

COUNCILMAN CLARKE: I mean, the issue is if you --

COUNCILWOMAN TASCO: Please speak into the microphone, Mr. White. We have old ears. We can't hear you.

MR. WHITE: I'm sorry.

The Association consists of also private developers and non-profit associations and supportive housing facilities.

COUNCILMAN CLARKE: Was the end use affordable housing?

MR. WHITE: Yes. The end use in most cases is affordable housing. In some cases, it's supportive housing or community facilities.

COUNCILMAN CLARKE: And my limited knowledge of that is that at the closing, which all of those require, that the City traditionally waives if it's for affordable housing or a non-profit use that's going to be supportive of the community or a low-income community, that normally -- and I'm sure somebody can correct me if I'm wrong, which I am frequently -- that that should normally be waived at the time of settlement.

MR. WHITE: In most cases, yes, sir.

COUNCILMAN CLARKE: So, I mean, how many times are you talking about?

MR. WHITE: Off the top of my

head --

COUNCILMAN CLARKE: Personally I don't ever remember a situation with a non-profit --

MR. WHITE: I'd say we've had more than 20 incidents in the past.

COUNCILMAN CLARKE: In the entire City?

MR. WHITE: Across the City, which is why I'm here, so...

COUNCILMAN CLARKE: Okay. But don't you think that 20 is relatively easy to just simply waive it as opposed to changing the entire Water Department program? I'm just asking a question.

MR. WHITE: Do I think it's easier --

COUNCILWOMAN BLACKWELL: Let the man have his peace.

MR. WHITE: Do I think it's easier to change the 20? Probably, sir, but given the back and forth that we've had, I would say no, because it hasn't been resolved.

COUNCILMAN CLARKE: Okay.

COUNCILWOMAN TASCO: Maybe it's not resolvable.

MR. WHITE: Can I just add one more thing? I think if it was resolved, I think our members wouldn't be concerned, I wouldn't be here, and I would have just passed on testifying about it. So to us, it's an issue of concern, and all we're asking for is a deeper dive, a closer look at what we're getting into with this bill.

COUNCILWOMAN TASCO: The Water Department has left, so they're not here to respond. We'll try and figure it out.

MR. WHITE: Thank you, Madam Chair.

COUNCILWOMAN TASCO: Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Mr. White.

COUNCILWOMAN TASCO: The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam Chair. I'd like to ask that we briefly go into the public meeting so I may record my vote on all of the matters before us today as a yes vote and then come back into the public hearing.

COUNCILWOMAN TASCO: We will recess our public hearing and go into the public meeting to allow Councilman Green to leave his vote.

COUNCILMAN GREEN: Thank you, Madam Chair. I request your consent to vote yes on all bills appearing before the Committee.

COUNCILWOMAN TASCO: And amendments?

COUNCILMAN GREEN: And amendments.

COUNCILWOMAN TASCO: Thank you.

COUNCILMAN GREEN: Thank you, Madam Chair.

COUNCILWOMAN TASCO: All right. We'll go now back into our public hearing.

Next we have Bill 110444, Community Development Block Grant ordinance, Ms. Deborah McColloch, Mr. Alan Greenberger.

(Witnesses approached witness table.)

MS. McCOLLOCH: Would you like me to begin?

COUNCILWOMAN TASCO: Beg your pardon?

MS. McCOLLOCH: Would you like me to begin?

COUNCILWOMAN TASCO: Sure. I'm sorry. Go ahead.

MS. McCOLLOCH: Good afternoon, Councilwoman Tasco and other members of the Finance Committee and members of City Council. I am still Deborah McColloch, Director of Housing. I will present testimony on behalf of the Administration on Bill No. 110444, which permits the City to apply for the federal Community Development Block Grant (CDBG), HOME Investment Partnership, Emergency Shelter Grant and Housing Opportunities for Persons with AIDS, known as HOPWA, funds and the state funds from the Department of Community and Economic Development, DCED. The bill refers to Exhibit A, which is the Year 37 Consolidated Plan, the required HUD funding application. In order for the City to receive funding from HUD, the City is required to submit an approved Consolidated Plan to HUD no later than August 16th, 2011. The Consolidated Plan also includes a budget for the Housing Trust Fund and related funding sources.

With me today are Alan Greenberger, Deputy Mayor for Economic Development; representatives of the Department of Commerce, which administers funds allocated for community economic development and related agencies, including the Redevelopment Authority, the Philadelphia Housing Development Corporation and the Philadelphia Industrial Development Corporation.

The Year 37 Consolidated Plan for the fiscal year which begins July

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1st, 2011 details our plan for spending funds from four primary federal sources, the state's Department of Community and Economic Development and Housing Trust Fund. As detailed in my April 20th letter to City Council and the May 19th briefing for Council and in additional individual meetings with Councilmembers, the federal Fiscal Year 2011 budget and the state's proposed 2011-12 budget significantly impact our Year 37, City Fiscal Year 2012, community, economic and housing development programs.

In Year 37, the City will receive 46.186 million in federal CDBG funds, which is a 16.5 percent reduction, or approximately $9 million less, than in Year 36. The City's Year 37 federal HOME program allocation is 14.531 million, which is an 11.6 percent reduction, or approximately $2 million less, than in Year 36. In addition, the state's proposed budget reductions, including the elimination of Housing and Redevelopment

Assistance funding, represent an additional loss of nearly $5 million. In Year 37, based on the current rate of earnings, the Housing Trust Fund budgeted amount is $7 million, a decrease of $500,000 from Year 36. These reductions are offset slightly by an anticipated increase in program income and prior years' reprogrammed funds, bringing the grand total of resources available in Year 37 to 157.073 million. This is nearly $16 million less than in Year 36.

Despite this significant reduction in resources, the Administration holds steadfast to its priority to serve low and moderate-income households and revitalize neighborhoods by maintaining its core programs and services, which are housing production, housing preservation, housing counseling and community economic development.

The Year 37 budget process was not easy, and tough choices had to be made given the magnitude of the cuts.

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The following is an overview of the process and strategy for the reductions.

Reductions to core programs were minimized by not making across-the-board cuts. For example, the BSRP Tier 2 program CDBG allocation is $10.3 million, and a 16.5 percent cut would have meant 1.7 million less funding, which would result in 400 households not receiving basic home repairs. A cut of that magnitude is unacceptable.

Second, non-core programs were reviewed for performance and impact. For example, the Creative Industry Program and the Homeownership Rehabilitation Program, HRP, are not core programs, and each program has unspent funding from the current fiscal year.

Third, we identified other eligible funding sources to fill gaps in funding for core programs. For example, $1 million in funding from the Housing Trust Fund was shifted to the Heater

Hotline program to address the loss of the state funding.

Fourth, overall operating costs were reduced by a minimum of 16.5 percent for CDBG and 11.6 percent for HOME, in keeping with the federal reductions. Instead of making across-the-board cuts, the staffing and delivery of programs at each agency was examined for impact of services. For example, the $1 million in CDBG funding for the Department of Licenses and Inspections is not being reduced because a cut of 165,000 would result in a reduction of 325 clean and seals of vacant and blighted structures.

Finally, after completing the steps outlined above, additional reductions were required to balance the budget. The decision was made to reduce the following four CDBG-funded programs by the standard 16.5 percent: YouthBuild, Utility Emergency Services Fund, Energy Coordinating Agency and Child Care Facilities Fund.

This strategic approach to the budget resulted in core programs and services to be funded at the greatest levels possible given the significant reductions in federal and state levels. The Administration remains committed to affordable housing production, housing preservation programs, mortgage foreclosure prevention and other key housing services. Within the Consolidated Plan budget, continued funding is proposed for homeownership housing and rental ventures financed in conjunction with the Low Income Housing Tax Credit and special needs housing to assist the homeless and those with other special needs. The Basic Systems Repair Program, BSRP Tier 2, is proposed to receive 10.32 million in Year 37. While the CDBG-funded community economic development activities funded through the Commerce Department received an overall decrease of 665,000 in CDBG funds, the Consolidated Plan budget exceeds the requirement of Council Bill 000716 that at least 5 percent of CDBG funds be allocated to economic development activities carried out by community development corporations.

In addition to CDBG and HOME, the Year 37 Consolidated Plan includes federal funding from the Housing Opportunities for Persons with AIDS program, which the City of Philadelphia administers for a five-county metropolitan region, including Philadelphia, Bucks, Chester, Delaware and Montgomery Counties. The federal formula for HOPWA funds is based on the historical and contemporary AIDS caseload in the region. Rental assistance to allow persons with AIDS to rent their own apartments or home is the largest single expenditure of HOPWA funds. In Year 37, the City will receive 7.385 million in HOPWA funds for the five-county region, a decrease of 1.4 million from Fiscal Year 2011. This decrease in funding is related to the decrease in the number of newly diagnosed people with AIDS. Prior year's reprogrammed HOPWA funds will be used to maintain HOPWA programming at the Year 36 level and to allow for an increase in rental assistance for expiring tax credit developments.

Another source of federal funding for housing in Year 37 is the Emergency Shelter Grant program. We anticipate receiving 3.1 million in ESG funds in Year 37, an increase of 818,000. These funds, which support emergency shelter activities, will continue to be administered by the Office of Supportive Housing.

In the past, another major source of funding for housing has been the Section 108 loan program. Under the Section 108 loan program, the City is allowed to borrow funds against future CDBG entitlement grants. In the past, the City used the Section 108 loan program to provide debt financing for economic development ventures and to support specific housing development ventures. While economic development Section 108 loans are self-sustaining through the repayment of debt, subsidies for housing funded with Section 108 loans must be repaid from CDBG entitlement funding. The City has nearly reached its Section 108 loan program borrowing capacity and, therefore, in Year 37, no new Section 108 loan authority will be sought for housing activities, and budget authority for a relatively modest loan of up to 20 million is requested for economic development activities administered by PIDC.

Thank you for the opportunity to present this testimony. In order for the City to receive funding from HUD, the City is required to submit an approved Consolidated Plan to HUD no later than August 16th, 2011. In order to permit expeditious submission of the Consolidated Plan to HUD, suspension of the rules to permit first reading at the next Council session is requested.

My colleagues and I are happy to answer any questions you or other members of Council may have.

COUNCILWOMAN TASCO: Thank you very much.

Questions?

(No response.)

COUNCILWOMAN TASCO: Would you like to go back to 1987, '89 when the rafters were filled with...

So just kind of wrap it up and tell us what does all of this mean for us?

MS. McCOLLOCH: Well, what it means is that we have the $16.5 million reduction in funding, but that to the best of our abilities, we've maintained funding for our core programs, and our core programs are affordable housing production, housing preservation -- that's the Basic Systems Repair Program and the programs that go along with that -- for housing counseling, which includes the Mortgage Foreclosure Prevention Program, the diversion program, and also for community economic development programs.

So as much as we can, we've avoided reductions in those programs. We've moved money around between CDBG and the Housing Trust Fund to try to maintain those programs, which is the example of the Heater Hotline, which in the past has been funded with state money and it's not in the budget this year. We feel that's a core program. We have to make sure we have the Heater Hotline. So we're funding that with Housing Trust Fund money, and we've done our best to maintain those priorities.

COUNCILWOMAN TASCO: You talk about on Page 2 the four CDBG-funded programs that were cut by 16.5 percent, YouthBuild, Utility Emergency Services and ECA and the Child Care Facilities Fund. How does that look in terms of dollars?

MS. McCOLLOCH: In terms of?

COUNCILWOMAN TASCO: Dollars.

MS. McCOLLOCH: Dollars.

COUNCILWOMAN TASCO: I mean, I know because we use -- all of them are good programs. YouthBuild is a good program. Certainly we've supported the Utility Emergency Fund in the past to keep people warm, same thing with ECA and the Child Care Facilities Fund.

Do you have an idea of -- what do they go from, from what to what?

MS. McCOLLOCH: Yes. Yes. Hold on one second, I can tell you.

Utility Emergency Services Fund goes from 1.4 -- 1.525, I beg your pardon, 1.525 to 1.275. So it's been cut by $250,000.

COUNCILWOMAN TASCO: Okay. What about ECA?

MS. McCOLLOCH: ECA goes from 800 to 669, 669,000. The Child Care Facilities Fund goes from 650,000 to

543,000, and YouthBuild goes from 600,000 to 502,000. And in each of those cases, that's just the standard cut -- we were cut in federal funding by 16.5 percent, so we just applied that cut to those programs.

COUNCILWOMAN TASCO: So does YouthBuild have other funding other than the funding from your department?

MS. McCOLLOCH: It has direct funding from HUD for the YouthBuild program, in addition to this funding that we provide.

COUNCILWOMAN TASCO: What about the Child Care Facilities Fund? That's our fund, right?

MS. McCOLLOCH: Child Care Facilities Fund also has some funding from the William Penn Foundation, but the Child Care Facilities Fund has remaining uncommitted, unallocated funds from the current fiscal year that it can carry forward. So it will actually have over $700,000 available to it in the next fiscal year to carry out its program.

COUNCILWOMAN TASCO: What about ECA?

MS. McCOLLOCH: ECA has additional funding through the state weatherization program, and this funding will not reduce the funding for the neighborhood energy centers. They will continue to be funded.

COUNCILWOMAN TASCO: Okay. Well, they'll probably testify, I guess.

You have questions? Councilwoman Brown.

COUNCILWOMAN BROWN: Good afternoon, and thank you for your testimony. Too often professionals in government do not get thanked for what's called follow-through, which is fundamental in the work that we do. So I want, on behalf of my office, I want to say thank you for at least a half dozen seniors we were trying to be helpful to who all needed heat in some way, form or fashion. So the Heater Hotline works.

The follow-through on the number of persons that I talked with personally on the phone made a difference in seniors, and the intervention during those cold winter months made a difference for them as well. So thank you.

MS. McCOLLOCH: Great.

COUNCILWOMAN TASCO: Any other questions?

(No response.)

COUNCILWOMAN TASCO: Well, I guess we can't go back to 1987, '88, '89 and have all the discussion.

Councilman Clarke. I'm sorry.

COUNCILMAN CLARKE: That's fine. No problem, Madam Chair. I just had one quick question.

You may or may not be able to answer it. First, I want to thank you for doing a good job with a bad situation and figuring out a way to maneuver the finance go-around and ensure that we keep the core program.

HRP, I understand that we

haven't been using it as much as we would have liked. In terms of the criteria, is that a local policy? I know part of the problem has been community groups. You have to establish a certain level -- there can only be a certain level of vacancy on the block to qualify for the HRP dollars. Is that a local policy?

MS. McCOLLOCH: Yes. That's been a local -- that's a local program policy, mostly to ensure that the property can get a mortgage. It's based on rehabbing a property and the home buyer getting a mortgage to put that portion into the development budget. So properties with high vacancy rates are less -- properties on blocks with high vacancy rates are less likely to get mortgages, so we've been making that requirement of the program, but it is a local policy, not legislative.

COUNCILMAN CLARKE: The reason I ask that, because I know of instances where, say, for instance, 28th Street, the Project HOME is working on up in Strawberry Mansion, they have been essentially on hold for two years because there are two PHA properties that take them over that threshold because they're two vacant PHA properties, and you know how difficult it is to get properties through the inventory, so they've been unable to move forward on that HRP. So I'm wondering given some of the changes in the way --

MS. McCOLLOCH: We could certainly look at that, yeah.

COUNCILMAN CLARKE: And just from a policy perspective, because there happens to be a lot more vacant properties now for unfortunate reasons. Could we possibly look at changing that local policy?

MS. McCOLLOCH: Yeah. One of the reasons why the HRP program was not allocated additional funding this year is because it has unspent funding from the prior fiscal year, as you and I have talked about, and we have thought we need to take this time to look at that program overall, and that may be -- the sort of change you're describing may be one that we need to look at.

COUNCILMAN CLARKE: Yeah.

MS. McCOLLOCH: If we have properties --

COUNCILMAN CLARKE: If we do utilize HRP, it will call for other people to say, You know what, I'm going to actually go out and renovate or try and purchase and renovate a property on that block.

MS. McCOLLOCH: Right.

COUNCILMAN CLARKE: Because we can be the stimulus, not the fill-in. You understand what I'm saying?

MS. McCOLLOCH: I understand, Councilman.

COUNCILMAN CLARKE: All right. Thank you.

Thank you, Madam Chair. That's it.

COUNCILWOMAN TASCO: Ms. McColloch, how many vacant properties do we have in the City now? What is the official number?

MS. McCOLLOCH: The official number? I don't know what the official number is.

DEPUTY MAYOR GREENBERGER: Publicly owned or all told?

COUNCILWOMAN TASCO: All told.

DEPUTY MAYOR GREENBERGER: I think -- I'm going to look back at -- is it in the 40's? I think it is in the 40,000's, of which about 25 percent is publicly held.

COUNCILWOMAN TASCO: I was just telling Councilwoman Blackwell in 1973 there were 37,000 vacant houses. We haven't made much headway, have we, or they just -- people just keep abandoning the houses.

Thank you very much. You have testimony, Mr. Greenberger?

DEPUTY MAYOR GREENBERGER: No.

COUNCILWOMAN TASCO: Thank you. All right. Thank you very much. Would you stay around? We have other people to testify.

MS. McCOLLOCH: Yes.

COUNCILWOMAN BLACKWELL: Madam Chair, may I say thank you?

COUNCILWOMAN TASCO: I'm sorry.

COUNCILWOMAN BLACKWELL: That's all right.

May I say thank you as well. We've worked together for many years. These are tough times, but we do appreciate it. Thank you.

COUNCILWOMAN TASCO: Thank you.

We now call on Anthony Council. Next to testify after Mr. Council will be Mr. White, John Rowe and Robert Grossman, if you're here.

(Witness approached witness table.)

MR. COUNCIL: Hello.

COUNCILWOMAN TASCO: Good afternoon.

MR. COUNCIL: Good afternoon, Madam Chairperson. I'm here to speak on Bill 110444, and I would like to thank you for the opportunity to speak at this particular budget hearing.

One of the things why I was sitting out there that was very interesting to me, because I represent the members of Local 1971, which consists of the following housing agencies: The RDA, PHDC and OHCD, and one of the things that I heard and did not hear was that there is a budget cut, but I have not heard any mention of how many positions will be cut based on these budget cuts. So what I would like to do is, I would like to start off with a show of history of what budget cuts mean to the members of Local 1971.

Local 1971 members have not received a cost of living adjustment from 2003 to present, or approximately eight years. During that time, in 2004 and 2006, there were layoffs. Once again, that was a concern because there was a budget cut in funds. Once again, the members of Local 1971 paid the price for that.

As these cuts continued, the members of Local 1971 membership dropped from 300 to 133 members as of this date, which, once again, should show that they have continuously supported, it would appear, all the budget cuts on their back.

Although our numbers have dropped, the members continuously have to maintain the same level of work, which means that they sometimes have to do the job of at least two or three of their former comrades who were laid off. They have to take up the slack for that. However, during that time, they do not receive or have not received any just compensation.

My members have been laid off and rehired at different agencies over the last eight years due to budget cuts, and they have been placed in other agencies and receive as much as $13,000 less that they were making. However, they continue to perform the same duties. This is unjust by any means that you can consider.

Some of my members also during this time period have lost their homes.

Sorry. Excuse me. It just upset me that I have to say this. When you actually say it out loud, you begin to see that this is just not right.

They have to put off sending their children to college and they have to work two jobs, a number of members do. However, during that same time period over the last eight years, management have received numerous raises and have increased their numbers in some agencies by as much as 41 percent, during the time when the personnel they direct has dropped by as much as 56 percent, and basically that's down to 133 members.

So now we come to the meat of

my testimony, and, that is, why every time there is a cut in funds it is balanced on the back of the members of Local 1971 or the bargaining unit members? In fact, in an example, in one agency you could lay off every single bargaining unit member and still not cover the budget shortfall. This is to say that these members just don't make that much money, and, therefore, they are always the ones, however, who are picked to pay the price for budget cuts.

An example could be that if you took the agencies back -- one agency back to 2006 level, that would pretty much cover the shortfall that is in some of the agencies.

The members of Local 1971 are hard-working citizens of this city. When gas, taxes, electricity, water and all these things are being increased, my members still have to pay those bills. However, they have received no compensation, no increase in their rates and their pay, and in some agencies, they cannot even receive the small sum of a longevity pay that is sometimes no more than $25 a month. That is the injustice that is continuously heaped upon them.

In fact, in the case of where everything is going up, my members are actually in the hole. They continuously lose against the economy, and yet they continue to perform their duties admirably. I have observed these individuals in all three agencies and watched them continue to work and yet be frustrated by the fact that now they heard there's another budget cut and now they hear that once again they are a target of those budget cuts.

Therefore, I am requesting that Council provide some extra funding to continue this good service that these individuals that provide it. You hear about the Basic Systems Repair Program and how well it's doing. Well, the individuals who actually make that program work are actually the members of Local 1971. When you hear of development and projects that are happening within the City, the individuals who do the research, the individuals who do the research, compile the paperwork together and stuff are the members of Local 1971. When your constituents, as far as when they need inspections in their homes, it is the members of Local 1971 who go out and inspect those homes to make sure that the heaters that contractors are putting in there are put in correctly.

One of the things that my members are very proud of is being citizens of Philadelphia. However, one of the things they're not proud of is being overlooked when it comes time for them to be justly compensated for the work that they do.

So I would like to ask this Committee to transfer some funds to ensure that the members that I represent are not laid off, or that if they must be laid off, that they do not take the blunt of this by themselves.

COUNCILWOMAN TASCO: Thank you very much.

Any questions?

(No response.)

(Applause.)

COUNCILWOMAN TASCO: Let me just ask you a question. Are all of your -- what department are the members of your Local 1971, what major department? Are they throughout OHCD?

MR. COUNCIL: Well, they consist of members from OHCD, RDA and PHDC. Those are the three housing agencies in which I represent and which my members are a part of.

COUNCILWOMAN TASCO: So have you gotten any notification as to how many of them would be laid off?

MR. COUNCIL: No. At this time we have not been notified as to how many members will be laid off, and that is a concern for me and my members.

COUNCILWOMAN TASCO: Could we have someone come up from these departments, RDA, PHDC, and Deborah, Ms. McColloch, would you come back, please, to the table.

MR. COUNCIL: Would you like me to --

COUNCILWOMAN TASCO: Just move to the side.

MR. COUNCIL: Yes.

(Witnesses approached witness table.)

COUNCILWOMAN TASCO: You've heard the testimony from Mr. Council. Could you please have a response to that in terms of the number of people who have been laid off. But the question I want to ask, are these cuts from the Community Development Block Grant dollars or how much money comes from the General Fund? Does any money come from the General Fund?

MS. McCOLLOCH: No.

DEPUTY MAYOR GREENBERGER: No.

MS. McCOLLOCH: It's cuts from Community Development Block Grant and HOME.

COUNCILWOMAN TASCO: Beg your pardon?

MS. McCOLLOCH: It's cuts from the Community Development Block Grant program and the HOME program, both.

COUNCILWOMAN TASCO: So if there are layoffs coming down the pike, is that because of the 16.5 percent cut from the federal government?

MS. McCOLLOCH: Yes.

COUNCILWOMAN TASCO: Why don't you all just tell us what's going on. I don't have the questions. You heard the testimony.

DEPUTY MAYOR GREENBERGER: I have the numbers. In Ms. McColloch's testimony, she said that the operating costs that are the department operating costs are also being proposed to be cut 16.5 percent from the CDBG side and 11.9 from the HOME side. That adds up to a little over about $5.3 million of cuts that we think, in fairness, the agencies collectively needed to take while we were at the same time cutting programs to that same extent.

We don't have the breakdown by agency yet, but the overall impact is probably -- and most of that money is -- the vast majority of that money is to pay for people's salaries. So the impact is approximately 58 positions, 21 of which we think are currently unfilled and 37 of which are currently filled and would need to be layoffs.

COUNCILWOMAN TASCO:
Thirty-seven layoffs?

DEPUTY MAYOR GREENBERGER:
Mm-hmm, spread over five agencies.

COUNCILWOMAN TASCO: The other question was in terms of his comment about the salary increases of some and no salary increases for others. Do you want to talk about that?

MS. McCOLLOCH: There's not

been -- there's not a new collective bargaining agreement. We are still working on now a seven-year-old collective bargaining agreement. And so the employees who are covered by that collective bargaining agreement have not had increases because we have not negotiated a new agreement for that period of time, and that's why there haven't been increases for members who are governed by the collective bargaining agreement. There are three different agreements, one at OHCD, one at PHDC and one at the Redevelopment Authority.

COUNCILWOMAN TASCO: So those employees who fall into this local, because you do not have a collective bargaining agreement, have not been compensated for the number of years without the collective --

MS. McCOLLOCH: They haven't had a raise for that period of time because we are still operating under the old collective bargaining agreement.

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COUNCILWOMAN TASCO: The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

And yet they say they've gone from 300 positions down to 133.

DEPUTY MAYOR GREENBERGER: I'm sorry, Councilwoman?

COUNCILWOMAN BLACKWELL: They say their positions have gone down three to one, from 300 to 133. Would you comment on that?

MS. McCOLLOCH: I don't know what the numbers -- that's what Mr. Council has said. I don't know that independently. I don't have any independent information about what the reduction in the numbers is.

COUNCILWOMAN TASCO: Has there been any increase in hiring in any of those departments in the last year or two, and what level of employment?

MR. COVINGTON: There's been increase in population at the

Redevelopment Authority based on receipt of NSP dollars, the stimulus money. So staff was added to deliver the programs associated with the NSP. So there was an increase in staffing associated with --

COUNCILWOMAN TASCO: Would you speak into the microphone?

MR. COVINGTON: Oh, I'm sorry.

COUNCILWOMAN TASCO: Would you identify yourself, please, first for the record.

MR. COVINGTON: My name is Ed Covington, the Executive Director of the Redevelopment Authority, Madam Chair.

And with respect to new hiring at the Redevelopment Authority, it's been primarily associated with the NSP stimulus money, which has enabled us to deliver greater housing programs for the City.

COUNCILWOMAN TASCO: So how long does that stimulus money last?

MR. COVINGTON: Until the expended date, which is 2012. And so there will be additional time after that as we continue to have proceeds from the sale of properties that have been financed with these dollars, but basically it will amortize down over time and those dollars will disappear, and staffing will be affected accordingly.

COUNCILWOMAN TASCO: So the new hires that you brought on are basically funded through the NSP funding?

MR. COVINGTON: That is correct. And they're discretely funded through that means, because they are a part of the budget for the NSP dollars that have been received through OHCD.

COUNCILWOMAN TASCO: What categories of employment are these people?

MR. COVINGTON: Both bargaining unit individuals were added as well as individuals not in the bargaining unit.

COUNCILWOMAN TASCO: Could you give us a breakdown of the people who were hired?

MR. COVINGTON: I don't have a precise breakdown at the moment, Madam Chair, but we can get that information.

COUNCILWOMAN TASCO: You can get that to the Chair, how many are bargaining employees and how many are not?

MR. COVINGTON: Be happy to provide that.

COUNCILWOMAN TASCO: All right.

MR. McINTOSH: Good evening, Madam Chair. My name is Anthony McIntosh. I'm the Executive Vice-President of the Philadelphia Housing Development Corporation, and we too at PHDC did experience an increase in staffing as a direct result of receiving stimulus dollars to administer the weatherization program.

COUNCILWOMAN TASCO: And what were these -- what did these employees do? What is their responsibilities?

MR. McINTOSH: They support the activities under our weatherization initiative, from inspectors to administrative support, as well as financial support as well in our Finance Department.

COUNCILWOMAN TASCO: Were any of these employees ever in your department before or worked for any of the other agencies, RDA, PHDC or OHCD?

MR. McINTOSH: No. No.

COUNCILWOMAN TASCO: So the people who were laid off were never called back to work at --

MR. McINTOSH: No, that's not correct. We've called back numerous people. We have a collective bargaining agreement that dictates the process as it relates to those people that may remain on a layoff list and their callback rights.

But with respect to the stimulus program, 50 percent of our funding was received in the initial year. So in order to meet our production goals, there was a ramp-up of staff in an effort to meet our production demands, and as those stimulus dollars expire, which is scheduled for March of 2012, we will also be having a ramp-down. This is a ramp-up and it's a ramp-down, and it was discussed with the union leadership at that time and the plan was reviewed with that leadership.

COUNCILWOMAN TASCO: Okay. Thank you very much.

You have something to say, Mr. Greenberger?

DEPUTY MAYOR GREENBERGER: Just a correction to something I told you before and you wrote down. Right now the projection is, there are 21 vacant positions that will be unfilled. There are projected 31 layoffs across five departments and five people who we think we can change the funding source outside of these funding sources.

COUNCILWOMAN TASCO: And because all of your funding basically comes from the Community Development

Block Grant dollars from --

MR. GREENBERGER: In these agencies, a lot of it does. Some Commerce does, and in Commerce we think there's some shift we can make to protect several jobs.

COUNCILWOMAN TASCO: Okay. Thank you very much.

Any questions?

(No response.)

COUNCILWOMAN TASCO: Thank you very much.

Mr. Council?

MR. COUNCIL: Madam Chairperson, I would just like to make an additional response to some of the things they said, if that would be acceptable.

COUNCILWOMAN TASCO: Speak into the microphone. Identify yourself, please.

MR. COUNCIL: I am Anthony Council, President of Local 1971.

And one of the things that I would like to bring also to this

Committee's attention is this, when we're talking about the exempt and the number of individuals -- and this is based on information I received from the management itself -- if you take OHCD, they have 26 bargaining unit members and they account for 24 percent of the total salary costs within that agency, or approximately $953,955. The total exempt costs is $3,102,653, yet once again I don't know how they're going to pick the numbers, but as I like to continuously state, that as always, my members pay the price for layoffs. And I can provide you data showing you that a large part of the salary cost is not my bargaining unit members. It is not the members of Local 1971. That if you have a large number with them or you hear salary, that's based on the number of them, but in a lot of cases -- and I'll give you an example here. In one case, such as in the RDA, we have the director salaries of 23 directors, the equivalent of $2,120,396.

That's 23 individuals, which means that these individuals actually direct 2.5 people. And, in fact, if you include the total exempt, that's including directors and exempt, you would get a total salary cost of $2,497,662. That's 30 people. If you count the bargaining unit members, you get a cost of $2,463,800. Once again, I'd like to point out that the exempt salaries are higher than the bargaining unit members.

We also deal with a large number of salaries that reached the level of over $100,000, and yet, once again, my members will begin to pay the price for budget cuts.

So I just wanted to bring that to the attention of the Committee as well.

COUNCILWOMAN TASCO: Thank you very much.

Any other questions?

(No response.)

COUNCILWOMAN TASCO: Thank you

very much for your testimony.

We will now have Mr. White, Mr. Rowe and Mr. Grossman, and then we'll go back to the Water Department. We're going to finish this testimony here.

(Witnesses approached witness table.)

COUNCILWOMAN TASCO: Mr. White, are you testifying?

Good afternoon. How you doing?

MR. ROWE: Good afternoon.

COUNCILWOMAN TASCO: Would you state your name for the record and proceed with your testimony.

MR. ROWE: I'm John Rowe, the Executive Director of the Utility Emergency Services Fund.

COUNCILWOMAN TASCO: Go ahead.

MR. ROWE: Thank you, Councilwoman Tasco, members of the Finance Committee, members of City Council, for the opportunity to testify and for the continuing support of City Council. UESF provides emergency financial assistance to prevent utility service from being shut off and to get utility service turned back on for very poor families in Philadelphia. I distributed a handout which we can follow.

Over the past five years, USEF has had the opportunity to assist over 24,000 families. On the back side of the handout, the locations of the families that we serve by census block groups and Council districts are presented.

OHCD is proposing to cut a quarter of a million dollars of emergency utility assistance in FY2012. If this happens, 700 very poor families will be without utility service this coming year. Since USEF is the last resort, these families have no other recourse. The utilities match USEF grants dollar for dollar. So the City's poorest families will lose an additional quarter of a million dollars in matching funds. The proposed funding cut will result in a total loss of a half a million dollars.

The families we serve are very poor, with an annual income of around $13,700, or 80 percent of the federal poverty level. Eighty-two percent are female-headed households, and the average family consists of an adult with between one and two children. These funds are used entirely for emergency grants. No funds are used for operational or administrative costs.

The need for utility assistance for vulnerable families is immense. During the five-week period preceding this year's LIHEAP season, USEF provided emergency financial assistance at the unprecedented level of $800,000 in five weeks. Every year we spend all of our funds, and there is never a carryover.

LIHEAP is threatened with a 50 percent funding cut from the federal level. This means that 50,000 eligible Philadelphia families who receive LIHEAP this year may not receive LIHEAP next year. Even without a 50 percent cut to LIHEAP, there are only enough LIHEAP funds to assist two out of three eligible Philadelphia families.

We see firsthand the families who do not receive needed help. They come to us because we are the last resort, and we help if we have the funds. Seven hundred families will not be able to pay their utilities, or they may try to pay the utilities but not pay their rent, risking eviction, or not pay their mortgage, straining the City's mortgage foreclosure prevention efforts even more so. The families will be at increased risk of homelessness, costing the City much more either to prevent their homelessness or pay for extended stays in the shelter system. Families will not purchase adequate food or medicine for their children, resulting in unhealthy children and the longer term negative effects on children's growth and development.

The cutting of a quarter of a million dollars not only impacts upon the energy utility security of low families, it also deeply affects these other crucial areas.

On behalf of the 700 families who would be without utility service or worse, I respectfully ask that the quarter of a million dollars is restored. It will be leveraged into $500,000, and problems would be prevented before they occur.

The provision of utility assistance is a more proactive and less expensive approach to larger problems that the City will have to contend with resulting from the loss of utility services.

Thank you.

COUNCILWOMAN TASCO: Thank you.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: I would like to thank Mr. Rowe for his commitment and his dedication to helping people with Utility Emergency Services Fund. I hope that all of those, Deb McColloch and company, will hear so that if there is some way that we can provide any assistance, some way we can restore some dollars, that we would consider that. When he says he'll take a quarter of a million and double it, he will. He's done a phenomenal job over the years and we're grateful for all that he does.

Thank you, Mr. Rowe.

MR. ROWE: Thank you.

COUNCILWOMAN TASCO: Thank you. I agree, and we've tried every year to try to help you.

So we're sending out the word to Ms. McColloch.

MR. ROWE: Yes, you have, every year. Thank you. Thank you.

COUNCILWOMAN TASCO: Two hundred fifty thousand dollars, I'm sure you have that in the kitchen cabinet over the stove. So you can get back to us on that, please, Ms. McColloch.

MS. McCOLLOCH: Beg your pardon?

COUNCILWOMAN TASCO: You'll get back to us on looking at how we may be able to fund it, because we do get calls all winter long and he does provide a lot of support services. And I'm looking at this map, and certainly the 9th District is a recipient of a lot of services from this program, as well as most of the City, but I'm looking at the 9th Councilmanic District.

Thank you very much.

MR. ROWE: Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILWOMAN TASCO: Next we have Mr. Grossman, or who did you say was --

MR. GROSSMAN: Councilwoman, Drew Becher, President of PHS will be proceeding.

COUNCILWOMAN TASCO: Would you identify yourself, please.

MR. BECHER: Hi. Good afternoon, Councilmembers. Drew Becher, President of Pennsylvania Horticultural Society.

COUNCILWOMAN TASCO: How you doing?

MR. BECHER: I'm doing well. Yourself?

Urban areas, green spaces offer -- well, first of all, I'm speaking on the City of Philadelphia's Green City Strategy for the proposed Consolidated Plan for Year 37 and budget year Fiscal Year 2012.

In urban areas, green spaces offer important aesthetic, economic, environmental and social benefits. Public spaces filled with thriving greenery create a more appealing urban environment. Green spaces enhance a city's economic prospects by increasing property values, stimulating business activity and attracting reinvestments. Trees and other living plants improve our air quality, absorb stormwater, and in addition, evidence points to the power of greening to reduce crime, promote social interaction and improve health.

For all of these reasons, PHS through Philadelphia Green promotes greening as a vital part of Philadelphia's ongoing revitalization. Over the past three decades with significant investment from the City's Office of Housing and Community Development, Philadelphia Green has demonstrated that greening not only improves the quality of life and strengthens community bonds, but also attracts investment and creates community wealth. We very much appreciate the support, and we have put these resources to very, very good use. More importantly, we have been able to leverage City dollars into significant support from foundations, businesses and other entities such as the private sector.

The Philadelphia LandCare Program in a recent report on vacant land management submitted to the RDA disclosed that tens of thousands of blighted and unattended vacant lots in Philadelphia have a dramatic economic impact on the City, not in a good way. The Philadelphia LandCare Program has responded to this, and with our Clean and Green program and treatment have transformed over 5,000 of those 40,000 parcels that we talked about earlier throughout the City over the past ten years. This program targets neighborhoods that are severely plagued by vacancy and abandonment. The intent is to select sites that will make maximum visual impact on the appearance and quality of life in communities in order to spur investment and redevelopment.

Studies by the Wharton School have demonstrated that the program significantly increases housing values, and other research now underway at the

University of Pennsylvania is showing significant declines in assaults near LandCare sites. In addition, about 15 percent of the treated sites now have been redeveloped for new housing and other uses.

Community LandCare is an important component of the Philadelphia LandCare Program. In this program, community organizations are funded to provide 60 jobs for neighborhood residents keeping up 1,700 parcels free of debris. The Community LandCare program was reduced in Fiscal Year '11 due to budget shortfalls, but will be reinstated in '12 with the approval of the Green City Strategy contract.

The Philadelphia LandCare Program has become a national model and has been designated a bright idea by the Ash Center for Innovation in Government at the Harvard University Kennedy School. Other cities have traveled here to look at this innovative program such as

Cleveland, Pittsburgh, Indianapolis, Youngstown, New Orleans and Cincinnati, and they're all adopting elements of this program to generate redevelopment in their own communities with Philadelphia as the model.

However, 35,000 more abandoned parcels continue to litter our neighborhoods and continue to spur further abandonment and disinvestment. Continued support for this program through the Community Development Block Grant will allow PHS to transform 400 additional parcels, extending the positive impact of the program into new communities.

Also in this program is the Philadelphia Tree Initiative. It really goes to support Mayor Nutter's planting of 300,000 trees, and in recent years, the Green City Strategy has been one of the foundations of the TreeVitalize program that we run in the City. The modest investment from the City of

Philadelphia has attracted other funds from public and private investment and has used community volunteers to plant at least 2,000 trees each year on City streets. Traditional contract planting programs would only yield about 500 trees. By organizing citizen volunteers, this program has been able to quadruple the results.

Over the past 16 years, PHS and Philadelphia Green program has been instrumental in the creation of the citizen support groups of "friends of the parks" groups, a network at over 100 neighborhood park sites. These volunteers contribute thousands of hours of labor, creativity and energy and allow the government investment to be targeted to community wishes and protected by community interests.

Again, PHS is grateful for the long-term support you provide to the Philadelphia Green program through OHCD. We look forward to continuing our work with the people of Philadelphia using greening to create safe and attractive neighborhoods and again to watch this city grow. It's amazing.

Thank you so much.

COUNCILWOMAN TASCO: Thank you very much for your testimony.

Any questions?

Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Just so I'm clear here, do you have an ask here or are you just saying -- I mean, are you asking for -- what are you asking for?

MR. BECHER: We are supporting the plan --

COUNCILMAN GREENLEE: So you're supporting what you're going to get?

MR. BECHER: Yes. We love what you're doing. We think it's fantastic. You probably don't hear that that much, but thank you so much for everything you do.

COUNCILMAN GREENLEE: Thanks. Just so I'm clear. Okay. Thank you.

COUNCILWOMAN TASCO: Next, Mr. James White and Cicely Peterson-Mangum.

MR. WHITE: Good afternoon, Madam Chair, and thank you for the opportunity to testify. My name is James White and I'm the Policy Coordinator for the Philadelphia Association of Community Development Corporations. PACDC is the citywide association of nearly 90 community development corporations and other organizations that have extensive experience accessing and utilizing programs identified in the City's proposed Consolidated Plan.

We understand the predicament the City is in given substantial proposed cuts in federal and state funding for housing and community development programs. In particular, the City is losing more than 4 million in annual Block Grant style funding identified in the Con Plan from CDBG, HOME and HRA alone. We know that this level of cuts will severely impact the ability of the City and partner organizations to address housing and community development needs for Philadelphia's residents and neighborhoods and has necessitated hard decisions about how to allocate scarce resources.

I would like to focus my attention on three areas that are critical to meeting the needs of Philadelphia's residents and fostering successful revitalization of our neighborhoods.

First, reform the City's vacant property management system. Especially given reduced funding for housing and community development, it is critical that the City move toward implementing of a new policy stream that processes of reusing vacant land and buildings to stretch these scarce resources. Five decades of decline and abandonment in

Philadelphia have left tens of thousands of trash-filled vacant lots and deteriorated buildings. A November 2010 analysis jointly commissioned by PACDC and the RDA documents a negative impact vacancy and blight have on the City and its residents, including 3.6 billion in lost household wealth, more than 20 million in City maintenance costs each year and at least 2 million in additional uncollected property taxes each year. A more efficient, predictable system is projected to lead to an estimated addition of about 3,400 new homes within the next five years, with construction activity generating 180 million in economic impact each year, supporting 800 jobs and 35 million in new tax revenues for the City.

The City has substantial progress -- has made substantial progress in the past several months in developing new policies to facilitate productive reuse of blighted properties. We strongly recommend inclusion of these four key actions as part of the City's new plan: Developing a publicly accessible and accurate inventory of all publicly and privately owned vacant properties that can facilitate planning for appropriate reuse; consolidating ownership of publicly owned vacant properties in a single entity or land bank; establishing and implementing a transparent and equitable policy to dispose of properties consistent with neighborhood plans; and moving quickly to extinguish liens and provide clean title on properties being disposed of.

Two, expand housing opportunity. The demand for housing assistance has grown as the economy has weakened. While the Philadelphia Housing Trust Fund has assisted more than 5,200 families since its creation, stabilizing families and neighborhoods, expanding the tax base and leveraging more than 170 million in outside investment in the

City, its revenues are only half of what they were four years ago, and we are facing further cuts in funding for federal and state housing programs. At the same time, recent and proposed increases in property taxes threaten the ability of residents to stay in their homes. We urge the City to take the following steps to expand housing opportunities and help residents stay in their home: Help offset a loss in federal and state funding for housing by increasing dedicated funding for the Philadelphia Housing Trust Fund by $4 million per year by actively supporting passage of state legislation HB 639, authorizing the ordinance approved by City Council in November 2009. HB 639 was approved by the House in April. It's currently pending in the state Senate; provide support for CDC program-related expenses related to implementing housing development and preservation activities, especially given the long time it takes to bring a project to completion; encourage economically diverse neighborhoods by producing homes at a range of price points, including incentivizing developers to include affordable homes in market-rate development; enable lower income residents to stay in their homes as property assessments and taxes rise by implementing a homestead exemption and deferring increased property taxes over a certain level until the sale of the home; and lengthen the property tax abatement for affordable homes from 10 years to 15 years and provide housing counseling to help homeowners manage increases due to taxes due to the expiration of tax abatement.

Three, strengthen small business and neighborhood shopping districts. Philadelphia's neighborhood economies have been severely impacted by the downturn in the national economy. In response, our CDC members are advancing revitalization of a number of commercial corridors. A key to this success has been the City's CDC Tax Credit Program and the array of Targeted Commercial Area Assistance and Community-Based Organization Assistance programs administered by the Commerce Department, which has provided critical financial support for CDCs to carry out commercial corridor revitalization and other neighborhood economic development work.

In addition, implementation of the following recommendations will lead to better local access to jobs, goods, services, fresh food and stronger neighborhoods: Develop a clear set of program guidelines for the CDC Tax Credit Program that spell out the requirements and exemptions of the program for both businesses and CDCs, including continued participation by CDCs who demonstrated success during their initial ten-year term in their program; make neighborhoods' commercial corridors a more attractive place to shop through better coordination of services, streetscape improvements across City agencies; and streamline the City's business permit process so new small businesses can open more easily and help entrepreneurs to access financing and technical assistance to grow their businesses.

We look forward to the opportunity to continue working with the City Council and the Administration to implement an equitable housing and community development delivery system to strengthen the City's neighborhoods and address residents' housing and community development needs.

Thank you, and I have copies of my testimony here.

COUNCILWOMAN TASCO: Thank you very much.

Would you please get copies of the testimony.

Thank you very much. Any

questions or comments?

(No response.)

COUNCILWOMAN TASCO: Thank you very much.

The Chair recognizes the next witness.

MS. PETERSON-MANGUM: Good afternoon, Council, and thank you for this opportunity to give testimony on the Office of Housing and Community Development Year 37 proposed Consolidated Plan. My name is Cicely Peterson-Mangum and I am Executive Director of Logan CDC, and I'll say up front that I am here to seek your support of the proposed Year 37 Consolidated Plan.

Logan CDC is a community development corporation serving the Logan neighborhood of Philadelphia. Our mission is to enhance the quality of life for residents and businesses through transformative community and economic development.

Logan CDC, formerly Logan

Assistance Corporation, opened its doors in July of 2008. In just three years, we have made significant contributions to the Logan neighborhood. After years of silence, our neighborhood finally has a strong unified voice. With support from OHCD, we have been able to accomplish the following: The opening of the Logan Neighborhood Advisory Committee, promoting collaboration and cooperation between Logan CDC, the City of Philadelphia, area residents and businesses; a comprehensive plan for commercial corridor facelift for the 4800 to 5100 block of North Broad Street; free application assistance to low and moderate wage-earning residents seeking federal and state benefits and tax credits through The Benefit Bank; a community technology center providing Logan residents free computer and Internet access and computer training; the North Broad Street Improvement Project, which is a comprehensive commercial corridor revitalization program; plans for a mixed-use real estate development project on the Old York Road commercial corridor, with the recent award of funding from OHCD; the hiring of a part-time uniformed sanitation specialist to clean the sidewalks along the commercial corridor; the installation of three cameras along the Logan Triangle to prevent illegal dumping; the planting of over 50 trees throughout the neighborhood; and the coordination of ongoing vacant lot cleanups through the Logan NAC. Logan NAC is also organizing the return of "Let's Love Logan Day," a festival of family fun, food and important information for Logan residents. Please come out June 25th at TS Park. A net 16 new businesses have opened on the North Broad Street and Old York Road commercial corridors in the past 16 months, including one new business in the past two months and four in the past three months. The Logan NAC has reached nearly 400 households through the City's Mortgage Foreclosure Diversion Program. We've also received a service grant from the National Park Service through their Rivers, Trail and Conservation Program to look at recreational and green uses for the site of the Logan Triangle, and I see we have some of our partners here that are willing to work with us to look at high and best uses for the Logan Triangle, and that include the RDA and the Pennsylvania Horticultural Society. We also recently launched the Logan Business Association. And last, but not least, we recently were awarded and hopefully will receive funding from the Commerce Department to hire two sanitation specialists full time to clean the commercial corridors and to continue our economic development activities, including the provision of technical assistance to our small businesses.

So in addition to the

foregoing, I also urge you to continue providing support in the form of funding for pre-development planning and development along our commercial corridors, as James mentioned, capacity building and technical assistance for corridor managers and economic development practitioners.

We are extremely grateful for the City's support of Logan CDC, and we look forward to the opportunity to continue working with OHCD to develop an equitable Consolidated Plan and delivery system to strengthen the City's neighborhoods and address residents' housing and community development needs. Your support of OHCD through CDBG funding greatly impacts our neighborhoods, as it is critical to our residents and the successful revitalization of our communities.

Thank you for your time, your attention and your interest. Community housing and economic development initiatives are important vehicles for continued growth and stability in our neighborhoods, and I always welcome any opportunity to continue this conversation.

Thank you.

COUNCILWOMAN TASCO: Thank you.

Any comments?

(No response.)

COUNCILWOMAN TASCO: Well, I'd like to comment. I'd like to thank you very much for your leadership, Cicely, and what you're doing over in the Logan area, and I do thank the City and OHCD for the support of the Logan CDC as well as the NAC. If we did not have this organization in that community, it would die. So they are keeping it alive and developing plans for the future for the Triangle. It's not easy, it's not sexy and it's not exciting, and they're begging and scraping and scrimping every way, but I appreciate your leadership and that support you have from a great staff you have. So thank you very much.

MS. PETERSON-MANGUM: Thank you, Councilwoman Tasco and Council. Thank you.

COUNCILWOMAN TASCO: Thank you very much.

Is there anyone else here to testify on this bill?

(No response.)

COUNCILWOMAN TASCO: Okay. There being none, Mr. White, would you stay here. Let's talk to the Water Department about your issue. Have you talked to them?

MR. WHITE: We've talked briefly, and what I thought we agreed was that we would meet this week with our membership and our director and the Regional Legal Housing Services to address our concerns in full. But I'm willing to sit around and talk about it now, if you'd like.

COUNCILWOMAN TASCO: Have you explained to them your concerns about the runoff -- or the stormwater?

MR. WHITE: Yes, Madam Chair, we have. I have mentioned some of those concerns to them briefly while in the session, and I believe the Commissioner has said he's willing to meet.

COUNCILWOMAN TASCO: Commissioner, you want to make a comment about this. He raised some issues about future problems associated with acquisition of properties that may be liened or something for the CDCs to acquire.

COMMISSIONER NEUKRUG: Yes, and thank you for allowing me to come back up, and thank you, Mr. White, for bringing these issues to my attention.

The D-Permit ordinance that's in front of you really is to close this loophole and to make things fairer for residential customers in Philadelphia and for our industrial customers as well.

In terms of -- I did read through Mr. White's testimony, and I think with some discussion, we're certainly on the same page. Our intent is on the same page. My question for you is -- I'd welcome having public dialogue right now. I am looking for this ordinance to be moved today. So I'm wondering how we can proceed with that and with Mr. White, whether it's publicly through you or, Mr. White, if we could meet later this week and discuss this.

MR. WHITE: Well, as I mentioned, with your permission, Madam Chair, we would like to meet with the Commissioner and his staff, along with some of our leadership and our Board of Directors who have brought these concerns, and I serve them, they're my constituents, in a -- not in this forum, but in another meeting, but would hope that Council would recess the hearing and convene before the end of session so that we can move this significant legislation.

COUNCILWOMAN TASCO: Well, what we can do, we can move it out of

Committee. It stays on the Calendar until we vote it. That way -- because we are in a short time space, and so if you resolve your issues within the next day or so, then we can move it. It goes to a first reading and then a final vote with final passage. So if we leave it here, then we'll have to come back for another hearing. So we can move it out of the hearing. It will stay on the Calendar until you all have resolved your issues.

COMMISSIONER NEUKRUG: Thank you, Councilwoman.

MR. WHITE: Thank you, Councilwoman.

COUNCILWOMAN TASCO: Thank you.

All right. Anyone else to testify on anything?

(No response.)

COUNCILWOMAN TASCO: Here we go. We will adjourn our public hearing and go into our public meeting.

We now ask Councilwoman Blackwell to offer amendment to Bill

110 -- I'm sorry. We'll ask Councilman Goode to offer an amendment to Bill 110297.

COUNCILMAN GOODE: Thank you, Madam Chair. I move the amendment to Bill No. 110297 be approved.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and properly seconded that the amendment to 110297 be adopted.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: Is there any opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, the amendment is passed.

The Chair recognizes Councilman Goode to vote Bill 110297 out of Committee.

COUNCILMAN GOODE: Thank you, Madam Chair. I move that Bill No. 110297, as amended, be reported out of the Committee with a favorable recommendation and the rules of Council be suspended so as to permit first reading at our next Council session.

(Duly seconded.)

COUNCILWOMAN TASCO: Thank you. It has been moved and seconded that Bill 110297, as amended, be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so this bill can have first reading in Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: There being no opposition, this motion is carried.

Bill 110371 -- I'm sorry. The Chair recognizes Councilman Goode to report out Bill 110371.

COUNCILMAN GOODE: Thank you, Madam Chair. I move that Bill No. 110371 be reported out of Committee with a favorable recommendation, that the rules of Council be suspended so as to permit first reading at our next Council session.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved that Bill 110371 be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so this bill can be heard at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: Any opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, this motion is carried.

The Chair recognizes Councilman Greenlee on Bill 110375.

COUNCILMAN GREENLEE: Thank you, Madam Chair. I move that Bill No. 110375 be reported out of this Committee with a favorable recommendation and that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill 110375 be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so as to hear this bill at Council's next session.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: Any opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, the motion is carried.

We now call on Councilman Greenlee for Bill 110376.

COUNCILMAN GREENLEE: Thank you, Madam Chair. I move that Bill No. 110376 be reported out of this Committee with a favorable recommendation and that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill 110376 be reported out of Committee with a favorable recommendation and the recommendation that the rules of Council be suspended so this bill can be heard at Council's next session.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: Any opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, the motion is carried.

The Chair recognizes Councilwoman Blackwell for Bill 110445 as amended, the amendment to 110445.

COUNCILWOMAN BLACKWELL: Madam Chair, I move that --

COUNCILWOMAN TASCO: Excuse me. 110445, report that out.

COUNCILWOMAN BLACKWELL: Madam Chair, I move that Bill No. 110445 be reported out of Committee with a favorable recommendation and a recommendation for suspension of the rules so as to permit first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill 110445 be reported out of Committee with a favorable recommendation and a recommendation that the rules of Council be suspended so this bill can be heard at Council's next session.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: There being no opposition, the motion is carried.

The Chair recognizes Councilwoman Blackwell to report the amendment of 110447.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that Bill No. 110447, that the amendment be adopted.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved that Bill No. 110447 -- that the amendment to Bill 110447 be adopted.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: It has been moved and seconded that the amendment to Bill 110447 be adopted.

All in favor say aye.

(Aye.)

COUNCILWOMAN TASCO: It's been amended.

Now we call on Councilwoman Blackwell to report out Bill 110447, as amended.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that Bill No. 110447, as amended, be reported out of Committee and that the rules of Council be suspended so as to permit first reading at our next session.

(Duly seconded.)

COUNCILWOMAN TASCO: It has

been moved and seconded that Bill No. 110447, as amended, be reported out of Council with a favorable recommendation and that the rules of Council be suspended so we can hear this bill at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: There being no opposition, the motion is carried.

The Chair recognizes Councilwoman Blackwell for Bill 110373.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that Bill No. 110373 be reported out of Committee with a favorable --

COUNCILWOMAN TASCO: There was an amendment. I'm sorry.

COUNCILWOMAN BLACKWELL: I move for the adoption of the amendment to Bill No. 110373.

(Duly seconded.)

COUNCILWOMAN TASCO: It has

been moved and seconded that we adopt the amendment to 110373.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: There being no opposition, the motion is carried.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that the amended bill, 110373, be reported out of Committee and for a suspension of the rules so as to permit first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill 110373, as amended, be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so that we can hear this bill at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: Is there any opposition?

(No response.)

COUNCILWOMAN TASCO: The Chair recognizes Councilwoman Blondell Reynolds Brown relative to Bill 110363.

COUNCILWOMAN BROWN: Thank you, Madam Chair. I move that Bill No. 110363 be reported out of Committee with a favorable recommendation and further move that the rules of Council be suspended so as to permit first reading.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill No. 110363 be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so as to have a hearing on this -- Council will hear this bill at Council's next session.

All in favor?

(Aye.)

COUNCILWOMAN TASCO: The motion

is carried.

The Chair recognizes Councilman Greenlee for Bill 110446.

COUNCILMAN GREENLEE: Thank you, Madam Chair. I move that Bill No. 110446 be reported out of this Committee with a favorable recommendation and that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill No. 110446 be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so that this bill can be heard at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: There being no opposition, the motion --

COUNCILWOMAN BLACKWELL: Yes.

COUNCILWOMAN TASCO: Let the

record show that Councilwoman Blackwell has opposition, has voted no. But we'll work it out.

Let me note that Resolution 110453 for Fiscal Year 2012 NTI Program Statement will be heard Thursday, June 9th at 9:30 a.m.

The Chair recognizes Councilwoman Blackwell for Bill 110229.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chairman. I move that Bill No. 110229 be reported out of Committee with a favorable recommendation and also -- I move that the amendment to 110229 be adopted.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that the amendment to 110229 be adopted.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: Any no's?

(No response.)

COUNCILWOMAN TASCO: There

being no opposition, the amendment is adopted.

The Chair recognizes Councilwoman Blackwell to move Bill 110229 out of Committee.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that Bill No. 110229, as amended, be reported out of Committee and also for a suspension of the rules so that this bill may be heard at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and seconded that Bill 110229, as amended, be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so to have this bill read at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: Any opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, the bill is carried -- the motion is carried.

The Chair recognizes Councilwoman Blackwell to report out Bill 110444.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair. I move that Bill No. 110444 be reported out of Committee with a favorable recommendation and also a recommendation for suspension of the rules so as to permit first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN TASCO: It has been moved and properly seconded that Bill 110444 be reported out of Committee with a favorable recommendation and that the rules of Council be suspended so this bill can be heard at Council's next session.

All in favor will say aye.

(Aye.)

COUNCILWOMAN TASCO: Any

opposition?

(No response.)

COUNCILWOMAN TASCO: There being none, the motion is carried.

We will adjourn this session to Thursday, June the 9th at 9:30 a.m.

Thank you very much for your patience. Thank you all for testifying.

(Committee on Finance adjourned at 4:25 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on June 6, 2011, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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