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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON FINANCE

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6

Room 696, City Hall
Philadelphia, Pennsylvania
Thursday, November 21, 2002
8:50 a.m.

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10 BILL 020481 - an Ordinance amending Title 17 of the
11 Philadelphia Code, entitled "Contracts and
Procurement...

12 BILL 020675 - an Ordinance constituting the Fifth
Supplement Ordinance to the General Gas Works
Revenue Bond Ordinance of 1998...

13 BILL 020676 - an Ordinance constituting the
14 Seventeenth Supplemental Ordinance to the General
Gas Works Revenue Bond Ordinance of 1975...

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN TASCO, Vice Chair
18 COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
19 COUNCILMAN MICHAEL NUTTER
COUNCILMAN FRANK RIZZO

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2 COUNCILWOMAN BLACKWELL: Let me thank
3 all who are here. We are convening a Finance
4 Hearing. I thank members of the Committee also for
5 being here. To my right is Vice Chair of the
6 Finance Committee, Councilwoman Marian Tasco; to her
7 right, Councilman James Kenney; to his right,
8 Councilman Frank DiCicco. Councilman Brian O'Neill
9 is expected, as are other members of the hearing.
10 But for purposes of a quorum, we are prepared to
11 begin.

12 This morning's Committee on Finance will
13 hear the following bills, Bill No. 020481 -- Bill
14 No. 020606, which I understand is still being held,
15 am I correct?

16 THE CLERK: That's right.

17 COUNCILWOMAN BLACKWELL: So the second
18 ordinance sponsored by Councilman O'Neill is still
19 being held. Bill Nos. 020675 and 020676.

20 We will ask the Clerk to read the
21 titles. We'll start with the PGW bill, so we will
22 ask the Clerk to read the titles of those bills.
23 And whoever is here to testify in that regard,
24 please approach the table. Bill No. 020675 and
25 020676.

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2 THE CLERK: Bill No. 020675, an
3 ordinance constituting the Fifth Supplement
4 Ordinance to the General Gas Works Revenue Bond
5 Ordinance of 1998, authorizing the Mayor, the City
6 Controller and City Solicitor, or a majority of them
7 to sell either at public or private sale, Gas Works
8 Revenue Bonds, Fourth Series, of the City of
9 Philadelphia, in one or more subseries to be issued
10 to pay the cost of certain capital projects and
11 other projects cost, as hereinafter more
12 particularly described, and authorizing the
13 application of proceeds of the Fourth Series Bonds
14 for such purposes; authorizing the City of
15 Philadelphia to obtain credit enhancement for the
16 Fourth Series Bonds; authorizing the City of
17 Philadelphia to enter into Qualified Swap Agreements
18 or Exchange Agreements with respect to the Fourth
19 Series Bonds; determining the sufficiency of Gas
20 Works Revenues, all under certain terms and
21 conditions.

22 Bill No. 020676, an Ordinance
23 constituting the Seventeenth Supplemental Ordinance
24 to the General Gas Works Revenue Bond Ordinance of
25 1975; authorizing the Mayor, the City Controller and

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2 the City Solicitor, or a majority of them to sell
3 either at public or private sale Gas Works Revenue
4 Bonds, Seventeenth Series, of the City of
5 Philadelphia, in one or more subseries to be issued
6 to pay the cost of refunding or redeeming all or a
7 portion of certain outstanding Gas Works Revenue
8 Bonds and other project costs, as hereinafter more
9 particularly described, and authorizing the
10 application proceeds of the Seventeenth Series Bonds
11 for such purposes; authorizing the City of
12 Philadelphia to obtain credit enhancement of the
13 Seventeenth Series Bonds; authorizing the City of
14 Philadelphia to enter into swap agreements or
15 exchange agreements with respect to the Seventeenth
16 Series Bonds; determining the sufficiency of Project
17 Revenues, all under certain terms and conditions.

18 COUNCILWOMAN BLACKWELL: Thank you very
19 much.

20 As many of you are aware, there were
21 some questions from Members of the Committee with
22 respect to various aspects of these bills and a
23 report was made and delivered several days earlier
24 in the week to each member of the Finance Committee
25 which addressed those issues.

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2 Let me ask you at the witness table,
3 good morning. Thank you for getting that done. And
4 please identify yourself for the record and make any
5 statement you would like.

6 MR. KEMP: Good morning, Councilwoman
7 Blackwell and Members of the Committee on Finance.
8 I'm Corey Kemp, City Treasurer for the City of
9 Philadelphia. I'm here to testify on behalf of Bill
10 No. 020675 and 020676.

11 I understand you have received
12 additional information that you have requested at
13 last week's public hearing. I hope that this
14 information has answered your questions.

15 I would like to say that PGW has timing
16 issues relative to these two proposed bond issues.
17 PGW needs to close the bond deals for the new money
18 by December 31st in order to meet that service
19 payment in the beginning of January. In order to
20 accomplish this, these ordinances need to have final
21 passage by Council no later than December 5th of
22 this year.

23 Again, I am requesting suspension of the
24 rules on both of these ordinances. And this
25 concludes my testimony and I'm happy to answer any

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2 questions you may have at this time.

3 COUNCILWOMAN BLACKWELL: Thank you very
4 much.

5 Are there questions from Members of the
6 Committee on either of these two bills?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: We thank you
9 very much. I assume you are asking for a rules
10 suspension, Mr. Kemp?

11 MR. KEMP: Yes, we are.

12 COUNCILWOMAN BLACKWELL: Thank you very
13 much.

14 The next bill for consideration is Bill
15 020481. We will ask the Clerk to read the title of
16 the bill and ask for those who are here testify to
17 please approach the witness table.

18 Will the Clerk read the title of the
19 bill?

20 THE CLERK: An Ordinance amending Title
21 17 of the Philadelphia Code, entitled "Contracts
22 and Procurement," by adding a new chapter requiring
23 the City Controller to prepare or cause to be
24 prepared economic impact statements for certain
25 development projects prior to funding of such

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2 projects by the City or a City-related agency, all
3 under certain terms and conditions.

4 COUNCILWOMAN BLACKWELL: Thank you very
5 much.

6 Good morning. Welcome. Would you
7 identify yourself for the record and make your
8 testimony?

9 MR. MANDEL: Brett Mandel with the City
10 Controller's. City Controller Saidel is unable to
11 attend so I will be reading his testimony. With me
12 is Matt Bailey from our offices. We have copies of
13 the testimony, although, I believe they were
14 distributed in advance.

15 COUNCILWOMAN BLACKWELL: Thank you.

16 MR. MANDEL: I come before you today to
17 offer testimony on Bill No. 020481, which would
18 require the Controller's Office to oversee the
19 preparation of economic impact statements for large
20 projects that receive City funding. I applaud
21 Councilman Nutter, and all of the City Council for
22 focusing attention on this issue.

23 Throughout my service as City
24 Controller, I have advocated for greater focus on
25 the fiscal impact of all actions undertaken by the

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government. Without accurate estimates of the anticipated costs and benefits of proposed projects, it will always be difficult to evaluate the merits of complex policy issues. I, therefore, believe that preparation of economic impact statements by my office will benefit this Council and the citizenry at large as it considers pursuing major city projects, and I support the intent of this legislation.

While I support the creation of a framework for financial analysis of these projects, I believe that passage of this bill would have substantial budgetary implications for my office. Although my office has significant expertise in understanding the financial impact of development projects, I expect that the office would need to engage the assistance of outside consultants to assist in the analysis of many types of projects. Specifically, in generating the assumptions that drive any economic analysis, my office will likely have to engage outside experts with industry knowledge to ensure that such analyses are sound.

The cost to my office of implementing this legislation will vary depending on the number

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2 of projects and type of analysis necessary, but I
3 believe that a preliminary cost estimate of \$50,000
4 to \$100,000 annually is reasonable. This cost
5 estimate could grow significantly if the number of
6 analyses that must be completed increases.
7 Similarly, if my office is to undertake such
8 analyses in the near future, we could have a
9 budgetary need this fiscal year.

10 Detailed and thoughtful economic
11 analysis of the costs and impacts of proposed
12 projects is essential for the effective oversight of
13 our City's budget, and I will be pleased to work
14 with City Council to increase the capacity of my
15 office to facilitate this expansion of its
16 responsibilities. I am happy to answer any
17 questions.

18 COUNCILWOMAN BLACKWELL: Thank you very
19 much.

20 Are there any questions?

21 Councilwoman Tasco you have a question?
22 And then Mr. Cuorato is here to testify as well.

23 (Speaker not on microphone.)

24 COUNCILWOMAN BLACKWELL: Can you speak
25 for him after the question? If he's not here, would

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2 you read his statement? Thank you.

3 Councilwoman Tasco.

4 COUNCILWOMAN TASC0: What would be the
5 purpose of doing a financial impact, a fiscal
6 impact? What would you look for in terms of these
7 analyses?

8 MR. MANDEL: Generally, when you do some
9 analysis like this, you would take a look at the
10 quantifiable, direct, indirect costs and benefits.
11 Project X will have a cost of \$50 million. We'll
12 have a \$50 million benefit. Will the benefit be
13 greater than \$50 million? What would the effects of
14 this project be?

15 It would be a tool for you to look at
16 and say, "Is this worth the cost? Is there enough
17 bang for the buck? Would we rather place this money
18 someplace else or do we think this project deserves
19 funding?"

20 COUNCILWOMAN TASC0: I'll ask Mr.
21 Cuorato when he comes up. I have a question about
22 -- is this being done now on projects in the City?
23 Does the PIDC or the Commerce Department perform
24 impact analysis?

25 MR. MANDEL: That's a question I think

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2 you should best ask them. I know in our case
3 occasionally for a given project, we may weigh in
4 and perform some analyses either at the request of
5 Council or at the direction of the City Controller.

6 COUNCILWOMAN BLACKWELL: Thank you very
7 much.

8 We also have Peter Longstreth and Bob
9 Fina if anyone is here to speak for them next, we
10 certainly invite them. Now, you're able to read Jim
11 Cuorato, Commerce Director.

12 Good morning. Please identify yourself
13 for the record and read the testimony.

14 MR. BUMB: Good morning, Councilwoman
15 Blackwell, Members of Council. My name is Duane
16 Bumb, Deputy Commerce Director. I appreciate this
17 opportunity to submit testimony on Bill 020481, an
18 ordinance that would require the City Controller to
19 prepare economic impact statement for certain large
20 development projects receiving City funding.

21 At the outset, I'd like to state that we
22 fully support Council's interest in being fully
23 informed when considering whether to provide City
24 financial support to major developments. Bill No.
25 020481 would require that an economic impact

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2 statement be prepared by or on behalf of the City
3 Controller whenever the City provides assistance to
4 developments costing \$50 million or more. We
5 currently provide economic impact reports to City
6 Council for every tax increment financing
7 transaction brought to you for consideration,
8 regardless of total development cost. These reports
9 are prepared by PIDC as part of any TIF plan and are
10 provided to the City Controller and to PICA for
11 review and comment.

12 COUNCILWOMAN TASC0: Would you speak
13 into the mike?

14 MR. BUMB: I'm sorry.

15 COUNCILWOMAN BLACKWELL: We turned off
16 the air to allow -- would somebody get the other air
17 conditioner for me if it's on? Thank you.

18 MR. BUMB: As I just said, we currently
19 provide economic impact reports to City Council for
20 every Tax Increment Financing Transaction brought to
21 you for consideration, regardless of total
22 development costs. These reports are prepared by
23 PIDC as part of any TIF plan and are provided to the
24 City Controller and PICA for review and comment.

25 We also provide a detailed financial

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analysis to Council for all major capital projects requiring City capital or bond authorization. Such projects include the runway and terminal expansions at Philadelphia International Airport as well as other large publicly owned facilities like the Convention Center. When we present a funding proposal to Council for the expansion to the Convention Center, it will include a full economic impact analysis.

Given the level of current reporting to City Council, it is not clear how the City would benefit from the reporting requirements established by Bill 020481. As I have already noted, Council currently receives economic impact reports for all major development projects where it is considering providing City funding.

A concern we have in establishing such additional requirements is that the already lengthy timeline on major developments gets further extended. As a result, this bill would be at cross-purposes with our ongoing efforts to streamline the City's regulatory process. Every time we increase the number of conditions on City approval, we increase the cost of development in the

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2 City and discourage the very investments that are so
3 critical to our economic future.

4 The requirement that an economic impact
5 statement must be prepared by the City Controller
6 prior to City Council consideration will be seen by
7 the development community as another barrier to
8 investing in the City. If such information is
9 already made available to Council, it is difficult
10 to understand how the City is benefited by such a
11 requirement. Ultimately, this new reporting
12 requirement will be viewed by the business community
13 as an additional risk for project delay and the
14 escalating costs associated with that delay.

15 Additionally, the proposed legislation
16 will create a reporting requirement even when the
17 City's financial role is limited to acting as a
18 conduit for State or Federal funds. We have
19 submitted legislation to City Council several times
20 in the past two years that would allow us to accept
21 State Redevelopment Assistance Funding for major
22 projects. In nearly all cases, the funds received
23 from the State are matched by non-City sources.
24 Whether these State grant funds are for the National
25 Constitution Center, which is nearing completion, or

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2 for large medical research facilities in University
3 City, the City plays an important role in
4 facilitating those financial transactions. For
5 these types of projects, the reporting requirement
6 in the proposed legislation adds an additional
7 requirement to receiving grant funds not sourced to
8 the City.

9 For the reasons I've outlined, we do not
10 support Bill 020481 and would, therefore,
11 respectfully request that City Council not approve
12 this legislation.

13 I'd be happy to respond to any questions
14 you may have.

15 COUNCILWOMAN BLACKWELL: Thank you very
16 much.

17 Questions?

18 Councilman Nutter.

19 COUNCILMAN NUTTER: Thank you, Madam
20 Chair.

21 Mr. Bumb, I was, unfortunately, reading
22 your testimony as you were delivering it, as I just
23 received it this morning and was not aware of the
24 Administration's position on the bill until you came
25 here this morning. So forgive me if I'm a little

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2 behind on the things that you may have said.

3 Now, you indicated that you already
4 provide economic impact reports with regard to TIFs;
5 is that correct?

6 MR. BUMB: That's correct, as I think is
7 required by your previous legislation.

8 COUNCILMAN NUTTER: You do that now as a
9 result of Council legislation; is that correct?

10 MR. BUMB: That's correct.

11 COUNCILMAN NUTTER: And so is your
12 conclusion, though, that even though you report --
13 even though you make those kinds of reports for
14 TIFs, that you should not do them for other types
15 projects; is that the testimony?

16 MR. BUMB: No. In fact, our position
17 would be that we do provide that sort of information
18 for all major projects. It's specifically required
19 for TIFs by legislation.

20 COUNCILMAN NUTTER: Was that economic
21 impact analysis provided for the stadiums? The type
22 of report that we're talking about here, was that
23 provided for the stadiums?

24 MR. BUMB: Yes. That sort of analysis
25 would have been provided for City Council as part of

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2 that discussion.

3 COUNCILMAN NUTTER: You think that there
4 was an economic impact statement provided for those
5 projects?

6 MR. BUMB: Yes. That's my
7 understanding, yes.

8 COUNCILMAN NUTTER: Was there any
9 requirement that you do that?

10 MR. BUMB: Not to my understanding, no.

11 COUNCILMAN NUTTER: So, do you see any
12 need for providing these kinds of economic impact
13 reports on major development projects, or is the
14 position it might somehow slow something down and
15 therefore we should not provide it?

16 I'm really just trying to understand the
17 testimony, since I just received it.

18 MR. BUMB: Again, our position would be
19 that we understand that economic impact reports
20 should be done for major projects. That in most
21 cases that's already provided to City Council
22 directly by Commerce or PIDC for most of these
23 projects. To the extent that Council believes that
24 a development proposal comes before you that doesn't
25 have sufficient information, you certainly have

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2 every right to request that information before you
3 give final consideration.

4 COUNCILMAN NUTTER: Now, in the
5 requesting of that information, is that seen as a
6 negative in the business community since we're
7 proposing to spend taxpayer dollars? Because the
8 testimony seems to indicate that having that
9 requirement might be seen as a negative in the
10 business community.

11 MR. BUMB: One of the concerns is that
12 the requirement is from yet another party so that as
13 the Administration provides --

14 COUNCILMAN NUTTER: What do you mean?
15 Who is the other party?

16 MR. BUMB: The Controller's Office.

17 COUNCILMAN NUTTER: The Controller is
18 part of the City, right?

19 MR. BUMB: That's correct. But, in
20 fact, we are certainly -- as we're moving
21 legislation, presenting legislation to you, it is
22 our responsibility to make sure that you get in a
23 timely manner any information you need. We don't
24 have any control over when the Controller can
25 provide that information to you and based on the

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2 testimony provided earlier that's there's going to
3 be a financial impact to the Controller's Office
4 that has to be met as well.

5 COUNCILMAN NUTTER: Are you concerned
6 that the Controller might somehow hold up a project?

7 MR. BUMB: I'm concerned that we don't
8 control their work load, and I don't know what their
9 work load is.

10 COUNCILMAN NUTTER: You think they would
11 not take this kind of work or work requirement
12 seriously, understanding what the timing issues are?

13 MR. BUMB: I'm sure that they would take
14 it very seriously, especially for major projects.

15 COUNCILMAN NUTTER: So then what's the
16 concern?

17 MR. BUMB: That we, for whatever
18 reasons, could experience delays that were not
19 anticipated. That we could have provided --

20 COUNCILMAN NUTTER: Mr. Bumb, we've had
21 projects that were, for whatever reason, delayed
22 expectedly or unexpectedly with no economic impact
23 statement requirement; isn't that case? I mean, do
24 all the projects move along at lightning pace?

25 MR. BUMB: There are lots of reasons why

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2 projects are delayed. I mean, there are hundreds of
3 reasons. The issue here is it would appear we put
4 one more potential reason for a project delay
5 that --

6 COUNCILMAN NUTTER: The reason being,
7 we'd like information about the nature of the
8 project and how it's going to impact the economics
9 of this City and how taxpayer dollars are being
10 spent and raising questions as to whether the
11 project is in fact a viable project, given limited
12 resources that we have; that kind of information is
13 not a good thing for us to have?

14 MR. BUMB: That the information must
15 come from a specific source, not just --

16 COUNCILMAN NUTTER: As opposed to a
17 nonspecific source?

18 MR. BUMB: You may have a requirement
19 that there be an economic impact analysis, but --

20 COUNCILMAN NUTTER: Who would be the
21 better source for that to come from?

22 MR. BUMB: I think if they're available
23 that the City Controller's Office is a fine source
24 for that. I'm also suggesting that if it could be
25 done quicker some other place that we shouldn't

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2 limit it to some other place.

3 COUNCILMAN NUTTER: What would be that
4 other place?

5 MR. BUMB: It could be done through PIDC
6 as part of the development process, if they are
7 packaging a development for your consideration.

8 COUNCILMAN NUTTER: How do you get an
9 independent analysis by the entity that's more than
10 likely putting the project forward? I mean, what
11 else would their analysis say? Generally, people
12 who sell fish don't advertise that they have bad
13 fish for sale, right?

14 MR. BUMB: Right. Although I would
15 say --

16 COUNCILMAN NUTTER: You might want
17 another person to determine whether the product is
18 good or not.

19 MR. BUMB: Again, I'm not taking issue
20 with the quality of our Controller's report. I'm
21 saying that -- first of all, I would say that a
22 report that we would be submitting to you, we would
23 offer as an objective analysis of that information
24 as well.

25 COUNCILMAN NUTTER: So you're not so

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2 much objecting to the actual reporting requirement,
3 you're concerned about, quote/unquote, an outside
4 party, as if the Controller is some nameless,
5 faceless, you know, subsidiary planet of our
6 universe providing the report as opposed to someone
7 who is closer inside and more intimately familiar
8 with what's going on providing that kind of
9 analysis; is that the distinction that we're making
10 here?

11 MR. BUMB: Right, that you certainly
12 have the right to ask for any level of reporting
13 before you consider a major bill like this. We
14 don't take issue with that. We're suggesting that
15 you want to keep your options open so that should
16 there be any sort of delay that could be corrected
17 in a different way -- one other sort of
18 qualification I would put on that is that the
19 legislation talks about projects of \$50 million or
20 more. It doesn't speak to the level of City
21 assistance. It just says if the total project is a
22 \$50 million value or more. So therefore, if we --
23 hypothetically as part of that transaction, the
24 City's involvement was that we provided the real
25 estate --

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2 COUNCILMAN NUTTER: I think it speaks
3 directly to that. It says any City involvement.

4 MR. BUMB: That's right. Still, the
5 threshold is not on -- I would suggest the
6 threshold, if the concern is specifically with City
7 resources, it should be based on certain value of
8 the City resource. And so if a property is worth
9 \$100,000 and it generates a \$50 million development,
10 that wouldn't have the same sort of level of
11 scrutiny by City Council as one where we were
12 building a convention expansion and that will cost
13 us hundreds of millions of dollars.

14 COUNCILMAN NUTTER: Gotcha. I can
15 appreciate the distinction. Thank you.

16 COUNCILWOMAN BLACKWELL: Any other
17 questions regarding this?

18 COUNCILWOMAN TASC0: I have a question.

19 COUNCILWOMAN BLACKWELL: Councilwoman
20 Tasco.

21 COUNCILWOMAN TASC0: I'm reading the
22 City Solicitor's comments about the bill. I think
23 in your testimony you talked about delay. If
24 there's legislation in place that requires an
25 economic impact study, you know that up front so

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2 it's forthcoming when you introduce the legislation.
3 Or you could have a situation where it comes in and
4 Council says, "Okay, you need to go back and do an
5 economic impact study and we want the Controller to
6 do it." So having this bill in place provides you
7 with the understanding that that is to be provided.
8 Because you can cause the delay by going back,
9 because Council has the right to request additional
10 information and we can request it from whomever we
11 wish to request it. And so I would look at it as,
12 you know, let's do it up front, otherwise it's going
13 to come in on the back.

14 MR. BUMB: Right. I'm not going to
15 speak for the City Solicitor. I just saw this memo
16 this morning.

17 COUNCILWOMAN TASCO: I'm responding to
18 your comments about the delay of moving a project
19 forward if we require an outside analysis. PIDC, I
20 mean, he who pays the piper calls the tune. So that
21 entity presenting us with legislation for a project
22 to provide us with an analysis that they pay for,
23 done by their consultants, doesn't give you the
24 comfort level that it's going to be all that
25 objective.

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2 MR. BUMB: To the extent that we view a
3 project as being a major development that requires
4 serious scrutiny by the City, you're right, we
5 should be anticipating that and an economic impact
6 report should be prepared whether it's by the
7 Controller's Office or otherwise as part of that
8 submission for your consideration.

9 One of the questions, though, will be
10 does this legislation define all those sort of
11 circumstances. One example that I cited in the
12 testimony was when we receive redevelopment
13 assistance grants from the State, it is literally a
14 pass-through. It comes into the City from the
15 State. It is matched generally by a sponsor's 50/50
16 match. One example would be a medical research
17 facility that the University of Pennsylvania would
18 be constructing and receives State grant money.
19 That grant money is approved through legislation of
20 City Council. And so it would appear to be --

21 COUNCILWOMAN TASC0: But that's not City
22 Council. That's not City dollars. As I understand
23 it, this would require the dollars that come from
24 the General Fund or Capital Budget, that the City
25 have any investment in the project.

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2 COUNCILMAN NUTTER: That's the question
3 I was going to ask. Does the City have money in the
4 University of Pennsylvania Medical Center project?

5 MR. BUMB: I would say the City does
6 not. However, if \$30 million of State grant funding
7 passed to the City, that means it literally came
8 into a City account and goes back out, there is a
9 City Council action.

10 COUNCILMAN NUTTER: First of all, Mr.
11 Bumb, I think if you read the legislation you will
12 see that, one, that's not the point. Two, the
13 University of Pennsylvania Medical Center is not a
14 City project. The City is not making any investment
15 in that project. It is a transfer. And if in the
16 matter that you raised, if it's \$30 million, it's
17 not triggered by the legislation anyway. There's a
18 \$50 million threshold.

19 MR. BUMB: Right. My example would have
20 been that that is a 50/50 match which is a \$60
21 million -- but you're right. I take your point.

22 COUNCILMAN NUTTER: Look, on my worse
23 day, I'm still a fairly reasonable person. And we
24 can certainly continue to talk about it if you want
25 to take a second look at the legislation. I'll be

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2 glad to reread your testimony and look at the
3 Solicitor's opinion, all of which came in today.
4 And if we can iron out a few things, I'm more than
5 willing to work with the Commerce Department or
6 anyone else in the Administration about these kinds
7 of finer point details and issues. I'm not
8 disputing that there could be concerns. And if we
9 can work in the spirit of cooperation, I'm more than
10 willing to take a look at some of the situations.

11 I have no interest in trying to hold up
12 a project. None. My interest is in having as much
13 information as possible for us to be able to make
14 good decisions. That's my only interest here.
15 Thank you.

16 Thank you, Madam Chair.

17 COUNCILWOMAN BLACKWELL: Thank you.

18 Councilman Cohen.

19 And the Chair also notes that he is
20 present and we're glad to have him this morning.

21 Councilman Cohen.

22 COUNCILMAN COHEN: Could you tell us
23 approximately how many projects are eligible for
24 this kind of examination during the course of an
25 average year? How many 50 million or more dollar

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2 projects do we have?

3 MR. BUMB: I don't have it by year. I
4 can tell you that based on a review of the inventory
5 of projects at PIDC, which is where most or all of
6 these would have passed through, PIDC or PAID, there
7 are 34 projects in the last 20 years that would have
8 had these -- there are 14 additional projects which
9 are in some process right now, TIF projects for
10 example, the 14 would include the TIF projects. So
11 I think realistically, we could expect maybe up to
12 five per year is probably a good sort of range of
13 the volume of projects that would meet the threshold
14 that is dealt with in this legislation.

15 COUNCILMAN COHEN: I'm trying to
16 understand why there would be objections to an
17 additional economic impact study other than that
18 made by the Mayor or outside consultants if it's to
19 be made by the official City Controller. What would
20 be wrong with that?

21 MR. BUMB: We don't have an objection to
22 the City Controller providing review or independent
23 analysis of projects. I think our concern is that
24 it be a requirement before you've seen the project
25 or the analysis that was provided otherwise. And

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2 again, the primary interest on our part there being
3 to prevent delays that might -- unintended delays
4 that might occur. So to answer to your question, we
5 don't object to --

6 COUNCILMAN COHEN: Then what is it you
7 object to?

8 MR. BUMB: That the Council would set a
9 requirement separate from -- before seeing the
10 specific legislation for that.

11 City Council certainly can for any
12 project for its consideration ask for more
13 information or specific information as part of its
14 consideration. That's always been the case. We're
15 suggesting that there may be cases where you don't
16 feel you need to see more information than our
17 economic impact analysis would have provided you.

18 COUNCILMAN COHEN: I'm sorry, I'm not
19 getting why the City objects to this. You say
20 Council can request the City Controller to do it
21 without this legislation.

22 MR. BUMB: It has already. The question
23 is --

24 COUNCILMAN COHEN: On some cases.

25 MR. BUMB: In many large projects, the

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2 City Council will ask for additional information and
3 for information that is specifically related to
4 economic impact analysis, and we provide that.

5 COUNCILMAN COHEN: Then what is the
6 objection? If the City Council can do it
7 individually on each case, why do you object to
8 making part of the standard practice?

9 MR. BUMB: Because if it's information
10 that we believe is already provided to you, what
11 we've really done here is add one additional
12 requirement, whether it's duplicative or not, and
13 that in fact sets the wrong tone for how do we
14 streamline projects in the City. If we believe
15 we're providing that information today --

16 COUNCILMAN COHEN: I get very
17 uncomfortable when you talk about streamlining the
18 procedure when the cost to the City is going to be
19 something like \$50 million. I think maybe projects
20 involving that kind of money requires a lot of
21 consideration, a lot of studies.

22 MR. BUMB: Right.

23 COUNCILMAN COHEN: All right, thank you.

24 COUNCILWOMAN TASCO: The Chair calls
25 David Thornburgh from the Economy League.

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2 MR. THORNBURGH: Good morning
3 Councilwoman Tasco, Members of the Finance
4 Committee. I do have copies of my testimony if
5 somebody can pass it around.

6 Again, good morning. My name is David
7 Thornburgh. I serve as Executive Director of the
8 Pennsylvania Economy League here in Philadelphia. I
9 appreciate the chance to speak with you today on
10 this bill and its relevance to the City's future.

11 My comments will be brief. Simply put,
12 as we've heard, this bill would require an economic
13 impact analysis to be prepared and distributed for
14 City investments in development projects that total
15 at least \$50 million. Given the Economy League's
16 history of working with public and private leaders
17 to assess the relative importance of major public
18 investments, this strikes me as a very reasonable
19 and important proposition. Before millions an
20 taxpayers' dollars are spent in the interest of
21 improving their lives and their communities, there
22 should be some analysis of the potential impact of
23 that investment. That analysis should be done
24 competently and consistently and should be made
25 available to key decision-makers in advance of their

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decisions on the potential investment.

This is a core value of the 62 men and women representing most of the major companies and institutions in the City and the region who serve on PEL's Board in Philadelphia area. In fact, it's one of four areas highlighted in PEL's brochure, called the Pennsylvania Economy League in Perspective. To quote from that section called Investing Tax Dollars Wisely, "In a world full of choices, the League believes that public investment decisions should be made with a clear understanding of their costs and benefits."

I think it's hard to argue with that statement. Having said that, there are some challenges in implementing this legislation. Sometimes, for good reason, negotiations with potential recipients of economic development investments need to quieter rather than more visible. Economic impact analyses are also of widely varying quality. Many different questions can be asked in the name of economic impact and they can answered in many different ways. Some things are more knowable than others. It's relatively easy to figure out how many construction jobs public

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2 dollars will support on a project and relatively
3 difficult to know how that project, a new Phillies
4 ballpark in South Philadelphia, for instance, will
5 improve quality of life or add to economic growth in
6 the City over long run.

7 COUNCILWOMAN BLACKWELL: Excuse me. I'm
8 sorry that I have to interrupt you.

9 As Chair of this Committee, the Chair
10 takes prerogative to make a statement. And that is:
11 We have been told that certain people can be allowed
12 in this hearing and certain people cannot be allowed
13 in this hearing. We've been told that the
14 configuration of the room is changed. And I believe
15 that's anti-American, I believe it's against the
16 policies of this Council, and I will not continue a
17 hearing where anybody who wants to be in cannot get
18 in. Therefore, as Chair of this Committee, I take
19 the prerogative to say this hearing will be in
20 recess until -- and we have Council that's supposed
21 to come after this. We're going to have a problem
22 in here this morning -- until everyone who wants to
23 come in this room can come in for a hearing or until
24 another space is found. I wouldn't care if it's out
25 in the middle of Broad Street that will allow

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2 anybody in Philadelphia who wants to be in the
3 hearing to come in.

4 (Applause.)

5 COUNCILWOMAN BLACKWELL: Now, I mean no
6 disrespect to anybody here, obviously not my
7 colleagues, not everybody who's here to deal with
8 these bills. Certainly, as Finance Chair, I need
9 these bills out and we wanted to suspend to hear
10 them in the Council hearing. But, obviously, the
11 first thing is that we are Americans and we have a
12 right, everybody has a right to be part of this
13 government. And I won't be a part of a system that
14 does not permit that.

15 (Applause.)

16 COUNCILWOMAN BLACKWELL: Now I'm very
17 happy to hear from anyone who has anything to say
18 about that who is willing to rectify that or willing
19 to address this issue. Without that, then we'll sit
20 here until somebody does or until until. So that's
21 where we are. We're going to just sit and see what
22 happens. But we cannot continue this hearing until
23 anybody who wants to be in gets in. You can't be a
24 commissioner or elected official to get entrance
25 into a public room. We're not going to have it.

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2 (Applause.)

3 COUNCILWOMAN BLACKWELL: So we will
4 wait.

5 (Hearing recessed.)

6 COUNCILWOMAN BLACKWELL: If I fight for
7 people with no clothes, you know I'm going to fight
8 for folks who come in here fully dressed, no matter
9 whether you wear jeans or a suit. We believe in the
10 people's business and we believe in the rights of
11 people. Anything less than that is wrong.

12 (Applause.)

13 COUNCILWOMAN BLACKWELL: We could have
14 been finished this a long, long time ago.

15 We were in the middle of testimony.
16 David Thornburgh. I regret we had to interrupt your
17 testimony, but sometimes in a democracy we have
18 growing pains. But in the a democracy, everybody
19 has rights. We're going to make sure, as long as
20 we're around, that the rights of everybody, the
21 rights of each individual, is protected. Some
22 people don't have more rights than others.

23 (Applause.)

24 COUNCILWOMAN BLACKWELL: We all have
25 equal rights and so we want to make sure that those

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2 rights are protected. As long as I'm around, we're
3 going to make sure that happens.

4 Mr. Thornburgh, will you continue your
5 testimony? Thank you very much.

6 MR. THORNBURGH: Thank you,
7 Councilwoman.

8 COUNCILWOMAN BLACKWELL: Can we keep it
9 down because more people are coming in, which is
10 what we insist on, but we need to kind of keep it
11 down so that we can hear the testimony. Thank you
12 so much.

13 MR. THORNBURGH: You're quite welcome.
14 It is surprising to see that there's such interest
15 in this issue of economic impact. Let me just
16 finish with a last paragraph of my testimony and
17 then I'll answer your questions if you have them.

18 Done responsibly and with common sense
19 and communicated clearly, economic impact statements
20 can be a very useful decision-making tool. They
21 can't be precise, but they can be accurate and can
22 help establish the relative impact of investments.
23 If Project A promises to create one job for every
24 \$50,000 of public investment, Project B promises to
25 create one job for every \$500,000 of public

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2 investment, we ought to know that ahead of time and
3 it should factor in our collective decision about
4 whether to support or reject a particular proposal.

5 Thank you. I'd be happy to answer
6 questions.

7 COUNCILWOMAN BLACKWELL: Thank you very
8 much.

9 Questions?

10 (No response.)

11 COUNCILWOMAN BLACKWELL: Thank you very
12 much.

13 Are there any questions with regard to
14 any of these bills that we've heard in our hearing
15 today?

16 (No response.)

17 COUNCILWOMAN BLACKWELL: All right.
18 That will conclude our stated hearing.

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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC MEETING
COMMITTEE ON FINANCE

- - -

November 21, 2002

- - -

Public Meeting conducted by the
Committee on Finance, held in Room 696, City Hall,
Philadelphia, Pennsylvania, on the above date, to
consider action on the following:

BILLS 020481, 020675, 020676

- - -

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN TASCIO, Vice Chair
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
COUNCILMAN MICHAEL NUTTER
COUNCILMAN FRANK RIZZO

- - -

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2 COUNCILWOMAN BLACKWELL: The Finance
3 Committee will enter stated meeting. We will now
4 entertain a motion by Councilman Nutter after
5 remarks with regard to Bill No. 020481.

6 COUNCILMAN NUTTER: Thank you, Madam
7 Chair. Madam Chair, let me also put on the record
8 from the public hearing, I want to thank the Chair
9 for getting the information that had been requested
10 at the last Finance Committee hearing with regard to
11 the PGW matters. The information that we received
12 was responsive to the questions that were asked, and
13 I appreciate the Chair getting that information from
14 PGW in a timely fashion.

15 Madam Chair, I move that Bill 020481 be
16 reported out of this Committee with a favorable
17 recommendation. Further recommendation that the
18 Rules of Council be suspended so as to permit first
19 reading at our next Session.

20 (Duly seconded.)

21 COUNCILWOMAN BLACKWELL: It has been
22 moved and seconded that Bill No. 020481 be reported
23 out of Committee with a favorable recommendation,
24 and also a recommendation that the Rules of Council
25 be suspended so as to permit first meeting at our

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2 next Session of Council.

3 All in favor?

4 (Aye.)

5 COUNCILWOMAN BLACKWELL: Opposed?

6 (No response.)

7 COUNCILWOMAN BLACKWELL: This ayes have
8 it, and so this bill passes.

9 Councilman Kenney, we'll entertain a
10 motion with regard to Bill No. 020675.

11 COUNCILMAN KENNEY: Madam Chair, I move
12 that Bill No. 020675 be reported out of this
13 committee favorably and a request made for rules
14 suspension to allow first reading at our next
15 Council Session.

16 (Duly seconded.)

17 COUNCILWOMAN BLACKWELL: It has been
18 moved and seconded that Bill No. 020675 be reported
19 out of Committee with a favorable recommendation and
20 also a recommendation that the Rules of Council be
21 suspended so as to permit first reading at our next
22 Session of Council.

23 All in favor?

24 (Aye.)

25 COUNCILWOMAN BLACKWELL: Opposed?

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2 (No response.)

3 COUNCILWOMAN BLACKWELL: The ayes have
4 it. This bill, likewise, is reported out of
5 Committee.

6 Councilman O'Neill, would you give a
7 motion with regard to Bill No. 020676?

8 COUNCILMAN O'NEILL: Madam Chair, I move
9 that Bill No. 020676 be reported out of this
10 Committee with favorable recommendation, also a
11 recommendation that the Rules of Council be
12 suspended to allow first reading at our next
13 Session.

14 (Duly seconded.)

15 COUNCILMAN COHEN: Can I ask one
16 question on that, Madam Chair?

17 COUNCILWOMAN BLACKWELL: Councilman
18 Cohen.

19 COUNCILMAN COHEN: Following the last
20 hearing on this bill, I understood that there was a
21 hearing that took place at the State Building at
22 which somebody for the Gas Works requested
23 consideration by the State of a proposal to
24 eliminate the senior citizens discount. I don't
25 know whether the statement I just made was accurate

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2 or not. Is there anyone here from the Gas Works
3 that can shed enlightenment on that? Because that's
4 a very revered and urgent policy that the City has
5 followed for many years to make it possible for
6 senior citizens who have been loyal suppliers of the
7 Gas Works, paid their high bills during difficult
8 days and have earned the right to the senior citizen
9 discount. We don't want to see that touched or hurt
10 in any way. My vote on this bill may very well
11 depend on the answer I get to that question.

12 Is there anybody here from the Gas Works
13 that can reply as to whether or not the Gas Works is
14 taking any action intended to bring about a ruling
15 by the State PUC that would eliminate or tend to
16 eliminate the senior citizen discount?

17 COUNCILWOMAN BLACKWELL: Are you from
18 PGW, sir?

19 MR. WEINSTEIN: I represent the union
20 workers that work at PGW.

21 COUNCILWOMAN BLACKWELL: Please identify
22 yourself.

23 MR. WEINSTEIN: My name is Sam
24 Weinstein. I'm the Special Assistant to Local 686
25 of the Gas Workers Union. And we have been opposing

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2 the fact that PGW has gone before the public
3 utilities commission asking basically for them to do
4 away with the senior citizen discount for all future
5 senior citizens after September 1, 2003. So we
6 absolutely agree with you, Councilman Cohen, that
7 the senior citizen discount serves a tremendous
8 purpose in protecting our senior citizens and we are
9 opposing it in front of the PUC and we would hope
10 that you would oppose it everywhere else.

11 COUNCILWOMAN BLACKWELL: Let the Chair
12 rule that we would report on these bills and report
13 them out. But for anyone here who represents PGW,
14 we would like to meet with regard with regard to
15 senior citizen discount. I support it and I believe
16 that the Committee as a whole supports senior
17 citizen discounts, and we are asking that you be in
18 touch with us and meet with us with regard to
19 maintaining it. Thank you very much. We thank our
20 union brothers for that.

21 We have a motion on the floor that's
22 been moved and seconded.

23 All in favor?

24 (Aye.)

25 COUNCILWOMAN BLACKWELL: Opposed?

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2 (No response.)

3 COUNCILWOMAN BLACKWELL: The ayes have
4 it.

5 COUNCILMAN COHEN: I'm abstaining, Madam
6 Chair, until I get clarity. I appreciate the
7 statement of the Chair of this Committee made in
8 support of the senior citizen discount. And I just
9 want everybody to understand that any efforts by
10 that will meet with very, very, very strong
11 opposition by the City Council.

12 COUNCILWOMAN BLACKWELL: Thank you very
13 much. The Chair notes that there is one abstention
14 on voting with regard to Bill No. 020676.

15 All in favor?

16 (Aye.)

17 COUNCILWOMAN BLACKWELL: It's aye with
18 one abstention.

19 Opposed?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: The ayes have
22 it. And so that will conclude our hearing.

23 I thank you all very much.

24 See, this was very, very painless. All
25 they had to do was let everybody in and we wouldn't

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2 have had this problem to begin with.

3 Thank you all. Thank you.

4 (Applause.)

5 (Council adjourned at 10:24 a.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of November 21, 2002, were reported
fully and accurately by me, and that this is a
correct transcript of the same.

RE: COMMITTEE ON FINANCE

Lisa C. Bradley, RPR
and Notary Public