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

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Room 696, City Hall
Philadelphia, Pennsylvania
May 13, 2003
2:48 p.m.

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RESOLUTION 030030 - 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 1004 through
2008...

- - -

PRESENT:
COUNCIL PRESIDENT ANNA C. VERNA, Chair
COUNCILWOMAN JANNIE BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

- - -

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I N D E X

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ROBERT DUBOW, Budget Director	3

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2 COUNCIL PRESIDENT Verna: The select
3 Committee on Fiscal Stability and Intergovernmental
4 Cooperation is now in Session regarding public
5 hearing on Resolution 030030.

6 I would ask Mr. McPherson to please read
7 the title of the Resolution.

8 THE CLERK: Resolution providing for the
9 approval of the Council of the City of Philadelphia
10 to revise Five-Year Financial Plan for City of
11 Philadelphia covering Fiscal Years 2004 through
12 2008.

13 COUNCIL PRESIDENT Verna: Thank you.

14 Anyone to testify on this Bill?

15 MR. DUBOW: Yes. Rob Dubow, Budget
16 Director, as you probably know by now.

17 We are recommending some changes to the
18 Five-Year Plan based on the amendments that we
19 proposed for the '04 budget. In the testimony of
20 the '04 budget, I ran through with you the increases
21 we were proposing. I'd also like to walk through
22 the decreases.

23 In total we were looking for \$108.6
24 million in funding over the life of the plan. That
25 was to pay for three things. One was the fire

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2 fighters award, the cost of that award that exceeded
3 what was exceeded in the Plan. There was 030073, it
4 was a wage tax reduction Bill. And the third was
5 the expenditures that we were proposing to add to
6 the plan. That totaled 108.6.

7 To pay for that there re a series of
8 actions that we put in the Plan. The first is
9 lowering our assumed growth in our Social Security
10 payments. We had assumed pay raises in that
11 projection but, as you know, in the Five-Year Plan
12 we don't assume pay raises. So we've now made that
13 assumption consistent with the pay raise portion of
14 the Plan.

15 The Plan originally assumed that the
16 prison census would be 8,000. It's been between
17 7100 and about 7400 for the last five or six months.
18 So we're taking that assumption down to 7500, our
19 census.

20 We're also reducing our indemnities
21 budget starting in '05, our disabilities budget
22 starting in '05. We're assuming that there's one
23 year of debt service on borrowing to expand the
24 Convention Center instead two as in the original
25 budget. We're reducing our vehicle acquisition

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2 budget which is consistent with our plan to reduce
3 the size of the fleet and we're reducing the ending
4 fund balance from just over 14 million to just under
5 4 million.

6 COUNCILWOMAN VERNA: Mr. Dubow, the
7 amendments that we have approved will be handled as
8 technical corrections?

9 MR. DUBOW: Yes.

10 COUNCILWOMAN VERNA: Councilman Nutter.

11 COUNCILMAN NUTTER: Thank you, Madam
12 Chair.

13 Mr. Dubow, do you have a document that
14 shows -- I know there was one handed out at the
15 budget meeting the other day, the much-discussed
16 budget meeting.

17 MR. DUBOW: There was a budget meeting?

18 COUNCILMAN NUTTER: Yeah, I heard about
19 it. You should have been invited.

20 Do you have a document that lays out
21 what you were just talking with us about with regard
22 to how you're dealing with --

23 MR. DUBOW: Yes, it should have been
24 distributed. There's a three-page document. It's
25 three tables. The first table is titled "City

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2 Council Requests for Additional Funding Recommended
3 Increases." The second page goes through the
4 adjustments.

5 COUNCILMAN NUTTER: Right. This is on
6 the Five-Year Plan?

7 MR. DUBOW: Yes.

8 COUNCILMAN NUTTER: Just tell me one
9 thing. What's the total cost of Bill 030073?

10 MR. DUBOW: \$44.9 million.

11 COUNCILMAN COHEN: What is that Bill?

12 COUNCILMAN NUTTER: Councilman, that's
13 the Bill that -- Mr. Dubow will correct me. This is
14 the Bill offered by Councilman Mariano that, I
15 believe -- this is the Bill that says if the real
16 estate tax revenues go up by more than 2 percent of
17 the previous year, the excess dollars are used to
18 reduce the resident wage tax rates. The cost of the
19 Bill over the Five-Year Plan is \$45 million.

20 Is that a correct explanation, Mr.
21 Dubow?

22 MR. DUBOW: Yes.

23 COUNCILMAN NUTTER: I guess what has
24 always kind of fascinated me about this is, how did
25 you out of no where found the dollars to be able to

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2 deal with a \$45 million Bill over the next few
3 years, but we could not figure out -- I'll even use
4 the number that you prefer -- figure out how to give
5 people an \$8 million relief in property taxes by way
6 of the 10 percent cap Bill. How is it that you
7 could find money to cover \$45 million but you
8 couldn't find money to cover 8?

9 Did I not ask for enough? Was the Bill
10 too cheap?

11 I'm just financially fascinated by how
12 you were able to do that.

13 MR. DUBOW: Well, we show here there are
14 a series of adjustments we made. They're not
15 without risk. We looked to places where we thought
16 that the risks were less than taking them from other
17 areas of the budget, and that's how we found the
18 money.

19 COUNCILMAN NUTTER: Maybe it's just
20 shear coincidence, but as I look at this chart, I
21 see that the savings in if FY '04 just happen to be
22 \$8.1 million. And obviously what we were talking
23 about in terms of the property tax issue was for the
24 current fiscal year. But I just wondered if, you
25 know, that same pencil sharpening had been done

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2 possibly for FY '03, we might have actually been
3 able to provide some amount of relief to people.
4 It's an interesting situation, where a \$45 million
5 Bill we can figure out how to adjust our Five-Year
6 Plan for that; but an \$8 million Bill, we couldn't
7 figure out to do that. It's interesting. I'd just
8 thought I'd ask the question. You're fine.

9 Thank you, Madam Chair.

10 COUNCILWOMAN VERNA: Thank you.

11 The Chair recognizes Councilman Cohen.

12 COUNCILMAN COHEN: Madam President, I
13 just can't resist the obvious. Obviously, ways can
14 be found to move around money, save money, make
15 adjustments wherever the Administration wants to. I
16 think the word "Administration" is a euphemism for
17 the Mayor. If the Mayor thinks a policy ought to
18 exist, he finds a way, whether he gets involved in a
19 \$300 million loan for the schools or for NTI or for
20 whatever purpose or for tax reduction. But if he's
21 not for it, it doesn't matter if it's only a few
22 thousand dollars there's no money for it. Wouldn't
23 that be an pretty accurate picture, Mr. Dubow?

24 MR. DUBOW: No, I don't think that's
25 accurate.

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2 COUNCILMAN COHEN: Well, tell me what
3 you think is accurate.

4 MR. DUBOW: I think a lot of what we've
5 added to the '04 budget and to the Plan was as a
6 direct result of requests from City Council. You
7 asked us to go back to the commissioners; we did.
8 We added funding. You asked us to go back to Clerk
9 of Quarter Sessions, and we did and added funding.
10 The same for the BRT, the same for the Cultural
11 Fund, the same for the Recreation Activities Fund.
12 The ordinance that reduce the wage tax was a City
13 Council ordinance; it wasn't an Administration. So
14 I actually say the bulk of what we found here was to
15 pay for things that Council proposed, not that the
16 Administration proposed.

17 COUNCILMAN COHEN: Well, I congratulate
18 the Mayor. Without debate with anybody, without
19 telling anybody in advance, he suddenly announces
20 huge grants of money, Safe Streets, NTI, loans of
21 all kinds involving hundreds of millions of dollars.
22 And then he has squabble over a few thousand dollars
23 in City Council. I think it satisfies a macabre
24 interest in showing that City Council's not capable
25 of dealing with big problems, therefore they

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2 squabble about a few hundred thousand dollars while
3 the Mayor worries only about hundreds of millions.
4 And I think that's the story today. Thank you Madam
5 President.

6 MR. DUBOW: I think there's actually
7 over the life of the Plan well over \$50 million of
8 things that came from Council, so I don't agree with
9 your characterization.

10 COUNCILMAN COHEN: Good try, Mr. Dubow.
11 Thank you, Madam President.

12 COUNCIL PRESIDENT Verna: Thank you.

13 Are there any other questions or
14 comments from Members of the Committee?

15 (No response.)

16 COUNCIL PRESIDENT Verna: Do we have
17 anyone else to testify?

18 (No response.)

19 COUNCIL PRESIDENT Verna: Seeing none,
20 the Chair recognizes Councilwoman Tasco for a motion
21 on Resolution No. 030030.

22 COUNCILWOMAN TASCO: Madam President, I
23 move that Resolution 030030 be reported out of
24 Committee with a favorable recommendation.

25 COUNCIL PRESIDENT Verna: Do I hear a

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2 second?

3 (Duly seconded.)

4 COUNCILWOMAN VERNA: It has been moved
5 and seconded that Resolution No. 030030 be reported
6 out of Committee with favorable recommendation.

7 All in favor will signify by saying aye.

8 (Aye.)

9 COUNCIL PRESIDENT VERNA: Those opposed?

10 The ayes have it and the Resolution will
11 be reported out of Committee with a favorable
12 recommendation.

13 (Council adjourned at 3:00 p.m.)

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RE: COMMITTEE ON FISCAL STABILITY AND

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INTERGOVERNMENTAL COOPERATION

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Lisa C. Bradley, RPR
and Notary Public

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