COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING BEFORE THE COMMITTEE OF THE WHOLE

\- - -
Tuesday, March 12, 2002
9:47 .m.
Room 400, City Hall
Philadelphia, PA
\- - -

CONTINUED FY '03 OPERATING BUDGET TESTIMONY

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DICICCO
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COUNCILMAN ANGEL L. ORTIZ
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(CONT'D FY03 OPERATING BUDGET TESTIMONY/BILL 020001)

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COUNCIL PRESIDENT VERNA: Good morning, everyone. This is the continued public hearing of the Committee of the Whole regarding Bill No. 020001. I would ask Mr. McPherson to please call the first group to testify.

MR. MCPHERSON: The Civil Service Commission.

(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good morning and welcome.

MR. DIPIERO: Good morning, President. How are you?

COUNCIL PRESIDENT VERNA: Fine, thank you.

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

MR. DIPIERO: Nicholas DiPiero, Chairman of the Civil Service Commission, and I'm here this morning to give the financial report to the Council.

COUNCIL PRESIDENT VERNA: Fine, please proceed.

MR. DIPIERO: Good morning, Council President Verna and members of City Council. I am

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Nicholas DiPiero, Chairman of the Civil Service Commission, and I am pleased to testify on behalf myself and the Civil Service Commissioners Marwan Dreidie and the Reverend Repsie Warren in support of the Commission's budget request for Fiscal Year 2003.

Our total budget request of $161,652 represents an increase of $2,289 over our FY '02 estimated obligations of $159,363. This increase is reflected in the Class 300 and provides for the negotiated salary increase of our civil-service employees. The remainder of our request is unchanged from the Fiscal Year '02 level and will provide funds for training, necessary materials and supplies, and the purchase of minor equipment.

Under the Home Rule Charter, the Commissioners are charged with approving or disapproving a large variety of actions affecting civil-service employees. These include establishment of job classes, positions and pay classifications, residency waivers, personnel services contracts, civil-service regulations, and exemptions from the civil service.

The major role of the Civil Service

Commission is to function as an appellate body to hear and decide on civil-service employees' appeals on personal decisions. Most appeals are regarding dismissals, suspensions of more than 10 days, the motions, oral examinations, denials for requests of leaves of absence, and claims regarding injured-on-duty time. Fiscal Year to date, the Commissioners have received 108 appeals and have issued 95 opinions and orders resolving appeals.

With this budget, President Verna and members of the Council, the Commission can continue its important work of assuring the preservation of the Philadelphia merit system, as mandated by the Philadelphia Home Rule Charter.

COUNCIL PRESIDENT VERNA: Thank you very much.

MR. DIPIERO: I'd also, Madam President, like to note our new personnel director. We just got her in the last couple of months and I'm very impressed.

COUNCIL PRESIDENT VERNA: Mm-hmm, wonderful.

Councilman Goode, do you have any questions or comments?

COUNCILMAN GOODE: No, Madam Chair.

COUNCIL PRESIDENT VERNA: Mr. DiPiero, thank you very much. I think you're going to make it just in time for your meeting.

MR. DIPIERO: Thank you, thanks a lot.

COUNCIL PRESIDENT VERNA: Okay, the next department to testify?

MR. MCPHERSON: The Personnel Department.

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Good morning

MS. ORFANELLI: Good morning, President Verna and members of City Council. I'm Linda Orfanelli, Personnel Director for the City of Philadelphia, and I'm here to present testimony on supporting the Department's Fiscal Year 2003 budget, which totals $4,448,275.

With me today are Deputy Personnel Director James Kimson and Administrative Services Director Celia O'Leary.

The mission of the Personnel Department is to recruit and retain a diverse and effective workforce to support the goals of the City. Various programs and initiatives have been developed to accomplish our mission and, I will highlight some of these for you.

We've been involved in workforce planning and succession planning, which are a very important aspect of our job right now due to the DROP Program. We have an extensive testing program. In FY '02 to date, the Personnel Department has received about 43,000 applications, tested over 28,000 people, and ranked 8500 candidates from more than 300 eligible lists. We are continuing our efforts in recruitment and selection to achieve an increasingly diverse workforce.

As you are aware, I have been the Personnel Director for about two months. I've been spending my time primarily getting to know my staff, assessing departmental functions, strengths and weaknesses. There are many dedicated, high-calibre employees in our department. In the future, I will be making some minor changes in job assignment.

Next month, we will be acquainting Personnel officers with some important processing changes, which will simply Personnel transactions.

We will also introduce a new Affirmative Action module, which has been purchased as a result of changes in federal regulations.

The Personnel Department is the central agency which provides services to all departments. We have been providing the service in a customer-friendly way, and we need to enhance that ability to do an even better job of being customer-friendly. As a result, I have designated a senior staff member to be my ambassador to the departments. We will begin to meet with commissioners to determine what their specific needs are so that we can help them to do their jobs more effectively and efficiently. The person I'm appointing is a long-term civil-service employee who has valuable institutional wisdom, as well as other important skills and abilities.

This concludes my testimony, and I will be happy to answer any questions that you have.

COUNCIL PRESIDENT VERNA: Thank you very much.

Miss Orfanelli, please identify the seven departments that you are assisting with succession planning.

MS. ORFANELLI: The departments that we will be assisting are the Health Department, Licenses and Inspections, Recreation, Revenue, Streets, Library, and the seventh department has not been determined at this point. Under consideration are prisons and Public Property.

COUNCIL PRESIDENT VERNA: Is there any particular reason why these departments were targeted?

MS. ORFANELLI: We targeted those departments because of the diverse types of positions that would be leaving and also the number of people who would be leaving in the DROP. They are among the departments that have the most employees that will be dropping.

COUNCIL PRESIDENT VERNA: You state in your testimony that one of keystones to achieving our goal of effective employee recruitment and selection is the development and management of an annual citywide workforce plan. In light of the job freeze, what positions will you be recruiting for?

MS. ORFANELLI: Okay, we will still be recruiting for positions that are critical, such as social worker, police officer, firefighters, and other positions that become critical as people leave, and that kind of will be determined by the DROP and also people that will leave unexpectedly.

COUNCIL PRESIDENT VERNA: The Police Department indicated when they were here last for their hearing that they will hire close to 500 officers during FY '03. Do you have sufficient resources in your FY '03 budget for this?

MS. ORFANELLI: You mean in order to test?

COUNCIL PRESIDENT VERNA: Mm-hmm.

MS. ORFANELLI: Yes, we do

COUNCIL PRESIDENT VERNA: How about to hire?

MS. ORFANELLI: Yes, we do. We have budgeted enough to do the testing that's required for those classes.

COUNCIL PRESIDENT VERNA: With respect to the DROP-related workforce changes, what service are the consulting firm providing, and what is the cost for their contract? Have you -- or have they given you an estimate of the implementation costs?

MS. ORFANELLI: I don't have the

contract in front of me. The cost of the contract is within the $300,000 range. I believe the Managing Director or the Budget Director could give you the specific amount for that.

They will be meeting with key members of our departments, assessing their processes, going -- interviewing people who will be leaving to get a sense of the type of skills that are walking out the door. We're going to have a steering committee, which will meet with the consultant to make that they're on track to accomplish what we're trying to accomplish in terms of either re-engineering certain work processes or doing it in a smarter way.

COUNCIL PRESIDENT VERNA: I thought I had read that under the DROP Program, for instance, if three people were leaving from a particular department, they would only rehire two.

MS. ORFANELLI: That's a goal; that isn't necessarily what's going to happen exactly in each department. In some departments, we might hire more than in other departments, and that will be determined by --

COUNCIL PRESIDENT VERNA: Who will make

that determination?

MS. ORFANELLI: Pardon?

COUNCIL PRESIDENT VERNA: I hope it's not the consultant.

MS. ORFANELLI: The consultant will be making recommendation; the determination will be made by us.

COUNCIL PRESIDENT VERNA: When you say "us," do you mean the Personnel Department, or will it be a group of people making that decision?

MS. ORFANELLI: That will be the Managing Director, the Finance Director, the Personnel Director. Those departments are the key departments that will be involved, Labor Relations.

COUNCIL PRESIDENT VERNA: I honestly don't know why we would need a consultant, but that's neither here nor there; it's only $300,000, and what's another $300,000?

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President. I have one question.

Good morning, Miss Orfanelli.

MS. ORFANELLI: Good morning.

COUNCILMAN GOODE: In what employment

categories have you experienced recruitment problems?

MS. ORFANELLI: In which employment categories?

COUNCILMAN GOODE: Yes.

MS. ORFANELLI: Well, we have had problems with -- and this is not new -- with police. This goes back many years. We have many applicants but very few, but when it comes time to qualify people, the number drops dramatically.

We still have managed to maintain the numbers we need in the Police Department, but it is a challenge.

COUNCILMAN GOODE: And in what other employment categories?

MS. ORFANELLI: Social workers is another category that we have problems with.

COUNCILMAN GOODE: Is that it?

MS. ORFANELLI: We have turnover in other areas; for example, in the Airport laborers, we have turnovers. So it's -- every department has challenges, and it varies from year to year. It depends on the number leaving and the list that are available. Sometimes we have many lists that we have ongoing, and every so often, we have a list that we needed that we didn't know that we needed, for example. Things like that do happen.

COUNCILMAN GOODE: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Nutter

COUNCILMAN NUTTER: Thank you, Madam Chair.

Good morning, Personnel Director Orfanelli.

MS. ORFANELLI: Good morning.

COUNCILMAN NUTTER: And congratulations to you --

MS. ORFANELLI: Thank you very much, Councilman.

COUNCILMAN NUTTER: -- in your relatively new position.

MS. ORFANELLI: Thank you, Councilman.

COUNCILMAN NUTTER: Just a quick question. I had contacted your office on a couple occasions with regard to a couple of employees who are presently away, I guess, in a variety of assignments, serving our country during the national crisis, and I know that the Mayor did make the decision to pay the $500 a month that was initially offered.

I've received some calls and letters recently from family members or spouses trying to follow up on actually how to get the funds. I traded calls with someone in your office the other day.

Can you tell me what the process is for people to access those dollars?

MS. ORFANELLI: Okay, the process is being administered by the Finance Department, but the department has to contact their own payroll personnel. Say if you were a Streets employee, you go to your own payroll personnel division, give them your information, and then they send it to Central Payroll to be processed.

COUNCILMAN NUTTER: Okay.

MS. ORFANELLI: And this is being done now routinely; I think that they started doing it about -- it's about a month now, maybe a little less than a month.

COUNCILMAN NUTTER: So do we know if all

of the people who are eligible are actually receiving what they're supposed to receive?

MS. ORFANELLI: I'm not sure. I think they're doing it monthly, and I think they're only run one so far. Now, whether or not they have captured everybody at that tim and had all the information, I can't really say.

COUNCILMAN NUTTER: Okay. Could you check with the appropriate people and report back through the Chair --

MS. ORFANELLI: Certainly.

COUNCILMAN NUTTER: -- what the one-month activity has been, the universe of people who actually should receive, and then an actual number. I don't need to know the names of the individuals.

MS. ORFANELLI: sure.

COUNCILMAN NUTTER: But I think the population is close to 300 -- 264, 265, somewhere in that area?

MS. ORFANELLI: The number that they pressed the first month was considerably lower, which leads me to believe that the information had not been supplied by the employees because when I actually did check and asked them how it went, the number they processed was a lot lower than that number.

COUNCILMAN NUTTER: Well, when you say the information --

MS. ORFANELLI: Well, the employee has to give information about where they are, where to send the money. I mean, if the person's in Afghanistan and have not contacted us, we don't know where to send the money.

COUNCILMAN NUTTER: I understand.

I'm left with the impression that a lot of our public employees are not necessarily in Afghanistan. They may be in some faraway places, but I don't know necessarily that they've left the United States.

MS. ORFANELLI: Right.

COUNCILMAN NUTTER: In that circumstance, I mean, wouldn't we at least know that they're gone?

MS. ORFANELLI: Right.

COUNCILMAN NUTTER: I mean, we know that they're not at work.

MS. ORFANELLI: That's correct.

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If an employee went out early and they're, let's say, serving, say, in California, and they don't know that we're now paying up-front, then they wouldn't have known to contact us.

COUNCILMAN NUTTER: Okay.

MS. ORFANELLI: That's part of the problem.

COUNCILMAN NUTTER: Have we contacted all of the people we know who are away to tell them what's going on or tried to reach a local address or the family here?

MS. ORFANELLI: I can check with Central Payroll, but it's the departments that have to do the contacting, so I can ask them to check for us.

COUNCILMAN NUTTER: Okay, all right.

MS. ORFANELLI: I'll be glad to do that.

COUNCILMAN NUTTER: Okay, thank you. I Appreciate that.

COUNCIL PRESIDENT VERNA: Are there any other questions?

(No further questions.)

COUNCIL PRESIDENT VERNA: Again, Miss Orfanelli, congratulations. We wish you the best of luck.

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MS. ORFANELLI: Thank you very much.

MR. MCPHERSON: The Free Library

(Witness comes forward.)

MR. FLEMING: Good morning, Madam Chair. Elliot Shelkrot is on his way. My name is Bill Fleming, and I'm the Administrative Services Director. He will be here in a few minutes; I was just in touch with him. So if you could just give us five minutes.

COUNCIL PRESIDENT VERNA: Very well. We're patient, we'll wait.

(Break taken.)

(Proceedings resume.)

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MR. MCPHERSON: Free Library.

(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good morning. Please identify yourself for the record. and proceed with your testimony.

MR. SHELKROT: Good morning. I'm Elliot Shelkrot, President of the Free Library of Philadelphia, and I'm delighted to be here. I do apologize. I am usually here early, but at any rate...

President Verna and members of Council, I'm very pleased to report that the City's dollars are providing safe and enriching after-school programs for our children, beautiful and renovated facilities. And I am summarizing what is in the written testimony. These facilities are economic assets to their neighborhoods, programs to encourage young people of all ages to read, expand our collections in many languages to deal with the growing diversity of languages spoken in the communities of Philadelphia and, of course, computers and training to help Philadelphians bridge the digital divide.

This budget calls for a total of $48,167,502; of City money, it includes $36 million, and about $12 million of Grant Revenue from the Commonwealth of Pennsylvania. And it represents only a small increase over previous years to cover the salary commitments. Nonetheless -- and with this, I should say, we see a very exciting year ahead.

More people than ever are using the Free Library of Philadelphia, and we expect that to continue. In December, we opened the Haddington branch, the 50th of the renovated branch libraries, and I do want to let you know that the Independence Library, which opened a year ago in the Balch Institute at 7th near Market, is already the busiest library in the City of Philadelphia, and this library is reaching a community -- many communities that we have not been able to reach before because there has been no library in that part of town. And it's especially pleasing to see the number of Chinese and Asian people coming to use that library because we do have collections in that native language, as well as things for the children from the Chinatown community.

By the end of Fiscal '03, the year for which this budget is presented, there will have been more than 6 million visits to the Free Library in that one year.

Additionally, I want you to know that as much as we worry about the circulation of books and the reading of books and other materials, this year, by the end of this year, we will have exceeded 7 million items borrowed for the first time in the history of the Free Library, more than when Philadelphia had over 2 million books, and we anticipate that that will increase so that at the end of the '03 budget year, we will have 71 million items that have been borrowed.

I will tell you that the hottest location, the hottest spot now for libraries is our Website, and we receive some 3 million hits per week -- per month, excuse me. And at the end of '03, there will have been over a half million of unique users -- that means separate individuals coming from separate computers -- using the Free Library's online services.

This year, we have started an e-mail reference question-answering program, and with the money in this budget and with the assistance of the Grants Revenue money, we will be providing online librarians available to answer questions working in a consortium with libraries across the State. This will not just be our own doing, but if an individual wants to ask a reference question, we will guarantees there will be a librarian available.

And, of course, as I said, our computers are very much involved and our libraries are very much involved in the digital divide. We now have

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750 computers for use by the public and are working closely with the Mayor's Office of Information Services. We have just this year begun a program of leasing computers rather than purchasing them. And this has become a great savings to us and is being watched by Procurement and MOIS as we proceed with this.

Because it is necessary for us to replace the computers every three years, to have them on a lease basis means that we can get the new computers, which people expect and which our youngsters need to be aware of, as well as the upgrades in the software, which is handled under this lease program. And we anticipate some $40,000 worth of savings to come out of this leasing program every year rather than the purchasing and handling of the maintenance and upgrades ourselves.

With children and teens, continuing a major focus of the Free Library mand some of you may have seen the article in this week's Inquirer magazine, a copy of which I have here, by Lucia Herndon, which talks about the teenage program, where we are hiring teenagers, training them with the technology, training them on techniques to work with younger people, to discipline in a proper and positive way, and we now have 150 young people, making it possible for us to welcome more than 200,000 children in our after-school programs throughout the City. A total of 46 of the 53 programs are provided with City support. And homework help, computer assistance, cultural-enrichment programs are all a part of that program. And at the end of the next fiscal year, we anticipate reaching 250,000 youngsters in this after-school program.

We have been focussing a great deal of attention on cost efficiencies so that the programs and services can expand to meet the needs of the people of Philadelphia.

I mentioned to you the program of leasing computers that we're working closely with MOIS on, and next year -- or, I should say, last year, we have begun to utilize a task force called the "Materials Recovery Task Force," and its job is to get back into our libraries those items that are borrowed to get them back in on a timely basis so that they can be available for other people.

And I'm pleased that we have been able

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to put on our shelves an additional quarter of a million dollars worth of materials by getting them back from the borrowers on time, rather than letting that delay continue.

As we continue to plan for renovation and expansion of the Central Library, we're undertaking some interim steps: A $100,000 grant from the Delaware River Port Authority has enabled us to do some work on the fourth floor of the library, and we also anticipate State funding to do some work in the Children's Department.

With the help of the City's Energy Office, we have been working to improve energy efficiency at the Central Library by retrofitting some 200 light fixtures with more energy-efficient models.

As we look ahead, there are challenges and opportunities. We are determined to meet the growing demand for information and entertainment as the economy slows, although we hear that's turning around. One of the things that always happens when an economy slows down is that more people come to the library, and we're exploring ways to provide programs and other kinds of things for staff at a pace that will not require as many staff to implement them.

We are addressing the crisis in the schools. Along with the difficulties that our schools have been facing, I can tell you that the school libraries have faced that difficulty quite heavily also, and the number of fully active school libraries in the City has been decreasing over the last ten years. That increases the work that our staff is doing, but we are working on a project, together with the School District, to find ways of providing the services that these youngsters need that used to be provided by school libraries.

We cannot run a school library program; that isn't our function. And we don't want to do anything that would degrade the services that is provided from our branches, but we feel there is an obligation to do what we can to make sure the youngsters in our schools have the services that they need.

Our computer networks, in order to keep them running 100 percent of the time, not only is the lease program going on, but without getting too technical about it, we are looking at using a different kind of technology where the computer on the desk that the user, that the patron of the library uses, is a much simpler, cheaper computer, and those 12 or 15 or so are linked to a more complicated server, where the computing power really needs to be, and we anticipate some savings from that.

I believe that this budget, as it is provided, will provide us the opportunity to continue the expansion of library services and the growth in library services to the people of Philadelphia, with a continued focus on our work with children and young people.

I'm happy to have any questions, we'll try to answer any questions.

And I would like is Helen Miller -- oh, she snuck in right here next to me. I would like her to be at the table as well.

COUNCIL PRESIDENT VERNA: Thank you very much.

Councilwoman Brown was unable to be with us this morning; however, she ask that I call to her attention that her office has been contacted by many of our constituents with concerns regarding the number of hours the libraries are open, particularly during the summer when schools are closed. She indicated that it is feared that they are decreasing -- "they," meaning the libraries, are decreasing their hours.

Can you tell us how many total libraries are the libraries open in FY '01? What are the projections for FY '02 and FY '03?

MR. SHELKROT: I do have information here like that. Let me just look at the chart.

In FY -- excuse me. You asked about --

COUNCIL PRESIDENT VERNA: '01.

MR. SHELKROT: Okay, '01, there was a total of -- and this is a composite total of hours. So there's 111,158 hours, moving to, in 2000 to the end of this year, it will be 111,375, which is a slight increase in the number of hours.

COUNCIL PRESIDENT VERNA: How about in '03, what is your projection?

MR. SHELKROT: In '03, there may be a slight decrease in that. This isn't in the summer hours, as you indicated.

Our summer schedules will remain -- well, let me say they will remain the same as they have always been. There may be some hours that are through emergencies and various things where they have to be closed, so this is a conservative estimate of the staffing hours that we anticipate.

And I don't know if anybody else at the table has any other suggestions.

(No other suggestions by other witnesses at table.)

COUNCIL PRESIDENT VERNA: Councilwoman Brown has indicated that some of her constituents have mentioned that their branch libraries closed unexpectedly mid-week. Why would that occur?

MR. SHELKROT: The only reason the library would close unexpectedly is for some emergency: It could be a building emergency, a heating system in the cold weather, or something that has gone out, or a temporary staff shortage for which we had to pull people in from one branch to another because we don't have extra people available to place at the branches.

And, as you may recall, our branches are all modestly staffed. We don't have extra people there; we have what we need.

COUNCIL PRESIDENT VERNA: Very well,

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thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Good morning.

MR. SHELKROT: Good morning.

COUNCILMAN NUTTER: Mr. Shelkrot and members of your team, first let me express my appreciation for the reopening of Haddington. I know that was an extensive renovation project, and the neighborhood there is very pleased.

But now I need to talk about the last of the libraries in the district that I represent, which has been an ongoing project, and I don't really have a good sense of where it is at the moment, which is the George Institute Library at 52nd an Warren. This has been a much-discussed, much-met-about project, and as late as this morning when I drove past it, there did not seem to be, at least from an exterior standpoint, much progress in the expansion of that particular library. Obviously, it is small in size but a giant force in the neighborhood.

And I just need to better understand

what's going on with that project, where is it, and quite honestly, why isn't it completed at this point?

MR. SHELKROT: I'd like to ask Bill Fleming, who is the head of our Administrative Services, to respond to that question.

MR. FLEMING: Good morning, Councilman.

COUNCILMAN NUTTER: Good morning.

MR. FLEMING: The design work for the George Institute project has been completed, and construction documents did go out for bids a number of months ago.

The bids came in much higher than our budget would allow for the size library we wanted to provide to the community. As you mentioned, it is a very small library, and the configuration is a bit awkward; it's a triangular configuration.

COUNCILMAN NUTTER: I know.

MR. FLEMING: We managed to purchase some properties adjacent to the building in order to build a two-story annex to the property, which would provide sufficient ADA access, an elevator, meeting rooms, and staff areas that that branch needs.

COUNCILMAN NUTTER: Right.

MR. FLEMING: And also allow for a number of computers, which -- the same number of computers that we have in other branches, which is 12.

COUNCILMAN NUTTER: I don't mean to cut you off but, quite honestly, I know all about that; I've been involved with this project for a long time.

MR. FLEMING: Okay.

COUNCILMAN NUTTER: I want to know why it's not done.

MR. FLEMING: The bids came in $800,000 over the budget. We have asked the --

COUNCILMAN NUTTER: What was the budget?

MR. FLEMING: $1.2 million.

COUNCILMAN NUTTER: And the bids came in at 2 million?

MR. FLEMING: $2 million.

COUNCILMAN NUTTER: Okay, why so much higher?

MR. FLEMING: We have asked our architect to look into that. The reason we had was that primarily, the electrical work had come in much higher than the architect had thought it would come in, and quite honestly, we went back and asked him to give us some alternatives to, I guess, take out some things that he thought would be nice to have in the branch and also to give us a --

COUNCILMAN NUTTER: Like what? What things did you recommend taking out?

MR. FLEMING: It was mostly cosmetic things; I guess some brick work that we wanted to have done on the annex to match the original brick work that was very expensive, and so we went back to look at what might be a stucco finish, as opposed to brick.

We've also asked him to --

COUNCILMAN NUTTER: Well, let me understand this.

MR. FLEMING: Okay.

COUNCILMAN NUTTER: You're saying that you would make the addition and then there would be what sounds like -- I mean I'm obviously not an architect but, I mean, I can see an obvious material difference, not just a visual difference, but a literal difference in materials, that you have old brick building and then you're going to add on to it and have stucco?

MR. FLEMING: We were not excited about that possibility, either. We've asked -- the Capital Program Office is the office who is managing this project for us. We've asked them to go back to the architect and give us some alternatives that might be acceptable to us, including the possibility of a one-story addition. But as of this time, the Capital Program Office is doing most of the work in that area.

COUNCILMAN NUTTER: Well, whose project is this? Is this a Library project or a Capital Programs Office project?

MR. SHELKROT: Elliot Shelkrot again.

The current -- all of the current building projects in the branches -- George, 40th and Walnut, and Weidner branch -- are all projects that are managed by the City Capital Program Office. You know, we are the client, so to speak.

COUNCILMAN NUTTER: Were the other renovations done that way?

MR. SHELKROT: No, they were not.

COUNCILMAN NUTTER: How were they done?

MR. SHELKROT: They were done through a

contract managed by the Library and the Library's foundation, to be specific.

COUNCILMAN NUTTER: Why are these being handled differently?

MR. SHELKROT: That was a temporary program, and the decision was made that now that the Capital Program Office has adopted many new techniques for handling things expeditiously, that it would be more effective, more efficient for them to handle the Library's capital -- major capital projects.

COUNCILMAN NUTTER: Well, we need to have some further discussion about this, but let me try to be real clear.

Obviously, Mr. Shelkrot, you and I have worked together on a number of projects over a period of time; Mr. Vaughan I know well; and Miss Miller I know well; the gentleman, your Administrative Services person, I don't know that real well. I mean, to say that I'm disappointed would probably be the extent to which I'd be willing to go in a public forum on this record.

I do not understand, based on my knowledge of the site, which is the width of not even two average lots in Philadelphia, that it would cost upwards of $2 million on what appears to be, I don't know, what is the thing? 16, 20, feet maybe wide, another 30, 40 at the most deep?

MR. SHELKROT: (Nods head.)

COUNCILMAN NUTTER: That it would cost $2 million to add on to a small library, that we now have to look at scrimping and scraping on materials and the look of a place that's been in the community for a long period of time, it is one of the best assets in the neighborhood, and now we have to have a discussion about stucco addition or maybe one floor as opposed to two.

I think that it is unfair to the people in the neighborhood, it is not what we discussed with them, it is not what we committed to them, and it is unacceptable under any set of circumstances that the project, one, is not much farther along, and that we are we're now having this discussion like we're, you know, people at the grocery store and all of a sudden we are now trying to figure out, are we going to put, you know, the bread back or some cookies back or the cereal back because somehow, some way, now that we have done all of our shopping and gotten to the counter, now, all of a sudden, for this small library in a neighborhood that desperately needs, it doesn't have much else around it, they now somehow get shortchanged. That is not acceptable at all.

So whether we need to have a meeting or we need to have a meeting with the Capital Program Office or somebody, we're going to get the library done, we went through too much to get the land in the first place that we had to condemn, that we got jerked around by the owner for years of a decrepit, dilapidated property that the person was not decent enough as a human being to donate to the library in the first place, and we had to threaten with condemnation and go out and purchase the raggedy piece of property that was a blight in the neighborhood, and now we're having the discussion about, Well, maybe we can give you a first floor with stucco and some other stuff.

I'm -- I'm -- that is -- no.

MR. SHELKROT: I'll be happy to set up a meeting with you and myself and the Capital Program Office staff, and let's see if we can find a resolution to this.

COUNCILMAN NUTTER: Thank you.

When you were here last week, there was discussion about renovations to the Central Branch Library.

MR. SHELKROT: Yes.

COUNCILMAN NUTTER: The big one. What's going on with that?

MR. SHELKROT: It is still in the planning stages. We're working closely with the Mayor's staff, the Finance Director, the Planning Office, and the Managing Director, and we are working on a program -- on a variety of ways of approaching this project that will be compatible with the City's current budget opportunities and the needs of the Library.

COUNCILMAN NUTTER: What's the total cost of that project?

MR. SHELKROT: The renovation and expansion is currently estimated at $100 million; that's the combined renovation and expansion. We're looking at ways that that could be done perhaps in stages, we're looking at a variety of approaches so that that project can get underway as soon as possible.

The funding for that cannot just be City funding, we understand that, we've known that all along, but we're working closely with the City; it being a City building, that needs to be an early step.

COUNCILMAN NUTTER: Okay. Lastly, and then I'm going to go back to the earlier question, with regard to the question that was asked by Councilwoman Reynolds Brown, which is an excellent question regarding hours at the libraries, I can tell you the answer that you gave, although quite accurate, and it is great that you know the number of hours that -- I'm assuming that was all of the libraries?

MR. SHELKROT: Yes, that was a composite of numbers --

COUNCILMAN NUTTER: 160,000-and-some-odd hours?

MR. SHELKROT: It was 111,000-and-some, yes.

COUNCILMAN NUTTER: All right. I have no idea what that means in the reality of libraries.

MR. SHELKROT: Sure.

COUNCILMAN NUTTER: So is it possible, as a further clarification or a further response to Councilwoman Reynolds Brown's question, can you just give us a listing of all of the libraries and their hours of operation?

MR. SHELKROT: Absolutely.

COUNCILMAN NUTTER: And when you expect them to be open, and if there is any change, point out what the change may be, whether it's more hours or less hours, or whatever the case may be, but telling us that they're open 111,000 hours, I don't even know what that means.

MR. SHELKROT: I understand, but please understand, that was not an attempt to obfuscate at all. I mean, I wasn't trying to avoid answering. We do have a specific schedule for each.

COUNCILMAN NUTTER: I understand.

MR. SHELKROT: And we also keep track -- and I thought that her question dealt with emergency closing, you know, closing and the actual number of hours that a library was open in a given year. And we can provide you and other Councilmembers with the schedule and the actual number of hours that, you know, that it was open, which we keep track of.

COUNCILMAN NUTTER: Right.

MR. SHELKROT: Because that's a another -- that's a measure -- that's a performance measure.

COUNCILMAN NUTTER: Right.

MR. SHELKROT: That we keep track of as well as what the schedule is.

COUNCILMAN NUTTER: Well, I'm sure that kind of information would be much more responsive and helpful to getting to what the Councilwoman was trying to get to.

With regard to the George Institute Library issue, it will certainly be my goal -- and I appreciate your offer to have meetings, but we're in budget hearings now, and if there is a need for additional funding to finish this project correctly, not just put up any old piece of building to add onto it, I'm going to need to know the answer to that question during the course of these budget hearings and then try to figure out how to make sure that that funding is available in the upcoming budget that we're about to approve, which will go into effect for July 1.

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So I want to strongly encourage that whatever the effort is going to be, and if additional funds are necessary, you need to work with the Capital Program Office. Mr. Dubow is here, he's heard all of this conversation.

I want a resolution to this project in the course of these hearings, then I want a schedule of when the work is going to start, when it's going to be completed, and I don't want any scrimping. I'm not asking for extravagance, but I'm also not going to have the people out there shortchanged for the size of a building that they have and for what we're trying to add on to.

I really want to be clear about that, I am dead-serious about this particular issue. And I look forward to the conversation.

MR. SHELKROT: Okay.

COUNCILMAN NUTTER: Okay? Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions from members of the committee?

(No further questions.)

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COUNCIL PRESIDENT VERNA: Thank you very much.

MR. SHELKROT: Thank you.

COUNCIL PRESIDENT VERNA: The next department to testify?

MR. MCPHERSON: The Commission on Human Relations.

MR. SHELKROT: If I may, because some of the -- some of our board members, we couldn't get word to them that we were having our testimony a couple minutes early, they are now, and I just would like to recognize them. Stephanie Nadoff is a member of our board.

COUNCIL PRESIDENT VERNA: Welcome.

MR. SHELKROT: And former chairman of the board, John Filbrick (ph) is also here.

COUNCIL PRESIDENT VERNA: Good morning. Thank you.

MR. SHELKROT: And Dr. Curtis, who you also know as the President of the Community College, he may be here for his own purposes, but since he's here now, I would like to acknowledge his presence as well.

COUNCIL PRESIDENT VERNA: Thank you very

much.

The Commission on Human Relations is up next.

(Witness comes forward.)

MR. KLEIT: Good morning, President Verna and members of the committee.

COUNCIL PRESIDENT VERNA: Good morning.

MR. KLEIT: Before he leaves, I would like to acknowledge the presence of my friend and predecessor, Kevin Vaughan. Some of the good things that we were able to do in the past year are built on his innovations during his tenure, and there should be public knowledge about that. I'll reserve blaming him for the errors after he's left.

COUNCIL PRESIDENT VERNA: I don't know if he's still in the room.

MR. KLEIT: There he is.

MR. VAUGHAN: Stop that.

COUNCIL PRESIDENT VERNA: He heard.

MR. KLEIT: He heard, good.

My name is Lazar Kleit. I am the Executive Director the Philadelphia Commission on Human Relations and the Philadelphia Fair Housing Commission.

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Our current budget is fundamentally the same as it was last year in terms of positions. We have had slight increases based on contractual requirements as well as a requirement that's been placed on us by Common Pleas Court to have all of our Fair Housing Commission hearings recorded professionally -- they need the records when they go for judicial review. Aside from those increases, our budget has remained stable for the past year.

The past two years have been pivotal in the life of the agencies. In terms of the Human Relations Commission, our involvement with the planning for and the duration of the Republican National Convention and immediately subsequent to that, the events in Philadelphia that reflected what was going on internationally, particularly the AlAqsa intifada, occupied our calendar years 2000 and 2001, obviously, until September 11th, when our professional world went upside down.

We have since, because of a lot in terms of what Kevin had done in developing relationships and being involved with task forces with law-enforcement agencies, federal, state, and local, we've become integral to the anti-terrorism tasks that are going on in the City of Philadelphia. I am very proud of the fact that we have become the intermediary between our Arab Islamic community and the U.S. Attorney's Office, and we've been able to develop collaborative and cooperative relationships between the two groups that are nationally unique.

I'm very proud of the work that my staff has done to develop the kinds of trusts and relationships in both the residential and ethnic communities and law-enforcement communities to accomplish those goals.

I wanted to clarify one thing: Our numbers are a little bit odd for Fiscal 2001 and Fiscal 2002 in terms of the number of intergroup incidents. There was a bounce. We are hoping and projecting far fewer this fiscal year. If luck and God are on our side, we'll be back to normal.

I'd be happy to answer any questions.

COUNCIL PRESIDENT VERNA: Thank you.

Can you tell us, what is the level of increase in court-reporting services?

MR. KLEIT: It's 1,000 percent.

COUNCIL PRESIDENT VERNA: 1,000 percent?

MR. KLEIT: Yeah. That's hyperbolic, I apologize. We didn't use court reporters until the courts found that the summaries of our Fair Housing Commission hearings were not acceptable legally, so in conjunction with the Law Department, we have court reporters now; they're at every hearing.

COUNCIL PRESIDENT VERNA: Thank you very much.

Are there any questions from members of the committee?

(No questions.)

COUNCIL PRESIDENT VERNA: Seeing none, I thank you very much.

MR. KLEIT: Thank you, Ma'am.

COUNCIL PRESIDENT VERNA: Thank you.

The next department to testify?

MR. MCPHERSON: The Philadelphia Community College.

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Good morning, welcome.

DR. CURTIS: Good morning, thank you.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record. and proceed with your testimony.

DR. CURTIS: Thank you. My name is Steven Curtis. I'm President of the Community College of Philadelphia. Good morning, President Verna and members of Council. I apologize that we're missing a few people since you are moving at a good rate today.

COUNCIL PRESIDENT VERNA: Mm-hmm.

DR. CURTIS: My board chair, Rhonda Cohen, I think she's on her way, but I apologize that she's not here at this moment. And we also had a student that I will at least reference, even though she isn't here with us this morning.

We had a hectic few days. We were very pleased that we were able to achieve a tentative settlement with three units of our union yesterday. And this is also a busy time for us during the spring semester as we push toward the end of year and are planning for many new initiatives next year.

So with that said, I'll just make a few remarks and then answer any questions.

COUNCIL PRESIDENT VERNA: Thank you.

DR. CURTIS: This has been, on the one

hand, an exciting year for us and also a very challenging year because of all of the events that have taken place nationally and locally, and I'll just take a couple of minutes to update you on our latest initiatives, our latest achievements, and to offer a brief progress report on what we have viewed as one of our principal strategic goals for this year, and that is putting City residents back to work.

In the 2002 State of the Union Address, President George Bush made job creation his national priority and called upon all of us -- educators, political leaders, and business executives -- to put America's unemployed workers back to work. And I am delighted to report to you that at the time that he made that request, Community College of Philadelphia already a plan in place and a very successful initiative underway.

This semester, the College is serving as a launching pad for 122 Philadelphians who have lost a job but not the desire for a better life. These students, the vast majority of whom are in their mid '30s or older, are part of Opportunity Now, a new tuition-free program for Philadelphia residents who have been permanently laid off from full-time employment.

As part of this initiative, the College is offering students who are laid off between September 1st of last year and September 1st of this year up to 12 free credits for one semester in the calendar year 2002. The students, or applicants, are responsible for the cost of textbooks, supplies, and fees.

The opportunity now students collectively experience is a portrait in human resilience. Some were economic casualties of September 11th who lost jobs as the beleaguered airline industry struggled to regain stability and profitability. Others were downsized during restructuring as corporate giants such as Lucent and CIGNA trimmed payrolls. Still others have been leto go from mom-and-pop businesses which forged the cornerstone of the nation's and the City's economic viability.

A student who I would have recognized, but I still want to at least mention, Sandra Brockington-Gould, is among the Philadelphians who came to us after she was laid off in December, having worked more than 20 years with a major media company.

Brockington-Gould, who has a bachelor's degree already from Temple University, sees Opportunity Now as providing her with the guidance that she needed, supplying a support team to advise her on career options, and helping her assess how she could leverage her skills in the present marketplace. She's adding new skills to her resume with her current course load, and just two months into the semester, she is looking ahead with renewed optimism and making A's on her exams.

She serves as inspiration for all of us and a role model for our younger students still learning to handle life's pressures.

Another powerful testimony to the value of this City's investment in Community College of Philadelphia is Jeanine Hoffman, a self- described C-average high school student who has become an academic all-star. When she enrolled at Community College, she was unemployed, searching for a job and a career choice. This May, she will graduate with high honors and will enroll at the University of Pennsylvania this fall, where she intends to major in political science.

There are many more Philadelphians, like Jeanine, who have the potential to excel if given professors who see their potential, mentors who care, and an employer who thinks they are worthy of investment. That's a big if, but it is our goal at the Community College of Philadelphia to make that opportunity available to everyone.

In January 2003, the College will offer other opportunities. We expect to complete construction of our new Center for Business and Industry, a state-of-the-art training and economic-development system that could help more workers and companies become partners in progress. The Center will blend the expertise of academic and economic-development experts into one program so that they can assist area corporations, nonprofits, and governmental agencies to create programs that range from basic workplace skills and specialized training to an associate's degree and certificates for all education levels.

The College has been recently approved to receive one half a million dollars for workforce training from the Workforce and Economic

Development Network of Pennsylvania (WEDnetPA). As part of our groundbreaking ceremonies last November for our new Center for Business and Industry, WEDnet checks were presented to four companies whose employees will receive training with this funding.

As we look forward to next year, I want to thank you again for this Council's commitment to us. The City's recent funding over the past two years was vital to our success. With your support, we completed the first year of offering full-degree programs at each of our regional centers, with at least six such programs at each site; we expanded curricula; revised courses to keep students current with technological advances and changes in their fields of study; we expanded GED, adult literacy, and English as a Second Language offerings in community centers around the City; we increased the number of high school students enrolled in college-credit courses through enrollment kinds of programs; we quadrupled the number of online courses taught as part of our distance education initiatives.

We've accomplished much, but there's

still much more work that remains. We will need your continued assistance if we are to continue to create a student-centered campus that provides the service the students need if they are to succeed in school and at work.

Mayor John Street's proposed budget for the next fiscal year includes a $300,000 increase for us, bringing the City's contribution to $22.1 million. We respectfully ask for your support for this proposed budget.

I have detailed in the written testimony, and will not do so here, the cost-effective manner in which the College has managed itself and some of the strategies we have pursued to make productive and efficient use of the City's resources. Suffice it to say that in category after category, we are more cost-effective than most of our sister community colleges across the Commonwealth.

Despite those efforts and despite the generous support these past two years that we have received, we are projecting a revenue shortfall of up to $2.5 million for the coming years 2002-2003.

There are several factors that will

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contribute to the increased costs. One is the normal annual increases that will result from the contract settlement with faculty and staff; another is constant pressures that all of us face in terms of health-care costs. Current-year health-care costs rose by 19 percent over 2001 costs, and we project another rise of about 15 percent for 2002.

We are also about to replace outdated student and administrative systems that will eventually lead to improved admissions, registration, and financial- aid processes for students, and increased productivity within many administrative support functions. That will also allow us to expand our capability for distance education.

Another factor every year in the budget is the revenue derived from the Commonwealth, and for your information, the Governor's Executive Budget proposes a small increase for the State's 14 community colleges that is specifically to cover increased enrollment at our colleges. Enrollment at Community College of Philadelphia, for example, increased 10 percent last year and a similar amount this year. The Executive Budget does not change

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the actual reimbursement per full-time equivalent student; it simply increases the pot to cover the additional students. So, in essence, it is a status-quo budget recommendation for us.

As the current fiscal challenges facing the College mount, great American cities such as Philadelphia face new demands for revenue stemming from the heightened need for security and the slowdown in sales brought on by the recession. We understand that we are seeking additional funding at the exact time that City and State coffers are filling far more slowly. It is precisely in these times, however, that the residents of our city turn to us and need us the most. That is why our enrollment is increasing so dramatically and why our concomitant costs will also rise accordingly.

Given the projected revenues and expenditures for next year's budget, it will be necessary to raise tuition for the 2002-2003 year, though that is an action that the College always takes as a last resort. Despite having the least affluent student body in the State, current tuition is already the highest among Pennsylvania's 14 community colleges. We will, therefore, make every effort to keep tuition affordable.

Our partnership with the City of Philadelphia has changed many lives, and the year ahead is full of great promise. With the support of the Mayor and this Council, we shall undertake some key initiatives in the coming year. Briefly, these include:

Expansion of career-planning and job-placement services;

extension of new core-to-core and dual-admission agreements with area four-year colleges and universities (currently, we have five such agreements);

the opening of a new ACT Testing and Training Center that will use state-of-the-art technology to deliver services to businesses as well as individuals;

the opening of a new Women's Center on the Spring Garden Street campus;

and development of additional career and transfer-program offerings.

Community colleges have been a great American experiment created to provide poor and middle-class students with both the right and the means to a better life. Philadelphia can be proud of its success.

More than 500,000 Philadelphia residents have entered our doors since the College was created in 1964. It is remarkable when people summon the courage to chart a bold new direction, as Jeanine Hoffman and Sandra Brockington-Gould have done. When the residents are courageous enough to take that risk, we need to be there to support them. With your help, we will be.

Thank you again for your continuing support.

COUNCIL PRESIDENT VERNA: Thank you very much.

How much will your tuition increase for the '02-'03 school year be?

DR. CURTIS: We don't know the answer to that yet. We just finalized the tentative contracts last night, so we're still working those figures.

I think it's fair to say in a normal year when we've received, you know, some good support from the City, as an example last year and the previous year, and the State, we still wound up

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increasing tuition 2 to $3, so it is likely to be a little bit more than that this time.

We're definitely looking to keep it in the lowest single-digit number that we can, but I can't give you exact answer yet. As soon as we work out those numbers, we'll be glad to forward those numbers to you.

COUNCIL PRESIDENT VERNA: So you can't tell us whether the projected $2.5 million shortfall actually includes the higher tuition.

DR. CURTIS: It won't include the higher tuition yet. We will use tuition and we will probably make some cuts, you know, within our budget in order to make up that difference.

COUNCIL PRESIDENT VERNA: Do the community colleges in the surrounding counties have programs comparable to Opportunity Now?

DR. CURTIS: Yes. What happened, our Opportunity Now we actually modeled on another community college, and that was in the Reading area. Since then, I think every community college in the State is doing a variation on that program; they are not all exactly alike.

In our case, as an example, we allow

students to register for any of our normal courses at whatever time they come. In some other colleges, they do it is on a space-available basis. We haven't chosen to do that; we're treating these students as any other ordinary student.

But over time, everybody is eventually starting a similar program.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

I just wanted to commend Dr. Curtis and his staff for all the great things they do, but particularly in terms of the expansion of the workforce-development initiatives. In past budget hearings, I've talked about how other cities and states use community colleges in a more significant way. I think as we really combat welfare-to-work problems that will come and other workforce-development challenges as a result of 9/11, I really commend them and ask them to further expand their vision.

And I just want to say thank you.

DR. CURTIS: Thank you very much.

I know I just briefly alluded to a couple things today, but we are trying some new things. We also think in terms of specifically workforce and industry training. As we have our new facility available, that will allow us to do some more things on our campus; of course, we will continue to do many things onsite.

And, as you've indicated, we've tried to address the needs of many different populations within our city through creative strategies -- like the Opportunity Now is an example. So we will continue to do that.

Thank you.

COUNCILMAN GOODE: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Any other questions from members of the committee?

(No further questions.)

COUNCIL PRESIDENT VERNA: Doctor, thank you very much.

DR. CURTIS: Thank you very much. We appreciate the opportunity to speak with you today.

COUNCIL PRESIDENT VERNA: Thank you.

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MR. MCPHERSON: City Representative and the Director of Commerce and the Civic Center.

(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good morning.

MR. CUORATO: Good morning, Madam President.

COUNCIL PRESIDENT VERNA: Good morning. Please identify yourself for the record and proceed with your testimony.

MR. CUORATO: Good morning, President Verna and members of City Council. My name is James Cuorato, and I'm the City Representative and Director of Commerce.

With me today are our deputies on the Commerce side and the City Representative side of our office. I also expect the Director of Aviation and the President of PIDC to be here as well. Although I know we're starting a little bit earlier, I'm sure they'll be here

I am here today to present testimony on behalf of the Department's FY 2003 Operating Budget request of $228,558,333, an increase of $26,378,277, or 13 percent, over the estimated FY 2002 levels.

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The FY '2003 Operating Budget of $228.5 million is composed of the General Fund at $42.3 million, the Grants Fund at$10.685 million, the Hotel Tax Fund at $38.08 million, the Aviation Fund at $127.5 million, and the Community Development Fund at $9.8 million.

Of the $42,389,088 General Fund share, 76 percent, or 32.3 million, consists of the Convention Center lease service fee. The remaining $10 million consists of $5 million in economic stimulus funds and $5.01 million for basic department operations, which will be carried out with the same staffing level as Fiscal Year '02.

The proposed General Fund budget also includes $1.5 million in Class 500 funds for the Philadelphia Cultural Fund, which will be supplemented by an additional $250,00 from the Finance Department in order that we can maintain this year's $1.75 million funding level.

The Commerce Department functions as the coordinating entity for the City's economic development programs and initiatives. Commerce directly manages the Keystone Opportunity Zone Program, the State Enterprise Zone Program, the

City's Neighborhood Economic Development Programs, and Community Development Block Grant contracts, economic development-related capital improvements, international business development, and business services through the Mayor's Business Action Team.

Commerce also contracts and work closely with PIDC and the Philadelphia Commercial Development Corporation on loan programs and other business services.

The Office of the City Representative provides support to arts and cultural activities, supplies technical assistance to local cultural and arts organizations, and staff support to the Art Commission. The office also operates the Percent for Art Program and Art in City Hall. The Office of the City Representative also plans and implements official City ceremonies, including judicial swearing-ins, mayoral inaugurations, special events and tourism initiatives such as the Book and the Cook, the Philadelphia Holiday Festival, the Philadelphia College Festival, the Mayor's City Hall Ball, Liberty Medal Presentation, Philadelphia Marathon, and the City Hall Tour Program.

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The Division of Aviation oversees the various planning operational and developmental activities associated with Philadelphia International Airport and Northeast Philadelphia Airport. Aviation is submitting a FY '2003 Operating Budget request of $127.5 million, an increase of $24.8 million over the FY '2002 estimated level.

Despite the events of September 11th, which affected a number of sectors of our economy, the year 2001 marked a number of significant accomplishments in economic development. Among those accomplishments were the following.

We added eight new Keystone Opportunity Zones, bringing our total to 20. To date we have utilized this program to help 56 businesses;

Fleet Bank, Citizens Bank, Pew Charitable Trusts, and FMC Corporation signed renewed leases in the City;

the City continues to enjoy a strengthened downtown residential market. Among the projects which will be open this year include The Phoenix, the dockside project, and similar high-scale projects which will get underway at

Seventh and Walnut, 18th and Walnut, and 15th and Chestnut.

This administration's unprecedented commitment to neighbor economic development was reflected in 2001. In virtually every area of the City, we worked with community-based organizations to enhance their neighborhoods and set the stage for future growth. All of the projects we worked on will help to revitalize and strengthen neighborhoods and create jobs for residents.

In the after-math of the September 11th terrorist attacks, we moved swiftly and decisively to bolster our hospitality industry, which was severely impacted by the attacks. The Mayor's Hospitality Support Initiative was launched with an initial budget of $3.5 million and has proven to be an overwhelming success. Over 25,000 room nights have been booked in our hotels directly as a result of this program.

These and many other developments made 2001 an outstanding year, and we look forward to continuing the momentum that has been generated.

The Department will have several new initiatives in the coming year. The first is the expansion of our new Business Outreach Program, an extensive effort to reach a broad cross-section of the City's business community to determine their current and future needs and explain the availability of City services.

A second initiative will be the full implementation of a targeted marketing effort aimed at the high-tech and biotechnology sectors of the economy through the recently-formed Innovation Philadelphia, which has already begun to partner with major academic and research institutions, technology companies, and life-science companies.

Directly related to our efforts to strengthen the knowledge economy, the Department of Commerce will continue to take a leadership role in promoting student retention. We have recently reactivated our student retention committee and continue to promote new ideas and programs to keep our students here in the City.

The retention of downtown office workers is critical to the City's continued fiscal health, but Philadelphia faces serious competition from suburban office markets. In addition to new efforts to attract knowledge economy companies to

Philadelphia, this administration will continue to encourage and support existing downtown corporations through a targeted tenant-retention effort.

In an effort to better serve all of our businesses in the City, Commerce has worked with the Mayor's Office for Information Services to redesign its Website to more effectively meet the needs of the business community. The new site is expected to launch shortly, and we will revise all of our collateral marketing material to reflect the new design scheme.

As for the Airport, the Airport continues to play a major role in the regional economy. The Airport supports over 21,000 local jobs and provides an estimated economic benefit of $7.2 billion annually to the greater Philadelphia region.

The events of September 11th have caused considerable financial difficulty among major U.S. airport due to heightened security mandates and an historic downturn in passenger activity. The primary focus of the aviation industry changed overnight from capacity, competition, and customer service to safety and security. The City of Philadelphia, as operator of International Airport and Northeast Philadelphia Airport, has been working closely with federal, state, and airline representatives to implement new security directives issued by the FAA.

Among our major initiatives for this year are the opening of the new international terminal and the completion of a comprehensive master plan study for the Airport that identifies facility improvement needs for the next 10 to 20 years. The areas of study included the air field terminal area, land side features and access, and airport support facilities. Simultaneously, the required federal environmental documents will be prepared to secure regulatory-agency approvals for the Capital Development Program.

The Division of Aviation's FY '2003 Operating Budget request seeks additional funds to meet anticipated operating requirements, including $17.6 million for the new international terminal, $2.4 million for security, and $4.9 million to meet existing service levels.

Madam President, that is our basic

overview of the different divisions within our office and concludes my prepared testimony. I would like to take this opportunity to thank you and all of the members of Council for your support throughout the year, and my colleagues and I are available to answer any questions that you might have.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good morning, Mr. Cuorato.

MR. CUORATO: Good morning, Councilman Goode.

COUNCILMAN GOODE: First let me thank you for letting me maintain my special alumni status at the Commerce Department, and I just have a couple questions for the record.

First, have you had a chance to review the new jobs tax-credit bill, and what do you think of it in terms of being a tool for economic development and job creation?

MR. CUORATO: Yes, Councilman, I have had a chance to review it. I think there are always going to be issues whenever the budget -- there are budget implications to a bill like this, and I certainly will be working with the Finance and Budget Office.

From our perspective, it's a very creative idea, and I think it has a lot of promise as far as generating new-job development in the City. We certainly can use any additional incentives.

Again, I would just like to confer with my colleagues in Budget and Finance to determine those impacts, but I think it is an idea that has great promise.

COUNCILMAN GOODE: Okay. Second, I don't know if you're at liberty to comment on this, but from an economic-development perspective, is there a magic number in terms of wage-tax cut that makes us actually competitive within the region in terms of business attraction?

MR. CUORATO: (Hesitation.)

COUNCILMAN GOODE: I'll give you a pass.

COUNCILMAN NUTTER: I'll ask it.

MR. CUORATO: No, if Councilman Nutter's going to ask the question, then maybe I'd better answer it now.

(Laughter.)

MR. CUORATO: I don't believe that there is a magic number. What we have found -- and we've done our own survey of businesses this past year, and we'll be doing that program again.

What we found is that the business-privilege tax and the wage tax were -- actually scored about equally as far as those taxes that businesses were looking for reductions in.

My sense is that certainly further wage-tax reductions would be helpful; that's obvious from my perspective and what we're trying to do, which is attract new businesses to the City. But we have had, I think, a good deal of success in promoting Philadelphia's strengths and making the argument that there is great value to being in Philadelphia in an attempt to offset, you know, the obvious arguments that the wage tax is too high and that this is a burden on our employees.

I believe that the Mayor's program of reducing the tax in FY '03 and then taking a look to see if we can reduce the tax further is the right course of action at this point. I don't -- I certainly would not object if there were situations in which further reductions would be possible because it would make our job easier but, again, from the experience that I have, from the surveys that we've done, the business-privilege tax seems to be equally as burdensome, if you will. So to the extent that we're able to accelerate those reductions, I think it will help us.

COUNCILMAN GOODE: Thank you, Mr. Cuorato. I just thought it was a better question coming from me than Councilman Nutter, but he may ask the question anyway. But thank you very much for your answer.

MR. CUORATO: I imagine that Councilman Nutter will not let me off the hook.

(Laughter.)

COUNCILMAN GOODE: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you,

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

Good morning.

MR. CUORATO: Good morning, Councilman.

COUNCILMAN CLARKE: The KOZ Districts that we've created, it appears that they're relatively successful, but some of the inquiries that we've been getting -- I know myself and, I think, a couple of other Councilmembers -- is the potential of creating residential developments.

Have we given any thought to how we may address it. I know right now, the policy is there are no residential developments in KOZes, but I've personally received several exciting proposals in a couple of the KOZes in my area, and I wonder if we're giving any thought to looking at a revocation of some of those particular locations or some changes in the State's policy associated with the KOZes.

Can you talk to me about that?

MR. CUORATO: Sure, Councilman.

We have given substantial thought to this issue because I do think it's going to come up. It has for one project in your district, I know, and I believe we were able to work that out.

There are no State legislative or statutory restrictions against residential development in the Keystone Opportunity Zones. It is a City policy, and the policy of this administration, that we would not support residential development in Keystone Opportunity Zones. And it's basically an issue of fairness because for residential developments, it applies to the wage tax, and you always get into that situation where, you know, why should some people have to pay it when others don't.

However, I think what we're going to see particularly as our neighborhood economic development programs and the Mayor's Neighborhood Transformation Initiative move forward, I think we are going to see more situations where residential developments need to be considered in Keystone Opportunity Zones, and there may be ways that we can address that.

For instance, there may be ways that developers can make payments in lieu of the taxes that are due, and there may be other ways to address it. I don't believe it will be an impediment to development. I believe that we'll be able to work this out, similar to the fashion that we did for the Temple residential project. But it is going to have to be addressed.

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COUNCILMAN CLARKE: Okay. You referenced the biotech industry in your testimony, and my if my memory is correct, at some point last year, there was a commitment from, I think, Governor Ridge, actually, for a substantial grant to several municipalities around the State who were interested in the biotech industry and the creation of a greenhouse.

What's the status of that program?

MR. CUORATO: That is a -- that's a State program, which will establish three life-sciences greenhouses in different sections of the State, and one has been theoretically targeted for Southeastern Pennsylvania.

What the State is looking for is a regional effort and one that demonstrates cooperation among a number of entities that are involved in this effort. Through Innovation Philadelphia -- that's the organization that we established this past year -- we are at the forefront of those efforts to put that coalition of groups together. The estimated cost, I believe, is $30 million that the State is targeting.

I am confident that we will be very

competitive in being able to attract one of those three life-sciences greenhouses to Philadelphia, given the strengths that we have, which is strong research facilities, great universities, and a good infrastructure to support it. We have all the ingredients that are necessary, and I believe we'll be able to be successful in that regard.

COUNCILMAN CLARKE: What's the selection date?

MR. CUORATO: I beg your pardon?

COUNCILMAN CLARKE: The selection date, is it close?

MR. CUORATO: I believe it's sometime this calendar year, but I'm not certain. We can certainly get that for you.

COUNCILMAN CLARKE: Are we looking at the old post office site or somewhere in proximity to that?

MR. CUORATO: Somewhere in the West Philadelphia area would seem to make the most sense, given the universities, the University City Science Center, the incubator facilities, and the research facilities, that would seem to make the most sense, yes.

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COUNCILMAN CLARKE: Okay. I have a question with respects to the Avenue of the Arts in general. I know this is not directly related to the Commerce Department, but in that it has created a substantial amount of jobs and potentially even more with the creation of the Kimmel Center and some of the other venues on South Broad, and I'm a little concerned about the northern side of Broad Street and our ability to stimulate the economy up on the northern side.

Is there any involvement from the Commerce Department, or do you plan on being involved at a level that will sustain the group and sustain the excitement that is happening on the south side?

MR. CUORATO: Councilman, I can tell you with absolute assurance that Avenue of the Arts North is one of the top priorities with me personally and with our department and will be for this coming year. I think we all agree that we've had a great deal of success with Avenue of the Arts South with the opening of the Kimmel Center, but my feeling is it is time to turn our attention to Avenue of the Arts North.

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And I think it is going to be more challenging. I think everyone would agree that it's not going to be as easy, but we certainly can do it, and we're taking a number of steps to get that jump-started.

We've recently succeeded in securing $2 million for the initial renovations to the Blue Horizon, which is not only America's best boxing venue, but also a place where the ownership has plans to expand their operations to include training and banquet facilities. I think that the Blue Horizon can be one anchor on North Broad Street.

We have gone out again and renewed our call for proposals for the Jump Street project, and I am very optimistic that we will have a quality developer in place --

COUNCILMAN CLARKE: I've been told by the lawyers we're going to actually have to change that name. We will not be able to use "Jump Street," I'm being told, unless a particular developer wins the solicitation.

MR. CUORATO: Okay, scratch my reference to the title of the project, but that project, I think, will again serve as an anchor.

We've opened discussions with Temple University about taking a more active role in helping to develop the North Broad Street area. I don't think anybody certainly expects them to participate at the level that Penn has, but I think that they can take a much more substantive and active role.

And there are a couple of other projects that we're working on. I also have committed to fund Avenue of the Arts, Inc., the nonprofit organization which is an advocacy group and oversees the development, with the understanding that the attention will turn from South Broad to North Broad.

And I can assure you again, it is a very, very important area for me and I will be personally involved in it.

COUNCILMAN CLARKE: Great, okay.

One last question with respects to the neighborhood commercial corridors. In the past, we've had the ability to fund infrastructure improvement, appurtenances, sidewalks, I guess some water and sewer lines to some degree. Given the potential of us quickly approaching our debt limit, will we in the future be able to continue that program?

MR. CUORATO: Well, I certainly hope so, and I guess that's a question that probably Finance or the City Planning Commission could address more specifically as far as the availability of funds.

I can tell you that I personally believe that those projects are extremely important and integral to getting neighborhood economic development started and can make a dramatic difference. It doesn't sound like a lot, but if you look at some of the areas of the City that are blighted and run down and there's just the hope of development and we can go in and put in curbs, sidewalks, and new lighting, in some cases, it makes a dramatic difference and really does help the development process along.

(Mr. Dubow comes forward.)

COUNCILMAN CLARKE: Help has arrived. Mr. Dubow.

MR. DUBOW: Rob Dubow, Budget Director.

The Capital Program maintains the current $1 million level of funding for neighborhood commercial development centers throughout the life of the program.

COUNCILMAN CLARKE: The life of the program?

MR. DUBOW: The Capital Program through Fiscal Year '08.

COUNCILMAN CLARKE: Five-Year Plan, okay. Okay. Thank you.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Mr. Cuorato, Councilman Clarke was right in an area that we've had some discussion about in the past, which is the million dollars for the Neighborhood Commercial Corridor Program. I believe I asked initially at the Capital Budget hearing about this particular issue, and then I believe you were here for another hearing, but not a budget hearing. It may have been a transfer ordinance hearing, and I asked about that issue and whether a million dollars was enough for a citywide application for the program as well as, I believe I asked, was there a particular dollar-amount request that had been made to deal with citywide projects and whether the million dollars was enough to cover all of those projects.

Was there -- is there a list that was put together in an attempt to more broadly serve a variety of areas throughout the City that would be in excess of the million dollars that's in the Capital Budget?

MR. CUORATO: Yes, Councilman. And actually, it was not a list that was put together in response to your question; it's an ongoing list that we have of neighborhood capital projects throughout the City that it would be good to do, and we gather these lists through our own outreach, through dealing with CDCs and different community groups, through conversations with members of the City Council, and it's a pretty extensive list.

COUNCILMAN NUTTER: Okay. Is that a list that can be forwarded to the Chair so that we can better understand what our needs are throughout the City?

MR. CUORATO: Yes, absolutely.

COUNCILMAN NUTTER: How was the million-dollar figure arrived at?

I think Councilman Goode has the answer.

COUNCILMAN GOODE: The truth of the matter is that there is a list that you've requested that I think you'd be very pleased with in terms of capital budget needs in neighborhood commercial corridors over the years.

The problem is, and the problem has always been, actually, the Planning Commission and the Capital Budget Office and their cutting back of what they want to give in terms of neighborhood commercial centers. And part of that is the definition of those improvements. The improvement are supposed to last for a certain amount of years. Therefore, if a commercial corridor has had work done, let's say, ten years ago and it's supposed to last for twenty years and they're in need again, they may be put on the list, but because of the definition of how long the improvement is supposed to last, in between the Capital Budget Office and the City Planning Commission, then we'll say that we shouldn't make an investment in that commercial corridor in terms of infrastructure until there's some difference in terms of business development there.

COUNCILMAN NUTTER: Thank you.

MR. CUORATO: Councilman, my answer to that question would be just that the Capital Budget has to serve a broad array of interests, and this is one. There are priorities. We make our case and Capital Budget does the best they can in giving us the money that we need to do these projects.

I certainly won't sit here and pretend that it's enough to solve all of the -- or implement all of the projects that we'd like to do, but we understand there are certain limitations, and we do the best we can with the funds that are provided.

COUNCILMAN NUTTER: Okay. You say that there's a list that's available?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: And you'll forward that to the Chair?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: Okay. Can you give us an update -- I think it was last year, last calendar year, that it was announced that there was going to be this outreach to the business community, I think, in all of the various districts, and a certain number of businesses were going to be contacted, and Commerce would talk to them about their concerns, their issues, their needs as a business person here in Philadelphia.

Can you tell us what happened out of that program, how many -- in general, how many businesses were contacted, some of your sense of what came out of it, and is there a report of that program that can be distributed?

MR. CUORATO: Sure. This is a program that we called, quite simply, our "Outreach Program," and the concept was really quite simple. We wanted to just go out and do what amounted to cold calls on businesses. And the program was staffed by representatives of the Department of Commerce, PIDC, PCDC, and we often went out as teams of two to three people. We brought a survey with us so that we could solicit input and feedback from businesses as to what their experience is in dealing with the City and doing business in the City.

We -- are our target for last year was 300 businesses; we did visit 300 businesses, and they were geographically balanced. We tried to do 30 in each Council District and came close to that; there were some where we did a little more, some where we did a little less.

COUNCILMAN NUTTER: Mm-hmm.

MR. CUORATO: We visited every size business from the smallest mom-and-pop shop all the way up to multi-national corporations.

And I think it was a good experience for us, and it is a program that I intend to continue and try to do even more to step up the number of businesses that we can do this year -- again, at random, geographically distributed.

What we found -- and, yes, Councilman, there is a report that's available and is being finalized right now, and I'd be glad to make that available to you.

I don't think there were any big surprises, but we were not looking for any great revelations. Part of this program, from my perspective, was pure outreach to let businesses know that the City of Philadelphia cares about them and wants to help them grow here.

We did get some interesting data on, for instance, which taxes were most troublesome or burdensome. As I mentioned earlier in a response to a question from Councilman Goode, we found that the business-privilege and wage tax were about equally split as far as which they'd like to see reduced.

And there were a lot of comments about just creating a more business-friendly environment. People expressed some frustration at trying to deal with different departments over the phone and having to wait in lines and not being clear on processes and things like that.

So all of that material and data we're going to use to work with the Managing Director's Office and the operating departments to see if we can improve the system.

But I think at a minimum, to generate good will as an outreach gesture, I think that the program was successful and it's one that I'd like to continue.

COUNCILMAN NUTTER: And what is your level of expectation at being able to implement some of the either recommendations or resolve, obviously, if an individual business has a complaint, but I'm sure many of them have quite similar issues or concerns or complaints about our, quote/unquote, system.

What's your expectation in terms of being able to implement or reform some of the more vexing components of our -- of anyone's ability to do business with the City?

MR. CUORATO: Well, my expectations are high, and I say that because I've talked to the Managing Director, and she's aware of the preliminary results of our survey, and I believe that we can make some specific short-term changes to the system that will make it more business-friendly.

We heard, for instance, that there's a lot of interest on the part of businesses in being able to do more over the Internet, electronically, and we've been working with the Managing Director's Office and the Mayor's Office of Information Services to implement some of those initiatives.

It's -- it really is -- a lot of it also just comes down to attitude and instilling in people in the various departments that interact with the public that, you know, it's important to instill this business-friendly attitude, and even things as simple as just being courteous on the phone and referring people to the right person in the government who can help them. I mean, we heard stories of people who would say that they were called and referred three and four times before they got to where they needed to be.

So these are correctable things and things that we're talking to the Managing Director's Office about, and I think we can have some good success.

COUNCILMAN NUTTER: A couple last questions. You spoke about the KOZ Program a little while ago in response to Councilmember Clarke. Could you get us a listing. Since the KOZ program started now, we have -- I guess we have KOZ 1 and then we did a second round of KOZs early last year, I think?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: Can you get us a listing showing the businesses that have moved into the different KOZ areas and any information about them just in terms of either what they do, numbers of employees, that kind of thing?

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MR. CUORATO: Sure, Councilman. Actually, I think we just distributed to all members of Council a comprehensive report providing all of that information, but I will make sure that we get another copy to the Chair.

We do have very specific information about every business that's moved into a Keystone Opportunity Zone.

COUNCILMAN NUTTER: Okay. And going back to the business survey that you did last year and the outreach, when do you think that report will be ready?

MR. CUORATO: I think it will be ready in the next two or three weeks.

COUNCILMAN NUTTER: Okay. And will it list the various businesses that were contacted or are you trying to keep that, to some extent, in-house?

MR. CUORATO: We have all of the surveys. The report does not include the list of businesses that we surveyed, but we can certainly make that information available.

COUNCILMAN NUTTER: Okay. I mean, I would certainly encourage to the extent that you can, and I don't know how you want to handle it but one I'm sure all members are concerned about the different businesses, and to the extent that they are grouped by district, it might be easier to utilize the information.

I received an inquiry from -- and you may have received other inquiries about this, and I know that this entity, the Philadelphia Film Society, that, from their information, runs the third largest film festival in the country behind, I think it's L.A. and San Francisco. I know that the City -- and then there's the kind of the separate film office, which, I think technically is not a part of the City but works in the City.

In any event, apparently 60,000-some-odd people come and attend this particular festival here in Philadelphia, and certainly from an economic standpoint as well as the promotion of the City and the region, it may warrant kind of being on the radar screen in terms of possible support going forward.

Could I ask you to be in touch with the Philadelphia Film Society, and I can give you some information about them, but I think they're looking for, or possibly hoping for, some support from the Commerce Department to help promote this particular event throughout not only the City, but the region, if not the country. Apparently, a lot of people from around the United States and possibly internationally come to this particular event.

MR. CUORATO: Councilman, I'm very familiar with this event. It's April 4th through April 15th, and we've already been in touch with them. I think the event is fabulous, I think it's going to be a wonderful event for the City. It's growing every year. And we have already committed to fund them.

COUNCILMAN NUTTER: Very good, very good.

Now, lastly, you were somewhat bludgeoned by Councilman Goode in this particular area, and if there's anything left to you with regard to tax policy, I did want to ask -- obviously, you've been involved in the business last year, you've been Commerce Director for some time, and you have kind of a previous tour of duty in the Commerce Department.

Tell me, at the present time, while

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we're having all of this discussion, about tax policy. What do you see as the Commerce Department/City Rep role in that discussion? You've got the Budget Office, the Revenue people, and maybe some other -- and obviously Finance. Where is Commerce in that discussion?

MR. CUORATO: Well, Commerce is an advocate for business growth in the City of Philadelphia. Any tax reductions will help -- will help me do my job -- will help make my job easier. I mean, that's an obvious statement.

I understand the balance that needs to be struck between the overall City budget delivery of services and tax levels as it relates to business attraction.

Our role, I think, is to just continue to be an advocate for business, to continue to voice our opinions as far as what is burdensome, where relief could be most helpful. But I -- I don't see my role specifically as being a crusader, if you will, to be out calling, for instance, to cut the wage tax in half, because I think that would be irresponsible in the overall City budget picture.

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I am satisfied that if we can continue to -- if we can continue our program of reducing taxes and especially the business-privilege tax, that we'll be able to continue to attract jobs to the City of Philadelphia.

I will give you just one example. We are working with a very large company that's in the suburbs right now that is considering locating either into the City of Philadelphia or to New Jersey, and this is a thousand employees. I've been spending a lot of time on this, along with Peter Longstreth of PIDC.

The wage tax has not been a significant issue in these discussions; it's an issue, but not a significant issue. What we've been able to do is point out the strengths and the assets that Philadelphia has and why this business should be in Center City, Philadelphia, and I think we're making a very compelling argument.

So we will continue to do our job the best we can to attract business here and keep the businesses here growing. I will be an advocate for reducing taxes because it will make our job easier, but I will do that in the context of the overall picture.

COUNCILMAN NUTTER: I understand and I appreciate your honest explanation and description of your situation.

Have you ever been in a situation where wage tax was a serious element of discussion, if not a potential barrier, to someone either staying or locating to Philadelphia?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: Do you think it's ever affected the final decision that someone's made?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: And I guess my last question is, for many of the businesses, do you think they would, in terms of making their plans, either look at it as a positive or a negative that there's a possibility that even the incremental reductions would stop?

MR. CUORATO: Councilman, are you asking me if I think businesses perceive that the halt in the wage-tax reductions is a positive or a negative?

COUNCILMAN NUTTER: Yes.

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MR. CUORATO: My sense is that most businesses would perceive that as a negative.

COUNCILMAN NUTTER: Okay. All right. Thank you.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: You're welcome, Councilman.

Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Good morning, Mr. Cuorato.

MR. CUORATO: Good morning, Councilman.

COUNCILMAN RIZZO: I apologize that I wasn't here at the beginning of your testimony, so you may have covered some of the questions I have, but I was fortune enough to be able to be included in the presidential visit this morning, where the President picked Philadelphia to talk about volunteerism throughout the United States of American, and that's what delayed me arriving here.

MR. CUORATO: No offense taken that you chose the President over me.

COUNCILMAN RIZZO: Well -- but he can't help me with a problem in North Philadelphia, but you can. Yeah, I have my priorities straight.

I'd like to -- Councilman Clarke asked me if this was political testimony, and I say yes it is. I will comment on the President's position on the wage tax after I ask these few questions that I have.

Two major initiatives that hopefully will move ahead this year, if you could give us a feel for the Convention Center, and if you've already commented on it, I can read the transcript at a later date, but if you could just briefly tell me what's going on with the expansion at the Convention Center.

MR. CUORATO: The expansion of the Convention Center is one of the major initiatives that we're going to try to undertake this year, and it's really absolutely crucial to the future growth of our hospitality industry.

There are plans to expand the Convention Center west to Broad Street. If we are successful, that would move us to the eighth largest convention center in the country. If we do not expand, we will slip and slip quickly, as far as our share of conventions, because cities up and down the East

Coast are already taking steps to increase their space and either expand or build new centers.

The situation, Councilman, is that the total project budget is roughly in the 450 to $500 million range. The general prevailing theory -- and I do not mean at all to be presumptuous by this, but the general prevailing theory is that about half of that would come from the State and half of that would come from the City.

If we are to move ahead with this project, the State funding would need to be put in place through the State Capital Budget this year, and I think that we will know that within the next six months or so.

I have made the statement publicly and will say again that I believe the expansion of the Convention Center is an economic-development project that can stand on its own merits. When you look at the potential economic impact of expansion versus the cost, there is no question that it is a project worth pursuing. The hospitality industry is united behind the expansion, and it is just very important. And hopefully, we'll move ahead this year.

COUNCILMAN RIZZO: Well, that's great to hear.

Councilman Nutter just reminded me, we were talking about the wage tax. Was the President here long enough to qualify that he has to pay -- pay any wage tax during that visit?

MR. CUORATO: I will defer to the Budget Director on that question.

COUNCILMAN RIZZO: Okay, good. I just --

My next area that I'd like to talk about in the area of expansion is our airport, but before you respond, I just want to tell you the great things that I see personally at the Airport, and I think the Airport, the Aviation Director, and the people that work there, the worst, probably most difficult times in the history of our airport, they did what they needed to do, and our airport police did a great job, and the Division of Aviation. Just an outstanding effort that our airport -- the effort was just outstanding, and I want to publicly recognize.

And then that leads me to talk about --

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in getting to know some of the folks down there, talk about the expansion and the need for expansion at the Airport. Could you just fill us in briefly on what's going on with the expansion? I think Mr. Isdell's here.

MR. CUORATO: Mr. Isdell is here, and I'll give you just the general-overview answer, and then if you want more detail, Councilman, Mr. Isdell can provide that to you.

First, let me thank you for your kind words about the performance of the Airport, and I will -- and I'm not just saying this because he's seated right next to me now, but I will tell you that I think in Charlie Isdell, we have one of finest aviation directors in the country, and the job that Charlie done in guiding the Airport through what are difficult and unprecedented times the following September 11th attacks has been just absolutely amazing.

We have been through numerous security meetings with different regulations. We were one of the first airports to reopen after the terrorist attacks, and Charlie was successful in implementing all of the FAA's new regulations. He is at the forefront in making sure that the new international terminal is a state-of-the-art facility, and we'll have the new inline baggage screening built into the project as we go along.

So I am very proud of the job that Charlie has done, and I'm sure he appreciates your praise as well.

What we have done over the past several years is, I think, a very good job in expanding the terminals. We have gone -- by the time the international terminal opens at the end of this year, we will have doubled our gate capacity from approximately 60 to approximately 120, which, just in a short period of time, is a very, I think, significant accomplishment.

What we're going to do now is turn our attention to the airfield because, quite frankly, if the Airport is to operate more efficiently and grow in the next 10, 20 or even 30 years, that's where the focus has to be.

So there are various schemes that are being studied as a part of a master plan that the Airport is undertaking. It is a very arduous process, a very inclusive process that Charlie has spearheaded, and we've come up with a couple different scenarios involving dual runways. The basic ideas is to build new runways such that they can operate simultaneously and increase your ability for departures and landings without the stackup of planes that we all find so annoying.

That is a very broad answer to your question. The master plan is nearing completion. Charlie is getting ready to go through the public dissemination process, and certainly he can speak for himself if there's anything I've left out.

COUNCILMAN RIZZO: Oh, I think you've covered it well, but just again to restate that lots of additional new police officers learning their way, the cooperation down there -- as a matter of fact, I won't name names, but when I was there recently for Senator Specter's visit when the new security rules changed, I met some of the federal employees from the Federal Aviation Administration, and they told me that Philadelphia is probably -- and this one gentleman had served in many airports throughout the United States, and he said the working relationship here that they have is just very, very -- just the best that he's personally experienced.

So I think that says a lot for Philadelphia, for the Commerce Department, the people that work at the Airport because not too many compliments come from the federal government when it comes to the working relationship with either the state government or the local government. So again thank you.

I have a couple more questions, and I think I have a little bit more time.

Could you talk about something I have interesting in, the Center City office retention program. At a Chamber meeting, I've talked to some folks that have an interest in that. Could you just explain how that retention program is going to work?

MR. CUORATO: Sure, Councilman.

This is another outreach effort that we want to launch and actually will be starting this month. We have identified 50 major tenants in Center City office buildings who employ at least 200 people whose leases expire in the next five years. So we've set forth a program that is designed to keep them here in Philadelphia and keep them growing.

We're working in conjunction with PIDC and the Center City District. Paul Levy has also been very active in helping us with this program.

The program will start with a personal letter that each CEO will receive from the Mayor basically nothing the fact that we know their lease is up soon, and that a team of people from our economic-development organizations would like to come and meet with them.

We will then go and meet with them, and Peter Longstreth and Paul Levy and I have committed to do these meetings ourselves. We will go and meet with each company and find out how they feel about being in Philadelphia, whether they intend to renew their lease, whether they're looking to relocate, and if there's any way that we can help them.

Again, as with the business outreach program, at a minimum the effort is good will, and my expectation is that we may find situations where we can actually help businesses grow with some of our programs.

COUNCILMAN RIZZO: I'm going to use some

of Councilman Nutter's strategy. I have three last questions. Could you comment on waterfront development, a little bit about what's going down at the waterfront?

MR. CUORATO: Okay. On the waterfronts, I think there are a number of -- there are a number of activities that are happening right now. At the risk of losing any remaining credibility I have on the Penn's Landing project, I will tell you that I still insist that project will begin this year, late this summer, as was publicly announced in December; I'm speaking of the Family Entertainment Center project at Penn's Landing to be developed by the Simon Property Group.

Again, that's our key project and one that I believe will establish us as one of the premier waterfronts in the United States. It's a very complicated project, as I've said so often, and it includes both space for Penn's Landing, a new Please Touch Museum Children's Museum, the Simon shopping retail experience and, of course, the aerial tram that links us with Camden, New Jersey. So that project should be underway this year.

Dockside, the luxury apartment complex, which is 240 units, is set to open this summer. Our understanding is that the preleasing is going extremely well there, which reinforces the fact that the residential market in Center City is still very strong and that the waterfront residential experience is still very strong.

We were successful in retaining the Moshulu as a floating restaurant. There had been plans for the ship to be moved to New Jersey. The ship, as you know, is docked next to Pier 34, but was not in any way involved in the pier collapse. However, they had planned to move to Camden.

We went to the ship's owners, found them an excellent spot in the Penn's Landing marina, and they have decided to stay in Philadelphia, so we will retain those jobs as well as what I think is a very exciting waterfront attraction.

And, finally, we will be -- this -- actually work will be underway very soon demolishing the old incinerator at Delaware Avenue and Spring Garden Streets, which will not only open up what should be a great development site, but present us with a another great opportunity to bring development in.

So there's a great deal going on along the waterfront, and it's a key part of our overall economic-development strategy.

COUNCILMAN RIZZO: That's great a waterfront landmark, and I'm glad you were able to go after that and retain that.

That opens up some of the news reports about the Burlington Coat Factor, Penney's, Ikea Nordstrom, Macy's, lots of things in the pipeline for Philadelphia referencing Center City and the neighborhoods. Could you talk about the retail environment in the inner-city and also in some of the neighborhood shopping centers?

MR. CUORATO: The retailing environment is very strong in the City right now, and I would characterize the environment in a couple of different ways:

There's the Center City market, and that remains extremely strong. The Chestnut Street and Walnut Street corridors we continue to have a lot of interest in, and our department is directly involved in discussions with tenants all the time. We have a network set up where we deal with building owners, as they're negotiating with prospective tenants, you know, we're there to provide assistance and, in some cases, financial support. We're there to help streamline the process if there are certain permits that need to be expedited or just any issues -- valet parking we've helped with on occasions. Sometimes it's small things, sometimes it's larger things.

So we're very, very close to the situation, and I can tell you that the Chestnut and Walnut Street corridors remain very strong and very much in demand.

Also you mentioned the Burlington Coat Factory, Councilman. I think this really exemplifies the situation that we have, which is, when J.C. Penney's announced that they were leaving last year, the first reaction, I'm sure, among a number of people was one of consternation that we would be left with an empty shell, which would not be good for the Gallery and not be good for the Market Street East area.

What we found out pretty quickly was that not only would we be able to fill the space, but that there were multiple parties interested in moving in there, and it put in us a situation where we were able to basically choose the right fit with the right economic terms. That followed up on Old Navy's commitment to do a major store in the Gallery and, I think, is a sign of the strength of that area.

Also, although we're not in a position to announce anything, I can tell you that Nordstrom's and Macy's are both interested in downtown Philadelphia. That would be certainly an enormous project and one with a lot of work that would have to be done, but I think just the fact that they are interested gives you some indication that the retail environment in Center City is very strong.

What we're finding in the neighborhoods is that areas that are generally underserved, or perceived as underserved, have a great deal of appeal and attraction, and retail developers who have been in the suburbs and have no further growth opportunities there are looking back to the cities, and I think that will benefit us, not only in our current situation but as we move forward with the Mayor's Transformation Initiative.

I can tell you, on more than one occasion, developers have come to us and said that not only do they no longer feel welcome in the suburbs, but they are basically being rebuffed, and the reaction that they get when they come to Philadelphia is that we welcome them with open arms. And I think it's going to pay off; we have retail projects at various stage in a lot of different neighborhoods in the City, and that will continue to be a focal point for us.

COUNCILMAN RIZZO: This is my final question of you.

And thank you, Madam Chair, for indulging me.

I've heard through some of my contacts with some of the information-system folks that you're developing a Website that's going to be very helpful, not just to the business community, but to all in general. Could you just tell us when and what that's going to be like?

MR. CUORATO: One of the things that we found, Councilman, is that there are a lot of businesses who do -- who like to transact business over the Web or find information on the Web. And quite frankly -- and I say this with no disrespect to the designers of our current departmental Web page, but I did not think that it was up to the standards that it should be.

Our department and our delegate agencies -- and I include both the Commerce side and the office of the City Representative, both arts and culture and special events. We have an enormous amount of information that we really need to make sure gets disseminated to the public. The best way to do that is through an effective and well-designed Website.

So we've hired a local firm to design the site for us, and it is near completion. I would say within the next 30 to 60 days, it should be fully operational. And it is very -- it is both eye-catching, attractive, fun, and probably, most importantly, and I hate to use this 'cause I know it's a cliche, but it will be very user-friendly.

So any businesses that sign on or any business person who's looking for information from someone outside the City who might be considering Philadelphia to somebody who's here now and just wants information on anything that's going on in our world will be able to find it quickly and effectively through that Website.

COUNCILMAN RIZZO: Well, that's great. Thank you and congratulations on all the good work. And you'll have the Budget Director get back to me in reference to the President's wage tax.

MR. CUORATO: To the President paying the wage tax, yes, I will.

COUNCILMAN RIZZO: Thank you.

MR. CUORATO: Thank you, Councilman.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

There was a question I forgot in my last round, but before I do that, I'd like to just follow up on a couple of questions that Councilman Rizzo asked, one with respects to the Convention Center expansion, and my question is, the recent reports that our repeat business has diminished as a result of several labor issues and other issues associated with the existing center, and the other related to the waterfront. I know there was a proposal to build the World Trade Center, and I wanted to get the status of that, if that's real. Then I wanted to ask another question after that one.

MR. CUORATO: Okay. Councilman, on the Convention Center, our repeat business is not what it should be; labor issues have been cited as one reason for that. But I think -- I think that enough progress has been made, and will be made, so that that will not be an issue when it comes to Convention Center expansion.

Just this past Friday, we had a hearing before the House Tourism Committee, and that subject came up, and both the chairman of the Pennsylvania Convention Center Authority and Pat Gillespie, the business manager for the building trades, committed, in unequivocal terms, that they will put into place any labor agreements -- they will implement any labor agreements that are necessary in order to make expansion a reality.

So with a commitment of both management and labor, I do leave we will be able to resolve that that as an issue.

And you are correct, there is no question that that issue is out there because we were questioned about it at the hearing.

On your second question, Councilman, that had to do with the --

COUNCILMAN CLARKE: World Trade.

MR. CUORATO: -- the World Trade Center, I actually have a meeting scheduled next week with the developer to get an update on that project.

I am a little concerned about the project for a couple reasons. It is a high-rise, it is a proposed high-rise office tower with a World Trade Center designation to it, and there is now, unfortunately and tragically, a stigma attached to that that may make this a more difficult proposition.

We actually carved out the area that the office tower would be built on and made it a Keystone Opportunity Zone as a further incentive for development. I still do think it is a viable project. The World Trade Center -- to have a World Trade Center in Philadelphia is certainly something that we should work to achieve, but it is also not in the critical mass of Center City office activity.

So in other words, to build an office

tower or build office space at that location, we're going to need an anchor tenant, somebody who's willing to go in there and take up most of the building because, from a speculative -- to build that office speculatively, it would not be financially feasible.

COUNCILMAN CLARKE: Okay.

MR. CUORATO: So I'll have more information after I meet with the developer next week, and I'll be glad to provide that to you.

COUNCILMAN CLARKE: Okay. My last question is NTI-related, and I know in talking to Mr. Traylor that the Commerce Department is going to be involved, but I'm not sure as to what degree.

Can you talk to me specifically about the involvement of the Commerce Department as it relates to NTI and it talks about neighborhood economic-development corridors.

Also, as it relates to office space in neighborhoods, when we talk about maybe Class B, C office space, I understand that there is a retention program in Center City, but are we doing anything about creating office space opportunities in neighborhoods and commercial corridors also?

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MR. CUORATO: Okay, I'd like to answer your question just briefly and generally on NTI, and then I'll ask Mr. Traylor to answer more specifically.

I have seen our role in NTI as an important one in that, as we go into neighborhoods and as parcels of land are made available, there may be residential developments, but there's also going to be commercial components to that. The demand spurred by new residential development will generate what I believe is some very significant commercial-development opportunities.

That's where I think we need to come in and either through negotiations with developments -- in some cases using our programs -- get those commercial projects in place to complement 'cause you have a neighborhood that's got the commercial amenities that they need.

Let me ask Mr. Traylor to just comment more specifically.

MR. TRAYLOR: Councilman, as you're aware, the prototype -- the first prototype area that NTI will be working on is in your district, and we're using -- we plan -- the Commerce

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Department plans to use this prototype activity in the way that I think it's intended generally for NTI activity, and that is to make it the area where we begin to really start the fine-tuning of the process.

There's been a lot of good planning in connection with NTI, but we recognize the fact that this is also unprecedented activity. I mean, there is no -- we will have been the first city to go through this type of planning process and the degree of demolition and land-acquisition activity that will be involved in this.

So what we've done is, we've started making certain that we look at that area, that prototype area. Even though we recognize that most of the activity will be residential development, we want to make certain that where there is a need for regenerated commercial-corridor activity, that that's taking place; or even if the housing placements indicate that there is a need for new commercial corridors, then we want to make certain that that's being well-planned for.

Our first survey out into that area -- and we're doing this in cooperation with PIDC and

PCDC and with our brown fields specialist, who is based in our office. We already recognize some astounding possibilities, even in that small prototype area for commercial activity.

We plan to coordinate wherever we're seeing that. In this prototype area, the second prototype area, which will be in Frankford, or any of the subsequent development areas, we plan to coordinate very closely with the Councilpeople what we recognize as commercial and maybe light-industrial opportunities in these areas.

So we're on the case, and we think that it's off to a good start.

COUNCILMAN CLARKE: Office space.

MR. CUORATO: Office space. Office space in neighborhoods is a concept that I think is worth a further push from our part, because a lot of times, mixed-use projects make the most sense.

What I've seen is a trend towards starting out small, which is fine, which is to say, you know, ground-level retail and then maybe two levels of office space above, but it's smaller projects.

I think it's certainly a concept that's

worth pursuing, and we have programs that can finance those. It's a matter of generating the demand, and that's certainly something that we can take into consideration as we do our marketing on a citywide basis.

COUNCILMAN CLARKE: Okay. Yeah, that's important. Particularly in the Cecil B. Moore Avenue area, we're finding that there's an interest in having office space in close proximity to Temple University, so I think that's something we need to look at seriously.

All right, thank you.

Thank you, madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Nutter

COUNCILMAN NUTTER: Thank you, Madam Chair.

I hate to come back, but when Mr. Cuorato made reference to the Convention Center expansion, that did raise a couple of questions.

You said -- you would anticipate that the project costs would be somewhere in the neighborhood of $450 million to $500 million?

MR. CUORATO: Yes, sir

COUNCILMAN NUTTER: And the proposed funding schedule is, for the moment, 50/50 between the City and the State?

MR. CUORATO: Very general, very theoretical. Yes, Councilman.

COUNCILMAN NUTTER: And you also indicated that the expansion -- I didn't take down your exact words or phrases, but I did capture that in your view, it was a stand-alone project or that it could fund itself?

MR. CUORATO: Councilman, what I said is that the expansion of the Convention Center is an economic development -- I view it as an economic-development project that can, and will, stand on its own merits, which is to say, for the amount of public investment that we're talking about here, if you look at the return and the impact on the local, regional, and state economies, it is a project well worth pursuing.

COUNCILMAN NUTTER: Okay, all right. I'll come back to that

Now, how would the City's pay its share?

MR. CUORATO: How would the City pay its

share?

COUNCILMAN NUTTER: Mm-hmm.

MR. CUORATO: Not yet determined, Councilman, and I know that's an issue that we're going to have to face. It is one that the hospitality industry is aware of. We have not broached the idea of an increase in the hotel tax, but I know that that's out there, but we have not yet determined how we would do that.

COUNCILMAN NUTTER: All right, and is there any funding for this proposal in the current budget before us?

MR. CUORATO: No, there is not.

COUNCILMAN NUTTER: Okay. Now, I mean, just, I guess, for the conversation, obviously we want to have a, quote/unquote, world-class facility, and I know you expressed certain that other cities specifically on the East Coast are or have expanded their centers, and we don't want to lose our place in the convention center world.

What I am concerned about is to the extent that this is a 450 to $500 million project, with possibly half coming from the City, how does that, from your perspective, how do you juxtapose that with the need to significantly and dramatically improve the standards at our various school buildings and the impact that that has on Philadelphia?

MR. CUORATO: I would just -- I would come back to my statement about the Convention Center expansion being a prudent investment and an investment that would make significant returns to the City and the region. I don't --

COUNCILMAN NUTTER: You don't think that investment in schools is -- I mean, I know you're not saying that the investment in schools is not a prudent investment.

MR. CUORATO: I certainly am not saying that, Councilman, at all.

COUNCILMAN NUTTER: Okay.

MR. CUORATO: I am just saying that I do not link those two issues. I do not -- I certainly do not advocate a position that we should do Convention Center expansion and not pay attention to renovating schools. I just see them as separate issues with separate funding sources.

My argument and position on Convention Center expansion is that as an investment, it is a wise one and one that will reap many benefits for the City, both in terms of keeping our hotels vibrant and filled, keeping those employees working, and adding on new workers.

And as far as the impact it would have on the other aspects of the hospitality industry, my argument to you is that that is an investment worth making, but I certainly am not saying that it should be done at the expense of schools.

COUNCILMAN NUTTER: Well, I understand that, and I'm not saying that it's not an investment worth making, either. I think what I'm basically trying to understand is that in the -- kind of in the fundamental laws of the universe, that there's only so much money around, and that certain investments need to be made, and that we have certainly paid a tremendous amount of attention to hospitality and tourism, and we have benefited from the investments that have made, and we should make others.

I'm just trying to figure out -- I mean, as -- and maybe we need a dual runway for this, but as -- I mean, to kind of use the Airport example, I mean, there are a variety of projects or proposals that need to kind of, quote/unquote, take off. The question is, where are you in the line in terms of certain things happening? And, I mean, this one seems fairly stuck at the gate. I mean, we just take it to its illogical conclusion.

And I'm just trying to figure out at what point in time, not only for economic-development purposes, but for good public-policy purposes and to improve the overall quality of not only education but how we are viewed by many people in the economic-development community 'cause they don't only look at taxes; they also look at quality of workforce, quality of schools.

Many of the people who might come here for work and to live, they might actually have some children that they'd like to send to school. And if the decision is taxes and, Do I send my child to private school, parochial school, or public school, if you're not satisfied with one certain system, then you have to factor that into your economic equation as well.

I'm trying to figure out when that one gets on the radar screen and is actually looked at as a part of economic development. I think education is economic development as well in that it actually contributes to the overall quality of what we have to offer here in Philadelphia.

MR. CUORATO: Councilman, I'm not disagreeing with you at all, and if I may just add on to your airline analogy here, the ideal world would be that these would be two flights that would take off simultaneously once we have this dual runway system.

COUNCILMAN NUTTER: Okay. Lastly with regard to the present facility, now -- or when you talk about that the expansion would be an economic-development project that stands on its own merits. Just from a pure numbers standpoint, we receive a certain amount of revenue from the Convention Center but we also pay a certain amount to cover various costs; is that correct?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: And is the net of that about a 10 to $11 million cost to the City?

(Mr. Cuorato confers with Rob Dubow off the record.)

MR. CUORATO: Mr. Dubow tells me it's

more in the 15 to $18 million range in a given year.

COUNCILMAN NUTTER: $15 million, $18 million range which way?

MR. CUORATO: Expense, including the debt service.

COUNCILMAN NUTTER: Right. You get a certain payment from the Center. The current budget, FY '03, seems to indicate, at least on the budget-in-brief page, Page 20, $19 million that we get, and I think Page...

The City subsidy in FY '02 appears to be $30.7 million; in FY '03, it appears to be 32.3; is that correct?

MR. CUORATO: '03, Councilman, $32,378,000, which is about $1.6 million over '02, approximately.

COUNCILMAN NUTTER: Okay. So, I mean, obviously, we get other benefits from having the Convention Center beyond what the City takes in, but on the pure City side of this transaction, we take in less than we expend.

MR. CUORATO: Yes, sir.

COUNCILMAN NUTTER: Okay, all right.

What's the timetable for -- I thought your earlier testimony was that you were trying to get money in the State, what is it capital --

MR. CUORATO: State capital budget.

COUNCILMAN NUTTER: Redevelopment?

MR. CUORATO: Redevelopment capital assistance.

COUNCILMAN NUTTER: For the current budget that the State is in -- process that the State is in?

MR. CUORATO: Yes, yes.

COUNCILMAN NUTTER: Okay. And I thought you also said that depending on how that goes, that -- I mean, the phrase goes -- what is it, "As Wichita goes, so goes somebody?"

MR. CUORATO: I don't think I've ever heard that statement. Wichita?

COUNCILMAN NUTTER: Yeah, it's a great jazz tune by Pat Metheny, actually.

You're saying that if there's no State capital assistance dollars, what happens?

MR. CUORATO: If there are no State capital assistance dollars this year, we are left -- we are left with pretty much having to make the decision whether we will just -- we will plan the expansion and hope to resuscitate the funding issue at the State level or shelve the project.

COUNCILMAN NUTTER: And do we have a request in front of the State presently?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: How much?

MR. CUORATO: I believe it's $250 million.

COUNCILMAN NUTTER: And do they have to raise the cap?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: Okay. Do we have other capital requests in front of the State?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: What might they be?

MR. CUORATO: There are a variety of projects that were submitted by the Administration for different projects.

COUNCILMAN NUTTER: Okay. What was the total amount of the City requests?

MR. CUORATO: Councilman, we can -- I don't have the list with me, but we can get that for you.

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COUNCILMAN NUTTER: Okay. So the record should not reflect that it was an infinite number or an incalculable number; you just don't know the number right now.

MR. CUORATO: It is not an incalculable number; I just don't know it right now.

COUNCILMAN NUTTER: All right, I appreciate it, and you'll get that to us?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: All right, thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions from members of the committee?

(No further questions.)

COUNCIL PRESIDENT VERNA: Seeing none, thank you.

MR. CUORATO: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you very much.

I believe the Civic Center is next. I'm

sure they won't be more than two or three minutes.

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Good afternoon, please identify yourself for the record and proceed with your testimony.

MR. COLEMAN: I'm James Coleman, Executive Director of the Philadelphia Civic Center. President Verna, honorable members of City Council, good morning.

As I have previously indicated, the Civic Center has not been used for conventions, trade shows, athletic events and the like since shortly after the Pennsylvania Convention Center was opened.

The Civic Center is currently set up as a sound stage and has been the location of many films which the Philadelphia Film Office worked so diligently to bring to our city. In fact, that office has closed a deal on a TV pilot, which, if successful, will result in a whole series being shot here at the Civic Center and around the City and the area.

While the Film Office is working on a number of other project, it is very confident of also landing at least one full-time film production in the very near future.

Today, I am here to address the Civic Center's Fiscal Year 2003 Operating Budget request. The total request is for $287,364, which is only $1775 more than the current estimated obligations for Fiscal 2002.

This request breaks down to $121,921 for personnel services; $141,187 for purchase of services; and $24,256 for materials and supplies.

This concludes my testimony. I will be pleased to answer any questions.

COUNCIL PRESIDENT VERNA: Thank you, Mr. Coleman.

Out of curiosity, can you tell us what series is going to be filmed here?

MR. COLEMAN: Pardon me?

COUNCIL PRESIDENT VERNA: What series are they filming here?

MR. COLEMAN: It is one that was only closed late last week. I really don't know what --

COUNCIL PRESIDENT VERNA: You're not at liberty to tell us?

MR. COLEMAN: No, it's not that I'm not

at liberty; I just don't know. I mean, I'm not involved with that part of the operation. It does have a preliminary title, "Haak," H-A-A-K, and I have no idea what the story line is.

COUNCIL PRESIDENT VERNA: Okay.

COUNCILMAN NUTTER: What is it?

COUNCIL PRESIDENT VERNA: Haak.

COUNCILMAN NUTTER: Haak.

COUNCIL PRESIDENT VERNA: Are there any other questions from members of the committee?

(No further questions.)

COUNCIL PRESIDENT VERNA: Thank you, Mr. Coleman. I appreciate your patience.

MR. COLEMAN: Thank you. You all have a good day.

COUNCIL PRESIDENT VERNA: You do the same.

Councilman Clarke, do you ever a question of Mr. Coleman?

COUNCILMAN CLARKE: Yes. Actually, I just wanted to get some clarity, Madam Chair.

The Civic Center, that's the complex -- my understanding is that a part of that complex was proposed to be developed by University of Penn, or am I not thinking about the same?

MR. COLEMAN: That's correct, Councilman.

COUNCILMAN CLARKE: Can you tell me about that? What's going on with that? I had heard that there was a submission and I heard that they were proceeding with the potential development of some of that site, and then I heard that it wasn't going to proceed.

Can you bring me up to snuff on what's going on with that?

MR. COLEMAN: The current development, or the current goings-on at the site now is, the old exhibition halls have been demolished. There was a flat parking surface on the very -- I think it's the south end of the development, which is now being constructed as a parking garage, a multilevel parking garage. I believe that's a joint effort between the University of Pennsylvania and Children's Hospital.

There is about to start a construction project by Children's Hospital that should be starting very soon. I'm not so sure about where the Cancer Research Center of HUP stands. That would basically adjacent to where Children's is building.

And what remains of the Civic Center is the old museum building and Convention Hall.

COUNCILMAN CLARKE: Okay.

MR. COLEMAN: Pennsylvania Hall is -- it's my understanding -- I'm not sure exactly where it stands now, but that's in the process, or has recently been -- title has been recently transferred from the State to the City for further transfer to one of those other entities, and perhaps PIDC, which is behind me, I think, maybe in better -- more current than I on that.

COUNCILMAN CLARKE: Okay.

All right, thank you, Madam Chair.

Thank you, Mr. Coleman.

MR. COLEMAN: Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

Councilman Clarke, did you want a call-back?

COUNCILMAN CLARKE: Yes, Madam Chair. I had a couple questions for PCDC.

(Witness comes forward.)

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COUNCIL PRESIDENT VERNA: Good afternoon. Please identify yourself for the record.

MR. JONES: Yes, my name is Curtis Jones, President and CEO of the Philadelphia Commercial Development Corporation.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Clarke?

COUNCILMAN CLARKE: Thank you, Madam Chair.

Good afternoon.

MR. JONES: Good afternoon.

COUNCILMAN CLARKE: Mr. Jones, can you talk to me briefly about what's going on with our neighborhood commercial corridors and PCDC's involvement, outreach, achievements and all of that?

MR. JONES: Mm-hmm. As the Commerce Director previously said, we're, in spite of 9/11 and in spite of the economy, seeing a lot of resurgence of retailers looking to establish locations in inner-cities. The question comes during the whole NTI process, being able to acquire a number of sites that have the potential for development, and then marketing them to would-be retailers in inner-city areas.

We believe that the NTI process offers us that ability to assemble sites to market sites and then get development going.

One other thing that we're doing in conjunction with NTI, and I believe Mjenzi Traylor, the Deputy Commerce Director, mentioned that we've begun the process with NTI to talk about how we integrate the need for housing development along with the need for commercial development, so we're --

COUNCILMAN CLARKE: Excuse me, not to cut you off. When you say "we," are you talking about the entire Commerce-related family, or are you talking about PCDC in particular?

MR. JONES: No, I'm talking about the entire Commerce-related family, including PCDC as a subcomponent, as one tool in the belt, if you would.

We had a record year by way of lending. We did close to $5.6 million in just one of our programs. We've been averaging, along with other programs such as SBA and bank financing, almost approximately $10.1 million in small-business loans. And when you talk about the size, it's anywhere from $5,000 to upwards of $250,000 on average. So we're really optimistic about where the economy is going, particularly for small businesses.

COUNCILMAN CLARKE: Okay, can you -- and you may not be able to provide this -- actually, I won't even ask you to provide this today.

Can you give me the information related to the job creation, say, for the last couple of fiscal years?

MR. JONES: Yes.

COUNCILMAN CLARKE: In direct correlation to the loan packages that you've been able to put together either for start-up businesses or for business expansions in commercial corridors or throughout the City of Philadelphia?

MR. CURTIS: Yes. We are required by HUD to actually keep those figures, both in dollars expended, correlating that to new-job creation, and also over the life of the particular project. And each year, we exceed our numbers, but I will give you the exact --

COUNCILMAN CLARKE: If you could provide that to the Chair.

MR. JONES: Absolutely.

COUNCILMAN CLARKE: Thank you.

Last question. Company Store, what's going on with that?

MR. JONES: We are in negotiations of possibly selling that facility to be developed as a retail facility on Cecil B. Moore. We're looking at one proposal in particular, but there are several that have been brought to our attention. But we're in a negotiation process. We put a number out and we're waiting for a response from the potential developer.

COUNCILMAN CLARKE: Is it operable currently?

MR. JONES: No, it's closed.

COUNCILMAN CLARKE: It's closed?

MR. JONES: Yes.

COUNCILMAN CLARKE: So you're entertaining some proposals at this time?

MR. JONES: Absolutely. We're looking to complement whatever development goes on in the 1600 block, and we're taking a look at that. We're talking to local merchants, giving them a first option on the property.

COUNCILMAN CLARKE: Okay, thank you. Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you. Are any other questions from members of the committee?

(No further questions.)

COUNCIL PRESIDENT VERNA: Thank you very much.

MR. JONES: Thank you.

MR. MCPHERSON: SEPTA.

(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good afternoon. Thank you for your patience.

MS. MOORE: You're more than welcome.

COUNCIL PRESIDENT VERNA: Miss Moore, we congratulate you on your appointment, and we certainly wish you well.

MS. MOORE: Thank you.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and proceed with your testimony.

MS. MOORE: Hi. I'm Faye Moore. I'm

SEPTA's General Manager. Thank you for the opportunity to speak about SEPTA's $64.2 million Operating Budget request for Fiscal Year 2003 and to report on key authority initiatives and milestones achieved over the past year.

Joining me today is SEPTA Board Member Jettie Newkirk and staff members Frances Jones from Government Affairs and Joe Casey from Finance.

Miss Newkirk has a couple of words she'd like to share with you.

COUNCIL PRESIDENT VERNA: Thank you.

MS. NEWKIRK: Madam Chair, Good morning. I just wanted to express my absolute pleasure and honor at being able to accompany Miss Moore today on this historic occasion. It is, as you are well aware, the first time that there has been a woman at the helm of SEPTA.

(Applause.)

MS. NEWKIRK: And we are truly pleased by that.

And in addition to being a woman, she is also the first Afro-American.

So I just wanted to make sure that that was on the Council record, and we are amply aware of that on this very much historical occasion. And thank you very much for the pleasure of allowing us to do that.

COUNCIL PRESIDENT VERNA: And I'm sure she'll do an absolutely superb job.

MS. NEWKIRK: We are absolutely sure of that, Madam Chair.

MS. MOORE: I'm going to use that at my next staff meeting.

(Laughter.)

This past year was a time of great challenge and transition for SEPTA. For SEPTA's 9,000 dedicated employees, this meant being prepared to handle any situation from our daily charge of expanding service and improving our infrastructure, vehicles, stations, to the challenges of maintaining service during adverse weather conditions, moving thousands of riders to major sporting and cultural events, and keeping the City and region mobile during the national emergency.

Delivery of quality service for those who live and work in Philadelphia is a commitment that SEPTA meets 24 hours a day, 365 days a year.

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Taking a proactive approach to service delivery, the Authority employs strategic planning tools, such as the Annual Service Planning process and public hearings, we have enhanced existing route service and created new service for growing customer markets.

For example, last year, service was expanded on the Route 10 Trolley, and Bus Routes 15, L, 20, and 23, and early-morning service from Center City on the R5 Thorndale/Paoli was improved to help Philadelphia residents who work in suburban employment centers.

Progress was also made in meeting the challenge of expanding our accessible route bus network. With the addition of new wheelchair-equipped and low-floor buses, seven existing routes became fully accessible to all riders.

Over the past ten years, we have invested more than half a billion dollars purchasing accessible vehicles. Today, 73 percent of all of our bus fleet is fully accessible, and by 2004, our fixed-route bus services will be 100 percent accessible.

The newest vehicle in SEPTA's fleet, the

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40-foot low-floor bus, is an important part of the accessibility story. These customer-friendly buses, with the bright, large-lettered designation signs, and new rear-route designation signs, are drawing very favorable comments from customers and operators. One hundred of these vehicles now operate on SEPTA routes, with an additional 100 buses expected during calendar 2002.

Our fleet was also enhanced with 80 new 30-foot accessible vehicles. These smaller buses enable SEPTA to match vehicle size to the needs of our customers and the communities we serve. New vehicles were also purchased for our paratransit operations to replace 20 percent of the fleet.

Supporting City and regional visitor and tourism promotional efforts continues to be a key focus for SEPTA service and marketing activities. The NBA All-Star Game placed Philadelphia in the national spotlight as a great place for special sporting and entertainment events.

We're working to highlight the amenities of Center City with the launch of a revisited mid-city bus loop known as the "Center City Shopping Spree," designed to showcase downtown shopping, dining and entertainment. This route is operated with our customer-friendly 40-foot low-floor bus.

Maintaining a state of good repair for the system is a challenge we have made throughout our station and infrastructure improvement programs. This includes our escalator program. That task alone can be a huge task, given the heavy use and outdoor conditions of some of this equipment. With the development of a comprehensive, five-phase escalator-replacement plan, we can maximize our Capital Budget resources.

This year, Phase 2 replacement work put new escalators into service at the City Hall and Erie Stations on the Broad Street line, at the Spring Garden Station on the Market-Frankford line, and our 30th Street railroad station. Next year, Phase 3 is programmed to install new equipment at two Broad Street subway stations -- Cecil B. Moore and Snyder.

I am pleased to report that several station construction and reconstruction projects reached completion milestones, including the dedication of the Erie-Torresdale and Allegheny-

Frankford elevated stations.

SEPTA also launched its new Art in Transit Program, with the unveiling of a permanent art installation at the Erie-Torresdale stop.

Great progress has been made on the Frankford Transportation Center project, with substantial completion of the bus depot and the start of construction on the new terminal facility and guideway.

On the Market Street elevated reconstruction project, the design work was completed, construction began on the automatic train control system, and the first station construction contract was issued.

Other project highlight include Suburban Station Phase 1 work, 30th Street Phase 2 improvements, and renovation of the Somerton Station on the R3 West Trenton rail line

I am also pleased to report that for the first time in this region, Federal New Start funds are being dedicated to advance preliminary engineering for the Schuylkill Valley Metro Project.

With the adoption of new fare tariffs

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last July, we established a new ComPass program for the sale of school tokens to school districts. Now all districts, including the School District of Philadelphia, can purchase tokens in bulk at a discounted rate of 5 percent. It is our understanding that with the additional discount the Philadelphia School District offers, they have been able to hold the cost of a school token to 90 cents, which is the same as pre the tariff.

For businesses and institutions in the City, the corporate ComPass and Transit Chek programs offer significant pre-tax savings for individuals purchasing public-transit fare instruments. These programs not only promote public transit, they support environmental conservation measures, and help reduce highway and downtown traffic congestion.

For the 12th consecutive year, crime in the SEPTA system was reduced through the diligent efforts of our 260-member transit police force. The 3 percent decline in Part 1 crimes in 2002 translates into a cumulative reduction of 93 percent since 1989.

It would be impossible to recount

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SEPTA's activities over the past 12 months without speaking about September the 11th. Every segment of our community was impacted by these tragic events, but in the face of a crisis, we were able to demonstrate to the City and to the region the continued value of a viable public transit system, as our personnel mobilized to handle an early traffic rush.

Safe operation of SEPTA has always been among our highest priorities, as demonstrated by our rigorous schedule of safety training program, front-line personnel certification and recertification, hazardous-materials training, and emergency and disaster readiness drills.

In the aftermath of September 11th, we mobilized a public safety and security task force to review all in-place security measures and complete our facility and operations risk assessment to identify possible vulnerable points.

New security initiatives are being considered, including a radio network that would enable City of Philadelphia police and firefighter radio equipment to work in our extensive tunnel system. These types of sophisticated security

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upgrades can be costly and will require a reassessment of our Capital Budget resources to determine SEPTA's financial ability to implement these projects.

SEPTA ridership has always been a barometer in assessing economic conditions in the region. Recent ridership declines on City transit service routes can be linked to the fare increase, a general slowing of the economy, and increases in unemployment in the aftermath of September 11th.

In keeping with our commitment to fiscal prudence, we have reevaluated our current financial situation and are implementing internal belt-tightening measures while moving forward on our budget preparation for Fiscal Year 2003. We continue to focus on areas for ongoing cost savings, including reductions in legal claims, Worker's Compensation, health care and prescription drug costs, and implementing cost-containment initiatives identified during our successful labor negotiations last year. I would like to take the opportunity to thank City leadership, who was instrumental in helping SEPTA achieve this contract agreement without a work stoppage.

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Finally, I would like to report on the success of the 2001 American Public Transportation Association -- as we refer to it, "APTA" -- annual meeting SEPTA host this past fall. The City of Philadelphia and our transit system received great reviews from the 3,000 transit professionals from across the country in attendance.

At the opening session, Secretary of Transportation Norman Minetta and Federal Transit Administrator Jenna Dorn offered words of encouragement underscoring the value and importance of strong, safe, and secure public transportation systems across the country.

In my opening statement, I spoke about this being a time of transition for SEPTA, and I am pleased to appear before City Council today as the new General Manager of SEPTA. Installation of a new management team always brings change for an organization. The transition is moving smoothly because of my familiarity with SEPTA operations and the financial situation we are facing. I am committed to rebuilding ridership, moving station and facility projects, maintaining the highest levels of customer service, safety and security, and supporting economic-development initiatives in the City by providing quality transportation services.

Council President Verna, thank you again for the opportunity to provide testimony this afternoon. I look forward to forging new relationships with your office and continuing the work started with Councilman Goode, Chair of the Transportation Committee, and other members of the committee to meet the needs of the City and the region.

If there are any questions, I'll attempt to answer them.

COUNCIL PRESIDENT VERNA: Thank you very much.

At this time, the Chair recognizes Goode.

COUNCILMAN GOODE: Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

COUNCILMAN GOODE: Good afternoon, Miss Moore, and congratulations again on your appointment.

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MS. MOORE: Thank you.

COUNCILMAN GOODE: I was glad to introduce a resolution honoring you as the first female and first African-American, and as Miss Newkirk said, this is indeed an historic moment, but history already having been made and let's let history be history, let's discuss some current and future business.

State Senator Vincent Hughes and State Senator Tony Williams have lodged complaints about minority participation on the el reconstruction project in West Philadelphia. Can you separate for me the fact from the fiction?

MS. MOORE: Well, it's super-complicated. We are preparing to brief the board on Thursday on, I guess, the entire Market elevated. If you could wait, we can give you that update as we prepare to get the update for the board.

COUNCILMAN GOODE: Are you meeting your goals?

MS. MOORE: The overall goal for Market elevated is about 26.4 percent; we are currently about a little -- hovering around 25 percent.

Keep in mind now that the piece that I think is the focal point is about 10 percent of the project, and the project itself is $420 million. So this is a smaller piece of a bigger project.

COUNCILMAN GOODE: What is SEPTA's Affirmative Action policy? What do they normally do in terms of participation by disadvantaged businesses?

MS. MOORE: Well, goals are set by the DBE area. They monitor their outreach programs.

But, again, for Market elevated, all of that is addressed in some detail in the presentation that we're going to give to the board, and we'll be willing to share that with you.

COUNCILMAN GOODE: But is there an overall policy in terms of a number that is set for participation in terms of minority, women, and disabled businesses?

MS. MOORE: It varies by project, but, yes, there is a policy for DBE involvement.

COUNCILMAN GOODE: And is there a number?

MS. MOORE: The overall federal goal is around 17 percent. Our goal is higher.

COUNCILMAN GOODE: Okay. In trying to better serve those needs and deliver those opportunities, is there any review of the contractors you use in terms of whether they are minority-business-participation-friendly?

MS. MOORE: You have to describe "friendly." If that means if they have a pattern of --

COUNCILMAN GOODE: Have you reviewed their records in terms of what participation levels they have done in the past and what they've been able to achieve?

MS. MOORE: You have to give me more -- each one specifically. Yes -- in general answer to your question, yes, that's done.

But if you have certain specifics, we'd have to look at each one of them and tell you whether or not we have conducted a detailed review of that particular vendor.

COUNCILMAN GOODE: Let me give you an example of a litmus test, and this actually is not my litmus test.

In the '99 debate on the mayoral election, I was at a forum where the current mayor and Sam Katz were asked to present what they thought should be the test. Sam Katz responded at one point that he would like to look at businesses and what they're doing in terms of minority participation when it does not involve government funds.

Do you think that would be an appropriate litmus test to see who's doing business with minorities, women, and disabled businesses when it does not involve government funds?

MS. MOORE: Well, I wouldn't know because everything we do involves government funds, so --

COUNCILMAN GOODE: Well, you can ask them whether they are using minority, women, disabled businesses.

MS. MOORE: Our process is even more restricted. We have four construction-type projects; there is a very strict federal guideline that has to be followed. Included in there is low bid, obviously. When you get into the low bid, then you have other criteria that you have to look at.

The complication that any agency has

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with DBE is that, as we all know, there is very little legal teeth in some of the stuff that we would love to see done. So it is really up to many of the vendors to go beyond what is required.

COUNCILMAN GOODE: So usually what we do is, we try to do it legislatively by studying goals at the point at which we're funding people, like providing subsidies to SEPTA.

So are you saying that you're restricted by federal government guidelines in terms of how aggressive you are?

MS. MOORE: Yes, very much so.

COUNCILMAN GOODE: Okay, let's move on beyond minority participation, and I'm not satisfied with that, and I guess that's why we didn't have the meeting we should have had before you came here today.

Let me yield to Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

While we are on this issue, certainly we welcome you, and we're sorry that you inherited this problem, that you came on board when we're having a big problem. And certainly for Jettie Newkirk, for both people there, and Frances Jones, they do a fine job, and we thank them as well.

Having said that, we are having real, real big, serious concerns, as Councilman Goode said, in the neighborhood with regard to minority participation. I met with some vendors yesterday who were supposed to give me a copy of a map they had that listed minority participation. The only minority participation they have are female, and then there are no minority females involved. I mean, you only have a handful.

So they have assured me -- and in fact, as soon as I get a copy of this chart, I will forward a copy to you and to my colleagues.

MS. MOORE: Okay.

COUNCILWOMAN BLACKWELL: But we are really concerned that in the real scheme of things -- and it's not just SEPTA, but as you know, SEPTA's a major player in development in my area and touches Councilman Nutter's area from 46th to 63rd. And we absolutely get complaints all the time about the lack of minority people who represent the neighborhood being involved in this project. And we really, really would like some documentation from you and some information as to

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what SEPTA can do to make sure that certainly we do have some minority people on the job, at least something.

I mean it's so minimal, that people don't see any reflection that there are any minorities on the job as well.

MS. MOORE: And, again, we can share briefing, but I also want to make sure that we understand that the project itself is a $420 million project, where the first real construction effort just recently started. So we still do have a significant amount of dollars to be awarded to contractors, but I know Miss Newkirk wanted to add something.

MS. NEWKIRK: Well, I have been hearing these complaints, and we have been in communication with the Afro-American Chamber, and it was for this reason, since I chair the Operations Committee, that we asked for this briefing that we're going to get on Thursday.

Some of the problems, I can say right now, are legal problems. The DBE, the law that allows us to make these efforts, as the General Manager has said, has no teeth. We have no enforcement mechanism that we can put in in spite of that, and even when we ask for certain compliances, if they don't comply, once it is determined that they have made a good-faith effort, there is also, then, very little that we can do.

So -- but we are trying to find -- and there is a difference in hiring from the community and the DBE, which comes as a part of the initial bid.

So we are taking a look at this on Thursday, Council Lady, and we would ask to be able to get back to you and to share what we find and what we are told in this briefing after that, and then we will have a better idea of where we are on this.

And, hopefully, we can then work together to try and resolve this problem so that everyone at least understands the limitations that SEPTA has and what SEPTA can do and what it cannot do so that some of these allegations can hopefully be satisfied.

COUNCILWOMAN BLACKWELL: Thank you.

And thank you, Councilman Goode.

COUNCILMAN GOODE: Thank you.

So we've established it's going to be very conservative in terms of opportunities for disadvantaged businesses. Let's move on to --

MS. MOORE: I'm sorry, Councilman. I didn't hear you.

COUNCILMAN GOODE: We've established it's going to be very conservative in terms of opportunities for disadvantaged businesses, but let's move on to community reinvestment, though.

MS. MOORE: If I could just add something. The federal goal is 17 percent; our goal is roughly 26.4 percent. So we're not necessarily being conservative. We've taken a more aggressive posture than the federal government would suggest.

COUNCILMAN GOODE: I believe that's still conservative.

MS. MOORE: Okay.

COUNCILMAN GOODE: Moving on to what community benefit there's going to be. There is a $420 million project in West Philadelphia in the districts of Councilwoman Blackwell and Councilman Nutter. In the Mayor's Transformation Initiative, they talk a lot about transit-oriented development.

We know that there is a $420 million project being done there.

Are you the coordinating at all with any of the stakeholders, including the Mayor's Office on what's going to happen at 40th and market, what's going to happen at 46th and Market, what's going to happen at 52nd and Market, what's going to happen at 60th and Market in terms of coordinated type of reinvestment in the community? Tell me specifically what's being done.

MS. MOORE: I am told yes; I don't know specifics, however.

MS. JONES: Good afternoon. My name is Frances Jones, and I am the Assistant General Manager of Government Affairs.

When we initially put together the outreach for the Market Street elevated reconstruction project, we coordinated all of our efforts with quasi-public agencies as well as the City operating departments, and we worked very closely with PCDC in the West Philadelphia area with the commercial corridors and the development that's occurring around the commercial corridors that are impacted by the Market Street Elevated reconstruction project.

In addition, at this juncture, we have not talked to the Mayor's Office regarding NTI since it is just so newly implemented or instituted as far as the program is concerned, but our outfit reach in the community and with the City agencies is an ongoing process.

COUNCILMAN GOODE: The outreach coordination, I'm asking specifically of the $420 million. There's hundreds of millions of dollars being invested in West Philadelphia. We have a $295 million investment going on citywide. If it's going to call for other governmental, other private sector investment to transform neighborhoods, with a $420 million investment being made just in West Philadelphia, is there going to be coordination of those investments or not? Are you going to do your thing separate from what the Mayor is doing, separate from what the community is doing? What's going to happen?

Is that $420 million locked in in terms of how it can be coordinated with other efforts to transform neighborhoods in West Philadelphia?

MS. JONES: We have a very specific

project in the Market Street Elevated project, and in that project, there are very specific things that we're going to do like rebuilding the guideway, rebuilding stations, and there's some site improvement that is a part of that. So those dollars have been designated very specifically for that project.

But as in all City agencies and quasi's, there is some leverage of dollars to do and complement other activities that are going on in the community. And what we've done is to try to keep abreast of any present and future activities that are going on in an effort to leverage our dollars with other activities going on in the community, both public and private.

COUNCILMAN GOODE: So you're not going to change the minority participation goals, you're not going to make any of the dollars for this project flexible in terms of how it may benefit other things done in the community, but you come here today for tens of millions of dollars in subsidy.

MS. MOORE: I think, to answer your question, the $420 million is to get the infrastructure for the el into a, I guess, a state of good repair as well as almost a new facility.

The $420 million is specific, and it's specific primarily for construction for the guideway, the foundations, and stations.

As Frances mentioned, the NTI is just new and off the board. I don't think that anyone has approached SEPTA significantly about coordination, but it is on a schedule, and Frances will again put it on her plate to just make sure we're in the loop, but right now, I don't since that we are in the loop.

COUNCILMAN GOODE: No further questions, Madam President.

COUNCIL PRESIDENT VERNA: Thank you,

The Chair recognizes Councilman Ortiz.

COUNCILMAN ORTIZ: Thank you, Madam Chair.

Congratulations.

MS. MOORE: Thank you.

COUNCILMAN ORTIZ: Good afternoon, Miss Newkirk. Good afternoon, Frances.

MS. NEWKIRK: Good afternoon.

MS. JONES: Good afternoon.

COUNCILMAN ORTIZ: I'm not going to go into the aspect of minority participation and all of that because I've sat here for too many years and we've had meetings with SEPTA and Latino contractors and so on, and we haven't seen an increase, so we haven't seen greater participation. So I'm just hoping that that you're going to do things differently and that next year, when we're here, we will see greater minority participation of African-Americans and Latinos and so on.

I don't expect you to have the answers because you just got in

MS. MOORE: Okay, thank you very much.

COUNCILMAN ORTIZ: And I don't expect you to have a totally formulated policy as to these issues until you grasp the lay of the land, as they say, and the history that has gone on and as you look at promises that have been made.

So that being said, I expect that we will see Latinos participating not in just the construction but in the legal, in the professional aspects that SEPTA has and brings forward to make the SEPTA structure look more or less like the face of the City, as such.

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One other thing. Because you're here new, you talked about the school token issue. Miss Newkirk is a veteran of this issue with us for a long time. In essence, the status quo, which is what we got and the 5 percent, is not good for the school children of Philadelphia. And we need -- we need greater imagination and thinking both from SEPTA and the State so that we can begin to structure a plan in which kids in the public school system can go to school and not have to -- their mothers not have to decide whether they're going to put food on the table or pay for tokens at times.

The status quo and the 5 percent is welcome because it retains and maintains the status quo and does not add to the burdens that the school system currently has, but it is not good enough, not good enough. So I welcome the 5 percent, but it is not good enough.

And I hope that as you sit down and you analyze the policies of both contracting employment and on the school issues, you will start coming more and more perhaps to the vision that some of us share in this Council.

So that's my statement. No questions.

Good luck.

MS. MOORE: Thank you.

COUNCILMAN ORTIZ: And I hope you succeed.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions or comments from members of the committee?

(No further questions.)

COUNCIL PRESIDENT VERNA: Seeing none, this will conclude our public hearing for today.

Thank you very much. Again we wish you well.

MS. MOORE: Thank you.

COUNCIL PRESIDENT VERNA: This committee will stand in recess until tomorrow, March the 13th, at 9:30.

Thank you.

(Proceedings end at 1:03 p.m.)

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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 of the Whole of Tuesday, March 11, 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. 020001

______________________________,

Josephine Cardillo

Registered Professional Reporter
and Notary Public

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