

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

5 - - -
6 Room 696, City Hall
7 Philadelphia, Pennsylvania
8 Thursday, 6/6/02
9 9:36 a.m.
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13 CONTINUED HEARINGS ON:

14 BILL 020275 - Authorizing the Mayor, on behalf of the
15 City, to file an application with the United States
16 Department Housing and Urban Development (HUD) for a
17 Community Development Block Grant (CDBG) as required
18 by Section 104 of the Title I of the Housing and
19 Community Development Act of 1974 (P.L. 93-383), as
20 amended, including all understanding and assurances
21 contained therein...

22 RES. 020285 - Approving the annual program statement
23 and budget for the expenditure of the NTI bond
24 proceeds for Fiscal Year 2003.

25 PRESENT: COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASC0, Vice Chair
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
COUNCILMAN JAMES F. KENNEY
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL

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1 6/6/02 FINANCE COMMITTEE MEETING

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2 COUNCILWOMAN BLACKWELL: Good morning

3 We will now resume hearings on Bills No. 020275,
4 CDBG, and 020285, the NTI bill. This is from a
5 recessed hearing of two days ago to iron out
6 problems associated with both issues.

7 We will begin the Community Development
8 Block Grant discussion. And we received a letter
9 from the Mayor that we will ask the clerk to read
10 into the record, and then we will ask Pat Smith and
11 Deb McCullough if they would further explain it to
12 members of the committee.

13 THE CLERK: "Dear Ms. Blackwell: I am
14 writing in response to concerns raised regarding
15 the proposed funding for the Housing Association of
16 Delaware.

17 "The Year 28 Consolidated Plan will be
18 revised prior to submission to HUD to reflect an
19 increase in the budget line item reflected on Page
20 141 for neighborhood and citywide housing
21 counseling of \$135,000 to be awarded to the Housing
22 Association of Delaware Valley and Northwest
23 Counseling Services. With this increase, the Year
24 28 funding amount for both HADV and Northwest
25 Counseling Services will be \$265,000. All the

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2 counseling contract awards will be added to the
3 text on Page 51.

4 "As you know, HADV and Northwest
5 Counseling Services have been designated super
6 agencies for the past several years. In Year 28,
7 counseling services are being provided through a
8 network of neighborhood-based housing counseling
9 agencies, and a super agency designation will no
10 longer apply. Both the budgets and services to be
11 provided by the former super agencies will be
12 reduced from Year 27 level accordingly.

13 "The \$135,000 increase in housing
14 counseling funds will be taken from the following
15 budget line items: Settlement grants, \$50,000;
16 BSRP Tier 2, \$35,000; administration, \$50,000.

17 "Thank you for your continuing support
18 for the Community Development Block Grant Program.

19 "Sincerely, Joyce Wilkerson."

20 COUNCILWOMAN BLACKWELL: Thank you very
21 much.

22 Now we will ask for a kind of layman's
23 explanation of what this means. And would you
24 please reflect to the cut in the whole application,
25 which is was necessitated cuts across the board in

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2 the first place because I certainly have some that
3 I would have liked restored in my district.

4 Thank you.

5 MS. McCULLOUGH: Good morning. My name
6 is Debra McCullough, and I'm the Director of
7 Housing.

8 As you may recall, our overall cut in
9 CDBG resources was close to \$9 million. We had a
10 reduction in the allocation from HUD of
11 \$2.3 million and a reduction in program income of
12 approximately \$7 million, so that we had to have an
13 overall reduction in resources.

14 The housing counseling budget,
15 specifically the one that -- the line item that's
16 referenced in this letter, had been cut by
17 \$647,000. This budget revision that we're
18 discussing now restores \$135,000 to that line item,
19 so that the line item for housing counseling will
20 increase in the budget that's presented to HUD.

21 The \$135,000 increase that this letter
22 proposes will increase the funding for the Housing
23 Association of Delaware Valley and for Northwest
24 Counseling Services, putting both of them, each of
25 them, at \$265,000 for their Year 28 contracts.

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2 That is a reduction from the level of
3 funding they received in Year 27, when they were
4 the designated super agencies, but we're no longer
5 using that designation, and the services that were
6 being provided as super agencies are being spread
7 out throughout the network of neighbor-based
8 housing agencies.

9 So we're confident that the services
10 are still going to be provided, but they're going
11 to be provided on a neighborhood basis rather than
12 through centrally-located super agencies. So each
13 of these agencies will be funded at \$265,000.

14 COUNCILWOMAN BLACKWELL: Thank you very
15 much.

16 Is there any discussion or are there
17 any questions with regard to this change?

18 Councilman Nutter?

19 (No questions from Councilman
20 Nutter at this time.)

21 COUNCILWOMAN BLACKWELL: Okay, thank
22 you very much.

23 Therefore -- then we need to submit
24 this as an amendment to the application, do you we?
25 No?

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2 MS. McCULLOUGH: We don't need to amend
3 the application. The --

4 COUNCILWOMAN BLACKWELL: Because we
5 haven't reported it out yet, right?

6 MS. McCULLOUGH: Correct. And we will
7 revise the budget -- this document that you're
8 reviewing now, called "the Proposed Consolidated
9 Plan," will be revised following this hearing, to
10 be submitted to HUD as their funding application as
11 the consolidated plan. The revisions that are
12 discussed in this letter will be included in the
13 document that gets submitted to HUD.

14 COUNCILWOMAN BLACKWELL: Thank you.

15 And will you submit to me for the
16 committee a letter stating that, that in the
17 application, these changes are reflected?

18 MS. McCULLOUGH: Yes.

19 COUNCILWOMAN BLACKWELL: Thank you very
20 much.

21 Councilman Kenney?

22 COUNCILMAN KENNEY: Thank you.

23 Is there a harm in doing an amendment?

24 I mean, while the letter may suffice, the amendment
25 certainly makes it much clearer. I mean, is there

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2 some technical or practical problem with an
3 amendment?

4 MS. McCULLOUGH: No.

5 COUNCILMAN KENNEY: Okay.

6 MS. McCULLOUGH: The budget is not
7 specified in the amendment. The amendment says
8 that Council has reviewed and approved and formed
9 the consolidated plan, so --

10 COUNCILMAN KENNEY: Okay.

11 MS. McCULLOUGH: So individual budget
12 line items are not detailed in the ordinance. So
13 while the ordinance could be amended to include
14 this language, it's sort of not there now.

15 COUNCILMAN KENNEY: Right.

16 MS. McCULLOUGH: And historically what
17 we've done is what I'm describing now. It's just
18 that there's --

19 COUNCILMAN KENNEY: But, I mean,
20 there's no legal, technical, or practical problem
21 with it.

22 MS. McCULLOUGH: No.

23 COUNCILMAN KENNEY: Okay, thank you.

24 That's it.

25 COUNCILWOMAN BLACKWELL: Thank you very

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2 much.

3 COUNCILMAN NUTTER: Madam Chair?

4 COUNCILWOMAN BLACKWELL: Thank you.

5 All right, then we are satisfied --

6 COUNCILMAN NUTTER: Madam Chair.

7 COUNCILWOMAN BLACKWELL -- With regard
8 to your discussion on that issue.

9 Councilman Nutter?

10 COUNCILMAN NUTTER: Madam Chair, you
11 may not know the answer to this question, and I
12 understand. This issue, as we all know, was raised
13 by Councilwoman Tasco the other day or, I think, on
14 Tuesday. Do we have any idea of what the
15 Councilwoman's position is related this whole
16 matter?

17 COUNCILWOMAN BLACKWELL: Councilman
18 Nutter?

19 COUNCILMAN NUTTER: I was -- okay, I'm
20 sorry. I was possibly asking the Chair a question
21 that she may not have been able to totally answer.

22 I know that you were in conversation
23 with the Councilwoman. I just wondered what her
24 position was on this particular issue since she had
25 raised this issue the other day, and I didn't know

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2 whether you knew what her position was 'cause she
3 wasn't in the room.

4 COUNCILWOMAN BLACKWELL: Thank you,
5 Councilman.

6 Let me just say, as all of you know,
7 that we have to submit within 60 days -- we have to
8 submit this to HUD. Obviously, as you all of you
9 realize, we're not the only city that applies for
10 these funds, and we really -- I'm hopeful that we
11 can do our jobs to report this out of this
12 committee so that we don't lose an opportunity to
13 secure these funds for our city.

14 So I'm hopeful that -- that's why we
15 have committee hearings. And, as I've said before,
16 that is why we took three weeks to try to meet with
17 each and every person, to try to deal with every
18 issue of concern, so that on this day, we could
19 have a smooth public process to certainly work out
20 our differences and move the application forward.

21 So I'm just hopeful that my colleagues
22 will consider that and that we can have a fruitful
23 discussion and certainly move forward.

24 I understand we're having another
25 amendment to this application, Councilman Nutter?

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2 Is there any other discussion on the issue of these
3 funds?

4 (No response.)

5 COUNCILWOMAN BLACKWELL: As was just
6 stated and for those who have just come into the
7 room -- Councilman Kenney?

8 COUNCILMAN KENNEY: I'm sorry to
9 interrupt, but I didn't hear yet from -- since
10 Councilmember Tasco raised the issue, I still
11 haven't -- we haven't had a chance, 'cause I know
12 she's working with staff back there, as to what her
13 final opinion is on it. She's the one who raised
14 it; I just thought maybe we could come back when
15 she comes back in.

16 COUNCILWOMAN BLACKWELL: The
17 Councilwoman came over to me and said that the --
18 in spite of the cuts that were restored to these
19 neighborhood agencies and the discussion that
20 housing counseling will now come out of
21 neighborhood centers, as opposed to the way we've
22 done it in the past, and in spite of adding the
23 thousands of dollars more and raising them each,
24 the Housing Association of Delaware Valley and
25 Northwest Counseling Centers to \$265,000, they were

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2 350 but were substantially cut. In spite of
3 restoring these funds, she is not satisfied.

4 COUNCILMAN KENNEY: Okay.

5 COUNCILWOMAN BLACKWELL: And,
6 certainly, that is her right as a councilperson and
7 a member of this committee.

8 So I think that it is up to the
9 committee to decide whether or not we move on,
10 given the fact that we have to have our application
11 to HUD and given the fact that an effort was made
12 to restore these funds and take from BSRP Tier 2,
13 which is a real, real big consideration for me and
14 for several others, and settlement grants. And the
15 Administration found another pot of money to put
16 here.

17 COUNCILMAN KENNEY: Great.

18 COUNCILWOMAN BLACKWELL: So I think
19 it's going to come to our individual decisions at
20 this point.

21 COUNCILMAN KENNEY: Thank you.

22 COUNCILWOMAN BLACKWELL: Thank you.

23 Councilman Nutter, do you have an
24 amendment?

25 COUNCILMAN NUTTER: Yes, I do, Madam

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2 Chair, but I did -- actually on this other issue, I
3 guess I just wanted to inquire as to how the
4 decision was made with regard to the \$135,000, how
5 the decision was made to, in essence, delete
6 funding from at least two of the areas in order to
7 help make up the difference.

8 Miss McCullough, can you explain to us
9 how you decided to take the \$50,000 out of
10 settlement grants and \$35,000 out of Tier 2.
11 Hadn't you just increased the amount for Tier 2?
12 although we -- I think we decreased the amount that
13 you can get --

14 MS. McCULLOUGH: That is correct.

15 COUNCILMAN NUTTER -- in terms of a cap
16 and go from 15,000 to 7500?

17 MS. McCULLOUGH: Yes.

18 COUNCILMAN NUTTER: But you had to
19 increase the overall amount? I think the Tier 2 --
20 I mean, how did you make these decisions?

21 MS. McCULLOUGH: The settlement grant
22 reduction is based on a best-guess estimate, what
23 the demand for the program will be.

24 And you may recall that we discussed
25 the other day that the demand for the settlement

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2 grant program has been reduced, in part because of
3 the Title 10 lead paint treatment requirements, and
4 there hasn't been as much interest in participating
5 in that program, and so there's a guess that we'll
6 be able to meet demand with the \$500,000 level that
7 remains in the budget.

8 The Tier 2 reduction was based on the
9 fact that the budget for BSRP Tier 2 is
10 \$7.3 million, and this is a very small reduction in
11 that budget. And we -- it was less of an impact on
12 that budget, that \$7.3 million budget, than it
13 would be on some of the other programs for which
14 funds have been committed in the development
15 programs.

16 COUNCILMAN NUTTER: Well, let me just
17 ask the somewhat obvious question.

18 MS. McCULLOUGH: Okay.

19 COUNCILMAN NUTTER: Why would we take
20 the \$85,000 that's involved out of the two programs
21 as opposed to just making the total \$135,000
22 reduction out of administration?

23 MS. McCULLOUGH: We don't know -- we
24 don't have a place to cut it from the
25 administration.

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2 COUNCILMAN NUTTER: I'm sorry, I can't
3 hear you.

4 MS. McCULLOUGH: We don't have any, if
5 you will, fat within the administrative budget from
6 which to take it.

7 COUNCILMAN NUTTER: It must be the
8 leanest governmental agency in the tristate area.

9 Let me -- let me just also ask for
10 myself: The total amount that was cut from the two
11 agencies -- I'm sorry, I'm not remembering from the
12 other day. Was that 360? What was that number?

13 MS. McCULLOUGH: In the case of HADV,
14 the funding was reduced from 350 --

15 COUNCILMAN NUTTER: Is that 350 going
16 to 190? I do remember that. So that's 160.

17 MS. McCULLOUGH: In the case of HADV,
18 it was also -- I mean -- excuse me. In the case of
19 Northwest Counseling Services, it was reduced from
20 350 to 205.

21 COUNCILMAN NUTTER: 350 to 205?

22 MS. McCULLOUGH: Yes.

23 COUNCILMAN NUTTER: Is that 145?

24 MS. McCULLOUGH: Yes.

25 COUNCILMAN NUTTER: Right, okay. So

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2 the real number is 305?

3 MS. McCULLOUGH: To restore them to the
4 level that they were at last year.

5 COUNCILMAN NUTTER: 305?

6 MS. McCULLOUGH: Yes.

7 COUNCILMAN NUTTER: And so let me just
8 ask the question. I mean, I'm sure -- maybe she
9 does, maybe she doesn't, I don't know. You've
10 tried to make some restoration; I think that
11 there's still some concern. I mean, the obvious
12 question is, why didn't you just restore all of the
13 funds?

14 MS. McCULLOUGH: Because the service
15 that the agency is providing being reduced.
16 They're not being asked to serve as the super
17 agencies, so that the range of services that the
18 agencies will be providing is being reduced.

19 In the past, they were asked to carry
20 out special projects for much OHCD, they were asked
21 to do research on particular issues. They're not
22 going to be asked to perform at that level of
23 service in Year 28.

24 COUNCILMAN NUTTER: Who's going to
25 provide those services?

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2 MS. McCULLOUGH: They're being spread
3 out amongst the other -- the network of
4 neighbor-based housing counseling agencies.

5 COUNCILMAN NUTTER: Okay. And why did
6 you decide to do that?

7 MS. McCULLOUGH: Because we felt that
8 the neighborhood network was a more appropriate way
9 to get -- to address the issues of the counseling,
10 that the way you really -- the program has really
11 been designed to be neighborhood-based rather than
12 having two central agencies.

13 COUNCILMAN NUTTER: Well, why did you
14 set up the two special agencies?

15 MS. McCULLOUGH: That was the decision
16 of the previous administration, that that was
17 something that he wanted to do and had the desire
18 to be able to have two agencies you could call on
19 for special services.

20 COUNCILMAN NUTTER: Okay, all right. I
21 just wanted to understand.

22 Thank you.

23 COUNCILWOMAN BLACKWELL: Councilman, do
24 you ever an amendment that you're going to submit?

25 COUNCILMAN NUTTER: Yes, Madam Chair.

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2 COUNCILWOMAN BLACKWELL: Thank you.

3 We have an amendment to Bill 020275.

4 This is an amendment that was submitted also last
5 year. It's a reporting process, more technicality
6 than in any other way a real substantive one.

7 And, Councilman Nutter, will you read
8 certainly how you are changing this form so that
9 the record will indicate? Thank you.

10 COUNCILMAN NUTTER: Sure. Thank you,
11 Madam Chair.

12 First, Miss McCullough, you have a
13 copy, right?

14 MS. McCULLOUGH: I don't have a copy of
15 the revised one.

16 COUNCILMAN NUTTER: Okay, here you go.
17 Sorry.

18 As the Chair indicated, this is a
19 reporting requirement amendment that has been
20 submitted and approved the last two -- in the last
21 two bills for CDBG applications. I will work with
22 the Chair, and maybe we'll just amend the
23 appropriate section in the Philadelphia Code
24 related to the CDBG application and make this a
25 part of that section, and then the future bills

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2 hopefully, would just have this particular section,
3 and the reporting requirements automatically a part
4 of them.

5 Quite honestly I apologize for not
6 getting that piece of work done, and we possibly
7 could have avoided this.

8 In any event, Madam Chair, rather than
9 reading the entire amendment, which would bore
10 everyone here to tears, there is actually one
11 section that needs to be deleted from the proposed
12 amendment. This is a complete replication of last
13 year's amendment, changing from Year 27 to Year 28.

14 The office of OHCD and the Director,
15 Debra McCullough, anticipating this, put one of the
16 provisions in the consolidated plan that's in front
17 of us; and, therefore, the underlying section in
18 the first paragraph on the first page in Section e
19 that reads "no later than 90 days after the
20 beginning," that sentence should be deleted from
21 this proposed amendment.

22 So that from "no later than 90 days"
23 down to the end of that sentence, where it reads
24 "Year 28 Consolidated Plan," that one sentence
25 should be deleted from this proposed amendment.

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2 And, Miss McCullough, you're in
3 agreement with that?

4 MS. McCULLOUGH: Yes.

5 COUNCILMAN NUTTER: Okay.

6 MS. McCULLOUGH: The information
7 requested in the amendment is included in the
8 proposed consolidated plan in the appendices
9 beginning on Page 26 of the appendices.

10 COUNCILMAN NUTTER: Okay, thank you.

11 You have also submitted other
12 responsive information in relation to a discussion
13 we had about these reporting requirements. There
14 may have been some either misunderstandings or some
15 clarifications; those have been made. And, again,
16 in a going-forward basis, we will have this in the
17 Philadelphia Code, hopefully, and you've been
18 accommodating in terms of providing information and
19 budgets, and I appreciate that.

20 MS. McCULLOUGH: And the revisions that
21 we discussed will be modified again before we
22 submit --

23 COUNCILMAN NUTTER: In the plan.

24 MS. McCULLOUGH: -- the consolidated
25 plan to HUD.

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2 COUNCILMAN NUTTER: Okay, very good.

3 Thank you.

4 COUNCILWOMAN BLACKWELL: Thank you very
5 much.

6 Councilwoman Tasco?

7 COUNCILWOMAN TASC0: Miss McCullough,
8 when did you all decide to not have super agencies?
9 Was it this year or last year; when was it?

10 MS. McCULLOUGH: This year -- I mean,
11 the year going -- that we're going into, Year 28.

12 COUNCILWOMAN TASC0: When did you all
13 administratively decide not to have super agencies.
14 When was --

15 MS. McCULLOUGH: Last fall.

16 COUNCILWOMAN TASC0: Last fall.

17 MS. McCULLOUGH: Before issuing the
18 requests for proposals for housing counseling
19 services.

20 COUNCILWOMAN TASC0: Now, when did the
21 scoring take place?

22 MS. McCULLOUGH: The scoring in
23 response to the request for proposes?

24 COUNCILWOMAN TASC0: Right.

25 MS. McCULLOUGH: In March, when the

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2 proposals were submitted.

3 COUNCILWOMAN TASC0: Of this year?

4 MS. McCULLOUGH: Of this year.

5 COUNCILWOMAN TASC0: So the decision to
6 not have super agencies was decided last year.

7 So did -- yesterday, you gave me some
8 material on the two agencies that we are
9 discussing, and in the material, you outlined some
10 of the concerns raised, or their scoring. That did
11 not have anything to do with their determination as
12 to whether or not they were super agencies right?

13 MS. McCULLOUGH: No.

14 COUNCILWOMAN TASC0: So why did we get
15 that material?

16 MS. McCULLOUGH: That was to -- that
17 was in response to the question about how housing
18 counseling agencies were selected. And they were
19 selected based on responses to the requests for
20 proposals.

21 And so, there were -- as a part of the
22 request-for-proposal process, everyone entered that
23 at the same -- if you will, at a level field,
24 because they were not going to -- we were not going
25 to award contracts based on super agencies.

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2 So everyone just started at the same
3 point.

4 COUNCILWOMAN TASC0: But we didn't need
5 to know about their scoring. If you decided that
6 you were not going to have super agencies, that was
7 the answer to the question, that you weren't going
8 to have super agencies. We didn't ask you whether
9 or not you decided to not have super agencies based
10 on their performance.

11 MS. McCULLOUGH: Okay.

12 COUNCILWOMAN TASC0: All right, so we
13 didn't need that information, which further causes
14 me some concern about what has been happening to
15 these two agencies in your department.

16 Could you answer me one question? Why
17 wasn't the Northwest Counseling and the task force
18 did not have funds to provide the predatory lending
19 counseling? And why wasn't the hotline funded?
20 since it had been in operation.

21 MS. McCULLOUGH: The anti-predatory
22 hotline is being funded, but it's being funded
23 through Community Legal Services.

24 COUNCILWOMAN TASC0: Why did you take
25 it away from Northwest Counseling?

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2 MS. McCULLOUGH: Because there were
3 concerns about the performance of the agency --

4 COUNCILWOMAN TASC0: Who had concerns
5 about it?

6 MS. McCULLOUGH: OHCD and -- OHCD did,
7 we did.

8 COUNCILWOMAN TASC0: Based on what?

9 MS. McCULLOUGH: Based on our
10 response -- on the proposal that we submitted and
11 on the review of the hotline.

12 COUNCILWOMAN TASC0: Okay. If these
13 two agencies had not been super agencies from Year
14 20 to now, what level of funding would they have
15 achieved? Just hypothetically, as you fund all of
16 the agencies through the years and probably have
17 given increases, what level would they be at now?

18 MS. McCULLOUGH: I can't say exactly
19 but they would be closer to what their Year 21
20 level was before being super agencies, and they
21 probably would have had some increases during that
22 time.

23 So that's why I think the level that's
24 proposed now is an appropriate -- the revised, the
25 amended level that's being proposed now is an

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2 appropriate one because that's closer to where they
3 would be if they had just stayed at the level they
4 were at prior to being a super agencies but
5 received some increases.

6 COUNCILWOMAN TASC0: Do you suppose
7 that Northwest Counseling Services would have had a
8 greater increase than 1 percent?

9 MS. McCULLOUGH: A greater increase?

10 COUNCILWOMAN TASC0: From Year 20,
11 which they got \$203,000, to Year 28, which they've
12 gotten \$205,000, an increase of \$2,000.

13 MS. McCULLOUGH: Yes, they may have had
14 a higher increase, but now they're being proposed
15 at -- to be up to 265.

16 COUNCILWOMAN TASC0: Well, what was the
17 thinking, though, initially to give them only a
18 1 percent increase over the Year 20 budget as
19 opposed to the Year 28 budget?

20 MS. McCULLOUGH: It was a part of that
21 proposal review process in which a whole range of
22 housing counseling agencies were being funded.

23 COUNCILWOMAN TASC0: Well, was there
24 any consideration given to the fact that you're
25 taking an agency from \$355,000 to \$200,000, the

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2 impact it would have on the agency to take a
3 drastic cut like that? Was any consideration or
4 sensitivity given to those employees who work at
5 that agency or the survival of the agency?

6 MS. McCULLOUGH: Well, the belief was
7 that the agency would survive; I think there was an
8 expectation that there may -- that they would have
9 had to reduce staff.

10 COUNCILWOMAN TASC0: And was there any
11 sensitivity on -- was there any sensitivity to try
12 and gradually cut back their allocations as opposed
13 to such a drastic cut?

14 MS. McCULLOUGH: Well, no, because what
15 was recommended was the 205 level.

16 COUNCILWOMAN TASC0: But it seems to me
17 that if you were trying to take them to the level
18 of where they would have been in Year 2000, with
19 some increases over the seven years, it would have
20 been greater than 1 percent.

21 MS. McCULLOUGH: Yes.

22 COUNCILWOMAN TASC0: All right.

23 Madam Chair, I request a five-minute
24 recess to confer with Miss McCullough in the back.

25 COUNCILWOMAN TASC0: Or three minutes,

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2 however long it takes.

3 COUNCILWOMAN BLACKWELL: All right,
4 we'll take a three-minute recess because we have to
5 do City Council, a three minute recess.

6 (Break taken.)

7 (Proceedings resume.)

8 - - -

9 COUNCILWOMAN BLACKWELL: The committee
10 hearing is resumed.

11 Is there further discussion with regard
12 to -- we have had much discussion, Councilman
13 Nutter introduced a resolution. We have one
14 resolution to the CDBG application that we're happy
15 to hear. There has been another proposed amendment
16 submitted.

17 Is there any other discussion with
18 regard to the CDBG application? If not, we will
19 move to NTI.

20 (No response.)

21 COUNCILWOMAN BLACKWELL: Thank you very
22 much.

23 We will now entertain discussion with
24 regard to Bill No. 020285. We believe that this --
25 everyone received -- we will pass out again a

1 6/6/02 FINANCE - 020275, 020285
2 proposed amendment dealing with the Targeted Basic
3 System Repair Program, about which there has been
4 much discussion. This amendment allocates
5 \$2 million to support the Basic Systems Repair
6 Program, and we believe it was discussed and
7 supported by all members of City Council.

8 Is there any decision about the
9 Targeted Basic Systems Repair Program proposed
10 amendment?

11 COUNCILMAN NUTTER: Just a quick
12 question on this item, and then I have --

13 COUNCILWOMAN BLACKWELL: Councilman
14 Nutter?

15 COUNCILMAN NUTTER: Thank you, Madam
16 Chair. Just a quick questions on this item as it's
17 coming to us, and then I have some other questions
18 related NTI.

19 So this is a proposed amendment to the
20 NTI Program statement and budget?

21 COUNCILWOMAN BLACKWELL: Yes, it is.

22 COUNCILMAN NUTTER: Okay.

23 COUNCILWOMAN BLACKWELL: This adds
24 \$2 million because there was so -- there was a
25 unanimity of desire to include more money in the

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2 Basic Systems Repair Program.

3 COUNCILMAN NUTTER: I'm certainly glad
4 to hear that.

5 Madam Chair, does that change the
6 overall budget for Year 1 for NTI? And where
7 actually is this amendment being made?

8 COUNCILWOMAN BLACKWELL: Miss Smith?

9 MS. SMITH: It would included in the
10 program statement and budget under the housing
11 investment and neighborhood preservation section of
12 that. We would just add it to the back of that
13 section.

14 And, yes, it will increase the total
15 amount to --

16 COUNCILMAN NUTTER: 67?

17 MS. SMITH: Yes.

18 COUNCILMAN NUTTER: 140?

19 MS. SMITH: Yes.

20 COUNCILMAN NUTTER: 627?

21 MS. SMITH: Yes.

22 COUNCILMAN NUTTER: So between the
23 two -- I mean, I understand on BSRP and PhiLoan,
24 and there might be a couple of others where NTI
25 funds are being used to, in essence, supplement

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2 funds that have traditionally been used from CDBG.

3 MS. SMITH: Mm-hmm.

4 COUNCILMAN NUTTER: What is the total
5 amount -- you would think I would know this; we've
6 been talking about the CDBG plan for a while.
7 What's the total BSRP amount now, or what would it
8 be proposed to be?

9 And, Miss McCullough, tell me what page
10 you're on in the big book.

11 MS. McCULLOUGH: Page 141, Section B.

12 COUNCILMAN NUTTER: Emergency repairs
13 preservation and weatherization.

14 MS. McCULLOUGH: Correct.

15 COUNCILMAN NUTTER: So presently,
16 Tier 2 is expected to get \$7.3 million?

17 MS. McCULLOUGH: Yes. As currently
18 envisioned, \$7.3 million of CDBG, and now this
19 amendment adds an additional 2 million of NTI bond
20 proceeds.

21 COUNCILMAN NUTTER: All right. And
22 this may be the silly question for the day. This
23 is the increase to BSRP that we have been talking
24 about you? I mean, you had testified earlier that
25 BSRP Tier 2 is being increased. This is the

1 6/6/02 FINANCE - 020275, 020285

2 increase? Or had there been an increase in CDBG
3 funds?

4 MS. McCULLOUGH: There was a modest
5 increase last year --

6 COUNCILMAN NUTTER: Okay.

7 MS. McCULLOUGH: -- up to the
8 7.3 million in CDBG.

9 COUNCILMAN NUTTER: Right. Going from
10 7274.

11 MS. McCULLOUGH: Right.

12 COUNCILMAN NUTTER: So that was the
13 first increase.

14 MS. McCULLOUGH: Correct.

15 COUNCILMAN NUTTER: Okay. And now
16 you're going \$2 million.

17 MS. McCULLOUGH: Correct.

18 COUNCILMAN NUTTER: Okay.

19 So, Miss Smith, you're saying that on
20 Page 3 of the Program Statement and Budget, under
21 Housing and Neighborhood Preservation, we've got:
22 Vacant property stabilization, 2.5 million;
23 acquisition of stabilized properties, 2.5 million.
24 You're saying in that line item somewhere --

25 MS. SMITH: We will add another

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2 \$2 million. I apologize.

3 COUNCILMAN NUTTER: There are seven
4 items here?

5 MS. SMITH: Yes. I apologize for not
6 revising that page.

7 COUNCILMAN NUTTER: Okay.

8 MS. SMITH: As I testified at the
9 opening of the hearings, as a result of
10 conversations and briefings with various members of
11 City Council and community organizations, we
12 thought it would be appropriate to use additional
13 monies for the Targeted Basic System Repair Program
14 primarily for two reasons:

15 One, the Basic System Repair Program
16 that's funded with Community Development Block
17 Grant dollars is targeted based on a -- at a lower
18 income means. There was concern that there are
19 individuals who are in need of repair to basic
20 systems whose incomes were over and above that very
21 low-income limit. The intent here is to make these
22 types of resources accessible to individuals whose
23 incomes are up to 80 percent is still basically a
24 grant.

25 But we also want to craft programs and

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2 make available resources that also leverage other
3 funds, particularly loan funds. There are a number
4 of intermediary organizations who are looking at
5 proposals and projects that do grant and loan
6 programs in neighborhoods to support existing
7 owner-occupants.

8 COUNCILMAN NUTTER: What's the
9 impact of the -- and, again, I support the
10 additional \$2 million. But now looking at Page 6
11 of the program statement, the Five-Year Plan, where
12 does the \$2 million come from? What year is
13 \$2 million being taken from?

14 MS. SMITH: Well, I would just -- in
15 revising the projected budget -- because that --
16 the Five-Year Plan is a projected budget 'cause
17 each year we approve, I would just take it out of
18 the last year, you know, just reduce that by
19 2 million so that it lines up.

20 COUNCILMAN NUTTER: I mean, I
21 understand, and I figured that's what you probably
22 do. But you've got basically four categories of
23 NTI activity. Which one do you take it --

24 MS. SMITH: It would still be a part of
25 the neighborhood preservation category, the housing

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2 investment in neighborhood --

3 COUNCILMAN NUTTER: Okay, but just from
4 one of the back years.

5 MS. SMITH: Yes.

6 COUNCILMAN NUTTER: Okay, all righty.

7 Can you give me an update? You and I
8 had made arrangements to get together yesterday
9 morning to talk about retaining walls and a program
10 that we might try to put together. Out of
11 Tuesday's conversation -- I think Tuesday
12 afternoon -- we had agreed that we would get
13 together yesterday.

14 MS. SMITH: Yes.

15 COUNCILMAN NUTTER: That did not
16 happen. I did get the message in the morning, and
17 I had called back to see if we could reschedule.

18 MS. SMITH: I was trying to work
19 through -- I had to work through the Chief of
20 Staff's Office. I think we were trying to find
21 times.

22 I thought that you would be available
23 in the morning, but I was mistaken. I believe they
24 tried to reach you to let you know. She did
25 have -- was not able to be available for another

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2 reason.

3 What -- in talking with the Chief of
4 Staff, we would very much like to look at the
5 issues that have been raised around the
6 infrastructure and how might we in the City can
7 report resources in a way that addresses some of
8 the concerns, including particularly the retaining
9 wall issues that are dangerous.

10 We just could not squeeze it in
11 yesterday. On behalf of her office, again, I
12 apologize that we had to cancel that meeting.

13 We're still committed to working with
14 your office about structuring a demonstration
15 project to figure out what is the appropriate level
16 of funding to fund it. We would like that
17 demonstration project to look at issues like new
18 technologies and other ways to reduce the costs
19 particularly around the repair of retaining walls.

20 COUNCILMAN NUTTER: Okay. Well, do you
21 think you'll have some time over the course of the
22 next week?

23 MS. SMITH: Yes. I'm available and I'm
24 working with her office to get some additional
25 time.

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2 COUNCILMAN NUTTER: Okay.

3 MS. SMITH: I also referred,
4 Councilman, the specific issue -- I spoke with the
5 Managing Director around one specific issue with
6 respect to the Review Board, and she's going to
7 have someone in her office to look into that.

8 COUNCILMAN NUTTER: Oh, the 65th Street
9 --

10 MS. SMITH: I just wanted you to know
11 that I did refer that to the Managing Director's
12 Office.

13 COUNCILMAN NUTTER: Okay, I appreciate
14 that.

15 All right, so you're going to look to
16 try to schedule some time for us to get
17 together over the course of the next week.

18 MS. SMITH: Yes. I will work with the
19 Chief of Staff's office to do that.

20 COUNCILMAN NUTTER: You do understand
21 the seriousness of this particular issue --

22 MS. SMITH: Yes, I do.

23 COUNCILMAN NUTTER: -- not just for
24 myself --

25 MS. SMITH: But for the City.

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2 COUNCILMAN NUTTER: The research
3 indicates from the Streets Department that there
4 are an estimated 90 walls throughout the City that
5 have serious repair needs. Eighty percent of them,
6 though, 72 of the 90, are situated in the 4th, 8th
7 and 9th Districts. All other districts in the City
8 do have some number, but they are relatively small.

9 I mean, this is a very critical and
10 serious issue for me and for my constituents. I
11 cannot speak for other Councilmembers, but other
12 members have indicated the same.

13 And as I've said before, a serious
14 proposal on how we would address this particular
15 problem would be very helpful in terms of actually
16 moving forward on the NTI proposal.

17 MS. SMITH: Mm-hmm.

18 COUNCILMAN NUTTER: I have said that
19 before. I'm not trying to be subtle or vague about
20 it, and I'm hoping that there is a certain clarity
21 about where I am on that and how I hold that in the
22 context of the overall position that I would take
23 with regard to the NTI Program.

24 MS. SMITH: Mm-hmm, right.

25 COUNCILMAN NUTTER: It is at that level

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2 of seriousness.

3 MS. SMITH: I appreciate that and I do
4 understand that. I think, as you mentioned,
5 it's -- one of the things is the scale of the
6 problem.

7 COUNCILMAN NUTTER: I understand.

8 MS. SMITH: As you say, it's
9 significant. And that issue alone can, you know,
10 require a significant amount of resources, even
11 beyond what was budgeted for the housing and
12 preservation activities.

13 COUNCILMAN NUTTER: I understand, but
14 as --

15 MS. SMITH: So we very much are
16 committed to addressing that issue, to figure out
17 how we might could do it in a cost-effective way.
18 Yes, we are committed to that.

19 COUNCILMAN NUTTER: I understand and I
20 can appreciate that, and we're not going to spend
21 our entire budget dealing with retaining walls.

22 On the other hand, as they say, "A
23 journey of a thousand miles begins with one step."

24 MS. SMITH: Mm-hmm.

25 COUNCILMAN NUTTER: We have to take a

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2 step.

3 MS. SMITH: Yes.

4 COUNCILMAN NUTTER: The second is,
5 what, if any, discussion has there been? and is
6 there any adjustment in the view of the
7 Administration with regard to kind of on the other
8 side of the street, or the other side of this
9 issue, which is the curb and sidewalk discussion?

10 MS. SMITH: Mm-hmm.

11 COUNCILMAN NUTTER: Retaining walls
12 are, obviously, in the back; curb and sidewalk out
13 in the front. Where are we on that discussion?

14 MS. SMITH: Again, we're looking at it.
15 To be frank, Councilman Nutter, to look at the
16 three issues, as you said, the infrastructure
17 issues --

18 COUNCILMAN NUTTER: Right.

19 MS. SMITH: -- represents a significant
20 cost to be able to address that in a way. Needless
21 to say, there are 90 or so dangerous retaining
22 walls. Probably the number of curbs and sidewalks
23 which may need a repair is probably a significant
24 number.

25 And so the challenge that is presented

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2 to the Administration is, how do we -- how do we
3 meet these vast needs of a older American city --

4 COUNCILMAN NUTTER: Right.

5 MS. SMITH: -- at a time when resources
6 are constrained, when it's becoming increasingly
7 difficult to look to the federal government for the
8 appropriate amount of support. I mean, we're here
9 trying to make adjustments in our Community
10 Development Block Grant because last year, Congress
11 cut those resources.

12 And even though the City has been very
13 active with a variety of organizations to find --
14 you know, to work with at the federal level for
15 resources.

16 COUNCILMAN NUTTER: Mm-hmm.

17 MS. SMITH: We, you know, are reaching
18 out to other older American cities to talk about
19 this issue of infrastructure. You know, can we,
20 you know, look at -- one of the things that I would
21 like to explore is looking at resources in
22 non-traditional federal departments or at the state
23 level that can help support a program.

24 COUNCILMAN NUTTER: Right.

25 MS. SMITH: But we're being frank.

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2 COUNCILMAN NUTTER: I understand that.

3 MS. SMITH: And it's not to say that
4 there isn't a need.

5 COUNCILMAN NUTTER: Right.

6 MS. SMITH: Or a legitimate need.

7 COUNCILMAN NUTTER: Right, there is a
8 need.

9 MS. SMITH: But the cost and how we do
10 that and where the resources come from is the
11 challenge that we're presented with.

12 COUNCILMAN NUTTER: Miss Smith, let me
13 at least offer to you at least a part of the way
14 that I think and try to attack these kinds of
15 problems.

16 If we try to figure out how to solve
17 the big problems in their totality, we will be
18 overwhelmed by the magnitude of the problem, and we
19 will study it and we will think about it, but
20 ultimately, we will do nothing.

21 Many streets throughout the City need
22 to be resurfaced. The reality is, we don't
23 resurface all of the streets every year. We set
24 aside a set amount of money that's for resurfacing,
25 and we resurface the amount of streets that that

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2 will take care of.

3 And, then, unfortunately, we are all
4 left to then deliver the message, "I cannot do your
5 street this year; it's on next year's schedule. It
6 doesn't mean we don't care about you, it doesn't
7 mean we're not going to get there. We just don't
8 resurface all the streets every year because we
9 can't afford it."

10 We're not going to fix all of the
11 retaining walls at one time. We're not --
12 everybody's not going to get new public
13 infrastructure, curbs, and sidewalks. But that
14 doesn't mean that we shouldn't do something and
15 dedicate a set amount of resources. We have
16 X-amount of dollars that we're going to dedicate to
17 X or Y or Z. When that money runs out, that's the
18 ends of it for that year, and we have to live
19 within those constraints and within those budgets.

20 And, yes, there are other cities across
21 America that are old, with aging infrastructure
22 that do these kinds of things, and everybody
23 doesn't get what they want every year. That's the
24 reality of life.

25 So all I'm asking is that we expand our

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2 thinking on this and not get totally mired in the
3 "It's so overwhelming, we can't do anything about
4 it because we might not be able to solve
5 everybody's problem and do something." That's all
6 I'm asking.

7 MS. SMITH: Okay.

8 COUNCILMAN NUTTER: With regard to the
9 responses that we received yesterday --

10 MS. SMITH: Oh, I also just wanted to
11 make sure I distributed two letters that went
12 directly -- Councilwoman Blackwell, that went
13 directly to Rick Sauer in response to a question
14 raised.

15 And then we also officially responded
16 to a question that went to -- that Councilman Rizzo
17 raised in correspondence. These letters were
18 delivered to them yesterday, and these are just
19 copies of the letters.

20 COUNCILMAN NUTTER: Okay. I saw the
21 letter to Mr. Sauer; I did not see the letter to
22 Councilman Rizzo.

23 MS. SMITH: Oh, okay.

24 COUNCILMAN NUTTER: I will read that
25 shortly.

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2 We received a package of responses
3 through the Chair yesterday to questions that have
4 been raised over the past few days. I just have a
5 couple questions about those responses.

6 Number 4 has to do with the debt
7 service schedule for the first series of bonds as
8 well as the projected debt service payment and
9 draw-down schedule for FY '03. What was the amount
10 of debt service set aside for FY '03 in the City's
11 operating budget?

12 MS. SMITH: In the City's operating
13 budget, it was \$20 million.

14 COUNCILMAN NUTTER: Am I reading this
15 debt service schedule correctly that the debt
16 service payment on June 30, 2003, which is the last
17 day of the next fiscal year, is \$10,938,306?

18 MS. SMITH: Yes.

19 COUNCILMAN NUTTER: Then why did we set
20 aside \$20 million in debt service in the City's
21 budget?

22 MS. SMITH: I believe at the time when
23 they were putting together the budget, which
24 actually, as you know, preceded the final
25 authorization for the NTI bonds, they just based it

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2 on the projection, you know, if everything was
3 issued at one time.

4 COUNCILMAN NUTTER: Well, we always
5 knew that we weren't going to issue all of the
6 bonds at one time 'cause you can't spend it in
7 three years, right? We always knew that, right?

8 MS. SMITH: Right.

9 COUNCILMAN NUTTER: Right?

10 MS. SMITH: Mm-hmm.

11 COUNCILMAN NUTTER: What happens to the
12 \$10 million that will be in the debt service line
13 item for NTI and you're only going to spend 10 and
14 you have 10 left over. What happens to that?

15 MS. SMITH: As it occurs -- as it
16 occurred last year, when we -- as it occurred last
17 year, when they had also, I believe, budgeted for
18 Fiscal Year '02 money to carry debt service in the
19 event the bonds were issued, any reprogramming of
20 it that would be submitted to Council was a part of
21 an appropriation transfer ordinance.

22 We -- within the Administration, we've
23 been looking at the issues of costs, as I explained
24 earlier, around wrap-up insurance and the related
25 activities to NTI like lot-cleaning and -- not

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2 lot-cleaning but lot enhancement. But we have not
3 made, you know, really specifically reprogrammed or
4 said we will use the dollars otherwise.

5 But as you know, any change in that
6 appropriation will be -- we would put together a
7 budget, and it would be reviewed by Council.

8 COUNCILMAN NUTTER: Well, let me just
9 make sure I'm understanding, though. I mean, in
10 essence, there is \$10 million extra in the debt
11 service line item in the City's FY '03 budget,
12 correct?

13 MS. SMITH: That is correct. And let
14 me just -- there's one additional thing I just want
15 to mention. We've always contemplated, as a part
16 of FY 2003, seeking volume cap allocation and
17 resources to fund approximately another \$15 million
18 to support particularly the land assembly activity
19 and to fund things like the expanded HRP Program
20 and the Philoan Program.

21 Based on those projections, we
22 anticipate we'll probably need -- if we get the
23 State authorization to issue that type of bond, we
24 project that we would need another about
25 1.25 million, depending upon where interest rates

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2 are.

3 COUNCILMAN NUTTER: To service that
4 debt.

5 MS. SMITH: To service that debt. That
6 would be like a third series, so to speak, but we
7 haven't issued that series. In fact, we would be
8 seeking allocation over the summer if we can get
9 it.

10 And then with the rest of it, it is the
11 difference, there is a difference between what was
12 budgeted in the budget and what we actually --

13 COUNCILMAN NUTTER: Do you expect the
14 next offering -- what was the -- we received
15 \$143 million in proceeds, is that correct, from the
16 offering?

17 MS. SMITH: That is correct.

18 COUNCILMAN NUTTER: What was the
19 financing?

20 MS. SMITH: I didn't hear the last part
21 of your question.

22 COUNCILMAN NUTTER: What was the actual
23 financing amount? We received \$143 million in
24 proceeds, correct?

25 MS. SMITH: Yeah, it was approximately

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2 --

3 COUNCILMAN NUTTER: What was actually
4 sold in the market?

5 MS. SMITH: It was approximately, I
6 believe, \$150 million.

7 COUNCILMAN NUTTER: Okay. Are you
8 anticipating the next offering -- I mean, we've
9 talked about this now in the context of \$295
10 million up from the 250 because of --

11 MS. SMITH: Yeah, we got very good
12 interest rates with respect to that.

13 COUNCILMAN NUTTER: Well, we won't
14 claim any credit for that, but that was the
15 difference between doing something back in the
16 spring and doing something this year.

17 MS. SMITH: No, I think it was
18 particularly -- we had been working very closely
19 with Fannie Mae who, as you know, is a major player
20 in purchasing a bond --

21 COUNCILMAN NUTTER: I understand.

22 MS. SMITH: And as a result of our work
23 and relationships development with Fannie Mae, they
24 came in, brought a sizeable portion of the issue,
25 and brought it in such a way that it -- that basis

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2 points below what would have been, you know,
3 prevailing in the market.

4 COUNCILMAN NUTTER: Right.

5 MS. SMITH: And then that was able to
6 help drive interest rates.

7 COUNCILMAN NUTTER: Well, I understand.
8 But the 295 figure, that discussion started last
9 year when interest rates moved from the spring
10 through the summer and into the fall because last
11 spring, this was \$250 million, and in the fall, it
12 became 295, when it was crystal-clear that interest
13 rates had moved such that \$20 million in debt
14 service would clearly support about the 295, close
15 to \$300 million.

16 MS. SMITH: Yes.

17 COUNCILMAN NUTTER: We don't have to
18 have an interest-rate argument.

19 My question is: Are you anticipating
20 the next offering to basically be the balance of
21 145 or 150?

22 MS. SMITH: No, we are not. The next
23 offering that we are anticipating that we would
24 like to seek is about 15 million, I would say, in
25 private-activity bonds --

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2 COUNCILMAN NUTTER: I understand that.

3 MS. SMITH: -- for which we would need
4 State allocation.

5 COUNCILMAN NUTTER: Right.

6 MS. SMITH: So that -- in terms of a
7 timetable, that would be the next --

8 COUNCILMAN NUTTER: And then the third
9 offering would be the --

10 MS. SMITH: The third offering would
11 be -- again, it would depend. For example,
12 depending on the rate of expenditures for
13 governmental purpose bonds, we may go out for more
14 governmental purpose bonds. If we need more money
15 for acquisition activities, depending on the rate
16 of expenditure, we would go for that.

17 And we have to be, as you know,
18 sensitive --

19 COUNCILMAN NUTTER: Right.

20 MS. SMITH: -- both types of financing
21 have time limits. So we want to go where we
22 sufficiently expect.

23 COUNCILMAN NUTTER: I understand.

24 Let me ask you this question: Question
25 No. 6, please include the neighborhoods north of

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2 Market Street that would be affected by demolition
3 activities.

4 The response is, the Planning
5 Commission will include the neighborhoods of
6 Haddington, Carroll Park, and portions of Overbrook
7 in the list of NTI-candidate planning areas.

8 MS. SMITH: Right.

9 COUNCILMAN NUTTER: Now, does that mean
10 that they're going to be added to the list of 25
11 communities in 3 commercial corridors?

12 MS. SMITH: Yes, it is. And --

13 COUNCILMAN NUTTER: Do you have an
14 amendment for that?

15 MS. SMITH: We have -- we didn't put it
16 in the form of an amendment, I have to admit.

17 COUNCILMAN NUTTER: That's all right.
18 We can work with that.

19 MS. SMITH: We have the backup paper.
20 It's been a kind of tight timeline here. I'm
21 sorry.

22 COUNCILMAN NUTTER: I understand.

23 Was that list in the front of all of
24 these maps?

25 MS. SMITH: The overarching list, I

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2 believe, is in the front of the attachment. But I
3 just -- the papers that I handed to you restated it
4 so it's in that.

5 COUNCILMAN NUTTER: Okay.

6 MS. SMITH: And also the maps.

7 COUNCILMAN NUTTER: Okay. So you're
8 saying on this -- they're now added to this list
9 here?

10 MS. SMITH: Yes.

11 COUNCILMAN NUTTER: Would you mind
12 having that as an amendment? What is that?

13 MS. SMITH: No, it's intended as an
14 amendment. My apologies.

15 COUNCILMAN NUTTER: I think it's
16 Attachment 2?

17 MS. SMITH: Yeah, it's an attachment.

18 We will have to re-, you know, work the
19 book to make sure that we get all the paper in.

20 COUNCILMAN NUTTER: Okay, all right.

21 This is Attachment 2.

22 MS. SMITH: As part of the community --
23 you know, community planning.

24 COUNCILMAN NUTTER: Right. So you
25 wouldn't mind if we --

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2 MS. SMITH: Introduced that as an
3 amendment?

4 COUNCILMAN NUTTER: Made that as an
5 amendment.

6 MS. SMITH: No. We are submitting it.

7 COUNCILMAN NUTTER: Thank you. You are
8 quite wonderful today.

9 MS. SMITH: I try to be.

10 COUNCILMAN NUTTER: I understand you're
11 doing your best.

12 The answer to number 15, the
13 encapsulations, can you tell me, were these all of
14 the encapsulations from FY '02?

15 MS. SMITH: Yes. These were things
16 that the City has been, through the Department of
17 Licenses and Inspections -- has just sort of, like,
18 was doing on a case-by-case basis. And those were
19 the ones that were done in FY '02.

20 COUNCILMAN NUTTER: Do you have any
21 idea -- I mean, some of these things make mention
22 of where came from: They were on the Mayor's tour
23 or they came from State Representatives or
24 something.

25 I mean, this is all over the place. I

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2 mean, do you have any idea why this -- why the
3 encapsulations are so scattered all over the place?

4 MS. SMITH: I think, again, it was, you
5 know, looking at the issue of where you found a
6 particular property that neighbors were
7 particularly concerned about and --

8 COUNCILWOMAN BLACKWELL: Excuse me, if
9 I may.

10 To my colleagues, we're having a
11 problem with some of our guests who cannot stay.
12 We have managed -- and, Councilwoman Tasco, I
13 particularly would like you to have you hear this,
14 I ask members to hear this.

15 This will determine whether or not we
16 can report these bills out or whether or not we
17 have to recess and come back. So I ask you to
18 particularly listen to this.

19 If the committee is willing for us to
20 work out where the money comes from, Councilwoman,
21 especially Councilwoman Tasco, we're prepared to
22 try to include the monies that you allowed for.
23 And then we can -- because we really have a time
24 problem; we've got to go into session 'cause we're
25 going to lose some of the guests who are being

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2 honored today.

3 If the committee is willing to do that,
4 we can move forward, report the bills out, and then
5 go on to Council.

6 COUNCILWOMAN TASC0: I have an
7 amendment.

8 COUNCILMAN NUTTER: Right.

9 COUNCILWOMAN BLACKWELL: Well, let's
10 submit it now. If we're willing to do that;
11 otherwise --

12 COUNCILWOMAN TASC0: I don't think
13 Councilman Nutter -- I can't speak for Councilman
14 Nutter. I think we should recess, have Council,
15 and come back and finish the discussion. I'm not
16 sure whether he's finished or not and I have an
17 amendment.

18 COUNCILWOMAN BLACKWELL: Then I will
19 take this offer off the table then.

20 If we can't do it that way, then this
21 committee will be -- this hearing will be in recess
22 until immediately following the City Council
23 session.

24 There is no offer on the table from me.
25 Thank you.

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2 - - -

3 (Stated meeting convenes, then
4 adjourns.)

5 (Finance Committee meeting
6 reconvenes.)

7 - - -

8 COUNCILWOMAN BLACKWELL: Thank you.
9 The Finance Committee is now called back into
10 session.

11 (Council President Verna
12 strikes gavel.)

13 COUNCIL PRESIDENT VERNA: Please.
14 Councilwoman?

15 COUNCILWOMAN BLACKWELL: Thank you very
16 much.

17 Our hearing is resumed with regard to
18 Community Development Block Grant bill No. 020275
19 and the NTI Bill 020285. There has been much
20 discussion with regard to amendments. We believe
21 that we are prepared to submit amendments with
22 regard to the Community Development Block Grant
23 hearing.

24 And the Chair now calls on Councilman
25 Nutter for the purpose of introducing an amendment

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2 to this application.

3 COUNCILMAN NUTTER: Thank you, Madam
4 Chair.

5 Madam Chair, there is one amendment
6 that incorporates two elements. The first is the
7 amendment that we discussed earlier in the hearing
8 that is related to the reporting requirements.
9 We've heard testimony from Miss McCullough on that
10 particular issue.

11 COUNCILWOMAN BLACKWELL: Councilman,
12 has not this been circulated as well to all
13 committee members?

14 COUNCILMAN NUTTER: It has, Madam
15 Chair, but I need to put on the record that the
16 amendment that I circulated earlier now has had
17 material added to it. So there is only one
18 amendment.

19 Councilwoman Tasco has incorporated her
20 proposed amendment that we discussed earlier into
21 the earlier amendment that I have put forward and
22 that the Administration has seen. I do not know if
23 the Administration witnesses have seen what is now
24 a combined amendment.

25 So there is only one amendment, but new

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2 language has been added to the earlier amendment.

3 I know that sounds very confusing, but I know

4 Councilmembers know what we're saying.

5 COUNCIL PRESIDENT Verna: Councilman

6 Nutter, have Councilmembers seen the amendment? I

7 don't have a copy of it.

8 COUNCILMAN Nutter: Yes, they have.

9 COUNCIL PRESIDENT Verna: I'm sorry to

10 say I don't have a copy of it.

11 COUNCILMAN Nutter: All the committee

12 members have a copy of the amendment in front of

13 them.

14 COUNCILWOMAN Blackwell: There's a

15 point of order on the floor.

16 Councilwoman Tasco?

17 COUNCILWOMAN Tasco: My amendment was

18 circulated earlier to the committee and to the

19 Administration. We just incorporated it into the

20 one amendment. So it's -- they have seen it.

21 COUNCILWOMAN Blackwell: We will now

22 ask Miss Pat Smith or Scott Wilds, is there any

23 discussion with regard to this amendment? And what

24 do you assume the Administration's position is on

25 this issue?

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2 MR. WILDS: Good morning. Scott Wilds,
3 Deputy Director of Housing.

4 This is the first time we've seen the
5 combined language. However, we do need to get the
6 block grant bill out today, and that is our first
7 concern.

8 COUNCILWOMAN TASCO: Point of order,
9 Madam Chair.

10 COUNCILWOMAN BLACKWELL: Councilwoman
11 Tasco has a point of order.

12 COUNCILWOMAN TASCO: Point of
13 clarification. So that we are clear, my amendment
14 was circulated and given to the Administration
15 prior to the recess. Councilman Nutter read his
16 amendment prior to the recess.

17 The only thing that has happened --
18 nothing has changed materially except that they
19 were combined into one amendment.

20 COUNCILMAN NUTTER: Right.

21 COUNCILWOMAN TASCO: The language is
22 the same.

23 MR. WILDS: That is correct.

24 COUNCILMAN NUTTER: Right. It's in the
25 first paragraph at the start of Section --

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2 COUNCILWOMAN TASCO: Right, in the
3 first paragraph, that language was given to you
4 prior to the recess.

5 MR. WILDS: I'm aware of that.

6 COUNCILMAN NUTTER: Madam Chair, if
7 it's okay with you, Chairwoman Blackwell, the first
8 order of business is the new amendment, and the
9 only amendment is the document that reads at the
10 top "Amendments to Bill No. 020275 Offered by
11 Councilman Nutter and Councilwoman Tasco" and dated
12 June 6, 2002. That is the amendment that is before
13 us.

14 Let me also put into the record that
15 the intent of Councilwoman Tasco's portion of this
16 amendment is that the line item for the Northwest
17 Counseling Services and the Delaware Valley -- the
18 Housing Association of Delaware Valley Counseling
19 Service shall include \$300,000 for each of the two
20 organizations named, in addition to funding under
21 that line item for other organizations, as shown in
22 the Year 28 Consolidated Plan.

23 That is the intention of that portion
24 of the amendment, and we want to make that clear as
25 to the legislative intent of the Councilmember

6 COUNCILWOMAN BLACKWELL: Thank you,
7 Councilman.

10 COUNCILWOMAN BLACKWELL: Is there any
11 discussion from the Administration? Or would you
12 like to dialogue with either Councilperson with
13 regard to this amendment?

15 COUNCILWOMAN BLACKWELL: Is the
16 Administration prepared to accept this amendment as
17 submitted? I know there's been no time.

22 COUNCILWOMAN BLACKWELL: Thank you very
23 much.

25 COUNCILMAN DICICCO: Thank you, Madam

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2 Chair. Good morning.

3 COUNCILWOMAN BLACKWELL: Good morning.

4 COUNCILMAN DICICCO: This morning we
5 will be taking up a number of issues and
6 amendments. And there is, obviously, some
7 financial impact on what is being proposed by way
8 of these amendments.

9 In your opinion, does this influence,
10 or will this influence, any of the other projects
11 that are in the NTI Program going forward?

12 For instance, Jefferson Square, as an
13 example, which is in my district; do you see any
14 adverse effect to that project as a result of some
15 of the action we're proposing to take this morning?

16 MR. WILDS: I would not, Councilman, in
17 that the resource being used for this additional
18 counseling is an administrative cost.

19 COUNCILMAN DICICCO: So it's nothing
20 related to --

21 MR. WILDS: So it's nothing related to
22 a direct cost of --

23 COUNCILMAN DICICCO: Of a project.

24 MR. WILDS: That's correct.

25 COUNCILMAN DICICCO: Thank you.

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2 COUNCILWOMAN BLACKWELL: Councilman
3 O'Neill?

4 COUNCILMAN O'NEILL: Yes. And this is
5 directed either at the sponsor, Councilwoman Tasco,
6 or the witnesses.

7 Just -- I know that these awards of
8 \$300,000 in the amendment are more than what was
9 being awarded in the original bill and less than
10 these organizations got last year, the year we're
11 currently in.

12 But can you tell me, what is it coming
13 down from, the 300,000? What --

14 MR. WILDS: I believe, Councilman, they
15 were 350 or 355. The Administration originally
16 offered today that they be at 265.

17 COUNCILMAN O'NEILL: Okay.

18 MR. WILDS: So the 300 is somewhere
19 (inaudible) from there.

20 COUNCILMAN O'NEILL: Okay, thank you.

21 COUNCILWOMAN BLACKWELL: Thank you.

22 Are there further questions?

23 (No further questions.)

24 COUNCILWOMAN BLACKWELL: The Chair then
25 will entertain Councilman Nutter -- well, I think,

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2 then, that will conclude our public hearing.

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2 COUNCILWOMAN BLACKWELL: We will now
3 enter a stated meeting for Bill No. 020275, and the
4 Chair recognizes Councilman Nutter for the purpose
5 of an amendment.

6 COUNCILMAN NUTTER: Thank you, Madam
7 Chair.

8 Madam Chair, I move that the amendment,
9 as circulated, which is dated June 6, 2002, offered
10 by Councilwoman Tasco and myself, be adopted.

11 (Duly seconded.)

12 COUNCILWOMAN BLACKWELL: It is moved
13 and seconded that the amendment to Bill No. 020275
14 be adopted.

15 All in favor?

16 Opposed?

17 The ayes have it and so the amendment
18 has been adopted.

19 The Chair recognizes Councilman O'Neill
20 for purposes of reporting out Bill No. 200 [sic]
21 with a suspension of the rules, as amended, to be
22 considered on today's calendar.

23 COUNCILMAN NUTTER: Point of order?
24 What bill is this?

25 COUNCILWOMAN BLACKWELL: Same one we've

1 6/6/02 FINANCE COMMITTEE - PUBLIC MEETING

2 been discussing, 020275.

3 COUNCILMAN NUTTER: Okay, I'm sorry. I
4 misheard you; I thought you said "200."

5 COUNCILWOMAN BLACKWELL: No problem.

6 COUNCILMAN COHEN: Is that a new bill?

7 COUNCILWOMAN BLACKWELL: Councilman
8 O'Neill?

9 COUNCILMAN COHEN: I want to indicate
10 it is now more than ten minutes after the President
11 declared a five-minute recess.

12 COUNCILMAN O'NEILL: Okay, and every
13 time we mention that, it takes longer.

14 Madam Chair, I move that Bill No.
15 020275 be reported out of this committee, as
16 amended, with a favorable recommendation and a
17 recommendation that the rules of Council be
18 suspended so as to allow for first reading at our
19 next session.

20 (Duly seconded.)

21 COUNCILWOMAN BLACKWELL: All in favor?
22 Those opposed?

23 Therefore, Bill 020275, as amended, is
24 reported out of this committee with a favorable
25 recommendation, as amended, and a recommendation

4 With regard to Bill No. 020285, which
5 is commonly called "the NTI bill," the hearing will
6 be -- the committee hearing to discuss this further
7 will be heard on Monday, June 10th, at 11 a.m. We
8 will consider NTI -- the NTI -- we will consider
9 the NTI resolution on Monday, June 10th, at 11 a.m.

13 (Councilman Nutter and chair
14 Councilwoman Blackwell confer off
15 the record.)

21 Councilman Nutter?

25 Madam Chair, I appreciate you trying to

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2 find a date to resume hearings about NTI. I just
3 need to mention two things.

4 One, at the moment, I have no idea what
5 I might be doing on Monday at 11 o'clock, although
6 I might find myself in this room. But secondly,
7 and more importantly, there was previous testimony,
8 and I think Miss Smith, who is at the witness
9 table, would confirm that earlier in the hearing
10 today, there was discussion about a follow-up to
11 the meeting that was cancelled yesterday to have
12 more discussion about some of the elements that
13 I've raised with regard to NTI.

14 My only concern about resuming on
15 Monday -- and I recognize the importance of trying
16 to move through this process -- is whether or not
17 Miss Smith and other members of the Administration,
18 including the Chief of Staff, would be able to meet
19 in a timely fashion in order for us to have the
20 kind of discussion that we need to have and any
21 proposed amendments that may need to be put
22 together prior to Monday at 11 a.m.

23 So I'm only raising the question as to
24 whether or not that is adequate time, quite
25 honestly, for the Administration to respond to the

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2 issues that have been raised since we've not had a
3 fill and detailed discussion about these issues.

4 I don't want to be in a position where
5 we, as the Chair has indicated, where we need to
6 move, we convene a hearing, we haven't had a
7 discussion, and we're not be able to move forward
8 on the particular issues because we have no idea of
9 what the resolution might be. That's the only
10 reason I'm raising that question.

11 COUNCILWOMAN BLACKWELL: Thank you.

12 Miss Smith, will you be available to
13 meet? As always, I certainly will be available
14 myself to certainly address the concerns of
15 Councilman Nutter before Monday at 11.

16 MS. SMITH: I'm available to meet,
17 Councilwoman Blackwell. We do need to work through
18 the Chief of Staff's Office, and I am not aware of
19 her calendar. She's aware of the importance of
20 this situation, but I just really can't commit with
21 respect to her time; I just have no idea.

22 COUNCILMAN NUTTER: Madam Chair, would
23 it possibly be better at the moment to either seek
24 a slightly later date? I understand we need to get
25 through next week in order to allow for that time.

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2 Or if we're not able to do something by Monday,
3 obviously, if the Chair comes to the hearing on
4 that Monday at 11 a.m. and recesses to another date
5 and time, we can conduct it that way.

6 COUNCILWOMAN BLACKWELL: I believe that
7 if that problem is an issue, that we will come to
8 the hearing and then delay it by a matter of hours
9 or a day.

10 And let me state that there was more, I
11 believe, than three weeks' time from the time we
12 advertised the bill until we held public hearings
13 to allow for us to meet with each and every
14 Councilperson, and we tried to make ourselves
15 available, tried to schedule times with each
16 District Councilperson, and a time for those
17 at-large so that we could discuss specific
18 addresses and issues pertinent to each Councilmatic
19 District.

20 So for those who say it looks like
21 we're rushed because of our deadline, we did try to
22 do this certainly in a fashion that would permit
23 all inclusion. However, it is the right of each
24 Councilperson to ask any questions or to address
25 any issues on the floor as he or she so desires,

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2 and we respect their right to do that.

3 COUNCILMAN NUTTER: Madam Chair, I do
4 appreciate that, and those opportunities certainly
5 were proposed.

6 It is, though, the common situation in
7 the legislative process that issues do arise at a
8 particular point in time once you're in the hearing
9 process, and I would respectfully say, at least to
10 the Administration people, the items that we are
11 talking about are not new items; those items are
12 probably a good nine to ten years old, and this
13 discussion did not just start recently, whether it
14 was subsequent to the introduction of this
15 particular resolution.

16 Many of these issues are of a
17 long-standing nature, have been discussed in many,
18 many meetings prior to these hearings even started.
19 The unfortunate reality is that no proposal has
20 been put forward to address these issues up to and
21 including this morning.

22 COUNCILWOMAN BLACKWELL: Well, we will
23 say that NTI isn't that old; NTI is a whole newer
24 process and a framework through which we can
25 consider these issues, and we are more than happy

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2 to do so.

3 COUNCILMAN NUTTER: Right.

4 COUNCILWOMAN BLACKWELL: So if it is
5 okay, Madam President, we -- again, the CDBG bill
6 has been reported out, and the NTI will be heard
7 again on Monday, at 11.

8 Thank you all for your patience.

9 Madam President, the public hearing and
10 public meeting for today of the Finance Committee
11 are concluded.

12 Thank you.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 We will now resume our Council session.

15 Before doing so, we have recognized
16 this morning several people, but I am absolutely
17 delighted to recognize one of our own. I am
18 pleased to announce that out of a pool of over 500
19 applicants, our colleague Councilwoman Marian Tasco
20 is one of eight women who were selected as
21 recipients of the 2002 Good Housekeeping Magazine
22 Awards for Women in Government.

23 (Applause.)

24 COUNCIL PRESIDENT VERNA: Nominated by
25 ACORN, Councilwoman Tasco was selected for her

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2 efforts to lead the fight against predatory lending
3 in Philadelphia and for her role in making the
4 issue of predatory lending a major national public
5 policy matter.

6 This award is being given by Good
7 Housekeeping Magazine, in conjunction with the
8 Center for American Women in Politics. The winners
9 were selected by a panel led by former United
10 States representatives Geraldine Ferraro and Tillie
11 Fowler.

12 Councilwoman, we're extremely,
13 extremely proud of you. Congratulations.

14 (Applause.)

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CERTIFICATE

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia's meeting of the Committee on Finance
of Thursday, June 6, 2002, are contained fully and
accurately in the stenographic notes taken by me,
and that this is a true and correct transcript of
same.

RE: Ordinance No. 020275, 020285

_____,
Josephine Cardillo
Registered Professional Reporter
and Notary Public

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