COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 23, 2012
10:00 a.m.

PRESENT:

COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILWOMAN CINDY BASS
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN JAMES KENNEY
COUNCILMAN DENNIS O'BRIEN
COUNCILMAN DAVID OH
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA
COUNCILWOMAN MARIAN B. TASCO

BILLS 120164, 120165, 120166, 120173, 120174, 120175, 120230, 120338, 120339, 120340 and 120341
RESOLUTION 120167

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COUNCIL PRESIDENT CLARKE: Good morning. This is the Committee of the Whole on the operating budget. This is a continuation of the public hearing of the Committee regarding Bills No. 120164, 120165, 120166, 120173, 120174, 120175, 120230, 120338, 120339, 120340, 120341 and Resolution No. 120167.

Ms. Lewis, please read the titles of the bills and resolution.

MS. LEWIS: Bill No. 120164, an ordinance to adopt a Capital Program for the six Fiscal Years 2013 to 2018 inclusive.

Bill No. 120165, an ordinance to adopt a Fiscal 2013 Capital Budget.

Bill No. 120166, an ordinance adopting the Operating Budget for Fiscal Year 2013.

Resolution No. 120167, a resolution providing for the approval by the Council of the City of Philadelphia of a Revised Five Year Financial Plan for the City of Philadelphia covering Fiscal

Years 2013 through 2017, and incorporating proposed changes with respect to Fiscal Year 2012, which is to be submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") pursuant to the Intergovernmental Cooperation Agreement, authorized by an ordinance of this Council approved by the Mayor on January 3rd, 1992 (Bill No. 1563-A), by and between the City and the Authority.

Bill No. 120173, amending Section 19-1806, entitled "Authorization of Realty Use and Occupancy Tax," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on the use or occupancy of real estate within the School District of Philadelphia, under certain terms and conditions.

Bill No. 120174, amending Chapter 19-1500 of The Philadelphia Code, entitled "Wage and Net Profits Tax," by

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repealing Section 19-1508, entitled "Refunds and Forgiveness for Poverty Income."

Bill No. 120175, authorizing real estate taxes for the City of Philadelphia and the School District of Philadelphia for Fiscal Year 2013 and thereafter, by amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," to provide for a tax and tax rate on real property, for exclusions, and for an established pre-determined ratio; and by amending Chapter 19-1800 of The Philadelphia Code, entitled "School Tax Authorization," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on real estate within the City of Philadelphia, and providing for a tax rate and for exclusions; all under certain terms and conditions.

Bill No. 120230, authorizing real estate taxes for the City of Philadelphia and the School District of

Philadelphia for Fiscal Year 2013 and thereafter, by amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," to provide for a tax and tax rate on real property; and by amending Chapter 19-1800 of The Philadelphia Code, entitled "School Tax Authorization," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on real estate within the City of Philadelphia, and providing for a tax rate; all under certain terms and conditions.

Bill No. 120338, an ordinance amending Section 19-1307 of The Philadelphia Code, entitled "Deferrals of Real Estate Tax," by further providing for certain deferrals of payment of a certain portion of Real Estate Taxes due the City of Philadelphia or the Philadelphia School District, all under certain terms and conditions.

Bill No. 120339, an ordinance amending Title 19 of The Philadelphia

Code, by adding a new Chapter 19-2900A, entitled "Special Real Estate Tax Provisions for Low Income Taxpayers," providing for credits against real estate tax for certain low income taxpayers, under certain terms and conditions.

Bill No. 120340, an ordinance enacting a new Chapter 19-3800 of The Philadelphia Code, authorizing the granting of tax exemptions to longtime owner-occupants of certain properties in the City of Philadelphia.

Bill No. 120341, an ordinance amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," by further providing for installment payments of real estate taxes, all under certain terms and conditions.

COUNCIL PRESIDENT CLARKE: Thank you.

This morning we'll begin by considering proposed amendments that were offered by Councilman Bill Green on May

14th. We will hear testimony on those amendments.

Will the Administration please come forward.

(Witnesses approached witness table.)

COUNCIL PRESIDENT CLARKE: Good morning, sir.

MR. DUBOW: Good morning, Council President Clarke. Good morning, members of the Committee. I'm Rob Dubow. I serve as the Finance Director. Today with me is Revenue Commissioner Keith Richardson. I'm here to testify on amendments to Bill Nos. 120173 and 120175 that have been proposed by Councilman Green.

The Administration's overarching goal for the Actual Value Initiative is to implement a property assessment system that's accurate, equitable and understandable. In addition, as that new system is implemented, the Administration believes it is appropriate to capture value that has not been captured by the broken assessment system since at least 2004. Capturing that value would generate an additional $94 million for the School District, and that additional revenue has become an integral part of the District's FY13 budget and its FY13 to FY17 Five Year Plan.

The first set of proposed amendments would reduce the amount of FY13 revenue proposed to be generated by the property tax for the District by a projected $94 million and would increase the amount generated by the Use and Occupancy tax, which goes to the School District, by $94 million.

Those changes would allow the City to reduce property tax rates while implementing the Actual Value Initiative and, at the same time, would generate critical revenue for the District. As a result, those amendments would meet the Administration's primary objectives.

The amendments regarding the U&O tax also shift who pays for the increase in School District revenues from residential property owners to commercial and industrial property owners.

This shift is intended to avoid a potential increase in residential property tax bills that would be caused by going to accurate values if, as is likely, commercial and industrial properties are assessed closer to their true market values in the current system than are residential properties. If commercial and industrial properties are assessed at values closer to their true market values, they are likely to see a decrease in their bills when values are accurately assessed, and the decrease would be coupled with an overall increase in taxes for residential properties.

Avoiding increases in residential property taxes is an important policy goal. It must, however, be weighed against maintaining tax burdens for businesses that would otherwise see a decrease in their burden under a new accurate assessment system.

A second set of amendments proposed would eliminate the use of the phase-in or smoothing in the proposed real estate tax formula, raise the homestead exemption to either 40,000 or 60,000 and lower the fail-safe rates set forth in the bill. With respect to smoothing, the amendments would provide that the shift to new millage rates and changes in tax bills, both up and down, would happen in one year. The Administration proposed the phase-in as a way to ease the transition to the new tax levels, particularly for property owners who would see substantial increases under the new accurate system.

Council has proposed other methods of easing that transition, and the Administration continues to work with Council on those proposals. We anticipate being able to reach agreement with Council, and if we do reach an agreement and smoothing is not one of the agreed-upon options, the Administration would support the amendment that eliminates the phase-in of the new rates.

With respect to the homestead, the amendments increase the proposed homestead exemption from the 15,000 included in Bill 120175 to either 40,000 or 60,000. Increasing the homestead will provide greater relief for owners of low-valued homes and will shift the tax burden to commercial and industrial properties, residential rental properties and higher-valued homes. It will also mean that a number of property owners would pay no tax at all. We said repeatedly we're certainly willing to consider with Council some increase in the homestead exemption.

Regarding the fail-safe tax rates, we're open to considering adjustments to the rates, particularly if smoothing is eliminated.

The third set of proposed amendments also create a credit for over-collection of property taxes; that is, above our historical collection rate. The Administration has been seeking to improve revenue collections through a variety of efforts, and we believe the City and the School District should benefit from our efforts in this regard.

Lastly, the various sets of amendments would eliminate all proposed establishment of tax rates for 2014 using the same type of formula proposed this year, and we're not opposed to taking out the FY14 numbers.

That concludes my testimony, and we'd be happy to answer any questions you may have.

COUNCIL PRESIDENT CLARKE: Thank you, Mr. Dubow.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Mr. Dubow. I'm going to ask you a list of silly questions. Okay?

MR. DUBOW: Of what questions?

COUNCILMAN GOODE: Silly questions.

MR. DUBOW: I like silly questions.

COUNCILMAN GOODE: Just to make a point.

MR. DUBOW: Okay.

COUNCILMAN GOODE: Is the Administration still planning on sending out individual property tax bills next year?

MR. DUBOW: Yes.

COUNCILMAN GOODE: So there's no such thing as an aggregate property tax bill for homeowners, right?

MR. DUBOW: I'm sorry?

COUNCILMAN GOODE: There's no such thing as an aggregate property tax bill for homeowners, right?

MR. DUBOW: Aggregate? Right.

COUNCILMAN GOODE: Homeowners won't get a bill that states that this is your portion of the aggregate homeowner tax bill?

MR. DUBOW: Right. They'll get an assessment and then a bill.

COUNCILMAN GOODE: It's an individual bill.

MR. DUBOW: Yes.

COUNCILMAN GOODE: So a low-value homeowner who will be getting a tax cut under AVI probably doesn't view his individual bill as part of an aggregate tax?

MR. DUBOW: That's correct.

COUNCILMAN GOODE: But that homeowner deserves that tax cut?

MR. DUBOW: Right.

COUNCILMAN GOODE: And otherwise they would be taxed unfairly?

MR. DUBOW: Correct.

COUNCILMAN GOODE: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Sorry. I was reverting to my old role as Majority Whip. I was doing the floor manager thing. I'm sorry.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Mr. Chair.

Thank you for your testimony, Mr. Dubow. It seems like you've consulted some economists before preparing this testimony, because it appears to be on the one hand, on the other hand, a bit --

MR. DUBOW: When you wish I only had one hand?

COUNCILMAN GREEN: Yes, I wish you had one hand.

So I guess I want to start with the U&O formula. Could you describe sort of in layman terms, the way you did for the formula applying the property taxes, the U&O formula.

MR. DUBOW: Yeah, although probably not as -- I should probably give you that in writing rather than trying to do it here. I mean, it's based on assessments, the old millage rate and then doing a calculation that basically gets you to the same amount of revenue.

COUNCILMAN GREEN: But it's very straightforward compared to the real estate model. In other words --

MR. DUBOW: It is.

COUNCILMAN GREEN: -- in the real estate model, you took out prior year collections, you took out appeals, you took out all sorts of stuff. Why isn't the collection of U&O between January and August relevant for U&O the way it is in your view for real estate?

MR. DUBOW: Because it's collected on a different cycle.

COUNCILMAN GREEN: I'm sorry?

MR. DUBOW: It's collected on a different cycle. It's collected year round instead of just in February and March.

COUNCILMAN GREEN: And so you don't think that those measures are needed?

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MR. DUBOW: Well, also because it wasn't changing, we basically did a formula that just got us to the same place. I think it was simpler kind of in every way.

COUNCILMAN GREEN: And you don't think --

MR. DUBOW: If we're changing the number, it might be more complicated.

COUNCILMAN GREEN: Or I'm wondering if the real estate formula is too complicated as compared when we can do a simple formula for one. So I guess if you had the same simple formula for real estate, just designed to collect -- designed off the base of bills that go out to collect the same amount of money without adjusting for all these other things, wouldn't that look a lot more like just setting a millage rate like we do every year and it either comes in above it or below it and we're a little bit ahead, a little bit behind?

I'm trying to understand why we

went with the complicated real estate formula versus just a simple formula to collect the same amount of money, which would be the same as having a millage rate, which doesn't take into account prior year collections and all this other stuff.

MR. DUBOW: I think a lot of it has to do with the collection patterns for the two taxes. The real estate is collected differently. So I think that's why the two formulas had to be different.

COUNCILMAN GREEN: But, I mean, essentially what the formula is going to produce is a millage rate.

MR. DUBOW: At the end, that's right.

COUNCILMAN GREEN: Right. And every year for the last four years, we've just had a millage rate and whatever prior year collections were, they were. Whatever extra collections happened in January to August, they were, et cetera.

And so I guess what I'm trying

to understand is why you didn't want a formula that's just like the formula we've had for the past four years, which is to set a millage rate.

MR. DUBOW: Why we didn't want to just set a millage rate?

COUNCILMAN GREEN: No, no, no. I mean through a formula.

MR. DUBOW: Well, we are getting to a millage rate through a formula.

COUNCILMAN GREEN: We are, but it's a very complicated formula that takes into account things that we never take into account when we just set a millage rate, like prior year collections and stuff like that.

MR. DUBOW: Because before, the number of assessments weren't changing. The assessment level wasn't changing. We had that information. So if you used the same assessments and all the other factors are the same, the only thing that's changing is your rate, right? But now there are multiple factors changing, so that makes it more complicated.

COUNCILMAN GREEN: Well, prior year collections are what they are. They're not changing. They are what they are in every previous year too.

MR. DUBOW: Right, but your assessments are changing.

COUNCILMAN GREEN: Sure.

MR. DUBOW: Your millage rate is changing.

COUNCILMAN GREEN: But why is it important to take things out of the -- to add things to a formula or to create a formula that includes things that are not relevant really to the millage rate the way we've set them for the last four years?

MR. DUBOW: Well, they are, and we also think that appeal losses, we think that there will be a lot that will change and we wanted to capture that in the formula.

COUNCILMAN GREEN: Well, I

mean, appeal losses were -- the way the formula works, you've only got them increasing by $4 million. It's not a big delta.

So I just would like a clear statement, I guess, as to whether or not there's a different formula because you hope or it has the potential to bring in more revenue than just a non-complicated formula would bring in.

MR. DUBOW: No, that is not why there's a different formula.

COUNCILMAN GREEN: That's the end of my time, Mr. President. I'll come back.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. President.

Can you briefly give me your perspective on state actions in the House and Senate and any court rulings which will have a bearing on some of the decisions we have to make here locally, your perspective on whether or not we are limited by way of valuations and how that impacts the court rulings, the STEB issue. Give us a current event of where we are right now so that we understand and the public understands what our options are now.

MR. DUBOW: Right. Okay. So let me talk about what's going on in the Legislature first and then I'll talk about STEB. Does that cover it?

COUNCILMAN JONES: That will do it.

MR. DUBOW: Okay. So we have three bills related to the Actual Value Initiative in Harrisburg. One would enable us to do a homestead. That bill passed the Senate, is in the House, was voted out of the House Urban Affairs Committee with amendments. One amendment changes the amount of time people can apply for a homestead from -- well, it came out of the Senate with 75 days to apply for a homestead. We thought that in the first year that was too long given our timeframe. So we asked to amend that to 30 days. It came out of House Urban Affairs with 60. We'd still like it to go back to 30 days. So it now goes to Appropriations. When it gets through Appropriations, it would go to the House floor, hopefully pass there, and then have to go back to the Senate and then to the Governor.

COUNCILMAN JONES: Can you elaborate on why -- I think I know -- 30 versus 90? What is your rationale?

MR. DUBOW: Looking at the timeframe here to get responses back from people and to build it into our formula this year so we have the right millage rate, we need that time.

COUNCILMAN JONES: And conversely, the public, who is less than sophisticated, may not understand that timeframe at least on the first year. So

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that --

MR. DUBOW: So we intend to have a fairly aggressive campaign to inform people about it and to make applying as simple as possible. We have a firm on board. We're working with them already to make sure that happens.

COUNCILMAN JONES: Okay.

MR. DUBOW: The second item is a bill that would allow us to lower millage rate on the School District side. The millage rate -- we're not allowed to reduce the millage rate under Act 46, which was the fiscal distress bill for the School District. When we go to actual value, assessments will go way up if we can't reduce the millage rate. Everyone's taxes will go way up.

That bill is still in the Senate. It came out of the Senate Education Committee, is now in Appropriations. There's a divide in the Philadelphia Senate delegation. Senator Fornese has proposed a change to the bill that would require two votes if any additional revenue was going to be generated for the School District. So we're in conversations about that, because we want -- we think there should be one vote rather than two.

The third bill would reconstitute the way the Board of Revision of Taxes is constituted to be consistent with the vote the voters took here, have certain requirements and a selection process that would include Council and the Mayor. That came out of the Senate and is still in the House Urban Affairs Committee.

So that's the legislation.

COUNCILMAN JONES: Any sense of timing? I know that's not your bailiwick and more of ours, but you've been in communications with the state.

MR. DUBOW: I think they're in today and then I think they're out until June 4th. So we're hoping for action soon after they come back, but as you say, it's hard to predict.

COUNCILMAN JONES: I don't know if there's any consensus that would have us believe that they're going to act that quickly. I just want to know any inaction, what does that limit us to doing?

MR. DUBOW: So if there's no final action on the homestead bill, then we couldn't provide a homestead locally. And if there's no action on the bill letting us lower millage rates, we couldn't lower the millage rates.

COUNCILMAN JONES: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Mr. President.

I concur with Councilman Jones on the 30-day issue. We need to get as many people possibly taking advantage of whatever homestead opportunities we have, and I think 30 days is going to lose a lot of folks who aren't ready or knowledgeable or too busy to get to it within the 30-day timeframe. So that's just my opinion on it, and we'll see where it goes.

MR. DUBOW: Right. Like I said, we'll work aggressively to make sure people know.

COUNCILMAN KENNEY: Mr. President, is there any way we can solicit some input from the larger building owners and managers in the City as it relates to the U&O shift increase, proposed increase?

Anecdotally, I've been hearing information from folks that that would be passed on to the tenants and it would make the buildings less attractive for companies to want to locate or rent space in our downtown buildings at least. So I would like to get some formal opinion from them on that.

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And, Mr. Dubow, relative to the $15,000 and $40,000, $60,000 homestead issue, have you analyzed the effects of a $40,000 or $60,000 homestead exemption on those properties that aren't severely affected by AVI or affected at all, and because we're doing a larger homestead, we have to make the millage rate higher to capture the money. Therefore, potentially a person who is not affected under the current AVI proposal, with everyone else getting a larger homestead, would in fact raise their taxes in some way. I mean, do you understand?

MR. DUBOW: Yeah. So the millage rate would go up. The larger the homestead, the larger the millage rate you need. So there definitely would be an effect that people at higher-valued homes would see an increase. Actually, Council technical staff did an analysis and I think they had the split point at like 175,000, that above 175,000 you would see an increase in what you were paying.

COUNCILMAN KENNEY: But 175,000 isn't necessarily a higher-end home.

MR. DUBOW: But that's --

COUNCILMAN KENNEY: When you say "higher-end home," I'm thinking Rittenhouse Square, not $175,000 in East Falls or in Manayunk.

MR. DUBOW: So that was the split point.

COUNCILMAN KENNEY: So I think we need to be careful on the homestead. Although you want to sound to be more generous and more understanding of getting people's assessment number down, I just don't want to hurt another group of people by having their taxes and the millage rate on their tax go up to cover the revenue that we're giving them.

MR. DUBOW: There's a definite trade-off.

COUNCILMAN KENNEY: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE:

You're welcome, Councilman.

The Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you very much, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

COUNCILMAN OH: Could you again, because I wasn't clear on it, give me your opinion on increasing the homestead exemption. So if it wasn't 15,000, if it was 40,000 or higher, lower, what's your opinion about increasing the homestead exemption?

MR. DUBOW: First, we are open to the idea of increasing it. There are some trade-offs, though. The higher you go, the more of a shift you have to people at higher-valued homes. So the millage rate would go up. So that's a trade-off. And there's a split probably in the $175,000 to $200,000 range where above that, you'll start to see an increase rather than a decrease from a homestead. And the higher you go, the more homes don't have any tax liability, which --

COUNCILMAN OH: Is there a way to shift some of the tax burden to commercial property owners other than, for example, the U&O proposal?

MR. DUBOW: Well, the homestead does that. The homestead does shift some of the burden over to commercial and industrial. It doesn't do it to the same extent the U&O does because some of that shift goes to other residential owners.

COUNCILMAN OH: Is there another way to get more of the burden on commercial property owners?

MR. DUBOW: Well, the challenge is that under the Pennsylvania Constitution, you have to have uniformity in your taxing, so you can't tax -- you can't have a different property tax rate for commercial and industrial than you can have for residential.

COUNCILMAN OH: Okay. The AVI

applied to the old property values would produce the same tax revenues, would it not, as we were getting last year?

MR. DUBOW: Let me make sure I understand. So if we --

COUNCILMAN OH: If we change the taxing system and kept the same property values, we would end up with the same amount of money; would we not?

MR. DUBOW: If we changed the millage rates and had no --

COUNCILMAN OH: No, not the millage rate. If we adopt AVI, actual value, as opposed to the percentage times 32 percent, the property values, it appears to me -- and I'm asking you for clarification -- that the reason why we are having this issue about unanticipated consequences to real estate homeowners is because we have new tax assessments, not necessarily because we're switching to a different method of taxation.

MR. DUBOW: I think I understand. So there are two things that are going on. We're moving to accurate assessments. That's what's causing the shifts that are causing the issues. And then we're getting rid of the fractional system where we used the pre-determined ratio of 32 percent.

COUNCILMAN OH: Right. So getting rid of the fractional system and going to an actual value system does not increase anyone's taxes if they're assessed at the same property values.

MR. DUBOW: Right, if we still use the old inaccurate assessments but just took out the pre-determined ratio and reduced the millage rate, yeah, people would get the same tax bill.

COUNCILMAN OH: Okay. So --

MR. DUBOW: But it would be based on the old broken assessment system.

COUNCILMAN OH: Right. So this new assessment system is what is causing the issues that we're discussing about how it affects certain homeowners in certain communities or --

MR. DUBOW: Right. I'd phrase it a little differently. The fact that we've had a broken system over all these years is what causes the issue, and we're trying to fix that problem now.

COUNCILMAN OH: Okay.

MR. DUBOW: But, yes, it's fixing the problem that is raising these issues.

COUNCILMAN OH: So as far as I can tell, nobody has a problem with fixing the broken system and I don't think there's a problem with applying fair assessments to properties. I think the issue is, one, heavy impacts upon those who are now receiving fair assessments that they're unprepared for and, two, and probably more importantly, the doubt that may exist that certain properties in developing or developed areas are fairly being applied because the assessed value of the house reflected by the sales in the neighborhoods are not something that the people in those neighborhoods can afford, and that may come down to some type of philosophical issue or something, but at the end of the day, that seems to be the worry to me.

MR. DUBOW: And I think that's why we're working with Council on some gentrification proposals that would help with people in the last category you talked about.

COUNCILMAN OH: Okay.

Thank you very much, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. President.

Good morning.

MR. DUBOW: Good morning.

COUNCILMAN GREENLEE: I just want to follow up on Councilman Jones's question about the bills in Harrisburg.

It seems to me the second bill you talked about about the ability to lower the millage, if we don't get that, that's real problematic, right?

MR. DUBOW: That's a real problem, yes.

COUNCILMAN GREENLEE: And, I mean, what --

MR. DUBOW: And if we don't get the homestead, I think that's a real problem.

COUNCILMAN GREENLEE: No, no, no. I agree. I mean on both. But it would seem like if we don't get that ability to lower the millage, what do we do then?

MR. DUBOW: It's a big issue.

COUNCILMAN GREENLEE: I raise that because I'm hearing -- I'm sorry. Go ahead.

MR. DUBOW: I don't want to speculate on that here.

COUNCILMAN GREENLEE: Okay.

MR. DUBOW: I'd be willing to

talk to you about it, but I don't want to do that here.

COUNCILMAN GREENLEE: But, I mean, that's a big deal.

MR. DUBOW: Yes. I agree.

COUNCILMAN GREENLEE: Because if we don't get that, it's a problem. Okay.

MR. DUBOW: I agree.

COUNCILMAN GREENLEE: And we're hearing -- and maybe I shouldn't say this, but you kind of alluded to it too. We're hearing that there's problems in Harrisburg with that, you know.

MR. DUBOW: Yes, and, like I said, we're trying to work through those.

COUNCILMAN GREENLEE: All right. I see you don't want to talk about it anymore, so I'm not going to push it at this point, and I understand why you don't, but, I mean, if we don't -- you know, we got to come up with -- I think at some point you got to tell us what the Administration's idea is.

MR. DUBOW: I just don't think there are answers that I could give you right now that would be productive for the process.

COUNCILMAN GREENLEE: All right.

See, I'm a nice guy, so I won't push that, Mr. President. Thank you.

COUNCIL PRESIDENT CLARKE: You already did, sir. Thank you, Councilman.

The Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Good morning.

MR. DUBOW: Good morning.

COUNCILMAN SQUILLA: I think you know where I stand --

MR. DUBOW: You're in favor of this.

COUNCILMAN SQUILLA: -- on the this issue, but I want to ask some questions about the AVI and I guess the homesteads and how we come up with these numbers.

You say that the rate of, I guess, the tipping point is around 175, around there. At what homestead implementation? Is that 15,000?

MR. DUBOW: It actually -- it was between 175 and 200. And this was something that Council technical staff did. So it was between 175 and 200 at every level they looked at. That was where the tipping point was, at 15, 30, 60. I think it was somewhere in there for all of them.

COUNCILMAN SQUILLA: Wouldn't that have to change depending on the homestead? Because if you have a $15,000 homestead, your millage rate would be a certain level. If you have a 30,000 or 60,000 homestead, your millage rate would have to increase.

MR. DUBOW: That's right.

COUNCILMAN SQUILLA: So by increasing that millage rate, it may even move the median price down for the tipping point.

MR. DUBOW: I think that was part of the reason that it was moving a little, was that the millage rate -- that they were putting in different millage rates at different homesteads. So I think they built that in.

COUNCILMAN SQUILLA: And if we put the smoothing -- and I know you mentioned that you'd be willing to eliminate smoothing in an amendment if it was perceived to work better for --

MR. DUBOW: Right, if we had other measures of relief that worked.

COUNCILMAN SQUILLA: Right. With the smoothing, because sometimes with that, depending on the gentrified neighborhoods, you actually see an increase in taxes the first year.

MR. DUBOW: Right.

COUNCILMAN SQUILLA: And then going down.

So they're actually going to be paying more that first year and then going down. So sometimes the smoothing that was put in place to protect some of the incidents were actually hurting them.

MR. DUBOW: Right. That's one of the issues and that's one of the reasons that we're willing to talk about what other relief measures work better.

COUNCILMAN SQUILLA: And the people who are going to get hurt the most here obviously are the people who have lived in the neighborhoods that we talked about that are increased in value --

MR. DUBOW: Right.

COUNCILMAN SQUILLA: -- have lived there for a while, ten years, maybe more, and may not have the means to pay the tax bill.

We need to come up with an opportunity or a reason, some type of homestead or, like you say, gentrification that would pinpoint those people to be able to get protection. Now, right now by state ordinance, we don't need any state approval to do that;

is that correct?

MR. DUBOW: I think that's correct, yes.

COUNCILMAN SQUILLA: So if we come up with a type of homestead not -- we wouldn't need state approval in Harrisburg right now in order to do some type of gentrification homestead?

MR. DUBOW: There are two different questions in there. To do a homestead, we need state authorization. I don't think to do a gentrification bill we need authorization.

COUNCILMAN SQUILLA: So even if we don't get state approval to do anything, we could do a gentrification bill, but we will not be able to lower the millage rate, because at this point, the state hasn't allowed us to do that?

MR. DUBOW: That's correct.

COUNCILMAN SQUILLA: And if we're not allowed to lower the millage rate like Councilman Green said, then we really cannot go to the AVI platform?

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MR. DUBOW: I think what we responded to Councilman Greenlee is that we are trying to consider options for what we would do in that scenario.

COUNCILMAN SQUILLA: So at this point, we do not have another option?

MR. DUBOW: Right.

COUNCILMAN SQUILLA: So if we don't get our response from Harrisburg --

MR. DUBOW: Yes. Getting that is crucial.

COUNCILMAN SQUILLA: And do we have to vote on this before we get that?

MR. DUBOW: We may, yeah. Or you may.

COUNCILMAN SQUILLA: So by the next hearing, are we going to have another option?

MR. DUBOW: I don't know. I can't answer that right now.

COUNCILMAN SQUILLA: You don't know?

Okay. I'll come back on the second round.

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COUNCIL PRESIDENT CLARKE: Thank you. Thank you, Councilman.

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: I have a simple question. Would the U&O occupancy tax apply to homeowners who own duplexes?

COMMISSIONER RICHARDSON: No.

COUNCILWOMAN TASCO: Because they are classified as commercial, they have to get a license or permit to rent the property. And I got a lot of flack from them regarding the trash fee. So would they -- how would it impact on them?

COMMISSIONER RICHARDSON: Keith J. Richardson, Revenue Commissioner.

For individuals that own duplexes, it would not impact them. If there were three or more units, it would impact someone for use and occupancy tax, not for duplexes. And if they live in the duplex also, they wouldn't even have an effect on them.

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COUNCILWOMAN TASCO: If they live in the property?

COMMISSIONER RICHARDSON: Or do not. For two units, they would not have to have a use and occupancy situation.

COUNCILWOMAN TASCO: But if there's a three-unit building or more --

COMMISSIONER RICHARDSON: Right.

COUNCILWOMAN TASCO: -- they would be required to --

COMMISSIONER RICHARDSON: Right.

COUNCILWOMAN TASCO: -- pay the U&O tax?

In that scenario, how would all of this -- at the end of the day, would they only be charged with that one U&O or would they end up paying additional taxes through whatever else we do with this stuff?

MR. DUBOW: If they had more than the four units, there would be -- the owner would pass through the additional costs.

COUNCILWOMAN TASCO: I know they would pass it through to the renter.

MR. DUBOW: Yeah.

COUNCILWOMAN TASCO: Okay.

COUNCILMAN GREEN: Point of information.

COUNCILWOMAN TASCO: Point of information. I'll accept that.

COUNCILMAN GREEN: Thank you, Madam Chair.

COUNCILWOMAN TASCO: He's busy. Go ahead.

COUNCILMAN GREEN: So it's my understanding that U&O does not apply to multi-family or any residential property at all. If it's used as a residence, there is no U&O tax that's passed through to a tenant. If it's used as a commercial property, U&O tax is passed through to the tenant. So whether it's a multi-family apartment building, a four-unit building or a two-unit building, there is no U&O for a residential use, period. That's my understanding from the regs and having talked to the people.

COUNCILWOMAN TASCO: They don't pay U&O now?

COUNCILMAN GREEN: They do not.

COMMISSIONER RICHARDSON: If it's for four or more units, I think they do pay use and occupancy, but, again...

COUNCILWOMAN TASCO: What's the answer?

COMMISSIONER RICHARDSON: The Councilman is correct.

COUNCILWOMAN TASCO: They do not pay any U&O even though it's an apartment building?

COMMISSIONER RICHARDSON: Right.

COUNCILWOMAN TASCO: Beyond four-unit, beyond three-unit, they don't pay U&O tax?

COMMISSIONER RICHARDSON: No.

COUNCILWOMAN TASCO: So they wouldn't be subjected to the U&O

increase?

COMMISSIONER RICHARDSON: No.

COUNCILWOMAN TASCO: Okay. Thank you.

Thank you. That's it for right now.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you. Thank you.

Good morning, everybody. Forgive the redundancy in the questions, but I need to ask for review purposes.

So what I've heard and what's now sticking is that we're relying on the state for a number of variables, for action on a number of variables that impact what we're doing, need to do between now and May 30th, correct?

MR. DUBOW: Correct.

COUNCILWOMAN BROWN: And those variables are? If you could complete the sentence.

MR. DUBOW: Sure. The variables are reducing millage rates.

COUNCILWOMAN BROWN: Right.

MR. DUBOW: And providing homesteads.

COUNCILWOMAN BROWN: Okay. On the homestead exemption, why would we not get the homestead exemption? What are the hurdles or impediments that you are aware of?

MR. DUBOW: I don't think there are hurdles in Harrisburg related to homestead in specific. I think it's just that they're in their budget process and there are lots of things going on up there, and so it's just a matter --

COUNCILWOMAN BROWN: They move at a different pace than we do as well.

MR. DUBOW: They have other things that they're doing too.

COUNCILWOMAN BROWN: Diplomacy is your middle name.

Okay. That's it. Thank you,

Mr. Chairman.

COUNCIL PRESIDENT CLARKE:
Thank you, Councilwoman.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Mr. Chair.

I just want to start with U&O. And so just to be clear, U&O tax applies to no residential property regardless of size, number of units, et cetera; is that correct?

COMMISSIONER RICHARDSON: Yes.

COUNCILMAN GREEN: Okay. Can you tell me with a $15,000 homestead exemption or any size homestead exemption, let's just call it 15 or 40, what proportion of that homestead exemption is going to be paid for by commercial and industrial properties versus residential properties?

MR. DUBOW: I think I can actually do that calculation, but I haven't. So I think I can get you that, providing we make assumptions about growth in commercial and growth in residential.

COUNCILMAN GREEN: Right. Would you be surprised by numbers that would say if we start with 70 percent of all tax dollars coming from residential and 30 percent of all tax dollars coming from commercial and industrial, which is almost what I project, would you be surprised to learn that really 60 percent of the cost of the homestead exemption is paid for by other residential property owners and not shifted to commercial and industrial?

MR. DUBOW: I wouldn't be surprised by that.

COUNCILMAN GREEN: You wouldn't be surprised?

MR. DUBOW: I would not.

COUNCILMAN GREEN: So you agree with the general proposition that the cost of the homestead exemption is borne mostly by other residential property owners?

MR. DUBOW: Well --

COUNCILMAN GREEN: And would not shift --

MR. DUBOW: -- I'd say I wouldn't be surprised. I'd want to actually look at it. But said in the testimony, that it goes to other residential in addition to going to commercial and industrial. I said that in response to Councilman Oh's question too.

COUNCILMAN GREEN: I just wanted to clarify the response to Councilman Oh's question.

So when you say in your testimony that it's applied to higher-valued homes, you're simply making the statement that it's applied to all residential property owners above -- with a value of their home above what the homestead exemption is set at?

MR. DUBOW: Right.

COUNCILMAN GREEN: So a

higher-valued home, if the homestead exemption is 15,000, is a home worth $16,000 and a higher-valued home, if the homestead exemption is set at 40, is a home worth $41,000?

MR. DUBOW: Right, but the home at 41,000 would still get a benefit from the homestead; it would outweigh the additional cost --

COUNCILMAN GREEN: Absolutely.

MR. DUBOW: -- by a significant amount.

COUNCILMAN GREEN: Absolutely.

I was surprised by some of the numbers you cited about where the break point is. I've got, for example, in Central Roxborough, the market value on the -- I basically took the 44 GMAs that the Administration prepared and then applied the rates that I thought were somewhat likely based on the modeling that we've done, and I got a $40,000 homestead exemption benefiting someone even with a $233,000 home.

MR. DUBOW: Right. It wasn't my analysis, so I was just reporting what I saw.

COUNCILMAN GREEN: I mean, taxes would be $200 lower, for example, for that home in Central Roxborough or in Wynnefield or wherever it is, Mayfair.

So have you seen the Center City District analysis of the impact of Center City office towers being at 60, 80 or 100 percent of their full value today?

MR. DUBOW: I saw the sheet. I didn't spend a lot of time on it.

(Councilman Green handing Mr. Dubow paperwork.)

MR. DUBOW: Wow, this feels like a trial.

COUNCILMAN GREEN: Their analysis indicates that if they're at 60 percent of value today, that they'll get a $40 million aggregate tax break across 926 office towers in the district today and that they'll get a $75 million tax break if they're closer to 100 percent.

We've had anecdotal evidence from the property owners that they are pretty close to 100 percent, at least the large ones organized by BOMA.

Can you comment on their analysis and whether or not you think you would agree that this is generally a true statement of --

MR. DUBOW: I think there would be a shift, just looking at it here. I don't want to say whether their numbers make sense. I will say also based on some of the things that OPA has looked at, I think the 60 percent is probably closer to where that percentage is.

COUNCILMAN GREEN: This is Center City office towers only.

MR. DUBOW: Okay. Yeah. So, I mean, I'd have to spend more time with it before saying that this makes sense or doesn't.

COUNCILMAN GREEN: So you're comfortable with an assumption that says that commercial and industrial properties are about 60 percent of their value on a citywide basis?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Okay.

Thank you, Mr. President. I'll come back.

COUNCIL PRESIDENT CLARKE: You're welcome, Councilman.

The Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you, Mr. President.

Ninety-four million dollars is the number that is kind of at issue here, and in terms of how the Administration arrived at this number, the Administration would have an estimated aggregate value and an anticipated millage rate; is that correct?

MR. DUBOW: We haven't figured the millage rate. We have a formula that has that as a target revenue, a target revenue amount, that we would get to when we get total assessments, and then you'd use the assessments and that target to get to the millage rate.

COUNCILMAN OH: Okay. So in coming up with the budget and with the $94 million, you had some method of guesstimating --

MR. DUBOW: Of getting to the 94, yeah. That was based on looking at the growth in values from 2004, so the last time we did an assessment to now. We got that information from our outside economic consultant, IHS Global Insight.

COUNCILMAN OH: And then you did all the estimates --

MR. DUBOW: Yes.

COUNCILMAN OH: -- providing state pass, everything passes, and you come up with 94 million.

And this 94 million is for the School District?

MR. DUBOW: Correct.

COUNCILMAN OH: And so can I ask you -- and this goes a little bit outside of this, but in exchange for the

$94 million, do you get any more accountability or control from the School District?

MR. DUBOW: I think that's a discussion that you should have with the District.

COUNCILMAN OH: Okay. That's fair enough.

In terms of alternatives to taxing to raise money for the School District, are there alternatives that are being considered beyond just simply this type of the assessments and the tax increases?

MR. DUBOW: In terms of how they went about getting to balance in their plan, they've made significant expenditure reductions and actually planning to make --

COUNCILMAN OH: No. I mean on behalf of the Administration. In other words, this has been a continuing issue and appears possibly to be a continuing issue in the future as a lack of funding for the School District and an inability for the real estate property owners to bear the cost of it under these formulas.

Is there an alternative method of taxation that may be authorized by the state that would spread some of that tax burden to other entities?

MR. DUBOW: We had a different proposal last year, but it didn't go anywhere.

COUNCILMAN OH: See, I'll ask you later what it was.

MR. DUBOW: It was sugar-sweetened drinks.

COUNCILMAN OH: Okay. What about -- and I don't know this. I'm just curious. What about the non-profit sector that are real estate owners and property owners in our city? I mean, what capacity is there to put some of the real estate tax on those entities?

MR. DUBOW: There was -- we put pressure on them and got revenue. There was a change in state law maybe 10, 15 years ago, in '95, that made that much more difficult, and so we were not generating as much. There's been a recent Supreme Court ruling that may have an impact on that and we need to understand better what that ruling means.

COUNCILMAN OH: That Supreme Court ruling meaning that we may be able to obtain tax revenues?

MR. DUBOW: There's a possibility, but we need to understand it better.

COUNCILMAN OH: Okay. Then I'd love to know what that Supreme Court ruling is at a later point in time.

MR. DUBOW: Okay.

COUNCILMAN OH: Thank you very much, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome, Councilman.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Mr. President.

I haven't taken a strong position against AVI to date. I'm kind of like waiting for as much information as you possibly can, either from you, our consultants, and trying to just work our way to a point where we can act rationally.

MR. DUBOW: Right.

COUNCILMAN KENNEY: And the biggest concern that I have -- and this is a concern of Councilman Squilla's. I also know that Councilman Kenyatta Johnson and Council President Darrell Clarke and Councilwoman Blackwell are kind of the four districts that get this big huge impact relative to large jumps in market value.

MR. DUBOW: Gentrification.

COUNCILMAN KENNEY: We don't like -- I don't like using that word as much anymore, because it implies other things that aren't -- it's large increases --

MR. DUBOW: Large increases in

value.

COUNCILMAN KENNEY: Large increases in market value, primarily based, I believe -- and Councilman Squilla and I have had this conversation on and on -- primarily impacted by tax abatements. I mean, I think if you overlay the tax-abated areas with the large increases in market value, you'll see a match. And Council President has asked, and I've been working with Councilman Squilla, because his district is impacted the most, and I worked on the constitutional amendment to give this property tax relief back as far as 1988, '87 to come up with something that protects those folks, and we're working hard and we're going to try to get there.

I could be for this if that happens, but the ongoing discussion about the state not giving us the authority to reduce the millage, I don't know how I can, in good conscience, vote on anything if we don't have any millage protection.

I mean -- and, again, I've stopped short of criticizing or saying I'm against it out of the box, because I want to see where it goes, but, I mean, really that would be asking us to do something crazy, wouldn't it? And then we fall back, if that doesn't happen, then we fall back to Councilman Squilla's original bill, which would have delayed it until we get that approval to reduce the millage.

I'm willing to take somewhat of a leap of faith on the market values, which I think is also a little uncomfortable without having those numbers, but knowing going into it we don't have the authority to reduce the millage, I don't know where we go other than Councilman Squilla's suggestion. I mean, could you comment?

MR. DUBOW: I hear your concern. It's a significant issue.

COUNCILMAN KENNEY: I think it's more than significant. It's like imagine 9.4 percent and market-rate values. People would be jumping off the bridge.

MR. DUBOW: Right. And that's the case that we're making.

COUNCILMAN KENNEY: Or throwing us off.

MR. DUBOW: That's the case that we're making in Harrisburg.

COUNCILMAN KENNEY: But you do have a Plan B?

MR. DUBOW: We don't have a Plan B yet.

COUNCILMAN KENNEY: All right. Well, I mean, you know how much I respect you and I enjoy working with you, but a Plan B is almost a requisite now.

MR. DUBOW: I understand.

COUNCILMAN KENNEY: But I want to let you know from a person who is still not against you, still can be for you or for this plan, with the right protections for these long-term homeowners, I got to go the other way if we can't get the millage help.

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MR. DUBOW: Okay.

COUNCILMAN KENNEY: All right. Thanks.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. President.

I'm going to end where I started, which was to bring up the uncertainty at the state level and suggest that you take the bull by the horns, Mr. President, and convene a huddle, if you would, with the respective actors at the state level, whether it's the Senate, whether it's the House, from the Philadelphia delegation, I would throw in the Administration from the second floor. Because what we seem to be calling mixed signals in a number of ways, which is sending signals to those who don't want to help Philadelphia anyway, that we are not united. And if we could call that huddle on behalf of those young people that we're running out of runway for -- September is coming -- and get our collective acts together.

One of the things that the President has done is met with many of these delegation leaders, and maybe under his leadership, we can pull people together and kind of narrow down some of the options so that we have some predictability like Councilman Kenney and Councilman Squilla have called for, because right now as it stands, we have so many different signals coming out of Philadelphia that our -- I won't say opponents, but sometimes detractors are taking advantage of this.

So, Mr. President, I'd ask that you call a huddle. And I thought I'd never say it, but I kind of miss Governor Rendell right about now and some other key strong players that have been up there in the past. So maybe that leadership has to come from you.

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COUNCIL PRESIDENT CLARKE: Councilman, I've actually been in the basement recently loosening my arm off, but I got to tell you, I can't throw as long as I could.

COUNCILMAN JONES: You can't get to Harrisburg? All right.

COUNCIL PRESIDENT CLARKE: The arm's a little creaky, but I'm prepared to put a little oil on it and do whatever.

COUNCILMAN JONES: We got to get these guys in a huddle in a room to kind of narrow down some of the choices so that we can get some predictability, because the uncomfort level comes from the uncertainty of Harrisburg.

COUNCIL PRESIDENT CLARKE: I agree, Councilman. I've actually been talking to a number of legislators, both on the Senate and the House side, and I'm sure all of us have. They are clearly more uncertain about the impact than we are, and we get briefed on a pretty consistent basis here. So to expect them to have as much knowledge on this particular matter as we do is probably not fair, but I do think that they're leaning on us collectively as a municipal delegation to kind of get on the same page, and then I think the message can be sent to the legislators in Harrisburg that we're together. But unfortunately we find ourselves not at that point now, and it's getting pretty late in the game in terms of Plan B. So I think --

COUNCILMAN JONES: We're running out of runway.

COUNCIL PRESIDENT CLARKE: Yeah. We really need to --

MR. DUBOW: I do agree it would be very helpful if we get to the point where we can show unity here in terms of convincing them to take action.

COUNCIL PRESIDENT CLARKE: Yeah. And I talked to a Senator the other day and that Senator basically said that -- and it was clear based on the conversation that they didn't have a grasp of what was being proposed and any potential measures that could be protective. But we have to get there, and we got a real timeline here.

MR. DUBOW: Yes.

COUNCILMAN JONES: So obviously that would include the second floor, this body and whatever state leadership could be mustered, and let's get this show going.

COUNCIL PRESIDENT CLARKE: Absolutely. I concur, Councilman.

COUNCILMAN JONES: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: I remember my second question, and it was linked to Councilman Oh's question regarding the benefit of increasing the homestead exemption from 15 to 40. So could you repeat what your answer was, Rob Dubow, please.

MR. DUBOW: Sure. I think -- hopefully I'll say the same thing this time.

There are trade-offs. You're obviously providing relief to people in home values, lower home values. You provide significant relief at $40,000. You do shift that burden to other homeowners and you shift it to commercial and industrial properties. You also, if you're at 40,000, you have a number of homeowners who aren't paying any tax at all, which probably doesn't make sense.

COUNCILWOMAN BROWN: And?

MR. DUBOW: You have homeowners who aren't paying any property tax at all, because their value would be under 40,000.

COUNCILWOMAN BROWN: Okay. All right, then. Thanks again.

MR. DUBOW: Sure.

COUNCIL PRESIDENT CLARKE:

Done, Councilwoman?

COUNCILWOMAN BROWN: Yes. I'm done, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Mr. President.

Based on the 60 percent that you just shared, you think C&I is, as a whole -- and I think you're previously on the record as suggesting that the Administration's view of residential property tax as a percentage of its actual value is 33 percent?

MR. DUBOW: I think, yeah, what I said is that the GMAs we used, the average increase was about a three times increase. So we thought that's reasonable to use in terms of doing a model.

COUNCILMAN GREEN: I'm sorry. So, I mean, I think your previous testimony was that you believe three times is about right?

MR. DUBOW: I guess what I'm saying is that's what we got from those 44 GMAs. We think that that's a large enough sample so that it's representative. So we think that's an appropriate thing to use in doing the modeling, which may be different from where we actually wind up in the end, but we think it's appropriate.

COUNCILMAN GREEN: I understand. So if it's three times and if it's 60 percent, then the model I had is at 58 percent, but --

MR. DUBOW: That's pretty close.

COUNCILMAN GREEN: That's pretty close. That shows that the difference paid between residential and commercial property owners today is on the order of 200 million, and that's going to increase to over $500 million, because commercial and industrial property owners will go down by 100 billion and commercial will go up by over 200. And so I get an aggregate shifting of the tax being paid between commercial and industrial and residential of not 200 billion but a shift of the difference of $328 billion. So essentially where homeowners will be paying --

MR. DUBOW: Through homestead?

COUNCILMAN GREEN: Million. I'm sorry. Homeowners will be paying $328 million more than --

MR. DUBOW: Without a homestead?

COUNCILMAN GREEN: That's with a $15,000 homestead.

MR. DUBOW: I'd have to look at that.

COUNCILMAN GREEN: Does that sound out of bounds to you?

MR. DUBOW: I don't know. I don't -- I need to look at it.

COUNCILMAN GREEN: Can you provide the answer to that to the Chair, please.

MR. DUBOW: Sure.

COUNCILMAN GREEN: Will we have any certainty as to what's going to pass Harrisburg by next week?

MR. DUBOW: I doubt it, because I think they're out after today. I don't think they're back until the week after next.

COUNCILMAN GREEN: Okay. And so can we take action next week and move things out of City Council if we don't know the results in Harrisburg?

MR. DUBOW: I think what you could do is take things to first reading.

COUNCILMAN GREEN: Although if we have to adjust the rate, the Weiner rule would apply and that has to be done --

MR. DUBOW: That has to be done by the end of June.

COUNCILMAN GREEN: That has to be done in committee, not once it's in the full Council.

MR. DUBOW: Right.

COUNCILMAN GREEN: So we actually can't take action next week without some real clarity from Harrisburg. Would you agree with that or not?

MR. DUBOW: Well, that's why I said you could go to first reading. So you'd be ready to go if Council -- if the state --

COUNCILMAN GREEN: Well, we can't amend the millage, even the formulaic millage, in Council itself. That has to be done in committee, because the public has to have a chance to comment on that.

MR. DUBOW: I'm assuming that they actually do something.

COUNCILMAN GREEN: But they won't do something next week?

MR. DUBOW: No, no; when they get back.

COUNCILMAN GREEN: So we'd have to --

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MR. DUBOW: So you'd be prepared to go.

COUNCILMAN GREEN: So we'd be coming out of committee assuming everything we want we're going to get?

MR. DUBOW: Assuming that we'd be allowed to reduce millage and get a homestead, yes.

COUNCILMAN GREEN: Is there a way to construct a bill that takes care of every variable?

MR. DUBOW: I think you'd probably need multiple bills to do that.

COUNCILMAN GREEN: Multiple bills?

MR. DUBOW: Probably.

COUNCILMAN GREEN: Has the Administration started preparing them?

MR. DUBOW: No.

COUNCILMAN GREEN: Okay.

Thank you, Mr. President. I'll come back.

COUNCIL PRESIDENT CLARKE: No. Go ahead.

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COUNCILMAN GREEN: Okay.

So forget the formulaic rate and everything else. Essentially what the savings clause does is set a millage rate. Would you agree with that?

MR. DUBOW: Yes.

COUNCILMAN GREEN: And what millage rate does it set as currently drafted?

MR. DUBOW: Two and a half percent.

COUNCILMAN GREEN: One of the amendments I had last week changed that millage rate to 1.25 percent. I think we can both agree, now that we've done a little math, if we believe 33 and 60 percent, that that's too low?

MR. DUBOW: I think that's right.

COUNCILMAN GREEN: So in order to set a millage rate, we have to take a guess as to what the aggregate value of all property is in the City of Philadelphia?

MR. DUBOW: Right. And fail-safe was always an estimate.

COUNCILMAN GREEN: Right. Two and a half percent would collect between 2 and 2.5 billion when we are only trying to collect 1.28 billion.

MR. DUBOW: Two and a half percent assumes smoothing.

COUNCILMAN GREEN: Actually, the Law Department says that's not correct. Their smoothing is not built into the two and a half percent.

MR. DUBOW: Well, that's why it was two and a half percent. That's why I thought it should be two and a half percent. If you don't have smoothing, then it should be lower.

COUNCILMAN GREEN: Okay.

MR. DUBOW: You need different fail-safes with smoothing and without.

COUNCILMAN GREEN: So what is the appropriate millage rate to set in the event a court throws out the formulaic approach and we have to rely on a millage rate? I don't think that event is hardly unlikely given Mr. Angelo and other caselaw.

MR. DUBOW: You're saying with or without smoothing?

COUNCILMAN GREEN: Without smoothing.

MR. DUBOW: Without smoothing? I would want to get back to you with more precision, but I would probably say something like 1.7.

COUNCILMAN GREEN: 1.7?

MR. DUBOW: Yeah. But, I mean, I'd want to -- that's where I think, but I'd want to spend a little more time with that.

COUNCILMAN GREEN: And that's with the 15,000 homestead?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Okay. That implies an aggregate value of all real estate in the City of around $94 billion.

MR. DUBOW: That's probably -- yeah.

COUNCILMAN GREEN: I mean, essentially what you're doing when you're setting that rate is guessing what the aggregate value of all real estate is.

MR. DUBOW: That's correct.

COUNCILMAN GREEN: And so is that the Administration's position now, that it's --

MR. DUBOW: I think what I said is, I need to go back and work on that, and I just gave you a number off the top of my head. So I wouldn't call that a position.

COUNCILMAN GREEN: That's your best guess at this moment?

MR. DUBOW: But I said I want to go back and refine it.

COUNCILMAN GREEN: Okay. Would you be surprised -- basically what the modeling --

MR. DUBOW: I really wouldn't be surprised by anything at this point.

COUNCILMAN GREEN: What the modeling I did showed was that the U&O

rate is going to actually go down under the Administration's proposal from 4.62 per $100 of value to 85 cents or 82 cents per $100 of value without any of the amendments I proposed.

MR. DUBOW: I would expect the rate to go down because the assessed values are going up, and it's based on assessed values.

COUNCILMAN GREEN: Right.

MR. DUBOW: So, yes. To generate the same amount of revenue, you would need that reduction in rate.

COUNCILMAN GREEN: Right. Would you be surprised -- basically what the modeling demonstrated is that for anybody whose commercial and industrial property today is at 52 percent of value or higher, that their U&O and real estate tax collection will be revenue neutral.

MR. DUBOW: The combined amount of the two?

COUNCILMAN GREEN: Yeah. And if you're above 52 percent, not only will your real estate taxes go down but your U&O will go down.

MR. DUBOW: That I'd have to look at. So you're saying they would both go down under your proposal?

COUNCILMAN GREEN: Yes, if you're above 52 percent.

MR. DUBOW: I'd have to look at that.

COUNCILMAN GREEN: Can you get back to the Chair with those numbers.

MR. DUBOW: You mean based on your model?

COUNCILMAN GREEN: Based on your model. I mean, I'm not -- I think as we're considering U&O amendments, I'm basing that policy based on the information I've assembled with your help and the help of others, and I'd like to know if you disagree with my base assumptions about that, which may change my policy position on that.

MR. DUBOW: Right. That's what I'm saying, I'd have to look at your model, particularly on the U&O side, to get to that.

COUNCILMAN GREEN: Okay. If you can get back to the Chair, I'd appreciate it.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Mr. President.

Mr. Dubow, in your view, what is the purpose for smoothing?

MR. DUBOW: The purpose for smoothing was to ease the transition to actual value for property owners whose tax bills were going to increase substantially.

COUNCILMAN KENNEY: If in fact we're able to protect the most vulnerable and most market value jumps through some type of gentrification or state constitutional amendment allowance for that protection, do we even need the smoothing?

MR. DUBOW: I'm not sure we do, and we'd be willing to talk about eliminating smoothing if we had other -- if we came up with a package of relief measures that we thought were effective and didn't include smoothing, we could support that.

COUNCILMAN KENNEY: Because smoothing does seem to get complicated in its implementation.

MR. DUBOW: Yes.

COUNCILMAN KENNEY: All right. So you're willing to abandon smoothing if --

MR. DUBOW: Yes.

COUNCILMAN KENNEY: Okay. Thank you.

Thank you, Mr. President.

COUNCILWOMAN BROWN: What was the question?

COUNCILMAN KENNEY: The question was, if we put in relief measures and protections for long-term residents who experience 300 and 400 percent increases in market value, we wouldn't need the smoothing, because there's no need to soften the blow if the blow is not there.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome, Councilman.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you.

Just following up on Councilman Kenney's questioning about smoothing, based on your own analysis, who does smoothing help and who does it hurt?

MR. DUBOW: So it hurts -- the easiest part of your answer is, it hurts people whose taxes will go down under the proposed change in assessments, because they'll have to wait longer for it to go down. It helps some people whose assessments go up, because it will take longer for their increases to be in place. It doesn't help everybody whose assessments go up. That varies depending on how much they go up and -- well, that's kind of the key, how much they go up, where they start and where they end.

COUNCILMAN GREEN: Yeah, but so the question is -- I'm trying to get a little bit more specific. Take the homestead out of it. Assume a zero homestead.

MR. DUBOW: Yeah. I wasn't talking homestead.

COUNCILMAN GREEN: So if you have a zero homestead and your property is 25 percent or above its actual value today on OPA's records, does smoothing help or hurt you?

MR. DUBOW: Part of it depends on where you end up, but it should help you if you have that -- there's a break point.

COUNCILMAN GREEN: Twenty-five percent or above.

MR. DUBOW: Oh, 25 percent or

above? It probably does not help you.

COUNCILMAN GREEN: Right. So the average of the GMAs that you looked at was 33 percent. So is it fair to say that smoothing hurts most people and helps a few people?

MR. DUBOW: I think if you look at -- I think more people actually see decreases than increases. So just based on that, I think it probably hurts more people than it helps.

COUNCILMAN GREEN: Thank you. Smoothing hurts more people than it helps people.

MR. DUBOW: I think that's it.

COUNCILMAN GREEN: Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Mr. President.

Following up on Councilman Green's question, smoothing specifically hurts lower-value homeowners who will be getting a tax cut and who have been overburdened with taxes for years?

MR. DUBOW: Correct.

COUNCILMAN GOODE: So smoothing actually helps people who have been under-assessed for years?

MR. DUBOW: That's correct.

COUNCILMAN GOODE: Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The board is clear. Any other questions for these witnesses?

Councilman Green.

COUNCILMAN GREEN: Thank you, Mr. President.

One quick question. If we set the millage at 1.7 and it actually -- which I believe would be about a cushion of ten points, because at a 15K homestead at three times and 58 percent, it looks like it would have to be 1.59. So we're setting it at 1.7 to have some room in case the aggregate value comes in lower.

So we'd collect 100 million more than intended or so, or if we set it at 1.8, that would be 150 million more. So in the legislation that -- or the amendments that I proposed last week, I proposed that we give a credit back to homeowners in the event that we over-collected, and given the real possibility that we may be relying on a millage rate that is set high so that we definitely have enough revenue, shouldn't we have built in a mechanism to make sure that people have a credit of that amount on their next bill and that it just doesn't go into the General Fund and gets spent?

MR. DUBOW: So what concerns us about that amendment is, we are putting a significant emphasis on improving our collections. What that would essentially say is, if you improve collections, you don't take those additional collections in.

COUNCILMAN GREEN: No, it doesn't say that. It says if you improve

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current year collections and --

MR. DUBOW: That's part of the initiative, to make sure that happens.

COUNCILMAN GREEN: And this is based on your current year numbers. You can do all the prior year collections you want without it impacting that. And I'm not even talking about the formulaic approach. I'm talking about when we're --

MR. DUBOW: But one of the points of improving prior year collections is to get people to pay their current year, and that's the ultimate goal.

COUNCILMAN GREEN: Are you saying you'd be less incentivized to do that if you couldn't take the additional money and spend it or have it available for City services?

MR. DUBOW: I'm saying every time we have a conversation about the amount of revenue we have, people say we should be collecting more, we should be doing a better job of collections.

COUNCILMAN GREEN: I absolutely agree. All this does is --

MR. DUBOW: And this would say we wouldn't do that.

COUNCILMAN GREEN: All this does is say if we collect more, people get a tax break next year. I can't imagine people would be opposed to us collecting more and lowering their taxes next year.

MR. DUBOW: What we're trying to do is collect what's due, and if we collect what's due and people are paying what's due, why should they get a credit?

COUNCILMAN GREEN: Because you've created a formula that assumes we're going to -- a very complicated formula that assumes we're going to collect a certain amount of money and --

MR. DUBOW: But you were talking about the fail-safe where we actually have a millage rate.

COUNCILMAN GREEN: Well, either

way, but you were answering the question about the formula when I was asking the other question. So now when you go back to the formula, you've created a very complicated formula.

MR. DUBOW: I thought we were talking about when we got to the fail-safe.

COUNCILMAN GREEN: Okay. Are you okay with that as applied to the fail-safe mechanism?

MR. DUBOW: For the same reason, no. If we have a millage rate and people pay what they're owed, they shouldn't be getting a credit.

COUNCILMAN GREEN: So if we collect -- because the formulaic approach that the Administration is telling us we can rely on and will be legal doesn't work, if we collect an extra $150 million, the City should just keep it and not give it back to taxpayers. That's your testimony?

MR. DUBOW: No. My testimony

about the 1.7 was, I needed to go back and do more analysis, because I didn't know exactly how much it would generate. I didn't know the implications of it. I said that a couple of times. I didn't say that's where -- you asked whether that was the Administration's position, and I said no, that I needed to go back and look at that number.

COUNCILMAN GREEN: I'm not asking about what number the fail-safe should be set at, because whatever number it's set at --

MR. DUBOW: Well, you asked about the amount 1.7 would generate. That's the basis of your question.

COUNCILMAN GREEN: No. Whatever number it's set at, it's going to be inaccurate, because we don't know the aggregate value in advance. And so you're only going to be comfortable with a number that is purposefully high to make sure that the City and the School District collect the revenue that they need. What I'm asking you is, given that scenario, what is the objection to saying you've set revenue targets for the City and the School District; if the fail-safe comes into effect and we far exceed them, why not mandate that that extra $150 million is tax credits next year?

MR. DUBOW: I think if we looked at that, we'd need to do it in a way that made sure that it wasn't just -- that we weren't getting additional revenues because we've improved our collections. If the reason is that we got the millage rate wrong, that's different from if it's an improvement in our collection processes.

COUNCILMAN GREEN: Or what about if you got the formula wrong such that it was intended to collect an extra $20 million that we can't see through the application of the formula? I agree with you. I mean, if you can collect more, that's great, but in a transition year, in order to give certainty to -- well, I'll speak for myself -- to me and get someone like me comfortable with this proposal, I really want to see bounds on the limits that you can take from taxpayers, and you seem unwilling to put bounds on the limits that you can take from taxpayers, even if we can agree that if it's the second scenario where it's not the formulaic approach, we're purposefully going to collect an extra $100 million.

MR. DUBOW: I actually think what I said just a minute ago is that we need to work on the wording of something like that to make sure it wasn't because we weren't getting additional revenue because our collections improved, and if it was something where the rate was wrong, we should look at whether there's wording that can address that. So I don't think --

COUNCILMAN GREEN: So you're not against a fail-safe as such or a measure that would put a limit on the amount of a windfall, say, the City could get as a result of something going wrong with our formula or something else, so long as we don't penalize you for extra collections?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Okay. Thank you.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Mr. President.

Following up on Councilman Green's question again, we've been overcharging low-value homeowners for years; is that correct?

MR. DUBOW: That's correct.

COUNCILMAN GOODE: And they are finally supposed to get a tax cut going into the future; is that correct?

MR. DUBOW: That's correct.

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COUNCILMAN GOODE: But we're not planning on giving them any of their money back, are we?

MR. DUBOW: No.

COUNCILMAN GOODE: But they've been overcharged for years?

MR. DUBOW: That's correct.

COUNCILMAN GOODE: So if we did get a windfall, shouldn't that money go to lower-value homeowners that's been overcharged for years?

MR. DUBOW: That's an interesting question.

COUNCILMAN GOODE: I think it is.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Thank you for your testimony.

I ask Ms. Judith Robinson.

(Witness approached witness table.)

MS. ROBINSON: Good morning, all. Good morning.

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(Good morning.)

MS. ROBINSON: I want to testify. My name is Judith Robinson. I'm sorry. And I'm here to testify on bills that relate to Fiscal Year 2013.

COUNCIL PRESIDENT CLARKE: Ms. Robinson, why don't you wait until folks leave the room so we get a little more quiet, make sure we hear your testimony.

MS. ROBINSON: Thank you. I appreciate that.

COUNCIL PRESIDENT CLARKE: You're welcome.

(Pause.)

COUNCIL PRESIDENT CLARKE: Please proceed.

MS. ROBINSON: Thank you, sir.

COUNCIL PRESIDENT CLARKE: You're welcome.

MS. ROBINSON: I want to testify on bills that relate to Fiscal Year 2013, but my testimony probably will encompass all of the different bills, because I just want to hit certain areas. But I want to start off my testimony by saying no one of us is smarter than all of us. I heard you, Councilman Jones, say that. I don't know who the original author of that statement is, but it's so true, so true. So I just want to repeat that, because as a citizen, I know that none of us have it all figured all out. And I don't envy you all in your position as it relates to dealing with these issues of taxes, but I will say something that I heard nearly 20-some years ago in studying real estate as an appraiser, that valuing real estate is an art, not a science. So just keep that in mind as you talk about full valuation, actual valuation. It's an art, not a science. And in this economy that we're in with this major fluctuation in value, I think you just need to really be cognizant of that.

And a suggestion, that these issues of dealing with taxes are very complicated, and I would just suggest maybe -- and I know tax issues are dealt with throughout the Council sessions, but you wouldn't have the pressure of the budget upon you if you were to deal with these issues when you're not under this pressure of, you know -- because it seems that you're budgeting and you're dealing with pressure of taxation and changing things around, and you might make some mistakes or -- you just will have a clear head, I think, if you were to deal with them in an ongoing basis and not under the pressure of budgeting.

So then I'm going to get into my testimony regarding actual specifics.

I asked one of my friends what would you do when your money is low? That's the question I'm asking. What do you do when you don't have a lot of money? And the first thing this person said was you will cut down on spending. So my -- and that's what I would do, you know, as someone that's financially strapped right now and most of my life. I know that budgeting is important. So you stop spending. You cut spending.

So I'm asking the question regarding the School Board. I'm concerned about -- and I'm going to focus on the real estate aspect of what's going on in the school system. They have a lot of land. There's some land at 30th and Gordon Street. I attended McIntyre Elementary School, and that building was torn down back in 1960-something, had to be after '67, '68, and that land is sitting there vacant all these years. It has some value, but it's just sitting there. And I don't know if there's a value put on land and you can sell it to offset some of these needs with the School Board. That's one thing I'm concerned about.

There was some land at 15th and Susquehanna that come to find out -- I thought it was Parks and Recreation, and the land was owned by the School Board.

They were ready to give it away for a dollar.

I'm bringing that back up now because any value, any income that can come as a result of valuing real estate and selling it, I think you should try to get as much money as possible off your real estate.

I'm really concerned about something that I've been seeing in the paper, capital projects at the School Board. I'm thinking to myself if 60 schools are being closed -- we don't know which ones they are -- why are we still spending money fixing up schools, removing asbestos? I know that's dangerous, so it might be an emergency. Correct me if I'm wrong. But there are contracts being let every day.

I'm reading in the newspaper -- for instance, I'll give you an example. The Morton McMichael Elementary School, $1.2 million to be spent, over $1.2 million to be spent. How do we know this is not a school that will be closed? I mean, who is making these decisions as we're talking about closing 60 schools? Why are we still doing work on buildings? Unless somebody knows some buildings is not going to be closed definitely, I would be concerned about spending $1.2 million on it. So that's just one of my concerns. What's going on in the capital department where money is still being spent like we don't have a problem, and why?

I'm really concerned about things being spent -- money being spent on things and not the children. I'm hearing layoffs for bus drivers, nurses, teachers. All kinds of things are going on, but money is still being spent in the capitals department. I just don't understand that. So I'm going to leave that alone and ask you all to find out why. And correct me if I'm wrong as to why we can't stop spending.

I'm going to switch to now

Parks and Recreation, something that concerns me, and I'm going to lump land into that also.

I am concerned that some rec centers such as the rec center at 15th and Dauphin, Winchester Rec Center, is unstaffed. Why? Why is it that we don't have a staff at the rec center? I saw something where janitors are being -- are not being able to be used in some rec centers. So I need some help in understanding why our children in the area of 15th and Dauphin area are not having the benefit of a rec center that's staffed with some programs in it.

There's something going on now. I'm not sure, but I'm asking Councilman Clarke, President Clarke, to please ascertain what is going on with the rec center there at 15th and Dauphin, Winchester Rec Center, because I just think that's a problem, especially when there's some goings on between the land at 15th and Susquehanna, which is owned by the School Board, but the rec center -- the Rec Department, it's in their inventory. Because when they did their study of what is in their inventory, that land was still in their inventory and the rec center was still in their inventory. So I'm not clear what's going on there. But I know if money is being spent in other areas, if not, why not at Winchester?

I am also concerned about the fees being charged at the park. Fairmount Park was my backyard as a child.

COUNCIL PRESIDENT CLARKE: Ms. Robinson?

MS. ROBINSON: Yes.

COUNCIL PRESIDENT CLARKE: One second. We were trying to limit the testimony to the amendments that we were hearing today. And I'm going to always try to accommodate you, but this is not the day for public testimony. So we're asking you to reference the bills, the amendments that were offered today.

MS. ROBINSON: Okay. Well, that's why I'm referencing Bill No. 120165, an ordinance to adopt a Fiscal 2013 Capital Budget.

COUNCIL PRESIDENT CLARKE: I understand.

MS. ROBINSON: Am I within order to do that?

COUNCIL PRESIDENT CLARKE: Well, I'm trying to give you as much time as possible, but I'm going to ask you to kind of summarize your comments, in all due respect, because there is traditionally a limit in terms of your testimony, but I'm trying to accommodate you. So I'm asking you if you can kind of focus your comments on the amendments today, and understand that I'm trying to give you leeway to talk about certain aspects of it, but this is really focused for the amendments offered by Councilman Green.

MS. ROBINSON: Well, you know

what, sir?

COUNCIL PRESIDENT CLARKE: There is actually a limit in terms of time for testimony. We actually limit Councilmembers in terms of their questioning. So if you can kind of summarize your testimony today.

MS. ROBINSON: When I received this public notice in the mail, it did not say that I would be limited in my comments. It gave me bills. So I'm trying to get clarity on what is this hearing about today?

COUNCIL PRESIDENT CLARKE: Traditionally, Ms. Robinson, the limit is three minutes. I have clearly allowed you to go beyond the three minutes because I'm trying to accommodate you. So I'm just simply asking you if you can kind of summarize the issues, because this can't go on and on.

MS. ROBINSON: I'm going to summarize, but let me say this: We don't have this stuff all figured out, so why

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are we rushing? Based on what? And when I got this, I know on Thursdays we have three minutes, but I thought this was a public hearing. That's why I'm here today. Committee of the Whole --

COUNCIL PRESIDENT CLARKE: Ms. Robinson, we have limits on everyone in every hearing, but I have not imposed that on you today. But I am asking you if you can kind of summarize your testimony, because there are limits imposed both in the neighborhood budget hearings, in the hearings in the City Council, on Thursdays.

MS. ROBINSON: Since you got to be the President of City Council, you have put these limits on citizens, and we have been very respectful to you, Council President, in your limits. You are in charge. I understand all of that. I'm here as a citizen today giving input, because you all do not have it all figured out. So I'm saying to you, I would like to respectfully finish my comments, please. Thank you, sir. And I will be as brief as possible, but I do want to get this in, because they are concerns, not just of mine but I talked to people in my community and they're concerned about parks, being fees in the park.

As I started to say, Fairmount Park was my backyard as a child. Okay? We ran in the park and had a good-old time. We cleaned up our trash afterwards, et cetera. I'm concerned that there are fees being placed on use in the park, and I'm saying I want to make sure that we as citizens who live around the parks are not priced out of Fairmount Park. Okay? That's what I want to say real loud and clear. Okay?

I know we need money, et cetera, but I don't want to be priced out of the park where I can't take a child to the park and have a picnic. Okay? So that's just what I want to say regarding that.

Land -- oh, and regarding Parks and Recreation, they did a study and they found out in the study that tree canopy in North Central Philadelphia is very low. We don't have enough trees. With all the demolition that we have had in our city and especially concentrated in the 5th District area, we need trees to offset some of that asthma and respiratory issues in our area. So I hope that we can get some trees. Based on the Parks and Recreation study, we didn't have tree canopy. So we need some trees in North Philadelphia. Not on the sidewalks or the wrong trees where they can uplift the sidewalk, but smaller trees that could benefit us and clean our air. So that's my area of concern at Parks and Recreation.

Now I'll get to the Sheriff Department.

COUNCIL PRESIDENT CLARKE: Ms. Robinson?

MS. ROBINSON: Yes, sir.

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COUNCIL PRESIDENT CLARKE: All due respect, you are going to have a time limit today.

MS. ROBINSON: Okay. Well, I'm going to have a time limit and I'm going to finish up right now. This is my last area of concern.

COUNCIL PRESIDENT CLARKE: All right.

MS. ROBINSON: The Sheriff Department, I understand the Sheriff has been here asking for $3 million. There is a problem in the Sheriff Department, and I'm going to be real brief about that, because I'm in litigation right now with some of those folks in the Sheriff Department. Okay?

COUNCIL PRESIDENT CLARKE: Please proceed.

MS. ROBINSON: I'm going to say that real estate area got into problems because of your IT guy who was there doing supposedly IT. Then he turns into a real estate expert. So when you give money, be very careful about what you're giving it for down in the Sheriff Department, because that real estate section needs to be out of there, because it will be more like you jumped in from the frying pan into the fire. We have a problem down there, and a class action lawsuit is not going to help it. Okay?

I'm going to just leave that there and put the pin in that.

The last -- and I appreciate your patience with me, Councilman. I really do. But last, but not least, water. Water is a basic necessity that all humans need. Please do not price people out of the basic necessity of water. I'm saying all of this, and you all have the responsibility to do the budgeting, and I don't envy you all in that, but I want to make sure you keep these things in mind as you go throughout this process of budgeting.

And then I'm going to say this and I'm going to get out of your way, Councilman, because I do appreciate all of you all listening to me. But I'm a mother. I'm a grandmother. I heard Mr. Henon say his mother said don't jump in water if you can't see the bottom. That's the kind of stuff my mother would say, and that's the kind of stuff I say as a mother. I'm here on behalf of my grandchildren. Okay? So when I come down here, I'm not coming down here because I don't have anything better to do. I'm a businesswoman and I need to be somewhere making money, but I'm here on behalf of my family, my children and the children of this city, because we as adults, I know we can do better, and we should.

Thank you so much.

(Applause.)

COUNCIL PRESIDENT CLARKE: Thank you.

Any questions of this witness?

(No response.)

COUNCIL PRESIDENT CLARKE:

Anyone else to testify?

(No response.)

COUNCIL PRESIDENT CLARKE: There being none, thank you very much.

This Committee will stand in recess until Wednesday, May 30th, 2012 at 1:00 p.m.

Thank you.

(Committee of the Whole recessed at 11:40 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on May 23, 2012, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY
RPR-Notary Public

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