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COUNCIL OF THE CITY OF PHILADELPHIA

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COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, February 16, 2006
1:35 p.m.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, CHAIR

COUNCILWOMAN BLONDELL REYNOLDS BROWN

COUNCILMAN W. WILSON GOODE, JR.

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COUNCILMAN BRIAN J. O'NEILL

COUNCILMAN JUAN RAMOS

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BILL 050371 - An ordinance amending Section
19-203 of The Philadelphia Code, entitled
"Payroll Deductions"...

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BILL 050661 - An ordinance authorizing the
creation of a loan or loans to provide funds
for and toward various capital municipal
purposes; authorizing the Mayor, City
Controller and City Solicitor or a majority of
them to sell bonds at public or private
negotiated sale...

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BILL 060015 - An ordinance amending Chapter
19-200 of The Philadelphia Code, entitled
"City Funds - Deposits, Investments,
Disbursements," by clarifying the requirements
for city depositories.

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COUNCILWOMAN BLACKWELL: Good

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afternoon. What a great crowd. This

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must be the post Valentine's Day group.

5

At any rate, thank you all for

6

being here. We will now -- we're one

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short. We have to wait. Sorry to hold

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everybody up. I hope we go quickly. I

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have a PHA Board meeting at 2:00. I'd

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like to be able to do all these things we

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have to do all at the same time.

12

(Pause.)

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COUNCILWOMAN BLACKWELL: Thank

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you very much. We will now convene the

15

Committee on Finance with regard to three

16

bills that we'll hear today.

17

We have a quorum present. To

18

my right, on the end is Councilman Juan

19

Ramos. Next to him, Councilman Brian

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O'Neill. To my left, Councilman W.

21

Wilson Goode, Jr., and to his left, the

22

Honorable Blondell Reynolds Brown, who is

23

Vice Chair of this Committee.

24

We will ask the Clerk to read

25

the title of the first bill listed on the

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 Calendar, which is Bill No. 050371

3 dealing with the Firefighters PAC. And

4 if you are here, would you please come

5 forward, those who will testify.

6 Thank you very much. I see my

7 friends Les Yost and Bill Dell. I know

8 it's a good day when you're here. Thank

9 you.

10 Clerk.

11 THE CLERK: Bill 050371, an

12 ordinance amending Section 19-203 of The

13 Philadelphia Code, entitled "Payroll

14 Deductions," by adding a new subsection

15 permitting City employees, who are

16 bargaining unit members of Firefighters'

17 Local 22, to authorize payroll deductions

18 for contributions to FIREPAC, all under

19 certain terms and conditions.

20 COUNCILWOMAN BLACKWELL: Thank

21 you very much.

22 Welcome. Thank you for being

23 here and we welcome your testimony.

24 MR. McBRIDE: Thank you,

25 Councilwoman.

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 COUNCILWOMAN BLACKWELL:

3 Certainly.

4 MR. McBRIDE: Honorable members
5 of Council, my Union sisters and
6 brothers, my fellow citizens, good
7 afternoon. My name is Brian McBride. I
8 am a Fire Lieutenant and a proud 30-year
9 veteran of the Philadelphia Fire
10 Department. I am also honored to serve
11 as President of the International
12 Association of Firefighters Local 22, the
13 Union that represents the 2,200 active
14 Firefighters and Paramedics who risk
15 their lives daily in order to serve the
16 citizens of Philadelphia.

17 I appear today before this
18 Honorable Council to request that Council
19 amend Section 19-203 of The Philadelphia
20 Code to permit Firefighters and
21 Paramedics to authorize voluntary payroll
22 deductions for contributions to FIREPAC,
23 a political action committee that is
24 intended to promote public awareness and
25 support of the issues related to the

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 health and safety of the City's
3 Firefighters, Paramedics and citizens.

4 FIREPAC is funded primarily
5 through voluntary contributions made by
6 active and retired Philadelphia
7 Firefighters and Paramedics, which
8 activities are protected under the First
9 Amendment of the United States
10 Constitution. This freedom of expression
11 was confirmed in federal court as a
12 result of litigation initiated by Local
13 22 in 2002.

14 City Code Section 19-203
15 currently permits employees to make
16 voluntary contributions via payroll
17 deduction to a wide variety of
18 organizations, including labor
19 organizations, relief associations,
20 credit unions, pension funds and
21 insurance companies. In fact, Section
22 19-203 already permits deductions for
23 contributions to a political action
24 committee that is administered by AFSCME
25 District Council 47. Thus, the proposed

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 amendment would simply provide the
3 Firefighters and Paramedics with the same
4 payroll deduction privilege that is
5 already provided to other City employees.

6 It is the Union's position that
7 amending Section 19-203 to add FIREPAC is
8 not only a matter of basic fairness to
9 Firefighters and to Paramedics. We also
10 believe that amending the Code will
11 improve the level of public discourse on
12 issues related to emergency services in
13 our City by facilitating the involvement
14 of the men and women who actually provide
15 these services to the citizens of
16 Philadelphia. We believe that such
17 involvement will result in a more
18 informed and hopefully better-served
19 public, and we ask that this Honorable
20 Council help to improve the public
21 discourse on these issues by passing the
22 proposed amendment.

23 This completes my testimony.
24 On behalf of over 4,000 retired and
25 active Philadelphia Firefighters, members

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 of Local 22, I wish to thank each and
3 every Councilmember for your time and
4 attention to this matter, as well as for
5 your longstanding support of the men and
6 women of the Philadelphia Fire Department
7 who risk their personal safety each and
8 every day in order to protect the lives
9 and property of the Philadelphia
10 citizens.

11 Thank you.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much. We thank you as well and
14 all who are here. We see people from
15 across the board, Eugene Blagmon, we see
16 Tom Cronin and all of our friends who are
17 here across the City who do such a great
18 job.

19 Are there any questions or
20 statements from members of the Committee?

21 (No response.)

22 COUNCILWOMAN BLACKWELL: Thank
23 you. We're fine.

24 COUNCILMAN O'NEILL: That means
25 support, I think.

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 COUNCILWOMAN BLACKWELL:

3 Absolutely.

4 We will do the third bill
5 listed, Ordinance No. 060015, and we ask
6 the Clerk to read the title of the bill.

7 THE CLERK: Bill 060015, an
8 ordinance amending Chapter 19-200 of The
9 Philadelphia Code, entitled "City Funds -
10 Deposits, Investments, Disbursements," by
11 clarifying the requirements for City
12 depositories.

13 COUNCILWOMAN BLACKWELL: Thank
14 you.

15 Is there anyone here to testify
16 on this bill?

17 City Treasurer. Thank you.
18 Welcome. Thank you very much. Please
19 identify yourself to the record and begin
20 your testimony.

21 MR. NACCHIO: Sure.

22 COUNCILWOMAN BLACKWELL: Thank
23 you.

24 MR. NACCHIO: Good afternoon,
25 Madam Chairman and members of the

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 Committee on Finance. I am John Nacchio,
3 the City Treasurer for Philadelphia. I
4 appreciate the opportunity to testify
5 before you on matters related to City
6 depositories and financial institutions
7 authorized to accept City deposits.

8 I remind the Council that the
9 principal functions of the City
10 Treasurer's Office is to administer the
11 disbursement and distribution of printed
12 checks that includes the coordination of
13 associated forms of electronic payment
14 processes. This function is in addition
15 to managing the City's cash in order to
16 provide daily liquidity in a variety of
17 bank accounts to cover the disbursed
18 payments while simultaneously working to
19 maximize the daily investment of excess
20 cash reserves. The City Treasurer's
21 principal objective is to protect and
22 grow the financial assets of the City.

23 On December 1, 2005, the City
24 Council of Philadelphia approved a
25 resolution, resolving that the Office of

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 the City Treasurer shall commission an
3 annual study of lending disparities by
4 City depositories and produce a report
5 deliverable to the Mayor and to the City
6 Council. The annual report shall include
7 a comprehensive analysis of home lending,
8 small business lending and branch
9 patterns, as well as the measurement of
10 the community reinvestment and fair
11 lending performance of banks receiving
12 City deposits. Please be advised that as
13 of the date of this testimony, funds are
14 not available to the City Treasurer's
15 Office in the FY2007 requested budget
16 appropriation for this study, as approved
17 by City Council.

18 The City Treasurer has no
19 objection to the request annually that
20 City depositories that are authorized
21 under Section 19-201 certify compliance
22 with Section 17-104 of The Philadelphia
23 Code and provide a long-term strategic
24 plan that addresses how the depositories
25 will match or exceed peer lending

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 performance to address disparities in its
3 lending and investment activities for the
4 July 1st of each year certification to
5 the President of City Council.

6 That concludes my testimony.
7 Do you have any questions?

8 COUNCILWOMAN BLACKWELL: Thank
9 you very much.

10 Questions or statements from
11 members of the Committee?

12 Councilman Goode.

13 COUNCILMAN GOODE: Thank you,
14 Madam Chair.

15 Mr. Nacchio, thank you for your
16 testimony. Just a real simple question.
17 On the matter of the cost of the report,
18 is that something that you're going to
19 request or we should request at the time
20 of your budget hearing, or how would you
21 like to handle that?

22 MR. NACCHIO: For the funding
23 aspect?

24 COUNCILMAN GOODE: Yes, of the
25 report. For the record, the study cost

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 us \$35,000 for the analysis of one year's
3 data. Council bought two years' worth of
4 data, 2003, 2004. What we need is data
5 for 2005, which is not yet available.
6 What we basically need is an amount
7 sufficient for one year's data within the
8 budget. It only cost us \$35,000. I'm
9 sure that will be negotiable. I don't
10 know if that's a nominal fee or if that's
11 something that we need to deal with
12 through budget testimony.

13 MR. NACCHIO: As part of my
14 preparation for the budget, I will make
15 the Budget Director aware of the amount
16 and the need for this contract.

17 COUNCILMAN GOODE: Thank you.

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much.

20 Are there other questions or
21 concerns from members of the Committee?

22 (No response.)

23 COUNCILWOMAN BLACKWELL: Thank
24 you.

25 We'll now ask the Clerk to read

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 the title of the third bill on our
3 agenda, Bill No. 050661, dealing with the
4 Capital Budget. And would those who are
5 here to testify feel free to come forward
6 as he reads that bill. Thank you.

7 THE CLERK: 050661, an
8 ordinance authorizing the creation of a
9 loan or loans to provide funds for and
10 toward various capital municipal
11 purposes; authorizing the Mayor, City
12 Controller and City Solicitor, or a
13 majority of them, to sell bonds at public
14 or private negotiated sale.

15 MR. JANNETTI: Good afternoon,
16 Councilwoman Blackwell and members of the
17 Finance Committee. My name is Vince
18 Jannetti. I'm the Director of Finance
19 for the City. With me are various
20 officials from the Finance Director's
21 Office and the Capital Budget Office. I
22 am here today to testify on behalf of
23 Bill No. 050661, which was introduced on
24 June 16, 2005, and to testify in support
25 of this bill.

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 The purpose of this bill is to
3 obtain approval from City Council to
4 place a loan authorization question on
5 the Primary Election Ballot on Tuesday,
6 May 16, 2006. The loan question requests
7 an increase in indebtedness from the
8 electorate in an amount not to exceed
9 \$69,680,000 to fund the City's fiscal
10 year 2006 Capital Budget. State law
11 requires the City to place a question
12 before the electorate during an election
13 to increase its borrowing authority.

14 The loan authorization, if
15 approved, would finance capital projects
16 classified for the following purposes and
17 in the following amounts: For Transit
18 projects, \$5,067,000; for Streets and
19 Sanitation projects, \$17,678,000; for
20 Municipal Buildings, \$25,738,000; Parks
21 and Recreation and Museums, \$17,558,000;
22 and for Economic and Community
23 Development, \$3,639,000.

24 In order to provide appropriate
25 time to advertise and print the ballot

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 question to ensure that it is placed on
3 the May 16, 2006 Primary Ballot, the bill
4 should be enacted no later than March 16,
5 2006. The City Commissioners need to
6 have a certified copy of the Loan
7 Authorization ordinance and ballot
8 question by March 30, 2006.

9 Finally, attached as part of
10 this testimony is the proposed ballot
11 question requesting loan authorization
12 from the electorate of the City.

13 This concludes my written
14 testimony. I also request that the rules
15 of Council be suspended to allow for
16 first reading at the next meeting of
17 Council.

18 I'd be happy to answer any
19 questions Council might have at this
20 time.

21 COUNCILWOMAN BLACKWELL: Thank
22 you very much, Mr. Jannetti.

23 Councilman O'Neill.

24 COUNCILMAN O'NEILL: Yes.

25 Mr. Jannetti, I'm fairly

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 familiar with this issue, and I just
3 wanted to know if you're aware that the
4 Administration originally reduced in the
5 Capital Budget of '06 the recreation
6 amount that Councilmembers have control
7 of from 12 million to 5 million. It was
8 put back in by amendment. The budget was
9 signed, but my understanding is, there's
10 been no agreement on whether the Capital
11 Projects Office will be authorized to
12 spend the 12 million as opposed to the 5,
13 and that we don't have any agreement on
14 that yet, and doing this act, which
15 you're requesting, would then be
16 premature.

17 Is there an agreement that I'm
18 not aware of?

19 MR. JANNETTI: Councilman, is
20 that on the '05?

21 COUNCILMAN O'NEILL: Let me go
22 back to '05 just to give you some
23 perspective.

24 In '05, the same issue
25 occurred, and the budget was reduced by

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 the Administration from the 12 million to
3 the 5 million. It was amended back in by
4 Council, signed by the Mayor at the \$12
5 million level. Council then authorized
6 the bond question assuming that the \$12
7 million, since the Mayor had signed the
8 budget with the amendment, would be
9 spent, and we were told, with Mr. Tustin
10 sitting here from the Capital Projects
11 Office, that the Administration told
12 him -- and he works for the
13 Administration -- that we can only spend
14 a half a million dollars a district, or
15 \$5 million. That's the '05 budget.

16 So having been burned once, we
17 did not want to put the ballot question
18 on for '06 until we've got an
19 understanding, an ironclad understanding,
20 that the \$12 million that was approved in
21 the budget, signed by the Mayor, will be
22 spent by the Capital Projects Office.
23 And if there had been those discussions
24 further, since the budget passed and
25 since we missed the deadline in November,

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 I think this is premature today, but if
3 you have something to clarify that, I'd
4 love to hear it.

5 MR. JANNETTI: Well,
6 Councilman, I'm told that the additional
7 \$7 million is in the Parks and Recreation
8 line.

9 COUNCILMAN O'NEILL: Well, it
10 was in last year, too, and it still is.
11 There's \$7 million that isn't allowed to
12 be spent from the '05 approved bond
13 issue.

14 MR. JANNETTI: But that
15 authorization is still there for last
16 year.

17 COUNCILMAN O'NEILL: The
18 authorization is there, but if Mr. Tustin
19 isn't allowed to spend it, it doesn't
20 really matter if it's there, because the
21 Administration controls what he's allowed
22 to process. So I've had many meetings on
23 this, and I respect his position. He's
24 not going to make the decision. He's
25 going to follow instructions. And I can

1 2/16/06 - FINANCE - BILL 050371, ETC.
2 assure you that -- no one wants to hold
3 up the ballot question, unless we're
4 going to be back where we were a year
5 ago. We still haven't resolved '05. '05
6 has \$7 million authorized by the voters,
7 unauthorized by the Administration to
8 spend.

9 MR. JANNETTI: The key thing --
10 (Discussion amongst
11 Councilmembers.)

12 COUNCILMAN O'NEILL: Do you
13 have to confirm that, Mr. Jannetti?

14 MR. JANNETTI: I was about to
15 say for me the key thing is that the
16 money is in the authorization.

17 COUNCILMAN O'NEILL: Right, but
18 last year's is, too, the '05, and we are
19 not allowed to spend that. Is that your
20 understanding?

21 Does CPO work under Finance or
22 under the Managing Director?

23 MR. JANNETTI: No; under the
24 Managing Director.

25 COUNCILMAN O'NEILL: Can you

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 verify that information for the record?

3 MR. JANNETTI: Sure.

4 (Discussion amongst
5 Councilmembers.)

6 COUNCILWOMAN BLACKWELL: Please
7 forgive the delay.

8 MR. JANNETTI: No problem.

9 COUNCILWOMAN BLACKWELL: Thank
10 you very much.

11 Are there any other questions
12 or concerns from members of the
13 Committee?

14 (No response.)

15 COUNCILWOMAN BLACKWELL: Seeing
16 none, this will end our hearing part of
17 this, our gathering, and we will enter
18 into the stated meeting.

19 MR. JANNETTI: Thank you, Madam
20 Chair.

21 COUNCILWOMAN BLACKWELL: Thank
22 you.

23 The Chair recognizes Councilman
24 O'Neill for a motion with regard to Bill
25 No. 050371.

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 COUNCILMAN O'NEILL: Madam
3 Chair, I move that Bill No. 050371 be
4 reported out of this Committee with a
5 favorable recommendation and a further
6 recommendation that the rules of Council
7 be suspended at the next session.

8 (Duly seconded.)

9 COUNCILWOMAN BLACKWELL: It has
10 been moved and seconded that Bill No.
11 050371 be reported out of Committee with
12 a favorable recommendation and,
13 furthermore, that the rules of Council be
14 suspended so as to permit first reading
15 at our next session of Council.

16 All in favor will say aye.

17 (Aye.)

18 COUNCILWOMAN BLACKWELL: The
19 ayes have it, and so it passes.

20 The Chair recognizes Councilman
21 Goode with regard to Bill No. 060015.

22 COUNCILMAN GOODE: Thank you,
23 Madam Chair. I move that Bill 060015 be
24 reported out of Committee with a
25 favorable recommendation and that the

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 rules of Council be suspended so as to
3 permit first reading at our next Council
4 session.

5 (Duly seconded.)

6 COUNCILWOMAN BLACKWELL: It has
7 been moved and seconded that Bill No.
8 060015 be reported out of Committee with
9 a favorable recommendation and,
10 furthermore, that the rules of Council be
11 suspended so as to permit first reading
12 at our next session of Council.

13 All in favor will say aye.

14 (Aye.)

15 COUNCILWOMAN BLACKWELL:

16 Opposed?

17 (No response.)

18 COUNCILWOMAN BLACKWELL: The
19 ayes have it, and so the bill passes.

20 With regard to Bill No. 050661,
21 this bill will be referred to our next
22 Council Finance hearing on March 6th at
23 11:00 a.m. so that we may try to resolve
24 this issue dealing with the Recreation
25 Department monies allotted and monies

1 2/16/06 - FINANCE - BILL 050371, ETC.

2 spent. So that will be heard, along with
3 our PGW hearing on that date, March 6th
4 at 11:00 a.m.

5 This Committee hearing then is
6 recessed until that date for that one
7 bill. The others are passed out.

8 Thank you, everyone.

9 (Committee on Finance adjourned
10 at 2:00 p.m.)

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CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

7

foregoing matter on February 16, 2006, and

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that this is a true and correct transcript of

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same.

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MICHELE L. MURPHY

17

RPR-Notary Public

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