COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE - BUDGET

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 13, 2007
10:35 a.m.

- - -

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN JACK KELLY
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN FRANK RIZZO
COUNCILMAN DANIEL SAVAGE
COUNCILWOMAN MARIAN B. TASCO

BILL 070114 - An ordinance to adopt a Capital Program for the six Fiscal Years 2008-2013 inclusive.

BILL 070115 - An ordinance to adopt a Fiscal 2008 Capital Budget.

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COUNCIL PRESIDENT VERNA: Good morning, everyone. I apologize for the delay.

This is the public hearing of the Committee of the Whole, and I would ask Mr. McPherson to please read the titles of Bill Nos. 070114 and 070115.

MR. McPHERSON: An ordinance to adopt a Capital Program for the six Fiscal Years 2008 to 2013 inclusive.

Bill No. 070115, an ordinance to adopt a Fiscal 2008 Capital Budget.

COUNCIL PRESIDENT VERNA: Who from the Administration is going to be testifying on these bills?

Good morning.

MS. WOODCOCK: Good morning.

COUNCIL PRESIDENT VERNA: We're going to recess the public hearing and go into a public meeting, and the Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Madam President, I offer two amendments, one for Bill 070114 relative to the $30 million and the same with Bill 070115. And we're not asking people to vote. We're just starting the 30-day clock for the City Planning Commission. We offer these amendments and we'll circulate them.

COUNCIL PRESIDENT VERNA: Thank you. Have they been distributed?

COUNCILWOMAN TASCO: Yes.

COUNCIL PRESIDENT VERNA: Thank you.

Does anyone else want to be recognized?

Councilman Clarke.

COUNCILMAN CLARKE: Yes. I just wanted to know what the amendments were about.

COUNCIL PRESIDENT VERNA: I'm sorry. I didn't hear you.

COUNCILMAN CLARKE: I just wanted to know what the amendments were.

COUNCILWOMAN TASCO: We're proposing amendments to the exhibit for $10 million for the fire, police and recreation centers.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: So is the earlier transfer of the $30 million -- what's the difference between the transfer of the $30 million, the Operating to the Capital, and what this particular amendment calls for, or is it the continuation --

MR. McPHERSON: In the Fiscal 2008 Operating Budget that the Administration submitted, they show the $30 million coming back into the General Fund from the Capital Projects Fund because they're planning not on spending it. So this is actually rolling over the $30 million into 2008, which would, I believe, prohibit them from bringing the $30 million back into the General Fund in 2008.

So this amendment would preserve the original intent of putting 10 million in recreation, 10 million in fire and 10 million in police. And, again, as the Councilwoman said, all this does is start the 30-day clock with the Planning Commission that we have to do under the Charter.

COUNCILMAN CLARKE: Okay.

COUNCIL PRESIDENT VERNA: Does anyone else want to be recognized?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing no one, we will now go back into our public hearing.

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

MS. WOODCOCK: Good morning, Council President Verna and members of City Council. I am Janice Woodcock, Executive Director of the City Planning Commission and Secretary for Strategic Planning.

The Philadelphia Home Rule Charter stipulates that the City Planning Commission will prepare and submit to the

Mayor a recommended Capital Program and Budget. As you know, the recommended Capital Budget is the Administration's proposed six-year plan for investing in the City's public buildings, community facilities and physical infrastructure. I am here today to present for your review and consideration the FY08 through '13 Capital Program and the FY08 Capital Budget, as recommended by the City Planning Commission at its meeting on February 20, 2007.

Each year, the City Planning Commission works closely with the Capital Program Office, the Budget Office, the Managing Director's Office and City operating departments to prepare a recommended Capital Program and Budget. Due to the City's general obligation borrowing limit, set by the Constitution of the Commonwealth of Pennsylvania, as well as the City's capacity to service the debt on such borrowing, we are limited in what we can spend using new

City general obligation bond financing.

We do our best to recommend the use of severely constrained Capital funding in ways that helps the City to address critical life safety needs; provide the facilities needed to support the delivery of essential public services; and leverage federal, state and private resources wherever possible.

This year, we are proposing the use of potential funding from the Pennsylvania Intergovernmental Cooperation Authority, PICA, as well as special additional resources to help fill several capital budget project gaps.

With respect to PICA funding, we are proposing a number of projects for consideration by the PICA Board to be financed with the 40.5 million remaining balance of PICA bond proceeds and earned interest funds. In our proposal, we have assumed that the criteria for using both the bond proceeds and interest earnings will be the same. That is, to be eligible for PICA funds, a project must address an emergency, which must be remedied as the result of a Court order or is required to repair or replace a facility both owned by the City and placed into service prior to June 5, 1991.

We are proposing the following projects to the PICA Board for funding: In the Fire Department, 1.4 million for mechanical, electrical and plumbing improvements and 3.6 million for interior and exterior renovations to fire facilities; for the Free Library, 9.0 million for Central Library renovations; for the Philadelphia Prison System, 11 million for a Certified Juvenile Detention Facility. The 14 million total project cost will be supplemented by $275,000 of existing Act 71 funds for the juvenile relocation, and when the FY08 carry-forward amendment is presented shortly, City Council approval will be sought to transfer 2.9 million of Act 71 funds originally appropriated for the new DHS Juvenile Justice Center to the Prison budget for the Certified Juvenile Detention Facility.

In the Police Department, 1.8 million for mechanical, electrical and plumbing improvements; 3.2 million for interior and exterior renovations at police stations; 3.5 million for improvements at the police warehouse and tactical headquarters at 660 East Erie Avenue; and 5 million for a new SWAT/Bomb Squad Facility at the Police Academy site. The City anticipates receiving an additional 2.5 million in Homeland Security funds to fund fit-out of the SWAT/Bomb Squad Facility.

For the Department of Public Property, 2 million is proposed for Phase II of the Emergency Standby Power Project. This project will leverage an additional 1 million in Homeland Security funds.

In addition to these proposed

PICA-funded projects, we are also recommending the use of new River City bond funding for water-related infrastructure projects and commercial and cultural corridor bond funding for projects to support physical and programmatic improvements for neighborhood commercial districts and to assist arts and cultural institutions throughout the City with their capital needs.

Overall, the FY08-2013 recommended Capital Program allocates more than 5.4 billion during its six-year period. For the budget year, we are recommending funding for 84 projects totalling 610 million, with appropriations to come from several funding sources.

The balance of my testimony will focus on FY08, the budget year of the Capital Program, since it is budget year funding that becomes actual appropriations. The projects and priorities for the subsequent five years of the Capital Program represent planned spending based on our best estimates of future needs and funding constraints.

To better understand the budget year, I'd like to give you an overview of the FY08 sources of funding.

New general obligation bonds issued by the City of Philadelphia will provide 54 million, or 9 percent, of the 610 million total funding. These borrowed funds are repaid from the City's general tax revenues and are constrained in amount by the state constitution and our debt service capacity. An additional 81 million, 13 percent, will come from prior loans, including the proposed PICA funds mentioned earlier, as well as operating revenues. City self-sustaining loans, issued as Philadelphia Airport and Water Department revenue bonds, account for 164 million, or 26 percent, of total funds. Enterprise fund revenue for another 36 million, or 6 percent.

Funding from other levels of government, including federal, Commonwealth of Pennsylvania and regional sources, totals 2.19 million, or 36 percent. And, finally, 56 million, or 9 percent, of FY08 funding will be provided by private sources.

In terms of the uses of these funds, projects recommended for funding in FY08 fall into six broad programmatic categories. Neighborhood Infrastructure Projects comprise the largest category, with recommended funding totalling 223 million, or 37 percent, of the total for the City's transportation and utility systems. Economic Development Projects that support the growth of the City's economy are recommended for 206 million, or 34 percent. Next are Health and Safety Projects. Projects that promote public health, safety and welfare are recommended for 71 million, or 12 percent, followed by Government Efficiency Projects, those often generate operating budget savings, at 59 million, or 10 percent. Next, Community Facilities Projects at 27 million, or 4 percent. And then, finally, Civic Asset Projects, projects that contribute to the livability of Philadelphia as a whole, are recommended at 25 million, or 4 percent.

I would next like to highlight some of the key capital projects recommended in the FY08 program for each of these six use categories.

For Neighborhood Infrastructure, projects focus on improvements to the City's overall physical infrastructure. Examples of these projects include street reconstruction and resurfacing; street lighting, signage and traffic-control improvements; the reconstruction of water and sewer mains; and improvements to transit facilities. Two hundred twenty-three million dollars, 37 percent of the total, is recommended for neighborhood infrastructure projects. Some examples include the Market Elevated Reconstruction Project shown here for 45th Street to 63rd; water, storm flood relief and improvements to collector and conveyance systems shown here, our porous piping project; "Slow Down Philadelphia," which is the Streets Department, a project for $270,000 of CN money, and this project is located -- this photo is located at 2nd and Christian Street and showing improvements that would make the streets more walkable.

The next category, Economic Development, is comprised of projects that support the growth and development of the City's economy. These projects serve to retain and attract businesses, provide jobs for residents and support neighborhood-based job creation employment centers, such as at neighborhood industrial districts. Airport projects, as well as those that support commercial, industrial, port-related and hospitality-industry development fall into this category. In FY08, 206 million, 34 percent of the total budget, is recommended for economic development projects. Some examples include, in the Commerce Department, Navy Yard infrastructure improvements and sound stage, shown here as the master plan for the Navy Yard; in aviation, airfield renovations and additions; and for the Commerce Department again, neighborhood commercial center improvements.

The third category, Health and Safety, promotes the overall improvements in public health, safety and welfare. Examples include improvements at the City's water and waste treatment plants; asbestos abatement, fire alarm and fire suppression systems in public buildings; environmental remediation; improvements at City shelters; and security improvements at our prison facilities. ADA/accessibility modifications are also considered health and safety projects. A total of 71 million, or 12 percent of the budget, is recommended for health and safety projects. Some examples include, in the Water Department, improvements to water treatment plant facilities; at Prisons, the prison system renovations; and for the Office of Supportive Housing, facility renovations, shown here as a conditions photo at the Gateway Center.

The fourth category, Government Efficiency, promotes government operating efficiencies and provides for more effective service delivery. Projects in this category include communication system improvements, database and computer-related initiatives and energy conservation programs. The Government Efficiency category also includes facility assessment studies, most improvements to municipal government office buildings and the modernization of service buildings used by the City's operating departments. A total of 59 million, or 10 percent of the budget, is recommended for government efficiency projects in FY08. Some examples include, for Police and Fire, computer/communications systems improvements; for the Department of Public Property, triplex facility improvements; and for Streets, modernization of sanitation facilities.

The fifth category, Community Facilities, includes the renewal of facilities serving residential communities such as branch libraries, neighborhood parks and recreation facilities, police and fire stations, neighborhood health centers and other projects that serve neighborhoods, promote their improvement and are consistent with the City's neighborhood revitalization objectives. A total of 27 million, or 4 percent of the budget, is recommended for community facilities projects in FY08. Some examples include, for the Free Library, HVAC and boiler replacements. Shown here are all of the branches, the branches that we're dealing with, shown.

For the Health Department, neighborhood health facility renovations; and for the Streets Department, the "Forever Green" program for street trees.

And last, but not least, Civic Assets Projects contribute to the livability of the City as a whole, as well as to the City's reputation as a destination for tourists and visitors. Examples of projects in this category include most Art Museum, Penn's Landing and Fairmount Park projects. The continued rehabilitation of City Hall also falls into this category. A total of 25 million, or 4 percent of the budget, is recommended for civic asset projects in FY08. Some examples include, for Fairmount Park, Waterworks Drive site improvements; for Public Property, City Hall exterior and life safety renovations; and for transit, Suburban

Station and Concourse improvements. Shown here is the slide of a phase of the project completed earlier, including ADA improvements.

I hope that this sample of capital projects demonstrates the variety of projects recommended for funding in the budget year and how the FY08 through '13 recommended Capital Program seeks to make strategic, targeted investments in Philadelphia's infrastructure and uses our limited resources for the greatest public good.

I thank you for your attention and I would be happy to address any questions you may have. Please let me note that the leadership of all City departments is present, in addition to the representatives from the Capital Program Office, Office of Budget and Program Evaluation, to assist you in answering any questions.

COUNCIL PRESIDENT VERNA: Thank you very much.

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Mr. Tustin, would you just come to the side of the table and present your testimony so that we could ask whatever questions we have.

Good morning.

MR. TUSTIN: Good morning, Council President Verna. Should I give my testimony?

COUNCIL PRESIDENT VERNA: Please.

MR. TUSTIN: Good morning, Council President Verna and members of City Council. My name is Richard Tustin and I am the Director of the City's Capital Program Office. The Capital Program Office has two basic missions: First, to oversee and manage the Capital Budget for all City departments and, second, to provide project management services for the design and construction of new and renovated City facilities for many of the City's departments, agencies and commissions.

I am here today to present our

requested Operating and Capital Budgets for Fiscal Year 2008. This request includes an appropriation of $2,610,743 in the Operating Budget with an additional $5,821,000 of general obligation debt in the Capital Budget.

Our proposed Fiscal Year 2008 Operating Budget includes $1,599,997 in Class 100 funds to support 24 positions; $349,562 in Class 200 funds for architectural, engineering and facility assessment services. Space planning services to support the City's leasing and real estate consolidation efforts, staff training and computer software are also funded from this class. Five hundred seventy-two thousand dollars in Class 800 for payments to support the CPO's construction requirements contracts for the repair and maintenance of City buildings and infrastructure; and $89,184 for materials, supplies and equipment upgrades.

Our Capital Budget request

includes $5,421,000 in funds to support 56 positions. This is a reduction of 14 positions, or 20 percent, from last year's approved staffing level due to the transfer of ten positions to the Operating Budget and a reduction of four positions in the Project Management staff.

Two hundred thousand dollars for ongoing general environmental remediation projects required by the state for underground tanks; $200,000 for asbestos abatement and air monitoring which is required by the US EPA and City regulations during demolition and reconstruction work.

Although the delay in obtaining authorization to finance the FY06 and the FY07 Capital Budgets has had a major impact on our ability to initiate new design contracts, we were still able to complete 93 designs and 75 construction projects this year. With voter approval of the loan authorization in May, we will have approximately 40 requests for design proposals ready for advertising by the end of the fiscal year.

I've included in my testimony a copy of our key performance measures, which shows the number of projects in design completed this year, as well as construction, which is the 93 and 75. The other thing we do and this key performance measure shows is, we put out a survey to all of the operating departments that we do work for at the completion of the project so that they can evaluate our performance on the project. We also like to look at how closely we can stay to not only the approved budget for the project but also the schedule in completing the work. And that's what you see in this schedule here.

Over the past year, CPO has continued to work with operating departments and the Finance Department to streamline work processes. Using on-call design and construction requirements contracts, as well as state and community contracts, we hope to continue to find ways to reduce the time required to complete Public Works projects. Going forward, we believe the increased use of the Recreation Capital Construction team will also eliminate the need for the use of the Public Works process for smaller, more routine type of capital projects.

By the end of Fiscal Year 2007, we will have completed several major construction projects. These projects include upgrades to the northeast and northwest elevators at City Hall. Hopefully they're not breaking down on you as much as they used to. Renovations to five bathrooms within City Hall; renovations to Tarken and Scanlon ice rinks; renovations to Belmont Mansion; renovations to Water Works Cliff and South Gardens in Fairmount Park; replacement of the fan coil system at Stenton Shelter; interior renovations at the Philadelphia Nursing Home; landscaping improvements at the Zoo's Big Cat Falls exhibit. We played a small role in that overall project. Most of the actual construction was done using private funds, but we did do all the landscaping associated with that Big Cat Falls project. We hope that also helps to make that a success.

Security fence replacement at the Detention Center; chiller replacement at the Art Museum; and various renovations and improvements projects at the fire, police, library and recreation facilities across the City.

The Capital Program Office has an ongoing commitment to the City's minority, women and disabled professionals, and as of the end of February 2007, 30 percent of all of our professional service contracts and amendments have been awarded to these quality firms. On the Public Works side, approximately 29.5 percent of the projects we've put out for bid have been awarded to MBEC firms during the last fiscal year.

In closing, I would like to reiterate that the Capital Program Office is committed to improving the process by which capital projects are identified, budgeted and implemented. I want to thank City Council for your support over the past several years and request your continued support and approval of this year's Capital Budget request. I will be happy to answer any questions you may have at this time.

Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you very much.

Ms. Reed, why don't you join everybody at the table.

And, Mr. Tustin, you could pull your chair up so that if anyone has any questions, you'd be able to answer.

Can someone explain the reason how the proposed '08 Capital Budget amount for new loans of $54.2 million was determined?

MS. REED: Dianne Reed, Budget Director.

That was determined by our debt limit in discussions with the Finance Director, with the Planning Commission, the Mayor's Office.

COUNCIL PRESIDENT VERNA: Can you elaborate what you mean by "debt limit"?

MS. REED: We have a debt limit that we calculate every year, an amount that is certified by the Controller, and we also look to our debt-to-expenditure ratio to try to figure out whether we will be within the guidelines of the New York rating agencies for that relationship. And we're on the high side now, so we're trying to stay within that limit, which is about -- 15 percent is considered upper limit. We're about 16.33.

COUNCIL PRESIDENT VERNA: Can

you tell us what the guidelines are?

MS. REED: They consider a municipality to have a high level of debt if it exceeds 15 percent; that is, your debt level exceeds 15 percent of expenditures.

COUNCIL PRESIDENT VERNA: And what is ours?

MS. REED: 16.33.

COUNCIL PRESIDENT VERNA: Can you explain how the FY09 through FY13 amounts were determined?

MR. JASTRZAB: I'm Gary Jastrzab, the Deputy Director of the City Planning Commission.

The overall six-year limit was also part of our guidance from the Finance Director, and that guidance for the six-year period, the budget year plus five program years, was approximately $325 million of new borrowing that the City would be able to afford. So each of the program years was a proportion of that overall $325 million.

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COUNCIL PRESIDENT VERNA: In the Planning Commission's opinion, what should the City's Capital Budget be based on? Need only?

MS. WOODCOCK: It's about -- we did a study over the summer and estimated that to properly fund our capital needs we would require $179 million a year versus the 54 million.

COUNCIL PRESIDENT VERNA: And can you explain for the record what are the consequences of the City's Capital Budget being at the lower level?

MS. WOODCOCK: Well, I can only generalize. If the City continues not to maintain or properly fund capital improvements, it gets to be to a critical point where the capital facilities can no longer support the mission of the operating departments.

COUNCIL PRESIDENT VERNA: Repeat that, please.

MS. WOODCOCK: Sure. Without proper investment in buildings, the buildings become less able to support the missions of each operating department, whether it be police or fire, or in other cases if the buildings are serving the public, they're less able to serve the public as they should.

MS. REED: Dianne Reed, Budget Director.

I'd like to add that the life safety portion of that amount is only about $65 million, which gets addressed by a combination of what is in the budget and the carry-forward.

COUNCIL PRESIDENT VERNA: You're talking about life safety?

MS. REED: Sorry, ma'am?

COUNCIL PRESIDENT VERNA: Were you talking about life safety?

MS. REED: Yes. We have all the projects categorized according to their criticality, and life safety is the highest standard, those projects which are most in need to preserve life and safety.

COUNCIL PRESIDENT VERNA: Can someone explain how the City maintains its facility as far as regular maintenance is concerned?

MS. REED: Dianne Reed.

Maintenance is handled in the Operating Budget through the Department of Public Property.

COUNCIL PRESIDENT VERNA: And with less employees as they've been seeing in their budget, how are we expecting them to really maintain the facilities as they should?

MS. REED: One of the initiatives that the Commissioner has this year, which if you like I'm sure she'd come to the table to talk about in greater detail, is consolidation of maintenance facility staffs from across departments into DPT to be coordinated with a centralized work order system that will allow the most efficient and effective deployment of staff.

COUNCIL PRESIDENT VERNA: But

would that meet our needs?

MS. REED: I believe that the Commissioner feels that that's true, but I should not speak for her. Would you like her to come to the table?

COUNCIL PRESIDENT VERNA: At the appropriate time we'll be calling upon her. Thank you.

Does the City's Operating Budget provide for sufficient staff to maintain our facilities in a prudent manner?

MS. REED: I think that the Public Property Commissioner should answer that question.

COUNCIL PRESIDENT VERNA: Well, I think you could give us your feeling.

MS. REED: My feeling, from my observation, would be yes. I understand that police facilities, which receive very hard use, tend to require more attention, and we're hoping to step that up.

COUNCIL PRESIDENT VERNA: And

how about the recreation departments; don't you think they get a lot of use?

MS. REED: We have funded in '07 and have proposed to continue to fund in '08 a Capital Rec team which is dedicated to undertaking projects that don't require bidding out through the CPO process, which is complex, as you know, and --

COUNCIL PRESIDENT VERNA: Explain to us how that would work, please.

MS. REED: How which would work, ma'am?

COUNCIL PRESIDENT VERNA: You're saying that work would not have to go out on bid. How would that work?

MS. REED: There is a committee that on the basis of the recreation facilities' assessment that was completed last year, consisting of representatives from the Controller's Office, CPO, Budget, Managing Director's Office, sit and determine which projects are appropriate either for the Capital Rec team or CPO to complete, and the Controller is there to ensure that those that are capital appropriate are so designated and approved.

COUNCIL PRESIDENT VERNA: On Page 2 of the Five-Year Plan, it states, quote, "The City's aggressive tax reduction strategy and the absence of a citywide property reassessment also constrains the City's Capital Budget to one-third its FY96 level throughout the years of the Plan."

Can you explain how they impact the Capital Budget?

MS. REED: Well, the formula for the limit is 13 and a half percent of the ten-year moving average of assessments. The Board of Revision of Taxes really has not increased assessments for residences for about three years, so that despite the fact that we've had the best housing boom in the City's history probably since 1950, we haven't captured the value of that through assessments. In fact, if you look at some of the tables in the fiscal chapter, you can see quite flat current returns for the real estate tax. And if we had better proceeds, that would be reflected in what the average start will look like in the out years as that got recognized.

COUNCIL PRESIDENT VERNA: Can you tell us what other constraints are placed on the City's ability to borrow?

MS. REED: Well, one other constraint is the approval of loan authorizations to be put on the ballot by City Council and also approval by voters of loan authorizations. Fortunately, Council has approved '06 and '07, because that has put project selection under quite duress for the last couple of years.

COUNCIL PRESIDENT VERNA: Are you saying that if we go to full valuation, are we going to be seeing our

Capital Budgets in the $200 million range?

MS. REED: Wouldn't that be lovely? Unfortunately, we still have the problem of how the rating agencies would regard a higher level of borrowing in relation to expenditures. And as I'm sure you observed from looking at the Operating Budget, we are holding out-year expenses down as much as possible so as to meet the fund balance requirements of PICA of $45 million from Fiscal '09 to '12.

COUNCIL PRESIDENT VERNA: PICA has expressed grave concerns about the City's aging infrastructure and the inadequacy of a Capital Budget that meets our needs. They even suggested that the City start doing some capital pay-as-you-go. That was one of the reasons City Council passed various ordinances totalling $30 million for capital pay-as-you-go that the Administration has totally disagreed. I would like an explanation as to how and why these funds can be moved administratively from the Capital Project's fund to the General Fund.

MS. REED: The Administration did not support the transfer of $30 million of operating funding to the Capital Budget because it impacts our ability -- it impairs our ability to achieve the kind of fund balance that PICA requires, which is $45 million. It would only be $15 million, and PICA would make us restate the budget. Now, that would include having to lay off about 200 people for every $10 million or, that is to say, reduce positions, which is one of the things we had to do for the '08 budget as it is. So we have an accounting rule that the City follows under its legal basis which if the funds are not spent, they are swept back into the General Fund from whence they came in the case of funding being transferred out of the General Fund in the first place.

COUNCIL PRESIDENT VERNA: I don't think that's really the answer, but we're going to continue on because I think we have other Councilpeople that want to be recognized.

The proposed '08 Capital Budget contains $40.6 million from PICA for various projects. Has PICA given their stamp of approval for this?

MS. REED: The proposals have not been presented to PICA as yet. The Administration wanted to make sure that the projects that were going to be recommended were on the record and so they are in the Five-Year Plan and in the Capital Budget, but PICA has yet to approve the projects to use the funds.

COUNCIL PRESIDENT VERNA: Well, before you put it in the budget, wouldn't it behoove you to check with them first?

MS. WOODCOCK: The Planning Commission staff, in addition to other Administration representatives, have been working with PICA to understand how it is that they look at funding City capital needs. Their concerns, which we understand and you actually stated quite clearly, are reflected in the selected projects. We also are working with them on facilities assessment work so that we can be -- we could understand how they might make their decisions in doing our planning.

COUNCIL PRESIDENT VERNA: So are you telling me that someone has submitted the request to PICA?

MS. WOODCOCK: Absolutely not. What I'm telling you is that we -- by understanding their logic and concerns, what we're saying is that we feel that we have prepared a list of projects that reflects those sentiments. And we cannot guarantee that they would approve anything, because that's their decision, but we have been paying attention to their concerns in preparing the list.

COUNCIL PRESIDENT VERNA: Well, when do you think it's likely that you will hear from them? I mean, we're just taking things for granted here.

MS. REED: If changes have to be made, the Capital Budget will be amended at the point that it is amended to reflect the carryover as well later in this budget season.

COUNCIL PRESIDENT VERNA: Is there something you'd like to add to your testimony? I see there was a little --

MS. REED: We need to get the request over to PICA. They need to deliberate at their --

COUNCIL PRESIDENT VERNA: Wait a minute. You haven't sent the request to PICA yet? I just thought I heard that the request has been submitted.

MS. REED: No. The request has not been submitted. I think that the Director was saying that PICA's wishes were considered in the selection of the projects that will be submitted.

MS. WOODCOCK: Correct.

COUNCIL PRESIDENT VERNA: What

were some of their concerns?

MS. REED: Well, the statute requires that the projects are emergency projects, that buildings are in existence before 1992. They have yet to finally determine whether the most stringent statutory requirements which pertain to the reprogramming dollars, which is a smaller part of the total -- applied to the total, but we have selected projects -- police, fire, library, prisons and public property -- that are of an emergency nature and should be the type of projects that PICA would approve.

COUNCIL PRESIDENT VERNA: You know, I find it very amusing that you say that, because on April 27, '05, City Council held a hearing on Bill No. 050235, and during that hearing, City Council suggested using PICA interest earnings as an alternative funding source for the library. Ms. Reed, at that time you testified that it was not an eligible use of PICA's dollars, and you said, and

I quote, because I went back to the notes of testimony, "Well, legal counsel did say that the standard is the same for interest earnings on the original bond."

Can someone explain to me, Ms. Reed, how two years later you can propose the use of PICA funds for the library? Did you ever have the legal opinion or did you just make a statement as you went along?

MS. REED: Two years ago the Mayor had considered whether the library should be funded through PICA, and he did not feel, having been one of the drafters of the original statute, that the library's existing facility was in such dire shape that --

COUNCIL PRESIDENT VERNA: But it wasn't a legal opinion, was it?

MS. REED: I'm not there yet. -- (continued) that the PICA funding should be used for the library. And so -- because I have reviewed this testimony as well since the Five-Year

Plan testimony last week. And the Commerce Director was testifying in favor of the borrowing which the library had requested for that purpose. And, you know, at this point, no other projects have arisen that are of a more serious nature, and the library is included so that the $40.5 million of unused funding can be used and we don't lose the opportunity to invest in repairs that will be beneficial and assist at this point. There are parts of the facility that are in bad shape and do require restoration and so it is part of the proposal at this time.

COUNCIL PRESIDENT VERNA: Ms. Reed, in '05 you specifically said the funds could not be used, and I am sure that if you read the testimony, as you say you did, you would agree with me.

MS. REED: Yes. That's because the --

COUNCIL PRESIDENT VERNA: At this time, the Chair recognizes

Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam President.

I just had a couple of questions on specific things in Ms. Woodcock's testimony, but probably someone else maybe has to give them to me.

On prisons, it says prison system renovations. I wondered if you could give me a little bit more specifics on what's planned there, particularly dealing with the population issue that comes up all the time of prisons.

MS. REED: Councilman, you're speaking about the Mod 3 facility that we've suggested for the PICA funding?

COUNCILMAN GREENLEE: Yes.

MS. REED: Or just prisons in general?

COUNCILMAN GREENLEE: Well, I guess more prisons in general, to be honest with you. Again, in the testimony it talks about -- and I think you mentioned where prisons were one of the priorities, and in Ms. Woodcock's testimony, one of the things she talks about under health and safety is prison system renovations.

MS. WOODCOCK: We currently -- the Prison System, the capacity is at 6,000 beds. One of the things that we have on the PICA list is expanding the Prison System by building a new Mod 3 facility that would separate out the juveniles from the rest of the prison population. That's as a result of the lawsuit from Bowers versus City of Philadelphia.

COUNCILMAN GREENLEE: Right.

MS. WOODCOCK: We would end up getting an additional 124 beds out of that.

The other proposed projects are miscellaneous repairs that are like horseshoe nails in the building, light fixture repairs, locks, security.

COUNCILMAN GREENLEE: Basic

repairs.

MS. WOODCOCK: They are basic repairs.

COUNCILMAN GREENLEE: Okay.

COUNCIL PRESIDENT VERNA: May I piggyback on the question, please.

COUNCILMAN GREENLEE: Sure.

COUNCIL PRESIDENT VERNA: I believe on Page 54 it further states that the balance of the project that you're referring to will be funded through Act 71 funds. On Page 46 of the Capital Program, Line 63 reflects the PICA funding also and it doesn't show anything for Act 71. There's no reflection of that.

What is the amount of Act 71 dollars that you will be proposing to use and, for the record, what are the Act 71 dollars? What is the current balance of Act 71 dollars?

MS. REED: Council President, in the '07 Plan, we had all of the Act 71 in the DHS line. We are not showing it here because we assumed that since it is not new money, the most appropriate way to reflect the transfer from DHS of a portion of the money that was being reserved for the Juvenile Justice Center construction that we are not going to use it for because if we do that, then the City -- the project wouldn't be eligible for 50 percent Act 148 funding through a lease, so that there is about $19 million, and about two and a half is being proposed to supplement the 11 million of PICA that has been suggested and that we are hoping to reflect in the carry-forward amendment since it is not new funding.

We should also add that the Prisons Department has another 245 million or so dollars of Act 71 money that they received by application from Pennsylvania in 2003.

COUNCIL PRESIDENT VERNA: Councilman Greenlee, thank you. As I said, I just wanted to piggyback on your question.

COUNCILMAN GREENLEE: That's fine.

I just had one other question, a similar one, on another department, actually two departments. You mention police and fire in here, computer/communication system improvements. I know Councilman Rizzo over the years has been very interested in that, among others. I assume this is to address some of the problems that pop up every now and then in the communications and the 9-1-1? Is that what we're talking about here?

MR. TUSTIN: Councilman, Rick Tustin, Capital Program Office.

Deputy Commissioner Gaittens with the Police Department is really the IT person for the Police Department.

I'm going to change my answer. I didn't think he was here.

COUNCILMAN GREENLEE: Thank you.

DEPUTY COMMISSIONER GAITTENS: Good morning, Madam President, Councilmembers. I'm Deputy Commissioner Jack Gaittens, Police Department, Administration and Technology.

Yeah, that funding there would come from the 9-1-1 funds, and that is to address the issues with the 9-1-1 system, the call-taking system, the recording system. Currently, we are in the process of finishing up the CAD upgrade, which we started last year. There were several issues with that when we tried to go live last year. The recording system and the call-taking system, the telephone system, that all went well. It was just the CAD itself, the software. We ran into a number of bugs, and we've been working for the last year to iron that out.

The money for this would address the upgrades and repairs for the computers, the consoles. That's not only at the call-taking positions at the dispatch positions, downstairs in DPR, differential police response, that goes for the MDT repairs, the little computers in the car. So we use it for a variety of reasons.

COUNCILMAN GREENLEE: So it would be for police and fire also?

DEPUTY COMMISSIONER GAITTENS: Yes.

COUNCILMAN GREENLEE: All right. Thank you. Thank you very much.

COUNCILMAN RIZZO: Point of information for Commissioner Gaittens.

COUNCIL PRESIDENT VERNA: Yes. The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: I wanted to catch before the Commissioner left the table.

A program that is also significant I'd like you to elaborate on, as you know, all law enforcement agencies have problems identifying cell phone calls to 9-1-1. Could you bring us up to speed? Because I know it's a capital program on GPS and also the ability to identify the phone number when a person calls 9-1-1. And as we know, prepaid phones and all of those devices out there are a burden on law enforcement.

So could you tell me where we are with the various phases of knowing where these calls are coming from and identifying them, Commissioner?

DEPUTY COMMISSIONER GAITTENS: Yes, sir. We are now Phase II compliant. The first was Phase I compliant where we would be able to identify the telephone company and the phone number. The second part is, as you said, by GPS to be able to identify where that call is coming from. So we are up to that stage now. So we can identify within, I believe it's, a 30-meter radius where the call is coming from.

COUNCILMAN RIZZO: So, Commissioner, if someone calls 9-1-1 -- and the reason I'm talking about this is because I want people to know that the days of harassing the Police Department or calling in false assist officers or bomb threats, that the Police Department now is equipped to know the phone number and with the -- I forget the name of the act, whether it's the Patriot Act or what, that you're able to get almost an immediate subpoena to go and make an arrest, if necessary, of a person that is calling from a cell phone inappropriately.

DEPUTY COMMISSIONER GAITTENS: Yes, sir. We not only have that ability but we do follow up on that and we do prosecute.

COUNCILMAN RIZZO: And from what I understand, you've had some successful apprehensions where people have used a cell phone to call in a false call, gotten the name because of the immediacy of it, the carrier has given you the information of who the subscriber is and you've responded promptly to make arrests.

DEPUTY COMMISSIONER GAITTENS:

That is correct, sir.

COUNCILMAN RIZZO: I hope people are listening. Thank you, Commissioner.

COUNCIL PRESIDENT VERNA: Councilman Greenlee, are you finished?

COUNCILMAN GREENLEE: Yes. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Kelly.

COUNCILMAN KELLY: Yes. Thank you, Madam President.

I just have a quick question. I don't know, Ms. Reed or Ms. Woodcock, if you would respond to it, and it's going back to the health and safety projects. Has anything been appropriated for the installation of exhaust systems in our fire stations to protect our firefighters?

MR. TUSTIN: Rick Tustin, Capital Program Office.

The short answer is yes. We

have been, over the past couple years, working to put in a filtration type system in the apparatus rooms that would help to eliminate the exposure of the exhaust. Most recently, though, we decided that, through discussions with the firefighters union, that we will be increasing the amount of efforts by putting in a direct source capture system as well in each one of the 59 fire stations so that the diesel emissions coming from the equipment will actually be captured and removed from the apparatus room for the health and safety of the firefighters.

COUNCILMAN KELLY: How many stations have been completed so far?

MR. TUSTIN: To date, we've completed approximately 35 with a filtration system. We've just implemented or just started the implementation of the direct source capture, and that will be -- we plan on completing all 59 stations within the next two years.

COUNCILMAN KELLY: Next two years? Okay.

MR. TUSTIN: Correct.

COUNCILMAN KELLY: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Councilman Savage, you're next.

COUNCILMAN SAVAGE: I'm sorry.

For clarification, will the funding for the Prison System be enough to bring them into compliance with standards, basic standards?

MR. TUSTIN: I'm sorry. Could you repeat your question, Councilman?

COUNCILMAN SAVAGE: For clarification, will the funding for the Prison System be enough to bring them into compliance with basic standards?

MR. TUSTIN: We treat the Prison Systems as we do with all City facilities. We look at what needs to be done in each facility. We try to consider life safety issues first. So anything that would have an effect on the safety of either the staff or the inmates or of the building is a high priority, and the funding we have set aside now is the funding we need to address them going forward.

In addition to those life safety issues, there are other improvements that we'd probably like to make for convenience to make it a little bit more -- I don't want to say habitable, but a little bit more convenient for the staff. But we focus on life safety issues first. They're the highest priority across the board for all City agencies.

COUNCILMAN SAVAGE: All right. Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you.

I just have one question in terms of the ability to use in-house architectural staff. You do have architects on your staff?

MR. TUSTIN: Correct. Yes, we do.

COUNCILWOMAN TASCO: How many?

MR. TUSTIN: We have approximately 60 project management type individuals. They're not all licensed architects. And I don't have the exact number off the top of my head, but I would estimate that we probably have in the neighborhood of five licensed architects, licensed in Pennsylvania to practice architecture. We have probably again that number of degreed staff that have degrees, Bachelor degrees in architecture or Master's degrees in architecture. In addition to that, we have licensed mechanical, electrical, landscape, as well as civil engineers on staff.

COUNCILWOMAN TASCO: So their role is to oversee projects?

MR. TUSTIN: Correct. Because

we have I would call senior and junior level staff -- and I don't mean that in a negative way. Senior being licensed staff and non-licensed staff. The licensed staff are there to oversee, if need be, projects as they come in and to be as -- to consult with the non-licensed staff on issues that come up on the drawings. But the majority of the staff's work is to review the designs submitted by outside architectural engineering firms to make sure they comply with all the standards we have to comply with to do a public works project. And so that we're there to oversee their work to make sure it's done properly and that it can be put out to bid using the City process.

COUNCILWOMAN TASCO: So you don't use the licensed architects to -- say if we were going to do sturges (ph), to do the design for that, that's part of the cost for the outside architect, it's built into the cost of the project?

MR. TUSTIN: On most of the projects, you're correct, Councilwoman, but we have in particular on recreation projects, we have done more and more in-house projects doing our own design, especially through our landscaping. I call them landscaping, but they really do design for play areas, baseball diamonds, basketball courts, tennis courts. We have capability to do those internally, and we do do them. With the volume of projects we get and the staff not being able to handle all the projects, a lot of the larger projects go out to design firms and we try to take care of the smaller projects that we can get done quickly.

COUNCILWOMAN TASCO: Okay. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions from members of the Committee?

The Chair recognizes

Councilwoman Miller.

COUNCILWOMAN MILLER: I just have one short question.

Good morning, Mr. Tustin. I don't know who can answer this, but are Homeland Security funds being sought to help pay for the video surveillance cameras?

MS. REED: Not at this time.

COUNCILWOMAN MILLER: Is there a particular reason or do you plan to use them in the future or try to get them in the future?

MS. REED: There is a regional pool that Philadelphia needs to apply to. So it's going to be a part of a deliberative process, and I haven't heard that that's been prioritized as yet. So we'll have to get back to you on the status of that.

COUNCILWOMAN MILLER: Only because when we went to Baltimore to take a look at their video surveillance system, they secured a large amount of money that funded the video surveillance cameras. So I was wondering, since they cost so much, if Philadelphia was going to apply. And then maybe we could figure out how out in neighborhoods we may be able to get some of those additional cameras based on historic districts that we have to preserve and keep.

MS. REED: We'll have to look into that and get back to you, Councilwoman.

COUNCILWOMAN MILLER: All right. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions from members of the Committee?

Councilwoman Krajewski, did you want to be recognized?

COUNCILWOMAN KRAJEWSKI: I beg your pardon?

COUNCIL PRESIDENT VERNA: Do you want to be recognized?

COUNCILWOMAN KRAJEWSKI: Yes. I would like to offer an amendment, Madam Chairwoman.

COUNCIL PRESIDENT VERNA: Okay. Then we're going to have to recess our --

COUNCILWOMAN KRAJEWSKI: I'm not asking for anyone to vote on it at this time.

COUNCIL PRESIDENT VERNA: I know.

COUNCILWOMAN KRAJEWSKI: But I just want to introduce it so we will stay in conformance with the 30-day.

COUNCIL PRESIDENT VERNA: We will recess our public hearing and go into a public meeting.

The Chair recognizes Councilwoman Krajewski to offer her amendment.

COUNCILWOMAN KRAJEWSKI: Madam Chairwoman, I'd like to offer one amendment.

COUNCIL PRESIDENT VERNA: And that's regarding the Capital --

COUNCILWOMAN KRAJEWSKI: To the Capital Budget.

COUNCIL PRESIDENT VERNA: We will have someone make copies and distribute them.

COUNCILWOMAN KRAJEWSKI: I have copies.

COUNCIL PRESIDENT VERNA: We have to give a copy to the stenographer. We certainly have to make sure that the Chief Clerk's Office receives it.

COUNCILWOMAN KRAJEWSKI: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

We will now go back into our public hearing and the Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: I have one more question, Council President, and what made me remember the question, I had a discussion about a week ago with the Public Property Commissioner and I wanted to know when we take a look at City Hall renovations, right now it's fine but when the weather turns cold, it's too cold in these Chambers to sit here all day. So I was wondering -- and then the other parts of the building is also very cold. In my office it's cold. And I just wanted to get -- I didn't see that listed as -- I know the completion of City Hall, the outside and exterior. I want to know what's happening inside.

COUNCIL PRESIDENT VERNA: I know and --

COUNCILWOMAN MILLER: It's been extremely difficult to sit in here hour after hour without any heat or adequate heat.

COUNCIL PRESIDENT VERNA: And I think for years if you were on one side of the corridor, it's ungodly hot and if you're on the opposite side of the corridor, it's ungodly cold.

COUNCILWOMAN MILLER: Right.

COUNCIL PRESIDENT VERNA: And there is no balancing system to correct it, I guess.

Mr. Tustin, can you address that issue?

MR. TUSTIN: Council President, we'll have to sit down with Public Property and look at a balancing of the building. Usually a balancing is done after a major installation, whether it be a heating or an air conditioning project. Once the building is balanced, it basically becomes an ongoing operating or maintenance issue to maintain that balance. Sometimes the balance can be thrown off by clogs in the piping system that don't allow the proper water to flow through. And, again, it can be 101 reasons why a system can get thrown out of balance, but what we'll do is, we will get back to Council on that and we'll talk to Public Property, see where the problem areas are within the building and see if there's a way for us to work with them to identify ways of rebalancing those areas.

COUNCILWOMAN MILLER: Okay. It seems to me that this room in particular had issues with temperature once it was renovated after the flood. Prior to that, it seems you could at least adjust the heat or the air conditioner. So I believe, Mr. Tustin, that's when it started. I'm not trying to be an engineer or anything. I just know it's cold, we have to bring blankets here to wrap up, and either it can be repaired or not.

MR. TUSTIN: Okay. Again, when we renovated this space, it was basically fire damage. We did electrical work. We also looked at chilled water, because that was the source of the flood initially. So we looked at that as well.

Again, I'm not aware of the imbalance of this system, but now that you've brought it to my attention, Councilwoman, I will look into it right away with Commissioner Schlotterbeck and find out what we can do to better balance this. Maybe the controls need to be updated so that you have better control over raising and lowering the temperature as needed. So it could be a control issue, but I'll check with her right away.

COUNCILWOMAN MILLER: All right. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing no one, this Committee will stand in recess until Tuesday, March the 20th at 10:00 a.m.

Thank you all very much.

(Committee of the Whole adjourned at 11:45 a.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 March 13, 2007, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY
RPR-Notary Public

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