

Committee on Fiscal Stability and Intergovernmental Cooperation
September 23, 2020

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FISCAL STABILITY AND
INTERGOVERNMENTAL COOPERATION

Remote location using Microsoft® Teams
Wednesday, September 23, 2020
9:30 a.m.

PRESENT:

COUNCILMAN ALLAN DOMB, CHAIR
COUNCILMAN BRIAN O'NEILL, VICE-CHAIR
COUNCILWOMAN CINDY BASS
COUNCILWOMAN KENDRA BROOKS
COUNCILWOMAN JAMIE GAUTHIER
COUNCILWOMAN KATHERINE GILMORE RICHARDSON
COUNCILMAN DEREK S. GREEN
COUNCILWOMAN HELEN GYM
COUNCILMAN BOBBY HENON
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN DAVID OH
COUNCILWOMAN CHERELLE L. PARKER
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN MARK SQUILLA
COUNCILMAN ISAIAH THOMAS

RESOLUTION: 200406

1 - - -

2 COUNCILMAN DOMB: Good
3 morning. This hearing is called to
4 order. I recognize the presence of a
5 quorum of Committee members. Members
6 of the Committee in attendance are
7 Vice-Chairman Brian O'Neill, Majority
8 Leader Cherelle Parker, Councilmembers
9 Bobby Henon, Isaiah Thomas, Kathy
10 Gilmore Richardson, Kendra Brooks,
11 Maria Quinones-Sanchez, Mark Squilla,
12 Curtis Jones, Jr. and Cindy Bass.

13 This is the public hearing of
14 the Committee on Fiscal Stability and
15 Intergovernmental Cooperation. The
16 purpose of this public hearing is to
17 hear testimony on Resolution 200406.
18 This resolution was introduced with
19 co-sponsors Councilmembers Parker,
20 Green, Quinones-Sanchez, Squilla,
21 Gilmore Richardson, Bass and Thomas.

22 I understand that state law
23 currently requires that the following
24 announcement be made at the beginning
25 of every remote public hearing as

1 follows: Due to the current public
2 health emergency, City Council
3 Committees are currently meeting
4 remotely. We're using Microsoft Teams
5 to make these remote hearings possible.
6 Instructions for how the public may
7 view and offer public testimony at
8 public hearings of Council Committees
9 are included in the public hearing
10 notices that are published in the Daily
11 News, Inquirer and Legal Intelligencer
12 prior to the hearings and can also be
13 found on phlcouncil.com.

14 The Clerk will now please
15 read the title of the resolution before
16 this Committee today.

17 THE CLERK: Authorizing the
18 Committee on Fiscal Stability and
19 Intergovernmental Cooperation to hold
20 quarterly hearings that include monthly
21 reporting requirements, to discuss the
22 fiscal position and overarching social
23 impact goals of the City, including and
24 as related to the Five Year Plan and
25 the reporting requirements set forth in

1 the Quarterly City Manager's Report,
2 and as submitted to the Pennsylvania
3 Intergovernmental Cooperation
4 Authority.

5 COUNCILMAN DOMB: Thank you
6 to all my colleagues who are attending
7 today and thank you to those who have
8 agreed to testify. We all look forward
9 to what you have to say, but I would
10 ask that we try and be as concise as
11 possible to honor people's time and
12 allow for us to ask as many questions
13 and to get answers as concisely as
14 possible.

15 So let's get started.
16 Ms. Grbach, please call the first panel
17 of witnesses.

18 THE CLERK: The first panel
19 is Harvey Rice, Rob Dubow, Marissa
20 Waxman, Christian Dunbar, Sarah de Wolf
21 and Chris Rupe.

22 COUNCILMAN DOMB: Let's start
23 with Harvey Rice, PICA Executive
24 Director. Good morning, Harvey, and
25 please state your name for the record.

1 MR. RICE: Good morning,
2 Councilman Domb and members of the City
3 Council Fiscal Stability and
4 Intergovernmental Cooperation
5 Committee. My name is Harvey Rice.
6 I'm the Executive Director of the
7 Pennsylvania Intergovernmental
8 Cooperation Authority, PICA, the state
9 oversight agency for the City of
10 Philadelphia.

11 Thank you for allowing me to
12 testify today to speak about PICA's
13 report on the Quarterly City Manager's
14 Report or the QCMR for the fourth
15 quarter of the Fiscal Year 2020, which
16 ended June 30th. That report includes
17 the months of April, May and June and
18 PICA's reports on the City revenues and
19 obligations for July and August of
20 Fiscal Year 2021.

21 I have prepared a short
22 PowerPoint presentation with the
23 highlights of a report in the QCMR as
24 well as a synopsis of our revenue and
25 budget obligations reports. Can

1 anyone -- can everyone see the
2 PowerPoint presentation?

3 COUNCILMAN DOMB: I don't
4 think we're seeing it yet.

5 MR. RICE: Is it up on the
6 screen now?

7 COUNCILMAN DOMB: Yes, it is.

8 MR. RICE: Okay. Great.

9 Thank you. The fourth quarter -- the
10 fiscal year ended with a fund balance
11 of \$254.9 million. And as you can see,
12 it was significantly lower than the
13 actual fund balance at the end of
14 Fiscal Year '19. However, it was about
15 45 million over the Five Year Plan
16 projection. But what we got to keep in
17 mind is if you look at the end of the
18 second quarter, the projected fund
19 balance was around 362 million.

20 So what it tells us is that
21 for the first nine months of Fiscal
22 Year '20, the City was experiencing the
23 results of the economic recovery and
24 we're seeing projections higher for a
25 fund balance than they projected in

1 their Five Year Plan, and then March
2 hit and then we saw the impact of COVID
3 on the fund balance.

4 And then as you can see also
5 on the revenues, the revenue actuals
6 were 4.86 billion. The projected for
7 the Five Year Plan was 4.9 million, but
8 that target was readjusted to include
9 almost \$5.1 billion. So there was a
10 loss of about 300 million as a result
11 of the last three months of Fiscal Year
12 '20. We also saw obligations grow from
13 FY19, but did not reach the projections
14 that were in the Five Year Plan.

15 So this next slide is the
16 revenue and obligations. It gives you
17 a picture of the actual projection and
18 the FY20 Q4 projection and then same
19 with obligations. The current net
20 revenue projection for the Fiscal Year
21 2020 is 4.86 billion, 57.6 million
22 below the Plan projection. And the
23 obligations were projected at 5.87
24 billion, an increase of 61.9 million
25 from the Plan.

1 The quarterly revenue
2 projections decreased by 78.6 million,
3 while obligations decreased by 65.5
4 million from the third quarter target
5 projections during the year of FY20.
6 So here's a General Fund summary, which
7 I already spoke about, the projections
8 for the decrease in revenues and the
9 increase in obligations and the fund
10 balance.

11 The fund balance of 254.9
12 million represents 5 percent of total
13 obligations which neither meets the
14 goal -- City's internal goal of 6.8
15 percent or the GFA's recommendation of
16 17 percent. However, the prior year
17 FY19, the City was getting closer to
18 their goal of 8 percent and as a result
19 of COVID, it impacted the fund balance
20 and their internal goal.

21 And this next slide shows you
22 revenues by type. And that means
23 taxes, locally generated non-tax
24 revenue, revenue from other governments
25 and revenue from funds. As you can

1 see, it shows you the decreases or the
2 effects of the Five Year Plan and the
3 projections over the course of 2020.

4 And here's projected
5 obligations by class: The wages
6 increased, employee benefits decreased,
7 purchase of services slightly increased
8 and then as you can go down. So the
9 total, there was a \$62 million increase
10 in obligations. Staffing has been
11 increasing since FY14, the fourth
12 quarter going forward. But then as you
13 can see in FY 2020 the second quarter,
14 which is the end of December, you can
15 see the drop. And that probably is
16 most likely due to the hiring freeze
17 during the COVID pandemic that impacted
18 us in March.

19 Overtime, as you know PICA
20 has been very concerned with the
21 increase in overtime. In fact, in FY20
22 I think it's been the largest overtime
23 cost reported. And as a result of that
24 when the PICA Board approved the Five
25 Year Plan in July, they requested the

1 City Overtime Reduction Plan, which was
2 submitted last week. We are reviewing
3 it. We've also asked for action plans
4 by department and target numbers, which
5 have not yet come in, in the initial
6 draft of the Plan that was submitted
7 last week.

8 Leave usage, we track leave
9 usage because one of the reasons shows
10 if you have a higher leave usage, the
11 department might have a higher overtime
12 cost so we look at leave usage of all
13 the departments. The civilian
14 employees of the Police Department
15 recorded the highest leave usage, and
16 that's been pretty consistent as you
17 can see along that red line. In a lot
18 of the quarters, they tend to be the
19 highest. And our last quarter, the
20 Register of Wills had the lowest leave
21 usage.

22 And then we looked at in our
23 quarterly report performance targets by
24 the City for these departments:
25 Police, Fire, Prisons, Licenses &

1 Inspections, Human Services, Public
2 Health, Homeless Services, Free
3 Library, Housing, Community
4 Development, Parks & Recreation and
5 Streets Department. So out of all of
6 those departments, there were targets
7 of 39 performance metrics to meet. The
8 City met 17 of them and missed 22.

9 And then I want to talk about
10 the City tax revenues through August
11 for Fiscal Year 2021. We've released
12 this report. The City collected
13 approximately 333 million in August
14 compared to 214 million in 2020, which
15 was an increase of 18 million.
16 However, you have to keep in mind that
17 the BIRT collections came in July 15th
18 which are reflected in these numbers,
19 so it is skewing the tax revenue
20 collections for this year. And we
21 won't know the breakout of the BIRT
22 from FY20 payments and the following
23 fiscal year until some time in October
24 as the City is breaking them out.

25 So when you see the City has

1 collected 711 million through August
2 compared to 468 million last year, an
3 increase of 51.9 percent, you have to
4 keep in mind that those BIRT and real
5 estate taxes are included in that, and
6 both of them had extensions to pay.

7 And then the City's
8 obligations through August, we also
9 issued -- we're following a monthly.
10 We issued our first report and included
11 both months of July and August, as we
12 were working with the City to get as
13 much information as we could get so we
14 can review and analyze. So the City
15 spent a little higher than -- the City
16 does not keep monthly budgets.

17 So what we did is we took the
18 overall targeted projected obligations,
19 divide it by 12, which gives you an
20 annualized monthly spend of 16.6
21 percent. And they spent so far 18.6
22 percent, which is higher than if you
23 separate them out by month. However,
24 in the initial -- there's more
25 incumbrances that are paid in the

1 beginning of the year, so we have to
2 keep in mind as we follow this monthly
3 obligations cost going forward.
4 However, it was lower than the two
5 months' spending of last year.

6 So that ends my presentation.
7 Thank you for allowing me to testify
8 and I'm available for any questions
9 that you may have.

10 COUNCILMAN DOMB: Thank you,
11 Harvey Rice. Thank you very much.
12 Great presentation.

13 I also would like to
14 acknowledge at this time Councilmembers
15 Jamie Gauthier and Councilmember Helen
16 Gym. Welcome. Good morning.

17 And I have some questions for
18 you, Harvey, I wanted to ask you on
19 this report. In general, how much
20 would you say since the pandemic
21 started we've lost in revenue in total
22 and how much in extra expense have we
23 incurred? We know when Council had to
24 approve a budget, there was a \$750
25 million hold. Where are we right now

1 in relationship to that \$750 million?

2 MR. RICE: I think we're
3 around the same. It might be a little
4 lower right now. We won't know until
5 all the revenues come in and process
6 and the accruals are accounted for. So
7 right now it looks like we're on the
8 projection of having those revenue
9 losses.

10 COUNCILMAN DOMB: And just to
11 confirm, you're getting monthly
12 revenue, monthly expenses from the
13 Administration so if you can give us a
14 heads-up to --

15 MR. RICE: Right. We will be
16 issuing those monthly reports every
17 month. So you'll get a monthly revenue
18 report and a monthly obligation report.

19 COUNCILMAN DOMB: Okay. Let
20 me go to a question I have. The
21 overtime will be a series of questions
22 that I'm not going to address right
23 now, but I want to go to the Leave
24 Usage Report. I find that to be a very
25 interesting report. But I want to make

1 sure that we understand the chart that
2 you provided us.

3 When it says, for example,
4 I'm looking at Records Department and
5 Police-Civilian because they seem to be
6 the highest, it says Records leave
7 usage between 42 percent. Explain what
8 that actually means. Does that mean
9 that 42 percent of the days out of 100
10 they're not there?

11 MR. RICE: It just means it's
12 a percentage of vacation and sick time
13 taken by the employees, so it's not the
14 number of days. It could be, but if we
15 look at the vacation and sick days
16 taken by each department and the City
17 provides --

18 COUNCILMAN DOMB: So it seems
19 to me like --

20 MR. RICE: The City provides
21 that data to us.

22 COUNCILMAN DOMB: But when
23 those numbers -- I mean, I don't know
24 what the norm is, but it seems like we
25 have a lot above 10 percent. And I'm

1 looking at it in a basic way and
2 saying, if out of 100 days I'm working,
3 if I'm at 10 percent, 10 days I'm not
4 there roughly.

5 So Police-Civilian I see is
6 40 percent. Does that mean that 4 out
7 of 10 days they're not working?

8 MR. RICE: It does.

9 COUNCILMAN DOMB: And that's
10 an interesting chart because it
11 probably has some overtime --

12 MR. RICE: And I think
13 OnePhilly is supposed to capture all of
14 that and it's capturing more than
15 before. That's one of the benefits of
16 OnePhilly.

17 COUNCILMAN DOMB: Okay. It
18 just seems like some of these numbers
19 seem really high.

20 MR. RICE: They are. And
21 that's why we report on them because we
22 believe there could be a correlation
23 between that leave usage and overtime.

24 COUNCILMAN DOMB: Yes --

25 MR. RICE: Because if they

1 aren't coming in doing their job and
2 that job needs to be done and there's
3 timelines, getting permits processed or
4 police on the streets or anything that
5 that's -- then they go to employees
6 that are there to work overtime to
7 complete those tasks.

8 COUNCILMAN DOMB: Right.
9 Have you sat down with the City and the
10 Administration and shared this and gone
11 over this, because I think this is a
12 very valuable report and tool for us to
13 use for management on this?

14 MR. RICE: We're meeting with
15 the City on the Overtime Reduction
16 Plan. As we're going through their
17 plan that they submitted last week,
18 we're going through and we have some
19 things that aren't included in the plan
20 that we would like and this would be
21 part of it of how we can -- because
22 what we believe it's, as I said, a
23 direct correlation between that and
24 overtime. So obviously, it's going to
25 be in our discussion with the City when

1 they do these target plans for
2 overtime, they got to look at the leave
3 usage of those departments. They have
4 to take that into consideration.

5 COUNCILMAN DOMB: Right.
6 Next question I have is the City
7 departments -- by the way, your charts
8 are phenomenal. You did a great job
9 with the charts and the information.

10 MR. RICE: Thank you.

11 COUNCILMAN DOMB: It's really
12 good. The department performance
13 targets Fiscal Year 2020, that chart
14 that shows 39 targets or goals and it
15 looks like we've achieved 17 of them
16 and we missed on 22 of them. It looks
17 like we achieved, just simple math,
18 around 44 percent of our goals. So my
19 question is, are we not being efficient
20 or are the goals that are being set not
21 realistic?

22 MR. RICE: I think a couple
23 things. In certain goals, yes, we're
24 not being efficient. Two, COVID I
25 think threw everything for the last

1 three months where those goals are
2 being hard to meet, people weren't
3 processing permits, Parks & Recreation
4 programs weren't for after school, so
5 things like that, so that had an
6 impact. But also we believe that --
7 and we've been working with the City
8 over the course of the year to better
9 give us -- to better present targets
10 and metrics that actually reflect the
11 mission of each department and the
12 services that the citizens we believe
13 deserve that are of priority.

14 COUNCILMAN DOMB: Have you
15 looked at these performance measures
16 and made any recommendations to the
17 Administration on how we can improve
18 the performance measures?

19 MR. RICE: Yes. It's
20 actually a constant back and forth with
21 the City as we review their quarterly
22 reports.

23 COUNCILMAN DOMB: Okay. I --

24 MR. RICE: But they've
25 adjusted some. Through our

1 recommendations, they've adjusted some
2 and included metrics that we thought
3 were important, such as the recreation
4 afterschool programs instead of just
5 how many acres of grass were cut.
6 That's just one example. We're still
7 working with Fire to have them better
8 look at their metrics. They're doing
9 that in a comprehensive way.

10 COUNCILMAN DOMB: Is that
11 list something you can share with
12 Council, this Committee, and I can
13 share with everybody?

14 MR. RICE: Sure.

15 COUNCILMAN DOMB: And the
16 recommendations?

17 MR. RICE: Sure. By those
18 departments, we have the metrics and I
19 can share them with you.

20 COUNCILMAN DOMB: Okay. I
21 want to recognize by the way
22 Councilmember Derek Green. Good
23 morning, Councilmember.

24 I would now like to open it
25 up for questions. I think

1 Councilmember Curtin Jones, Jr. is up
2 first. Councilmember Jones, you have
3 the floor.

4 COUNCILMAN JONES: Yes.

5 Thank you, Mr. Chairman, and thank you
6 for putting together this quarterly
7 Stability hearing. It's going to
8 become increasingly important as we
9 approach budget season.

10 Mr. Rice, thank you for doing
11 the work, the hard work of counting and
12 holding us accountable as a
13 municipality for prioritizing our
14 expenditures. My questions revolve
15 around a couple of things: Number one,
16 when you talk about time usage, are you
17 taking into account that departments
18 like the Police Department, the Prisons
19 and Sanitation were hit very hard with
20 COVID infections and their workforce
21 was reduced to a point where we had
22 Police working during the civil unrest
23 20-hour workdays and we had a week's
24 backup from Sanitation for track
25 pickups. And so, therefore the use of

1 overtime was an essential part of
2 keeping the City operating?

3 The same can be said for
4 Prisons. They were also hit hard by
5 COVID-19 and were then asked to
6 maintain a safe population to guard
7 ratio, which they attempted to do in a
8 healthy socially distanced environment.
9 Are you taking those things into
10 consideration?

11 MR. RICE: Yes. If you look,
12 the three departments that you spoke
13 about, take out the Police-Civilian,
14 the actual Police force, they were in
15 the median, so was L&I, so was Prisons
16 and so was Streets, so they weren't an
17 outlier even during that time for leave
18 usage. Yes, we do take into
19 consideration. We're taking for COVID
20 for overtime in certain departments
21 such as Streets, the Police Department
22 and Prisons so we are taking that into
23 effect. However, some of those
24 departments had high overtime prior to
25 COVID, so we questioned those overtime

1 numbers before March.

2 COUNCILMAN JONES: Are you
3 also considering in other departments
4 when the issue of Class 100 staff
5 furloughs came up, that there might
6 have been in certain departments a
7 panic and/or a rush to take unused
8 leave time in anticipation of people
9 being furloughed? Was that considered?

10 MR. RICE: No, we didn't
11 consider that.

12 COUNCILMAN JONES: Then my
13 final point is slightly different:
14 Were there any surprises in projected
15 revenues that were positive? It's my
16 understanding, and I don't know if it's
17 true and need your verification, that
18 we came in slightly ahead on wage taxes
19 and if so --

20 MR. RICE: Yes.

21 COUNCILMAN JONES: We did?

22 MR. RICE: We did for 2020
23 and also for --

24 COUNCILMAN JONES: Can you
25 explain that to me considering people

1 often were working from home outside of
2 the City, and how did that anomaly
3 actually happen in your mind?

4 MR. RICE: One, there's a
5 timing issue. But you're right,
6 Councilman, because when I saw that I
7 said maybe the impact of COVID for
8 people working isn't what we expected,
9 so maybe that's a silver lining or a
10 ray of sunshine a little bit. But as
11 I've said in my testimony, it's only
12 two months. I don't really want to set
13 the stage for the year with two months'
14 revenues. We have to follow this going
15 forward. But you're correct, I was
16 surprised and pleasantly surprised that
17 our wages came in higher than last
18 year.

19 COUNCILMAN JONES: Were there
20 any other tax revenue categories that
21 were not as dramatic, but a surprise as
22 well?

23 MR. RICE: Well, real estate
24 taxes came in and really the transfer
25 taxes are coming in very well these

1 last two months, it dipped a little
2 bit. Up until the August numbers, we
3 thought that that was doing really
4 well. But other than that, the rest of
5 the tax revenues we see a decrease.

6 COUNCILMAN JONES: Thank you,
7 Mr. Chairman.

8 COUNCILMAN DOMB: Thank you,
9 Councilmember Jones.

10 And I would like to ask
11 Councilmember Helen Gym, I know she has
12 questions.

13 COUNCILWOMAN GYM: Yes.
14 Thank you very much. And good morning,
15 Harvey.

16 MR. RICE: Good morning,
17 Councilwoman.

18 COUNCILWOMAN GYM: Thank you
19 for your presentation. So a couple of
20 questions that I had are in terms of
21 when you look at decline in tax and
22 wage revenue, do you at all take a look
23 at how they are declining by the number
24 of people, like the amount of money
25 that the wage tax has maybe transferred

1 out to the counties because people are
2 now working at home instead of in the
3 City, but that they are continuing to
4 work?

5 MR. RICE: We can't look at
6 that now. I think what we need to
7 look -- one, we need to look at when
8 they file their reimbursements to see
9 what that impact would be and that is
10 some time in the spring. So we don't
11 know what that number will be, and I
12 think we're projecting around a 20
13 million loss in wage tax revenue. So
14 that's why I say that when we give out
15 the two-month snapshot, we don't want
16 to either alarm or be overly optimistic
17 because it is only two months.

18 COUNCILWOMAN GYM: Okay. And
19 then, I guess, one of the reasons
20 why -- and then whether you can tell
21 whether the loss of, say, some of our
22 larger companies or corporate folks who
23 are now working out of county but still
24 working, how much of that comprises a
25 percentage of the wages lost overall

1 from the City? Are you able to do
2 anything like that in terms of an
3 analysis?

4 MR. RICE: We could do that.
5 What I can do is we'll see if we can
6 get the data city-wide and regionally
7 to see if we can put that together.

8 COUNCILWOMAN GYM: I guess
9 what I'm wondering is part of your role
10 is to give advice and perspectives.
11 And if the COVID, you know, there's a
12 number of companies looking internally
13 at return-to-work policies. Some of
14 them are looking into the spring of
15 2021. It's hard to tell whether it
16 extends beyond that, but I guess one of
17 the questions is what percentage of the
18 wage tax feels more permanent and what
19 could be more influx and are there
20 recommendations that you're providing
21 around some of that in terms of
22 planning and understanding like
23 return-to-work policies and that kind
24 of thing?

25 MR. RICE: I believe it's

1 still unfolding as of now, because as
2 you're right, Councilwoman, that date
3 keeps on moving. I was ready to have
4 my staff come back and then it was put
5 on hold again. And now with what we're
6 hearing that the fall and the early
7 winter could see a resurge, so it's an
8 unfolding unprecedented time.

9 COUNCILWOMAN GYM: So I don't
10 want to get caught up in whether or
11 when companies will do a return-to-work
12 policy. I'm trying to understand what
13 percentage of our wage tax could be
14 reliant on seeing an increase should
15 companies start to do return to work,
16 so it's kind of more like an
17 understanding about that. And I don't
18 know if you can do that, whether you
19 can --

20 MR. RICE: I can't do that
21 right now because those returns need to
22 be filed. So when those returns are
23 filed as I mentioned earlier, then
24 we'll have a better picture of how many
25 were out, how much did we lose and when

1 those people come back, then how much
2 will we reclaim back into the wage tax.

3 COUNCILWOMAN GYM: Right.

4 MR. RICE: As our economists
5 and I think the City's economist team,
6 we sort of met together at the same
7 around 20 million, but it's a difficult
8 projection because there is a process
9 to file for those refunds. And so,
10 it's an active process that every
11 employee that is working outside the
12 City must do. So that might be to the
13 City's benefit depending on how many
14 people file for that refund.

15 COUNCILWOMAN GYM: Right.

16 And I guess what I'm trying to
17 understand is part of PICA's role is to
18 help us understand revenue expenditure
19 issues so that we can have a sense of
20 sustainability and predictability about
21 the time ahead. And so, to have some
22 kind of an analysis of the workforce,
23 out-of-county workforce is helpful
24 because it gives us a sense of what
25 kind of pot of money are we talking

1 about that's shifting back and forth
2 depending on these in-workplace
3 policies. So I'd love to be able to
4 follow up with you on that.

5 MR. RICE: Okay.

6 COUNCILWOMAN GYM: The other
7 thing that I wanted to ask is whether
8 PICA had done -- this is the second
9 year that the Administration has
10 proposed no property tax assessments to
11 occur. Do you have some -- is that
12 factored into any of your revenue
13 projections or anything like that as
14 opposed to if we were to do -- now, it
15 may be that you don't really weigh in
16 on whether we don't do any property tax
17 assessments or whether we do revenue
18 neutral types of property tax
19 assessments.

20 MR. RICE: We don't do
21 revenue projections. We take the
22 City's revenue projections and we
23 review and analyze them, put them
24 through our economic model to see
25 whether those projections are

1 reasonable and appropriate. So if the
2 City says they're not going to do
3 property assessments for the coming
4 year and their projection should be
5 along the same as last year and they
6 come with a projection that's way lower
7 or way higher, then we would have to
8 say, well, if you're not doing
9 re-assessments, why are your numbers
10 either higher or lower than last year's
11 projections. And there might be
12 reasons for that. We put it through
13 our model, sales of houses or whatever.

14 COUNCILWOMAN GYM:

15 Understood.

16 MR. RICE: So we don't do
17 revenue projections. We review and
18 analyze and put them through our
19 economic models to make sure that the
20 projections the City is putting forward
21 are reasonable and appropriate.

22 COUNCILWOMAN GYM: Got it.
23 And then I know that I've raised this
24 before. But how does the School
25 District's finances factor into your

1 Five Year Plan on the City's end?

2 MR. RICE: The School

3 District's finances factor in our Five

4 Year Plan in two ways. One is the

5 amount that the City directly gives to

6 the School District. We take that and

7 we make sure that the City has enough

8 money to make that payment. And then

9 two, the property tax. We review and

10 analyze the property tax because you

11 know the School District gets 55

12 percent of the property tax, so we have

13 to make sure that the projections for

14 the property tax again are reasonable

15 and appropriate.

16 COUNCILWOMAN GYM: Thank you

17 very much.

18 MR. RICE: You're welcome.

19 COUNCILWOMAN GYM: Thank you,

20 Mr. Chairman.

21 COUNCILMAN DOMB: Thank you,

22 Councilmember Gym.

23 And I would now like to call

24 upon Councilmember Maria Quinones-

25 Sanchez.

1 COUNCILWOMAN QUINONES-

2 SANCHEZ: Thank you, and thank you for
3 addressing some of the School
4 District's issues by my Councilmember
5 Gym because that was in line with what
6 I was going to ask you.

7 At any time, does the City
8 ask you to give an opinion around these
9 decisions around assessments and
10 especially because it means they have
11 to modify their plan, doesn't it? But
12 how does the reconciliation happen
13 between them making a policy decision,
14 it has a revenue impact and then do you
15 give an opinion to that?

16 MR. RICE: We don't give an
17 opinion. What happens is if the City
18 Administration or the City does
19 something during the course of the year
20 over the plan that we're in, and that
21 affects revenues not coming, what was
22 projected or they start another
23 department and allocate additional
24 monies to a department, then that's a
25 variance of the plan.

1 So what then occurs is we go
2 to the City and say, you have a
3 variance in the plan, that's why we
4 followed every month and then the
5 quarterly reports, these revenue
6 projections you're not meeting them
7 either because they're not coming in or
8 you shifted the way of collecting them
9 and then you do need to revise your
10 plan, which then we review and analyze
11 again. It goes to the Board and then
12 you have to vote on it. If the Board
13 decides not to accept that plan, then
14 it starts a whole procedure where we go
15 back to the City, we tell them why we
16 didn't accept the plan, and then the
17 City has to give us another revised
18 plan to meet those concerns. If not,
19 then it would probably be rejected
20 again and then state funding could stop
21 flowing to the City.

22 COUNCILWOMAN QUINONES-
23 SANCHEZ: So I appreciate that. So
24 let's go to where we are now, and I
25 know the discrepancies with the numbers

1 because we moved the deadline for BIRT
2 and some other things and we have to
3 wait for those reconciliations. What
4 is PICA's role in reviewing
5 particularly some of the areas of
6 concern that you've had historically
7 and how they're manifesting themselves
8 during COVID?

9 So let me explain, the CARES
10 Act, you know, you mentioned to the
11 Chairman's point, I appreciate you
12 correlating overtime, historical
13 overtime mismanagement to some of the
14 leave folks. But how are you seeing
15 this play out with the CARES Act money
16 and are we really in line to spend, use
17 and leverage that and how does that
18 correlate or do you think there's a
19 correlation with some of the numbers
20 that you demonstrated on leave and
21 overtime?

22 MR. RICE: Well, on the first
23 matter, we have requested from the City
24 a breakdown of the CARES Act money and
25 they're in the process of compiling

1 that for us so that we can see where it
2 went, did it go for salaries, did it go
3 for contracts, did it go into overtime,
4 and by department, that's what we
5 requested and they're compiling that
6 for us. So we'll have a better sense
7 of what is reimbursable on those
8 overtime numbers.

9 COUNCILWOMAN QUINONES-

10 SANCHEZ: I know that one --

11 MR. RICE: And -- go ahead.

12 COUNCILWOMAN QUINONES-

13 SANCHEZ: No, I know one of -- again,
14 in our Budget Work Group we've been
15 asking this question of the
16 Administration. What, if anything, of
17 the federal guidelines around CARES Act
18 expenditures has PICA reviewed and have
19 you issued an opinion about some of the
20 expenditures to date?

21 MR. RICE: No, we have not
22 looked at that. We understand that the
23 City has hired a consultant who's going
24 to assist them in making sure that they
25 spend every appropriation under the

1 CARES Act according to the federal
2 guidelines under the CARES Act and they
3 will be supplying us with that
4 information as that -- I know the
5 consultant was picked. I don't know if
6 they started yet, but that will be
7 something that we'll be following with
8 the City to make sure that they meet
9 the guidelines and they spend as much,
10 if not all, the 750 million that the
11 federal government had given the City
12 so far for the CARES Act.

13 COUNCILWOMAN QUINONES-
14 SANCHEZ: So given our ability in the
15 past to kind of manage the cash flow
16 related to the expenditures, do you see
17 us ready and prepared in having the
18 systems in place to be able to actually
19 spend that money by the end of the
20 year? We're having a debate around how
21 you prioritize some of that money with
22 the Administration. But I also want to
23 make sure that we have the mechanism to
24 actually spend down given the cash flow
25 and the reconciliation that needs to

1 happen.

2 MR. RICE: I think the City
3 will be spending and that's why they
4 hired a consultant, to make sure they
5 spend it by the end of December and
6 they spend it appropriately so that
7 when it goes through the process and
8 the federal government, they don't get
9 hit with the bill that, you know, this
10 amount of dollars was not spent
11 according to CARES Act and then we have
12 to return it at some point.

13 COUNCILWOMAN QUINONES-
14 SANCHEZ: So when are they supposed to
15 respond to you around some of this
16 CARES Act delineation and
17 reconciliation, by when?

18 And, Mr. Chair, I'd like to
19 ask you as Chair of this Committee, I'd
20 like for us to have a public
21 conversation about how that CARES Act
22 is being allocated, prioritized,
23 leveraged and spent. And I know we had
24 a little bit of that conversation in
25 some of the hearings. We've heard from

1 different sectors, whether it's the
2 rental assistance sector, whether it's
3 the business sector that we need to
4 make bigger investments in some of
5 those markets.

6 How long is it before you're
7 going to get that information and when
8 can we have a public discussion about
9 it?

10 MR. RICE: We're hoping to
11 get it very shortly. We have
12 conversations with the City ongoing
13 almost if not daily, at least a couple
14 of times a week so we keep them abreast
15 of our concerns and our requests. And
16 what I understand is once this
17 consultant gets underway we will have
18 that. I don't have an actual date,
19 though.

20 COUNCILWOMAN QUINONES-
21 SANCHEZ: Okay. Thank you,
22 Mr. Chairman. And we'll follow up and
23 make sure we can have that public
24 discussion. I want to make sure that
25 we're not leaving any money on the

1 table and that we're making investments
2 based on priority. I'm very concerned
3 that the correlation between the leave
4 spending and the overtime as opposed to
5 us putting it on the ground, so I just
6 want to make sure that this money is
7 for us to activate and restart our
8 economy. I just want to make sure that
9 this doesn't (inaudible) towards our
10 goal. Thank you very much,
11 Mr. Chairman.

12 COUNCILMAN DOMB: Thank you,
13 Councilmember, and I have a very
14 accurate point about that, so thank
15 you.

16 I would like to acknowledge
17 Councilmember David Oh who has joined,
18 and also recognize David Oh. I know
19 you have a question.

20 COUNCILMAN OH: Thank you
21 very much, Mr. Chairman.

22 I was wondering if in your
23 analysis did you come across any
24 information about cost savings being
25 that the City has not been operating?

1 Have you come across information about
2 how much money has been saved by the
3 City?

4 MR. RICE: Not really. We
5 just looked at the numbers and what the
6 numbers report from year to year and
7 for projection of the plan to the
8 final. Overtime for the first two
9 months of FY21 went down from the prior
10 year. I'll give you -- a little over
11 30 percent it went down. But again, I
12 just want to caution everyone it's only
13 two months. So while we're glad to see
14 that it went from almost 40 million to
15 25 million, we hope that that continues
16 and that could be a result of COVID,
17 that once the City got into after the
18 first three months a stable
19 environment, working environment, that
20 those costs decrease.

21 COUNCILMAN OH: Okay. Thank
22 you very much.

23 Thank you very much,
24 Chairman.

25 COUNCILMAN DOMB: Thank you,

1 Councilmember.

2 Next, I would like to call
3 upon Councilmember Derek Green.

4 COUNCILMAN GREEN:
5 (Inaudible).

6 COUNCILMAN DOMB: You might
7 have your mute button on.
8 Councilmember Green, we're not hearing
9 you very well.

10 COUNCILMAN GREEN: Okay. Can
11 you hear me now?

12 COUNCILMAN DOMB: Perfect.

13 COUNCILMAN GREEN: Thank you.
14 I had a little technical difficulties.

15 Thank you, Mr. Rice. Thank
16 you, Councilmember Domb, for holding
17 these hearings quarterly.

18 I just want to echo some of
19 the comments that have been raised but
20 I want to focus a little bit more on
21 some of the conversation, especially in
22 reference to the Administration's
23 ability to spend the recovery dollars.
24 Councilmember Sanchez asked a question
25 in reference to when you would get that

1 information in reference to CARES
2 dollars being spent. We are on the
3 verge of almost October and those
4 dollars have to be spent by December.

5 From your experience in
6 reference to looking at how the City
7 has spent dollars, is there any concern
8 from your perspective on our ability to
9 spend those dollars in a time period
10 quickly?

11 MR. RICE: Not really,
12 because if we go back on some of the
13 grants that we followed, they've spent.
14 So we're not concerned right now. If
15 come November 1st and they still need
16 to spend a significant portion of the
17 federal grant, then we would be
18 concerned. However, preliminary --
19 well, they didn't give us reports. The
20 preliminary numbers that we discussed,
21 it looks like they're spending them and
22 I think the hiring of the consultant
23 and I think the City's on today, you
24 can ask them questions about the
25 consultant and how much work that

1 they've done so far on this, that will
2 also be a factor on whether we have a
3 concern or not.

4 COUNCILMAN GREEN: And the
5 reason I raise this, I think this goes
6 to some of the questions and concerns
7 that Members have raised. We are in a
8 policy debate regarding how those
9 dollars should be spent. I know
10 through various sources we know there's
11 been additional flexibility on those
12 federal CARES dollars. But a concern
13 that I have, especially when you look
14 at our small businesses that have been
15 decimated by this global pandemic and
16 the desire for additional dollars to be
17 spent, we can end up being in a debate
18 between the Executive branch and the
19 Legislative branch in how dollars
20 should be spent and then we get up to a
21 timeline and then the Administration
22 will say, well, we've got to spend
23 these dollars now so let's spend it in
24 this direction, which does raise a
25 concern.

1 MR. RICE: I understand.

2 COUNCILMAN GREEN: I also
3 want to get some perspective as we go
4 into this budget season and prepare --
5 well, getting ready for the budget
6 season, various departments are now
7 looking at their projections and
8 information as they prepare for the
9 upcoming budget. What are your
10 perspectives in reference to revenues
11 as we go into a budget season and new
12 fiscal year of us being able to
13 continue to meet our goals, especially
14 in reference to revenue obligations?

15 I do have some concern
16 because of going into colder weather,
17 months. Some of our restaurants and
18 retail establishments will continue to
19 be impacted. We're starting to see an
20 uptick in a number of cases around the
21 country in various states, which can
22 also have an impact here in
23 Pennsylvania. And then we have our
24 contracts that are coming up that need
25 to be addressed with our municipal

1 unions as well as Philadelphia
2 Federation of Teachers and the School
3 District are working on contracts. So
4 give me some perspective on your
5 concerns on how that will impact the
6 Five Year Plan, especially as we go
7 into next year's budget season.

8 MR. RICE: As I stated
9 earlier, I think it was Councilwoman
10 Gym's question, what we're seeing is
11 there could be an advent, like a
12 resurgence again of the pandemic in the
13 fall and winter. Right now
14 Philadelphia is doing very well in the
15 number of cases dropping significantly
16 and leveling off. So it is a concern.
17 That's why we're following it monthly.
18 And we look at what we -- as the
19 monthly revenues come in, we have a
20 sense of what they should be. And if
21 they're significantly not, then when we
22 get the quarterly report for the first
23 quarter, which we'll get it November
24 15th, then if there's a variance, then
25 we'll say to the City, the revenues are

1 not coming in, you have to revise your
2 plan to have your expenses meet your
3 revenues, and then they have to submit
4 it to PICA. So it's a constant
5 monitoring effort that we do almost
6 daily basically.

7 And then when we see that
8 variance or we see that variance
9 coming, we say to the City, you got to
10 revise your plan because you're not
11 meeting your projections or you will
12 not meet your projections for revenue.
13 And then that's going to affect the
14 Five Year Plan that gets submitted for
15 FY22, the proposed one in March and
16 then that process begins through the
17 budget process and then the actual plan
18 that's submitted some time in June.

19 COUNCILMAN GREEN: One final
20 question, the state also had
21 significant impact by COVID in
22 reference to their budget and there's
23 already been some conversations that
24 there will have to be significant
25 reductions in health and behavioral

1 health dollars that come to counties
2 around the Commonwealth. Philadelphia
3 being both a city and a county received
4 a significant amount of dollars by way
5 of block grants that come to the City,
6 which we provide for behavioral health
7 and health services across the board.

8 If those tests do come to
9 fruition because of the challenges the
10 state have and we've had a significant
11 reduction in our resources to deal with
12 COVID this year, what would be the
13 City's ability to make up those
14 differences, if at all, as we go into
15 the next fiscal year?

16 MR. RICE: Well, the only way
17 the City's ability to make up them is
18 they would have to cut costs somewhere
19 else to make up for those costs that
20 they're going to incur because they're
21 not getting funded by the state or the
22 passthrough through the federal
23 government.

24 COUNCILMAN GREEN: Right,
25 which could lead to a more significant

1 reduction in resources during this
2 COVID pandemic.

3 MR. RICE: Right.

4 COUNCILMAN GREEN: Especially
5 for those who need behavioral health
6 services or other health services,
7 especially if the City does not receive
8 any revenue reimbursement at the
9 federal level, which probably will not
10 incur at the earliest first quarter of
11 2021 or second quarter depending on
12 what happens in November as well as
13 some of the concerns you raised.

14 Thank you, Mr. Chairman.

15 MR. RICE: You're welcome.

16 COUNCILMAN DOMB: Thank you,
17 Councilmember Green.

18 Executive Director Rice, I
19 just want to give you a heads-up and
20 get your thoughts on this. You
21 mentioned the transfer tax being down.
22 Is that probably because we're still
23 seeing residential transactions at a
24 pretty good clip, but the commercial
25 world, it's probably very little sales

1 going on in the commercial world which
2 are the bigger numbers?

3 MR. RICE: I think you're
4 right, Councilman. I think it's the
5 impact of commercial sales, because
6 everything that I have seen and read on
7 that is that residential sales are
8 still going stronger than people
9 projected during the COVID.

10 COUNCILMAN DOMB: Right. And
11 then the other question, I guess, that
12 we have to look at is what's going to
13 happen to the commercial real estate
14 taxes when people are going to be
15 filing a whole bunch of re-assessments,
16 you know, filings to lower their taxes,
17 because the values of a lot the
18 commercial properties with rents going
19 down, they're all measured on cap
20 rates. They will drop in value, which
21 will be less revenue for us.

22 MR. RICE: You're correct.
23 And that's why I think it's the first
24 Monday in October when the filings are
25 due for them, so that will tell us

1 early October what the potential impact
2 may be on the refunds to real estate
3 tax.

4 COUNCILMAN DOMB: Okay.

5 Thank you. And thank you, PICA. Thank
6 you, Executive Director Rice. It was a
7 great presentation and thank you for
8 all of the information you provided us.

9 MR. RICE: Thank you.

10 COUNCILMAN DOMB: Now, I'd
11 like to call on Rob Dubow, our Finance
12 Director. State your name for the
13 record and begin your testimony. In
14 the interest of time, can I ask that
15 you please hold presenting your
16 information on overtime spending until
17 this afternoon's session, during which
18 time that issue will be addressed in
19 detail. And when you cover the
20 recovery slides, maybe we can just skim
21 through the background information and
22 focus on the issues in play, the
23 funding priorities and the oversight of
24 the spending. So thank you, Rob, and
25 please proceed and good morning.

1 MR. DUBOW: Good morning,
2 Chair Domb and members of Council
3 Committee on Fiscal Stability. I'm Rob
4 Dubow, the Finance Director. And I'm
5 joined by Budget Director Marissa
6 Waxman, City Treasurer Christian Dunbar
7 as well as Sarah de Wolf and Chris
8 Rupe, co-leaders of the City's recovery
9 effort, and they'll be giving a
10 separate presentation on what we're
11 doing with recovery.

12 For this hearing, we'll focus
13 on FY20 results as reported in the
14 fourth quarter FY20 Quarterly City
15 Manager's Report, which was submitted
16 late August. You asked us to hold
17 overtime management. There's text in
18 here about what we're doing there and
19 the report we gave to PICA, and the
20 officials testifying this afternoon
21 will give more details on what's
22 happening in those specific
23 departments, and we'll talk about FY21
24 year-to-date results.

25 So let's start with FY20. As

1 I said and as Harvey mentioned, since
2 our last hearing we released the
3 quarterly reports for the fourth
4 quarter of FY20. I won't go into a lot
5 of details on the numbers because
6 Harvey went through that. But I will
7 point out that as is the case each
8 year, we haven't yet finalized our
9 books for FY20. We won't be doing that
10 until late October.

11 So while the quarterly report
12 shows that we're projecting the City
13 will end FY20 with a fund balance of
14 about 5 percent of obligations of \$255
15 million. Those numbers will likely
16 move by the time we finalize our books
17 in August. So the 5 percent, it's
18 higher than the fund balance included
19 in the FY20 to '24 Five Year Plan, but
20 below our goal of having a fund balance
21 equal to 6 to 8 percent of expenditures
22 and is unchanged from the level
23 estimated in the plan that PICA
24 approved this July.

25 I'm going to skip ahead to

1 talk a little bit about the performance
2 measures. Harvey talked about that a
3 little, but I want to point out that
4 even in the midst of the pandemic when
5 you look at all of our measures, over
6 half of them met or exceeded their
7 target. Below the two-thirds of
8 measures that met or exceeded targets
9 in FY19, but that's not surprising
10 given the decline in the City's
11 shutdown of nonessential services in
12 the last quarter.

13 And I'll give some examples.
14 Library is closed to the public so
15 inperson visits drop to 0. DHS saw a
16 22 percent decline for the year in the
17 number of dependents placed into care.
18 And preferred option, that's as a
19 result of the courts being closed for
20 most matters. And so, in some
21 instances FY20 targets were revised to
22 reflect the changed circumstances but
23 not in all.

24 To re-emphasize, we will
25 continue working with Budget and

1 Accounting, Revenue and City
2 Treasurer's Office to finalize our
3 year-end balance. That highly, healthy
4 fund balance is essential to ensure
5 that we can adequately respond to the
6 unexpected, including the kind of
7 things that Councilman Green was
8 bringing up.

9 I won't go into detail of
10 overtime because you asked us to skip
11 that, but I just want to point out that
12 we did provide a report to PICA last
13 week and that that report's available
14 publicly. So FY21 to date, so as
15 Harvey pointed out, since the last
16 hearing we've completed the first two
17 months in the fiscal year. And for
18 those first two months, spending has
19 been below projections and revenues are
20 meeting estimates. And while that's
21 heartening, it will be much more
22 meaningful to review spending and
23 revenue once the first quarter ends and
24 more data can be analyzed.

25 A single month's results can

1 be distorted by the timing of when a
2 contract is encumbered or how many
3 pickers included in a month. And as in
4 past years, we'll continue to provide
5 monthly reports on revenue collections
6 to Council, PICA and the Controller's
7 Office as well as posting those online.
8 And at the request of PICA and given
9 our precarious financial situation,
10 we've added monthly obligation reports
11 with comparisons to prior years and
12 those are available on the City's
13 website. That's all in addition to the
14 Quarterly City Manager's Report
15 mandated by state law that the City
16 produces to track spending, revenue
17 performance and staffing data.

18 To increase accessibility in
19 the quarterly report, we've added a
20 one-page summary document for those who
21 don't want to take the deeper dive into
22 the report and we're incrementally
23 upgrading the presentation of the
24 larger document. It complements
25 efforts to make budget documents more

1 accessible to include a summary of the
2 Five Year Plan in four pages and seven
3 languages for the first version of the
4 Five Year Plan.

5 Once we have a full quarter's
6 worth of data and performance and
7 complete the target budget process
8 where we work with each department to
9 update revenue spending and performance
10 information, we'll be refining
11 estimates for FY21. The target budget
12 process which is to start, should be
13 finished by mid-October. Any
14 deviations that require an adjustment
15 in appropriations by class or
16 department will be captured in a
17 proposed midyear transfer ordinance and
18 through the Committee on
19 Appropriations. Council will receive
20 briefings on any proposed changes.

21 With continued management,
22 monitoring and collaboration with
23 Council, we'll adjust the budget to
24 respond to the changing needs of
25 Philadelphians. As we maneuver through

1 this public health emergency and
2 economic crisis, we'll seek to maintain
3 Philadelphia's fiscal stability to
4 ensure we can support our residents and
5 provide the services they're relying
6 on.

7 The year-to-date information
8 has not given us any reason to change
9 our FY21 forecasts. And as a reminder,
10 we're projecting an FY21 fund balance
11 of 53 million, which is only about 1.1
12 percent of spending, far below our goal
13 and the Government Finance Officers
14 Association recommendation for what
15 fund balances should be.

16 We have set aside reserves
17 for specific costs or scenarios in the
18 future, although less than previously
19 planned. In FY21, 25 million is
20 budgeted for cost associated with
21 continuing to respond to the pandemic
22 and reopening the economy that are not
23 anticipated to be reimbursed with
24 federal funds. This will be incurred
25 after the December 30th deadline for

1 reimbursement under the CARES Act.

2 While those reserves are
3 below our Administration's goal, the
4 only other alternatives were to make
5 deeper cuts that could have endangered
6 our ability to recover from the
7 pandemic. On recovery, our success in
8 responding to the pandemic and having
9 an inclusive recovery depends upon
10 adequate resources from local, state
11 and federal resources and the careful
12 deployment of those funds. As I said,
13 Chris and Sarah will give a more
14 detailed presentation.

15 I just want to give some
16 highlights. We face new expenses in
17 responding to the public health crisis
18 and increased costs to provide the
19 services Philadelphians have always
20 relied on. The needs are compounded by
21 the dramatic reductions in local
22 revenues the City is experiencing due
23 to the economic slow-down. We received
24 significant grants from state and
25 federal governments, but the amounts

1 fall far short of our needs and the
2 restrictions on the use of those
3 dollars makes aligning, spending of
4 federal funds with our local priorities
5 a challenge.

6 To navigate those challenges,
7 we've convened a recovery committee,
8 which has our presentation from
9 Council. Additionally, Council has
10 legislative reporting of new grants
11 related to the recovery to ensure the
12 body remains well-informed of the
13 resources received that they're
14 rewarded. We've received over 20
15 COVID-19 related grants totaling around
16 \$600 million. And each of those have
17 their own constraints and time frames
18 governing how the funding could be
19 used. And notably, none of those
20 grants can be used to reimburse the
21 General Fund for a loss revenue
22 resulting from the impacts of COVID-19
23 and the City's needs continue to
24 outweigh the funding that's available.

25 As Harvey discussed and as

1 you'll hear more detail from Chris and
2 Sarah, the most flexible of the funding
3 sources the City has received is the
4 Coronavirus Relief Fund. We've
5 received \$276 million through this
6 funding source. The funding can be
7 used to cover necessary expenses
8 resulting from the pandemic and public
9 health emergency that were not
10 accounted for in our budget at the time
11 of passage and that were incurred
12 between March 1st and December 30th.

13 An interim report that we
14 submitted to the Treasury mid-July
15 reported we had incurred eligible
16 expenses totally about 116 million or
17 41 percent of the City's total CRF
18 funds between March 1st and June 30th.
19 That puts us on pace to spend the CRF
20 dollars by the end of the year. And
21 when we compared that pace to what
22 we're seeing in other cities, we were
23 kind of in the middle of the pack.

24 The largest area of
25 expenditures to date include payroll

1 costs for public safety and public
2 health personnel, which is actually
3 dedicated to our COVID-19 response
4 along with sizable expenses associated
5 to medical and public health activities
6 such as standing up the medical surge
7 facility and purchasing large
8 quantities of personnel protective
9 equipment.

10 Our strategy for the use of
11 the funds is guided by three themes:
12 Protecting public health and safety of
13 Philadelphians, protecting vulnerable
14 residents and ensuring economic
15 recovery from COVID-19. The use of
16 those funds is also being guided by
17 focus on equity. The pandemic has
18 disproportionately impacted low-income
19 residents and communities of color and
20 the City's response to most targeted
21 systems to those who have been most
22 impacted. Initiatives such as food
23 distribution, access centers, small
24 business relief, rental assistance and
25 the public health response were

1 designed with equity in mind. Again,
2 Sarah and Chris will give more detail.

3 I want to touch on some of
4 the challenges we face in using those
5 funds. Most notable has been the lack
6 of clarity from Washington about
7 whether additional federal funding will
8 be made available any time soon or
9 whether rules will change to provide
10 more flexibility on how funds can be
11 used. For the time being, we must
12 continue to plan for CRF funds to be
13 spent by December 30th, meaning we're
14 much more constrained in what we can
15 spend in response in the new year.

16 In addition, the formula
17 Congress uses to determine how much CRF
18 funding Philadelphia receives is
19 population-based. And most of the CRF
20 funds went to the states rather than
21 directly to counties, to the
22 disadvantage of Philadelphia.
23 Philadelphia did receive direct money
24 like large cities. If you were a
25 smaller city like let's Santa Fe, we

1 would have to get money through our
2 state.

3 We are home to approximately
4 21 percent of the state's COVID-19
5 cases and 12 percent of population, but
6 we received less than 6 percent of the
7 state's total CRF funding. Harrisburg
8 has deployed most of the CRF dollars
9 but not all of the CRF dollars to
10 worthy programs, including investing
11 hundreds of millions of dollars in
12 small business relief and rental
13 assistance which has benefited
14 Philadelphians. However, the impact of
15 these programs and the extent in nature
16 of their unmet needs is not yet clear.
17 Harrisburg has still not decided how to
18 spend more than \$1 billion of the
19 state's CRF dollars.

20 We hope for more clarity on
21 these issues in the weeks ahead to help
22 inform future deployment of our scarce
23 CRF dollars. And it's also worth
24 noting that one of the challenges has
25 been the continuing changing of the

1 guidance from the federal government.
2 We have received revised guidance a
3 dozen times, including as recently as
4 earlier this week. These additional
5 constraints surrounding the funding in
6 the City must invest significant time
7 and energy into ensuring necessary
8 costs incurred during the pandemic are
9 matched to the best possible funding
10 source and they limit the flexibility
11 we have in responding to the new needs
12 resulting from the pandemic.

13 Philadelphia is responding to
14 new unanticipated long-term challenges
15 within the context of taking all
16 opportunities to increase equity and
17 opportunity for all Philadelphians. As
18 we near the end of the first quarter of
19 FY21, we remain on track with the
20 spending and revenues, and we'll share
21 updates as the books are closed for
22 FY20 and we have FY21 first quarter
23 figures.

24 Thank you again for the
25 opportunity to testify. We're happy to

1 take any questions. Chris and Sarah
2 are here to provide more detail and
3 they have their own presentation.

4 COUNCILMAN DOMB: Thank you,
5 Finance Director Dubow, very
6 comprehensive. I have a couple of
7 questions and then I'll turn it over to
8 my colleagues.

9 Just in general, I know that
10 you came to Council and we talked about
11 a \$750 million deficit back in the
12 spring. Is that still accurate or is
13 it higher or lower in your opinion?

14 MR. DUBOW: So to answer it
15 this way, we haven't seen anything in
16 the first two months of this year that
17 would make us change that estimate.
18 We're continuing to monitor it. I
19 think to the point Harvey made, we'll
20 have a much better sense when we have a
21 full quarter of obligations and
22 revenues, because timing differences
23 tend to smooth out better over a
24 quarter than over a month or two. So I
25 think it hasn't changed yet, but we

1 have to continue to monitor it
2 carefully.

3 COUNCILMAN DOMB: And then
4 you brought up a very interesting
5 point. Why is it that we receive 6
6 percent of the money when we have 12
7 percent of the population?

8 MR. DUBOW: That's a really
9 good question. That's probably better
10 addressed to Harrisburg, but I think
11 Chris and Sarah will go into more of
12 that in their presentation.

13 COUNCILMAN DOMB: Okay.
14 Right now as of today or the last few
15 weeks, do you have an idea of our total
16 spending of the pandemic so far?

17 MR. DUBOW: Total spending
18 for the pandemic, we are actually
19 putting those numbers together.
20 They're not quite finalized. I think
21 that's something that we'll probably
22 have within the next week or two.

23 COUNCILMAN DOMB: Okay.
24 That's fine. And so, a few other
25 questions. Originally back in the

1 March budget, we were projected to end
2 Fiscal Year '20 with about 3.7 billion
3 in tax revenue and I think a \$358
4 million fund balance. The revised
5 budget based on third-quarter
6 projections estimate that we would end
7 Fiscal Year '20 with about 3.6 billion
8 in revenue and a \$268 million fund
9 balance. So it sounds like we were
10 able to take advantage of about 100
11 million in federal funding to keep us
12 from completing wiping out our fund
13 balance which is good news.

14 Do we have any final numbers
15 on exactly how the revenues
16 expenditures and our fund balances
17 ended up for Fiscal Year '20?

18 MR. DUBOW: No. Each year we
19 finalize the books in October. And so,
20 until those books are finalized, we
21 don't know the final revenue numbers.
22 And I'll give you one example. So for
23 the business tax, every year there are
24 credits taken, for example, and those
25 are things that we have to analyze as

1 we look through the returns and that
2 process takes until early October so we
3 don't have final revenue numbers yet.

4 COUNCILMAN DOMB: Okay.

5 Another question I have is, this fiscal
6 year you've been pulling out reports on
7 obligations of revenues for each month
8 so far. And the reports mention that
9 our obligations are higher than July
10 than other months because that's when a
11 lot of our contracts are renewed and
12 debt service gets paid. So it sounds
13 like July might be one of our bigger
14 spending months.

15 Are there months where we can
16 expect to spend notably less than other
17 months and what kind of peaks and
18 expenditures should we expect in these
19 reports throughout the course of the
20 fiscal year? And is it generally the
21 contracts which determine the higher
22 and lower obligations or is there
23 something else driving that?

24 MR. DUBOW: So there are
25 multiple things that will drive

1 fluctuations in our spending. So one
2 you touched upon which is that we tend
3 in terms of obligations to try to
4 obligate our contractor early in the
5 year, so that will show those numbers
6 coming really early. Some of our debt
7 service payments are due in July so
8 that will be a high month because of
9 that. We make the bulk of our pension
10 payments in March. There's one large
11 payment in the first half of the year,
12 so you'll see a spike up in cost in
13 March.

14 The other thing that will
15 drive differences between months is the
16 number of pay periods. So if a month
17 has more paydays than another month,
18 then you'll see an increase so it kind
19 of fluctuates. But other than July,
20 debt service payment month and the big
21 pension payment months, I think the
22 biggest driver is going to be the
23 number of pay periods in a month.

24 COUNCILMAN DOMB: Okay. And
25 you're our Finance Director and we have

1 a lot of respect for you and what you
2 do. In your opinion, this seems to be
3 okay with the track we're on right now
4 regarding that issue?

5 MR. DUBOW: Yeah, that's
6 nothing that we've seen so far that
7 makes us think, okay, these numbers are
8 different from what we were projecting,
9 but we will know much better after the
10 quarter's over.

11 COUNCILMAN DOMB: Okay. And
12 then on the revenue side, how are
13 revenues looking so far compared to the
14 adopted budget? Which revenues are
15 coming in lower than expected and are
16 there any coming in higher than
17 expected and are there any concerns you
18 might have here?

19 MR. DUBOW: Sure. In
20 general, no concerns. I'm actually
21 going to let Marissa give you a more
22 detailed answer on how our tax revenues
23 look.

24 MS. WAXMAN: Sure. Hi.
25 Marissa Waxman, Budget Director. And

1 similar to the obligations side, the
2 revenues are looking good compared to
3 our projections. There is nothing
4 we're seeing yet that would cause us to
5 make any adjustments in our forecasts.
6 But again, once we see the results for
7 the first quarter, then it'll be more
8 meaningful and we'll look again.

9 In terms of impact on the
10 overall budget, really watching the
11 wage tax is the only thing that is
12 really meaningful to do this early in
13 the year. It is our largest revenue
14 stream and it comes in frequently. And
15 so, through August we've collected
16 around 366 million in wage tax compared
17 to 360 million in the first two months
18 of FY20, so nothing particularly to
19 worry about yet. But our next two
20 largest tax streams, the BIRT and the
21 real estate, we don't see those until
22 the spring.

23 And so, as Rob mentioned
24 we're still sorting out what credits
25 there are from the BIRT, the late

1 payment, how much it's going to accrue
2 back to FY20. So right now the numbers
3 actually look deceptively good year
4 over year because of that BIRT deadline
5 extension but really those are going to
6 accrue back to FY20. And so, when you
7 back that out, things are generally
8 looking good but it's still very early.
9 We'll feel more comfortable once we've
10 got a quarter's worth. Then obviously
11 just continue to monitor closely
12 through the rest of the year. But
13 waiting for the first quarter to close,
14 I think, will be the first real
15 milestone where we feel we can know
16 what we're really looking at and
17 working with.

18 MR. DUBOW: And one of the
19 big unknowns that goes back to
20 something Councilwoman Gym asked of
21 Harvey is people who don't live in the
22 City are working from home, will they
23 be taking credits later. And if that
24 happens, that can be a hit to our wage
25 tax numbers and we just won't know that

1 for a little while.

2 COUNCILMAN DOMB: So at this
3 point in time, do you have any idea the
4 BIRT number that seemed so high that
5 was reported, how much of that was for
6 '20 versus '21?

7 MR. DUBOW: It's really all
8 '20. The deadline was extended to July
9 15th, so that BIRT number is an FY20
10 number. For FY20 it came in a little
11 better than we thought. But we won't
12 see the FY21 number, I think Marissa
13 mentioned this, until the spring.

14 COUNCILMAN DOMB: Okay. Can
15 you just talk about for a second
16 another question I wanted to ask about
17 the wage tax revenue. It was holding
18 pretty steady. It looked like it was
19 down 2 percent or so from last year.
20 But over 40 percent, I believe, of our
21 wage tax revenue comes from people who
22 live outside the City. And so, do we
23 have any sense of what portion of that
24 Fiscal Year '21 nonresident wage tax
25 revenue might be subject to refunding

1 because people are working from home
2 and how we factor that potential for
3 refunds into our revenue estimates?

4 MS. WAXMAN: So what we did
5 when we were crafting our revenue
6 estimates for FY21 and beyond is that
7 we looked at, one, the chunk that is
8 nonresident. We tried to understand
9 what different sectors there were, how
10 much of that -- which ones were more
11 susceptible for teleworking, which ones
12 weren't. We worked with our outside
13 economist IHS Markit to identify how
14 much we thought would shift and that's
15 how we then got that into our blended
16 overall reduction that we're expecting
17 for the wage tax. And one of the
18 things we did in the Five Year Plan was
19 also build some of that in as
20 permanent, so we are concerned that
21 even if the public health crisis
22 abates, even if the economy returns,
23 some of that shift is people just
24 gotten accustomed to new ways of
25 working will be permanent.

1 And so as Rob said, fall,
2 pumpkin spice latte season isn't really
3 when we'll know. We'll have to wait
4 until working the spring and we're
5 looking at how folks are requesting
6 those refunds. So unfortunately, it's
7 one of those we're not really going to
8 know until we know, but we think we've
9 been appropriately conservative in our
10 revenue estimates, that we've built in
11 some buffer for that even though we
12 won't have any real data until much
13 later in the fiscal year.

14 COUNCILMAN DOMB: Okay.
15 Thank you. One last question. It's a
16 little technical. What's the
17 relationship between the cash flow
18 projections in the Five Year Plan and
19 the monthly obligation and revenue
20 reporting we've been receiving and how
21 can we on Council and the public
22 generally use public information to
23 compare the monthly revenue reports
24 with monthly revenue expectations?

25 MR. DUBOW: So it is a

1 technical question. Obligations
2 reports that you see in the Five Year
3 Plan projection numbers are based on a
4 modified accrual basis of accounting.
5 So the BIRT is a perfect example. So
6 that -- or for taxes that were due in
7 FY20. So they were actually paid in
8 July which is the start of FY21, but
9 will be accounted as FY20 revenues. So
10 from an accrual basis they show in
11 FY20. On a cash basis, they show in
12 FY21, so there's going to be a big
13 chunk right there.

14 So I think what we need to do
15 to your point is kind of explain what
16 those big differences are between
17 accrual and cash. And it's complicated
18 early in the year when -- so the
19 discussion we were having before, if
20 departments are entering their
21 contracts so you see those big
22 obligation numbers, that's not cash
23 going out. That's just an obligation
24 because they've entered into the
25 contract. So on the accrual basis,

1 you're going to see that that money has
2 been obligated. On a cash basis, it
3 wouldn't have gone out. So they are
4 really kind of apples and oranges in a
5 way. They're --

6 COUNCILMAN DOMB: It's hard
7 to decipher and understand that
8 information especially for the public,
9 but I hear you. Well, thank you for
10 your presentation. Thank you very
11 much.

12 I know we have questions from
13 our colleagues, and I'd like to call
14 upon Councilmember Bobby Henon. Good
15 morning, Councilman Henon. I know you
16 have a question.

17 COUNCILMAN HENON: Good
18 morning, Mr. Chairman, and thank you
19 for convening this meeting today and in
20 the past. We do appreciate that and
21 rely on your expertise.

22 Good morning, Mr. Dubow.
23 First --

24 MR. DUBOW: Good morning.

25 COUNCILMAN HENON: -- when

1 you talk about obligations, I do feel
2 obligated to thank you and your team
3 and the entire recovery office for
4 guiding us, advising us and shepherding
5 us through these difficult times and
6 hopefully explaining it a little to the
7 general public and to myself and a
8 little bit in layman's terms how we're
9 going to get through and how the City
10 is going to survive. You're doing
11 yeoman's work so I appreciate that.

12 MR. DUBOW: Thank you. I
13 appreciate that.

14 COUNCILMAN HENON: Well, I'm
15 going to start off recognizing the lead
16 question that our Chairman had asked
17 regarding any real change since we did
18 the budget with the \$750 million
19 deficit and then fast-forward to having
20 our responsible hearing on Fiscal
21 Oversight July 28th. Since that
22 meeting, have we had any significant
23 changes to now, to present, and knowing
24 that our final numbers won't be in
25 until October? So that's one question

1 on that.

2 And, two, when we get those
3 final numbers, how are you going to
4 report to Council and the general
5 public the findings that we have?

6 MR. DUBOW: Sure. So we
7 haven't seen anything yet that made us
8 think we need to change the numbers
9 where they were in July. So the first
10 couple of months with all the caveats
11 we've talked about, haven't sent any
12 warning signals. We will report the
13 numbers out in a couple of ways. One
14 is we do our annual finance report that
15 comes out at the end of October, so
16 that will be the first time when we
17 show what the finalized FY20 number is.

18 And then in mid-November we
19 have our next quarterly report, and
20 that will be the first report that
21 shows kind of our updated projections
22 for what's happening in FY21. So at
23 that point, we would have had a full
24 quarter of revenues and expenditures
25 and performance data and we'll have had

1 a little time after the end of the
2 quarter to work through the numbers,
3 and then we'll put out that report in
4 November. So that will be the two big
5 reports over the next couple of months.

6 COUNCILMAN HENON: I think we
7 all look forward to that.

8 And, Mr. Chairman, I think
9 it's another good opportunity for us to
10 digest some of those findings in both
11 those reports.

12 I have another question.
13 PICA, Mr. Rice had reported in his
14 presentation that the FY2020 fourth
15 quarter report, the obligations
16 increased by \$61.9 million. So my
17 question is, is that due to COVID
18 contracts possibly contracted with your
19 contracts extensions? And if it is
20 COVID, is it covered through mid-term
21 transfers or a budget and/or are we
22 going to get reimbursed?

23 MR. DUBOW: Okay. So most of
24 that increase is COVID-related. And
25 the spending was either under the

1 appropriations in the transfer
2 ordinance that Council asked early on
3 in the pandemic or departments were
4 able to manage some of it by
5 redirecting appropriations in their
6 budget for the substantially new uses.
7 And most of those costs should be
8 reimbursable.

9 I don't know if Marissa or
10 Sarah or Chris, if there's anything you
11 want to add to that.

12 MS. WAXMAN: I don't think
13 that --

14 COUNCILMAN HENON: I take it
15 what you're saying is absolutely -- is
16 true. So I appreciate your answer,
17 unless Marissa has anything to add. At
18 the end on that question, the midterm
19 transfer that we had and I know you're
20 on course on spending for our
21 end-of-year, the COVID relief. That
22 midterm transfer, has that been fully
23 spent and accounted for? Have you
24 reported that?

25 MR. DUBOW: So Marissa can

1 talk more about it. So we gave Council
2 reports, I think it was -- was it every
3 other week, Marissa, we gave reports on
4 how that money was being spent? We did
5 that through the end of last fiscal
6 year.

7 MS. WAXMAN: Yeah, we
8 provided biweekly reports to Council
9 and then posted them online because we
10 had -- the transfer ordinance was for
11 85 million. Just to make sure we had
12 enough room to do what we needed to do,
13 we had budgeted a certain amount of the
14 CARES Act because it fell across two
15 fiscal years. The first 100 million
16 was budgeted for FY20. And the second
17 176 million is in the grants fund for
18 FY21. And what we did was just try and
19 show how those were being utilized over
20 the course of time. They did sort of
21 happen in chunks as particularly as
22 departments were -- they would be
23 getting costs and then we transferred
24 them to the MDO where we had parked all
25 of that money, because it was very hard

1 that early on to figure out how much
2 was, you know, DHS going to need to
3 spend on extra cleaning versus how much
4 in some of the public safety
5 departments and things like that. So
6 through that process, we reported on
7 that FY20 transfer ordinance of 85
8 million, what had been spent against it
9 over that period of time.

10 And then I think Chris and
11 Sarah will be talking about beyond just
12 that limited transfer ordinance what
13 things they're looking at, like Rob
14 mentioned the over 20 grants and over
15 \$600 million we have received, so that
16 will be a different sort of
17 configuration of information.

18 COUNCILMAN HENON: Incredibly
19 contemplated, so thank you for that.

20 And, Mr. Chairman, I have no
21 further questions at this time. Thank
22 you.

23 COUNCILMAN DOMB: Thank you,
24 Councilmember Henon.

25 I'd like to call upon

1 Councilmember Derek Green.

2 COUNCILMAN GREEN: Thank you,
3 Mr. Chair, as we are multi-tasking this
4 COVID world.

5 My question to Mr. Dubow is
6 in reference to, the COVID situation is
7 both a global pandemic from a
8 healthcare perspective and also an
9 economic crisis that has really
10 crippled businesses, especially small
11 businesses in our City. To date, can
12 you state for the record the amount of
13 money that the Administration has spent
14 on assistance to small businesses to
15 help them with their economic recovery
16 during COVID?

17 MR. DUBOW: Yeah. Give me a
18 second to find that.

19 MS. WAXMAN: Rob, I got it.

20 MR. DUBOW: You have it?

21 MS. WAXMAN: Yeah. So what I
22 can share to date, the City, the state,
23 PIDC and philanthropy together --

24 COUNCILMAN GREEN: If you can
25 focus on the City, not so much the

1 state or philanthropy. Just what the
2 City has spent.

3 MS. WAXMAN: That will take
4 me another minute to get. I know it's
5 50 million for --

6 MR. DUBOW: I have it. The
7 City amount so far has been 7.5
8 million.

9 COUNCILMAN GREEN: Right,
10 that's what I thought I saw in your
11 presentation. And I guess my question
12 and concern is, you know, there's been
13 other works, I know that the Commerce
14 Department as well as under current
15 leadership of Interim Commerce Director
16 Sylvie Gallier Howard and Anne Bovaird
17 Nevins from PIDC has also been trying
18 to raise dollars from the private
19 sector to help in this regard. But we
20 have the ability to provide some
21 additional dollars to help small
22 businesses and that kind -- this is a
23 follow-up to my question that I asked
24 earlier regarding some of the policy
25 concerns. You have to spend CARES

1 dollars by the end of this year and,
2 Mr. Dubow, in your testimony you talked
3 about our ability to do that.

4 My concern is our (inaudible)
5 have been doing that recently and
6 actually in presentation how the state
7 has provided about \$20 million to \$25
8 million for assistance for small
9 businesses around the Commonwealth, the
10 City has received about \$20 million.
11 When you look at other counties like,
12 for example, Montgomery County, they've
13 used CARES dollars to allocate \$10
14 million to businesses in their county.
15 We've only spent \$7 million. That did
16 not come from our CARES dollars.

17 My question is as we go into
18 the fall and as we see how businesses
19 are still struggling, what's going to
20 be efforts of the Administration to use
21 CARES dollars for economic recovery for
22 our small businesses?

23 MR. DUBOW: Yeah, and one of
24 our priorities for the use of the CARES
25 money is to use it for small

1 businesses. I kind of understand all
2 the constraints that you're talking
3 about and we know we have to act
4 quickly. So that is something that
5 we're focusing on and it's one of our
6 high priorities and we will be doing
7 something with that soon.

8 COUNCILMAN GREEN: Again, my
9 question is considering that when we
10 first did the \$85 million transfer
11 ordinance and the Commerce Department
12 and PIDC rolled out the loan and grant
13 program, we saw the oversubscription of
14 that program and it was a significant
15 amount of people that applied for that.
16 And that was even before the Payroll
17 Protection Program came out, before the
18 first round of state dollars came out,
19 before Senator Hughes took his effort
20 to identify these additional grant
21 dollars. So we know just based on
22 people who applied for assistance from
23 the City in the beginning of COVID, and
24 we're now into September and it's
25 curious that we have not started to

1 roll out those dollars when Montgomery
2 County has spent \$10 million of the
3 CARES dollars and we haven't spent any
4 for small businesses.

5 MR. DUBOW: So we know
6 there's a great demand for the program
7 in the hundreds of millions of dollars
8 and that there are thousands of small
9 businesses that have applied and are
10 still waiting to see when they can be
11 funded. And we know we won't be able
12 to meet all that need alone. But we
13 are looking at ways to see what we can
14 do and we're going to really act on
15 this quickly.

16 COUNCILMAN GREEN: How are we
17 going to really act on this quickly
18 when other counties have already
19 allocated and got the money out and we
20 haven't done anything with our CARES --

21 MR. DUBOW: Going forward, we
22 will be acting on it quickly.

23 COUNCILMAN GREEN: Going
24 forward, but we know a number of
25 businesses who demanded for this needed

1 money at the very beginning of this
2 pandemic and provided what we did with
3 General Fund dollars based on the money
4 that City Council allocated and some of
5 the dollars that the Commerce
6 Department was able to allocate. But
7 why has there not been an urgency when
8 we know this has been a crippling
9 impact on our small businesses, many
10 who couldn't go after the Payroll
11 Protection Program dollars because they
12 are commercial corridors like barber
13 shops or beauty salons or small
14 restaurants?

15 MR. DUBOW: So I agree with
16 you that the scenario needs to be more
17 and I'm telling you we're going to move
18 on it quickly. One of the processes we
19 had to go through was to kind of look
20 at the spending for things like when we
21 set up the service hospital. We had to
22 kind of ensure that there would be
23 additional funding when we got through
24 all of that to allocate to things like
25 rental assistance and more for small

1 business assistance. But we will be
2 doing that and we will be doing it very
3 quickly.

4 COUNCILMAN GREEN: Okay.
5 Well, I'm going to close because I know
6 other colleagues have other questions.
7 This is going to be an issue in next
8 week's hearing as we talk about these
9 issues on September 30th.

10 Thank you, Mr. Chair.

11 COUNCILMAN DOMB: Thank you,
12 Councilmember Green.

13 And I just want to chime in
14 for a minute. I totally agree with
15 Councilmember Green on this issue and
16 maybe we need to revisit this and look
17 at it in a different light. It's not
18 spending. We're really investing in
19 small businesses and we're investing in
20 our corridors and not just in their
21 businesses, but all the people they
22 employ and all the tax revenue that
23 they provide for us. So we're almost
24 there.

25 We're their partners. Their

1 success is ours, so we need to maybe
2 ramp it up and view it as an
3 investment. Even if we have to -- I
4 would be in favor if we have to even
5 borrow money to help these businesses,
6 we should look at the payback. I'm
7 sure it's worth it, especially with the
8 interest rates of today. But you can't
9 let these businesses not survive. We
10 need the businesses to survive and the
11 jobs that they generate. So I just
12 want to share that.

13 And I would like to call upon
14 Councilmember Kathy Gilmore Richardson.
15 Good morning.

16 COUNCILWOMAN GILMORE
17 RICHARDSON: Thank you. Good morning,
18 Mr. Chair. Thank you so much. And I
19 also echo the sentiments of my
20 colleagues Councilmembers Domb and
21 Green relative to our need to continue
22 to invest in small businesses from a
23 City perspective so I just wanted to
24 mention that first and foremost.

25 I have a quick question

1 around our preparation for the new
2 budget season. Mr. Chairman, in
3 February we had a hearing in this
4 Committee on our own preparedness in an
5 economic recession. And in that
6 hearing, I had asked about any cost
7 savings we have realized based on the
8 City moving towards a program-based
9 budgeting model because typically you
10 see savings in the third year.

11 Knowing that we had a
12 significant deficit in the FY20 budget
13 due to COVID, has there been any
14 consideration around moving towards a
15 zero-based budgeting model where we can
16 really analyze every function in City
17 government for its needs and costs?

18 Thank you Mr. Chairman.

19 MR. DUBOW: I'm going to ask
20 Marissa to answer that question.

21 MS. WAXMAN: Sure. And thank
22 you, Councilwoman, because I think how
23 we budget is so important to what
24 outcomes we actually achieve and I
25 thank you for raising that question.

1 And there's a lot of
2 different models out there. Are you
3 just looking at last year and adding
4 some, which honestly is the simplest
5 most streamlined which takes the least
6 amount of work so that you can redivert
7 to other things. We've got program-
8 based budgeting where we really try and
9 link the outcomes or metrics related to
10 various programs to the spending.

11 Zero-based budgeting is
12 really saying, okay, let's start from
13 scratch every year, let's totally
14 rethink everything that we do, figure
15 out how much it's going to cost. There
16 is no city or state that does the
17 theoretical zero-based budgeting where
18 they just every year start from
19 scratch, as in if it's in our household
20 budget, you're like, all right, my
21 mortgage was this, but maybe we should
22 move and do this and start with --

23 COUNCILWOMAN GILMORE

24 RICHARDSON: Marissa, really quickly
25 though, isn't this something that was

1 successfully implemented in Montgomery
2 County some time ago? And I just ask
3 because we know that we are going to
4 face significant budgetary challenges
5 moving forward, although we may know
6 not what it will be exactly. So this
7 is something that has been implemented
8 in a jurisdiction that is close to
9 Philadelphia. So I want to be very
10 clear about that. So again, going back
11 to my point, this is something though
12 that is a possibility that we should
13 consider this year.

14 MS. WAXMAN: And I think
15 there's a difference I think between
16 what you see in textbooks and what's on
17 the ground and what has happened in
18 Montgomery County. And actually in
19 part what we started to do last year is
20 that even though when we started the
21 FY21 budget process, things were going
22 great. But we still asked departments
23 to come up with cut scenarios, what
24 would they reduce if they had to. And
25 not because at that time we thought

1 that that was really necessary, but it
2 is that important interrogation of
3 let's sort of put everything on the
4 table and think about it.

5 And that served us well in a
6 couple of different ways: Number one,
7 it meant that we were ahead of the
8 curve when actually the unthinkable and
9 the unexpected happened and that we
10 already had a well prevetted and
11 thought-out idea. Unfortunately, we
12 still weren't at the scale of what we
13 faced as a result of COVID. But going
14 through that process of asking for what
15 we call cut scenarios which we begin to
16 build in not just when things are
17 already bad, but always gives us the
18 opportunity to then ask questions as we
19 go through the budget process for
20 individual departments that both will
21 have requests for new funding as well
22 as these cut scenarios.

23 And really the question we
24 asked which is sort of zero-based
25 budgeting-esque is, well, you've said

1 you want to invest money over here to
2 achieve X and you've also said that the
3 first thing that you would reduce
4 spending on is Y. If there's zero
5 additional money, would you trade X for
6 Y, would you do that. And so, I think
7 that there are ways that we bring the
8 principles of zero-based budgeting into
9 what we're doing as we evolve and ask
10 more questions throughout our budget.

11 And unfortunately, as we went
12 through COVID we also had to really ask
13 the questions, not just -- we didn't
14 start with the assumption that we would
15 just do 5, 10, 15, 20 percent less of
16 everything we currently do. We really
17 asked the questions of are there some
18 lines of services, are there some
19 activities that the City simply cannot
20 do and are there other areas important
21 for us to preserve more fully. So we
22 had to make some very painful
23 conversations where we thought about
24 whole services that wouldn't continue
25 to happen in part, and we tried to

1 match up which were ones where the
2 state or federal dollars would be able
3 to step in, where philanthropy would
4 fit in. And it was really important
5 for us to vet those conversations
6 through a couple of different lenses.

7 By standing up a budget
8 equity committee and using a racial
9 equity lens, we were trying to be
10 thoughtful about who was impacted by
11 those situations. We also wanted to be
12 really thoughtful about what things
13 might be able to be stood back up more
14 quickly if federal dollars came
15 through, if there was flexibility to
16 use federal funds to replace our
17 revenues. So we wanted to make sure
18 that we were thinking on a couple of
19 different trajectories. But certainly
20 the intent of zero-based budgeting
21 where you look out and say should we
22 really be doing this, is this a service
23 that we should be providing, should we
24 be providing it in this way and as a
25 result with this set of cost

1 structures, is something that we're
2 increasingly building into our budget
3 process.

4 I think that to go to a full
5 like what you see in the textbooks of
6 zero-based budgeting where you start
7 from scratch each year, unfortunately
8 takes so much capacity that we have to
9 divert resources from away service
10 delivery. But what we can do is sort
11 of do that in more targeted ways each
12 year and more on a rolling basis, which
13 I think is more helpful.

14 There are certain things that
15 don't need year-end, year-out looking
16 at, you know, are we going to do this
17 the same way. But there are other
18 areas that I think are certainly ripe
19 for that. But you also want to make
20 sure that you're giving programs enough
21 time to mature, that if everything is
22 sort of swept off the table each year,
23 we know that a lot of our programs take
24 a couple of years to ramp up, to show
25 impact.

1 And so, that's one of the
2 things that we also are increasingly
3 trying to build into our decisions
4 about investing in new areas, is the
5 evaluation piece, what we are getting.
6 So there's a lot of different pieces.
7 I think the ethos of zero-based
8 budgeting is really in there to do that
9 interrogation of what are we doing, how
10 are we doing it, really important.

11 COUNCILWOMAN GILMORE

12 RICHARDSON: And thank you,
13 Mr. Chairman. I just quickly wanted to
14 respond to Marissa.

15 So my concern though is that
16 I think we were in a great financial
17 position obviously before COVID. My
18 concern though is that we are at a
19 point where we should be able to
20 realize and/or see what the actual
21 savings are based on us moving to the
22 program-based budgeting model, but also
23 figuring out how we look at our budget
24 moving forward in a different way. And
25 I apologize. We're on virtual school.

1 Okay. So how do we look at
2 our budget in a different way so that
3 we can really achieve and realize those
4 savings?

5 MS. WAXMAN: So I think a lot
6 of what the questions are is, what are
7 we getting, the bang for our buck. And
8 by now having these measures attached
9 to mayoral agencies and most of the
10 independent-elected offices have also
11 moved into program-based budgeting,
12 most of them. And it really lets you
13 ask those questions. And
14 unfortunately, for Philadelphia it's
15 not just a question about savings. We
16 were still in the process of restoring
17 funding for services we lost in the
18 last recession, but it's about being
19 able to make those connections about
20 what service level in terms of quality,
21 in terms of quantity do we want to be
22 providing and then what is the cost of
23 that.

24 And so, in some areas we
25 might look and say, you know what,

1 we're actually providing more in terms
2 of quality or quantity that we think
3 that Philadelphians want, we might be
4 able to dial that back. In other
5 areas, you look at these measures and
6 the Budget Office collects over 500 of
7 those. They are in the Five Year Plan,
8 a subset that makes sense to look at
9 quarterlies are in those Quarterly City
10 Manager's Reports. So the information
11 there is that you can begin to say,
12 well, here's where we've generally been
13 falling, is that an area that we
14 actually want to invest more in or do
15 things differently, and it lets us ask
16 those questions. I don't think it's
17 simply a matter of we have program-
18 based budgeting and you get savings as
19 a result, because unfortunately we're
20 still a city with tremendous need and
21 unmet needs in terms of individuals, in
22 terms of the services they want from
23 Philadelphians, but it gives us the
24 tools to really evaluate that
25 connection between what are the results

1 and what are the impacts on a community
2 level and what are we spending to get
3 it and it let's you say occasionally
4 things like, oh, we are spending a lot
5 of money to get something that people
6 don't actually care about. That's when
7 you can say, oh, there's savings. But
8 there's also going to be a lot of areas
9 where you say, we are not delivering
10 what Philadelphians deserve, we're
11 spending this much, could we spend it
12 differently, do we need to spend more
13 in order to get Philadelphians what
14 they need. So I think these are tools
15 that let us have conversations, but
16 they don't necessarily automatically
17 yield savings or automatically require
18 additional funding, but they let us
19 have these kinds of conversations and
20 we'll do this next budget season around
21 what do we want for the money we're
22 spending. Everybody said budgets are
23 sort of a reflection of the values and
24 priorities of a community. So are we
25 seeing that or do we need to relook at

1 that and look at those measures, look
2 at the decisions we've made about what
3 is funded and what's not and change it.
4 And that's really what this budget
5 process is for and why we want to make
6 it a more inclusive conversation that
7 reflects more points of view,
8 particularly Black and Brown
9 Philadelphians that maybe haven't had
10 the chance to influence this process
11 before so that we can think about are
12 we doing the right things. And I think
13 we're excited to continue to broaden
14 that conversation as we go into our
15 planning for FY22.

16 COUNCILWOMAN GILMORE

17 RICHARDSON: Okay. Thank you. I'll
18 definitely follow up with you on that
19 because budgets are moral documents and
20 they should reflect the priorities that
21 we intend to focus on, particularly in
22 the next fiscal year.

23 And really quickly, one last
24 question I had was around has COVID-19
25 affected our ability to make any of our

1 debt and/or pension payments or just
2 any information there we can share?

3 MR. DUBOW: It has not.
4 We've made all our debt service
5 payments and all of our pension
6 payments.

7 COUNCILWOMAN GILMORE

8 RICHARDSON: Okay. Thank so much.
9 Thank you, Mr. Chairman.

10 COUNCILMAN DOMB: Thank you,
11 Councilmember Gilmore Richardson. And
12 I just want to echo your thoughts here
13 and, that is, I know in the business
14 world today, more and more businesses
15 are utilizing technology and more
16 dramatically coming out of this
17 pandemic just overhead and saved costs
18 and I guess that goes in line with the
19 zero-based budgeting. And how do we
20 take advantage of that as a City
21 government to really ramp up our
22 technology to save, efficiency, make
23 more efficient and also save dollars?
24 That's not for today, but that's
25 something I just wanted to put out

1 there.

2 Our next question will come
3 from our Majority Leader, Councilmember
4 Cherelle Parker.

5 COUNCILWOMAN PARKER: Thank
6 you so much. And, Chairman Domb, I
7 appreciate your leadership in helping
8 to pull this very important hearing
9 together.

10 Rob Dubow, I want you to know
11 if you would have answered and gave an
12 answer any other than what you gave to
13 Councilwoman Katherine Gilmore
14 Richardson relative to those pension
15 payments and that debt service, you
16 know I would have reached through this
17 screen and touched you on your
18 shoulder. And --

19 MR. DUBOW: You would have
20 hunted me down. I know that.

21 COUNCILWOMAN PARKER: So
22 thank you so much. Let me just start
23 by saying, one, Councilman Derek Green,
24 Councilman Domb, Councilwoman Katherine
25 Gilmore Richardson, Johnny-on-the-spot,

1 I agree with them wholeheartedly.

2 And obviously, you know I've
3 spoken to you directly and other
4 members of the Administration regarding
5 the supports for small businesses,
6 particularly those neighborhood
7 businesses. But I do want to say this
8 for the record, when we think about our
9 regional economy, Council President
10 Darrell Clarke's thinking is in my
11 mind. All of us, although we're one
12 regional economy, we are not
13 monolithic. We've done everything as
14 it relates to responding to COVID in
15 varying degrees.

16 So who and when was decided
17 that each of those respective counties
18 could move from red to yellow to green,
19 they differed no matter where you are.
20 So we all didn't move, lock, stop and
21 step in the same direction at the same
22 time because we were dealing with some
23 issues that they didn't have as
24 strongly as we did in Philadelphia,
25 particularly as it related to the civil

1 unrest and the disproportionate number
2 of Black and Brown people who have been
3 impacted by COVID.

4 Now, Rob, I'm speaking
5 specifically relative to those dollars
6 when we talk about those CARES dollars
7 and the dollars that have been invested
8 in small businesses. So I want to
9 start where I heard you leave off with
10 Councilmember Green. I want to be very
11 intentional about what we talk about
12 moving forward. We know that there is
13 a deadline. We have to get these
14 dollars spent. We watched our Commerce
15 Department stand up every program that
16 we have in existence now to support
17 them, and they did a yeoman's job in
18 making it happen.

19 But as we move forward
20 because there are such grand time
21 constraints, I want to be very specific
22 in making an ask that the Commerce
23 Department partners with CDFIs. They
24 have the capacity. They are working
25 with small businesses right now. We

1 are under the gun from a time
2 perspective. And so, I wanted to very
3 specifically ask that we employ the use
4 of their services to drive some of
5 these dollars to the small businesses.

6 Did demand outweigh what we
7 had in a pot, of course. Even before
8 we got started, that was in fact the
9 case. And we all want to maximize the
10 efficient use of scarce resources
11 during this time. I just want to say I
12 want the City to be strategic in making
13 sure that the partners we select -- or
14 some folks I know are against, I will
15 say for the record, us using partners.
16 They think we should be able to just
17 drive the dollars out ourselves, but I
18 think we will do ourselves a disservice
19 by not engaging the support of our area
20 CDFIs.

21 So comment to me, if you
22 will, whether or not you think that
23 will be an option since you readily
24 admitted, and I appreciated hearing you
25 say we're talking about moving forward

1 instead of rehashing what we've done
2 but what we're going to do to support
3 this community moving forward and how
4 we're going to get there. Are you or
5 the Administration adverse to using
6 external partners to help us drive
7 these dollars out?

8 MR. DUBOW: I am not. I will
9 also talk to the Commerce Director, but
10 I don't think we're adverse to that.

11 COUNCILWOMAN PARKER: Okay.
12 So I'll be really looking forward to
13 hearing what that dollar amount will
14 be. I heard about the \$10 million from
15 Mont. Co. But I don't -- in all of our
16 five county area, I would argue that
17 the businesses in the City of
18 Philadelphia have been uniquely
19 situated.

20 All of the businesses needed
21 support. But our small businesses,
22 they are more than just essential.
23 They are the lifebloods of our
24 neighborhood, and I'm confident that
25 our City will meet the moment to

1 support what was referenced earlier and
2 I've been talking about since we've
3 been dealing with COVID and, that is,
4 the yeoman's job that State Senator
5 Vincent Hughes did with securing that
6 historic \$225 million. We've never
7 seen anything like that before in the
8 Commonwealth of Pennsylvania, but it is
9 definitely not enough. So I'm going to
10 be looking forward to seeing what the
11 City's response is going to be to
12 support them.

13 In addition to that, I wanted
14 to just state this for the record
15 because it is easy for folk to sort of
16 come on the back-end to talk about what
17 needs to be done, and we need to do it.
18 Councilmen Domb, Derek Green, Council
19 President, Gilmore Richardson, all of
20 my colleagues, Squilla, everybody who
21 is on this, we've all been trying to
22 come up with the most innovative, the
23 most strategic, the most economically
24 efficient proposals or recommendations
25 that we can make to just move

1 Philadelphia in the right direction
2 since the Feds, every time we turn
3 around, they've been moving the
4 goalpost, we can't do this. But then
5 they change the regs, we can do this
6 and then they change the regs. And
7 somebody said, they spent it this way
8 over here, so it's just a matter of
9 interpretation about how Philadelphia
10 can spend this money.

11 Without the direct and
12 concise leadership that we needed
13 coming from the Executive branch in
14 Washington, D.C., I think that this
15 Council working in conjunction with
16 this Administration, I think we've done
17 what we could and I think we continue
18 to try to get even better and to do so
19 much more. So if Sarah -- I don't know
20 if Sarah de Wolf is listening and
21 Chris, I want to say to our Matt Stitt
22 and all members of our technical team,
23 I want to thank you all so very much
24 for the work you've done, particularly
25 relative to this Recovery Office. I

1 know your work hasn't been easy.
2 Again, the Feds keep moving the
3 goalpost and the decisions have been
4 tough, but we just got to keep moving
5 in the right direction.

6 And the first direction for
7 me, Rob and Marissa, I'm going to be
8 watching very carefully because
9 whatever we're going to send the small
10 businesses, we better make sure it's
11 grand and we should be able to scale it
12 and we should make sure we have
13 partners that can help get this out
14 effectively and efficiently.

15 Thank you, Mr. Chairman. I
16 appreciate your patience.

17 COUNCILMAN DOMB: Thank you,
18 Majority Leader Parker. Thank you very
19 much.

20 I don't see any other
21 questions, but I have one or two
22 questions for who, I guess, could be
23 the City Treasurer Christian Dunbar.
24 So here's the question: First,
25 Mr. Dunbar, I would like to thank you

1 and your office for the great work you
2 do and how responsive you've been to
3 our office to questions and requests
4 since you came on board. You're doing
5 a great job. Thank you.

6 And the latest report we
7 received on the reconciliation of the
8 City's bank accounts shows that we
9 still need to reconcile, I guess, March
10 through June of our FY20 payroll
11 account. And I'm guessing that payroll
12 reconciliation is a little more
13 complicated than usual because of the
14 pandemic. Any idea what you're
15 anticipating how long it will take to
16 reconcile the City accounts for Fiscal
17 Year '20 and will it have any effect on
18 our eligibility for recovery funding?

19 MR. DUNBAR: We don't
20 anticipate that it will have any effect
21 on our recovery. We are working with
22 our accountant. And just to give you a
23 quick snapshot as we're dealing with
24 the pandemic, as you know we all went
25 out of the office around March 18th and

1 working with OIT, our accounting staff
2 was only about 50 percent in terms of
3 being able to work remotely until about
4 July. So what we had to do was
5 prioritize the type of accounts that we
6 wanted to ensure was reconciled and
7 looked at on a daily and/or weekly
8 basis. And we did that based on really
9 the potential of fraud or risk to the
10 City.

11 Some of the other accounts
12 that took a bit longer would have been
13 employee payroll and the levy because
14 those accounts from a fraud perspective
15 are relatively lower. Now that our
16 accounting staff is up and fully
17 running, we are going through the
18 process right now that we can catch up
19 the employee payroll account.

20 And just to again reiterate,
21 we don't expect that will have any
22 effect on our ability for any of the
23 recovery dollars. And I'm waiting on
24 an update from our accounting team who
25 should have that for me within the next

1 week or two. We're expected to be
2 completely up and running to be quite
3 honest by the end of next month in
4 terms of all of our accounts.

5 COUNCILMAN DOMB: Thank you.
6 That's great. And keep up that great
7 work. I have a second question for
8 you, and it goes around what I call, I
9 guess, refinancing. And for the public
10 benefit, the interest rates are so low.
11 Anyone who owns a rowhome in the City
12 should be probably looking at
13 refinancing. They could be as low as
14 2.5 percent right now for a 30-year
15 mortgage.

16 So I know the Federal Reserve
17 has been a leader in providing the
18 recovery funding through Capital
19 Markets. And back during the budget
20 process, we decided on a municipal
21 financing vehicle they offered didn't
22 make financial sense I believe for us
23 to take advantage of. Have there been
24 any opportunities in the first quarter
25 of this fiscal year with rates so low

1 to find some supports through Capital
2 Markets and can we realize some savings
3 here on interest costs for future bond
4 refundings that might be available
5 because rates are so low at this point
6 in time?

7 MR. DUNBAR: Absolutely. Our
8 most recent transaction just to give
9 you a sense of -- give you a point of
10 how low rates are, the municipal
11 liquidity facility and the rates that
12 they offered would have been roughly
13 about 2.1 percent, but we were able to
14 borrow a TRAN, and that's a short-term
15 borrowing for 26 basis points, just to
16 give you a sense of really how low
17 rates are. We are as you know,
18 Councilman, constantly reviewing our
19 entire debt portfolio and that's across
20 all of our agencies, which is roughly
21 just under 9 billion for refunding
22 opportunities.

23 We just did a significant
24 refinancing with our Water Department
25 and we saw tens of millions of dollars

1 worth of savings there. We're in the
2 process of refinancing our Gas Works,
3 and there aren't many general
4 obligation bonds that are at the stage
5 where we can refinance them now.
6 There's some technical reasons around
7 why we can't do that.

8 We can only do it taxably if
9 we want to do an advance refunding. An
10 advance refunding is just essentially
11 refunding, something before the call
12 date. Every time we issue bonds, we
13 typically can't call those bonds or
14 refund those bonds for 10 years. And
15 so, that gives us a limitation.

16 In 2017, what happened is
17 that tax exempt advance refinancing
18 which would allow us to refinance a
19 bond prior to that 10-year call date
20 was removed in a 2017 tax proposal that
21 passed Congress. And so, we can do
22 that taxably, but obviously taxable
23 rates are higher than tax exempt rates.
24 So we're also evaluating -- there's
25 opportunity cost when you refinance too

1 quickly, where if you waited a year or
2 two, you may be able to refinance at a
3 much better savings to the City. And
4 so, what we call that is optionality.

5 As we review our portfolio,
6 we're always looking at a number of
7 different things. Obviously, how much
8 money we're going to save. There's
9 negative arb, and I won't go through
10 those technicals. But also
11 optionality, where we may be able to
12 wait a bit longer before we do our
13 recent (inaudible) and there will be no
14 long-term debt interest of the City,
15 because many of these bonds are out 20
16 and 30 years, and in some cases out
17 even 35 years. So we're always
18 re-evaluating our portfolio on a pretty
19 monthly basis to try to take advantage
20 of refinance and opportunities.

21 COUNCILMAN DOMB: Thank you.
22 Is the hold-up basically that you just
23 can't refinance some of these bonds or
24 that penalties are so great that the
25 economics don't work?

1 MR. DUNBAR: So some of it is
2 the economics, you know, negative arb
3 and that's just what we may call
4 opportunity cost. And refinance --
5 because any time you refinance, what
6 you really end up doing unlike a
7 mortgage refinancing where you're
8 taking out that completely, what we're
9 doing is we're refinancing and we're
10 taking money and we're putting it in an
11 investment fund and that investment
12 fund will then pay back the bonds for
13 us. So it's not a true refinancing as
14 we would think about from a mortgage
15 perspective, because those bonds stay
16 out to the investors because there are
17 limitations on the call date, which is
18 typically about 10 years.

19 And we are looking at
20 different financing structures, maybe
21 shorter call date or other financing
22 structures that might make sense for
23 the City long-term. But as it relates
24 to our portfolio, over the last four
25 years we have done a significant number

1 of refinancing, so that's why many of
2 our call dates are out past 10 years.
3 So we don't have many current callable
4 bonds. And so, because again tax
5 exempt refinancing has gone away, we
6 can only look at taxable and we want to
7 be very careful how we go about
8 refinancing taxably because those rates
9 are typically higher than tax exempt
10 rates.

11 COUNCILMAN DOMB: All right.
12 Sounds great. I just want to stress
13 that this is such a big area right now
14 where we can save money. Whatever we
15 can do to help you, give you the tools
16 you need, just let us know because this
17 is an area with low interest rates.
18 What other businesses around the world
19 are doing, they're refinancing almost
20 all of their debt to lower their cost
21 of doing business and we should -- and
22 it sounds like we are, we should do the
23 same thing as the City of Philadelphia.
24 So I appreciate everything you're doing
25 and keep up the great work. Thank you.

1 MR. DUNBAR: Thank you. I
2 appreciate it and I appreciate your
3 leadership on some of these issues.

4 COUNCILMAN DOMB: Thank you.
5 So now I would like to call upon Sarah
6 de Wolf and Chris Rupe to give us their
7 Recovery Office Report.

8 MS. DE WOLF: Thank you,
9 Councilman.

10 Chris, are you there?

11 MR. RUPE: I am, but my
12 camera does not want to work right now.

13 MS. DE WOLF: Okay.

14 COUNCILMAN DOMB: Just say
15 your names for the record there.

16 MS. DE WOLF: Sure. I'm
17 Sarah de Wolf, Deputy Finance Director,
18 Co-recovery Lead for the City of
19 Philadelphia.

20 MR. RUPE: And I'm Chris
21 Rupe, Deputy Managing Director for
22 Policy and Legislation and Co-recovery
23 Lead. Thank you for having us today.

24 COUNCILMAN DOMB: Good
25 morning. Thank you.

1 MR. RUPE: In the interest of
2 everybody's time, we would like to give
3 an abbreviated slide deck if you don't
4 mind. I think the copy was distributed
5 to all members. But if that works for
6 you, Mr. Chair?

7 COUNCILMAN DOMB: Perfect.

8 MR. RUPE: Great. And we'll
9 also make this available on our website
10 at some point too. We're happy to
11 answer any questions that we may not
12 cover in any of the specific slides.

13 So, Sarah, maybe if we can
14 skip ahead to the second slide.

15 MS. DE WOLF: Okay.

16 MR. RUPE: In this
17 presentation, we'll give a high level
18 and brief overview of the work that's
19 underway, the impact of COVID-19 that's
20 had on the City and some of the
21 challenges we've faced when responding
22 to the pandemic. We'll also provide
23 some clear examples of how the federal
24 dollars the City has received have been
25 deployed to help Philadelphians who are

1 suffering the most from the effects of
2 COVID-19.

3 We'll go over a high level,
4 the overall strategy that has guided
5 our deployment of resources and how the
6 City's focus on equity has influenced
7 the City's response. We'll also
8 preview what we'll be working on in the
9 months ahead. The City will be
10 releasing a public report on these
11 topics in the very near future. So
12 today we wanted to preview some other
13 content that will be included in that
14 report.

15 I'd also like to mention that
16 just a few days ago the Census Bureau
17 released data on poverty, and it
18 indicated that Philadelphia's poverty
19 rate has declined from 28.4 percent in
20 2011 down to 23.3 percent in 2019.
21 Again, that's a decline from 28.4 in
22 2011 to 23.3 in 2019. Philadelphia was
23 moving on the right track until COVID
24 hit. We need to make sure we continue
25 that progress as we recover from this

1 pandemic, and that goal has driven a
2 lot of the City's response activities
3 in mitigating economic insecurity and
4 hardship and has also shaped our
5 continued advocacy for additional
6 federal relief.

7 Sarah, can we skip down to
8 Slide 8?

9 MR. DE WOLF: Yes. Here you
10 go.

11 MR. RUPE: All right. So
12 just some high-level talking points
13 about the impact COVID-19's had on the
14 City. We all know that COVID has had a
15 very significant impact. As of Monday,
16 our City has recorded 35,825 confirmed
17 cases and 1,785 deaths. We were one of
18 the earliest places in the U.S. to be
19 impacted by COVID-19 and the City
20 responded quickly and aggressively to
21 mitigate it.

22 Public health guidelines
23 require certain restrictions on
24 economic activity to slow the spread of
25 the disease and flatten that curve, and

1 from a public health perspective we've
2 been largely successful. However,
3 these restrictions also caused dramatic
4 and racially inequitable economic harm.
5 In July, Philadelphia's unemployment
6 rate exceeded 19 percent.

7 Furthermore, the City's tax
8 structure makes it particularly
9 vulnerable to sudden economic
10 volatility. Unlike many other counties
11 and cities, including the counties in
12 our surrounding area, we rely heavily
13 on taxes that are particularly
14 sensitive to economic fluctuations. As
15 a result of this, the City is projected
16 to have \$749 million revenue shortfall
17 this fiscal year, which for some
18 context is an impact roughly seven
19 times greater than the revenue gap
20 during the Great Recession.

21 I'm going to fly through a
22 couple quick slides here and not spend
23 a lot of time on either one, but I
24 wanted to make sure you had a chance to
25 see them because they did a nice job

1 kind of demonstrating the impact in a
2 visual way that the pandemic has had on
3 our City. Here we can see that the
4 number of positive tests has decreased
5 after that initial spike in the spring.

6 This occurred despite the
7 significant increase in the number of
8 tests being performed. In other words,
9 we've tested more people and both the
10 number and percentage of positive test
11 results have steadily declined. Some
12 officials may claim that higher
13 positive test results are due to more
14 testing activity. And here in
15 Philadelphia, the data simply does not
16 support that argument.

17 This graph shows the number
18 of new and continued unemployment
19 claims filed by Philadelphians. The
20 two dark lines add up to the orange
21 line on top. You can see that we saw a
22 spike in new unemployment claims filed
23 in April. And since May, the total
24 number of Philadelphians claiming UC
25 benefits has started to trend downward.

1 However, claims remain about five times
2 higher than they were before the
3 pandemic, which you can see by
4 comparing the far right side of the
5 chart to the far left side.

6 This data indicates that
7 unemployment has disproportionately
8 hurt younger, less-educated workers as
9 well as racial minorities. According
10 to Philadelphia Works, approximately
11 210,000 total UC claims were filed by
12 Philadelphians between March 15th and
13 August 1st. Almost 70 percent of those
14 UC claimants reported an educational
15 attainment level below a high school
16 diploma or GED. These two tables break
17 out the UC claimant characteristics
18 further.

19 On the left, you could see
20 that UC claimants are
21 disproportionately minority compared to
22 the characteristics of the labor force
23 overall. On the right, you can see
24 that the age cohort with the most UC
25 claims is those between 25 and 34. And

1 those with the lowest level of
2 education represent the majority of
3 claimants in every age group.

4 So in summary, Philadelphia
5 is facing significant fiscal challenges
6 due to the pandemic, but we're not
7 alone. Most large cities and states
8 are facing similar challenges due to
9 the sudden and severe loss of tax
10 revenue. At the same time, cities and
11 states are facing increased cost
12 associated with responding to the
13 pandemic. We're also facing some very
14 significant impacts related to
15 unemployment and the impacts have hit
16 the hardest on those who are least
17 educated, racial minorities and younger
18 workers.

19 We're very thankful that
20 Congress has provided significant
21 funding to help us respond to the
22 pandemic, but these funding streams
23 have all various restrictions and
24 typically can't be used to make up for
25 lost tax revenue. We have joined many

1 of our peer cities and membership
2 organizations to advocate for
3 additional, direct and flexible funding
4 to help us respond to the pandemic and
5 manage through the related fiscal
6 challenges, but Congress has not yet
7 come to an agreement on this and a
8 future agreement does not seem
9 imminent.

10 Congress also thankfully
11 provided some increased short-term
12 financial support for families and
13 individuals who have lost jobs or
14 income due to COVID-19 in the form of
15 enhanced unemployment benefits, but
16 then has not provided long-term
17 financial support for these people and
18 we really need more long-term financial
19 support coming out of Washington in
20 order to ensure a robust and successful
21 recovery. And now I'll turn it over to
22 Sarah who will walk you through the
23 next section.

24 MS. DE WOLF: Thanks, Chris.
25 In the interest of time, I'm going to

1 skip over this overview of federal
2 legislation and just move into our next
3 section. So as we talk about the
4 recovery funding that we've received to
5 date, we wanted to share some of the
6 challenges and constraints that we're
7 facing with our recovery work. The
8 next few slides will provide an
9 overview of those challenges.

10 So while every grant comes
11 with its own set of constraints, the
12 biggest and the most flexible funding
13 source that we've received so far is
14 the Coronavirus Relief Fund payment
15 from the U.S. Treasury that was created
16 as part of the CARES Act. When the
17 CARES Act was passed, Congress created
18 a formula of distribution of the \$150
19 billion Coronavirus Relief Fund to
20 states and local governments with
21 populations of 500,000 or more.
22 Through this formula, most of the
23 funding went to state governments and
24 not to cities or counties.

25 Philadelphia as a local

1 government with a population of at
2 least 500,000 received a share of
3 Pennsylvania's total funding through
4 the formula set by Congress, and that
5 share was \$276.4 million. That amount
6 equates to slightly less than 6 percent
7 of the total funding received by
8 Pennsylvania. Unfortunately, as Rob
9 talked about earlier, this allocation
10 is not proportionate to either
11 Philadelphia's population or to the
12 number of COVID-19 cases that
13 Philadelphia has experienced.

14 Philadelphia is home to
15 roughly 12 percent of Pennsylvania's
16 population and over 20 percent of
17 Pennsylvania's COVID cases as we show
18 in these charts. While we continue to
19 advocate for additional, flexible
20 federal funding, discussions about
21 another federal relief package have
22 stalled. With no acceptable compromise
23 in sight for democrats and republicans,
24 it's looking unlikely that additional
25 federal funding will be made available

1 any time soon or that rules will change
2 to allow more flexible use of our CRF
3 funding.

4 What this means is that for
5 now we will continue to face the two
6 major constraints with respect to our
7 CRF dollars, mainly we cannot use them
8 to replace lost revenue which is the
9 area where our finances have been
10 hardest hit by the pandemic and we must
11 spend the entire allocation by December
12 30, 2020. This deadline means that
13 we'll face steep drop-offs in funding
14 at the end of the calendar year, and we
15 don't know what will happen with the
16 pandemic between then and now or
17 beyond.

18 In addition to these
19 constraints, the rules guiding how we
20 may use our CRF funds have continued to
21 evolve, making it harder to ensure
22 compliance with the federal guidelines.
23 As of this Monday, Treasury has issued
24 and revised its guidance and FAQs
25 governing eligible costs and necessary

1 documentation 12 times. In addition,
2 Treasury has implemented extremely
3 cumbersome reporting requirements for
4 the CRF, requirements that are only
5 made available in full in early
6 September.

7 With limited funding
8 available to Philadelphia, we want to
9 make sure that programs enacted at the
10 local level were informed by the
11 state's decisions about how to spend
12 its CRF dollars. However, lack of
13 clarity has also existed at the state
14 level. To date, Harrisburg has only
15 allocated 2.6 billion of its 3.9
16 billion in CARES CRF funds, and it
17 remains unclear how the Commonwealth
18 will use its remaining funds.

19 While we're grateful for the
20 relief program that the Commonwealth
21 has implemented, we're still waiting to
22 see what impact these programs have had
23 and what the extent of unmet needs
24 looks like. In addition, many strings
25 are attached to these funds that limit

1 their effectiveness, such as having
2 rent relief at a value that's far below
3 market rent in a city like
4 Philadelphia.

5 This slide shows the timeline
6 for CRF guidance changes. As you can
7 see, the rules governing how these
8 dollars can be spent have been updated
9 over and over again, making it
10 difficult for governments to move money
11 out the door quickly. Funding was
12 distributed in late April, but funding
13 recipients were only notified of
14 reporting requirements early July, two
15 weeks before the first report was due,
16 and guidance and Q&A documents have
17 been revised as recently as this past
18 Monday.

19 We also wanted to share our
20 reporting timelines with you. As you
21 can see in this report, our first
22 interim report on spending from March 1
23 through June 30th was submitted to the
24 U.S. Treasury in mid-July. Another
25 more detailed report on the same time

1 frame is being prepared and will be
2 submitted by October 5th. We're
3 planning to issue a public update on
4 recovery work around the time of this
5 first fall quarterly report.

6 Our next quarterly report is
7 due to Treasury not long after the
8 first one on October 13th. As you can
9 see in the chart, we're also planning
10 to time another quarterly update to be
11 issued shortly after the submission of
12 that report. In recognition of the
13 need for more regular updates, we will
14 also begin providing monthly updates on
15 grant activity and spending to City
16 Council beginning in October.

17 Chris, I want to turn it back
18 over to you to talk through the next
19 session.

20 MR. RUPE: Thanks, Sarah. So
21 as we noted earlier, the City is facing
22 increased costs and decreased revenues.
23 So when you have minimal capacity for a
24 financial risk, we therefore need to
25 try to do all we can to recover our

1 costs to responding to the pandemic.
2 But at the same time, there are a lot
3 of urgent needs in the community that
4 we need to address to ensure a
5 successful recovery. These needs far
6 exceed the City's resources, so we need
7 to try to balance the need to meet the
8 longstanding needs of our residents by
9 providing the services they've always
10 relied on while also trying to meet the
11 new and exacerbated needs due to COVID-
12 19, and we must try to be able to do
13 both in FY21 and beyond, because the
14 overall economic recovery will be a
15 longer term effort than the federal
16 dollars will ask for.

17 To try to accomplish this,
18 we've intentionally tried to make sure
19 we've identified areas where the state
20 and federal government are providing
21 support to avoid duplication of efforts
22 for wasteful spending and it's also
23 helpful for us to understand where the
24 gaps and unmet needs are as well as the
25 impact of various investments to ensure

1 we're being efficient with our dollars.

2 We are also focusing a lot of
3 time and effort on ensuring that
4 documentation is thorough and decisions
5 are sound, so we minimize our risk at
6 audit and keep as much as the federal
7 funding as possible. This slide shows
8 an update on our overall grant
9 activity. At this point, the City has
10 received a total of 24 grants totaling
11 \$623 million.

12 The largest portion of the
13 funding is the CRF, which represents 44
14 percent of the total funds. Though the
15 CRF has the most flexibility, each of
16 those grants have restrictions of their
17 own. Through the CRF, those funds can
18 only be used to cover expenses that are
19 necessary due to the pandemic and
20 public health emergency, were not
21 accounted for in the most recent
22 pre-pandemic budget and the expenses
23 must be incurred between March 1st and
24 December 30th. The public report that
25 the City will issue in the near future

1 will break these grants out into more
2 detail with respect to amounts,
3 eligible uses and time periods.

4 This slide provides a
5 high-level overview on how CRF funds
6 have been spent as of June 30th. As
7 Sarah mentioned, Treasury required the
8 City to file an interim report on
9 spending activity through June 30th
10 over the summer and required expenses
11 to be categorized into specific themes
12 and reported as lump sum totals. This
13 slide summarizes what we reported at
14 that time as preliminary numbers.

15 From March 1st through June
16 30th, we reported eligible expenses
17 totaling just under \$116 million or 41
18 percent of the total CRF funds. At
19 this rate, we are on pace to spend down
20 our CRF dollars by the December 30th
21 deadline. The largest area of expense
22 is payroll cost or public health and
23 safety staff who are on the front lines
24 of pandemic response. We also incurred
25 sizable expenses due to medical and

1 public health response activities. And
2 some examples include the medical
3 examiner surge capacity, PPE and the
4 Liacouras Center medical surge site.

5 We also dedicated \$7.5
6 million for economic relief to small
7 businesses and nonprofits through the
8 first phase of the City's small
9 business relief fund and the PHL COVID-
10 19 fund. Once this interim report was
11 completed, Treasury substantially
12 changed its reporting requirements
13 going forward. We are currently in the
14 midst of recategorizing this expense
15 data by specific project and will have
16 those numbers available by early
17 October. Data for the first quarter of
18 FY21 will then be available a little
19 bit later in October in advance of that
20 next Treasury reporting deadline, and
21 this data will also be on a
22 project-specific basis, so it will give
23 you a little bit more insight,
24 transparency and clarity around the
25 costs and attributing those to a

1 specific activity, rather than just
2 looking at a lump sum total or a list
3 of purchase orders and incumbrance and
4 actual data.

5 And now I'll turn it back
6 over to Sarah to walk you through the
7 elements of the City's strategy.

8 MS. DE WOLF: Thanks, Chris.
9 So the next few slides will focus on
10 the reimbursement strategy. So with
11 limited funding available for our
12 response and recovery efforts, we
13 prioritized three key areas of
14 spending, protecting public health and
15 safety, protecting vulnerable residents
16 and recovering economically from the
17 impact of the pandemic.

18 Within these themes, we're
19 working equitably to distribute funds
20 to cover new costs incurred by the City
21 in its response to the pandemic and to
22 support new programs that provide
23 direct and meaningful relief for those
24 residents and businesses who have been
25 hit hardest by this crisis. Since

1 early March, City agencies have been
2 the front lines of the response to the
3 public health crisis.

4 As Council was well aware,
5 these response efforts have required
6 previously unbudgeted and unanticipated
7 spending in a number of areas that are
8 eligible for reimbursement through the
9 CRF. From March 1st to June 30th, the
10 City's General Fund incurred more than
11 \$100 million of payroll, medical and
12 public health expenses resulting from
13 our response to the pandemic.

14 Specific line items have
15 included personal protective equipment
16 for essential City workers and the
17 public, healthcare services and testing
18 at the prisons to prevent the rapid
19 spread of the disease within an
20 enclosed area, other disease
21 containment strategies, standing up
22 emergency operation centers to
23 coordinate amongst departments and
24 partner agencies, establishing and
25 overseeing a medical surge facility,

1 communicating with the public and
2 promoting healthy practices, cleaning
3 and installing protective plexiglass
4 barriers in public buildings and
5 establishing protocols to ensure the
6 sustained provision of essential public
7 services.

8 In addition to the cost
9 incurred related to protecting public
10 health, several key investments have
11 also been made to protect vulnerable
12 populations from the impact of the
13 pandemic. These include investing up
14 to \$46 million of local and state CARES
15 Act funding and two phases of rental
16 assistance. The first phase will serve
17 up to 4,000 households. And the second
18 phase will serve up to 6,300 households
19 with stacked benefit designed to
20 encourage more participation from
21 landlords and to maximize drawdown of
22 state funds.

23 In addition, in recognizing
24 that many households in Philadelphia
25 are impacted by the digital divide and

1 that having reliable Internet access is
2 essential to remote learning, we are
3 also investing up to \$3 million to
4 provide Wi-Fi hotspots to K through 12
5 households through the PHLConnected
6 program and are supporting access
7 centers with Wi-Fi hotspots as well.

8 We've also repurposed three
9 hotels to provide isolation quarantine
10 and prevention services to vulnerable
11 residents who cannot safely shelter
12 at-home or in a congregate setting. To
13 date, nearly 500 individuals have
14 participated in the isolation
15 quarantine program and over 200 in the
16 COVID-prevention spaces. And we have
17 invested in food distribution to help
18 those who may not be able to access
19 more traditional service delivery
20 methods due to health restrictions as
21 well as those who are encountering
22 economic hardship due to COVID. To
23 date, we have invested 6.2 million with
24 679,000 food boxes distributed and
25 nearly 6 million meals served.

1 In March recognizing that
2 many of Philadelphia's small businesses
3 were impacted by the public health
4 restrictions imposed by the spread of
5 the virus, the City acted quickly and
6 committed \$7 million to the Small
7 Business Relief Fund which help to
8 leverage additional non-City funding.
9 Through this fund, a total of 13.3
10 million was distributed to over 2,000
11 business through a mix of grants and
12 zero-interest loans; 50 percent of the
13 awardees were located in low-to-
14 moderate income census tracts.

15 In early June, the Governor
16 announced a \$225 million small business
17 grant program through the CDFI Fund
18 funded with state CRF dollars. During
19 the first phase of this grant program,
20 over 1100 Philadelphia businesses
21 received a total of \$20.4 million with
22 70 percent of funds going to
23 historically disadvantaged business.
24 The City is awaiting full details on
25 the impact and distribution of the

1 remaining phases.

2 The City also made an early
3 contribution of \$500,000 to the PHL
4 COVID-19 fund. These funds help to
5 leverage philanthropic contributions
6 which together have provided \$17.5
7 million in grants to more than 500
8 nonprofits. Together these various
9 programs have allocated over \$50
10 million to help small businesses and
11 nonprofits impacted by the pandemic.

12 This slide shows some
13 additional statistics about the first
14 Small Business Relief program,
15 including the make-up of businesses
16 receiving grants, the type of
17 industries receiving funding and the
18 applications by zip code. And with
19 that, I'm going to pass it back to
20 Chris to talk about the importance of
21 an equity-centered approach during our
22 recovery.

23 MR. RUPE: Thanks, Sarah. As
24 we noted previously, the pandemic
25 disproportionately harmed low-income

1 residents and communities of color.
2 For us to have a successful recovery,
3 we must ensure that assistance is
4 targeted to those who have been harmed
5 the most. In order to accomplish this,
6 the City launched a series of
7 initiatives that were designed to
8 specifically those who are in greatest
9 need.

10 I'll provide a high-level
11 overview of a few of these response
12 strategies, which are being funded in
13 whole or in part through CRF dollars.
14 We would be happy to follow up with the
15 subject matter experts who are closest
16 to the actual operations of these
17 activities to respond to any specific
18 questions you may have.

19 So we know from the
20 unemployment data that racial minority
21 groups are disproportionately
22 shouldering the economic impacts of the
23 pandemic. But testing data also shows
24 they are bearing a disproportionate
25 share of the health impacts as well.

1 The data on the right side of these
2 charts, which is from the Health
3 Department, illustrates that the number
4 of COVID-19 cases has
5 disproportionately impacted
6 African-American and Hispanic residents
7 the most as well as older residents of
8 all racial groups.

9 So given how inequitable
10 these impacts are, the Health
11 Department has intentionally structured
12 its response with an equity focus. The
13 Department hired a diverse staff of
14 contact tracers in an effort to ensure
15 that the staff had the cultural and
16 linguistic competencies to successfully
17 reach those who need to be reached the
18 most. Testing efforts have also
19 focused on trying to reach racial
20 minorities. Here are some graphics
21 illustrating the demographic breakouts
22 and linguistic capabilities of this
23 staff.

24 Given how inequitable these
25 impacts are, the Health Department

1 intentionally structured -- I'm sorry.
2 The Health Department is also working
3 with organizations who can expand
4 community-based testing with a focus on
5 underserved populations because we know
6 that there are barriers and biases in
7 traditional healthcare delivery
8 systems, so we need to make sure we are
9 reaching people where they are using
10 more trusted avenues.

11 To date, 14 organizations
12 have been funded and the department
13 continues to accept responses to its
14 RFI for community-based testing. The
15 first and largest grant was made to the
16 Black Doctors COVID-19 Consortium,
17 whose founder is also working with the
18 Health Department to help shape its
19 equity work and planning for flu and
20 COVID vaccine deployment. Through the
21 efforts of these community-based
22 organizations and Health Department
23 staff, testing has increased among
24 minority populations and
25 African-American Philadelphians now

1 have the highest testing rate per
2 capita.

3 The City's equitable response
4 to the impacts of the pandemic extended
5 beyond targeted testing activity and
6 also included ensuring that the basic
7 foundational needs of our vulnerable
8 residents could be addressed
9 effectively. Here are a few more key
10 examples of that: Many City
11 departments and agencies came together
12 to ensure that our residents who are at
13 risk of food insecurity could be fed.
14 In addition to the economic harm caused
15 by the pandemic, the pandemic also
16 impacted food supply chains and
17 distribution systems. Traditional
18 indoor feeding operations could not
19 operate and schools that typically
20 provide free meals were closed. To
21 respond, the City set up a network of
22 food distribution sites as depicted on
23 this map.

24 These sites were clustered in
25 the parts of the City with the highest

1 need to try to ensure that those who
2 need help can access it. Through this
3 enormous effort, over 679,000 boxes of
4 shelf-stable foods were distributed to
5 families. More than 5.6 million meals
6 were distributed to school-aged
7 students and more than a quarter
8 million meals were served to
9 unsheltered or economically insecure
10 residents who could not access
11 traditional meal sites due to health
12 restrictions. More than 85,000 meals
13 were also distributed to seniors who
14 are often particularly at risk of
15 COVID-19.

16 Another major issue we tried
17 to address was the longstanding digital
18 inequities in our City. This digital
19 divide became exacerbated by the shift
20 of virtual learning for our public
21 school students. Many of whom are from
22 low-income households whose Internet
23 service is an unaffordable luxury. To
24 ensure that kids can have reliable
25 Internet access and safe environments

1 to learn in, the PHLConnected and
2 Access Centers initiatives were
3 launched.

4 As of this week, there are
5 now 77 access centers city-wide where
6 students can receive their instruction
7 in a safe and supportive environment.
8 The distribution of these sites is
9 shown on this map. This work was an
10 excellent collaboration with the School
11 District and philanthropy, and the City
12 invested approximately \$3 million from
13 the CRF to provide Wi-Fi hotspot
14 devices to households that had public
15 school children but no Internet access,
16 and operationalize the access centers.

17 Deploying resources with an
18 equity focus is vitally important
19 because we need to make sure those who
20 need help the most are receiving the
21 most help. However, equity and
22 response must also extend beyond the
23 deployment of services and into
24 procurement practices. Departments
25 have also worked to ensure that

1 procurement activities related to the
2 pandemic are equitable and inclusive.

3 Due to the nature of the
4 pandemic, many of the City's
5 significant purchases were related to
6 healthcare services, medical equipment,
7 food, technology and human services. A
8 lot of very specialized things had to
9 be acquired on an expedited basis and
10 often with supply chain challenges.

11 Federal guidelines also require us to
12 follow a competitive process in most
13 cases, often forcing departments to use
14 or amend existing contracts that
15 already went through a competitive
16 process. However, despite these
17 unusual circumstances, the
18 Administration has stressed the
19 importance of inclusive procurement.

20 CAO has established an
21 emergent contracting committee in
22 partnership with Law, Procurement and
23 OEO to promote equity and diversity
24 while also complying with the federal
25 grant requirements. The group reviews

1 COVID-related procurements and tries to
2 identify areas to maximize
3 participation. Preliminary spending
4 data is shown on this slide through
5 September 1st on all COVID-related
6 contracts.

7 You can see that for the
8 total universe of for-profits
9 procurements during this period, the
10 City has achieved a 30 percent total
11 M/W/DBE participation rate; 23 percent
12 MDE participation; 5 percent WBE
13 participation rate; and another
14 percentage went to firms with multiple
15 M/W/DBE categories. These numbers
16 represent a snapshot in time and will
17 be refined and updated as the books
18 close on FY20 and spending obligation
19 data continues to be updated as
20 invoices are paid and goods and
21 services are acquired, but we will
22 continue to stress the importance of
23 inclusive procurement throughout the
24 pandemic response and recovery process.
25 And we will continue to report out on

1 this important metric. And now, I'll
2 turn it back over to Sarah.

3 MS. DE WOLF: Thank you,
4 Chris. So before finishing up, Chris
5 and I wanted to give a quick overview
6 of upcoming recovery activities. As
7 you know, the pandemic is far from over
8 and the City is preparing for a
9 potential increase in COVID cases this
10 fall and winter. There will be
11 additional costs associated with some
12 of these preparations to ensure the
13 City is positioned to withstand another
14 surge in cases.

15 In addition, we will continue
16 to embed a racial equity approach into
17 our programs and processes. We will
18 continue to emphasize the City's
19 M/W/DSBE goals and the importance of
20 those goals for all spending, including
21 federal and state dollars. We will
22 also continue to evaluate our existing
23 relief programs for renters of small
24 businesses to ensure maximum impact and
25 minimal gaps. This includes using our

1 own dollars to leverage funding from
2 state and philanthropic communities.

3 We will continue to work
4 closely with the School District to
5 ensure that children and their families
6 have what they need to learn safely and
7 where necessary remotely. And we'll
8 continue to advocate for additional
9 flexible funding to offset our revenue
10 losses while maximizing our drawdown of
11 grant dollars and ensuring compliance
12 with federal guidelines.

13 So Chris and I want to thank
14 you for this opportunity to present on
15 this work. Our contact information and
16 website is listed at the end of this
17 presentation and we're happy to answer
18 questions that you have.

19 COUNCILMAN DOMB: Thank you.
20 Thank you, Sarah and Chris, for the
21 presentation. Excellent work. It
22 seems like you're doing a really good
23 job. I do have a few questions and
24 then I'll open it up to my colleagues.

25 I guess one of the concerns I

1 have is I feel like we're not being
2 treated fairly by the state. We have
3 the population of -- we represent 12
4 percent. And all of the different
5 categories, in one category we're
6 getting 6 percent of the money; in
7 another category we're getting not even
8 8 or 9 percent of the money. It just
9 doesn't seem fair. I assume we have
10 lobbyists that are working on this, but
11 what are we doing to make sure we get
12 at least our fair share? I'm not
13 asking for more even though we have way
14 more COVID cases than any other places
15 in the state of Pennsylvania. What are
16 we doing to lobby the Governor and the
17 Legislative body to make sure we get
18 just our fair share?

19 MR. RUPE: Sure. So I can
20 take that. We are in regular
21 communication through the Mayor's
22 Office with our lobbying firms that
23 deal with both state and federal issues
24 as well as with our collected
25 Legislative Delegation members. We

1 have sent numerous letters outlining
2 our priorities. We do have a very good
3 working relationship with the
4 Administration in Harrisburg.

5 I think some of these issues
6 are very challenging because whenever
7 -- every jurisdiction we found is
8 facing a very different set of
9 circumstances. And when lawmakers in
10 Washington are trying to strike a deal
11 on how to allocate resources, often
12 times population is one of the only
13 data points they have to go on. I
14 think the unfortunate reality is that
15 the way they crafted the formula
16 distribution in the CARES Act, most of
17 the money went to states. No state
18 regardless of its size got less than
19 \$1.25 billion. And all of the large
20 counties were then given a much smaller
21 allocation based on their proportionate
22 share of the population based on a
23 tweak to the formula.

24 So our population share, that
25 12 percent, was only applied to 45

1 percent of the state's money so we
2 ended up with a much, much smaller
3 share than 12 percent. We are also
4 facing challenges by the fact that we
5 are both a city and a county. Many
6 other counties do not have the level of
7 front line response activity dealing
8 with public health and safety that we
9 do.

10 For example, we're the only
11 county in Pennsylvania to my knowledge
12 that runs an EMS system that serves the
13 entire City. Many other counties are
14 in a position where they are not
15 bearing as many of the direct costs for
16 responding and can sort of dole out
17 grants and distribute funding to others
18 to carry out the work. So that's my
19 long-winded way of saying that we
20 engage on a very regular basis with our
21 lobbyists and our elected officials.
22 We submit written testimony. We have
23 submitted advocacy letters. It just
24 seems like unfortunately, particularly
25 in Washington, there's not a whole lot

1 of urgency for people to come to the
2 table and really make some tough
3 choices.

4 COUNCILMAN DOMB: Have we
5 engaged the business community in
6 Philadelphia to help us in this
7 situation, because we do generate a lot
8 of taxes for the state of Pennsylvania
9 from Philadelphia? And I wonder if we
10 can call out 20 or 25 business leaders
11 and say, hey, we need your help here,
12 we need you to lobby for us to at least
13 get our fair share.

14 MR. RUPE: That's a really
15 good idea. And that work may be
16 happening underway through the Chamber
17 and the Commerce Department. Commerce
18 may be better equipped to speak to the
19 details. And one other thing I wanted
20 to mention and I also wanted to call
21 out Councilmember Green for his
22 involvement with the National League of
23 Cities. We are members of the NLC and
24 U.S. Conference of Mayors, and National
25 Association of Counties and we are

1 actively engaged with all of those
2 organizations.

3 It has become very clear to
4 us very early on that regardless of
5 what the specific impacts of the
6 pandemic have been, many of us are all
7 sharing the same concerns. And we've
8 really been in lockstep with our
9 advocacy priorities across the country.
10 Unfortunately, we haven't seen a lot of
11 movement on the legislative slide or
12 progress on solving some of these
13 really challenging issues to this
14 point.

15 COUNCILMAN DOMB: Okay.
16 Thank you. I have a few questions I'm
17 going to ask regarding this. One is
18 are you both overseeing the consultant
19 we hired to ensure we spend our money
20 down by December 31st?

21 MR. RUPE: Yes.

22 MS. DE WOLF: Yes.

23 COUNCILMAN DOMB: And I hear
24 from my colleagues and I think Council
25 needs and deserves maybe some

1 assurances that we understand
2 priorities as things progress and that
3 this money will be spent effectively
4 and we can ask you to come back in a
5 month to report out to this body and to
6 the public. Can you give us an
7 understanding of how the revenues and
8 obligations will be reported? And
9 also, it sounds to me like, I could be
10 wrong about this, it's about \$640
11 million or \$650 million in total funds.

12 I guess one of my questions
13 of very simple math is how much of that
14 have we spent so far, how much have we
15 not spent so far? And in the rental
16 assistance program, for those people
17 who are affected by the virus, we need
18 to help them as much as possible. And
19 the small businesses, because those are
20 the investments that we'll pay off in
21 the long-term and we need to make sure
22 they stay alive and don't go out
23 because of this virus. Those are so
24 valuable to us, so I'll let you answer
25 those questions for me. Thank you.

1 MS. DE WOLF: I'm happy to
2 take that one, Chris. We're happy to
3 come back and give an update. We will
4 be in a good position in about a month
5 to provide kind of a broader overview.
6 One of the things we're working on is
7 actually something from our earlier
8 days, which a drawdown report just
9 showing how we're spending down grant
10 funds so we're standing that up now.
11 Obviously, there's a lot of kind of
12 numbers crunching that has to happen
13 behind the scenes with this data. But
14 I think we'll be ready and we're
15 definitely working on extracting all of
16 that information from our systems.

17 MR. RUPE: And the only thing
18 I'd add to what Sarah said is as we're
19 going through the process of reporting
20 to Treasury on the last quarter or last
21 four months of FY20 and the first
22 quarter of FY21, we're going to have
23 much more precise expenditure data
24 categorized sort of on a project-by-
25 project basis to share with you very

1 soon.

2 COUNCILMAN DOMB: Is it
3 possible to get a detailed expense
4 account for each fund we've received
5 that makes up the total 640, 650? And
6 the second part of this is if I had to
7 guess at a number of how much we've
8 spent, have we spent of the 640, 300
9 million, 200 million? Just give me
10 some ballpark so we know where we are.

11 MR. RUPE: We can try to pull
12 something like that together. I think
13 every grant's going to be a little bit
14 different because some of them we have
15 not -- we've received a notice of award
16 and gotten a budget approved, but we
17 haven't actually had the money hit our
18 account yet because it's on a
19 reimbursement basis and some of them
20 other ones have a bit longer of a time
21 horizon, but that's the kind of
22 information we want to make sure we can
23 get a good, robust grant drawdown
24 report that we can share with you.

25 COUNCILMAN DOMB: I just want

1 to ask you and I'm not being difficult
2 on this. I'm just trying to get an
3 idea. As of today, if we received \$640
4 million to \$650 million, have we spent
5 250, 300, 200, do we have any idea?

6 MR. RUPE: We can pull that
7 together for you. The biggest question
8 mark in my mind right now is I don't
9 have the latest numbers from Airport
10 right at my fingertips and they were
11 the largest recipient other than the
12 CRF of our City dollars and their
13 grants work on a different way than our
14 CRF money does.

15 COUNCILMAN DOMB: Okay. And
16 that's an important number to share
17 with Council. So you understand where
18 we are, I think that's a very important
19 number.

20 MS. DE WOLF: Can I just add
21 one more thing to that. When we
22 provide that number, I think something
23 we need to do to contextualize it is
24 not all grants have the same sort of
25 spending deadline so we have several

1 multi-year grants. I just want to make
2 sure that kind of also gets captured in
3 what we're talking about.

4 COUNCILMAN DOMB: That's
5 fine. We heard a lot of comments about
6 rental housing assistance for COVID
7 issues and we've also heard about the
8 small business. I think you are
9 hearing from my colleagues and myself
10 whatever we can do to ramp those two
11 areas up, we want to do, especially
12 these small businesses that are going
13 out of business. We're losing jobs.
14 We're losing -- it's an investment by
15 us and it is a smart investment for us
16 to keep them alive. Here's my next
17 question --

18 MR. RUPE: We agree.

19 MS. DE WOLF: We agree.

20 COUNCILMAN DOMB: Great. How
21 much of our Fiscal Year '20 overtime
22 was reimbursed by CARES money? And can
23 you give us a breakdown of how much
24 overtime was covered by different
25 recovery-related reimbursements?

1 MS. DE WOLF: I'll be honest.
2 I don't have that number right at my
3 fingertips, but we can follow up and
4 get that number for you.

5 COUNCILMAN DOMB: And last
6 question I have and then I'll open it
7 up to my colleagues. Do you anticipate
8 needing to come to Council with an
9 appropriations bill to move recovery
10 set aside in the grants revenue fund
11 into specific departments?

12 MR. RUPE: Not at this time.

13 MS. DE WOLF: Yeah, I think
14 not at this time. The way we set up
15 our funding we're trying to -- Marissa
16 alluded to this earlier. We're trying
17 to maintain centralized cost-tracking,
18 so we're doing less for moving the
19 money out and more moving expenditures
20 into a central location, but we'll
21 definitely let you know if we need do
22 that.

23 COUNCILMAN DOMB: Okay.
24 Thank you. Are there any questions
25 from my colleagues? I don't see any in

1 the chat room. Does anyone have any
2 questions for our Recovery team? You
3 guys are doing a good job by the way.
4 Thank you.

5 MR. RUPE: Thank you.

6 MS. DE WOLF: Thank you.

7 COUNCILMAN DOMB: Seeing no
8 further questions, I want to thank you
9 for your testimony and for the
10 information you provided and I look
11 forward to receiving a lot of
12 information from you. And I want to
13 thank every witness today for being
14 here and for your ongoing oversight of
15 our City's finances and we hope to have
16 you back real soon.

17 And in accordance with
18 today's agenda, I call for this
19 Committee to adjourn until 2:30 today.
20 Thank you very much. And I appreciate
21 everybody's help. Thanks very much.

22 (Afternoon recess.)

23 COUNCILMAN DOMB: Good
24 afternoon, everyone. This hearing is
25 called to order and I'd like to

1 recognize Councilmembers Isaiah Thomas
2 and Councilmember Derek Green. And I
3 understand that state law currently
4 requires that the following
5 announcement be made at the beginning
6 of every remote public hearing as
7 follows: Due to the current public
8 health emergency, City Council
9 Committees are currently meeting
10 remotely. We're using Microsoft Teams
11 to make these remote hearings possible.
12 Instructions for how the public may
13 view and offer public testimony at
14 public hearings of Council Committees
15 are included in the public hearing
16 notices that are published in the Daily
17 News, Inquirer and Legal Intelligencer
18 prior to the hearings and can also be
19 found on phlcouncil.com.

20 I'd like to ask Ms. Grbach to
21 call our first panel of this session.
22 Thank you.

23 THE CLERK: Tumar Alexander,
24 Cynthia Figueroa, Anne Fadullon and
25 Silvie Gallier Howard.

1 MR. ALEXANDER: Good
2 afternoon. I'm actually under the
3 impression that it should be myself --

4 THE CLERK: Sorry. Sorry.
5 That was my mistake. So we're going to
6 hear from Harvey Rice, Rob Dubow,
7 Marissa Waxman, Commissioner Danielle
8 Outlaw, Commissioner Thiel,
9 Commissioner Blanche Garney and
10 Commissioner Carlton Williams.

11 COUNCILMAN DOMB: Good
12 afternoon, Executive Director Rice.
13 The floor is yours. Thank you.

14 MR. RICE: Good afternoon,
15 Councilman Domb and the members of the
16 City Council Fiscal Stability and
17 Intergovernmental Cooperation
18 Committee. My name is Harvey Rice.
19 I'm the Executive Director of the
20 Pennsylvania Intergovernmental
21 Cooperation Authority, PICA, the state
22 oversight agency for the City of
23 Philadelphia.

24 Thank you for allowing me to
25 testify today to speak about the City's

1 Fiscal Year 2021 overtime spending
2 which encompasses the months of July
3 and in August of 2021. I have a slide
4 outlining what we have seen so far in
5 the overtime spending for FY2021. So
6 far this year as you can see if you
7 look at the total, and this is only
8 departments with overtime costs that
9 are shown, so some departments that
10 didn't incur any overtime cost in
11 either of the two years are not on this
12 list.

13 And as I mentioned earlier
14 this morning, these are only
15 preliminary numbers and it's only two
16 months out of the year. But as you can
17 see, there is a \$14 million decrease in
18 overtime cost for 2021 as compared to
19 2020. And that number, the 25 million,
20 might even be lower as the
21 reimbursables come in for some overtime
22 costs through certain departments.

23 And usually, we compare year
24 over year and we also compare costs to
25 the allocation by department, but PICA

1 has not received those allocation
2 numbers yet. So we were unable to do
3 that for these two months. So if
4 anyone has any questions, I'm available
5 to answer them in regards to the
6 overtime costs for Fiscal 2021.

7 COUNCILMAN DOMB: So,
8 Executive Director Rice, I have some
9 questions I would like to ask you. If
10 I'm reading this correctly, the Police
11 overtime from the 2020 period compared
12 to the 2021 period has dropped
13 dramatically?

14 MR. RICE: Yes.

15 COUNCILMAN DOMB: Which is
16 impressive, very impressive. A more
17 than 50 percent drop.

18 MR. RICE: And that could be
19 a further drop depending on how much
20 reimbursables are included in that 8
21 million figure.

22 COUNCILMAN DOMB: That's very
23 impressive. We went from the period of
24 2020, 17 million down to 8.2, which is
25 a savings of 8.9. That's impressive.

1 And the largest right now is the Fire
2 Department, which also reduced
3 percentage-wise maybe 5 percent or so.

4 MR. RICE: Yes.

5 COUNCILMAN DOMB: That's the
6 Police and Fire -- I would say Police,
7 Fire, Streets and Prisons probably make
8 up would you say maybe 90 percent of
9 the total overtime in the City?

10 MR. RICE: Yes, almost 90
11 percent.

12 COUNCILMAN DOMB: Would it
13 make sense for us to mostly focus our
14 energy and time of that 90 percent
15 which it seems like it's already
16 reducing a bit? That seems like it's
17 productive.

18 MR. RICE: We generally
19 concentrate on, as you can see in our
20 report, the top four and then we add
21 the other six departments. They're the
22 ones we're really concerned about.
23 They're the ones we want to meet for
24 the City for the allocation plans and
25 the targets instead of smaller numbers,

1 smaller departments who might not have
2 overtime costs, but had them because of
3 the COVID such as -- what was that
4 department? There was one department
5 that needed to -- it wasn't Commerce.
6 It was a department that had no
7 overtime but needed -- I forget what it
8 was. But due to COVID, they needed to
9 do some work for the City which
10 required a minimum amount of overtime.
11 So those departments like that we don't
12 concentrate on.

13 We concentrate on, one, the
14 big departments with the most amount of
15 overtime costs, plus those departments
16 that continually year after year after
17 year, their overtime costs either grow
18 or don't decrease.

19 COUNCILMAN DOMB: Okay. I
20 would like to recognize by the way
21 Councilmember Marie Quinones-Sanchez
22 who's joined us. Thank you. Good
23 afternoon.

24 I guess I have a question for
25 the top four departments. I guess I

1 could start with the Police
2 Commissioner, Commissioner Outlaw. And
3 I have to give you a lot of kudos
4 because you cut your overtime so
5 dramatically and I'm just curious how
6 you accomplished that goal because it's
7 very impressive?

8 COMMISSIONER OUTLAW: Thank
9 you. So there's a few factors I think
10 that we're looking at as it relates to
11 the end of last year and actually even
12 the beginning of this fiscal year. We
13 know for a fact that the courts being
14 closed for a significant amount of time
15 had a huge impact on our overtime
16 costs. We're going to see those start
17 to creep up slowly again since the
18 courts reopened in September. But we
19 also know that we should take this very
20 seriously. We've been taking it very
21 seriously.

22 We require, depending on the
23 amount of overtime worked, signatures
24 from a supervisor; and again, if it's
25 four hours and above, it requires

1 signing off by a captain or above. But
2 then we also recognize that there's
3 salary savings there. And so, we're
4 able to identify other areas that we
5 can utilize to bring those numbers down
6 in addition to any outstanding grant
7 funding that we can use also.

8 COUNCILMAN DOMB: That's
9 great. Good job. That's very good. I
10 understand with the courts being closed
11 that's a piece of it, but still
12 managing and controlling it with the
13 way you're doing is important.

14 COMMISSIONER OUTLAW: Thank
15 you.

16 COUNCILMAN DOMB: You're
17 welcome. So let me go down the list,
18 the Streets Department. And I would
19 have expected by the way, Commissioner,
20 that the Streets would have had an
21 increase in overtime but actually had a
22 decrease. I'm just curious if you want
23 to comment on that.

24 COMMISSIONER WILLIAMS: Sure.
25 Thank you, Councilmember Domb. So the

1 early projections are showing lower
2 numbers which is a good sign. However,
3 that is due to the lack of special
4 events that we normally attend every
5 year. We staff numerous events on the
6 Parkway, July 4th celebration being one
7 of them that didn't take place this
8 year. And so, we were able to achieve
9 a significant number of savings without
10 having to staff those events.

11 Nonetheless, we are still
12 concerned about the future projections
13 because the pandemic continues and as
14 we talked about on our Monday
15 discussion, the numbers for trash
16 collection is still higher than we were
17 last year, so we are constantly
18 monitoring that. We did put a team
19 together to ultimately monitor how we
20 can reduce overtime. In fact, we put
21 it in as one of our cuts to meet this
22 year's budget and fiscal obligations.
23 So we are monitoring it carefully. And
24 while that's a good sign, we're deeply
25 concerned about what the future holds

1 with the pandemic as it continues to
2 linger on.

3 COUNCILMAN DOMB: Well, I'm
4 glad you're focused on it because
5 that's an important area.

6 Let me go to Commissioner
7 Thiel from the Fire Department. I
8 noticed you have a 5 percent or so
9 decrease in the overtime and I'm just
10 wondering if there's any other tools
11 that we can utilize in the Fire
12 Department to reduce that any further?

13 COMMISSIONER THIEL:
14 Councilmember, I guess like the others
15 I think these are early projections.
16 Only 79 percent of our budget positions
17 are filled and operational. We've been
18 hit pretty hard by COVID in terms of
19 staff availability, also additional
20 missions that we've picked up in
21 addition to the thousands of fires,
22 hundreds of thousands of EMS incidents,
23 et cetera, et cetera.

24 We also have not had any
25 special events. That's our second

1 biggest driver of overtime after
2 minimum staffing requirements, special
3 events. So I think we're also
4 benefiting a little bit from that. I
5 think we're also benefiting compared to
6 FY20. As we know, COVID has been less
7 of an issue over the past couple of
8 months than it was towards the end of
9 really for the entire second half of
10 FY20. Keep in mind that firefighters
11 and medics in addition to doing their
12 regular missions about 1,000 a day on
13 average are also supporting a host of
14 COVID-related missions, everything from
15 logistical support for healthcare
16 institutions, day cares, feeding
17 operations, running isolation and
18 quarantine missions, so we still have a
19 lot of work that's happening so I'm
20 pleased to see this number.

21 Again, everything is driven
22 for us by minimal staffing and that is
23 both according to National standards
24 and contractual obligations, so we
25 don't have a lot of flexibility. You

1 frankly cannot send a fire engine out
2 the door with one person on board if
3 the other three people are off for
4 whatever reason, so we have to fill
5 those spots to provide safe and
6 effective service.

7 With that said, I'm hoping
8 that COVID stays the way it's been.
9 Everybody wearing their masks and
10 hopefully, we will see this number
11 consistently over the rest of the year.

12 COUNCILMAN DOMB: Okay.
13 Great. By the way, these numbers that
14 I'm seeing in this report, are they
15 actuals or are they projections? It
16 could be the Director --

17 MR. DUBOW: They're actuals
18 through August.

19 COUNCILMAN DOMB: Okay.
20 They're actuals. Let's go to Prisons.
21 I noticed a 38 to 40 percent drop in
22 the Prison overtime. I was wondering
23 if --

24 MR. RICE: Councilman, these
25 are actual numbers. However, they're

1 preliminary as we've said because these
2 numbers could drop as reimbursables are
3 collected by the City.

4 COUNCILMAN DOMB: Okay. So
5 let's go to the Prison Department and
6 maybe a few comments from the
7 Commissioner on how you managed to
8 lower the Prison overtime 38 percent or
9 so.

10 COMMISSIONER CARNEY: Good
11 afternoon, Councilman Domb and others
12 on this Teams meeting. We've managed
13 to decrease the overtime cost because
14 of the COVID-19 pandemic, we went into
15 a shelter in place. We continued with
16 essential services only being physical
17 health care, medical and food. We
18 suspended a number of our programs and
19 services and civilian visitation to
20 mitigate COVID-19.

21 During this period we also,
22 as the population decreased,
23 transferred male population from
24 detention center to the Riverside
25 Correctional Facility to fully utilize

1 and maximize bed space and that also
2 allowed us to redeploy staff to fill
3 vacancies across the remaining
4 facilities. Again, the major reduction
5 is because of the activities that have
6 been suspended. We anticipate there
7 will be some increase as the courts
8 will slowly reopen and build to
9 capacity and as we transition to Phase
10 Green, re-acclimating ourselves to
11 introducing a new way of doing
12 programming for the inmate population.
13 But those are the major drivers that
14 allowed us to reach the 38 percent
15 reduction.

16 COUNCILMAN DOMB: Keep up the
17 good work. That's great. Thank you.

18 COMMISSIONER CARNEY: Thank
19 you.

20 COUNCILMAN DOMB: I'd like to
21 go back to I guess Commissioner Outlaw
22 and just to ask you about the court
23 overtime. Do we have any plan in place
24 of using even technology if that's
25 possible in order to cut down on the

1 overtime? We've all had meetings,
2 remote meetings. Is there any way we
3 can increase the remoteness of once we
4 hear from officers in the courtroom?

5 COMMISSIONER OUTLAW: Yes. I
6 actually think that's a larger question
7 because we're just kind of adapting as
8 the courts adapt. So as the courts
9 utilize technology, we make sure that
10 we have the technology on the opposite
11 end to be able to do that. But I know
12 that there's larger discussions around
13 that, but it's more on the court side
14 than on our side.

15 COUNCILMAN DOMB: That's
16 definitely something that we should
17 explore to cut down on the overtime.
18 Thank you.

19 Let me go back to Director
20 Rice. What departments would you like
21 to see the City focus on with regard to
22 overtime spending? And when you do the
23 math, I understand that these four
24 departments that we just spoke to are
25 about 23 million of the 25.2 million of

1 overtime, so they are the bulk, over 90
2 percent of the overtime. What would
3 you like to see us focus on as a City?

4 MR. RICE: In addition with
5 those four, absolutely. And then in
6 addition, to look at Licenses and
7 Inspections, Streets, Fleet Management
8 and then an independent office, the
9 Sheriff.

10 COUNCILMAN DOMB: Okay.
11 Another question for you: Given the
12 overtime plan you and the PICA Board
13 have seen thus far, do you have any
14 concerns about where we are at this
15 point in the year on mitigating
16 overtime spending issues?

17 MR. RICE: We have concerns
18 because we haven't received any finite
19 targets or amounts that they project to
20 reduce overtime by either totally
21 throughout the City or by department.
22 That's why we want to continue our
23 discussions with them to get that
24 information sooner than later so that
25 it's easier to monitor as we go forward

1 each month, so that's one of our
2 concerns. While they laid the ground
3 work for an overtime reduction plan, we
4 haven't seen concrete targets and
5 concrete numbers of what they want to
6 get the savings down in overtime.

7 COUNCILMAN DOMB: Okay. I
8 guess this is a question for the
9 Administration: First and foremost, I
10 think it's important that we set
11 monthly targets in the spending of
12 overtime. And every year there are
13 events that will lead us to higher
14 overtime spending, we understand that,
15 so the trend is consistent and we
16 always go over budget on overtime .

17 I'm wondering if the
18 Administration, maybe Rob or Marissa,
19 will commit to providing us
20 multi-budgets for each of the top four
21 or five highest spending departments,
22 probably four, for the remainder of
23 Fiscal Year '21. Then report back to
24 Council on the actuals on a monthly
25 basis on the overtime. Is that a

1 possibility?

2 MS. WAXMAN: Marissa Waxman,
3 Budget Director. So we can definitely
4 make information available about the
5 actuals spent. That's something we've
6 already provided on a monthly basis to
7 PICA and can certainly make that
8 available. We're in the process right
9 now of working with departments to
10 refine the OT estimates and if you want
11 to actually have a short presentation,
12 I can do one on what the game plan is
13 on the Overtime Action Plan.

14 And so, we'll be looking at
15 what is the right frequency for
16 reporting, also whether or not we want
17 to put in other reserves in place
18 because a good of chunk of overtime,
19 particularly this past year between
20 COVID, between a refinery explosion are
21 things that aren't planned so we don't
22 quite know if a refinery is going to
23 explode in June or in March. So
24 monthly, it's a little hard for that
25 sort of thing but we're going to be

1 aggregating between different types of
2 overtime and what drives them, so some
3 things are going to be projectable.
4 We'll know more about that, but
5 obviously there's a lot that's
6 unpredictable.

7 So we can share a bit more as
8 we go through this, what we're doing.
9 But that data is definitely available
10 as it comes to actuals and we can track
11 against overall Class 100 spending
12 because there are trade-offs within the
13 entire personnel budget.

14 COUNCILMAN DOMB: Okay. I
15 understand. So is it possible for us
16 to get that information on a monthly
17 basis?

18 MS. WAXMAN: The actuals,
19 yes.

20 COUNCILWOMAN QUINONES-
21 SANCHEZ: Councilman Domb, this is
22 Councilwoman Sanchez. Can I add to
23 that --

24 COUNCILMAN DOMB: Sure.

25 COUNCILWOMAN QUINONES-

1 SANCHEZ: -- because you're asking for
2 a report. Thank you so much.

3 I think it's really important
4 and I'm glad that the Commissioners
5 brought up the issue of special events.
6 So I think that any kind -- first of
7 all, in setting goals it's real
8 important for the Administration to
9 break away what is special events
10 related as it relates to their
11 reduction, and I keep hearing people
12 say what's reimbursable.

13 Whether something is going to
14 be CARES Act reimbursable or not, the
15 issue of managing overtime should be
16 separate from what gets reimbursed in
17 General Fund and not because it speaks
18 to what other management issues we
19 have. So to the extent that Marissa
20 can break that down, I think then
21 you'll be able to see who's managing
22 the budget versus the budget managing
23 them.

24 I understand there's some
25 unforeseen situations, but I think that

1 in order for us to determine what are
2 the legitimate uncontrollables, then
3 deciphering some of this data will help
4 tell the story. As it relates to
5 goals, I think all those things should
6 be taken into consideration. What I
7 don't want is the department telling
8 us, well, we're going to reduce by 20
9 percent and that's a special event
10 where no special events are happening.
11 That's not sufficient. That doesn't
12 mean we're managing it better. So I
13 just want that clarified. So whatever
14 the Administration decides it's going
15 to report back to the Committee, that
16 we're being transparent around some of
17 those issues. Thank you.

18 COUNCILMAN DOMB: Thank you
19 very much, Councilmember Sanchez.
20 Thank you.

21 Is that possible by the way,
22 Marissa, to incorporate?

23 MS. WAXMAN: Yeah, we can
24 certainly talk about that. And I
25 believe also part of what Harvey was

1 talking about in terms of reimbursable
2 overtime, we do have some departments
3 like L&I that offers expedited service
4 that customers who want expedited
5 service pay for and then we use
6 overtime in order to speed things
7 along. And so, those are some of the
8 reimbursements we get, so they're
9 managed -- similarly, the Police
10 Department provides services for a
11 whole range of things. Some are
12 special events, but some might be
13 providing extra public safety services
14 around a bank or retail stores and
15 those banks or retail stores that pay
16 us or a movie production. And so,
17 there are certain things that the
18 overtime is expended, but we're also
19 actually collecting for that from the
20 folks who have asked for those
21 services.

22 COUNCILWOMAN QUINONES-
23 SANCHEZ: Marissa, I just want to
24 clarify. I think that what we're
25 trying to get to, especially in a

1 conversation about what tasks police
2 do, so to the extent that you can break
3 those down to tasks and specific
4 things, you know, I know that we
5 postponed the traffic police, the
6 traffic officers and some other things.
7 That might be a reason for us to rack
8 those up as opposed to delay them,
9 because even though they're going to
10 get reimbursed, it doesn't make sense
11 to have the Police Department doing
12 some of those things, right.

13 And so, I think in this
14 context what we're talking about, we've
15 dumped everything on the Police and we
16 want to move away and be more targeted,
17 I think that's exactly the kind of
18 things we want to see so that we can
19 help make those kind of policy shifts.
20 Thank you.

21 MS. WAXMAN: Yeah. The
22 Police in particular has a number of
23 different codes so that we can easily
24 break that out.

25 COUNCILMAN DOMB: Thank you.

1 So just to clarify, are there any
2 actual written overtime plans
3 currently? I think you mentioned
4 something, Marissa. Maybe you want to
5 discuss that.

6 MS. WAXMAN: Sure. So what
7 PICA asked us to do this year as a
8 condition of approving the Five Year
9 Plan was to do an analysis and origins
10 and then move into action plans for the
11 City's use of overtime. And a little
12 bit of background, and if you want I
13 can throw up slides.

14 But basically, overtime is
15 the way we get work done. It's
16 typically one and a half or two times
17 regular pay per additional hours. And
18 as you noted, it's really concentrated.
19 It's more than 80 percent in Police,
20 Fire and Prisons. You get to over 90
21 percent if you add in Streets. And so,
22 last year we spent a little over 200
23 million. That's about 4 percent of the
24 General Fund. And in general, about 63
25 percent of the General Fund budget is

1 on our people costs, and that's
2 benefits, salaries, overtime, all of
3 that together.

4 And so, we really look at
5 overtime as a tool. It's what we get
6 work done and there are alternatives.
7 You could hire more people. You could
8 do technology and productivity
9 enhancements. You could use vendors.
10 You could also choose to produce
11 services or reduce the quality of
12 services we provide. So there's a lot
13 going on.

14 So what we did for this sort
15 of Phase 1 of what we provided to PICA,
16 and you can also find it on our website
17 and it was also I believe provided to
18 Council's technical staff was, one, we
19 did a historical look at overtime
20 spending by department over the past
21 five years. And what we did was we
22 broke -- when we did that dive into the
23 historical analysis, we broke that down
24 into three categories.

25 We had departments that were

1 consistently meeting or under budget on
2 both their overtime and on their entire
3 Class 100. We have had a group of
4 departments that were consistently over
5 on their overtime budget, but not their
6 overall Class 100, and then there was a
7 group of departments that consistently,
8 and when I say consistently I mean at
9 least three out of the past five years,
10 had exceeded both their Class 100 and
11 their overtime budgets. So that group
12 of departments are the ones that we'll
13 be developing action plans for.

14 And then at the request of
15 PICA even though the Prisons has not
16 consistently exceeded their Class 100
17 and overtime, because they are such a
18 large department, we'll also be doing
19 one for Prisons. So those are our
20 priority departments where we'll be
21 going in and doing real assessments of
22 what are the drivers in those
23 departments, because there's a lot of
24 different reasons. It might be vacancy
25 rates. It might be leave usage like we

1 talked about this morning. It might be
2 those unplanned circumstances. It
3 might be sort of structural
4 deficiencies that they've never been
5 funded or staffed to do the work that
6 they're given.

7 Then there's departments that
8 have seasonal and variable needs. I
9 have a background in the Revenue
10 Department and we would never staff
11 year-round the way that we need to
12 provide coverage during tax season.
13 And then in other areas that might be
14 due to service enhancements or things
15 that come up during the course of the
16 year, so there's a lot of different
17 drivers and the situation is going to
18 be different, not only department by
19 department but within each program.

20 And so, we're going to be
21 doing these assessments with
22 departments our target budget process.
23 Actually would have started today but
24 for these hearings starts tomorrow,
25 where we go through department by

1 department to see how their budget is
2 lining up and actually begin to do
3 those projections payroll by payroll
4 for the rest of the year. And so, what
5 we do is we look at that. We see if
6 it's realistic.

7 We'll see, you know,
8 particularly since so many of or the
9 concentration of this is in our public
10 safety agencies and they don't hire the
11 same way other departments do. If Bob
12 retired on Friday, Jim doesn't start on
13 Monday. They do classes, so it's not
14 like you have this smooth one-for-one
15 sort of backfilling in a typical year,
16 so there is that unevenness. So that's
17 what we look at.

18 So we know we had a lot of
19 unique drivers for FY20. Looking at
20 FY20 numbers is just sort of mind-
21 boggling between COVID, refinery, civil
22 unrest and social activism.
23 Councilmember Quinones-Sanchez was just
24 asking for the breakout of the
25 different types of overtime. The line

1 item that the Police used to track
2 their overtime for things that include
3 civil unrest increased 1100 percent in
4 FY20. And so, that's not really the
5 sort of thing that we would have
6 planned for. So we've got those unique
7 drivers in addition to those standard
8 things.

9 And so, as we develop for
10 that group of departments that either
11 exceeded Class 100 and their overtime
12 budget, we're going to be taking a
13 holistic approach. Not just to look at
14 the costs, but also the hours because
15 costs can change just as we have
16 changes in our wages and labor rates.
17 We're going to be comparing to the
18 target budget. We'll be looking at
19 productivity, the share of all
20 spending, but also what it means for
21 performance.

22 And so, basically where we go
23 from here is that we're going to
24 continue all of our current reporting,
25 so we do monthly overtime reports to

1 PICA, and you've asked today if that
2 information could be made available to
3 Council as well and we will continue to
4 do that. We always do a quarterly memo
5 that has much more narrative attached
6 to it, which is why there's different
7 overtime or why things may be looking
8 different than anticipated.

9 And then in our Quarterly
10 City Manager's Report we report the
11 overtime in each quarter, so we're
12 going to keep doing that. We'll be by
13 the end of the calendar year really
14 teeing up also to make sure that we're
15 budgeting correctly for FY22,
16 evaluating the OT allocations within
17 Class 100. We have departments that
18 they always stay within their overall
19 Class 100, but maybe their overtime
20 isn't where we expect. And that might
21 just be more of a budgeting issue as
22 opposed to a management issue, so we
23 want to look at that.

24 We also know that PICA's
25 raised concerns that we had a couple of

1 departments that didn't expect any
2 overtime and had some. But it was
3 usually minimal, so we were thinking
4 about maybe do we just get everybody a
5 departmental OT reserve, just so that
6 if it's \$1,000, \$3500, not anything
7 material to the City's -- (inaudible)
8 overall departments aren't going from 0
9 to something and that causes alarm
10 bells to go off.

11 But then there's really the
12 meat, I think what folks are interested
13 in, which is operational action plans.
14 And that will be for those
15 administrative departments that are
16 consistently exceeding Class 100 and
17 OT. They're going to be jointly
18 developed by the department, the
19 Mayor's Office, Budget and Finance, the
20 CAO and the impacted cabinet member,
21 most often the Managing Director's
22 Office, will then be quarterly reviews
23 to monitor adherence and progress with
24 that. So that work is underway. We
25 sort of disseminated out to the

1 Commissioners the information about
2 what we got from the historical
3 analysis. We're teeing up what the
4 assessments to look at those drivers
5 are.

6 One of the reasons we're
7 including CAO in that process is that
8 we want to understand if there are
9 human resource barriers or challenges
10 or IT barriers or challenges that are
11 causing OT to grow, we want to make
12 sure that we're working holistically to
13 sort through that. So that's where
14 we're going. And so, those action
15 plans will include a diagnosis of
16 overtime drivers, alternative means of
17 service delivery.

18 We'll also look at the
19 impacts on performance of OT -- impacts
20 on performance if we reduce overtime.
21 And so, we plan to have recommendations
22 by the end of December and those will
23 be made public. We'll share them with
24 PICA and then as I mentioned, do
25 quarterly reviews. So the departments

1 included in that are Police, Fire, Free
2 Library, Office of Property Assessment,
3 Public Property, Managing Director's
4 Office, Public Health and Prisons. And
5 we've also made an offer because when
6 we did that analysis, we did it for all
7 City departments. And so, we've made
8 the information available as well to
9 the independent offices, if they would
10 like to work on that with us. The ones
11 that have been going over OT and Class
12 100, we'll make those resources
13 available if they would like as well.
14 That was a lot. I'm sorry. I get
15 fired up.

16 COUNCILMAN DOMB: I have a
17 couple of questions for you. The
18 general public will look at this and
19 say, hey, in the last few years you
20 hired 1,000 new people and your
21 overtime in general goes up higher
22 every year, and what that looks like to
23 the public, like what is going on
24 there, what is the issue? So that's
25 one question.

1 And then the second question
2 is, I don't know if you know the
3 numbers on this but I remember Rob
4 telling me the numbers a few years ago,
5 overtime costs as you said could be one
6 and a half to two times, I guess, the
7 basic rate but hiring a new person also
8 has a cost associated with it, the
9 fringe benefits and all the overhead.
10 And I don't know if you have a number
11 that also includes pension benefits.
12 But would you have that number just to
13 compare it versus the overtime?

14 MS. WAXMAN: Not off the top
15 of my head, and it will vary on who you
16 hired and who was earning the overtime.
17 But that's exactly why we want to dive
18 deep into this. We really don't think
19 overtime is inherently good or bad.
20 It's a tool. And when it's the most
21 efficient and most effective tool, it's
22 the one we're going to want to use.
23 But we think it's important to really
24 dive deeper to figure out if there's
25 times where it's not the most efficient

1 and effective, then we will.

2 So looking at those trade-
3 offs of would hiring an extra person
4 deliver the same level of service at
5 less cost or more cost, we want to know
6 that. So I go back to my tax season
7 thing. It doesn't make sense for us to
8 be staffed up 365 days a year like it's
9 April 15th and certainly, you're not
10 going to -- other things you might do,
11 other alternatives to overtime like
12 outsourcing that to an outside call
13 center or bringing in temps, well,
14 they're not going to have the subject
15 matter expertise. They're not going to
16 know how to work our system. So really
17 the most efficient thing to do is if we
18 want to be open nights and weekends to
19 provide service to taxpayers, we do
20 that primarily with our own staff who
21 already are the experts and they work
22 more that time of year. Those are
23 examples of when clearly overtime makes
24 the most sense, but we know that that's
25 not every situation. And so, that's

1 why we want to be really deliberate.

2 We want to not just sort of
3 come out with, oh, we're going to cut
4 overtime 5 percent or 10 percent
5 because that wouldn't be meaningful if
6 we also wanted to understand, well,
7 what other costs might have to rise if
8 we wanted to provide the same level of
9 service or how might services decline
10 if we made that decision. So we want
11 to make sure we've got the full picture
12 of what any change like that would
13 mean.

14 COUNCILMAN DOMB: In general,
15 I think people would be maybe more
16 accepting of the overtime if they
17 didn't see the employee count go up so
18 much over the last four years, because
19 usually it's one or the other. And in
20 this situation it's been both, and I
21 think that's where it's a lot of
22 concern over the overtime because we're
23 increasing the employees and increasing
24 the overtime.

25 MS. WAXMAN: I think we can

1 also do a better job for the City
2 overall explaining where we've added
3 entire new services, things that we
4 didn't use to do or provide because
5 that kind of gets lost in that shuffle
6 if you're thinking we're doing the same
7 old thing but more people and more
8 overtime.

9 COUNCILMAN DOMB: And so, in
10 the administration who is in charge of
11 tracking and managing the overtime
12 spending from all the departments?

13 MS. WAXMAN: So that's
14 information in terms of having the
15 data, sharing that out, departments
16 individually have that. They work with
17 their Cabinet members. But also as I
18 mentioned, the Budget Office makes that
19 information available monthly to PICA,
20 quarterly publicly through the QCMR,
21 and so that's always in all of our
22 budget documents, that information.

23 COUNCILMAN DOMB: Who in the
24 Administration is overseeing it? Is it
25 one person overseeing it or not really?

1 MS. WAXMAN: I think that
2 the -- I mean, there's the budgetary
3 and the operations management. And so,
4 budgetary we do through Budget and
5 Finance. And as I said, we break that
6 out between looking more holistically
7 at Class 100 is sometimes more
8 meaningful than looking at just OT in
9 isolation. So these are conversations
10 we have with departments on an ongoing
11 basis throughout the year on the budget
12 side. On the management side, that's
13 Commissioners working with Cabinet
14 members who obviously report to the
15 Mayor.

16 COUNCILMAN DOMB: Would it
17 make sense to have one person
18 overseeing this expense with the goal
19 to make sure it's efficient in whether
20 it's the hiring of new people or
21 lowering the overtime or vice versa,
22 where one person's total responsibility
23 is that number is too high, we need to
24 get it down, how are we going to go
25 about doing it, do we do it through new

1 hires or do we do it through overtime,
2 what is the goal and that person is
3 totally focused on it because this is a
4 lot of money we're dealing with?

5 MS. WAXMAN: Yes. It's about
6 4 percent of the budget. I think part
7 of what we're hoping to do through this
8 process of doing the assessments in the
9 departments and bringing in actually
10 the different areas of subject matter
11 expertise who will be able to try and
12 understand can we address it through
13 technology or HR management by having
14 CAO, the Cabinet members, Mayor's
15 Office, Budget, is that because there
16 is a lot of nuance and difference
17 between what drives it department by
18 department, what's most important for
19 us is to really understand the unique
20 drivers for agencies and not have sort
21 of a single approach or strategy
22 because I think that that will produce
23 weird outcomes in some areas and work
24 for others.

25 So I think that by going

1 through this process and really
2 understanding what is driving overtime
3 and then being able to make the
4 assessment when does it make sense
5 versus when is it something we change
6 from that, we might learn with how do
7 we want to -- if we want to manage it
8 differently, but we've got to do that
9 work up front to really understand the
10 sources and when does it make sense
11 versus when might alternatives be more
12 efficient and effective.

13 COUNCILMAN DOMB: How is
14 actually overtime assigned in the
15 departments, if it's not spread out
16 among all members and there's risk for
17 more senior and expensive personnel to
18 drive up the cost, how is that all
19 determined?

20 MS. WAXMAN: So I think there
21 are a number of civil service rules and
22 things within our labor agreements. I
23 think it might be easier if maybe some
24 of the Commissioners explained because
25 I don't believe it's the same

1 department by department. So I don't
2 have one blanket answer to give for
3 city-wide.

4 COUNCILMAN DOMB: Does any of
5 the department heads, maybe
6 Commissioner Outlaw, do you want to
7 maybe answer that question?

8 COMMISSIONER OUTLAW: Yes. I
9 mean for us, especially recently it's
10 all been driven by a lot of the rallies
11 and social activism and civil unrest.
12 But in addition to that, our crime plan
13 numbers which is before overtime, a lot
14 of that is driven also by our crime
15 stats as well. So if there's a
16 specific need, if we need to increase
17 visibility in certain areas as it
18 relates to violent crime or recently as
19 a lot of you are aware with ATV
20 details, depending on what the need is,
21 that will determine the size in
22 overtime operation and then also the
23 frequency and duration.

24 So a great example would be
25 for today, right, determination comes

1 out of Louisville, we extend shifts.
2 And we have to notify folks
3 contractually by a certain time to know
4 that their shifts are going to be
5 extended. Now, I leave it to my
6 management to scale it back in a timely
7 manner if we determine we don't need
8 all of the bodies that were called for.
9 For example, we have three protests
10 that just popped up today for this
11 evening. If we start to see the number
12 is smaller than the number of officers
13 that we have scheduled to be there,
14 we'll slowly begin to peel back as need
15 be. But lately, it's been on a case-
16 by-case basis as it relates to civil
17 unrest. But then as it relates to
18 crime, it's where the data takes us.

19 COUNCILMAN DOMB: Okay.
20 Thank you. I just want to thank by the
21 way Executive Director Harvey Rice. I
22 know he has to leave. Thank you for
23 your testimony this morning and this
24 afternoon. Thank you, Executive
25 Director Rice, for participating.

1 Thanks for participating.

2 Let's go to Commissioner
3 Thiel. Maybe you want to take a crack
4 at that question also.

5 COMMISSIONER THIEL:
6 Councilmember, we fill about 200
7 positions a day on overtime. They all
8 are for different roles. And as a
9 result, it's a very complicated set-up.
10 You've heard all of the dimensions
11 there already. It's a very complicated
12 set of things that are in the contract,
13 various qualifications.

14 For instance, our fire
15 marshals, we have a very limited number
16 of fire marshals and we have a lot of
17 fires. So we have to bring fire
18 marshals back to do fire investigations
19 pretty much every day because we don't
20 have enough fire marshals in our base
21 to cover the demand.

22 And then obviously, we're
23 having firefighter EMTs working on
24 overtime every day because we're about
25 50 positions short of single role EMS

1 providers to staff ambulances,
2 including the busiest ambulance in the
3 nation. When we have particular COVID
4 missions or actually preparing for
5 Hurricane Isaias, we don't want to
6 leave anything out. So we also had a
7 hurricane this year and some of those
8 positions that we staffed up to be able
9 to make those 200 some-odd rescues in
10 Eastwick and Manayunk were specialized
11 positions with folks with technical
12 rescue qualifications, et cetera. So
13 where we can, we try to balance out
14 overtime distribution.

15 Local 22 is a great partner
16 in that. They have a vested interest
17 as well in balancing that out as much
18 as possible within a host of
19 parameters. It's a very complicated
20 role and it's something that takes a
21 lot of time each day for our command
22 staff.

23 COUNCILMAN DOMB: Okay.
24 Thank you. I think Councilmember
25 Sanchez maybe had a question. Maybe

1 not. Maybe that was the question
2 before.

3 So I have another question I
4 was going to ask. Maybe Rob or Marissa
5 can answer this. This report mentioned
6 that improving productivity through
7 technology investment, maybe even
8 legislative changes and business
9 process re-engineering could help us to
10 reduce overtime usage. Who in the
11 Administration is responsible to
12 finding these opportunities to improve
13 that productivity and who should we
14 expect to hear from for suggestions on
15 any legislative changes we can make to
16 be a partner in this to help improve
17 our efficiency and save money?

18 MR. DUBOW: It's really the
19 responsibility throughout the
20 departments, really the ones who can
21 best figure out whether there are
22 opportunities for improvements in their
23 processes. The central agency that has
24 the most direct responsibility for that
25 is the Chief Administrative Officer and

1 they work with departments on projects
2 to improve efficiency, could be through
3 IT, so IT has a big stake in that. But
4 it's really departmental-driven working
5 essentially with CAO.

6 COUNCILMAN DOMB: Okay. And
7 another question I have and you might
8 want to answer this, Rob. Does the
9 overtime get factored into the pension
10 allocations for the employees outside
11 of the FOP and IAFF bargaining units,
12 and what's the relationship between
13 overtime spending and our pension
14 obligations?

15 MR. DUBOW: So it depends on
16 the union that someone's in and
17 actually how long they have been
18 working for the City. So you mentioned
19 police officers and firefighters and
20 overtime is not calculated into their
21 pensions. For anybody hired in the
22 last 30 years, in Plan 87, their
23 overtime -- their pension is based on
24 an average of the three highest years
25 of compensation and pension is part of

1 that calculation, so it's factored into
2 it as part of an analysis of their
3 three highest years of compensation.
4 For people who are in the system before
5 that, it's based on one-year highest
6 compensation.

7 COUNCILMAN DOMB: So
8 according to this report that we saw
9 today on the overtime spending
10 differences, it seems to me that the
11 Police and Fire are not calculated in,
12 their three highest years. It looks
13 like they represent 77, 78 percent,
14 just those two entities of overtime.
15 So that the impact that we've always
16 served in the past, it's great because
17 it's not the end of the world. It's 20
18 or 22 percent that is impacted by the
19 overtime spending on pension
20 calculation.

21 MR. DUBOW: That's right.
22 And because it's averaged over a few
23 years, it can also be lessened as a
24 result.

25 COUNCILMAN DOMB: Okay. Are

1 there any other questions from any of
2 my colleagues?

3 (No response.)

4 COUNCILMAN DOMB: Seeing
5 none, I want to thank everybody for
6 their participation on this panel. And
7 I'd like to go to the second panel.
8 Thank you all for participating. I
9 really appreciate it and keep up the
10 good work. Thank you.

11 It's impressive to see the
12 overtime down even though I know
13 there's certain reasons, but we have a
14 good goal here to try to achieve more
15 savings here, so thank you very much.
16 Thank you.

17 Ms. Grbach, let's call Panel
18 2. I promised them I would be on time
19 at 3:30 and we're pretty close.

20 THE CLERK: Great. The last
21 panel is Tumar Alexander, Cynthia
22 Figueroa, Anne Fadullon and Sylvie
23 Gallier Howard.

24 COUNCILMAN DOMB: So I'd like
25 to welcome Tumar Alexander who now

1 serves as the Interim Managing
2 Director. Welcome, Tumar. I believe
3 this is your first hearing in your new
4 role, I think it is. I thank you for
5 being here and we look forward to
6 working with you.

7 MR. ALEXANDER: Thank you,
8 sir. I look forward to working with
9 you all as well.

10 COUNCILMAN DOMB: I don't
11 know if you have any comments you want
12 to make on anything that we've talked
13 about or I have some questions. But
14 give us the first -- how many days has
15 it been, Tumar?

16 MR. ALEXANDER: I've not
17 counted. I've not counted,
18 Councilmember. It just seems the days
19 seem to mesh together like I'm sure
20 they are for most folks dealing with
21 all the issues we're dealing with,
22 whether that's the pandemic or other
23 issues. So I haven't been one to sort
24 of count how many days, how many hours,
25 how many minutes it's been because it's

1 all sort of been just meshing in.

2 COUNCILMAN DOMB: Well, thank
3 you for being our Interim Managing
4 Director. So I guess I have a few
5 questions I could ask you. It revolves
6 around -- and you're new in this so you
7 may have an answer, you may not, but
8 just something to think about.

9 Accountability and management of
10 performance of course is paramount to
11 all of us and we want to make sure our
12 City runs smarter, faster and better
13 even in the worst of times if we can.

14 And City Council is
15 responsible for approving an annual
16 budget as you know, but in the past we
17 have lacked information regarding the
18 impact of our decisions. And it's in
19 part because we haven't received a
20 clear sense from the Administration as
21 to what the City is getting for the 5
22 billion roughly it spends each year.
23 So having a public conversation that
24 we're holding people accountable is
25 what this body is supposed to do. So

1 we would like to get as much
2 information as possible basically to
3 make educated decisions from Council
4 and legislation.

5 So I'll give you an example.

6 In January, the Administration put out
7 a report on the Mayor's priorities for
8 his second term. Then in March, he set
9 out his budget priorities for Fiscal
10 Year '21. Then the pandemic arrived
11 and the Mayor put out a revised budget
12 with revised priorities. Then there
13 were historic protests in the wake of
14 the killing of George Floyd and civil
15 unrest, so the Mayor issued another
16 revision to the budget.

17 Given everything that's
18 happened, can we get some answers to
19 the following questions: One, what are
20 the overall goals today for the
21 Administration? Two, what are your
22 goals, Tumar, for your group or
23 departments, offices this fiscal year
24 and how do you manage accountability
25 for those departments against those

1 goals? And how do the budget dollars
2 align or prioritize within those goals?

3 MR. ALEXANDER: Thank you,
4 Councilmember. I think as it relates
5 to the Mayoral goals, they're the same.
6 It's the quality education for all, a
7 safer and more just Philadelphia,
8 health equity for all and an inclusive
9 economy thriving neighborhood. And I
10 would say my goals don't differ from
11 that. Clearly, we all work for the
12 Mayor and for the Administration so my
13 job is sort of making sure departments
14 are supporting those goals and we're
15 delivering those operations in an
16 efficient way, in a way that we're
17 transparent and reflective to citizens
18 about their needs and making sure we're
19 communicating with folks.

20 And the way we sort of hold
21 each other accountable is that we work
22 directly with department heads and
23 their executive teams and with the
24 Mayor's Office. You heard from Rob and
25 Marissa from Finance and from other

1 Cabinet-level officials to make sure
2 that we set objectives for ourselves,
3 we set targets for ourselves, that
4 we're monitoring those targets, that
5 we're helping departments manage
6 through that, checking with departments
7 to see if there's resources they need
8 to sort of manage through, are there
9 adjustments we should be making. And a
10 lot of these conversations are sort of
11 daily and ongoing with departments.

12 It's probably not a day
13 that's passed that I haven't spoken to
14 one of the Commissioners that joined us
15 in the last panel about all of their
16 activities and efforts. It's been days
17 where Commissioners are called and say,
18 you know, if you want to take an
19 example, look at the issues Streets was
20 having as it related to sanitation
21 pickup and that was an issue that a
22 bunch of different departments and
23 Cabinet members jumped on and put some
24 resources to and some brain power to,
25 to figure out how can we help, how can

1 we help fix the situation, how can we
2 help satisfy the sort of concerns and
3 also it led to an improvement on
4 services for the citizens.

5 COUNCILMAN DOMB: I realize
6 that we're in a pandemic now so I know
7 that things are extremely challenging
8 and you've been in that job just a few
9 weeks, I believe. But going forward
10 down the road, how do you specifically
11 hold department heads accountable for
12 their goals and targets throughout the
13 year?

14 MR. ALEXANDER: I think we
15 work to -- first of all, I think
16 myself, so I work for the Mayor and the
17 Mayor's Chief of Staff, so the Mayor
18 and the Mayor's Chief of Staff will
19 hold myself accountable, and I hold the
20 departments accountable and we work
21 together, right. And this may take the
22 form of reporting out whether that's
23 public documents, whether that's
24 regular meetings and reports, just
25 ongoing communications, but we sit down

1 and we get together.

2 And you see some of this
3 reflected in the QCMR reports, and we
4 look at those targets. We look at are
5 you meeting those targets. If we're
6 not meeting those targets, what can we
7 do better, why is that we're not doing
8 it, what changes can we make. A lot of
9 times, especially in this environment,
10 we don't have more resources so it's
11 about how can we be more creative.

12 You talked a little bit on
13 the last panel about how can you use
14 technology differently to sort of help
15 support some of these goals, so I think
16 it's entirety of all of that.

17 COUNCILMAN DOMB: By the way
18 I think, Tumar, the more we can look at
19 technology to make ourselves more
20 efficient in this world, because we're
21 going to see in the next 10 years a
22 totally different world than what we
23 are seeing today, it's going to be
24 technology-driven. So the more we can
25 advance our own systems of technology,

1 the better we will be.

2 So I guess the overall
3 question is will each department have
4 formal requirements monthly as to what
5 their goals are and how it's tracked?
6 How does that exactly work?

7 MR. ALEXANDER: Well, we
8 track it -- we set the goals yearly.
9 Then we track it quarterly, Allan. So
10 in between that time, we typically meet
11 with our department heads and go over
12 those goals and just making sure we're
13 either on track or where we are off
14 track and how to course-correct. But a
15 lot of that is reflected in Quarterly
16 Manager's Report like I said. It's in
17 conversations that we're having
18 certainly with Budget and Finance and
19 also just in daily meetings or weekly
20 meets actually, apologies, that we're
21 having with the Mayor's Office and
22 other Cabinet members.

23 COUNCILMAN DOMB: Okay.

24 Thank you. Thank you, Tumar.

25 And as I see Sylvie here, I

1 want to ask you a question on Commerce.
2 We've talked about the small businesses
3 and what's needed in small businesses
4 and dollars. Any kind of budget number
5 that you think would satisfy -- it
6 could be a huge number maybe -- but
7 would generally help all those small
8 businesses in the corridors that are so
9 important to us to make sure that they
10 survive and keep those jobs in place?

11 MS. GALLIER HOWARD: I know
12 it's a huge number, yeah. So I think
13 what we heard from the state program
14 for the first round of funding is that
15 there was, I believe, an \$80 million
16 gap in terms of funding just for
17 Philadelphia businesses alone and my
18 understanding is that the second round
19 that they did is a bigger number, and I
20 think that's going to be -- we'll hear
21 about that in any number of days now
22 I'm hearing. So it's much bigger than
23 anything that the City alone can
24 tackle.

25 We really need assistance

1 from the federal government. We were
2 really hoping we would get another
3 infusion, on a number of fronts, I know
4 we all hope for that. And then also,
5 the state did a lot with the \$225
6 million program statewide and I
7 understand that there's efforts to try
8 to put more there, but it's a really
9 big number.

10 COUNCILMAN DOMB: Has the
11 state money been fully allocated?

12 MS. GALLIER HOWARD: The
13 COVID dollars or -- the 225 million?

14 COUNCILMAN DOMB: 225.

15 MS. GALLIER HOWARD: It will
16 have been once they make this
17 announcement, I'm sure.

18 COUNCILMAN DOMB: So I'd like
19 to ask all the panels just a simple
20 question and, that is, how do the goals
21 relate to the budget and how can you
22 connect those two for us? And I'd like
23 each of you to take a crack at
24 answering that question. How do the
25 goals that you have relate to your

1 budget? Who wants to go first?

2 MS. FIGUEROA: I'm happy to.

3 I'll raise my hand.

4 COUNCILMAN DOMB: Okay.

5 MS. FIGUEROA: Good

6 afternoon, Councilmember. Thanks for

7 having us. So ours are very much

8 driven to the total number -- the

9 largest department in the Office of

10 Children and Families is the Department

11 of Human Services. And so, looking at

12 the number of youth in care as well as

13 looking at what is the most expensive

14 level of care which is residential, so

15 our targets to reduce total population

16 is on track as well as the target to

17 reduce the number of kids that are in

18 residential care on track.

19 I was listening to the

20 questions you asked Tumar, which is

21 we're looking both at daily, weekly and

22 monthly reports. So we have a sense

23 from a week-to-week basis if there's a

24 consistency or a shift in trend. So I

25 would say ours is tracked, both the

1 quality but the level of care and how
2 it impacts the costs of our own budget.

3 COUNCILMAN DOMB: Okay.

4 Thank you. I see Anne Fadullon's on.
5 So, Anne, you want to take a crack at
6 it?

7 MS. FADULLON: Good
8 afternoon, Councilman. For our
9 performance measures, most of them have
10 to do with our housing services, so we
11 tracked how many home repair cases
12 we're able to handle. We also -- how
13 many affordable units we're providing.
14 This year we'll probably add in rental
15 assistance because we've taken that on
16 in a big way during the pandemic. And
17 then our other performance measures
18 really deal with our performance, how
19 quickly are we processing payments, how
20 quickly are we getting projects through
21 the development process, are we
22 complying with all the requirements as
23 far as Zoning Board of Adjustment
24 notices, how quickly can we get people
25 their hearings, those kinds of things,

1 so that's how we measure our
2 performance on top of that.

3 We also have on our website a
4 dashboard that shows how we're doing
5 with our Housing Action Plan that
6 tracks a number of metrics and we're
7 actually in the process of looking at
8 that and seeing if we have gaps from
9 some of our other efforts so that we
10 can incorporate more of our measures
11 off into one space as easily as
12 possible.

13 Per the Land Bank and the
14 Strategic Plan, we have to report on or
15 annual goals there and that's also in
16 our performance measures. But since we
17 have these kind of in three or four
18 different places in kind of a little
19 bit different language each time, one
20 thing we're very much working on is
21 trying to encapture everything in one
22 place easily accessible, easily
23 understood, and that's something that
24 we're working on right now.

25 COUNCILMAN DOMB: Thank you.

1 Sylvie, do you want to take a crack at
2 that?

3 MS. GALLIER HOWARD: Sure.

4 For performance-based budgeting, we
5 have a number of metrics that we track
6 every quarter, so those are the number
7 of businesses we support. So for
8 example, during the COVID period we
9 supported over 6,000 businesses with
10 responses around all sorts of
11 questions, but a lot of it related to
12 reopening or closures.

13 We look at our leads in terms
14 of business attraction and our wins and
15 the number of jobs. So we look at the
16 number of jobs when it comes to
17 business attraction and retention as
18 well. We also attract jobs in terms of
19 the businesses that we support on the
20 commercial corridors and through our
21 business technical assistance
22 providers, so we have contracts with a
23 lot of different CDCs or Business
24 Technical Assistance Providers and they
25 have to report to us on all of their

1 metrics.

2 We also track participation
3 on a quarterly basis in how we're doing
4 as a city, our quasi-city agencies and
5 how we're doing in terms of minority
6 women-owned participation, workforce
7 and contracts. We look at vacancy
8 levels. We have our performance
9 metrics for the budget and then we
10 track a whole bunch of other things
11 quarterly as well, like all our
12 corridor cleaning, the number of trash
13 bags picked up, litter index is sort of
14 done on an annual basis. And now that
15 we have workforce, there's a number of
16 metrics around that as well.

17 We also track macroeconomics
18 statistics, so unemployment, poverty,
19 all of those things. We like to really
20 know what are the things we directly
21 impact in addition to kind of what are
22 the things we're contributing to which
23 is the more macro level statistics.

24 COUNCILMAN DOMB: Very good.
25 Is there a representative here from the

1 Chief Administration Office?

2 (No response.)

3 COUNCILMAN DOMB: No. Okay.

4 No problem.

5 I think there's a question
6 from one of my colleagues,
7 Councilmember Quinones-Sanchez.

8 COUNCILWOMAN QUINONES-

9 SANCHEZ: Thank you, Councilman Domb.

10 And this is for Tumar and
11 then obviously to the rest of the
12 members. We didn't do zero-based
13 budgeting. We really hadn't done
14 performance-based budgeting and it
15 still seems to me that there is a lot
16 of measuring, but I don't see the
17 connection and the alignment to some of
18 the issues that we've all been talking
19 about.

20 One is poverty. If I ask
21 each one of your departments what are
22 you doing around poverty, if I ask each
23 one of your departments what are we
24 doing to tackle some of the gun
25 violence, what are we doing -- in our

1 gun violence discussion, we had a whole
2 discussion about many of the children
3 who have been victims, have been in our
4 system somehow or housing.

5 So the question to Tumar, how
6 is he going to better manage the
7 alignment? You can measure a whole lot
8 of things, but working towards common
9 goals is a little bit more than just
10 measuring things. So what is going to
11 be different now in aligning some of
12 those to meet some of these really,
13 really difficult needs that COVID has
14 just highlighted around equity, around
15 reaching some of these folks in deep
16 poverty? What's going to be different?

17 MR. ALEXANDER: Thank you,
18 Councilwoman. I think mostly what's
19 going to be different is just our
20 attention to this and how we are -- you
21 called out a couple, right. You called
22 out poverty, you called out gun
23 violence reduction and on both of those
24 instances, you have multiple
25 departments and multiple cabinet

1 members working on that issue.

2 For instance, with gun
3 violence there's a weekly meeting with
4 not only -- you would think it would be
5 just Police or just Office of Violence
6 Prevention, but it's also departments
7 like CLIP, departments like L&I,
8 departments like Health and Human
9 Services, whether that's DBH, whether
10 that's the Department of Health, it's
11 also Commerce and Sylvie has a piece of
12 that, right, but that's all of us
13 coming together collectively to look at
14 what part do we play in the solutions
15 to these issues. I think poverty is
16 sort of the same way.

17 As you see us move forward
18 and as you see the Mayor start to
19 re-align some re-alignment that's going
20 to come to MDO, but some re-alignment
21 that's also going to take place with
22 other cabinets, that will get defined
23 out in a better way. So you'll see
24 some initiatives lifted up and you'll
25 see they won't be under -- for

1 instance, let me speak towards Managing
2 Director's Office. You'll see some
3 initiatives that won't be under certain
4 Deputy Managing Director, but those
5 initiatives will sort of be on the
6 dotted line directly to the Managing
7 Director and purposefully so, is that I
8 want to make sure that all of our
9 departments are paying a lot of
10 attention and we're putting resources
11 to this.

12 A lot of this isn't about
13 what new resources we can put. It's
14 about how do we redesign the resources
15 we have, how do we get other partners
16 to the table. I will say that all of
17 the folks that's on this call, Cynthia,
18 Sylvie and certainly Anne herself have
19 played and tried to put forth efforts
20 to how do I help as it relates to
21 violence prevention.

22 Anne in Housing where you may
23 think does not have a piece to play in
24 that, but she has and she's offered up
25 some of those resources for this, so I

1 think it's a way we're re-aligning
2 those resources to tackle those issues,
3 and certainly poverty is the same. I
4 just did a bunch of thought process
5 with the Council President regarding a
6 program that he's going to announce
7 pretty soon. It's one of the poverty
8 reduction initiatives. So I think it's
9 that sort of collaboration that will
10 help us get through this.

11 COUNCILWOMAN QUINONES-

12 SANCHEZ: I'm pleased to hear you say
13 re-alignment because I do think that
14 this notion that every time we start
15 something new there's not enough money.
16 I think there's a lot of things in a
17 post-COVID world where 40 percent of
18 our work was community engagement and
19 that has changed. For departments to
20 not combat drastically their modus
21 operandi and re-aligning means that
22 we're not holding them accountable to
23 that, right.

24 And so, I'd like to see
25 departments, you know, and I've said

1 this publicly, you guys have all heard
2 me and I know you all think it's harsh,
3 we can't have personality portfolios.
4 We have one Mayor, one mission. We
5 have to have some common goals. And
6 the mission is to serve people and to
7 be good stewards of their tax dollars
8 and then we have some common goals
9 around protecting the most vulnerable,
10 lifting people out of poverty, keeping
11 people out of poverty and all of those
12 things.

13 And where is the
14 accountability piece, because in the
15 past it's been really, really
16 frustrating to get people to move in a
17 different direction. And again, I've
18 repeated this over and over, we have
19 departments that are still doing the
20 same thing and the world has changed
21 and evolved, how are you going to hold
22 those accountable for the re-alignment
23 that is necessary if we're all --
24 because people don't separate
25 government. I tell you that all the

1 time. I get cursed out in Kensington.
2 I wish the Mayor would come out and
3 join me and get cursed out every once
4 in a while, but it's one government.
5 So how do we make sure that people feel
6 like we are trying to be more
7 synergetic and responsive?

8 MS. FIGUEROA: I guess,
9 Councilwoman, I just want to echo
10 Tumar's sentiments and highlight a few
11 things. I think what we've been able
12 to accomplish in the wake of COVID, I
13 think, has really elevated some of the
14 issues that you brought up using
15 existing infrastructures to support
16 really big huge problems, so that was
17 true of the food access work. That's
18 been true of even the access center, so
19 there wasn't new money, but using the
20 existing resources and City assets to
21 tackle a really bigger problem.

22 And so, I think that we've
23 been looking in the Office of Children
24 and Family, you know, we are actually
25 doing perform-based contracting for our

1 largest contracts with the CUAs and
2 that we have a very clear understanding
3 that there's a case ratio, so once they
4 fall behind that, there's a reduction
5 so it is very budget-specific. So it's
6 a small example, but definitely moving
7 in that area and working with Tumar and
8 the MDO, because none of this can be
9 done with specific one department
10 tackling these issues, but how do we
11 continue to support and reinvent
12 ourselves through this.

13 I think we did that with the
14 summer WorkReady to make sure that the
15 kids and older kids still had job
16 opportunities even though it was going
17 to be a very different kind of summer,
18 so just trying to be as, I think,
19 creative and innovative as possible
20 given the challenges that we've seen,
21 but agree that we have to continue the
22 synergies and we have to continue the
23 request for accountability on the
24 resources the government brings to the
25 table.

1 COUNCILWOMAN QUINONES-

2 SANCHEZ: How do we change from just a
3 money-driven kind of, you know, and the
4 outcomes piece? That's the piece I
5 want to see, right. And to me, I'd
6 like to see government do less of
7 feeling like we got to prop up the
8 programs and more of how do we put
9 money on the ground to help others who
10 can probably do it more effectively and
11 more efficiently, and then we don't
12 have to commit long-term. Sometimes
13 when we prop up programs, they're
14 costly.

15 I'll give you some examples
16 around this. Food and security, I
17 really think that the amount of work
18 that went into it, very much necessary.
19 I watched the food distribution. The
20 volunteers, it's just an amazing feat.
21 But it's sort of like, okay, moving
22 forward how do we create a sustainable
23 model where we're giving people maybe
24 money to spend money in the
25 neighborhoods, so then you're doing two

1 things. You're giving them food
2 access, but at the same time you're
3 helping the local economy. That's the
4 kind of innovation I want to see us
5 thinking about long-term, not feeling
6 this need that we have to do all of the
7 stuff, but how do we help others, how
8 do we help leverage the money that
9 we're going to put out in the street.

10 And again, I'm still looking
11 for the accountability of when you
12 can't get the multi-departmental
13 support, how do we hold folks
14 accountable so that we are moving
15 along. I think everybody -- and this
16 goes to the last Administration. It
17 was sort of like people did work around
18 people as opposed to holding
19 departments accountable.

20 MS. GALLIER HOWARD:
21 Councilwoman, I think one way -- and
22 you and I have had conversations when
23 we were doing the Small Business Relief
24 Program, which I think we saw firsthand
25 how much work it takes to just stand up

1 a program like that. And I definitely
2 agree wherever we can sort of, I will
3 use the word, outsource but get our
4 partners to really play a role in this,
5 I think we want to do that.

6 So for example, the CDFI that
7 has been doing the state grant program
8 as a coalition together and they kind
9 of work together to find an
10 intermediary so there's one platform, I
11 think is a really great model. Today
12 we just put out a call for ideas to the
13 \$1 million that you all helped support,
14 putting \$1 million in Commerce's budget
15 for workforce. We just put out a call
16 for ideas, and that calls for
17 organizations in the space to scale up
18 models that are effective so that we
19 can support them in doing their job
20 better and not try to create anything
21 of our own. So to the extent that we
22 can do things like that, I think we
23 definitely want to do that.

24 MS. FADULLON: I would just
25 say on the housing front there's a big

1 shift to put a lot more resources
2 towards renters. We could not have
3 done that without our partners. We
4 utilize our housing counseling
5 agencies, our NACs, other CDCs to not
6 only get the word out but also to take
7 in applications, to assist tenants in
8 filling out those applications, to do
9 outreach. The only way we're able to
10 get that out and get as much money on
11 the street as quickly as possible is
12 because we utilized our partners and we
13 can't say enough about them.

14 We've also stood up the
15 Eviction Diversion. Again, that is
16 with our partners, with our housing
17 counseling agencies and with EIP and
18 Community Legal Services. Then we
19 stood up a couple of programs to
20 provide direct landlord assistance.
21 That was through our partner in tech
22 services. And so, we're definitely
23 utilizing our partners because
24 particularly now when we were all very
25 resource-constrained, the best tool we

1 have is leverage. And I think a
2 perfect example of that as well, not a
3 program that started during the
4 pandemic, was Philly First Home. The
5 City put in \$8600, \$8700 in that, over
6 \$23 million invested. That leveraged
7 over \$340 million of private dollars,
8 so that was us working with Council to
9 come up with that program, but figuring
10 out how do we take what we have and
11 leverage it.

12 As far as doing business a
13 different way, we jumped on this remote
14 learning piece. We now have -- every
15 program that we have, every system,
16 every process, all of our meetings,
17 everything we are online. We are
18 completely remote. We have gotten
19 every single one of our employees a
20 laptop. We are in the process of
21 deploying those because we too believe
22 that this is the future, this is the
23 way work is going to go. And not that
24 we plan on being out and remote for the
25 rest of our tenure, but we want to be

1 able to work as well remotely as we do
2 in the office, and that all of our
3 processes and all of our programs will
4 be seamless, whether we are in the
5 office or whether we're working
6 remotely.

7 COUNCILWOMAN QUINONES-

8 SANCHEZ: I appreciate that. And
9 again, I look forward to kind of
10 working with you through this. I think
11 there's a high level of frustration,
12 and again I don't think people are not
13 working hard. I think we just got to
14 work smarter and more effectively. We
15 still have neighborhoods that really
16 don't see and don't feel like there's
17 equity around resources. And I just
18 think that -- again, I don't want to
19 beat a dead horse, but I want folks to
20 know that they're going to measure by
21 how we take care of the most vulnerable
22 and there's some neighborhoods that you
23 go and we got to figure out how to do a
24 better job of how we're servicing them
25 and how we're leveraging that.

1 I'm looking for the
2 accountability piece. I'm looking for
3 the synergy on the mission, on the
4 goals and they have to be people-
5 centered. I think one of the things is
6 the re-alignment has to be people-
7 centered. And I don't want to define
8 how you guys should be carrying it out.
9 But I do think that to your point,
10 Anne, in the poverty plan, and I know
11 Council President's working on one of
12 those, but in the poverty plan and in
13 the poverty discussion and in the Call
14 to Action, there were some very
15 specific new ideas around bringing
16 things up to scale. And in post-COVID
17 world, my belief is that we have to
18 double-down on some of those. And that
19 means that in order for us to do that
20 we're going to be in people's spaces,
21 and I hope that people really are open
22 to looking at some of the innovative
23 ideas in saying how do we do some of
24 these things to help more people and
25 that we're not whetted to again some of

1 systems that we're just not going to be
2 able to do, because in a post-COVID
3 world you just can't do it. We can't
4 do community affairs like we used to.
5 We can't do all of the other stuff we
6 used to. So we have to be more
7 targeted and more intentional about the
8 work that we're doing.

9 Thank you, Mr. Chair.

10 Thank you, Tumar. 19 days,
11 go boy.

12 (Laughter.)

13 COUNCILMAN DOMB: Thank you,
14 Councilmember Sanchez. Thank you.

15 Tumar, just the last
16 question. You don't even have to
17 answer it. Just something that you
18 maybe focus on. And, that is, it
19 sounds to me like what we're trying to
20 get to is a point where the budget
21 dollars matched the goals that work
22 across departments. I think that's
23 generally what we're talking about. So
24 if we can get there, that would really
25 be a positive for all of us.

1 I don't think there's any
2 other questions from my colleagues. I
3 want to thank everyone. I appreciate
4 your time today. I look forward to
5 working with you as things progress. I
6 understand there's no other public
7 witnesses for today so we'll move to
8 closing remarks.

9 And I just want to again
10 thank everybody. It's been a long day
11 in discussing the City's current and
12 future financial position along with
13 the management practices of the City.
14 And despite where we are at this moment
15 in time, we do still spend close to \$5
16 billion in City government dollars.
17 That's a lot of money. So City Council
18 and the public deserve to know what
19 we're achieving for this kind of
20 spending and in this climate.

21 And if something isn't
22 working, now is the time for us to
23 learn about it, shut it down. And if
24 something is showing promise, now is
25 the time for us to double-down on that.

1 So I hope the Administration will
2 continue to work with Council to find
3 solutions and achieve our collective
4 goals. We are in it together. We're a
5 team. And the definition of team,
6 together everyone achieves more. And
7 it's our goal to work with all to make
8 the City the best it could be and the
9 public deserves that.

10 So this concludes the hearing
11 on Resolution 200406. The hearing is
12 adjourned and thank you everybody for
13 being here. Thank you very much and
14 have a great rest of the day. Thank
15 you.

16 MS. FADULLON: Thank you,
17 Councilman. We will.

18 MS. GALLIER HOWARD: Thank
19 you, Councilman.

20 MS. FIGUEROA: Thank you,
21 Councilman.

22 (Committee on Fiscal
23 Stability and Intergovernmental
24 Cooperation concluded at 3:25 p.m.)

25

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

I, hereby certify that the
proceedings and evidence noted are contained
fully and accurately in the stenographic
notes taken by me in the foregoing matter,
and this is a correct transcript of the
same.

TANEHA C. CARROLL
Court Reporter - Notary Public

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Committee on Fiscal Stability and Intergovernmental Cooperation
September 23, 2020

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