COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

SELECT COMMITTEE ON FISCAL STABILITY AND INTERGOVERNMENTAL COOPERATION

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, February 10, 1998
10:20 a.m.

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RESOLUTION NO. 980008

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 1999 through 2003, and Incorporating Proposed Changes with Respect to Fiscal Year 1998.

PRESENT: PRESIDENT JOHN F. STREET, Chairman
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COUNCILMAN JAMES F. KENNEY
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COUNCILMAN MICHAEL A. NUTTER
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VINCENT VARALLO ASSOCIATES, INC.
Registered Professional Reporters
Eleven Penn Center, Suite 600
Philadelphia, PA 19103
(215) 561-2220

Fiscal Stability & Intergovernmental Cooperation

P R O C E E D I N G S

PRESIDENT STREET: Good afternoon, ladies and gentlemen. People are slow this morning. Good afternoon.

Today we will have a public hearing on Resolution No. 980008. This is a resolution that was introduced into the City Council of Philadelphia on January 27, 1998, by Councilwoman Verna, on behalf of Council President Street.

This is a meeting of the Select Committee on Fiscal Stability and Intergovernmental Cooperation. This is 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 1999 through 2003, and incorporating proposed changes with respect to Fiscal Year 1998, which is to be submitted by the Mayor to the Intergovernmental Cooperation Authority.

It's our custom, when we have these hearings, to have the Finance Director and his staff make themselves available to review and to ask questions. I understand that Mr. Hayllar is

Fiscal Stability & Intergovernmental Cooperation here with staff, the Chief of Staff is here, and that they will give very brief opening remarks, after which Members of the Committee and then Councilmembers at large are free to ask any question of them that they wish.

It is also my understanding that there are representatives here from all of the City departments involved, and that if a Councilmember wishes, he or she may request more specific information from a representative, a commissioner, or a representative of a department.

Hopefully, we can finish this hearing today preliminarily. If we can't, then we will schedule at our mutual convenience additional public hearings on the five-year plan.

But what I would like to do, what I'm recommending to the Committee and to the Members is that we have brief introductory comments by Mr. Hayller, Mr. Kaplan, and Mr. Rost, and then we open the floor for questions first from the Committee and then from any Member of Council.

The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Mr. President, I'm wondering, is there some requirement, statute, or

Fiscal Stability & Intergovernmental Cooperation ordinance that requires us to have this meeting at this early stage, before we've gone into the budget?

The principal concern I have is that months from now, when the Administration introduces certain bills with us, they'll tell us, Well, you've already, you know, approved this in a five-year plan. And basically, the five-year plan deals with budgetary matters, I guess, for the next five fiscal years.

And it would seem to me, unless there were some statutory restraints, that the appropriate time for this hearing, or maybe a continued hearing, would be after we've had the budgetary discussions. We'll be much better informed by that time on what the budget situation is for at least the next year or maybe the next two or three years.

PRESIDENT STREET: Councilman Cohen, your point is well taken. And on that basis, I would like to capitulate totally and completely to your suggestion and give you complete and total credit for it -- except that that's the way we do it.

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What we do, and if you look at your overall budget schedule, we have the overview of the five-year plan. We take no action on the five-year plan. Then we go into the capital program, we go into the operating budget.

And at the end of it all, after we've had an opportunity to have the overview, to do all of the budget, the end of it all, then we come back to the five-year plan, and we approve them all at the end of the budget period, as opposed to the beginning.

But it's been our practice to kind of get this overview of all of the finances first, then we go into the details of the budget, and then we come back to the five-year plan, so that you aren't asked to vote on a five-year plan until after you've had an opportunity to get this preliminary information, have all of the budget discussion, capital and operating, and then we come back to it.

And even at the very end, before we do anything, if anybody has any questions on the five-year plan in view of anything that came out during the operating budget testimony, then you

Fiscal Stability & Intergovernmental Cooperation have an opportunity to raise those questions before anybody is asked to vote on it and approve anything.

It's the way we've always done it. And I think it works well.

COUNCILMAN COHEN: All right, but with respect to the last phase, will there be an opportunity to have the same assemblage of Administration representatives present?

PRESIDENT STREET: Absolutely. This is the way we've always done it, and I don't think anybody wishes to vary from that process.

A day will come, and I don't know exactly when it will be, if you look at your budget schedule, it is tentatively scheduled when we will all come back, you know, for follow-up, both testimony and comments on any of this.

So your point is well taken, and that's precisely the way we have been conducting this thing for the last six years.

COUNCILMAN COHEN: All right. With that understanding that there will be that opportunity, then I would be in favor of proceeding.

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But what concerns me is my memory is -- and maybe it's faulty -- that by the end of the budget process, all of us are kind of weary, and that instead of going into any kind of hearing, we kind of have a vote at the same time as the budget. And that's what I'm trying to change.

PRESIDENT STREET: Councilman Cohen, what we do is, before we go into a public meeting on anything, every Member of Council has an opportunity to call back any department, any representative of any department, anybody in the Finance or any other agency, to ask any final questions that you wish to have answered.

Then we go into the public meetings. We would not think of having public meetings while people have outstanding public information requests that they're interested in getting or when they have a request to have some member of the Administration or a City agency come in and give us further testimony.

And one of the things that you see on the schedule is times when people can be called back in to explain various items of their testimony.

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You see, one of the things that happens at these hearings is that people request information, Give us this information or that information. And when that information is made available, people then sometimes want to ask questions about it, and officials will be available for those sessions.

COUNCILMAN COHEN: Thank you for the explanation.

PRESIDENT STREET: Thank you very much.

Is there any other Member of Council that has any questions about either what we are doing here today or anything else that's before us?

(No questions from Members of Council at this time.)

PRESIDENT STREET: Thank you very much.

The Chair recognizes Chief of Staff Greg Rost, and then I think he will orchestrate the testimony of the other people who are with him.

MR. ROST: Thank you, Mr. President.

Good morning, Council President Street and Members of City Council. My name is Gregory

Fiscal Stability & Intergovernmental Cooperation S. Rost, R-O-S-T, and I'm Chief of Staff to Mayor Edward G. Rendell.

I am pleased to be here with Ben Hayllar, the City's Finance Director, and Dean Kaplan, the Budget Director, to present the Administration's testimony concerning the proposed Fiscal Year 1998 through Fiscal Year 2003 five-year financial plan.

What we would like to do this morning is to provide a brief overview of the plan, and then throw the floor open to questions for Members of Council.

As the Council President indicated, our Commissioners are in the audience to address specific concerns that Council Members may have with respect to the individual departments and the plan.

Obviously, the Commissioners will return for their regularly scheduled testimony before Council; and at that time, will be prepared to address any of the specific questions that Members of Council may have with regard to the departmental chapters of the plan or to the proposed Fiscal Year 1999 budget.

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As I said, my brief function this morning is to provide a brief overview of the plan. I remind Council that this is the seventh five-year plan that has been prepared by the City since the passage of the Pennsylvania Intergovernmental Cooperation Act in 1991.

Under the provisions of that act, the City is required to prepare a financial plan each year so long as the City is an assisted city, as defined under the act. An "assisted city" for our purposes is one that has used PICA borrowing power and has not yet repaid PICA debt or refinanced that debt out of existence.

As you know, the five-year plans are subject to the approval of the PICA Board. The process we follow for the five-year plan is the process that is set forth in the Intergovernmental Cooperation Agreement that was approved by this Council in January 19912.

Under that agreement, it is the Mayor's obligation to propose a five-year plan, that plan is then presented to Council by resolution along with the proposed operating and capital budgets, and Council approves -- hopefully approves that

Fiscal Stability & Intergovernmental Cooperation plan through the passage of that resolution, typically at the same time as the budget ordinance. And the plan is then submitted to PICA for its approval.

The format of this year's plan is virtually identical to last year's plan, although I will note for the record that it's approximately 70 pages shorter, which seems to be one of our chief accomplishments this year.

We start with an introduction, which is really a thematic blueprint and summary of the plan. Since it may be difficult for people to read all 600 pages of the plan, the introduction can serve as a nice stand-alone overview. And at 33 pages, it is considerably easy to digest.

I understand that the Administration has in the past made copies of the introduction available to the Members of Council as a stand-alone chapter should you have constituents who are interested in receiving a copy. We'd certainly like to offer that again this year.

The introduction is then followed by several introductory chapters. The General Fund Revenues chapter, which Mr. Hayllar will talk

Fiscal Stability & Intergovernmental Cooperation about in a little bit, provides the basis for our revenue estimates and forecasts for Fiscal Year 1999 and throughout the five years covered by the plan. It includes our local tax revenues, revenues from other governments, locally generated non-tax revenues, and revenues from other funds.

General Fund Revenues is followed by a fairly lengthy chapter discussing the City's economic development efforts. This chapter describes in some detail the City's efforts to spur economic growth and create jobs in the City of Philadelphia.

The Economic Development chapter tracks the City's stimulus program and our efforts to create economic opportunities in four critical areas: neighborhood economic development, business retention and attraction, defense conversion, and hospitality and tourism.

After Economic Development, there's a chapter on management and productivity, which highlights the numerous management and productivity initiatives and accomplishments that the Administration and City Council have pursued over the past six years.

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The last of the introductory chapters concerns the City's work force. This chapter provides an overview of the current status of our collective bargaining agreements and tees up our negotiations with our Police Employees Union.

As you know, in 1996, the City entered into new four-year agreements with District Council 33, District Council 47, and the International Association of Firefighters.

The City's agreement with the Fraternal Order of Police was only for two years. Consequently, our contract with the FOP expires at the end of this fiscal year, on June 30, 1998.

The City Work Force chapter is an overview of the issues that confront the City and the FOP in this next round of negotiations, which we hope will be as productive and as amicable as the negotiations conducted in 1996.

Beyond the introductory chapters, the balance of the plan is divided into two major sections. The first of these major sections concerns what we call "the Citizens Service Departments." These are the operating departments that have the most direct impact on the services

Fiscal Stability & Intergovernmental Cooperation that our citizens and businesses receive, including the Police and Fire Departments, Recreation, Health and Human Services, etc.

As in the past, each of the departmental chapters begins with a mission statement and is followed by an overview of major accomplishments, objectives, and constraints.

Each chapter closes with a five-year obligation summary, as well as a listing of selective service measurements so that we can track the quality and quantity of the services that the City government provides.

The second major section of the plan concerns our internal support departments. And, again, there are chapters on the various departments in the government that do not necessarily provide services directly to citizens but, rather, provides support to the rest of the government.

Included among the internal support departments are Finance, Law, Personnel, Public Property, Fleet Management, the Mayor's Office of Information Services, and the Municipal Energy Office. Again, these chapters are generally

Fiscal Stability & Intergovernmental Cooperation formatted the same way as our Citizens Service Department.

And the plan concludes with a brief chapter on the capital program, which will be the subject of separate hearings under City Council, commencing tomorrow.

At the back of the plan are a series of appendices that largely contain materials that are required under the PICA statute. I call your attention to two appendices in particular: Appendix 1, which covers the City's enterprise funds; and Appendix 3, which contains a summary of operations for the five years of the Fiscal Year 1999 through the Fiscal Year 2003 plan. And Dean Kaplan will be talking to you a little bit more in-depth about that particular appendix.

In summation, the new five-year tracks with the philosophy that the Administration and Council first adopted six years ago. And that philosophy is very simple:

Number one, to maintain a balanced budget.

Number two, to continue to improve, and where possible, enhance the quality of the

Fiscal Stability & Intergovernmental Cooperation services that we provide.

Number three, to continue to lower the costs of living and working in Philadelphia, through responsible tax reduction.

And number four, to stimulate the economy to provide economic opportunity for every Philadelphian.

The new plan absorbs significant revenue cuts, including the loss of the personal property tax and the removal of riverboat gaming from the out-years in the plan, as well as the acceleration of the incremental tax reduction program, all while maintaining the base budgets for every department.

And, as the Mayor noted in his budget address before Council several weeks ago, there are a number of significant service enhancements included in the Fiscal Year 1999 operating budget.

All in all, although things will be tight in the future, if we continue on the course that the Administration and Council charted six years ago, we have every reason to believe that the City will continue to flourish.

Our economic developments efforts are

Fiscal Stability & Intergovernmental Cooperation really starting to pay off. For example, after 31 consecutive quarters of job loss dating back to 1988, we have now experienced 6 consecutive quarters of job growth. And recent Bureau of Labor statistics numbers showed that the City gained 3,000 jobs between November '96 and November '97.

However, there are still challenges ahead, and I would include among those challenges the full brunt of welfare reform, which has yet to really hit the City, and also the questionable status of the national economy, how long our current economy will continue to surge. Those challenges are such that we must not break from the fiscal discipline that has rewarded us so greatly thus far.

With that, let me turn the microphone over to Ben Hayllar, the City's Finance Director, who will discuss the revenue side of the plan; and to Dean Kaplan, the City's Budget Director, who will discuss the expenditure side of the plan.

Thank you.

MR. HAYLLAR: Good morning. I'm Ben Hayllar, Director of Finance. And by tradition, I

Fiscal Stability & Intergovernmental Cooperation discuss the revenue implications that are presented in the five-year plan.

There are five revenue conditions that I want to bring to your attention. First, this plan continues, in fact increases, the wage tax cuts. We're doing this for the fourth consecutive year. And, in fact, we are extending the plan cuts to the year 2003.

We are continuing the cuts in the business privilege tax. This is the fourth year that this has been done, and we are planning to continue and extend these cuts to the year 2003.

We have lost $16.5 million of revenue from the personal property tax, which Council and the Administration ended in December of last year.

We also have removed from the later years of the five-year plan any anticipation of revenue riverboat gambling.

And, finally, for the second year, we are attempting to improve the business climate for City businesses by modifying the definition of who pays the business privilege tax.

As you know, the wage tax is the largest tax revenue source in the City. We

Fiscal Stability & Intergovernmental Cooperation anticipate it will generate $895 million next year.

We had planned originally to have a cut in 1999 of 0.075 percent and to have a larger cut in the year 2000 of 0.1015 percent. We are reversing this plan so that this year we will be proposing a cut of 0.1015 percent in the year '99, and having a slightly smaller cut of 0.1057 percent in the year 2000.

The cost of this reduction for the year 1999 to the City is $11.6 million; or another way of looking at this is, we are returning to the tax payers $11.6 million.

The cost of all reductions to date are $38.4 million a year. This is money that has been returned to the taxpayers. And since the original cuts in the FY '96 budget, this is a $75.9 million cumulative reduction.

Despite the cuts, we believe that the amount we will collect in the wage tax will increase by about one percent. While job growth has been flat -- and we expect it to be flat for a while -- there has been a healthy increase in wages for people employed in the City of

Fiscal Stability & Intergovernmental Cooperation Philadelphia, of about 3.2 percent.

We are also, as I say, extending the planned wage cuts to the year 2003. Between 1995, when the resident wage tax rate was 4.696 percent, we will have cut about 9.2 percent by this year. And we will have total cuts by the year 2003 of $111 million. Nonresident wage taxes are cut as well.

The business privilege tax generates about $245 million a year. The gross receipts portion of that will be cut from 0.2875 percent to 0.2775 percent this year. This is a 14.6 percent cut since 1995, when the tax on gross receipts was 0.325 percent. This tax will return $4 million in revenue to the businesses paying this tax in Philadelphia.

The tax will also be extended to the year 2003, when we expect that the rate for gross receipts will be 0.3 percent, almost a 30 percent tax cut since the time we began in 1996.

I would note, as you know, that the personal property tax revenue is not in this plan because it was eliminated last December. We did this even though there has not been a Supreme

Fiscal Stability & Intergovernmental Cooperation Court ruling on the Annenberg case, but we were concerned as our sister counties surrounding us eliminated the tax, that it would make the trust fund with the Trust Department in the City operations uncompetitive and would cause banks and other trust operations to move across the City line if we retained it.

And 60 percent of the personal property tax was paid by trust departments. And they remitted as much as 1600 jobs. In order to preserve those jobs in the City, Council wisely eliminated the tax.

We do, however, have the fail-safe tax of 5 mills on personal property tax held as of January 1996 in the event -- and we believe the event is unlikely -- in the event that a refund would be required as such time as the Supreme Court rules.

I also note that riverboat gambling is not projected in the five-year plan. We've had it in the year, I believe, 2000 in previous plans. But while we expect that eventually riverboat gambling will come to Philadelphia. And the 50 to $75 million of revenue that Ernst & Young has

Fiscal Stability & Intergovernmental Cooperation projected it will be worth to the City will happen. We did not, to be conservative, include it in the plan.

As you'll recall, in FY '96, the Department of Revenue changed the three-part method used for computing the net profits portion of the business privilege tax. In order to determine what portion of tax that a business that does business in and outside of the City pays, there is a three-part system dealing with the value of the property in Philadelphia, the value of the payroll, and the amount of sales.

By double-weighting the sales component, you deemphasize a firm that has a healthy presence in Philadelphia by deemphasizing the value of their payroll and the value of their property. This was an attempt to have Philadelphia-based firms, firms that have a large presence in our City, to give them a more level playing field against firms that are doing business in the City but who are located principally outside the city.

This reform returned $4 million a year in revenue to Philadelphia-based businesses. That

Fiscal Stability & Intergovernmental Cooperation means there was $4 million less that came to the City, but it went to the general economy and to the health of the businesses that are located in our City.

This year, we want to continue this effort to level the playing field by redefining who it is that pays the business privilege tax. Currently, any company that sells its product or service in the City but maintains a physical presence like an office or store or warehouse or installs or services under warranty or repairs the products they sell pays the tax this leaves.

This leaves, however, a large loophole. A wholesaler who has a warehouse in the City pays the tax on business done in the City. A wholesaler who has a warehouse outside of the City but sells and does business in the City does not currently pay the tax. This is unfair clearly to the City business.

A dairy -- and I don't believe there are any dairies in the City by the way, but a dairy, where the delivery man or delivery person delivers the milk and cheese and collects the money from the customer, pays the business

Fiscal Stability & Intergovernmental Cooperation privilege tax. But under the current definition of who pays, a dairy or the delivery person delivers the milk, but the customer that's invoiced by mail does not pay.

There are obviously large loop holes here. A company that sells goods through their own store pays the tax, but a company who sells through another store most likely does not pay.

Large computer companies based elsewhere in the country pay the business privilege tax on computers sold and installed in Philadelphia. There is one large computer company that sells many computers but does not install or repair them directly; that's done by contractors. That company does not currently pay the business privilege tax.

By extending the definition to simply state that any company that makes a contractual obligation, that sells goods in the City, pays the tax. And eliminating the necessity of having a physical presence such as a store, a warehouse, or eliminating the need to have warranty work, extends the right to collect the tax on businesses that are now escaping the tax.

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So this benefits the City business that currently pays the tax since competitors who escape the tax would now have to also pay it.

This is not really a revenue-generating device because we anticipate that this will generate a little less than $3 million in the first few years. And as the Revenue Department gets efficient at collecting the business tax under this new definition, we expect perhaps $9 million of additional revenue at the end of the five years.

It also should be noted that this is not a new tax on suburbanites. Of the 71,200 entities that pay the tax, 24,000 of them are already located outside of the City. Accountants, lawyers, most professional services located outside of the City already pay. This would reach out to those firms that have slipped through the loophole and it will allow them to pay just as a City-based business does.

It is interesting to note, by the way, that of the one third of the companies that pay the tax, only five percent -- or five percent of the total of 71,000, only 5 percent are located in

Fiscal Stability & Intergovernmental Cooperation New Jersey.

And you can look around the City at the vans delivering goods and doing repairs in Philadelphia, and you know that there are a lot more than 5 percent of New Jersey-based businesses doing business in Philadelphia.

This, at least on circumstantial evidence, makes one suggest that there is a large number of businesses doing well in the corporate limits of Philadelphia, located in New Jersey, who have escaped the tax. And we mean to do something at that.

I would also point out that this is not a unique tax. Many local municipalities, such as Radnor, Conshohocken, Lower Merion, have a business privilege tax. Many large cities such as Pittsburgh that have a business privilege tax tend to have a definition that will more likely be similar to the one we intend to impose.

In other words, they are much more broadly based than what we are currently using in our new proposal, which I believe you'll have hearings on tomorrow, and will be much more in line with other municipalities who have the tax

Fiscal Stability & Intergovernmental Cooperation defined as to who pays it.

That concludes some brief thoughts and, I believe, important points about revenue projects.

Dean Kaplan, the Budget Director, will now discuss the expenditure side of this plan.

MR. KAPLAN: Thank you. As Mr. Hayllar said, I'm Dean Kaplan, the Budget Director for the City of Philadelphia.

Let me briefly discuss the five-year plan on the expenditure side and also some of the specifics about the proposed FY '99 budget.

The '99-2003 five-year plan continues to be, as the last several plans have been, a very finely balanced document. As the Chief of Staff and the Finance Director have pointed out, we've had some fairly good news, especially in terms of economic development and revenue growth, but we still face tremendous challenges in meeting the needs on the expenditure side and making the entire plan balance over five years.

Even after the fairly strong performance that we've all seen in FY '97 and in FY '98 and the addition of millions of dollars of

Fiscal Stability & Intergovernmental Cooperation savings over the life of the plan, which were generated by hard work by the many department heads and their staff who are here today, we are still projecting that we'll reach the end of FY 2003 with a fund balance of only $51 million.

And although that sounds like a fairly large amount of money, it will be less than 2 percent of the projected expenditures in that year, which is an extremely small margin, and one, of course, that PICA looks at very closely when they review the plan and determine whether or not they'll approve it.

However, even this balance, this fairly slim margin is threatened in a number of ways; most significantly because we have no funding in this plan for new labor contracts after the current ones expire.

And as the Chief of Staff pointed out, we have our FOP contract expiring at the end of this June. And at the end of FY 2000, our contracts with the other three major City labor unions expire.

That, of course, is a position that the Administration has taken consistently, that we

Fiscal Stability & Intergovernmental Cooperation will not set a base line for negotiations in the plan, but it does mean that when we do enter bargaining and arbitration with the unions, if it comes to that in the case of the firefighters and the police, there will be a significant additional cost that we may have to bear, depending on what sorts of agreements are negotiated or what sorts of awards are made by arbitrators, if that is the way that we handle them.

In addition, the five-year plan is predicated on continued growth in the economy. And, as the Finance Director made clear, the level of growth we're expecting is fairly modest, especially given the national booming economy. However, this five-year plan is not predicated on our having a recession, and a significant economic downturn would force us to adjust the plan significantly.

And, finally, as the Chief of Staff noted, the full impact of welfare reform has not hit yet. The first round of the TANIF agreements, the two-year agreements where TANIF recipients will come off benefits ends in March of 1999. No one has a very good idea of what that means.

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I think most Members of Council have seen the kinds of increases we've seen already in children and youth expenditures, juvenile justice expenditures, and demand on the City's health centers for service by uninsured patients who at one time, in many cases, received medical assistance. We expect those expenditures to increase in all cases.

And while we have budgeted for some of that, at this point, it's very hard to tell what the full impact will be, and it's clear that it will probably be somewhat greater than what we can accommodate and make this plan balance at this point.

So we are anticipating that there will, at some point, have to be federal and state reaction to the impact of welfare cuts once they take effect fully.

So these are three fairly large if's that we have in the plan. We have it essentially barely balanced, and then we have some very large contingencies.

Let me talk briefly about how we made this plan work, given those consideration, and

Fiscal Stability & Intergovernmental Cooperation then a bit about this year.

As the Finance Director mentioned, the revenue side of the plan is characterized by very conservative revenue projections -- the elimination of personal property tax, which would have brought in $91 million over the five-year plan, riverboat gambling, which would have brought in $125 million over the life of the plan -- and it's slightly offset by a very modest projected source of revenue from the redefinition of the business privilege tax to enact the present standard, which will bring in, we project, about $36.5 million.

On the expenditure side, the plan achieves balance through a variety of issues. There's not one single thing that we did this year that really made the plan work, but there are a variety of different things which helped.

As Council knows from the Mayor's budget address a week or so ago, the Administration is in final negotiations for a new trash disposal contract. And we believe that that contract will save about $51 million over the life of the plan, and we're hopeful that those

Fiscal Stability & Intergovernmental Cooperation negotiations will be completed and that we'll be able to bring an ordinance to Council in the near future.

In addition, the first of the PICA bonds, the bonds which financed the deficit reduction at the beginning of the Administration, were ten-year bonds, and those bonds will be paid off in FY 2002.

So in FY 2003, we get the benefit of that. And the fact that we don't have to pay debt service on those bonds anymore gives us an advantage of about $28 million, and that helps significantly in the plan.

Unfortunately, the remainder of the bonds, being of much longer term, the debt service will not change significantly during the plan, and we reap no further advantage, but that does help us on an ongoing basis, starting in 2003.

This year, we've been particularly successful in implementing target budget reductions with our departments. We've been fortunate to date to have not had a major contingency.

As you will recall, in FY '96, we had a

Fiscal Stability & Intergovernmental Cooperation very expensive blizzard. And in FY '97, once the labor agreements were finalized, we had a fairly substantial cost for those, and we used our target budget reduction to fund those contingencies.

This year, again, hoping that we see no inclement weather, no major inclement weather for the next four to six weeks, most of those funds we're projecting will be able to help us through the life of the plan in making it balance. And that's worth about $27 million this year.

And then, finally, we had originally projected that we would issue a general obligation bond to fund capital products this year. As it turns out, we had sufficient cash in our capital account to not issue this year. We are projecting that we will be in the market in September and will be coming to Council at the appropriate time with the ordinances to do that.

But the fact that we didn't issue a bond this year and don't have debt service this year or for a debt issue this year through the life of the plan saves us about $47 million.

So it's a mixture of things that we've done in a positive way to help us, including the

Fiscal Stability & Intergovernmental Cooperation trash contracts and the target budget reductions, and a mixture of other things which just happened to be good fortune.

And, as I mentioned earlier, we've had an extraordinarily string of good fortune, but I don't think we should, in the long run, plan on that as our budget strategy.

Let me briefly address the FY '99 budget, because I know that Members of Council had a lot of questions about exactly what we did in the budget year.

The expenditure side this year is proposed to be $2.618 billion for FY '99. That's about $108 million higher than in FY '98. However, more than that amount in the budget is growth, which either are items we don't control directly or items where we have previously made a commitment to spending.

And those items would include things like growth in unfunded liability payment, pension payment, which is about $10 million, increased cost of health benefits, which we project will be about $9 million. The full funding of the needs-based budget for DHS is about $41 million.

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Our crime bill match, which, obviously, is a commitment we made sometime ago to increase the number of police officers on the street is about $8 million more this year.

The full impact of the pay increase will be about $20 million, and the revenue that comes through the general fund this year from the port proceeds is about $39 million.

So once you put all those things together -- and I've picked out a couple of the larger ones -- that's about $127 million in increases, which, basically are previous commitments or things which have occurred, or one-time increases to expenditures.

So once you back that out, we're actually spending less in most departments this year than we have in the past. And that's, again, a testimony to the effectiveness of the departments in becoming more efficient and taking target budgets at levels that were lower than before and still delivering the same or better service.

The fact that they've done that has also created a small pool of money for us to

Fiscal Stability & Intergovernmental Cooperation increase some services. And there are several critical areas where we felt, based on consultation with the department heads, and more importantly, in consultation with Members of Council, were important areas to fund this year.

As you know, we're increasing after-school funding in the Recreation Department by $750,000, which will bring the City support in just recreation to about $1.4 million for after-school programs this year.

As you know, there are also after-school programs in the Library and the Department of Human Services and elsewhere in the City, which also provide after-school care, and there are significant commitments from the President's Summit for private-sector matches to that City commitment.

We have increased, as you know, anti-grafitti efforts by about $163,000 to increase the number of grafitti-free zones. And we've also increased the Mural Arts Program, which, I know, was a priority of a number of Members of Council, which will allow them to significantly raise the number of murals they'll

Fiscal Stability & Intergovernmental Cooperation be doing next year.

There will be, on average, about seven more branches of the Free Library open next year as the Renovation Program continues. And we have provided about $675,000 for that to fund the necessary employees to make sure those branches can be open.

We have put in $1 million for additional demolitions, which will be half in this year and half next year, to see if we can improve the Partners for Progress Program, which has been quite successful, by adding that service, which is one that is not provided yet, and we're going to try that as a pilot project.

We've put in $1 million for the health care centers. And, as I've mentioned, there's a fairly significant need there. The increase in uninsured visits, the reduction -- as many of you know, the State has consistently reduced their County Health Act funding over the years.

And those two factors have slowly forced us to kick in more and to make the health centers work and make them as effective as they can be for all citizens of Philadelphia, Fiscal Stability & Intergovernmental Cooperation regardless of their ability to bring insurance to the table.

And then, finally, as I mentioned, there's about $8 million for the Crime Bill match and a variety of other enhancements for the Police Department.

So, in summary, we have used some of our efficiencies and some of our savings and spending to do some targeted increases. But fundamentally, the budget over this year and the five years is very close to in balance, with a minor positive balance for the period.

We're expecting that we're going to need a fairly significant amount of continued hard work and some of the luck that we've had so far in order to make this budget work over the next five years and some significant cooperation that we've had before from the departments and Council. And we are hopeful that as time goes on, we'll able be to account for and absorb the major contingencies that I've identified in the plan.

That concludes, I think, my testimony and the Administration's testimony. And we'd be happy to answer any questions you have.

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PRESIDENT STREET: The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Thank you, Mr. President.

I guess since this is an overview, the best thing to do is to deal with some of the broad issues.

First, I raise the question as to why is balancing the budget number-one objective? It seems to me that the number-one objective is the life-style, the successful living experience of Philadelphians, isn't it?

I can understand that balancing the budget should be a major objective, but it ought to be after you enumerate the positive things affecting the life of Philadelphian. It would seem to me that the appropriate way of dealing with the balancing-the-budget issue is to say, And of course, all of the above, meaning the positive aspects, must be done in such a way that we achieve a balanced budget.

But I did not know that the City of Philadelphia was in the business to, you know, make a profit or to break even. I thought they

Fiscal Stability & Intergovernmental Cooperation were in the business of improving the life of Philadelphians.

MR. ROST: Yeah. Well, first and foremost, Councilman, the Charter requires that we balance the budget, so even though we have stated that it's one of our priorities, the Charter also dictates that it be a priority for us.

The second point I'd like to make is that we believe, you know, the balancing of the budget is sort of the first among equals; that it's from whence all good blessings flow.

If you look at the situation that greeted the Rendell Administration in January of '92, we had a $200 million cumulative operating deficit. Our bond status had dropped below junk. The City and State Magazine called us, quote/unquote, the City that sets the standard for fiscal distress in the 1990's.

In the waning days of the prior Administration, the Mayor had talked about closing four fire stations, a number of community pools were closed and in disrepair, recreation facilities were closed and in disrepair.

And that in a large sense can be

Fiscal Stability & Intergovernmental Cooperation attributable to the fact that the budget quote/unquote wasn't in balance.

So we believe that our fundamental commitment has to be maintaining a balanced budget, and then we can build upon the balanced budget and layer on the services that our citizens expect and the services that you, as Members of Council, and us, as the Administration, would like to provide for our citizens.

But without having a balanced budget, it makes it incredibly difficult for us to try to do that.

COUNCILMAN COHEN: Well, I just suggest that -- I think that the order of priorities ought to be reconsidered by the City Administration. No one is arguing for -- and the City Charter does not permit for budgets to be unbalanced.

But it seems to me that putting the priorities in the way the Administration is putting them deemphasizes the importance of seeing that the homeless are taken care of, the health centers perform their historic mission of serving all Philadelphians who have no other means of health protection, and a whole variety of

Fiscal Stability & Intergovernmental Cooperation activities that you explained in your budget about the libraries and the recreation centers.

Secondly, dealing on these broad overviews, how can we speak of a healthy economy facing Philadelphia without factoring in and then attributing whatever weight you choose to the First Union-Corestates merger and to the talk in the press of the possible merger of SmithKline Beecham and Glaxo, two activities which we don't control in the City. We may be able to influence it, but this may cost the City as much as 7 to 10,000 -- or maybe even more -- jobs.

And it seems to me that with the extent of public funding of the Kavaerner Shipyard deal to provide maybe 1/10th or 1/20th the number of jobs that are going to be lost, I think that's kind of a very difficult economic situation for Philadelphia.

Yet, I see no mention in any of this discussion to the impending problem of how the City Administration tends to deal with all of this.

MR. ROST: Councilman, if you -- when you have an opportunity to read the introduction

Fiscal Stability & Intergovernmental Cooperation of the City's five-year plan, we do have a discussion in there of the challenges that the City faces in terms of the shake-out of the banking industry and the shake-out in the health care industry.

Prior to two years ago, the health services sector was the only sector of the City's economy that had shown positive job growth in each and every year. In 1996, for the first time, we actually lost some jobs in that sector. It's a vitally critical sector to the City's economy. Likewise, banking is also important to the City's economy, and it provides a lot of well-paying jobs to our citizens.

So there are two concerns -- there are two contingencies that are out there that certainly have the potential to negatively impact the City's budget. And we're continuing to work and monitor those two situations to try to alleviate whatever impacts they may have.

But you're a hundred percent right to point them out as concerns for things, moving forward. Despite the fact that the City's economy is fairly robust today by the standards of five or

Fiscal Stability & Intergovernmental Cooperation six years ago, we still lag behind the rest of the nation.

So when we say that we've, you know, gained 3,000 jobs between November '96 and November '97 and, you know, last year, we finished the year with an actual job gain of 100 jobs, they are very modest accomplishments. But in light of how far we've had to travel these past ten years, you know, we're justifiably proud, and we think that things are pointed in the right direction.

It takes a nautical mile to bring the battleship to a halt, and we've brought the battleship to halt, and we're trying to get it pointed in the right direction here.

But to get back to your original point, I couldn't agree with you more that the banking industry and the health services sector are two areas that we have to continue to be vigilant night.

COUNCILMAN COHEN: A final question at this point.

You indicated concern about what happens in the City when the final stages of the so-called Welfare Reform Act takes place.

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Can we look forward to some sound approach with respect to dealing with the homeless, other than threatening to throw them in jail by the kind of ordinance that's been presented to City Council, which we've not dealt with as yet. What is your approach?

For two years I understand, in 1995 and 1996, there were very effective actions taken by the City Administration to reduce the number of homeless on the streets, particularly in Center City.

And then sort of out of nowhere, some bright mind thought of adding shelter restrictions, compelling, according to my little computer, compelling almost a 350 percent increase in the number of homeless on the streets in Center City.

Now, it seems to me, the City is working against itself and certainly working against the interests of very poor Philadelphians if we don't take action to see that the homeless are provided for, other than on the streets and other than from the threat of arresting them and criminalizing poverty.

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So that's my question. What is the City's approach to dealing with the homeless in the future?

Are we going to have an increase of homelessness in Center City and then try to hide it by having repressive measures aimed at removing them from view? Or are we going to have a sound program?

MR. ROST: Yeah, we believe that we do have a sound approach.

Shelter restrictions are made necessary by the fact that our funding from the State has declined in real terms over the past several years. This past year, we received a little over $2 million less than we did in 1996.

Shelter restrictions are made necessary by the simple fact that, as my predecessor, David L. Cohen, pointed out, in the summer, if someone's on the street, they're not going to die. In the winter, if it's 20 below and they're on the street, the chances are that they might be at risk of dying. So we believe it's the most humane way of trying to deal with a growing problem.

In terms of the homeless in the street,

Fiscal Stability & Intergovernmental Cooperation you know, we've increased shelter capacity, we've also brought in new providers, and we've tried to deal with a very difficult situation.

But, as Dean Kaplan noted in his testimony, in March 1999, at least 38,000 Philadelphians will be coming off the welfare rolls because their clock is up. And, again, it's another devastating possibility, another contingency that lays out there that could bust our budget wide open.

And we have to be vigilant in moving forward over the term of the plan to try to address these very poignant human needs, but also to address the fiscal realities.

COUNCILMAN COHEN: Well, is the reduction in the State funding that I think we have to call the attention of our local legislators to, hasn't there been an increase in federal funding? Isn't there currently a very substantial increase coming from the federal government?

PRESIDENT STREET: Councilman Cohen, I'm going to have to ask that this be your last question, if you don't mind.

COUNCILMAN COHEN: That was just a follow-up, Mr. President.

PRESIDENT STREET: Okay, thank you.

COUNCILMAN COHEN: Except into the earlier question.

MR. KAPLAN: Yes, you are correct, Councilman.

The Clinton Administration announced, I believe in December, that the Emergency Shelter Grant for next year would be increased by approximately $100,000. And that will allow us to provide either 150 additional year-round beds or 300 winter beds next year.

Also, although the Governor did not choose to fully restore the cuts made in State homelessness assistance in his budget announcement this week, I don't think that we or the legislative delegation have given up, and I'm sure certainly Council has not given up in terms of trying to get the State to restore that commitment.

So I suspect this will be a major legislative priority of ours and yours as the State budget goes forward.

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COUNCILMAN COHEN: Thank you. Thank you, Mr. President.

PRESIDENT STREET: Thank you very much.

The Chair recognizes Councilwoman Fernandez.

COUNCILWOMAN FERNANDEZ: Thank you, Mr. President.

Just on that topic of the homeless, I believe it's on page Roman numeral XIV. You mentioned that some of the funds from the CBH program -- I think it's 500,000 -- will be directed to additional outreach services, particularly to homeless people who have mental illness problems.

Isn't that part of your strategy, to provide additional services to help people instead of having them on the street?

MR. ROST: Yes, ma'am, it is. And the Administration, it's my understanding -- it has been brought to my attention that there was a prior commitment that if CBH reinvestment dollars were going to be used for any other purpose, that that be transmitted to Council in the form of a resolution and considered by Council.

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So the Administration will be introducing legislation to make this happen.

PRESIDENT STREET: Mr. Rost, I would like to inform you that only 17 people can introduce legislation into this Council.

MR. ROST: Right.

PRESIDENT STREET: So it is the ultimate privilege of membership. All you can do is give it to one of us and say "please." That's all you can do.

MR. ROST: We're going to be saying "please."

PRESIDENT STREET: I thank you.

MR. ROST: Thank you.

COUNCILWOMAN FERNANDEZ: But back to the five-year plan, first I think I'm very pleased to see the reductions in taxes and taking the riverboat gambling out of the budget, which, I think, was very worrisome to a lot of people.

But eliminating the personal property tax and then the continued reductions in the wage and business privilege tax, I think, are moving in right direction.

I had a question, however, about the

Fiscal Stability & Intergovernmental Cooperation real estate property -- or the real -- the transfer tax when people buy or sell property. And I'm noting that it looks like you're estimating a lesser amount of income from that.

And I was wondering, is the Administration at this point considering a suggestion which I think has a lot of appeal, to look at ways to perhaps eliminate the real estate transfer tax for people who buy and sell properties within the City?

Maybe keep it for buying and selling, you know, properties outside the City where people are going to sell here and just leave, but to look at ways to perhaps put us on a better playing field in terms of real estate buying and selling in the City.

MR. HAYLLAR: We'd be happy to discuss it and learn more about it. It's not been something that we have dealt with in the last year.

I think the fundamental problem is that the State Constitution requires that taxes be imposed uniformly, and this may be an exception that runs afoul of the uniformity provision of the

Fiscal Stability & Intergovernmental Cooperation State Constitution.

If you look -- the real estate tax, I believe, was 4 percent a few years ago. And through a lawsuit --

COUNCILWOMAN FERNANDEZ: You mean the transfer tax.

MR. HAYLLAR: Yes, I'm sorry. I believe that's what you're discussing, isn't it?

COUNCILWOMAN FERNANDEZ: Yes, mm-hmm.

MR. HAYLLAR: And through a court action, we were forced to roll that back. Reducing that tax did not seem to have any general effect on the amount of sales.

Last year, we had an awful lot of sales generating additional income, which seems to have taken place irregardless (sic) of what the rate of the tax was, so I'm not sure there's a great cause and effect there.

When we were reducing it, there didn't seem to be that spurring of a tremendous amount of sales. People buy and sell for other reasons. I suspect that people are buying and selling.

And the good thing is, they're buying house in the City, probably because the economy is

Fiscal Stability & Intergovernmental Cooperation going well, and they are able to move up and find a better house, and somebody else is able to buy theirs. I'm not sure we've demonstrated that the tax has a direct effect on that business. And I know that real estate people feels differently because it makes their life more difficult.

But this is a subject that we'd be more than happy to delve into with anybody that wants to talk about it.

COUNCILWOMAN FERNANDEZ: I think you can't separate out the better economic climate that might make more buying and selling, but I know I wasn't -- I wasn't bringing this up from a Realtor but from a citizen who lives downtown, who saw a better and more expensive house around the corner. However, by the time she added the real estate transfer tax that she'd have to pay on selling her property and buying another one right around the block, you know, it was like an $11,000 bill or something.

So I think we ought to take a look at that and, again, not put our citizens at any kind of disadvantage.

The second issue is the active business

Fiscal Stability & Intergovernmental Cooperation presence change and the fact that you're going to go out there and collect for businesses doing -- selling their products here in the City, or services.

Are you aware of any legal issues with this, and has it been run by the Legal Department? Because I've heard some people might be wanting to challenge that legally.

MR. HAYLLAR: Well, I'm sure that people will want to challenge it, particularly if they're not paying the tax now.

Our Law Department is now completely comfortable with this change. And it has been, I believe, thoroughly analyzed by the Law Department. How the regulations are set by Revenue Department go a long way in determining how many people feel so upset about this that they want to challenge.

But I think that there -- this definition is not unique to Pennsylvania. In Pittsburgh, they have a very broad definition of who pays the business privilege tax. If you do business in the city, even though you're located outside the city, if you make a sale, you pay

Fiscal Stability & Intergovernmental Cooperation basically. And that's what we're basically looking at here.

So I don't think that's going to be a problem, but I'll bet we're going to have a problem with people in South Jersey who somehow think they're immune to it, because it just has to be more than 5 percent of 71,000 people who do business in the City.

But that's life. We have to do the right thing by our businesses.

COUNCILWOMAN FERNANDEZ: Another question. I always feel it's very wise to be conservative around budgeting, and if it's necessary, to err on the side of a conservative estimate of revenue, and then, you know, maybe project your expenses a little higher so that you don't get hit if your revenue is lower than you estimated.

How would you describe the Administration's ability to accurately estimate revenues since '92?

MR. HAYLLAR: I think every year it's gotten better.

Can you quantify this thing, Dean?

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MR. KAPLAN: I don't have it on the tip of my tongue, but I know that someone asked this question last year, and we figured out that we had been within 1 percent or slightly -- or, I think, 1-1/4 percent for in the last three years in our revenue estimate.

So I think we're fairly stunned ourselves that we've been that close, given the amount of variation and potential variability in the revenue estimate.

I believe when the Administration began, we were usually within 2 to 2-1/2 percent, so we've been about as close as I think we can get. And the --

COUNCILWOMAN FERNANDEZ: Are you usually under?

MR. KAPLAN: Our revenues have been usually slightly over, but I'll --

COUNCILWOMAN FERNANDEZ: Of what you estimate?

MR. KAPLAN: Of what we estimate, and I'll go back and dig those numbers out for you.

COUNCILWOMAN FERNANDEZ: Could you do that by each different tax? Because when I

Fiscal Stability & Intergovernmental Cooperation started to look at these numbers, I was wondering, you must have had some good reason for some of the numbers, but I'd be interested in seeing those trends since '92.

MR. KAPLAN: Okay.

MR. HAYLLAR: It has improved.

Also this year, the Finance Department, with the Commerce and the Controller's Office, purchased an economic model which is highly regarded and will assist us in projecting economic trends on a county-wide basis. And we have employed it for the first time in the budget.

And if you wish, the people who use this model -- Mr. Isard is here -- will be more than happy to give you a detailed discussion of how it works. I beg of you not to ask the question now.

But it is another tool and I think a much more sophisticated tool than we've ever had before to help us with our revenue projections and also to help Commerce with its economic modeling.

COUNCILWOMAN FERNANDEZ: And my last question is, you mentioned the contract increases are not in the budget.

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Could you just review for the record for each percentage increase that you award, to maybe separate out police from the non-uniformed. What does each percentage increase come to? How many millions of dollars?

MR. ROST: It would probably be instructive if I used parity with what the firefighters received.

There's an excellent chart in the introduction of your plan, in Roman numeral page X, which shows that since 1953, I believe, that the IAFF and the FOP have received the exact same increase each and every year, regardless of whether it was in a dollar-increment or in a percentage increase.

If you happen to have the plan there, you'll notice that the two columns are always equal.

If -- and, again, this is an if -- if we assume parity for the FOP in these remaining two years of their contract, which would be FY '99 and FY 200, in FY '99, they received the 3 percent that the firefighters also got. It would be $5.2 million in FY '99. And if they got the 4 percent

Fiscal Stability & Intergovernmental Cooperation that the IAFF got in 2000, it would be 8.8 million in 2002.

So you're talking approximately $14 million over the term of the next two fiscal years.

COUNCILWOMAN FERNANDEZ: And then for the other, for the non-uniformed?

MR. ROST: For the non-uniformed? I'm sorry.

COUNCILWOMAN FERNANDEZ: Again, if you're looking over five years and you haven't put any increases in for all the other City employees, do you have like a rule of thumb of what a percentage increase is?

MR. ROST: As a general rule of thumb, each 1 percent increase is about $9 million for each increment of 1 percent increase.

COUNCILWOMAN FERNANDEZ: Thank you, Mr. President.

PRESIDENT STREET: Thank you.

Gentlemen, I would like for you to -- I'm going to ask a couple of questions, and I'd like for you to pay very close attention, because I am -- I would like to advise you now that the

Fiscal Stability & Intergovernmental Cooperation first thing I will get after these hearings is your answers to these questions; not all the other questions, but to these questions.

And I want you to be very careful and deliberative in your answers because they are trick questions. You are to be forewarned. Forewarned is to be forearmed. There are trick questions, and they are broad questions, the answers to which could get you in trouble.

Now, before I ask you those questions, however, I would like to inquire as to the whereabouts of the Managing Director, and I would like to know whether or not the Managing Director is going to be here, because I wish to have the Managing Director here.

MR. ROST: We'll get him.

PRESIDENT STREET: Now, I remember when we didn't do five-year budgeting in this City. We didn't do it. We came here every year and we took a look at what was in front of us and made a judgment as to whether or not it seemed reasonable.

And whether we agreed or disagreed, at some point in time, we made a judgment about two

Fiscal Stability & Intergovernmental Cooperation things: How much money we were going to spend, and how we were going to spend that money.

Now, when you do five-year budgeting, the questions become broader and the answers become less specific because it is very difficult for you to project with more than a reasonable degree of certainty what's going to be happening in future years.

We don't know, for example, how much snow is going to fall in FY 2001 or whatever it is, how ever we start calling those years. We haven't thought much about that. So we don't know. I mean, we could have what we've had this year, or else we could have what we had two years ago.

So you're not talking about budgeting with any degree of precision here, because a five-year plan for the City is going to be a what, 7, 8-billion-dollar plan. So we don't want to hold you to that level of specificity because it's impractical.

Now, on the revenue side, on the revenue side, there are always peaks and valleys on the revenue side. What I would like for you to

Fiscal Stability & Intergovernmental Cooperation tell us is, where do you think we are most vulnerable on the revenue side? Where do you think we are most vulnerable?

Now, you're under an obligation to tell us, because if a year from now or eight months from now, something happens, then I'm going to go back to this question and your answer and say, Why didn't you tell us that this was a vulnerability?

What are the areas on the revenue side that are the weakest, that are the things that we ought to be most concerned about, that are the things that you would want a responsible legislative body to know as it relates to the future integrity of our budgets based on the revenue that is likely to be received in this government from all sources?

The record should reflect that these guys are looking furiously through their papers because this is a trick question.

MR. HAYLLAR: We're trying to get each other to answer the question.

(Laughter.)

PRESIDENT STREET: And you're pointing at each other.

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MR. HAYLLAR: I think I lost.

I think three things that immediately come to mind over a five-year plan is some kind of disaster, and it can be weather-related, it can be a disaster of another type, but something that could have enormous financial impact on the city.

PRESIDENT STREET: Yeah, but Mr. Hayllar, the Philadelphia Charter makes provisions for emergencies.

MR. HAYLLAR: That's correct.

PRESIDENT STREET: We don't have to worry about that. I don't want you to tell us about emergencies because emergencies -- and you know, I'm not trying to be disrespectful, because we have to have this dialogue.

Emergencies are not what I'm talking about here. If we have an emergency, you're entitled to come in here with an ordinance, cite the emergency, and we can then increase the level of appropriations for that particular year to account for that emergency. That's not what I'm talking about.

I'm talking about, in every budget, there are problems that could happen along the way

Fiscal Stability & Intergovernmental Cooperation that we know about; for example, the personal property tax was in 1998 a potential problem. It happened. I sat right here and said, This could happen.

I want to know, based on what we have in front of us, where the weakness is. Where are the potholes? That's what I want you to tell us.

And I want you to think about it because it's a trick question.

MR. ROST: I'll try. I think the biggest pothole is the national economy; and by default, our regional economy.

I mean, we've been very blessed with the national economic cycle that, you know, there's been tremendous growth across the board. The stock market's going crazy, the rich people are getting richer, everybody seems to be doing well.

In Philadelphia, our economic performance during this boom period has been good, but it's been relatively modest, especially in comparison to our suburban counties. And moreover, especially in comparison to other cities

Fiscal Stability & Intergovernmental Cooperation across the country, our highs aren't as high as theirs.

PRESIDENT STREET: Well, I understand that, but that's not really the answer that I'm looking for, because we all know that we never do as well as the nation does, we know that we never do as well as the State does, and we know that we never do as well as the region because of the ebbs and flows of our jobs.

And it is my understanding that what you do when you make our revenue projections is take all of that into account. And that, you know, what you think we might be doing revenue-wise is accounted for in the revenue projections.

Mr. Kaplan.

MR. ROST: Kaplan, you're up.

MR. KAPLAN: Strike three, right?

PRESIDENT STREET: I'm just trying to find out what --

MR. KAPLAN: I think that that's true, but I think it's important to acknowledge that we have said in all of our projections for the last several years that we are predicting slow but

Fiscal Stability & Intergovernmental Cooperation steady low growth in the City's revenues.

What the Chief of Staff said about the national economy is true. And, for example, as we reduce our gross-receipts portion of the net profits of the business privilege tax, the net profits proportion becomes a larger proportion of our third largest tax.

It's a very volatile portion of the tax because it's related to what companies actually make, not just how much business they do.

So on the one hand, we're cutting taxes, that's a great thing. Business loves it, they talk about it, it's certainly helped us keep some businesses in the City.

On the other hand, it means that we've now made the business privilege tax a much more volatile revenue source than it was. I think that's the kind of issue that the Chief of Staff is pointing out.

PRESIDENT STREET: This is what I'd like for you to do. I would like for you to think about this. And then what I'd like for you to do is come up with your best thinking in the next week, next two weeks, because we really do have a

Fiscal Stability & Intergovernmental Cooperation little bit of time here.

I'd like you to come up with your best thinking. And if there's something you think on the revenue side, if there's something you think you should point out to us as a factor that we ought to be taking into account, I'd like for you to write it down and make it available to the Chair so that we could circulate it to all the Members of Council.

Because at the end of this budget period, this budget hearing, I think it's only fair for all of us to know what you think are the potential problems on the revenue side.

Now, let's turn to the expense side for just a minute. And in doing the revenue side, it may be helpful to us if you explained in some small detail your thinking behind the growth rates that you put into our revenues.

Now, on the expense side, you have in, I guess, years 2002, '03, '04, and '05 of the plan unspecified budget cuts of 5 million in the year '02, 10 million in the year '03, 15 million in the year '04, and, I think, 20 million in the year '05.

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It is my understanding that, unlike the previous years, there are no riverboat gambling revenues in the five-year plan. Is that fair?

MR. ROST: That's fair, that's correct.

PRESIDENT STREET: No riverboat gambling, so we don't have to worry about that.

And I guess what I would like for you to do is comment in a general way on the unspecified cuts in those years and why you think it is an acceptable plan for us to have them there, without any specific proposal to deal with those cuts.

MR. KAPLAN: Yes, I think that what you're implying is true. It is somewhat of a risky strategy. At the same time -- and I think it points up the necessity of improving performance and reducing spending in order to make the plan balance.

We did two things this year. We reduced the amount of future target budget reductions, the unspecified cuts from last year's plan from 70 million to $50 million, in part in reaction to some concern from City Council, and a lot of concern from PICA that we were putting a

Fiscal Stability & Intergovernmental Cooperation large burden in future years of the plan.

We were also able to do that in part because we made unspecified target budget reductions in FY '97 and FY '98 through our target budget process, which allowed us to reduce that.

So I think the idea of the strategy is to point out that there are clearly gains that have to be made in the budget that we can't know now. We don't know what they'll be, and there are a variety of means of getting them.

One is target budget reductions. One that has been discussed a bit in City Council is ultimately some sort of pension bonds.

One is -- you've stricken riverboat gambling from the plan, but the Mayor and the Administration have taken the position that that may be an issue which would be something that could considered in the future.

The City's agreement with SEPTA, most of its lease and lease-back agreements with SEPTA, which have us paying a disproportionate share of the region's transit needs, expire in the later years of this plan and are up for renegotiation.

So there are a variety of fairly

Fiscal Stability & Intergovernmental Cooperation significant potential sources of revenue spending reductions in the out-years of the plan that we just can't put in the plan now because we don't know, as you've pointed out, exactly what reductions will be.

However, we can't make this plan balance without assuming that in the future, someone is going to have to make those reductions.

PRESIDENT STREET: You did real good up until the last statement, because you could make the plan balance.

I mean, all you'd have to say is, We're going to spend -- all you'd have to do is project that we're going to spend $5 million less over all the City agencies and departments, and it would balance. And you could do that for every year, and it would balance.

So, as a practical matter, that really isn't a very accurate statement. You could make it balance, but you choose not to make it balance.

And the only reason that I can tell that you would choose not to make it balance is because you want to project spending that amount

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of money, because all you're doing is projecting $5 million worth of expenditures above and beyond the revenue that you are willing to estimate at that time. So you really could do it.

And I guess what I'm asking you is: Why do you choose to bring a five-year plan here that has those unspecified cuts, as opposed to simply estimating higher revenues?

Because that's really all you'd have to do. I mean, with the flick of a pen, you could estimate an additional $5 million in wage tax, for example.

The wage tax brings us what, 700-and-some million dollars? So 5 million is what percent of 700 million? I mean, you could wipe that out just by increasing the estimates.

And I guess what I want to know from you is why it is that you choose to do it this way, as opposed to the other way.

MR. KAPLAN: I think we had earlier discussions of the fact that we've become fairly comfortable with our revenue estimates and with their accuracy.

I think you're correct, we could

Fiscal Stability & Intergovernmental Cooperation increase the revenue estimate by $50 million, but we're not confident that there will be $50 million in revenue.

PRESIDENT STREET: Well, if you're not confident that there will be $50 million in revenues, then that means that you are uncomfortable in projecting $50 million in decreased expenditures.

MR. KAPLAN: Perhaps I should reconsider my answer. I think -- I guess what I'm saying is --

PRESIDENT STREET: These are all the trick questions.

MR. KAPLAN: Right, right.

PRESIDENT STREET: So I'm warning you.

MR. KAPLAN: I guess what we're saying is that of the revenue sources we have now, we are comfortable with the revenue projection. We believe there are potential additional sources, but we don't believe that they're firm enough at this point to include in the revenue projection.

And the $50 million obviously reflects both potential future revenues and potential future spending reductions, so it's a mixture of

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the possibilities of both.

But I don't think that any of those are at a point where we would be comfortable bringing them to Council and saying that we believe that this will absolutely be the revenue from that source and that it will be higher.

PRESIDENT STREET: So you think in giving us -- you think that putting in a blank is better than putting in speculation.

Because what you have given us is a blank, right? I mean it's a blank.

MR. KAPLAN: I believe we think it's better because this Council, in cooperation with the Administration, has shown that they can fill in that blank, and that we don't always know what it is and that it's going to take some specific work.

But to put that in a speculative number now would not be well received, I think, by any of us, or certainly by PICA at this point.

PRESIDENT STREET: You think a blank is better than a speculative number?

MR. KAPLAN: Yes.

PRESIDENT STREET: Okay, that's fair

Fiscal Stability & Intergovernmental Cooperation enough.

MR. HAYLLAR: It's motivating.

MR. KAPLAN: It keeps our feet to the fire.

PRESIDENT STREET: Well, at least we now know what your thinking is. And I'm curious -- right.

Now, on the expenditure side, I'd like for you to list for us -- and I was hoping the Managing Director would be here for this, but we won't wait for him. I would like for you to list for us what you believe are the greatest areas --

(Clerk gives note to President Street).

PRESIDENT STREET: The Managing Director has indicated that he has a personal emergency. He said he will be here, and I thank him for that note.

I'd like for you to list for us what it is you think are our areas of greatest vulnerability on the expense side. What are the areas that you think are most likely to create a problem for us on the expense side?

And while you're doing it, I'd like for you to also answer two other questions. Is there

Fiscal Stability & Intergovernmental Cooperation any department, which you estimate over the course of the next five years will receive less than a carried-forward budget?

And are there any departments that you believe are likely to receive greater than a carried-forward budget? And if so, what are those departments less and greater than?

So, I need a pothole answer on the expense side, then I need for you to tell me who's going to receive more money than just a kind of a routine carried-forward budget. And who do you see getting less than a carried-forward budget?

Now, bear in mind that this is a trick question.

MR. ROST: On the expense side, I would think that one of the primary concerns that we would have moving forward would certainly be our labor agreements. As we alluded to earlier in our testimony, at least three of the major municipal unions, their contracts expire at the end of Fiscal Year 2000.

And if our negotiations with the FOP go as we would like -- we have indicated to them that we would like a two-year deal with them as well.

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Let's assume that all four of the municipal unions contracts expire at the end of Fiscal Year 2000. After Fiscal Year 2000, we have no money in the years of the plan for any increase in labor costs beyond the end of Fiscal Year 2000.

PRESIDENT STREET: What I would like for you to do is, I've asked three long questions, and maybe what I would prefer you to do is give us something in writing on those three questions.

Do you know what those three questions are?

MR. KAPLAN: Yes.

PRESIDENT STREET: Give us something in writing.

And then I'd like to pass on to Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you. I wanted to certainly agree with what my colleague Councilman Cohen said about the homeless and the budget impacts, how the budget impacts in this area.

I was very upset when we read in the newspaper that the Administration decided that they would not support homeless being able to take

Fiscal Stability & Intergovernmental Cooperation advantage of Section 8 applications. And I really, really considered that a reversal of the Administration's position dealing with this.

And, in fact, in the five-year plan on the section dealing with homeless, the focus was stated to be one where the Administration would focus not so much on shelter placement but on other outreach activities.

And given that, I don't know how you can say that the focus would change to outreach activities, but then say, when it comes to Section 8, that the homeless don't deserve a piece of that pie.

And I'm very, very upset also about the regressive legislation that has been introduced in this Council. And I just -- I thought we had come a long way to have a reversal in the area of the homeless budget, because, as I always say, a nation is judged by the way it treats its poor. And certainly, we too as a Council will be judged by the way we treat those least able to support themselves.

On page 254 in the five-year plan, the third paragraph speaks to the Administration's

Fiscal Stability & Intergovernmental Cooperation focus on homeless prevention. We know that from Act 49, Act 20, and Act 35, the first two have -- those on general assistance have been reduced by 40 percent, and we expect another 18,000 to lose their benefits at the end of this year as a result of Act 35.

And so we are very, very alarmed and upset that these people who are at the bottom rung of the ladder may not in this Administration have an equal chance and an equal bite at the piece of the pie.

So we'll ask you to certainly keep us informed -- good morning, Mr. Nardone -- certainly to keep us informed in this arena. And I certainly would certainly welcome any comment you might have on that issue.

MR. NARDONE: My name is Mike Nardone. I'm the Deputy Managing Director for Special Needs Housing. Good morning. I want to just try to respond to one or two points.

One is that with respect to Section 8, the elimination of the homeless preference does not mean that no homeless recipients will be able to receive Section 8 certificates. What it means

Fiscal Stability & Intergovernmental Cooperation is that not a hundred percent of the certificates will be available for the tier-one priority, which includes homeless recipients.

COUNCILWOMAN BLACKWELL: Well, then define the change, define the change from what is in the Administration's now-position then, if you would.

MR. NARDONE: Basically, as I understand it, there would be a decision made by the Board to determine what would be the allocation between the tier-one and tier-two priority. And that decision would have to be made by the Board.

And then an input would be provided to the Board by myself, as well as John Kromer and the new head of PHA, to determine the allocation of certificates between the tier-one and the tier-two priority.

COUNCILWOMAN BLACKWELL: Well, I am absolutely flabbergasted.

Certainly, we know that with the three-member Board that includes our President, the Mayor, and the Head of PHA, there's no mysterious group that we're talking about. And we

Fiscal Stability & Intergovernmental Cooperation know that if this Administration makes such statements, certainly it will go a long way.

I think it is absolutely unfair, after we've fought so long to have homeless people have an opportunity to apply for Section 8's, to take that right away when so many people are being cut off the welfare rolls.

I think it's absolutely wrong and absolutely unconscionable to do that here in 1998, to hurt these people. I absolutely disagree with that, and I just can't state it enough.

All right. One of my colleagues asked what your plan is to take care of these people in view of the loss of Section 8 monies.

MR. NARDONE: Again, they will not -- I mean, one of the things that we're going to have to do as the policy is implemented is to try to assess what impact it has on the transitional housing as well as the shelter system.

One of the proposals -- what the proposal is, is that there would be adjustments that were made. It doesn't -- remember, there have been proposals to set specific allocations between the tier-one homeless and the tier-two

Fiscal Stability & Intergovernmental Cooperation homeless.

And what this proposal would do is to basically allow some flexibility to just the percentage that went to homeless individuals as well as the working poor, based on what is the impact on the shelter system and the transitional housing system.

And it's something that we're going to have to monitor very closely.

COUNCILWOMAN BLACKWELL: So an answer, Councilman Ortiz, we don't know, we don't know.

I'm also concerned about another issue. As some of you know, we had a press conference in here and filled these chambers when we talked about funds that go for -- drug funds that go under the Behavioral Health Special Initiatives.

I understand that was a $17 million pool and that was even threatened with that being cut off because the money had not come, in fact, from the State and the Governor.

At that time, after we had a press conference, of course, it was reported that we just did not have any sense of what we were

Fiscal Stability & Intergovernmental Cooperation talking about, there was no danger of these monies being cut, and that the Governor didn't know -- it was the day he announced for reelection -- and that we just didn't know what the truth was, when, in fact, we had information.

And we are absolutely concerned as to what happens with these BHSI funds to help with drug treatment. Have those funds been restored?

COMMISSIONER RICHMOND: At the time of the --

COUNCILWOMAN TASCO: Identify yourself for the record, please.

COMMISSIONER RICHMOND: I am Estelle Richmond. I am the Health Commissioner for the City of Philadelphia.

At the time of the press conference, we had received verbal confirmation -- early confirmation that the State would give us $12 million. They had at that point written us and told us that we would only receive 8.

As a result of some lobbying, they did come back and tell us in writing that we would receive $12 million for the Special Behavioral Initiative, BHSI.

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We are still in negotiations with them around our needs to finish out the year, which would take us somewhere between 16 and 17. They have not said no to that at this point, but we don't have the commitment in writing.

Our concern, though, is that the Behavioral Special Health Initiative does show a drop in the Governor's budget that was just announced, and we are continuing to analyze that budget to see if it's anywhere else in it.

But right now at this point, the Governor's budget for Fiscal Year 1999 does not show the BHSI dollars at the original rate.

COUNCILWOMAN BLACKWELL: So, in other words, Commissioner, everything is exactly as it was the day we had the press conference, and we do not have those funds.

COMMISSIONER RICHMOND: No. At the press conference -- at the time of the press conference, we thought we were only going to receive $8 million.

COUNCILWOMAN BLACKWELL: No, we knew we would get 12. I got a call that night, and I knew that night before. I knew when we had the press

Fiscal Stability & Intergovernmental Cooperation conference. After we announced the press conference, there were verbal talks about 8, and by the time of the morning of the press conference, they talked about 12.

But my understanding has been still what you're saying is that the situation still exists, that we don't have the 16 to 17 million we need to get us through the end of this fiscal year?

COMMISSIONER RICHMOND: No, we don't have it in writing. The difference is what we get verbally from the State versus what we have in writing from the State.

But what we have in writing is 12.8 million. We're still -- they have not told us we won't get the rest of the dollars; we're still in negotiation about that.

It's a little different from where we were before because not even the 12.8 was in writing on the day of the press conference.

COUNCILWOMAN BLACKWELL: Well, my information was that it wasn't in writing.

COMMISSIONER RICHMOND: Right.

COUNCILWOMAN BLACKWELL: But that the

Fiscal Stability & Intergovernmental Cooperation commitment had been made.

COMMISSIONER RICHMOND: Right.

COUNCILWOMAN BLACKWELL: But we still don't have enough. There's no guarantees, then, even on the other, so we're still basically where we were on January 13, 1998, when we had the press conference, in terms of being secure in that area until certainly the end of June.

COMMISSIONER RICHMOND: In terms of not having it in writing, you're right.

COUNCILWOMAN BLACKWELL: And I would say to you that certainly we have a lot of people that this also would affect, people in the middle of drug treatment, people who are working. And it would adversely them. And with the welfare cuts and the cut in drug training, I don't know how we survive out there on the streets.

So I would only say that there are many people who are willing to do everything that's necessary, from writing letters, to even going to Harrisburg.

But if we take the position that we want to hide from it, and we don't want to even let people who are committed in this area to try

Fiscal Stability & Intergovernmental Cooperation to help on it, then we can't help you. If you work in a dark vacuum, then we can't help it.

There are many of us who are friends to these people and certainly friends to the department, but we were made to be some ridiculous spectacles, that we made this stuff up, when we knew what the issue was. And it's really, really unfortunate.

Let those people help you who certainly are willing to be out in line or willing to help you so that we can try to help fight for the funds that we need to help other people.

COMMISSIONER RICHMOND: Yes, we greatly would appreciate it. And we are actively working with the State to fill out the rest of the year, giving them the data.

What they've asked us for now is the documentation of what we needed to make till the end of the year, and we're providing them documentation to be able to show them that we do need the additional dollars, how we would spend them.

And our hope is to hear from them in the next few weeks.

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COUNCILWOMAN BLACKWELL: Thank you. Would you keep us informed?

COMMISSIONER RICHMOND: Yes, we will.

COUNCILWOMAN BLACKWELL: Thank you. Thank you, Madame Chair.

PRESIDENT STREET: Councilman Nutter, I need you to don your mike.

COUNCILMAN NUTTER: Mr. President, I have -- I have adorned it.

I want to -- just very quickly, I want to go back to the area of questioning where the Council President was.

I assume that we are talking about Appendix 3, page 1, line 20, Future Target Reductions. That seems to be the $50 million over the next four fiscal years that was the topic of discussion.

I was intrigued by one of the responses about the difference between either overestimating the revenues or specifically dealing with the expenditure side of the house. And what I found intriguing was that you chose to show it as the reduction, but then it's apparently not specified.

Now, isn't it true that you have

Fiscal Stability & Intergovernmental Cooperation virtually no control over what ultimately amounts to line 8, the total revenue side of the budget?

I mean, you don't have much control over how much wage tax, how much real estate tax, how much real estate transfer tax, and those kinds of things. You don't have any direct control over that, isn't that true?

MR. HAYLLAR: Not unless you raise the millage.

COUNCILMAN NUTTER: Right, which no one is anticipating, no one's discussing. You're not anticipating it, you're not even thinking about introducing legislation on your own to do that.

MR. HAYLLAR: We would have difficulty getting a sponsor, I believe.

COUNCILMAN NUTTER: Right, exactly.

But you do have control over the expenditure side, almost total control; is that right?

MR. HAYLLAR: Yes.

COUNCILMAN NUTTER: Okay. So that's why I found it intriguing that you just chose to show that 5, 10, 15, and 20 over the years when you could clearly today make a determination as to

Fiscal Stability & Intergovernmental Cooperation what the 5, 10, 15, or 20 is going to be because you have control over that side of the house.

I understand your reluctance to potentially overestimate revenues over which you have no control. Is that fair?

MR. HAYLLAR: Yes.

COUNCILMAN NUTTER: Okay. But you, as you went though the questioning, you just chose then not to show where the 5, 10, 15, or 20 would, in essence, come from or be taken from.

MR. HAYLLAR: It's not that we don't choose to show it; it's just that there are a number of options. We don't have anything specific. And we have in the past shown future budget reductions as a line item, and we have met those targets.

I think it's also healthy for everybody to recognize that we are not living in the lap of luxury, that there is much to be done, and that we can improve services, which we believe to be the common goal of the Administration and Council; and, at the same time, find efficiencies, and these are the efficiencies we need to find.

It's a smaller target than last year.

Fiscal Stability & Intergovernmental Cooperation Last year, I believe, it was 70 million; this is 50 million. So I think it is an appropriate way of defining this problem.

You can increase revenues and you can say that your projections are going to be $50 million higher.

COUNCILMAN NUTTER: Right.

MR. HAYLLAR: But the problem with that is you fool yourself. And then when the day comes when the revenues don't meet your false projections, you wonder what happened. I think we're better off.

COUNCILMAN NUTTER: Well, I understand that, I agree with that.

I guess I'm just, again, posing the question that since you don't control that but you do control the other, you could actually show what your best estimate is of what you would do to continue to show balanced budgets through all those years, because you just know that you'd have to take away $5 million one year, 10 the other year, 15, and 20, ten operating departments. And the whole rest of the government, you divy it up, then you would show where it's coming from. Is

Fiscal Stability & Intergovernmental Cooperation that right?

MR. KAPLAN: I think that's true, but there are two other factors. One is that the nature of -- and, again, remember, a primary source of these potential reductions would be the City's targeting process.

If we were to follow that suggestion and put each of these reductions, actually attribute them to the various departments, we would have a couple of choices. We could put in an across-the-board cut of $50 million over the plan in all the departments, we could identify specific cuts, which we think might be made in those departments over time.

And let me give you a good example of one reason we wouldn't do that. Last year, we thought that we might go into the market and look for new trash disposal contracts. We had no idea at that point -- we had a general idea, but we had a very large range of what those savings might be.

And we had no interest in certainly telegraphing to the industry what we thought the savings might be.

Fiscal Stability & Intergovernmental Cooperation

COUNCILMAN NUTTER: Right, I understand.

MR. KAPLAN: And we weren't confident enough that we would achieve those specific savings, as opposed to others, to put them in the plan.

COUNCILMAN NUTTER: Okay, so then you have --

MR. KAPLAN: And so we chose to assume that as one of our --

COUNCILMAN NUTTER: Right. There are a number of ways you could do it, but you've chosen one that resulted in you not showing it.

MR. KAPLAN: Correct.

COUNCILMAN NUTTER: Okay. Line 26, Funding for Contingencies. What's the $65 million for? Or what would be taken out of the $65 million fund for contingencies?

MR. KAPLAN: As you know, the City Charter and Convention require that we show a zero-fund balance in the budget year, so you see on Line 26 about a 99 or a $100 million reserve in FY '99.

And essentially, our choice about how

Fiscal Stability & Intergovernmental Cooperation to put that back in the budget was merely dictated by trying to keep the fund balance relatively the same in the following two years. You could redistribute those monies into a budget in another way if you cared to.

The real issue is that those funds are gone by the time you get to the end of the five-year plan.

COUNCILMAN NUTTER: So line 26 is just a place for unaccounted-for, you know, loose change to kind of hang out. I mean, it's like your back pocket. It's just where you put it.

MR. KAPLAN: No, it's an indication of the fact that we will, presumably, given the conventions of the budget, we will presumably have a positive fund balance at the end of this year but that we don't expect that fund balance to persist through the five-year plan.

COUNCILMAN NUTTER: All right. Well, for FY '99, it shows 99,520,000. And then, you know, maybe it's just the coincidence of -- one of life's coincidences that in FY 2000 and FY 2001, the line 26 numbers happen to add up to the same 99,520,000.

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Why is that?

MR. KAPLAN: It's not a coincidence. It merely demonstrates that -- we're estimating that any potential positive fund balance at the ends of FY '99 would be gone by the end of FY, I think, 2001.

COUNCILMAN NUTTER: Well, I guess what maybe I'm not understanding is, if you have funding for contingencies of $65 million because you haven't identified where it would go, then why don't you just put it in the departments?

I mean, why do we seemingly in the budget have 65 million of unaccounted-for dollars? There must be something we could do with it.

MR. KAPLAN: Actually, the alternative would be to put it on line 31 and merely increase the fund balance. We could have made the fund balance in 2000 about $65 million, and you would still end up in the same place.

COUNCILMAN NUTTER: Okay. Well, I guess that's why we have a full budget process. We'll examine that as we go through the operating budget.

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Let me just put one point of information on the record. My colleague Councilwoman Fernandez raised the issue of the real property transfer tax, and I think Mr. Hayllar gave pretty much what has been a very consistent view and party line on the real estate transfer tax in terms of his defense of why it should be where it is or why we shouldn't do anything about it.

Just for the record -- and my colleague doesn't know this -- on Thursday, I will be introducing legislation that will impact the real estate transfer tax for homeowners, for people buying a home in Philadelphia.

My colleague may have an interest in the legislation, and the Administration, naturally, will have its full opportunity to make its statements or a defense. But that is coming on Thursday. And since it came up, I thought that you should know.

Now let me go to a couple of the departments. In the Recreation Department, on page 208 of the plan, there's a section entitled "Improving Maintenance of all Recreation

Fiscal Stability & Intergovernmental Cooperation Facilities."

Mr. Kaplan, how many recreation centers do we have in the City?

MR. HAYLLAR: I think it's 150.

MR. KAPLAN: I don't know that number off the top of my head.

(Commissioner Mike DiBerardinis comes forward.)

COUNCILMAN NUTTER: Identify yourself for the record.

COMMISSIONER DIBERARDINIS: Mike DiBerardinis, Recreation. We have 150.

COUNCILMAN NUTTER: When I say "staffed," I'm certainly talking about maintenance. How many full-time maintenance staff is there?

COMMISSIONER DIBERARDINIS: When you look at the whole number test, about 240. But if you break that down into skill trades and the grounds maintenance and those that are assigned specifically to recreation centers to do cleaning and light maintenance in the facility -- again, I'm using an approximate number -- we probably have around 85 to 90 custodial staff assigned to

Fiscal Stability & Intergovernmental Cooperation recreation centers.

COUNCILMAN NUTTER: So is it correct that every recreation center in the City does not have its own full-time custodial staff for cleanup and light maintenance?

COMMISSIONER DIBERARDINIS: That's correct. However, all of our A centers, which number about 46, have full-time custodial staff assigned to them. And a significant number of the B centers, which are slightly smaller facilities, have either full-time or part-time staff.

The remainder are cleaned and maintained either by seasonal employees, which we assign to specific sites or crews that work in the districts, one of our ten recreation districts.

COUNCILMAN NUTTER: Not to offend you, Commissioner, it's not your fault, but the centers don't get dirty seasonally, do they?

COMMISSIONER DIBERARDINIS: No. We do have peak times when those centers have the most usage and we deploy seasonal staff to the district and have the facility managers determine the time of year and the number of hours that they would need that staff at their facility to have the most

Fiscal Stability & Intergovernmental Cooperation impact as it plays against high usage.

When there's not a seasonal person available, which does happen in some of those centers, the crews are then deployed to do regular cleanings.

COUNCILMAN NUTTER: Okay. Could you provide to the Chair for further distribution to all the Members a plan of attack that would lead us to a point of having a custodial person at each recreation center in the City.

COMMISSIONER DIBERARDINIS: Sure. I mean, I could tell you what it costs.

COUNCILMAN NUTTER: What it costs, but it's certainly a question of Yes, you can do it, no, you can't do it.

COMMISSIONER DIBERARDINIS: I think I can do it. I could sort of show you how our system looks now.

COUNCILMAN NUTTER: Right.

COMMISSIONER DIBERARDINIS: Where we have the full-time permanent people, where we have the part-time permanent people, where we have the seasonal staff employed, and where there's crew cleanings.

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COUNCILMAN NUTTER: That's where you're at now and you could project out, or you could develop a plan that says that if we had a person to take care of every center to make sure that they are cleaned and maintained on a regular basis, you could show us what that system would look like, right?

COMMISSIONER DIBERARDINIS: I could certainly show you what that would look like. But in the smaller centers -- I mean, I wouldn't recommend a full-time person at all to the C centers, which are the smaller centers. And I don't think there's a need for a full-time person at every facility.

But I could certainly give you a sketch of what a system would look like with different levels of employment.

COUNCILMAN NUTTER: Give us your best based on your experience.

COMMISSIONER DIBERARDINIS: Sure.

COUNCILMAN NUTTER: Thank you.

My next question is an L&I-related question. It involves the heading of "Focussed Housing Inspections," on page 230, which seems to

Fiscal Stability & Intergovernmental Cooperation indicate that -- or at least the document reads that the overall number for properties inspected has declined from 153,000 in FY '96 to 93,000 in '97 to 90,000 in FY '98 because of a shift in focus to less densely-populated neighborhoods and the onset of the Multiple-Occupancy Dwelling Program.

Could someone tell me why there was a shift in focus. And how are we dealing with a decreased number of inspections?

MR. ROST: I think we would need to get someone from the Licenses and Inspections Department here to explain why there was a shift from properties to the MOD Program. I mean, we could explain to you that under the MOD Program --

COUNCILMAN NUTTER: I can barely hear you.

MR. ROST: I'm sorry. I mean, we can try to explain to you that under the MOD Program, whereas the number of properties have gone down in terms of inspections, the number of actual units that have been inspected have been increased.

We'd really need to have someone from L&I --

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COUNCILMAN NUTTER: Why don't you get back to me.

MR. ROST: Sure, thank you.

COUNCILMAN NUTTER: Along with that answer, what I'd like to know is how many residential fires there were in the City last year, and how many of them were single-family rental property fires, and how many of them were single-family owner-occupied property fires.

MR. ROST: We'll be happy to get that information to you, Councilman.

COUNCILMAN NUTTER: Okay, thank you.

On page 171, you have a heading entitled, "Continuing the Work of the Fairmount Park Rangers," which seems to extol all of the great efforts and actions by the Philadelphia Ranger Corps, the wonderful things they do in the park system.

But, unfortunately, the last line indicates that because of funding deficiencies from the philanthropic community, that essentially, the Ranger Corps Program will go out of existence, unless they identify new sources of funding.

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That would seem to be, I guess, somewhat in conflict with the heading that goes with the paragraph, because we're really not continuing the work of the Fairmount Park Rangers.

MR. ROST: No. That's an excellent point, Councilman.

COUNCILMAN NUTTER: According to the budget, right?

MR. ROST: Yes.

COUNCILMAN NUTTER: Okay.

MR. ROST: When we had our briefing for Members of Council prior to the Mayor's budget address, it was made very clear to us that Members of Council felt very strongly about the Ranger Program.

I've subsequently had conversations with the Mayor, I've also had conversations with some members of the Fairmount Park Commission. And we're going to be exploring ways that we can either maximize the philanthropic efforts that have been made to date or figure out some other way to somehow "incentive-ize" the private sector to step forward to address the issue of the

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Fairmount Park Rangers.

And as soon as we have that ironed out, which, I suspect, will be sooner rather than later, I'll be happy to report that to the Chair.

COUNCILMAN NUTTER: So you expect to have a plan prior to the close of the budget season, and certainly before the end of the fiscal year --

MR. ROST: Yes, Councilman.

COUNCILMAN NUTTER: -- as to what's going to happen.

MR. ROST: Yes, Councilman.

COUNCILMAN NUTTER: Okay. And a couple pages before that, you have the heading that's entitled, "Maintaining Street Trees," which, one, again, I will commend you for the agreement for the million dollars in the current fiscal year; but unfortunately, notwithstanding the million dollars in the five-year plan for the years going forward.

You realize that that actually represents a cut in the funding for that program, which had $1 million for one half of FY '98, and we're now going to a million for a full fiscal

Fiscal Stability & Intergovernmental Cooperation year.

So at least, I guess for me, in my small knowledge of accounting, a million for a half a year and then a million for a full year represents a cut in funding. And we can talk about it more in the Fairmount Park budget hearing, whenever they come to the table.

But in terms of the five-year plan, you have put the dollars in there. It's not what we had talked about last year in terms of running a program and funding a program which accumulates dollars over time, not just as a static figure over a period of time.

MR. ROST: I'll have to go back and check the file. It was my understanding and the Administration's understanding that the arrangement that was made was that the funding for street trees would be $1 million per year. But, again, I'll go back and check the file and report to you.

COUNCILMAN NUTTER: Okay. It was clearly a misunderstanding.

Lastly, and you don't have to respond now, in the economic development front, the

Fiscal Stability & Intergovernmental Cooperation Economic Stimulus Program has been up and running for somewhere, I believe, in the neighborhood of about four years or so.

Has any analysis been done to make any determination for the jobs that the Administration believes that have been created? Has any analysis been done of what that work force looks like or represents or how many of the people in the newly-created jobs are, in fact, Philadelphians, people living in the City of Philadelphia, who have had the opportunity to get those new jobs, as the figures seem to indicate, have been created by the Economic Stimulus Program?

MR. ROST: For a point of clarification, I assume that you're talking about the 42,000 jobs that are listed as either -- that are listed as impacted under the terms of the Economic Stimulus Program.

COUNCILMAN NUTTER: Yes.

MR. ROST: To the best of my knowledge, there has been no such analysis in terms of, you know, where those people come from, were they in New Jersey, were they elsewhere in the nation before they came to Philadelphia.

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In the Economic Stimulus Program, when they're calculating that figure, when they're arriving at that number of 42,000, they include all jobs impacted under the auspices of the Economic Stimulus Program.

COUNCILMAN NUTTER: Right, I know that.

MR. ROST: So it can include both new jobs created, and it can also include jobs that are retained through the efforts of the City.

But I'll talk to the Commerce Department and see if we can somehow disaggregate the numbers, to try to come up with that information.

COUNCILMAN NUTTER: And have you done any analysis of the impact of all of the cuts over the past few years in the wage tax or business tax as it relates to either new-job creation, or any other impact other than people having a few extra dollars in their pocket?

MR. ROST: It was my understanding -- to answer your question, the short answer to your question is no.

But that being said, I spoke with Bob Inman, who is an economist with the Wharton

Fiscal Stability & Intergovernmental Cooperation School, who frequently works with the City on a variety of economic matters. And Bob has done -- Dr. Inman has done some very detailed, elaborate analyses of the impact of the City's wage tax and tax structure.

And I spoke with Bob within the last 12 months. And at that point, he indicated to me that he thought it was premature, and it would be very difficult to make that kind of a linear correlation between the incremental tax reductions that have taken place to date and improvement in the City's job base.

But I will -- I will talk to Dr. Inman and see if such an analysis could be done.

COUNCILMAN NUTTER: Well, I mean, it would be nice to know what if any impact all these tax cuts have had. I mean, they are touted as -- I mean, I assume we're doing it for a reason.

MR. ROST: Right. I think the one big, appreciable thing -- and, again, this is not empirically based, but there's a sense that we're headed in the right direction. Businesses know that the Council and the Administration are whittling away at an oppressive tax structure

Fiscal Stability & Intergovernmental Cooperation that's been in place for 40 years.

In terms of actually drawing a linear correlation between the tax reductions and jobs, we have anecdotal evidence. But just trying to grasp the empirical evidence is complicated by the factor that there's so many other considerations in terms of whether a job stays or goes.

Certainly, taxes are an important determinant, and taxes are an especially important determinant in a City like Philadelphia. But it's very difficult to sort of get those other variables out of the equation, to clear up the static.

But we will look into that, Councilman.

COUNCILMAN NUTTER: Well, I understand that, and I'll just close with this statement. I mean you have -- the Administration has used Dr. Inman's work. I've talked to Dr. Inman also. And previous five-year plans heavily quote his work on the oppressive nature of the wage tax and that it has resulted in the loss of jobs.

MR. ROST: Right. That's the other side of the equation.

COUNCILMAN NUTTER: And the average

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thinking person has to assume that if the doctor takes the position that the wage tax, at whatever level it was, resulted in the loss of jobs.

MR. ROST: Right.

COUNCILMAN NUTTER: And if you based your assumptions and made your decisions on his analysis of what the level of the wage tax was five years ago and took an action based on it, then I can only assume that at some point in time, we should be able to measure the impact of these cuts hopefully going in the other direction.

And I just wonder if anybody's taken a look at it.

MR. ROST: You're absolutely right. I mean, you know, we do know for a fact that wage increases -- excuse me, that tax increases chase jobs out of the City. We know that through the Inman analysis and through the analyses of others, and we will look in to see the other side of that equation.

COUNCILMAN NUTTER: Okay, all right, thank you.

Thank you, Mr. President. I'm done.

PRESIDENT STREET: The Chair recognizes

Fiscal Stability & Intergovernmental Cooperation Councilwoman Clark on that point?

COUNCILWOMAN CLARK: On that point.

PRESIDENT STREET: And then Councilwoman Tasco, and then Councilman Kenney.

COUNCILWOMAN CLARK: Just to follow up on Councilman Nutter's theory, if you start with the notion that high taxes contribute to an outflow of jobs, unless that's just a feel-good, you ought to be able to measure how the reversal of jobs is stemmed by reducing that tax.

If the first premise was correct -- that is, people are leaving because the taxes are high -- then if taxes are reduced, people ought not only stop leaving, but some of them ought to start coming in, and it ought to be measurable.

Or it might just well be that we are drawing a conclusion based on a faulty premise. People might be leaving for reasons other than taxes.

But I think to the degree that your premise counts on high taxes adding to the outflow, you have to be able to measure it the other way around.

MR. ROST: Councilwoman, first I'd like

Fiscal Stability & Intergovernmental Cooperation to say that it took Philadelphia approximately 40 years to get to the tax position we were in in 1992. We all know that in the 11 preceding years prior to the Mayor's inauguration and the installation of Council President Street, City taxes have been increased 19 separate times in those 11 years.

The incremental multi-year tax reduction program that we've pursued in the last three years -- I think it's a little premature at this juncture to ask that incremental tax reduction program to unravel 40 years of very, very high taxation.

COUNCILWOMAN CLARK: But I don't ask you to unravel it; I ask you to show the correlation, if any, if any, to a stemming of the outflow, which is totally different from a hockey stick in the opposite direction because you got to start losing before you can start gaining.

MR. ROST: No, I appreciate the point.

The point I was trying to make, Councilwoman, is that we've only had those first three modest rounds of tax cuts, and that it would probably be overly optimistic for us to hope that

Fiscal Stability & Intergovernmental Cooperation those three modest rounds of tax cuts, even though they're large in terms of dollars for what we can afford, it would be overly optimistic of us to assume that we could stem the loss of jobs and population from Philadelphia.

COUNCILWOMAN CLARK: What is a reasonable period? Three years is too short, eleven years is too long. What is a reasonable period to evaluate the effectiveness of the new direction?

MR. ROST: Unfortunately, I mean, I'm not an economist, I don't what the reasonable period is. I mean, I can certainly find out that answer for you.

I mean, the good news is that it appears that we've stemmed that massive job hemorrhaging that occurred in the early years of the Administration.

COUNCILWOMAN CLARK: Okay, stop right there.

MR. ROST: Yes, ma'am.

COUNCILWOMAN CLARK: Because if that's so, show us that. Do you see what I'm saying?

If you have stemmed that massive

Fiscal Stability & Intergovernmental Cooperation outflow, that's measurable. And if it's not measurable, then that's just a feel-good.

MR. ROST: If you'll bear with me, I'm looking for -- there's a chart in the introduction on page Roman numeral XXIV, which shows -- and it's just a reprint of a Bureau of Labor statistics chart that shows job gains and losses, its net change over the prior 12 months.

But I think that gives you an excellent shot of what we've been able to accomplish in this City.

COUNCILWOMAN CLARK: Okay, I'm on the right page, now show me again the text on which you rely.

MR. ROST: Okay, it's at the bottom of page 24, Roman numeral XXIV.

COUNCILWOMAN CLARK: Okay, it's a chart?

MR. ROST: It's called "City of Philadelphia Monthly Job Losses and Gains." If you look --

MR. HAYLLAR: The text is right above it.

COUNCILWOMAN CLARK: I'm on the right

Fiscal Stability & Intergovernmental Cooperation page.

MR. ROST: If you look at that chart, you'll notice that beginning in 1988, approximately, our job losses start to drop precipitously; and at the nadir, in 1991, the City was losing approximately 2700 jobs per month, 2700 jobs lost per month.

Now, you'll see that it starts to climb up, and some people might argue that it has something to do with the City's fiscal recovery, that it has something to do with the resurgence of the national economy.

And then if you look in 1995, you begin to see another lull. And then in January 1, 1995, -- '96, excuse me, Council and the Administration adopted the first cuts in the City's wage tax in four decades and the cuts in the BPT and the redefinition for the double-weighting of the business privilege tax.

So I would argue that based on this chart, that things look somewhat more optimistic than they did in those early years of the Administration.

COUNCILWOMAN CLARK: Well, I think the

Fiscal Stability & Intergovernmental Cooperation chart gets us started in the right direction. Sometimes we say things that make us feel good, but we need to be able to show it in hard empirical data. Because if you can't prove it, then we start making wild assumptions.

MR. ROST: Right. You raise an interesting issue, as did Councilman Nutter, and we will talk to economists and find out what would be a reasonable time frame where we would see if we can measure some appreciable impact from the tax reduction program.

COUNCILWOMAN CLARK: Thank you.

COUNCILWOMAN TASCO: (Inaudible, off mike) . . . there are local conditions that impacted or caused a negative or positive that were national and other policy decisions that were made that could impact on that too, because we have to answer to our constituents why we are cutting the wage tax when we don't have enough money to fund the schools or we don't have enough money to trim trees or we don't have enough money to do this in the neighborhood while we're doing the taxes.

So it helps our constituents to

Fiscal Stability & Intergovernmental Cooperation understand how all of this fits into the impact on Philadelphia.

My question is about the funding that we will receive from the federal government to undertake the welfare-to-work programs. Where does it appear in the budget? Is it under funding from the government? How much is it, and when do we expect it? And are there any restrictions, and who's going to run the program?

MR. ROST: I believe you'll find it on page 144 in the plan. I also know that the magnitude of the dollars is, I've heard, between 40 and $50 million for welfare-to-work.

And it's my understanding that the Administration will be offering a briefing for Council in the coming weeks about our plans for welfare-to-work, and we'll be looking for input from Councilmembers at that time.

COUNCILWOMAN TASCO: Are the dollars in this book here? Where do you show the dollars?

MR. ROST: No, ma'am, the dollars are not in there.

COUNCILWOMAN TASCO: Where do they show up?

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MR. KAPLAN: Because the dollars are being spent by a variety of agencies, there's about $40 million over two years in welfare-to-work money.

Some of that money will go directly to the Private Industry Council for Jobs, some of it will be run through -- since it's also grants money, but we don't yet know because we haven't finalized our plan and gotten your input.

The provision that's in the grants fund for other grants, which is the unspecified place we hold grant fund appropriations until we know what we're going to spend them for, it would be in that line, but it's not identified separately until there's a specific spending plan.

So I think after we've had the meeting with Council and after the full plan is developed, then we would come back for the spending that's going to happen within the City's budget transfer grant fund appropriations for that.

COUNCILWOMAN TASCO: Okay, thank you.

PRESIDENT STREET: The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Mr.

Fiscal Stability & Intergovernmental Cooperation President.

Gentlemen, has it ever been determined what the total costs were that were associated with the blizzard of -- what was it, '96?

Did we ever cull all that information together and determine what our total cost was for that catastrophic, hopefully one-time, occurrence in our City's history?

MR. ROST: Joe Marks is our blizzard expert.

COUNCILMAN KENNEY: I know I saw him driving a front-loader at 2 o'clock in the morning on 11th Street.

(Deputy Managing Director Marks comes forward.)

MR. MARKS: I'm hardly an expert, Councilman.

Mr. President, I'm Joe Marks, First Deputy Managing Director. I believe our total cost of that total blizzard, before reimbursement, was $16.1 million.

COUNCILMAN KENNEY: And this year so far, we haven't had any snow -- or last year -- of any measurable accumulation.

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MR. MARKS: That's correct. We've only had to mobilize one time for this year.

COUNCILMAN KENNEY: How do we plan and budget this because --

PRESIDENT STREET: Councilman Kenney.

COUNCILMAN KENNEY: Yes.

PRESIDENT STREET: Do you mind asking what our cost was after reimbursement.

COUNCILMAN KENNEY: Oh, I'm sorry.

PRESIDENT STREET: He said our total cost before reimbursement was $16.1 million, but didn't he didn't tell us what our after-reimbursement costs were.

MR. MARKS: Mr. President, it's interesting, but after the fact, what happens is -- I mean, the federal government, I believe, sent us approximately $6 million in reimbursements.

PRESIDENT STREET: Big difference.

MR. MARKS: That's a significant amount of money.

And generally what happens is, they'll come in about two years after they give us the money and do a complete audit to make sure that we followed all of their guidelines. And I think we

Fiscal Stability & Intergovernmental Cooperation did. As long as we've done a good job, we'll get to keep all of that money.

PRESIDENT STREET: I'm sorry for the interruption.

I should tell you that there has been circulated to my office for future consideration by Members of Council a bill which would change the Philadelphia Home Rule Charter to require a mandatory snow day in every winter, because there are certain people who think what we have had so far this year is unfair.

(Laughter.)

PRESIDENT STREET: It's called "The Mandatory Snow Day Amendment To The Home Rule Charter."

COUNCILMAN KENNEY: Thank you.

How do we plan and budget for events like blizzards in light of our geographical location, our inability to have the amount of capital equipment necessary to remove large amounts of snow like that.

Because, as you remember, our citizens and constituents during the course of that hopefully one-time event of nature expected a

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certain level of service that sometimes is impossible without major investments in capital machinery and equipment that would like fallow for a decade or more before they'd use it again.

How do we plan and put money aside for that? Does it accumulate, and do we spend it after a certain period of time when we don't have any major snow events?

MR. KAPLAN: From a purely budget point of view, most of the departments budget for what they would call "a moderate winter." And I don't know the exact number, although I'm sure the Streets Commissioner could tell you how many times they mobilize in an average winter, and that would be what we fund them for.

Obviously, as you're saying, in a warm winter like this, that means it's going to make it easier for them to meet their target reduction. In a bad winter, it means that we're going to have to do what did two years ago.

COUNCILMAN KENNEY: Do those dollars accumulate to a certain level and then stop? Or do they continue to accumulate, and it's done on a yearly basis?

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MR. KAPLAN: It's basically done on an annual basis.

COUNCILMAN KENNEY: Okay, thank you.

The Alley Light Program, which I think has been very successful, has basically come to just about completion. And I'm wondering if -- and I haven't been able to find --

COUNCILWOMAN TASCO: That's not true.

COUNCILMAN KENNEY: Well, they say 89 percent of --

COUNCILWOMAN TASCO: It has come to a halt.

COUNCILMAN KENNEY: Well, let me ask the one -- and certainly based on Councilwoman Tasco's remark about the halting of the program, the ultimate question I had -- and you can feel free to respond to her remark -- is, what do we budget in the way of maintenance?

And what is the maintenance situation, and how long are we going to maintain in the future the alley lights that have been installed?

And perhaps you could respond to why others have not been to installed.

(Streets Commissioner Moy comes

Fiscal Stability & Intergovernmental Cooperation forward.)

COMMISSIONER MOY: Councilman, with respect to the -- I'm Lawrence Moy, I'm Larry Moy, the Street Commissioner.

With respect to the power and maintenance costs there, as you know, there was a credit that we had from PECO, and it's a carry-forward. And we're just at a point where we're starting to dip into that credit to maintain. We're still on low-maintenance mode for most of the installation of lights.

In terms of the Alley Light Program itself, we were about 89 percent complete. We are now addressing Center City to complete the program.

With respect to Councilwoman Tasco's remarks there, we have completed what we dedicated ourselves to do, and that was to install alley lights where there were already existing alleys being lit. So in that sense, we have completed that level of the program.

COUNCILMAN KENNEY: Councilwoman, would you like to --

COUNCILWOMAN TASCO: Well, we have to

Fiscal Stability & Intergovernmental Cooperation talk about what "completion" means. In some areas, alley lights were installed throughout the alleys, but when you got to certain neighborhoods, they were only installed at the end of the alleyway because you ran out of money.

COMMISSIONER MOY: Well, we can certainly discuss the detailed locations, but I think the efficiency of those lamps -- they were a much more energy-efficient lamp for us. And there was really a distribution, in some cases, of two lights where there were three and they were repositioning them.

So it was not a situation where everyone had the light reinstalled directly where they had a light previously. But the light coverage was, in our view, sufficient for the need.

Now, if you have a specific location, we'll be happy to review that with you.

COUNCILWOMAN TASCO: I'm not finished, but we'll deal with it.

COUNCILMAN KENNEY: Okay, okay, I'm sure.

But the question is, how have we

Fiscal Stability & Intergovernmental Cooperation planned and budgeted for maintenance long-term? And do we have a warranty period? And what's the plan to keep them lit?

COMMISSIONER MOY: We have sufficient funds for the credit to carry us for a couple of years here, and then we will address it on a budget --

COUNCILMAN KENNEY: So you have two years' worth of maintenance money?

COMMISSIONER MOY: It's a little more than two years, I believe, yes.

COUNCILMAN KENNEY: And this next issue is a perpetual issue with most urban areas, but the streets of our City are disgracefully dirty despite the City's best efforts in maintaining and putting forth a credible street-cleaning program.

Some neighborhoods are cooperative, some neighborhoods are not, with the movement of cars, in order to mechanically sweep the streets.

And, granted, I will admit that the primary cause of the condition of our streets are the citizens who persist on disposing of their trash improperly, throwing their refuse in the street. And it's from young children to older

Fiscal Stability & Intergovernmental Cooperation people, who they think nothing of throwing their McDonald's bag or their trash into the street, as if somebody's going to come up right behind them and clean it up.

But taking all of that into consideration, the condition of our neighborhood streets from a cleanliness standpoint is either a direct or subliminal effect in people maybe deciding not to live here anymore.

Have we investigated any other possible technology or techniques for cleaning our streets? Because, I mean I understand the frustration that when you assign streets for cleaning and 40 or 50 percent of the people refuse to move their vehicles, you can't effectively clean the street.

In other neighborhoods, certain neighborhoods in the City, it's a very cooperative attitude with neighbors; they all move their cars, and the streets are much cleaner.

What do we -- I mean, I've thought about this and thought about this, and I'm trying to think of ways in which to attack this problem. But to drive through the streets of our City, Fiscal Stability & Intergovernmental Cooperation whether it's in South Philly, the Northeast, West Philly, wherever you go, it is just an absolute disgrace.

And it's one of the things that people talk or write to the newspaper about from out of town. They say, you know, You really have a lovely city, you have wonderful architecture and great cultural institutions, but the streets are so dirty.

Are we looking at developing new techniques to getting this stuff up?

COMMISSIONER MOY: Your level of frustration is no less than ours is in the sense of -- and you've described the problem very well.

Throughout the City, we have such an irregular response to the different techniques that we've tried. And, yes, in terms of alternatives, yes, we are looking at other technologies. We look at the vacuums, we look at some other kinds of instruments that might make the job more efficient.

The biggest singular problem is -- and we also look at other cities to see what's happening there.

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The biggest singular problem is, as you say, in order to use the machinized sweepers, you've got to get some level of cooperation from the people that are parking their cars on those streets. And it has been very difficult for us.

And this year, we are looking again at how we can do this better. And looking at getting better cooperation in various communities is certainly one of the things.

We have been focussing on the commercial strips, as you know, but we need to address the problems of some of the residentials, if possible.

COUNCILMAN KENNEY: And, again, not to belabor this point, but I'd be happy to talk about this more at length in the budget process, in the budget hearings as we go forward, because it is a critical problem that I think we need to solve in some way.

On a similar note, middle-class housing choices for our citizens are extremely limited, in my view. Young couples who are looking to move from a smaller row house to a larger either twin or single home find very little opportunities

Fiscal Stability & Intergovernmental Cooperation within a budget -- within their budgets, except for southern New Jersey and some of the surrounding counties.

The opportunity to develop housing in the realm of 150 to $150,000 seems to be lacking in our housing policy, and this leaves our young families with children with little choice but to move out to Washington Township or to Delaware County.

What are we doing in our housing policy's planning for the future that would give us some opportunities?

I know Frank DiCicco is working on a project in South Philadelphia called "Jefferson Square," kind of trying to address that problem. And I know there's the Naval Home issue and some of the other developments privately that have come forward in an attempt to address that issue.

But what can we do to give our middle-class families some choices in housing, other than moving out of the City?

MR. ROST: Well, that question would probably be best addressed to somebody like John Kromer. However, from my perspective -- I mean, Fiscal Stability & Intergovernmental Cooperation it was always my understanding that Philadelphia was known as a city where there was a lot of affordable housing.

And, as you've already pointed out, there are a lot of new housing developments coming on line, both for moderate- and for middle-income families, ranging from the Cape Heart Project, to Councilman DiCicco's project, to the PIA initiative, and some of the things that are happening in North Philadelphia.

In terms of new housing, I would agree with you that -- it depends on how you define "middle income." There doesn't appear to be a lot of new housing development beyond that's taking place in the Northeast and some of those other places we've talked about.

However, in terms of the housing stock within the five-county region, and including South Jersey, I don't think that you can find better affordable housing stock than you can in the City of Philadelphia. It may not be new, but --

COUNCILMAN KENNEY: See, part of the problem is, I believe, that sometimes people make choices to move out of the City not because they

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hate the City or not necessarily because of the neighborhood school or those issues, but because they want a little bit of lawn, a little bit of a driveway, some space.

And I think what we need to do is begin to think about what it is that's making people make those choices from simply their housing needs and their housing desires, and then begin to invest some of those dollars that we invest in other areas in housing into those kinds of choices.

MR. ROST: Yeah, I agree with that. And I think that if you look at some of the more progressive movements in housing, it's not that the houses are being built with large lawns, it's that they have large community spaces that they share. And there's, you know, some of the Green Fields Development initiatives that have taken place in other cities around the country. That's the kind of approach that they're looking at.

And I know that Councilwoman Fernandez, in particularly, is very interested in the Green Fields/Brown Fields issue, and it's certainly something that we should be doing a little more in

Fiscal Stability & Intergovernmental Cooperation terms of our inquiries for the Administration.

COUNCILMAN KENNEY: And, finally, on the issue of education. With some of the successes that we've had with bringing -- attracting the Kavaerner, albeit with a large public subsidy from the State, attracting potentially family-raising wages and technical and trades types of positions other than the hospitality and tourism industry, what are people doing to coordinate better with the public schools in developing curriculum that is attractive to a Kavaerner?

What are we doing about Voc. Ed? I know this is going to be discussed -- I'm going to discuss this with the public schools, the School District also. But is the Administration doing anything as it relates to skills and requirements and coordination that's necessary for our children to begin to learn now, whether it's the metric system, whether it's Norwegian, whether it's --

I mean, what are the skills that are required for these types of positions, and what are our economic development people doing with the schools to get them ready to put the curriculum in

Fiscal Stability & Intergovernmental Cooperation the right spot so that they're prepared when they graduate?

MR. ROST: Our economic development people, and myself included, have been meeting with the School District throughout the years. I mean, the fundamental problem right now is that, you know, they are -- the train wreck is about to occur.

But the School District does operate vocational training. They also have an extensive school-to-career program headed by Mary Jane Clancy that's made some very, very positive inroads.

And in terms of designing programs specifically for manufacturers like Kavaerner, I'm not sure; you'd have to ask Mary Jane Clancy.

COUNCILMAN KENNEY: I guess my concern is that the School District is kind of viewed as a little bit of an island out there by itself, and it isn't integrated enough with the economic policies of the City, you know.

And I will talk to Mary Jane Clancy. I have talked to her, but what I want to know is, who in the Administration is talking to her and to

Fiscal Stability & Intergovernmental Cooperation her people and to the Voc. Ed. people to retool the Voc. Ed. programs to reinstitute or to establish curriculum and programs that will make these children employable?

And it's not just, you know -- again, I think everybody who wants to go to college should have an opportunity to go to college despite economic obstacles, but not everybody wants to go to college.

But everybody does want to work so that they can feed themselves and their families, and you don't necessarily need to be a college graduate to do that. I know a lot of history majors that are waiting tables.

What are we doing from the City's policy situation -- City's policies, integrating them with the School District to try to drive the curriculum needs and the infrastructural needs of vocational education?

MR. ROST: It was my understanding that Mary Jane Clancy communicated regularly with Steve Mullin and people in the Commerce Department, but I'll follow up on that and make sure and get back to you in terms of what direction they're heading.

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COUNCILMAN KENNEY: Great, thank you.

Okay, thank you, Mr. President.

PRESIDENT STREET: The Chair recognizes Councilwoman Clark.

COUNCILWOMAN CLARK: It is not just negative to work with the Voc. Ed. schools. Kavaerner is going to be a new fixture on our landscape, but we're going to have to make education prepare youngsters for adult life.

So it's got to go back to the primary grade. We've got to teach them English before we can teach them Norwegian. And English is an economic development too. We have to have well-educated youngsters who are ready for all the opportunities, those that are present and those which we can't even identify now because we don't see them.

And if we can make our school system one that we can be more proud of, it can be the engine that drives our economic development opportunities. If we don't, we always have to explain it away and apologize for it.

And so I would like to see there be a much broader coordination. And maybe the

Fiscal Stability & Intergovernmental Cooperation Administration is the level to do it between the needs of industry and the largest public responsibility for education, which is the Board of Education that has 217,000 youngsters.

MR. ROST: It's about 214.

COUNCILWOMAN CLARK: The latest is 17, but I'll take 14.

Since there's a large number of people who have chosen or who have no other choice than the public schools, then we ought to make it work for them.

MR. ROST: Just for a point of information, there's another organization that is working to set up these kinds of vocational programs. It's headed by Rosemary Greco, and I can't recall the name of it.

But I'll get some information about that program because the board members are all private-sector people like Bill Avery from Crown Cork and Seal, and I'll get that information distributed through the Chair.

COUNCILWOMAN CLARK: Fine, thank you.

PRESIDENT STREET: Thank you.

I'd just like to have a follow-up on a

Fiscal Stability & Intergovernmental Cooperation topic that was raised, and I think I need the Streets Commissioner for this.

(Streets Commissioner Moy comes forward.)

PRESIDENT STREET: Many, many years ago -- and it could be as many as 15, 16 years ago -- I was in a meeting. And we were talking about the cleanliness of the streets of the City of Philadelphia.

And I pointed out to the group of people in the meeting that in this City, once a week, we have a City vehicle that runs through every street. Every week, a City vehicle runs through every street, or just about every street, picking up trash.

Now, you could be in one of them little cross streets and have a problem like I had in the 1300 block of Diamond Street. You never knew what was going to happen in that little cross street.

And I asked the question, what would it take to outfit those trucks so that as they went up a street, they actually swept the curb area of the street?

And I asked whether or not you could

Fiscal Stability & Intergovernmental Cooperation ask the people in the street to park their cars in the middle of the street so that these trucks, as they go up, could actually sweep the street and pick up trash at the same time. Because the trucks go through the street.

And I asked whether or not they could rotate sides of the street so that in one week, they go up the east side, and the next week, they go up the west side, because these trucks are going on these streets once a week and picking up, and people are following behind them, picking up the trash.

And I asked, I said, Explore this, because we have these trucks going up these streets. And I got 19 and a half different reasons why it could never work.

They started off with the labor and the contracts, and the people would have to work at night, and they couldn't work at night, and it would cost too much money, and then we'd have to -- these trucks, they would be too expensive, right? And we'd have to retrofit them with equipment that allowed them as they go up the streets to sweep the streets.

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Maybe now 15, 18 years later, it's time to think about it again. I mean, I can remember when we had a big discussion here about why should a Water Department person go into a house and read a meter and then a gas -- you know, a PGW employee go into the same house and read a meter, and a PECO person go into the same house, three different people going into the same residence, none of them having very much success. And now we're doing something very different; you know, we have automatic meter-reading.

And I don't know what the latest technology is, and I don't know that in most streets if there would be any difference from 12 o'clock at night to 8 o'clock in the morning if the people parked their cars in the center of the street instead of at the curb. If it's a four-lane street, a truck could come down and sweep the street and we pick up the trash and do it at night instead of doing it in the daytime.

I mean, I don't know about any of that. You all know. But it is clear to me that people are concerned about sanitation, they're concerned about -- we have a very dense population, and if

Fiscal Stability & Intergovernmental Cooperation we have these trucks, and we have to have 'em, and as they're going down virtually -- I mean, almost all of these streets, is there anything that could be done so that while they're doing one thing, they're also doing another?

COUNCILWOMAN CLARK: Coordination.

COMMISSIONER MOY: I think it's a question of economics and efficiencies, and I don't know, of course, the answers that you got -- the 19 answers that you got there 16 years ago, but I can imagine some of them.

We are familiar with some of the trucks that are out there, and there's nothing wrong with the machinized brooms; it's a very efficient tool.

But we still come back to the fundamental issue raised by Councilman Kenney, and that is to get cooperation in terms of clearing vehicles, which we've examined when we've looked at San Francisco and some of the other cities that are able to do this.

PRESIDENT STREET: Yeah, but when we do this in the daytime, sometimes it's impossible. I mean, where are they going to put these vehicles?

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And maybe you'd be able to do at night.

What I'm asking you to do is to use your imagination and get out of the box a little bit and explore what might be possible, explore what might be possible.

I mean, if there's a four-lane street, and it's traffic going in both directions and we have the cars parked at the curb, if you ask the cars to park at the center of the street, you still have two lanes where people could travel and you have two lanes where people could park, except that a truck could go up there on each curb and sweep the street. And the idea is that the truck would sweep the street while it had to be up there anyway because people were picking up trash.

Now that's just a very -- sort of a rudimentary outline. I mean, we talked about it years and years and years ago. And nobody -- I mean, all I got was, You can't do this, and forget about all of that, it's too much money, you could never get people to work at that time, and ba-ba-ba-ba-ba-ba. I mean, we just had -- it was just it could never, ever happen, under any circumstances.

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But maybe now it could happen. And I guess what I'd like for you to do is use your imagination, use your creativity a little bit, assess what equipment is available in the -- I sometimes get these big manuals, I guess we all get them, right? They're always trying to sell us some piece of equipment, there's always some little piece of equipment for everything.

And maybe what you could do is just sort of look through and see and maybe come up with a proposal, then you could just share it with us, you know, about what might happen here.

And if I'm wrong about this, I'd like for a Councilmember to tell me. What we'd like at some point in time to do is have you explore with us just what the possibilities are, just kind of explore with us I think, because I think we're all concerned about all the same things here.

And it would be very helpful to us if you all -- I mean, this is much in the nature of Councilman Nutter's question about what it would take if we were going to do certain things. Councilman Kenney raises these issues, Councilwoman Clark had this concern about

Fiscal Stability & Intergovernmental Cooperation education.

I mean, tell us in this one little instance whether or not it would be a problem if, for example, say, they parked in the middle, the trucks go down the side and they cleaned them while they were doing them, and you still did everything all at once.

Councilwoman Fernandez.

COUNCILWOMAN FERNANDEZ: Yeah, Mr. President, I wanted to raise same issue. And perhaps when Commissioner Moy comes back for your department's testimony, I'd also like to see and have you all consider other ways which maybe are not as unusual as that, but just build on basics that are already there.

One, I was very annoyed when I found out this fall that when we talked to Philadelphia More Beautiful, they said, Don't tell people that we give out trash cans to put on a corner because we don't have enough money to do it anymore.

And as I walked both in our neighborhood and in a lot of other neighborhoods, even if you wanted to put your trash in a trash can on a corner where there's a bus stop, you

Fiscal Stability & Intergovernmental Cooperation can't find one.

So it's just the basics. How about having trash cans readily available in neighborhoods so that people have a place to put their trash?

Second, neighborhood cleanups. At least in our neighborhood -- now. Maybe some get it more, but in our neighborhood, you have one in the spring and one in the fall. Well, there's a lot of cleaning up to do so that I think we need more than one in the spring and one in the fall.

Why couldn't we double or triple the number of neighborhood cleanups? Because, again, you're using neighborhood volunteer time and energy, where we go out and sweep up the trash and put it on the corner, and you have your trucks come around and pick it up.

Again, I think that would be an efficient way to tap into our energy in neighborhoods with a little extra effort on the part of the Streets Department.

And the third one, like Councilman Kenney said, look at these streets where there's whole rows of trash. Perhaps a mechanical broom

Fiscal Stability & Intergovernmental Cooperation could come around maybe at nighttime or other times. Maybe holidays is a time when your people are working different kinds of shifts. But maybe working Monday, Tuesday, Wednesday, Thursday, Friday regular hours is not the time to get some of this trash that's hard to corner.

Almost every neighborhood you go into, even neighborhoods where they try to keep it clean, it does pile up. So I would think mechanical brooms should be used not just in selected districts, commercial districts, but also in other neighborhoods where you find whole strips of trash piled up where maybe there could be cleanups maybe at night or Saturday or maybe Sunday, or where you can try to think of more innovative ways to cooperate with the neighborhood and people in the City who want to have a cleaner City.

We have done a lot of graffiti cleanup teams, that's great. But the other piece we really need to work on is the trash in our neighborhoods all over the City.

COMMISSIONER MOY: I understand, and we'll look into all of those issues.

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COUNCILMAN NUTTER: Thank you. Since Commissioner Moy is clearly the target of the day, Commissioner, you responded to a question by Councilman Kenney on the Alleyway Program by saying that the program had essentially done what it was supposed to do, and you have redirected your efforts to Center City or some Center City, I guess, lighting program or something.

COMMISSIONER MOY: Completed the alleyway lights in Center City.

COUNCILMAN NUTTER: Okay, so it's alley lights in Center City.

COMMISSIONER MOY: Yes.

COUNCILMAN NUTTER: Okay, I didn't realize -- I think I didn't realize at the time that Center City was a part of the program.

COMMISSIONER MOY: Where there are existing lights.

COUNCILMAN NUTTER: Okay.

COMMISSIONER MOY: There aren't a lot.

COUNCILMAN NUTTER: Okay. So you said that the program is complete now?

COMMISSIONER MOY: Yes, out in the -- certainly in the districts, most of the

Fiscal Stability & Intergovernmental Cooperation Councilmatic Districts.

COUNCILMAN NUTTER: Okay, all right. Thank you. I wanted to get clarification on what the Center City project was.

Okay, thanks.

COUNCILWOMAN TASCO: Oh, could I piggyback on that?

Because I just checked with my office because I wanted to be clear on this issue of the alley lights.

As I understand it, that in the Olney area, where there are four lights in an alley, you only put the end lights in because you ran out of money, that you did not do the alley lights as they were done in other neighborhoods.

COMMISSIONER MOY: I'd be glad to --

COUNCILWOMAN TASCO: So I'd like to have a complete report on the whole Alley Light Program, where the alley lights were put in, how you determined where they would go, and the replacement in the Ninth Councilmatic District.

COMMISSIONER MOY: Maybe we could get the specific locations too. I'll check with your office on that.

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COUNCILWOMAN TASCO: Because I would not like to see money going into Center City for alley lights and you didn't do them -- complete the program in the neighborhoods. And if there are lights in my neighborhood that need to be replaced, then they should be replaced.

COMMISSIONER MOY: We'll certainly look into your district there, Councilwoman.

PRESIDENT STREET: Is Councilwoman Miller's light on?

COUNCILWOMAN MILLER: Yes. Is my light broken?

COUNCILMAN NUTTER: It was flashing.

COUNCILWOMAN MILLER: It was flashing, now it's not flashing. Okay, thank you, Mr. President.

I have one question at this time. You know, recently, in my district, we've had two pretty large fires, so this question is really going to L&I and maybe the Law Department, I'm not really sure which.

We had one major fire on New Year's Day where lots of lives were lost, and we had a fire just this past Sunday where 28 families had to be

Fiscal Stability & Intergovernmental Cooperation evacuated. These are all apartment building or complex fires.

And if L&I has hired -- on page 13, they state that they have hired new housing inspectors with the role of fire prevention and saving lives.

In both of these situations, each landlord had been cited for not complying with fire code regulations. The fire alarms did not work in either one of these cases. In both cases, the fire alarm was broke. And in both cases, the landlord had been cited.

So what is the next step? Because, you know, people were really fired up. And in both situations, they pulled the fire alarms, it did not work, and they had to get out of that house or apartment in any way they can.

What does it take, or what does L&I do once they cite the owner of a building? Lives are endangered, children are endangered, people have lost all of their personal belongings.

What is the next step to make landlords comply with repairs to these fire-alarm system?

MR. ROST: Councilman, I'm not familiar

Fiscal Stability & Intergovernmental Cooperation with the circumstances of those two specific fires.

COUNCILWOMAN MILLER: I know.

MR. ROST: However, it would depend on the citation, the number of citations, the history of the property. I mean, these are some of the issues that we're trying to address in light of the tragic accident that happened with Judge Beryl Caesar.

The Mayor created a task force, a working group of people. With me is Fran Egan, the L&I Commissioner, and we're trying to identify fail-safe mechanisms so that very early on in the process, if there's an instance where an L&I citation would leave -- an unrectified L&I citation would leave citizens vulnerable -- in this case, vulnerable to loss of property and life -- then we would move expeditiously to prevent those kind of occurrences.

(L&I Commissioner Frances Egan comes forward.)

COMMISSIONER EGAN: President Street, Councilwoman Miller, and the rest of City Councilmembers, good afternoon.

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First of all, Councilwoman Miller, in terms of the Gorgas Lane fire, that is a prime example of where L&I citations for lack of compliance with the fire code, in fact, did saves those people's lives because there was a working fire-alarm system in place that met fully with the current code. And as a result of that going off, we were fortunate enough to report that there were no fatalities or serious injuries.

In terms of last Sunday's -- this past Sunday's fire, that's still being investigated, so I'd be happy to get back to you with a full report on that.

But, as you know, we have instituted what we call the "R2 Program" or the multi-dwelling family program, which is a proactive approach to making sure that all apartments complexes in the City of Philadelphia are meeting fire code regulations and laws.

However, just so you know, when we do cite anyone for noncompliance with the fire code, those receive the utmost attention and prosecution in the court system that we can give it in all cases; in particular, with the multi-family

Fiscal Stability & Intergovernmental Cooperation dwelling.

So they receive high priority by our department and they also receive that kind of response from the court system.

COUNCILWOMAN MILLER: Commissioner Egan, I talked to a lot of tenants. At the Gorgas Lane fire, we were there for about five hours and went over to the shelter. Sunday at the Awbury Apartments fire, we were there for about five hours and went back again yesterday.

Many of the tenants said that when they pulled the fire alarm, it did not work. At Gorgas Lane, on the fourth floor, some people on the first floor said it worked, but they didn't have a problem getting out. At Gorgas Lane, they were almost jumping out of windows to escape.

And Sunday, at the Awbury Apartments fire, people said the alarm did not work. The person that called the Fire Department went out to his car to get his cell phone to call you, and then he went back and alerted the neighbors.

Now, maybe they're not telling us the truth, maybe your investigation has shown that the landlord -- at least Gorgas Lane's landlord -- was

Fiscal Stability & Intergovernmental Cooperation in compliance, but that's not what we've been told be many tenants.

COMMISSIONER EGAN: Well, the investigation by the Fire Marshal and our electrical inspectors have resulted in the final conclusion that the fire alarm was working, and many of the residents who did escape without injury testified to the fact that it was working the day of that fire.

Now, as I said before, the most recent fire is still under investigation.

COUNCILWOMAN MILLER: Okay, well, that's a major concern of ours because when tenants tell us that they've pulled the alarm box and nothing happens, then we're -- we have a lot of apartment buildings in the Eighth District, and I just wanted to know, how soon does it take to get the landlord to comply.

I'd appreciate the information you said you'd send. Thank you.

Thank you, Mr. President.

PRESIDENT STREET: The Chair recognizes Councilwoman Clark.

COUNCILWOMAN CLARK: My question has

Fiscal Stability & Intergovernmental Cooperation nothing to do with the preceding question. The question that I have really goes back to the Commissioner Moy.

(Commissioner Moy comes forward.)

COUNCILWOMAN CLARK: Congratulations, Commissioner, it is your day.

I want to express my appreciation to you because many streets in North Philadelphia east of Broad Street are noticeably cleaner. And this is an opportunity for me to say that to you.

At the same time, I'd like to ask, what is your strategy for cleaning vacant lots in the Empowerment Zone? There are lots and lots of weeds-strewn and trash-strewn lots in the Empowerment Zone, which, I suspect, detracts from their development value.

COMMISSIONER MOY: I think this is a joint-response situation there. We do have the Empowerment Zone. Streets is primarily focussed on cleaning up the streets itself.

COUNCILWOMAN CLARK: Right.

COMMISSIONER MOY: And L&I handles private lots, and I think the Commissioner from L&I might be better-prepared to respond to that.

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COUNCILWOMAN CLARK: Okay, thank you.

Go ahead, Commissioner Egan.

COMMISSIONER EGAN: Thank you. Councilwoman Clark, as a matter of fact, there's a couple different answers to --

PRESIDENT STREET: Excuse me. Commissioner, can we have you identify yourself for the record.

COMMISSIONER EGAN: Commissioner Egan, Licenses and Inspections.

PRESIDENT STREET: Just to be sure.

COMMISSIONER EGAN: Thank you, President Street.

About six months ago, I was appointed as a Mayoral appointee to the American Street Empowerment Zone. So serving on that board now, I'm beginning to work very closely with that board in that particular area of our City.

And we are -- just last week, I met with their -- I forget which subcommittee it's called, but their subcommittee on that very process of cleaning up the lots, and they're developing a whole plan that will encompass the whole American Street Zone, and L&I will work very

Fiscal Stability & Intergovernmental Cooperation closely with them to help them accomplish that goal.

So we're in the process right now of working with them. In the meantime, when priority locations come in to my attention, we will respond to them as quickly as possible.

COUNCILWOMAN CLARK: So stated another way, if there are lots that are becoming a nuisance, then people -- my office should contact your office to have them given priority attention?

COMMISSIONER EGAN: You've got it Councilwoman.

COUNCILWOMAN CLARK: Thank you.

I want to end on that note, Mr. President.

PRESIDENT STREET: Thank you very much.

The Chair recognizes Councilwoman -- Councilwoman Fernandez, is your light still on?.

COUNCILWOMAN FERNANDEZ: Yes, yes.

PRESIDENT STREET: The Chair recognizes Councilwoman Fernandez.

COUNCILWOMAN FERNANDEZ: Well, first I wanted to commend the Administration for reconsidering its position on the Rangers because

Fiscal Stability & Intergovernmental Cooperation at least -- since the Rangers serve not only Fairmount Park but a lot of the parks in other neighborhoods.

And it seems to me that if we don't find a way to provide that service, you might have to pay for it with more expensive police officers, so I'm glad you're reconsidering.

PRESIDENT STREET: Councilwoman, I think there may be some misunderstanding here. I think you should ask for Mr. Rost to repeat his testimony on commitment to the Park Rangers. I didn't hear any commitment at all to the Park Rangers.

COUNCILWOMAN FERNANDEZ: No, but I heard them say that they were giving it some rethinking, some reconsideration.

PRESIDENT STREET: I just don't want anybody to -- I didn't hear any commitment to the Park Rangers.

What I heard was, We'll let you know before the beginning of the fiscal year what we think will happen with the Park Rangers. We're trying to get somebody else to pay for them.

MR. ROST: That's an excellent summary,

Fiscal Stability & Intergovernmental Cooperation Mr. Council President.

PRESIDENT STREET: That's what I heard.

COUNCILWOMAN FERNANDEZ: Well, then I would like to take a different tack. I think it needs to be reconsidered.

Thank you, Mr. President, for helping my ears be just a little bit sharper.

One comment. In the economic development section, on page 73 and 74, you mention this "Avenue of Technology." And, again, since that would affect -- I live in West Philly, so if it was going to go from Penn Center/City Hall out to 50th and Market, I think it's a great idea to complement the Avenue of the Arts, to have an Avenue of Technology going out by the Science Center and beyond. There was very little detail on there.

Could you, when the Commerce Commissioner or Commerce Director testifies, could he give us some additional background on any businesses that the Commerce Department has already helped? Or what's the status of that? Is it just a concept at this point? Or has some actual work been done?

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MR. ROST: It seems as if some actual work has been done on it, Councilwoman. I know from our prior discussions that this is something of great interest to you personally.

And I don't see the Commerce Director in attendance here today, but I'll make sure to have a report prior to their hearing.

COUNCILWOMAN FERNANDEZ: When they give the regular testimony.

Then a question about Section 108 loans. You note in the -- I guess it's page 38-39, you note that you've already invested -- or borrowed $108 million, which is one and a half times as much as what you had anticipated in doing as part of the Economic Stimulus Program. And that you plan at the end of the five years to have taken $254 million in loans.

And I guess I have one concern, which is, as we know, that's borrowed against the Community Development Block Grant. And I think what I would like to know is, first, I'd like a good list of where all those loans have gone to date. And then what your projections are. And then the repayment plan and what effect that has

Fiscal Stability & Intergovernmental Cooperation on the future CDBG budgets.

Because I know I just heard from John Kromer that, you know, it's getting tighter and tighter, so I think we have to look very carefully at the big picture and make sure we're making wise decisions about borrowing, you know, against future CDBG dollars.

MR. ROST: That's a point well taken, and we'll make sure that you're provided with that information as well.

COUNCILWOMAN FERNANDEZ: Then my third point, back on this cleanliness issue. You note on page 159, you're talking about Partners for Progress. And I hear there's a lot of activity, and it says in your report that you cleaned up 146 zip codes.

MR. ROST: Correction, they're census tracks.

COUNCILWOMAN FERNANDEZ: Census tracks, that's right. Census tracks would be more realistic. If 146 zip codes in the City would be done --

MR. ROST: We'd be out in Berwyn.

COUNCILWOMAN FERNANDEZ: So 146 census

Fiscal Stability & Intergovernmental Cooperation tracks. Could you provide us with a map and then a listing by street of where those cleanups have occurred?

Because I would sort of like to have a sense that -- I can't tell if I go into a neighborhood and it looks like it's much cleaner, if that's due to Partners in Progress or the neighborhood cleanup or whatever.

So that would be information that I'd like to have a chance to look at.

MR. ROST: We'll be happy to provide that information.

COUNCILWOMAN FERNANDEZ: And lastly, on 189 of the five-year plan, you talk about playing hard ball with the First Judicial District and note again that you've not budgeted money -- is it after July of '98?

MR. KAPLAN: Correct.

COUNCILWOMAN FERNANDEZ: You know, I think it is a useful strategy because I think we do have to call the hand of the State who, for all these years, has not picked up. It's a legal responsibility for those costs.

But 100 or $120 million is like a big

Fiscal Stability & Intergovernmental Cooperation

chunk of change. So this year, I think you found some money in different sections of the budget?

I guess you wouldn't necessarily say where they are, but I would assume that you've put some away somewhere because, while I would love to have them all of a sudden pick up the $100 million tab, I think we ought to keep forcing their hand because that is a big chunk of change out of our budget.

MR. KAPLAN: Yeah, I think we should clarify that the City's been very careful to take the money that would have been budgeted for the First Judicial District and put it specifically in two different places.

One is the line in the budget which is the Director of Finance's line for tax cuts and the School District. And the other is the line in the Director of Commerce's budget for economic development. We don't intend to spend any money from those lines until the court-funding situation is cleared.

But I think, as you've pointed out, the approach we took this year created the first motion we've seen on this in several years, both

Fiscal Stability & Intergovernmental Cooperation the Governor's inclusion of about $15 million of State assumption of court costs in his budget this past week, and the Supreme Court finally appointed a Judicial Council of State-wide appointees to look into this.

So we feel it's very important to keep the pressure on the State and on the legislature, in fact, which is the body that was mandated by the Supreme Court to continue to make progress.

So we have not gone so far as to eliminate the funding from the budget, but we have moved it out of the First Judicial District's line, and I think it's important for us to do that, to keep reminding Harrisburg of their obligation in this area.

COUNCILWOMAN FERNANDEZ: Thank you.

PRESIDENT STREET: The Chair recognizes Councilwoman Cohen.

COUNCILMAN COHEN: At this moment, if some problem arose that the Mayor thought was very important, very urgent, for example, how much money would he have at his disposal to apply to such a problem without having to come to City Council for concurrent action?

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In other words, how much money is there that the Mayor can make a decision and he can move money in that direction? Has there ever been analysis of that or any study?

MR. KAPLAN: The short answer to your question is no.

In general, obviously, the Administration tries to spend money within the budget in the classes and in the departments to which it's appropriated. There is, obviously, the ability in some cases to spend money from within a class and a department for a different initiative, but we don't start from an assumption that we're going to do that.

Where it would be --

COUNCILMAN COHEN: Well, if I told you that an amateur budgeter had estimated for me something in the neighborhood of $300 million, would that make any sense to you? And if you are not in a position to answer, could I request that you --

PRESIDENT STREET: Excuse me, what was that question? Councilman, could you repeat the question.

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COUNCILMAN COHEN: Yes. How much money -- if some problem arose that the Mayor thought was very important, most important in his opinion, and he didn't want to have to come to City Council and get any kind of approval, how much money would the Mayor have available that he could direct at once to that problem?

If he were playing a poker game and he wanted to call the --

PRESIDENT STREET: A bad question.

MR. ROST: I've never seen the analysis, but we'd certainly be interested in talking to that person to see if they'd like a job in the Budget Office.

(Laughter.)

MR. ROST: I mean, if they could find $300 million more for the City --

COUNCILMAN COHEN: Well, could you come up with an analysis for that? I would really like to know, what does the Chief Executive of the City of Philadelphia have available to him if he decides a certain project is extremely important?

Suppose he decides that he appears before the Republican or the Democratic National

Fiscal Stability & Intergovernmental Cooperation Committee Study Convention Sites and he concludes that we need another hotel for a thousand rooms, and then we've got the sale done. You know, that's his conclusion, and it may very well be right.

And if he decides, Well, we've got to do it, what would the money be that he would have available? It could be any kind of problem. Could I ask you to try to do that.

MR. KAPLAN: Okay, we'll certainly try that. There are two caveats. One is that, as you recall --

COUNCILMAN COHEN: Well, it's like a bit of home financing. You decide suddenly to make a trip to the West Coast or to Florida or go out to Alaska, and you have to find out what you have available. And, for some reason, it's extremely important that you do that.

PRESIDENT STREET: Councilman Cohen, can I help refine the question?

COUNCILMAN COHEN: Well, I'm not sure, I'm not sure.

(Laughter.)

COUNCILMAN COHEN: I would rather have

Fiscal Stability & Intergovernmental Cooperation it asked this way.

PRESIDENT STREET: Well, I don't mind you asking it that way, but you don't want them to come back, because we got into this a little bit. We're not talking about emergencies --

COUNCILMAN COHEN: No.

PRESIDENT STREET: I don't want to talk about emergencies because, in effect, the Home Rule Charter provides that a certain amount of emergency money can be spent even prior to Council's authorization, depending on the nature of the emergency. So you're not talking about emergencies.

COUNCILMAN COHEN: Right, I'm not --

PRESIDENT STREET: Right, you're not talking about emergencies.

COUNCILMAN COHEN: I'm not talking about emergencies.

PRESIDENT STREET: And I also don't think he's talking about -- well, the City Solicitor has ruled many, many moons ago that the City has to have its budget in balance at all times.

And by that -- and what that means is

Fiscal Stability & Intergovernmental Cooperation that the City, within the budget limits, within the operating departments, can spend for things otherwise not necessarily budgeted so long as at the end, it can project a balanced budget at the end.

And I just want to make sure that this isn't an exercise in futility.

COUNCILMAN COHEN: I would agree to that, I would agree to that.

PRESIDENT STREET: Because we've been there.

And I think what Councilman Cohen wishes -- because you want to make sure that you answer the question. I think I know what the question is.

I think what Councilman Cohen wants you to determine is what are the other sources of money that the Administration might make available on a discretionary basis for things that may or may not be budgeted?

And I think you have to take into account pension obligations, contractual obligations, labor obligations, because I don't think we could spend money that -- it would be

Fiscal Stability & Intergovernmental Cooperation unfair to say that we could spend money that was already allocated for pension and debt service and those things. You want that out.

COUNCILMAN COHEN: I want that out.

PRESIDENT STREET: You want that out. And if it's possible within the limits of the Operating Budget Ordinance, what would an administration have at its discretion that doesn't have to come to Council for approval?

COUNCILMAN COHEN: Right.

PRESIDENT STREET: Because you don't want --

COUNCILMAN COHEN: I don't want --

PRESIDENT STREET: You're not talking about --

COUNCILMAN COHEN: No.

PRESIDENT STREET: -- what they have to come here to get, because that's a lot. I mean, if they have to come here --

COUNCILMAN COHEN: No, no, we're not talking about Council; we're talking about --

PRESIDENT STREET: Have my comments offended your question?

COUNCILMAN COHEN: What's that?

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PRESIDENT STREET: Have my comments offended your question?

COUNCILMAN COHEN: No, they're in line with the question.

PRESIDENT STREET: It's in line with the question.

COUNCILMAN COHEN: I assume that I'm not asking the Mayor to do anything that would get him involved with breaking the law, you know, or of a criminal nature, or just indicate that he wants to go down to the Atlantic City casinos and see how much more -- how he can personally resolve the City's financial situation by gambling.

PRESIDENT STREET: But, Councilman, you did raise the poker analogy.

COUNCILMAN COHEN: Yeah.

(Laughter.)

PRESIDENT STREET: Which did suggest --

COUNCILMAN COHEN: Well, if he wants to call -- you know, he reaches a decision that's very important, and I'm assuming he's acting in very good faith.

But he's either worried that he may have problems in Council or he concludes that the

Fiscal Stability & Intergovernmental Cooperation City Solicitor concludes that he need not go to Council. He has this authority, he won't break the budget, you know, the requirement that the budget remain in balance, or anything.

I would like to ask that that be done, all right?

MR. KAPLAN: Okay.

COUNCILMAN COHEN: And maybe within the same two-week period that President Street indicated on the other matter.

Second, not even a variant of that, could we get compiled, or do you have it easily available? I would like to know all of the subsidies that the City is paying to business organizations.

For example, let me mention several examples. There has been, unless it's changed overnight or very recently, annual subsidies to the ARA Building or contractual obligations where we have to maintain City offices until a certain percentage of space is occupied. And that's been going on for many, many years. And that amount, I understand is 7 to $8 million, or the last I heard, per year.

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I get lots of calls from constituents when -- there was a little item in the newspapers recently about Franklin Windham Plaza getting $1 million a year. How many of those kinds of situations -- I think we've paid for things at the Gallery still.

I would like a list of all the things that we are committed to pay. Do we pay for the Bar Association space at the ARA Building? I think, under the Home Rule Charter --

MR. HAYLLAR: The Charter requires us to pay it.

COUNCILMAN COHEN: We're probably obligated to pay that. I'd like to know how much that is.

In other words, who are we subsidizing and in what amounts? Now, could that list be compiled?

MR. KAPLAN: Absolutely.

COUNCILMAN COHEN: Or maybe you can tell us how we'd find it in the budget. I would like both pieces of information, where is it in the budget, and what is the list?

Third, back in 1994, June 22nd, the

Fiscal Stability & Intergovernmental Cooperation Mayor signed a bill which said that trucks must identify themselves on both sides of the trucks; name, address, telephone number, and nature of the business.

I'm reminded about that by that by the statement of the Finance Director, because I think many of these trucks are used to doing business in a way which does not subject the persons doing the business to City taxes.

You see they're loaded all over the City. I was assured at the time that the City really wanted to do something on this because there might be a great source of income, plus we don't know what some of these trucks are doing, you know, when they're just traveling around completely unmarked.

Do we have any information on what the City has done thus far to enforce it? The best detective work I could manage to do was come up with the answer of zero.

And I may be wrong, but I've never heard of any car being ticketed, anybody ever getting a letter saying, We found your truck doing this; therefore, we think you're doing business, Fiscal Stability & Intergovernmental Cooperation and you haven't applied for a plumber's license or an electrical engineer's license or carpentry construction work or --

MR. ROST: Councilman, I don't have that answer for you today, but I will certainly look into it and get back to you.

COUNCILMAN COHEN: All right. With respect to cleaning the streets and cars not moving, I'm a bit mystified.

In the days when there was a regular cleaning schedule, the police in the district would come around the night before with signs. They'd post signs that the place is scheduled to be cleaned.

And, by God, if the cars didn't move by 8 a.m., you know, whatever time was worked out with the Streets Department for the cleaning of the streets, people would get ticketed.

I'd get all kinds of complaints from people whose cars were ticketed. But, nonetheless, the next time it happened, there would be very few cars on the street. You know, people would have learned their lesson.

Now, is that out of fashion? I don't

Fiscal Stability & Intergovernmental Cooperation understand. Councilman Kenney raised the question, and I don't understand this business of cars not cooperating.

If there is a ban on parking the next morning because of cleaning, people get tickets, don't they? Or do you know? I'm asking again that question.

And I assume maybe I didn't know who did the ticketing, whether it was the Police Department or some special squad.

COMMISSIONER MOY: It is the police that we have been working with. We've worked in certain parts of the City to ticket. And in many cases, we also have to face the reality of having to tow, if you really want to be effective.

I think what happens is, the tickets alone don't do it. There are many cases throughout the City in which we ticket and ticket. And it ruins the effectiveness of the cleaning if you just leave several cars on the strip.

So we've looked at when we've talked about the alternatives of looking at corridors, we have looked at the idea of establishing corridors much as we have in Queen Village, with the

Fiscal Stability & Intergovernmental Cooperation community down there.

COUNCILMAN COHEN: Commissioner, it sounds to me that you're fortifying what President Street said earlier about there being 19 -- maybe now there are 20 reasons why it doesn't work. I can't understand that.

So the first time you're not as successful; the second time, you're more successful. And, I assure you, by the third time, most people will move their cars.

COMMISSIONER MOY: We will --

COUNCILMAN COHEN: Because they think they were getting help from somewhere to deal with those tickets, whoever helped them, you know, their patience would have worn thin.

So I just was amazed by the response given because I know in my area, people have responded, and I think they're like folks everywhere else. Nobody wants to get a ticket. Even if they pay no attention to it, it worries them that some day, they may have to account for it.

All right, would you look into that?

COMMISSIONER MOY: Yes, I will.

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COUNCILMAN COHEN: I think certainly in most parts of Philadelphia, that ought to help a great deal in making room for the street cleaning.

Well, I'll tell you what they were angry at, they were very angry when the cars got ticketed and then the cleaning did not occur. I mean -- and I always agreed very strongly with them. They had a right to be angry with the City about that.

Because if we ask for their cooperation, you know, with the threat that they may be getting a ticket if they don't cooperate, it seems to me we're duty-bound to see to it that the street cleaning takes effect.

And I think that was -- if there's been a discontinuance, you know, of those special notices the day before, you know, and the ticketing, it may be because so many people had the experience that their cars got ticketed but then there was no cleaning that took place.

So I would like to get a response to that. You might have to deal, you know, and talk with whoever you did, maybe the Police Department, maybe the individual captains, maybe the

Fiscal Stability & Intergovernmental Cooperation Commissioner, I don't know who. But I would like to get a response to that.

COMMISSIONER MOY: We'll give you a report on that.

COUNCILMAN COHEN: But I would like to get a response to that.

Incidently, while you're here, let's talk about street signs. For at least four years now I've been raising with regularity the fact that as you drive around the City, and those of us who are Councilmembers at large maybe have much greater reasons than the District Council members to cover the City.

I must say, even though I think I'm familiar with just about every part of the City, I still arrive at places and I wonder, Did I get the right street? 'Cause there was no name for the street. And I stop at the next block and there's still no names, and I'm always told, We're just on the verge, we're getting to it, we're working on it.

Could we get a report on what's been done?

COMMISSIONER MOY: We'll get a report.

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COUNCILMAN COHEN: Do we know how many intersections live unnamed? Nobody knows except the people who live there what street they're on.

COMMISSIONER MOY: We'll give you a report on that also, Councilman.

COUNCILMAN COHEN: Because I found they're very helpful. That's how you learn the City, by just noticing the signs. And after the fifth or sixth or seventh time you've seen it, you begin to remember the name of the street.

And in that connection, on the Avenue of the Arts, the signs are decorative -- decorative, I don't know quite how you spell -- how you pronounce that word, but they're illegible.

The print is so small. It's a nice sign to see, but you don't get any information, particularly in the evening. It's just totally impossible.

Could I ask for a reexamination of why are the names of the street and the number of the blocks in such small print? Maybe at 30, you can read the signs. I'm not sure anybody at 40, which, I will yield, I have reached that age. I

Fiscal Stability & Intergovernmental Cooperation don't think people of 40 can begin to read them.

MR. KAPLAN: I don't think I've ever noticed those signs.

COUNCILMAN COHEN: Uh-huh.

PRESIDENT STREET: There are only one or two of us around here who could see those signs, you should make note of that.

MR. ROST: I've never noticed the signs, so. . .

(Laughter.)

COUNCILMAN COHEN: Well, I suggest you start looking for them.

MR. ROST: I will, I will.

COUNCILMAN COHEN: And you may get an emergency and you may have to go out somewhere and you'll get lost right in the heart of the City, and you won't want to admit it.

Because that was a hard question for me to admit that sometimes I may be at, you know, a cross section of streets, and I really don't know which street I'm on. And it's in every part of the City. I can't say that there's any one part that's any worse; they're all bad.

Is the Recreation Commissioner still

Fiscal Stability & Intergovernmental Cooperation here?

COMMISSIONER MOY: The Deputy Commissioner is here.

(Deputy Commissioner Carol Rice comes forward.)

COUNCILMAN COHEN: I wanted to leapfrog on a question which Councilman Nutter raised with respect to the number of custodial -- the extent of custodial staffing of recreation centers,.

I would like to know the current status of the -- not the custodial staff, but the program folks, the noncustodial people. What is the situation at the recreation centers?

Is it the number of 184, which I think is the number Commissioner DiBerardinis said existed on the custodial staff for all the recreation centers? Is there any number like that? Is there a lineup of A, B and C there like it applies in custodial work?

MS. RICE: Good afternoon. My name is Carol Rice, I'm the Deputy Recreational Commissioner.

In response to your question, the Recreation Program Division has an amount of staff

Fiscal Stability & Intergovernmental Cooperation that is aimed at covering our centers, the A's, B's and C's. So at this point, we're around -- and I don't have the figures in front of me. But it's close to 252 staff.

COUNCILMAN COHEN: Can we say that every recreational center has at least one full-time staff person assigned?

MS. RICE: Oh, yes.

COUNCILMAN COHEN: To every recreational center?

MS. RICE: Every staffed recreation center has at least one full-time staff. We have some centers that are only operative during the spring and summer, and they are usually staffed with a part-time person, and they're full-time in the summer.

COUNCILMAN COHEN: Are they staffed during the spring and summer --

MS. RICE: Yes.

COUNCILMAN COHEN: -- with 8-hour-day employees?

MS. RICE: Yes, they are.

COUNCILMAN COHEN: Even though they may be seasonal or temporary?

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MS. RICE: Yes.

COUNCILMAN COHEN: Could we have, when you furnish the information with respect to custodial, could you raise with the Commissioner, adding this other section with respect to program staff or how ever you designate them?

MS. RICE: Yes, I would be happy to.

COUNCILMAN COHEN: All right, thank you very much. That would deal with the Recreation Department.

This is to the Health Commissioner. I see she's available.

(Commissioner Estelle Richmond comes forward.)

COUNCILMAN COHEN: Welcome. You've been here before.

COMMISSIONER RICHMOND: Yes.

COUNCILMAN COHEN: Nationwide, the number of uninsured people requiring health services has been increasing; would that be a generally true statement?

COMMISSIONER RICHMOND: I'm Estelle Richmond, Health Commissioner.

Yes, that would be a true statement.

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Although I think the urban areas have been experiencing a faster growth in that increase than in rural areas.

COUNCILMAN COHEN: May I translate that as saying that in the cities, the problem is worse than in the suburbs?

COMMISSIONER RICHMOND: Yes.

COUNCILMAN COHEN: And the rate of increase has been larger there.

From your knowledge and reports that you're getting, could you tell us what percentage of uninsured people who require -- you know, who can't pay and have no insurance to cover any health needs, what percentage of Philadelphians' needs are being met among the uninsured?

COMMISSIONER RICHMOND: The only group that I think I can speak of, that we have knowledge of, is the uninsured that use the district health seniors.

And the uninsured that use the district health centers has grown from two years ago being about 42 percent of the people we see; to now, somewhere between 61 and 62 percent of the people we see are uninsured.

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But that doesn't speak to the total number of uninsured in the county as a whole.

COUNCILMAN COHEN: Is there any study that shows that?

COMMISSIONER RICHMOND: No, but we could probably apply a rate as they apply to most large cities, and I could get you that, which will give you a ball park of how many uninsured we expect to have in the county.

But when someone who's uninsured comes to a health center, they come because they're sick; it's rarely that they're coming for preventive health care.

But we do know that the percentage of uninsured in the City is much larger than the percentage of people that just use the district health centers when they're sick.

So -- but we can get you that prevalence figure.

COUNCILMAN COHEN: Would it be possible for your department to indicate to us what would be needed, what kind of services and the approximate cost of those services would be needed to provide necessary health care, maybe also

Fiscal Stability & Intergovernmental Cooperation preventive? Because that's usual cheaper than if you just wait for other conditions.

But what would it cost so that we could say, maybe a little proudly rather than cringing when asked the question, that Philadelphians have maybe at a minimal level but have every Philadelphian as covered through our health centers.

COMMISSIONER RICHMOND: Right. Well, the only problem is -- we could do something like that, but people other than the Health Department cover people who are uninsured.

The federally-qualified health centers that have no funding from the City but do get funding from the federal government are also mandated to serve the uninsured. And they do.

COUNCILMAN COHEN: Well, I think that should be mentioned because then they're taking care of a specific portion of --

COMMISSIONER RICHMOND: Right, they take care of some of those.

And in some cases, the hospitals, who are already seeing people in their clinics, that person may start off insured and then become

Fiscal Stability & Intergovernmental Cooperation uninsured. Very frequently, those hospitals will maintain that person because they want to stay with the doctor, and the hospital's willing to see uninsured.

So to cover the whole City is probably not necessary, but we will try to work out some sort of what would be appropriate. I'm not sure if the City should take the entire burden when there are other people right now that are sharing that burden -- very appropriately sharing that burden.

COUNCILMAN COHEN: Yeah, well, I'm not looking for us to take away from anybody.

COMMISSIONER RICHMOND: Right.

COUNCILMAN COHEN: But this study might help us put pressure on others also in addition to letting us know what the facts are.

I'm embarrassed when people raise the question at the community meetings about how many people in Philadelphia don't get any medical care at all.

PRESIDENT STREET: Excuse me, Councilman Cohen. I certainly can appreciate the spirit of your questions. You're asking

Fiscal Stability & Intergovernmental Cooperation questions, the detail of which is appropriate for our budget hearings. I mean, this is really a broader kind of discussion that we're having of the five-year plan.

COUNCILMAN COHEN: Well, what could be broader than the kind of medical care our people in Philadelphia are --

PRESIDENT STREET: I understand and I offer you the caution that we are here and we're considering kind of the broad overview of the budget at this time.

COUNCILMAN COHEN: Right.

PRESIDENT STREET: And so I would like for you to be respectful of just that principle. Thank you.

COUNCILMAN COHEN: Good. I think these questions are because I'm also prepared to wait for the answers. Maybe those answers could come during the regular budget sessions. But I think some of them require advanced knowledge on your part. And if it seems appropriate for a reply separate from the budget hearings that's directly so we can consider it at the budget hearing. I think that would be appropriate.

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COMMISSIONER RICHMOND: We will try to do an analysis of health care and the related costs.

COUNCILMAN COHEN: Very good.

Then I wonder if Police Commissioner Neal could come forward.

(Police Commissioner Richard Neal comes forward.)

COUNCILMAN COHEN: I just have one general overall question. And, again, that may not be available here.

One of the puzzling things is the reports we get generally in the newspapers about what's occurring in the city of Boston with respect to the apparently very great reduction in the number of homicides, and, at least for one recent year, the elimination of all juvenile homicides.

Would there be any studies that the Police Department has made as to why that has been achieved in Boston?

And how can we achieve what they've done? Is it applicable to Philadelphia, or are there other circumstances which make their results

Fiscal Stability & Intergovernmental Cooperation not relevant to Philadelphia? That would be one question.

The other question I would raise with you either to answer now or in the future is, in your statistical charts, you refer to the number of police per 100,000 residents.

Is there a similar study of the number of homicides per 100,000 residents over, say, a 10-year period, you know, a long period to allow for trends?

Has there been a reduction -- as the population in Philadelphia went from, say, 2 million down to a million and a half, has there been a reduction in the number of homicides? Or does that figure remain stable, or has it increased?

They are the two questions I have. I was going to say -- I thought the President was still there, but they're of a very broad general nature.

COMMISSIONER NEAL: Okay. And I'll be responding in a very broad general nature. This is Commissioner Richard Neal of the Philadelphia Police Department.

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Relative to the issue of the Boston study, Philadelphia is currently doing a pilot program in two of our divisions. After meeting and having discussions with our Probation Department, they have agreed and have come on board to participate, similar to what has transpired in Boston, where the Police and the Probation Department came together.

And we're currently doing that in a pilot study in two of the divisions, in the East Police Division and in the West Police Division.

Concerning the issue of the homicides, when we look at the number of homicides that occurred here in 1990, it's just over 500; and the number that occurred in 1997 is just over 400, so it demonstrates that there has been about an 18 percent reduction in the number of homicides over that period of time.

COUNCILMAN COHEN: In that last answer, what period of time does that cover, how many years is that?

COMMISSIONER NEAL: Well, as I said, from 1990 through 1997.

COUNCILMAN COHEN: So it could be seven

Fiscal Stability & Intergovernmental Cooperation or eight years.

COMMISSIONER NEAL: Yes.

COUNCILMAN STREET: Could I get any information that may appear in any report that you have that indicates that?

COMMISSIONER NEAL: Yes, mm-hmm.

COUNCILMAN COHEN: All right, thank you.

MR. ROST: Councilman, I'd just like to piggyback with a little observation that I have.

COUNCILMAN COHEN: That's all the questions I have on that.

MR. ROST: Fine.

PRESIDENT STREET: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Mr. President, I'll be very brief.

This is more of a policy question. I know the L&I Commissioner was here earlier, but it's not something that she has complete control over.

It has to do with page 233 of the five-year plan. It's a section entitled, "Cleaning and Sealing Nuisance Properties." And

Fiscal Stability & Intergovernmental Cooperation you talk about L&I working in conjunction with the National Guard and the department staff and a whole host of people.

And the last line of the first paragraph says, "This program also cleans debris from empty lots in neighborhoods, and fences those lots."

MR. ROST: I'm sorry, Councilman, could you repeat the question, please.

COUNCILMAN NUTTER: Sure. There's a section entitled, on page 233, "Cleaning and Sealing Nuisance Properties," and it goes on to give a description about what the Clean and Seal Program is, the great work of the National Guard, L&I staff, etc.

And in the last line in that first paragraph, it says, "This program also cleans debris from empty lots in neighborhoods, and fences those lots."

My experience tells me that we have virtually no fencing going on. We have a little bit of jersey barrier activity, which is different than a fence. And so whether it's the clean-and-seal activity or the regular demolition,

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I have raised this question in the past.

There used to be an active regular fencing program for vacant lots and for demolished structures. And somewhere, because of an intergovernmental -- or I'm sorry, actually, an interdepartmental problem, we now have virtually no fencing program.

And what I'd like you guys to do, and you don't have to -- I mean, if you have an answer, you can give it. If you don't, that's fine.

But I'd like you to go back and figure out why we don't have a fence program specifically related to empty lots and demolished structures, and then come back and tell us how we're going to have a fencing program.

The jersey barriers do not work. They are subject to graffiti. And they are only about two and a half to three feet high at most, so people and debris always end up on the other side of the jersey barriers.

We need a fence program, not one that's geared towards who do you know or who can you call or can you beg one from or trade off something, Fiscal Stability & Intergovernmental Cooperation but one that says, When we demolish a building, we automatically put a fence around it. If we're going to clean a lot, we put a fence around it.

So somewhere between now and either L&I time or somebody's time, I'd like an answer to the fence problem.

COUNCILMAN COHEN: Councilman Nutter, could you yield for a moment?

COUNCILMAN NUTTER: Yes. I'm finished.

COUNCILMAN COHEN: It's the one question I missed, and I congratulate you for raising it.

COUNCILMAN NUTTER: Well, Councilman, I can't read the signs in Center City, but I can see over there on your paper.

(Laughter.)

COUNCILMAN COHEN: Now, at 32nd and Diamond, last night, I was there. It was excellent. They had demolished a building. It may have been about two years ago. I don't know when the fence went in. It's a very effective fence. That's the reason I'm giving you the location.

And I would suggest that you look and

Fiscal Stability & Intergovernmental Cooperation see if that's the kind of fence that Councilman Nutter would feel is appropriate. It's a fairly high fence, it was newly painted, or it came new. It's a very attractive fence, and it adds a great deal.

And if I may ask one further question while we do that.

Is it a City policy that says when a house is demolished, the steps are to be retained? Because there are several houses in my area that I've noticed very recently. The houses were demolished, I assume correctly and probably under orders from L&I, but the steps are there leading into nowhere. It's a very eery kind of feeling as you pass by it.

And I wondered whether there's a change in City policy so that he who demolishes doesn't have to remove the steps, even though there's a lawn that suddenly leads to nothing.

MR. ROST: No, I'm not familiar with that policy.

COUNCILMAN COHEN: If you walk up the lawn and you don't watch, you'll slip down about eight feet.

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MR. ROST: No, I'm not familiar with that policy. As a matter of fact, when we demolish a building, we hope to demolish the entire building.

COUNCILMAN COHEN: Because if it was done by City contractors, I think somebody ought to follow through.

MR. ROST: Councilman, if your office would give me the addresses, we'll look into it and make sure that the job is completed.

COUNCILMAN COHEN: All right. I'm done, but I'm very glad you raised that question, Councilman Nutter.

COUNCILMAN NUTTER: So was I, Councilman.

COUNCILMAN COHEN: I yield back.

COUNCILMAN NUTTER: Thank you very much. I am finished.

PRESIDENT STREET: Is there any Member of Council that has any question for these witnesses or any other witness?

(No further questions from Council at this time.)

PRESIDENT STREET: Seeing none, then

Fiscal Stability & Intergovernmental Cooperation this Committee will stand in recess until the call of the Chair.

Tomorrow morning, at 9 o'clock, we will have the Council Committee of the Whole meeting, and I think we're scheduled to start our capital budgeting hearings at that time.

Thank you very much for coming.

(Adjourned at 5:15 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Tuesday, February 11, 1998 were reported and accurately by me, and that this is a correct transcript of same.

RE: COMMITTEE OF THE WHOLE

______________________________,

JOSEPHINE CARDILLO, RPR