

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING AND PUBLIC MEETING
4 BEFORE THE COUNCIL COMMITTEE ON FINANCE

5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Monday, April 12, 1999
9 11:10 a.m.
10 - - -

11 BILL 990116 - An ordinance amending Chapter
12 19-2400 of The Philadelphia Code, entitled "Hotel
13 Room Rental Tax," by providing for an additional
14 excise tax on hotel room rentals, and designating
15 the expenditures for which such tax will be used,
16 under certain terms and conditions.

17 PRESENT: COUNCILWOMAN JANNIE BLACKWELL, Chair
18 COUNCIL PRESIDENT ANNA CIBOTTA VERNA
19 COUNCILMAN AUGUSTA CLARK
20 COUNCILMAN JAMES KENNEY
21 COUNCILWOMAN MARIAN B. TASCO
22 COUNCILMAN MICHAEL A. NUTTER
23 COUNCILMAN ANGEL L. ORTIZ
24 COUNCILMAN FRANK DICICCO
25 COUNCILMAN BRIAN J. O'NEILL

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6 Dean Kaplan, Budget Director 10
7 City of Philadelphia

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10 Meryl Levitz, President and CEO. 33
11 Greater Philadelphia Tourism and Marketing
12 Corporation

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2 P.R. O C C E E D I N G S

3 COUNCILWOMAN BLACKWELL: Good morning.

4 We would like to begin our committee hearing on
5 Bill No. 990116, the hotel tax bill.

6 The committee hearing will now begin.

7 We would certainly invite any Councilmembers who
8 are in their offices who would like to be a part
9 of this or committee memories to please come into
10 the chambers.

11 The clerk will please read the title of
12 the bill.

13 THE CLERK: Amending Chapter 19-2400 of
14 The Philadelphia Code, entitled "Hotel Room Rental
15 Tax," by providing for an additional excise tax on
16 hotel room rentals, and designating the
17 expenditures for which such the tax will be used,
18 under certain terms and conditions.

19 COUNCILWOMAN BLACKWELL: Thank you.

20 The Chair will note for the record that
21 we have a quorum. We thank President Verna
22 certainly for her attendance, who is to my left,
23 Councilwoman Tasco, Councilman O'Neill. Certainly
24 to my right, Councilman Nutter, and we note that
25 Councilman DiCicco is here, who is also available

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2 for purposes of a quorum. Also, Councilman
3 Ortiz. And we thank them very much.

4 We would now like to begin with your
5 first witness, Meryl Levitz, CEO and President of
6 the Greater Philadelphia Tourism and Marketing
7 Corporation. Please identify yourself.

8 I'm sorry, Dean Kaplan, I see you as
9 well. Thank you. And I'm told that Nancy
10 Kammerdeiner, Revenue Commissioner, will begin
11 testimony.

12 Please identify yourself again for the
13 record and begin.

14 MS. KAMMERDEINER: Good morning,
15 Councilwoman Blackwell and members of the Finance
16 Committee.

17 COUNCILWOMAN BLACKWELL: Good morning.

18 MS. KAMMERDEINER: My name is Nancy
19 Kammerdeiner, I'm the Revenue Commissioner for the
20 City of Philadelphia. And I'm here today to
21 testify in support of Bill No. 990116 and to
22 request your favorable consideration of an
23 amendment to this bill.

24 Bill No. 990116 will amend Chapter
25 19-2400 of The Philadelphia Code entitled "Hotel

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2 Room Rental Tax." It will provide for an
3 additional excise tax on hotel rentals to be known
4 as the "tourism and marketing tax."

5 This tax was authorized by
6 State-enabling legislation signed by Governor
7 Ridge in December 1998. It will be levied at the
8 rate of 1 percent on the consideration that hotel
9 operators receive from each transaction of renting
10 a room or rooms to accommodate transients. The
11 tax will be collected by the operator from the
12 patron who rents the room and will be paid to the
13 City.

14 The funds that the City receives from
15 this tax will be deposited in a special fund for
16 the use of the regional attractions marketing
17 agency known as "The Greater Philadelphia Tourism
18 and Marketing Corporation," GPTMC. They will use
19 the funds generated by this tax to advertise and
20 publicize tourist attractions in the Greater
21 Philadelphia area, and I'm sure you'll hear more
22 about that from them.

23 As drafted, this bill would be
24 effective immediately after approval by City
25 Council and the Mayor.

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2 I propose that the provision which
3 appears as Section 2 in the proposed ordinance be
4 amended to read instead that this ordinance shall
5 be effective July 1, 1999. The amendment that I'm
6 proposing would provide a date certain for the
7 implementation of the tax, and permit both the
8 City and the hotel operators to properly prepare
9 for its implementation.

10 Any tax change requires planning and
11 communication, and to be effective, needs to have
12 a certain date for its implementation. In the
13 case of this hotel tax, the Department of Revenue
14 must provide instructions, worksheets, and payment
15 coupons to the hotels, and must make some computer
16 changes to properly record the tax. But probably
17 more importantly, the hotels need to do a good bit
18 at their end. They need to reprogram their
19 systems to collect and remit the correct rate of
20 tax, and they need to develop and implement
21 communication programs to ensure that all of their
22 staff are properly informed about the tax, its
23 purpose, its timing, and when it will take effect,
24 so that there aren't any problems at the hotel's
25 end in the implementation of the collection of the

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2 tax.

3 If this committee amends the bill and
4 reports it out of committee with a favorable
5 recommendation, and then it's, of course, approved
6 by the full Council, a July 1, 1999 effective date
7 would allow the time necessary for his planning
8 and communication so that we have a smooth
9 implementation of the tax.

10 Therefore, I would again request your
11 favorable consideration of the amendment that
12 would make the bill effective on July 1, 1999, and
13 recommend your approval of the amended bill.

14 For your information, I do have copies
15 here of the suggested amendment.

16 COUNCILWOMAN BLACKWELL: Thank you very
17 much.

18 The Chair also notes the presence of
19 Councilman Jim Kenny at the hearing and
20 Councilwoman Clark also. To my extreme left is
21 Councilwoman Clark. Thank you very much.

22 Commissioner, what is the expected
23 revenue that will be collected from this tax?

24 MS. KAMMERDEINER: Based on the revenue
25 we currently receive from the 6 percent hotel tax,

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2 we would expect the revenue to be in the vicinity
3 of \$3 million per year.

4 COUNCILWOMAN BLACKWELL: \$3 million per
5 year?

6 MS. KAMMERDEINER: Yes.

7 COUNCILWOMAN BLACKWELL: Councilwoman
8 Clark, are you piggybacking on part of this
9 question before I continue?

10 COUNCILWOMAN CLARK: Thank you. What
11 would be the increase?

12 MS. KAMMERDEINER: It's a 1 percent
13 tax, 1 percent. So right now, we collect a
14 6 percent tax for hotel occupancy, and this would
15 be an additional 1 percent.

16 COUNCILWOMAN CLARK: Okay. So it takes
17 the tax from 6 percent to 7 percent.

18 MS. KAMMERDEINER: Correct.

19 COUNCILWOMAN CLARK: But at the
20 6 percent rate, what did the tax yield, and what
21 is the expected yield under the new rate?

22 MS. KAMMERDEINER: Okay, just getting
23 some numbers in front of me here.

24 In Fiscal '99, we project that the 6
25 percent tax will total about \$20 million. And

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2 based on those projections, we would expect that
3 the new 1 percent tax would yield approximately
4 \$3 million per year.

5 COUNCILWOMAN CLARK: So it's
6 23 million.

7 MS. KAMMERDEINER: So it's
8 approximately 23 million, but this 3 million has
9 -- according to the proposed legislation, is
10 targeted for the specific use of the regional
11 marketing agency, GPTMC. The other 6 percent is
12 divided between the Visitors Bureau and the
13 Convention Center.

14 COUNCILWOMAN CLARK: Is it a dedicated
15 funding stream?

16 MS. KAMMERDEINER: I'm sorry?

17 COUNCILWOMAN CLARK: So it becomes a
18 dedicated funding stream?

19 MS. KAMMERDEINER: Yes, it's a
20 dedicated fund for the regional marketing, and
21 that's in accordance with the State-enabling
22 legislation that we are using as the authorization
23 for levying this tax.

24 COUNCILWOMAN CLARK: I yield back,
25 Madam Chair.

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2 COUNCILWOMAN BLACKWELL: Thank you.

3 The money -- that part of the hotel tax
4 now, is any of that earmarked for these purposes
5 for advertising as this bill is?

6 MS. KAMMERDEINER: I don't believe any
7 of it goes for this type of regional marketing and
8 advertisement. As I mentioned, some of it goes to
9 the support of the Pennsylvania Convention Center,
10 and some of it goes to the Visitors Center. I
11 believe Dean Kaplan can amplify on that.

12 MR. KAPLAN: Dean Kaplan, the City's
13 Budget Director.

14 As members of the committee know, over
15 the past several years, GPTMC has been supported
16 jointly by the Commonwealth, the City, and the Pew
17 Charitable Trusts, and Meryl Levitz, the President
18 and CEO of GPTMC, will speak about that a bit
19 further in her testimony.

20 But in the past three years, Council
21 and the Administration have worked together to
22 provide a separate non-hotel tax-related subsidy
23 for regional advertising. And, again, they will
24 speak a bit about the impact of that.

25 The goal of the State-enabling

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2 legislation, as I understand it, and our
3 legislation which follows that, is to create, as
4 one of the members dedicated, a dedicated funding
5 stream so that we would not be in the position of
6 trying to put in ad hoc appropriations for them,
7 and that they would have a reasonable ability to
8 project going into the future what their budget
9 would be and how much would be available for this
10 sort of promotion.

11 COUNCILWOMAN BLACKWELL: Commissioner,
12 you said that the money collected now goes for the
13 Convention Center and the Business Tourist Center?

14 MS. KAMMERDEINER: The Convention and
15 Visitors Bureau.

16 COUNCILWOMAN BLACKWELL: Convention and
17 Visitors Bureau. Thank you.

18 Councilman O'Neill and then Councilman
19 Nutter.

20 COUNCILMAN O'NEILL: Commissioner, the
21 projection of \$3 million additional from the
22 1 percent, does that go up significantly in the
23 year 2000, 2001 with the additional hotel rooms,
24 that projection?

25 MS. KAMMERDEINER: Well, it would go up

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2 as the revenue from hotel increases.

3 COUNCILMAN O'NEILL: Right. And what
4 is your projections for those two years?

5 MS. KAMMERDEINER: We have not yet made
6 a projection on that.

7 COUNCILMAN O'NEILL: Has anybody? Mr.
8 Kaplan?

9 MR. KAPLAN: We haven't made a detailed
10 projection room by room, but we have assumed -- as
11 you'll note, there's been quite a bit of debate in
12 the City as to whether -- how many of those
13 additional rooms will be occupied, and the fact
14 that we actually have more room still means that
15 you need people to fill them.

16 COUNCILMAN O'NEILL: But assuming even
17 the pessimistic outlook -- more pessimistic rather
18 than more optimistic -- I mean, there's got to be
19 some projection.

20 MR. KAPLAN: The way the Five-Year Plan
21 is structured currently, it assumes that that kind
22 of -- the level of the receipts that we've gotten
23 in the last several years where we exceeded our
24 projections slightly -- for example, as the
25 Commissioner mentioned, this year, we have

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2 projected about 18 million; we're probably going
3 to be closer to 20.

4 That becomes very difficult kind of in
5 the out-years of the plan, because even though
6 conventions are booked several years in advance,
7 really beyond about three years, the numbers are
8 much more of an estimate.

9 So over the plan, probably closer in,
10 we're expecting maybe a little bit higher return;
11 farther out, probably more than what the historic
12 return has been.

13 COUNCILMAN O'NEILL: But don't we have
14 65 percent more inventory of downtown hotel rooms
15 coming on board just in the next two years? Is
16 that --

17 MR. KAPLAN: I don't -- that sounds --
18 you'd have to ask the hotel --

19 COUNCILMAN O'NEILL: There seems to be
20 a lot of rooms to not be -- being optimistic about
21 it in terms of the. . .

22 Now, you may only have that built in to
23 your --

24 MR. KAPLAN: Well, we have assumed
25 significant growth as it is, yeah.

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2 COUNCILMAN O'NEILL: But assuming --
3 okay. You have a -- just assume you're at
4 20 million growth for the next 5 years. Taking
5 that and then transferring that percentage growth
6 to the 3 million, what do we get?

7 MR. KAPLAN: I don't have the number
8 with me, but I can provide that to you.

9 COUNCILMAN O'NEILL: One last question,
10 and maybe this is better addressed to Mr. Kaplan.

11 At some point, hopefully, in the next
12 year or so, we're going to be very seriously
13 engaged with the State in addition to the
14 Convention Center. We're going to need a whole
15 lot of that money from the State. But based on
16 history, the State is not going to give us
17 everything without some local share.

18 Other than taking a percentage of the
19 hotel tax or adding a percentage of the hotel tax,
20 what other options do we have for creating a local
21 match or a local share? I shouldn't say "match"
22 -- it better not be a match, but a local share
23 for that kind of effort.

24 'Cause 14 percent kind of gets with
25 your sales tax and you could see us pushing even

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2 further than that if there's an addition, or is
3 there some other way of -- 'cause I'm sure you're
4 all thinking about this at the same time.

5 MR. KAPLAN: Yeah, I think that there
6 been a fair amount of discussion about the idea
7 that we're fairly close to the end of the road on
8 where you can push the hotel tax without creating
9 a kind of resistance and a loss in terms of
10 competitors, both in the region and more
11 especially in similar cities.

12 Nonetheless, clearly, a very small
13 increment in that area is a small possibility. I
14 think looking at some of the other revenue streams
15 that are kicked off by increased convention
16 business or other possibilities, and then the --
17 you know, exactly how we share those expenses with
18 the State may be 00 given multiplicity of our
19 relationship with them may be another area for
20 that.

21 The real issue is also the timing. I
22 mean, in terms of if we were to engage in a
23 discussion, as you're suggesting seriously next
24 year, we may have a couple more years to get a
25 sense of where the tax is actually going to land,

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2 what the impact of the additional hotel rooms are
3 going to be, and post-Convention, what our kind of
4 baseline is going to be in the future, which will
5 give us, I think, a better ability to answer that
6 question.

7 But those are the kinds of areas we'll
8 probably look at.

9 COUNCILMAN O'NEILL: Okay. How much in
10 the past, since the Tourism and Marketing Bureau
11 was established, how much has the City's share
12 been with the State and Pew?

13 MR. KAPLAN: Meryl can correct me if
14 I'm wrong here, but the way the arrangement worked
15 was, our share -- and I believe this also goes for
16 the State's share, they both started out in Year 1
17 as half a million dollars; in Year 2, it was a
18 million; and in Year 3, it was a million and a
19 half.

20 The Pew Charitable Trust was the
21 reverse of that; they started out at a million and
22 a half -- I'm sorry. They started out at 3, then
23 went to 2, and then 1.

24 COUNCILMAN O'NEILL: Okay.

25 MR. KAPLAN: So that the total was more

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2 or less the same each year, but we reversed the
3 local.

4 Basically what Pew is doing, obviously,
5 is providing incentive for the State and the City
6 to get into the business. So this would kind of
7 formalize our contribution.

8 COUNCILMAN O'NEILL: Is our million and
9 a half still in there, or has that been pulled
10 back and replaced with the 1 appears? That was
11 general --

12 MR. KAPLAN: Yeah, our actual
13 contributions were, I believe, for calendar '96,
14 '97, and '98. So GPTMC is actually -- although
15 undoubtedly, they have some residual funds from
16 that effort, I mean, essentially, our contribution
17 kind of ran out December 31st.

18 COUNCILMAN O'NEILL: Right. But it was
19 but General Fund money?

20 MR. KAPLAN: Yes.

21 COUNCILMAN O'NEILL: Okay. And the
22 contemplation was that the General Fund would be
23 replaced with --

24 MR. KAPLAN: That we would eventually
25 try to find some permanent funding stream for them

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2 rather than continuing to do that.

3 COUNCILMAN O'NEILL: Okay, thank you.

4 COUNCILWOMAN BLACKWELL: Councilman
5 Nutter.

6 COUNCILMAN NUTTER: Thank you, Madam
7 Chair.

8 Mr. Kaplan and Miss Levitz, let me
9 first get on the record. I heard Miss
10 Kammerdeiner's testimony, and I want to go back to
11 the amendment that you raised. But I'd first like
12 to get on the record, this is an Administration
13 bill; is that correct?

14 MS. KAMMERDEINER: Yes, that's correct.

15 COUNCILMAN NUTTER: And you are asking
16 that we increase this tax?

17 MS. KAMMERDEINER: Yes, that's correct.

18 COUNCILMAN NUTTER: Okay. It's only
19 significant in the context of this Administration
20 as priding itself on either not raising taxes or
21 actually, we've been lowering taxes here recently
22 so I just want to make sure the record is
23 absolutely clear that this is your request, you've
24 worked it out with people in the community or the
25 hotel industry, and that you are asking us to do

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2 this.

3 MS. KAMMERDEINER: Yes. It's our
4 understanding that they're supportive of this
5 measure and have come forward actually asking us
6 to support this.

7 COUNCILMAN NUTTER: Okay. The current
8 hotel bed tax is at 6 percent; is that right?

9 MS. KAMMERDEINER: Yes.

10 COUNCILMAN NUTTER: And you're asking
11 it to go from 6 to 7.

12 MS. KAMMERDEINER: Yes.

13 COUNCILMAN NUTTER: Okay. At the 6
14 percent and at the 7 percent rate, where does
15 Philadelphia match up to our other major
16 competitor cities across the country?

17 (Mickey Rowley comes forward.)

18 MR. ROWLEY: Mickey Rowley, with the
19 Hotel Association.

20 COUNCILMAN NUTTER: I'm sorry, I didn't
21 hear you.

22 MR. ROWLEY: Mickey Rowley, with the
23 Hotel Association.

24 That puts us 2 points below New York,
25 about a point below Atlantic City, a point below

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2 Atlanta, a point below Washington DC, pretty much
3 on a par with Boston, Baltimore.

4 COUNCILMAN NUTTER: Okay.

5 MR. ROWLEY: Even with Pittsburgh -- I
6 think.

7 COUNCILMAN NUTTER: Is that just the
8 hotel bed issue, or what is the total amount of
9 tax if a person walks in and they rent a room, the
10 room rate is whatever it is, but you've got hotel
11 tax, sales tax, there may be other State and local
12 taxes, what's the total lineup of taxes, including
13 this now 1 percent matched up to all the other
14 cities? Do you have a chart or a breakout of
15 that? Philadelphia as compared to all of those
16 other cities with all the other taxes that go into
17 renting a hotel room.

18 MR. ROWLEY: Yeah, I do have that
19 information.

20 But for example, in Massachusetts, the
21 State sales tax does not affect the bed tax, so
22 the Boston hotel tax is 12.8 percent, I think, and
23 it is all hotel tax; there's no sales tax
24 component. In most other cities, the sales tax is
25 incorporated into it.

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2 COUNCILMAN NUTTER: So what is ours
3 today and what would be 1 percent higher?

4 MR. ROWLEY: With the sales tax today,
5 it is 13 percent.

6 COUNCILMAN NUTTER: 13 percent.

7 MR. ROWLEY: That's correct.

8 COUNCILMAN NUTTER: That's made up
9 of. . . ?

10 MR. RALEIGH: It's made up of 7 points
11 of the sales tax, 6 State, and the 1 point that --

12 COUNCILMAN NUTTER: So we're going from
13 13 to 14.

14 MR. ROWLEY: To 14, that's correct.

15 COUNCILMAN NUTTER: All right. And
16 what about the other cities?

17 MR. ROWLEY: What is the breakdown in
18 other cities?

19 COUNCILMAN NUTTER: Yeah.

20 MR. ROWLEY: I can submit this, it's
21 pretty detailed information.

22 COUNCILWOMAN BLACKWELL: And let me ask
23 you -- excuse me one moment, Councilman Nutter.

24 Would you provide the information you
25 just mentioned, this comparative study of us with

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2 other cities. Would you provide it to the Chair,
3 and we'll get it to members of the committee.

4 MR. ROWLEY: Yes. I will have to do
5 that after I -- I will have to get exact
6 information from the Hotel Motel Association.

7 COUNCILWOMAN BLACKWELL: Thank you.

8 COUNCILMAN NUTTER: You said our
9 competitor cities are primarily Boston, Baltimore,
10 Washington, and -- I mean, obviously, New York is
11 out there, but virtually everyone, I guess,
12 competes with New York.

13 Boston was 12.8, it's all hotel tax; is
14 that what you said?

15 MR. ROWLEY: That's correct. Well,
16 there are different components of it -- some of it
17 goes to the convention centers, some of it goes to
18 the --

19 COUNCILMAN NUTTER: I understand. I'm
20 not -- for this particular question, I'm not as
21 concerned about where it goes as to where it comes
22 from.

23 Baltimore is how much?

24 MR. ROWLEY: 12.5, I think.

25 COUNCILMAN NUTTER: Total?

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2 MR. ROWLEY: Yes.

3 COUNCILMAN NUTTER: And D.C. is. . . ?

4 MR. ROWLEY: 14.5.

5 COUNCILMAN NUTTER: 14.5, okay. And
6 you said Atlantic City on the hotel tax, we were a
7 point below. Where do they match up all the other
8 taxes included?

9 MR. ROWLEY: Well, Atlantic City is
10 weird because they have a percent plus \$1. So,
11 you know, if you looked at a \$100 room rate, that
12 dollar would represent a point, but Atlantic City
13 is. . . 15.44 percent.

14 COUNCILMAN NUTTER: Okay. And I think
15 I heard the tail-end of the Chair's question. You
16 were going to get us a more detailed chart or a
17 printout or a facts sheet or something.

18 MR. ROWLEY: Yeah, I'll get you an
19 update of the information I have.

20 COUNCILMAN NUTTER: So it sound like,
21 at least from the testimony, that Philadelphia is
22 either slightly below or right at where most other
23 places are today; is that right?

24 MR. ROWLEY: Yeah. I guess when you
25 "say most other places," we compete with some

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2 cities for tourist business and some other cities
3 for convention business, and so look at both those
4 sets of competitors.

5 COUNCILMAN NUTTER: Okay. So then the
6 request that was made earlier, you'll match us up
7 against all those various cities and take into
8 account the different tax rates.

9 MR. ROWLEY: Yes.

10 COUNCILMAN NUTTER: Okay. This is an
11 offshoot of Councilman O'Neill's question. It's a
12 straight 1 percent based on total number of rooms,
13 total number of rooms rented and what their
14 various rates may be. Today, you project that
15 that 1 percent will generate \$3 million.

16 As Councilman O'Neil indicated, though,
17 there are more rooms scheduled to come on line,
18 and with that, unless there's some havoc in the
19 marketplace, we would generally have to assume
20 that that \$3 million figure over time will go up;
21 is that a fair assumption?

22 MR. ROWLEY: Well, no, actually. I
23 think it's worth pointing out more rooms does not
24 necessarily generate more occupancy. However, we
25 are projecting an increase in demand in the coming

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2 years.

3 COUNCILMAN NUTTER: Well, we have a
4 tremendous amount of faith in your efforts. We
5 assume that if you're going to have all these
6 extra rooms and you're going to have \$3 million
7 for advertising, that you're going to bring a few
8 more people here, right?

9 MR. ROWLEY: Well, we're hoping that if
10 this tax passes, we'll be able to more effectively
11 do that, yes.

12 COUNCILMAN NUTTER: I understand that.
13 But for the theoretical discussion, there is no
14 cap on the amount that comes in the form of the
15 1 percent going to GPTMC; is that right?

16 MS. KAMMERDEINER: That is correct.
17 The tax is 1 percent of the consideration for the
18 rooms that are rented, and there is no additional
19 statement on that in terms of any cap or any --
20 lower than either.

21 COUNCILMAN NUTTER: So if GPTMC has the
22 opportunity, at least for upside participation,
23 they do what they do, the number goes up, more
24 people come here, they get the benefit potentially
25 of the increase. If things don't work, then they

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2 suffer the deficit; is that correct?

3 MS. KAMMERDEINER: Correct. The
4 effectiveness of the work that they do to attract
5 additional business to Philadelphia will be
6 reflected in that revenue that they will then have
7 to do additional work to bring in more tourists,
8 more conventioners.

9 COUNCILMAN NUTTER: All right, so in
10 the financial services industry, we generally
11 refer to that as "You get to eat what you kill."

12 (Laughter.)

13 COUNCILMAN NUTTER: Okay. Has the
14 matter between GPTMC and PCVB, there's a financial
15 issue, has that been resolved?

16 MR. KAPLAN: Friday afternoon, there
17 was a lengthy meeting involving PCVB, its
18 president, GPTMC's president, the Mayor, myself,
19 and a variety of others. And it's my
20 understanding that we have reached an agreement
21 and that all parties are prepared to proceed with
22 this legislation.

23 COUNCILMAN NUTTER: Okay. The last
24 question is, Commissioner, in your testimony, you
25 talked about the uncertainty of the effective date

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2 of the bill, although it has never been, I guess,
3 pointed out to me that this ordinance shall take
4 effect immediately upon enactment, left anyone
5 with any particular uncertainty, but I understand
6 your issue is about a date certain.

7 MS. KAMMERDEINER: That's correct.

8 COUNCILMAN NUTTER: My conversation, or
9 when the folks came to see me, I almost, I think,
10 had to hand Meryl a tissue, she was so expressive
11 in the need for revenues coming out of this. Does
12 an effective date of July 1 negatively impact
13 their situation given that it's my understanding
14 they're about to run out of money?

15 MS. KAMMERDEINER: It does delay the
16 start of the collection. However, it's my
17 understanding that they were basing their
18 estimates of the revenue from the tax on our
19 previous collections, which were in the vicinity
20 of \$18 million; and, therefore, with the increase
21 in the collections that we anticipate for Fiscal
22 '99 and going forward, the amount of revenue
23 should actually exceed their original
24 projections.

25 But Meryl Levitz will need to address

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2 the other issues directly in terms of the delay.

3 COUNCILMAN NUTTER: And how do those
4 revenue projections impact them presently at all?
5 They're not getting -- they don't get any of the
6 tax to day, do they?

7 MS. KAMMERDEINER: That's correct.
8 What I'm referring to is the amount of money that
9 they can expect during Fiscal 2000 should be
10 slightly than what they were originally projecting
11 for Fiscal 2000.

12 We will see a slight delay in the
13 collection, but the concern that we raised and
14 discussed with them was the concern of the problem
15 of compliance during the months of May and June
16 and the potential for some bad publicity that
17 could come as a result of that, and that --

18 COUNCILMAN NUTTER: They're in the
19 publicity business.

20 MS. KAMMERDEINER: We wanted to ensure
21 a smooth implementation.

22 COUNCILMAN NUTTER: I understand. My
23 only concern, I guess, about your response is that
24 -- I mean, that would be somewhat similar to
25 someone telling me that, you know, I can

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2 anticipate a major bump in my check in two weeks;
3 the problem is that I'm running out of money. If
4 I get to live to two weeks, it will be a wonderful
5 day for me.

6 But, I mean, there seems to potentially
7 be a disconnect between, you, will in effect get
8 more later, but you are literally running out of
9 money now. And I'm just trying to make sure that
10 both parties --

11 MS. KAMMERDEINER: That is an issue
12 that we have discussed, and they have agreed that
13 the July 1 effective date is one that they can
14 deal with; at least, that's my understanding.

15 COUNCILMAN NUTTER: Nancy, you have a
16 way of getting people to agree to virtually
17 anything from where you sit.

18 (Laughter.)

19 MR. KAPLAN: Funny about that when
20 you're the tax collector. Dean Kaplan again.

21 COUNCILMAN NUTTER: Right. I've had
22 dealings with you in the past.

23 MR. KAPLAN: And essentially what we
24 have is a cash flow issue, and we have had a brief
25 discussion about that, and I think that were they

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2 to have some sort of temporary cash flow issue,
3 that could be addressed rather easily.

4 COUNCILMAN NUTTER: Okay, thank you.

5 COUNCILWOMAN CLARK: Am I next?

6 COUNCILWOMAN BLACKWELL: President

7 Verna and then Councilwoman Clark.

8 COUNCIL PRESIDENT VERNA: Thank you.

9 Mr. Kaplan, when you were testifying, I
10 was distracted, and this question may have been
11 asked and I didn't hear it. Will the surrounding
12 counties be imposing a certain tax? And if not,
13 why not?

14 MR. KAPLAN: To my knowledge, the
15 counties -- the surrounding counties will not be
16 imposing a similar tax. I'm not particularly
17 familiar with all of the dynamics of the hotel tax
18 increase to be at the State level, but my
19 understanding is that a large part of the impact
20 on the suburban areas is going to be met by the
21 Commonwealth's continuing contribution to the
22 GPTMC budget.

23 And that may be something also that
24 both the hoteliers and GPTMC can speak to.

25 COUNCIL PRESIDENT VERNA: Reading the

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2 testimony, it would appear that if we do not
3 approve this bill, we really jeopardize the State
4 money and Pew's money, and Greater Philadelphia's
5 Tourism Marketing Corporation will be out of
6 business. Is that true? Am I properly
7 interpreting the testimony?

8 MR. KAPLAN: Again, I think that's
9 probably best directed to GPTMC, but I believe
10 that that is generally accurate, yes. There will
11 not be any -- the three parties' funding is based
12 on an agreement between all three groups to
13 convene a funding, and this is our method of doing
14 so.

15 COUNCIL PRESIDENT VERNA: Also in the
16 testimony, it says that GPTMC will go out of
17 business on June 30th of this year if this tax is
18 not passed.

19 MR. KAPLAN: As I had mentioned a
20 moment ago, we have had some continuing
21 discussions with GPTMC and others about how to
22 handle the cash issue for them and how to make it
23 through the early part of the summer if the tax is
24 in place, and we think that we will be able to
25 provide adequate resources so that they'll be

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2 whole.

3 COUNCIL PRESIDENT Verna: Mr. Kaplan, I
4 think you're going to have to repeat that because
5 many of us up here could not hear your response.

6 COUNCILWOMAN Blackwell: It was not
7 clear as to whether or not --

8 COUNCIL PRESIDENT Verna: Are they
9 going to be able to stay in business?

10 MR. KAPLAN: We believe they will.

11 COUNCILWOMAN Clark: So the testimony
12 was an inaccurate when it said they'd go out of
13 business on June the 30th?

14 MR. KAPLAN: Well, I think subsequent
15 to the drafting of the testimony, we've had some
16 discussions with GPTMC about what their specific
17 issues are around the June 30th date, and I think
18 we're both satisfied now that we will be able to
19 make that date, assuming that this -- that some
20 funding source is in place that is going to begin
21 on July 1st.

22 COUNCILWOMAN Clark: So if the
23 testimony had been up to date, that sentence would
24 have been stricken about going out of business as
25 of 30, June.

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2 MR. KAPLAN: Yeah, and maybe I'm not
3 being completely clear here. If there is no
4 funding for them, obviously, they go out of
5 business. If we enact funding, I think, getting
6 back to Councilman Nutter's questioning, the
7 question was, is July 1st starting to collect the
8 tax soon enough? And I guess that's really the
9 question I was answering is that if that's the
10 case, we think we've worked that out.

11 If there is no funding, I think the
12 sentence is still valid. If there's no hotel tax,
13 there's no funding source for them.

14 COUNCILWOMAN CLARK: Could you make
15 that any less clear?

16 COUNCILWOMAN BLACKWELL: That's not
17 very specific, Mr. Kaplan. The question is
18 whether or not the corporation will be in place at
19 the end of June or whether it won't. What's the
20 formality of it? And also what's the formality of
21 it and what's the practical end of it?

22 MS. LEVITZ: I'm Meryl Levitz,
23 President and CEO of GPTMC.

24 And, essentially, if this doesn't go
25 through, we have no funding source as of June

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2 30th. However, we would be able to -- we actually
3 run out of the money the second week in August, if
4 that's what you're asking, because that's when our
5 final bills for media bought are due, and we've
6 made sure that no matter what happens, we're able
7 to pay off all vendors.

8 And so we figure we'll bottom out the
9 second week in August. Is that what you're --

10 COUNCILWOMAN CLARK: Thank you very
11 much.

12 COUNCILWOMAN BLACKWELL: I think that
13 was the question, Council President Verna, you
14 were asking? Thank you very much.

15 Councilwoman Clark?

16 COUNCILWOMAN CLARK: Thank you.

17 Will this bill completely supplant the
18 funds lost from other governmental sources?

19 MS. LEVITZ: What happens is, the
20 \$3 million essentially replaces the Pew funding.
21 What the governor has indicated is if this hotel
22 tax is passed, the State would stay at their
23 third-year level, which would mean a million and a
24 half. The Pew Charitable Trusts said they would
25 be willing, at their next board meeting, which is

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2 in June, to give us a bridge grant which would
3 enable us to stay at the minimum level, which
4 would be at about a \$4.5 million level a year.

5 What they're anticipating is what
6 Councilman Nutter and Councilman O'Neill were
7 talking about. The hope is that if we all do our
8 jobs right, the additional rooms will give us the
9 opportunity, along with the additional funds for
10 the campaign, to get back up to that level through
11 the hotel tax because the Pew money goes away.

12 Just to give a little bit of
13 information about the counties. Montgomery County
14 has already chipped in \$270,000 for GPTMC -- not
15 through its hotel tax but through a grant, because
16 they felt we would be able to better spend the
17 money on their behalf than they would for a TV
18 campaign.

19 Delaware County is now able to collect
20 3 percent on its. They're only collecting 2
21 percent. Tom Killian (ph.), who's on their County
22 Commissioners Board, has said that their board,
23 which is made up of five people, is willing to add
24 in the extra 1 percent, which would generate about
25 \$400,000. What they would want to do is keep half

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2 of that for their own tourism generators within
3 the county and then start paying in to GPTMC as
4 their share.

5 Chester doesn't even have a hotel tax
6 and hardly any room so, so it would be almost
7 unreasonable.

8 Bucks County, very frankly, has told us
9 that they would never chip in; they've happy to
10 get everything for free, and they feel that they
11 have a very good identity within New York and the
12 major metropolitan area, and so they're not
13 interested.

14 However, we've received a lot of
15 requests from Lancaster County, Lehigh County, and
16 Berks County, who would very much like to join us
17 should this happen but, you know, we've made no
18 promises.

19 COUNCILWOMAN BLACKWELL: Excuse me one
20 moment.

21 Let me welcome our public school
22 students who are touring our City Hall, and we
23 certainly say you're very, very well behaved, and
24 welcome to our Finance Committee here.

25 COUNCILWOMAN CLARK: What school?

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2 UNIDENTIFIED SPEAKER: The Mitchell

3 School.

4 COUNCILWOMAN BLACKWELL: We certainly
5 thank you. I've visited your school on several
6 occasions, and we certainly thank the students of
7 Mitchell School and their teachers and parents who
8 are with them.

9 Thank you.

10 (Applause.)

11 COUNCILWOMAN BLACKWELL: Thank you.

12 Councilwoman Clark.

13 COUNCILWOMAN CLARK: I have had some
14 concern about the marketing of Philadelphia,
15 specifically its inclusivity as to ethnic groups.
16 What is your plan with respect to remedying this?

17 MS. LEVITZ: Should we just start our
18 testimony now because it's --

19 COUNCILWOMAN BLACKWELL: If we have no
20 other questions for the Revenue Commissioner,
21 certainly. The next, according to your list, was
22 Mr. Robert Cima, from the Four Seasons Hotel,
23 general manager. Meryl Levitz, on the list, was
24 due to testify number 4, so they've changed the
25 order of their testimony.

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2 For the members of the committee, let
3 me say that the requested list in order was:

4 1. The Revenue Commissioner

5 2. Robert Cima, General Manager, Four
6 Seasons, and secretary of the Greater Philadelphia
7 Hotel Association

8 3. Ashley Andrus, for the President of
9 the Greater Philadelphia Chamber of Commerce

10 4. Meryl Levitz, CEO and President of
11 the Greater Philadelphia Tourism Marketing
12 Corporation.

13 This is the order that they requested.
14 Certainly, if members of the committee would like
15 to alter that for one reason or another, it is
16 your pleasure.

17 COUNCILMAN O'NEILL: Madam Chair, I jus
18 want to -- hope that before we vote this bill out
19 today, we can have some real discussion on the
20 committee. I hate to say start a tax earlier, but
21 if we're going to do it and there's a half a
22 million dollars on the table that would be lost --
23 with all the issues involved, and I know that
24 there was a meeting Friday and there was an
25 agreement.

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2 But to have another half a million
3 dollars to work with on that agreement or the
4 budget is, to me, something we shouldn't dismiss
5 lightly. And I've heard the reasons from the
6 Treasurer's Office in terms of why. But to me, if
7 you're going to go out and do the kill, whether
8 you do it July 1st, once you decide it, or May 1st
9 if you're looking for a date certain, it seems
10 like we should do it.

11 I think they're getting ready to do
12 this soon from the get-go when they're up in
13 Harrisburg -- I just think -- I don't want to let
14 that one go 'cause Michael, I think, raised some
15 real good points.

16 MR. KAPLAN: Again, Dean Kaplan, and
17 I'll speak of this for one second.

18 We've had rather extensive discussions
19 particularly within the Administration about the
20 Revenue Department's ability to do their side of
21 the tax. There are, as the Commissioner
22 testified, some issues within the hotel community.
23 One of our concerns was having making sure that
24 there was sufficient revenue for GPTMC to operate.

25 But I don't think that between the

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2 Commissioner and myself, we could strong enough
3 urge you to start this tax on July 1st. It's a
4 very significant issue for us on the City's side
5 in terms of our implementation.

6 COUNCILMAN O'NEILL: Okay. Well, I
7 always think of the revenue as the real treasure
8 in a city, so I'm sorry for that. . .

9 COUNCILWOMAN BLACKWELL: Let me
10 certainly say that we do want a full discussion on
11 these issues. I spoke with Councilman O'Neill
12 prior to the start of the committee hearing, and
13 there are many concerns I've learned, and
14 certainly, the committee deserves a full
15 discussion so that everybody's satisfied that
16 we're moving forward and doing it properly.

17 And after Councilman Nutter,
18 Councilwoman Tasco, please. Thank you.

19 COUNCILMAN NUTTER: Mr. Kaplan and, I
20 guess, Miss Kammerdeiner and then either Meryl or
21 the gentleman from the Hotel Association. I mean,
22 you're essentially saying, 'cause it's going to
23 take us, even with the rules suspension,
24 essentially two weeks before it gets down to the
25 Mayor's office. The Mayor can take naturally up

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2 to ten days. So, I mean, we're already into May
3 at that point.

4 What you're saying is, you need half of
5 April, all of May, and all of June for however
6 many hotels there are to reprogram their systems
7 to go from 6 percent to 7 percent and for the
8 Revenue Department to do the same, and it's going
9 to take two and a half months? I mean, that's the
10 bottom line of this issue here today, right?

11 MS. KAMMERDEINER: Our first concern
12 was to have a date certain, not just the date that
13 the Mayor signed so that we know ahead what it
14 should be.

15 COUNCILMAN NUTTER: Fine. We would
16 probably agree with you -- not speaking for the
17 committee. But okay, I mean, the notion of a date
18 certain is a wonderful concept. Now, what's the
19 date?

20 MS. KAMMERDEINER: I had some
21 discussion with people at the working levels
22 within the hotels who would have to do some of the
23 work to put this in place, and they indicated they
24 would like to have 60 days' notice but a minimum
25 of 30. But I think what we were looking at was

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2 that they need the time after they get the
3 instructions from us.

4 And so we were into June with the time
5 frame, and that's why we really went with July 1
6 to be sure it was complete and orderly and --

7 COUNCILMAN NUTTER: Not to get too far
8 into revenue world, but what are these
9 instructions? They've been doing this for years.

10 MS. KAMMERDEINER: They need to have
11 new information in terms of the coupons that they
12 file; they have to be designed, printed, and given
13 to them. It's not a difficult process but you do
14 have some time delays in getting the material to
15 them, and that's what we were concerned about.

16 They also have to do programming at
17 their end for their systems, and I was told they
18 needed 30 to 60 days. That may not be correct but
19 that's what I was told.

20 COUNCILMAN NUTTER: So what about June
21 1st? I mean, that's --

22 MS. KAMMERDEINER: That could be a
23 possibility.

24 COUNCILMAN NUTTER: That's 45, May 15th
25 is a little more than 30. I mean. . .

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2 Look, I mean, I can barely turn my
3 computer on in the morning, so I'm not making this
4 to be, you know, a snap of a finger. On the other
5 hand, all of you have been doing this for years.
6 You're going from 6 percent to 7 percent. How
7 complicated is this?

8 MS. KAMMERDEINER: Ti's as much an
9 issue of making sure that all of the people who
10 need to collect the tax know what it is that they
11 are collecting and what the effective date is on
12 that. We can get into discussion of another date.

13 COUNCILMAN NUTTER: Well, Madam Chair,
14 if I could suggest, I mean, we've still got GPTMC
15 to give testimony. Nancy's here, Dean's here, the
16 gentleman's here. I mean, maybe we just need to
17 have like another discussion. I mean, that's
18 just --

19 MS. KAMMERDEINER: That's fine.

20 COUNCILWOMAN BLACKWELL: All right,
21 we'll have one more question from Councilwoman
22 Tasco, and then we will follow our script. Thank
23 you.

24 COUNCILWOMAN TASCO: Why did you --
25 maybe you answered this. Why did you change it

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2 from immediately upon enactment, which is standard
3 practice with us, to a date certain?

4 MS. KAMMERDEINER: To ensure the smooth
5 implementation of the tax. We had initially
6 expected that it was going to be an effective date
7 of July 1, and it was submitted as immediately.
8 And after internal discussion about the
9 difficulties of not knowing what the date would be
10 when the Mayor would sign it, we requested the
11 amendment to have a certain date.

12 COUNCILWOMAN TASC0: Well, the Mayor,
13 this is his bill; wouldn't you think he would sign
14 it immediately?

15 MS. KAMMERDEINER: That's actually a
16 difficult thing. We still don't know what date
17 that would be, and the tax is collected or is --

18 COUNCILWOMAN TASC0: Do you have to
19 have a date certain in the bill? Do you have to
20 have a date certain?

21 MR. KAPLAN: It would be extremely
22 helpful, obviously, to have a date certain. When
23 something comes downstairs, as you know, it's
24 signed by the President, it goes to Law
25 Department, the City Solicitor signs it, it get's

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2 to the -- you never know what day it's going to
3 be. You can agree at the back end, but --

4 COUNCILMAN NUTTER: We'll give you a
5 date since you can't figure it out.

6 COUNCILWOMAN TASC0: You're saying your
7 people could speed it up, they may delay it?

8 MR. KAPLAN: We can speed it up or slow
9 it down, but within the time span the Mayor has to
10 sign in advance, you can't know -- you can't know
11 more than about a week in advance.

12 COUNCILWOMAN TASC0: Would it be better
13 for you if you left it immediately upon enactment
14 rather than the date certain?

15 MR. KAPLAN: No. We would rather have
16 a date certain.

17 COUNCILWOMAN TASC0: Okay.

18 COUNCILWOMAN BLACKWELL: We will now
19 hear from Robert Cima, General Manager of the Four
20 Seasons Hotel and Secretary of the Greater
21 Philadelphia Hotel Association to introduce
22 himself for the record and provide your testimony.
23 Thank you.

24 (Robert Cima comes forward.)

25 MR. CIMA: Good morning.

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2 COUNCILWOMAN BLACKWELL: Good morning,
3 welcome.

4 MR. CIMA: Councilwoman Blackwell,
5 members of the Finance Committee, good morning.
6 I'm Robert Cima, General Manager of the Four
7 Seasons Hotel, Philadelphia, and Service Secretary
8 of the Greater Philadelphia Hotel Association. I
9 speak to you today for Mike Boyle, President, and
10 for all of the officers of the Hotel Association.

11 GPHA counts amongst its members some 50
12 hotels and includes over 90 percent of the hotel
13 rooms in Philadelphia. With me today is Lewis
14 Argoat (ph.), General Manager of the Warwick
15 Hotel; Jack Little, General Manager of the Latham
16 Hotel; Tim Herman, Director of Marketing of the
17 Marriott; and Mickey Rowley, Executive Director of
18 the Greater Philadelphia Hotel Association. I
19 know many of you have met Mickey as he's made
20 rounds talking to you about Bill No. 990116 and
21 the Administration's amendment.

22 Our members looked on with a high
23 degree of interest three years ago when Pew
24 Charitable Trust announced an initiative to launch
25 consumer marketing for the Philadelphia

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2 region. At that time, we had felt at a
3 disadvantage to other cities and regions who have
4 so successfully marketed their cities as tourist
5 destinations. The ""I Love New York"" and
6 "Virginia Is For Lovers" campaigns come to mind.

7 Cities that we regard as second-tier
8 destinations, like Baltimore, are capturing more
9 tourist visitors than Philadelphia. Our image
10 needed some brushing up, and it appeared as though
11 this initiative of the Pew organization was an
12 opportunity for some aggressive and competitive
13 marketing of the Philadelphia market. We should
14 point out to you that Philadelphia, the nation's
15 fifth largest city, was at the time ranked 21st
16 among major cities and tourism marketing and media
17 exposure.

18 In short order, with the Pew, the City,
19 and a State-funded agency known as "the Greater
20 Philadelphia Tourism Marketing Corporation," a
21 campaign for Philadelphia was launched.
22 "Philadelphia, the Place That Loves You Back."
23 You will hear shortly of research that points to
24 the discuss of the campaign, and in a few short
25 years, Philadelphia has been raised significantly

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2 in the minds of our potential market of visitors.

3 It is the opinion of the hotels and of
4 the City that this effort continue. We voted
5 unanimously in February of '98 to endorse a
6 1-point percent increase in the Philadelphia hotel
7 room tax. We have supported this tax, with the
8 understanding that funds generated would be
9 dedicated to advertising of this city and region
10 for tourist activity.

11 The bill you have before you does just
12 that. These funds will be earmarked for the
13 ongoing efforts of the Greater Philadelphia
14 Tourism and Marketing Corporation. We of the
15 hotel industry believe that marketing efforts of
16 the city must continue in order to ensure the
17 vibrancy of our business and the 5,000-plus
18 Philadelphians who are employed here in our City
19 hotels. The bill that you are considering is
20 really an economic development bill.

21 Let me give you a snapshot of our
22 employees. For every 2 rooms that exist today, or
23 will be built in the future, there are 1.5
24 employees; so that by the time there are 10,000
25 rooms in Center City, there will be 7500 hotel

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2 employees. The average wage of these employees is
3 over \$20,000 per year, not including tips.

4 But most importantly, and the reason we
5 say that it's an economic development bill, is
6 that over 80 percent of our employees are
7 Philadelphians coming principally from North
8 Philly, West Philly, South Philly, and Center
9 City. The hotel industry -- indeed, the entire
10 hospitality industry -- probably more than any
11 other industry in the City, supports the
12 neighborhoods of Philadelphia.

13 In addition to funding for both the
14 Philadelphia Convention and Visitors Bureau and
15 Convention Center, a certain percentage of the
16 hotel tax revenue is earmarked for the vitally
17 important and successful hospitality training of
18 the Philadelphia OIC, Opportunities Inn, and the
19 High School Academies program. Combined, these
20 programs have placed upwards of 2,000 trained and
21 eager hospitality employees in good careers in the
22 City.

23 In closing, I'd like to point out that
24 the Hotel Association, of course, looked very
25 closely at a tax on its own receipts, and you can

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2 be sure that we in Philadelphia would not put
3 ourselves at a competitive disadvantage in
4 room-rate pricing. We need only to look as far as
5 Pittsburgh, whose tax is 14 percent, and at nearby
6 Atlantic City, whose tax is both a 12-percent
7 assessment plus \$1. And the sales team at the
8 Convention and Visitors Bureau has assured us that
9 a 14 percent tax here in Philadelphia puts us on
10 par, or in some cases, below cities we compete
11 against for convention business, such as New York,
12 Baltimore, Boston, and Washington, DC.

13 Lastly, and most importantly, the bill
14 you are considering today directs funding to
15 benefit advertising and marketing programs that we
16 are confident will represent a net economic gain
17 for our city, industry, and the 7500
18 Philadelphians who we'll be employing by the year
19 2000.

20 We ask you to support Bill No. 990116
21 and the Administration's amendment. We request a
22 suspension of the rules, and we are open for any
23 questions you have.

24 Thank you for your support and for the
25 opportunity to testify to you today.

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2 COUNCILWOMAN BLACKWELL: Thank you.

3 Just one question. We have embarked
4 on, in West Philadelphia, a training program for
5 the hotel industry, and it is a training program
6 that we have in combination with the University of
7 Pennsylvania, and we would like to be included in
8 your program to train people in this field. And
9 how do we do that?

10 MR. CIMA: Well, I think there are a
11 number of different programs that are around in
12 the community, and I'm certain that, with Mickey
13 and with the folks over at OIC, that we could
14 probably be able to assist and give advice and
15 counsel in any way that they would feel that they
16 need our help.

17 COUNCILWOMAN BLACKWELL: We have an
18 initiative called "West Philadelphia on the Move"
19 where we're trying to train and employ West
20 Philadelphians. This training program alone would
21 allow for 150 people per year. The University of
22 Pennsylvania's already started it, West
23 Philadelphia on the Move is in concert with them,
24 and we're working with them in their Skills
25 Development Center and have a new program with

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2 regard to the hotel industry where we want to
3 involve the training of people. We want to be
4 involved at the level that others are, and we just
5 don't know how to do that.

6 You mentioned the High School Academies
7 and OIC, which is absolutely great, but we want to
8 be involved at some level. I don't know how this
9 is done.

10 MR. CIMA: Right.

11 COUNCILWOMAN BLACKWELL: But we want to
12 be involved at some level to certainly help these
13 youngsters and certainly unemployed adults in the
14 area.

15 MR. CIMA: Excellent. Greater
16 Philadelphia First has also put forward a task
17 force to consider and look at all of these
18 different organizations that are in the City and
19 trying to give them counsel, advice, and help to
20 be able to get those potential employees into our
21 buildings and into this industry.

22 There's no question about all the
23 growth that's happening here in the City with
24 hotels. And even as an employer of 550 staff
25 members and a target for many of those staff

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2 members to join other properties. We would be
3 delighted to have another organization helping.

4 If I can be of help, then please call
5 upon me.

6 COUNCILWOMAN BLACKWELL: Thank you
7 'cause I know that they receive funding, and
8 certainly, we want these folks to be eligible to
9 receive funding as well. That's specifically what
10 I'm asking you -- not for advice only, but for the
11 opportunity to receive funding as well.

12 MR. ROWLEY: It's my understanding that
13 the source of the funds for both OIC and the High
14 School Academies and also Mercy Academy is through
15 the hotel tax via PCCA, Pennsylvania Convention
16 Center Authority. And I don't know if it's
17 legislation or how ever, you know, the money is
18 disbursed there. It goes through PCCA, and you're
19 right, it's about a million a year to those
20 variety of training institutes, so I would talk to
21 them.

22 COUNCILWOMAN BLACKWELL: Okay, that
23 would be fine. Thank you very much.

24 Any questions from any other members of
25 the committee for certainly Mr. Cima while he's

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2 here?

3 (No questions.)

4 COUNCILWOMAN BLACKWELL: Thank you very
5 much.

6 The next person to testify will be
7 Ashley Andrus, for the President of the
8 Philadelphia Chamber of Commerce.

9 (Ashley Andrus comes forward.)

10 COUNCILWOMAN BLACKWELL: Thank you.
11 Good afternoon. Please identify yourself for the
12 record and proceed.

13 MS. ANDRUS: Good morning, Madam Chair
14 and members. My name is Ashley Andrus, I am
15 Director of Public Policy for the Greater
16 Philadelphia Chamber of Commerce. And I'll just
17 summarize my testimony; I don't want to belabor a
18 lot of points that have already been made.

19 But I just wanted to come here kind of
20 -- the Greater Philadelphia Chamber of Commerce
21 is a membership organization, and I'm sort of
22 wearing two different hats because among our
23 membership include the vast majority of the hotels
24 in the City as well as GPTMC. So obviously,
25 they're supportive and we're supporting their

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2 efforts.

3 But also the business community at
4 large is supportive of this because the business
5 community sees a spin-off value of the hotel
6 industry and hospitality as a whole, and are
7 concerned about the great investment that the City
8 has made in hospitality and want to make sure that
9 we maximize those dollars. And because marketing
10 is such a vital component of that, we're
11 supportive of this tax increase.

12 And I think it's important to note that
13 Mr. Cima referred to this as an economic
14 development bill, and I would wholeheartedly agree
15 with that because the hotel community does serve
16 as an employer and a source of jobs for a number
17 of people in our communities of varying skills,
18 and would even be an important component of
19 welfare-to-work efforts throughout the City. And
20 they represent a number of jobs and a number of
21 dollars to the City's bottom line.

22 And I think it's important to note also
23 that the hotels are in support of a tax on
24 themselves. It's not something that's a common
25 occurrence, but they recognize the importance of

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2 the marketing and maximizing that investment. And
3 they have taken a look at what this extra tax
4 means and they want to make sure they remain
5 competitive and have made sure that the room
6 rental rates will be competitive.

7 But also, we want to make sure that the
8 amount of marketing that's done for Philadelphia
9 is competitive with that of our competitors within
10 the hospitality field nationwide.

11 So in short, the State has stepped up
12 and played its role, and Pew has also come to the
13 plate with an offer, and I think it's important
14 that the City kind of make its share available to
15 GPTMC as well. So we would urge a swift approval
16 of this bill.

17 Thank you.

18 COUNCILWOMAN BLACKWELL: Thank you very
19 much. Any questions?

20 (No questions.)

21 COUNCILWOMAN BLACKWELL: Thank you very
22 much.

23 We will now have testimony from Meryl
24 Levitz, CEO and President of Greater Philadelphia
25 Tourism Marketing Corporation.

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2 MS. LEVITZ: Thank you very much,
3 Councilwoman Blackwell and members of the
4 committee. I'm joined here today by our Vice
5 President Karen Lewis, with whom I'm going to
6 share the testimony; we're going to tag-team it a
7 little bit; by Rachael Delano, our Director of
8 Marketing; and Angela Patterson, Assistant and
9 Hotel Liaison.

10 I'm also going to address the question
11 that Councilwoman Clark and Tasco asked as well,
12 because we think that's important.

13 For the record, we are here to speak to
14 you about GPTMC's role in Philadelphia's economic
15 development and to testify in support of Bill
16 990116 and the amendment proposed by the
17 Administration.

18 We'd like to thank you again for your
19 support since we began. The 500,000 and the
20 1 million, the million and a half were really a
21 risk that everybody took together because
22 Philadelphia never before had had an advertising
23 campaign outside of Philadelphia itself. Without
24 this support, Philadelphia would not have achieved
25 the following in the last two years: a sustained

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2 and effective television campaign which, I remind
3 you, is the first for the City; and a national
4 print promotional campaign.

5 Last year, according to the Greater
6 Philadelphia Hotel Association, we had a 7 percent
7 increase in tourism after only one year of this
8 campaign. We were able, by two separate studies,
9 to generate an additional 1,133,000 trips made to
10 Philadelphia in one year alone, and that generated
11 an additional \$97 million in incremental
12 expenditures by these visitors. There was a
13 return to the City, in other words, of \$55 for
14 every advertising dollar that's spent.

15 This support also enabled to us give
16 MAC, the Multi-cultural Advisory Congress, a
17 \$40,000 grant to help us strengthen Philadelphia's
18 presence as a top destination for African-American
19 visitation.

20 In addition to the grant for MAC, we
21 were able to support the following multicultural
22 efforts, and I have a list of vendors and also
23 efforts here, if anybody would like to see them,
24 but I'll go through them quickly.

25 \$15,000 to the Fly Away Program, which

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2 is an American Airlines MAC initiative;

3 \$15,000 to the Underground Rail Tour

4 Development Program;

5 \$30,000 to the Cultural Junket;

6 \$15,000 in each of two years to

7 African-Americans Expose, 1997 and 1998, at the

8 Convention Center;

9 A \$30,000 grant to African-American

10 Women on Tour;

11 \$15,000 to PECO Energy in '98;

12 \$40,000 to the Black Nativity

13 production at Freedom Theater;

14 \$40,000 to Cooley High at Freedom

15 Theater;

16 \$15,000 to Pathfinders Tourism Program;

17 And \$50,000 this year to Love is More

18 Than a Game, which included the PECO Energy Jazz

19 Weekend of 1999.

20 I would now like to introduce Karen

21 Lewis, because Karen oversees this grant program,

22 the multicultural effort and also all of our

23 research.

24 MS. LEWIS: Thank you. Good morning.

25 As mentioned earlier, the Greater

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2 Philadelphia Tourism Marketing Corporation is a
3 public-private partnership between the City of
4 Philadelphia, the Commonwealth of Pennsylvania,
5 and the Pew Charitable Trust. In 1996, the Trust
6 commissioned a study to determine how Philadelphia
7 could increase its share of the booming global
8 travel industry. Among the study's first finding
9 were the following:

10 Philadelphia was spending only \$200,000
11 per year on tourism advertising, a stark contrast
12 to the spending of its many competitors. The
13 city, therefore, was suffering from a weak, fuzzy,
14 and sometimes negative image in the minds of the
15 public, the travel industry, and the media.

16 In 1994, the City's media spending
17 ranked 21st out of 28 major cities monitored, and
18 last out of 16 smaller cities measured.

19 Meeting planners ranked Philadelphia
20 32rd out of 50 as a desirable destination.

21 Philadelphia spending was running
22 counter to that of its competitors; and as a
23 result, Philadelphia was losing out in terms of
24 day-trippers, overnight visitors, retail spending,
25 tax revenues, and job growth.

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2 Yet, as the study concluded, the
3 Rendell Administration had also recognized that
4 tourism could serve Philadelphia very well as a
5 replacement industry; therefore, the Greater
6 Philadelphia Tourism Marketing Corporation was
7 created as a three-year \$12 million in total
8 initiative dedicated to increasing Philadelphia's
9 prominence as a primary destination.

10 MS. LEVITZ: Last year, the Hotel
11 Association voted unanimously to raise the hotel
12 room rental tax by 1 percentage point in order to
13 continue this work on behalf of the City. As you
14 know, the State legislature passed this measure in
15 November of '98, and the Governor signed in
16 December. Governor Ridge has also pledged to
17 continue the 1.5 million per year, and the Pew
18 Charitable Trusts are now considering a final
19 round of operating support in the amount of \$2.25
20 million over the next three years. Both of these
21 revenue streams are triggered by the passage of
22 the tax in City Council at this time.

23 Indeed, we go out of business on June
24 30th, last bill's paid the middle of August if
25 this tax is not passed, and the City would again

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2 be without an advertising and promotional budget.
3 This loss would be especially difficult to recover
4 from at this critical time. We would be in the
5 middle of our tourist season and would have no
6 time to regain the lost momentum.

7 The City is adding 4,000 additional
8 hotel rooms to its inventory, which can supply a
9 insanity number of new jobs if occupancy levels at
10 all our hotels stay healthy. The City is adding
11 new tourism attractions which are going to need
12 considerable support. The City is competing for
13 millennium visitation, and the City is hosting a
14 major political convention which, among other
15 things, brings in 15,000 members of the media, for
16 a minimum of one week, to tell not only the
17 Convention story but the Philadelphia story.

18 The additional 1 percent makes the
19 total tax paid by our visitors 14 percent rather
20 than 13. We remain well within the acceptable
21 limits. And the taxes, of course, are paid by
22 visitors, not by our residents.

23 As the advertising campaign has been
24 very effective, due in large part to our celebrity
25 spokespersons such as Bill Cosby, Oprah Winfrey,

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2 Kevin Bacon, Dr. J., and Nicole Miller, continued
3 funding would enable us to build on the image
4 correction that has been necessary. We would like
5 just to take three minutes to show you six of the
6 spots that be play in the New York to D.C. area
7 'cause I think these will answer some questions
8 as well.

9 Thanks, Ang and Rich.

10 (Six Philadelphia promotional spots
11 played on VCR).

12 MS. LEVITZ: Thanks, Ang and Rich.

13 MS. LEWIS: Thank you. Before I
14 continue, I just also wanted to mention that it
15 was stated earlier that our competition is New
16 York, Baltimore, Washington, and some of the other
17 cities. Those cities have actually contacted us
18 and asked us to give presentations in their
19 respective cities because they have seen the
20 commercials and they've seen some of the results
21 of what we've done. So they believe that we are
22 making progress and wanted us to help them along
23 that path as well, so I just wanted to add that.

24 In the hopes that we receive our
25 funding, here are some other initiatives that we

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2 would like to do. We would like to zero in on
3 specific travel itineraries based around a
4 multicultural tourism and cultural tourism
5 initiatives.

6 In 1996, the Greater Philadelphia
7 Tourism Marketing Corporation funded the
8 Multicultural Affairs Congress to produce a
9 guideline for us in our advertising buy,
10 promotional support, and grant program.
11 Additional research included in your packet
12 outline the positive response African-American
13 travelers have towards Philadelphia as a desirable
14 travel destination.

15 This indicates that they are familiar
16 with our multicultural project and are visiting in
17 response to our efforts. In fact, 23 percent of
18 our visitors are African-American. We are
19 dedicated to increasing this number and are in the
20 process of incorporating yet more of our
21 multicultural message in our upcoming campaign.

22 For example, the following initiatives
23 are now in development:

24 A specific African- American travel
25 television spot, and this would feature some of

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2 the attractions like Mother Bethel, the
3 African-American Museum, Freedom Theater, possibly
4 the Johnson House. Also highlight some events
5 that take place here in the City -- the PECO
6 Energy Jazz Festival, Unity Day, and maybe some
7 events at the Apollo as well as some of the
8 activities with "Go West" in West Philadelphia;

9 We also, for example, have advertised
10 in various multicultural print publications --
11 Essence, Ebony, Black Enterprise, and Pathfinders;

12 An expanded multicultural Share The
13 Heritage Guide will incorporate many of the
14 multicultural attractions mentioned;

15 And also a do-your-own heritage Website
16 with itineraries, camera-ready press releases for
17 the African-American, Latino, and other
18 multicultural weekly newspapers around the
19 country;

20 We'd also like to highlight some of the
21 well-known celebrities that have either lived here
22 or have an association with Philadelphia. For
23 instance, Marian Anderson, Billy Holiday, John
24 Coltrane, Henry Tanner, and Paul Robeson;

25 Emphasize the fact that Philadelphia is

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2 now a restaurant city, hotel city, and night life
3 city;

4 Emphasize the no-sales-tax on clothing,
5 shopping opportunities we have here like the King
6 of Prussia Mall and the Franklin Mills Mall;

7 Extend our geographic reach into
8 Illinois, Florida, California, and Texas, all good
9 feeder markets for multicultural, cultural and
10 special-event travelers;

11 Produce and promote special-interest
12 packages to support hotel occupancy not only
13 during the traditional season but at "soft" times,
14 such as the holiday and the first-quarter months;

15 Build a travel-friendly Website that is
16 so necessary to continue and compete.

17 Attracting overnight visitors is not
18 easy. Competition is strong and close by, and
19 they are not going to wait for us. Tourists
20 cannot be manufactured when more are needed. When
21 a city is out to get more tourists, it has to
22 steal them from other destinations; it has to get
23 them to come here rather than to the hundreds of
24 other destinations that are all vying for them.
25 It is a very "you-have-to-play" business, and we

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2 can't "pay" for only two years and expect results
3 for five. In addition, Philadelphia has to play
4 largely in one of the two most expensive media
5 markets in the company -- New York.

6 MS. LEVITZ: If Philadelphia is going
7 to stay in this business and utilize it to drive
8 economic development, it needs the hotel tax from
9 our visitors to make sure we continue to have
10 visitors. It's not enough to have the best
11 hotels, restaurants, attractions, neighborhoods,
12 and people ready to love you back; we have tell
13 the travel industry, the traveler, and the media
14 that we do. The way to do that is a strong,
15 consistent, well-targeted advertising and
16 promotional program that defines the value of the
17 experience for the travelers and invites them to
18 spend here time with us.

19 We'd like to thank you for the
20 opportunity to testify today and answer any of
21 your questions. In addition to this testimony
22 supplied, we've supplementary materials in the
23 packets that you have. You have an Advertising
24 Campaign Overview, the Co-op Matching Grants
25 Advertising Program, the Three-Year Budget, some

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2 letters of support and sample materials. We also
3 have with us today some of the samples of the
4 print ads.

5 Thank you very much.

6 COUNCILWOMAN BLACKWELL: Thank you very
7 much.

8 In your testimony, you mention Pew as
9 one of those who you are targeting for
10 contributions. Do you have other major
11 contributors in mind, and who might they be?

12 MS. LEVITZ: Yes. We've already
13 secured Visa USA who, once they were assured that
14 we probably were going to be permanent, have come
15 back for a renewing grant. When we opened, they
16 were very excited and gave us \$600,000 over the
17 first two years. We were able to work with them
18 and they worked with us to increase Visa spending
19 in the region by 31 percent. So they were very
20 happy. They realized that the Philadelphia region
21 is a very good market for them and us, so they've
22 come back for another \$300,000.

23 We're working with the William Penn
24 Foundation on getting grants for the upcoming
25 Gateway Visitors Center. They gave a grant of

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2 which 10 percent will go to us to help open the
3 Gateway Visitors Center and to make sure it
4 represents Philadelphia and the region.

5 We're currently working with the
6 Chamber of Commerce, SEPTA, Amtrak, U.S. Airways,
7 PECO --

8 COUNCILWOMAN BLACKWELL: Could you say
9 those again.

10 MS. LEVITZ: Pardon?

11 COUNCILWOMAN BLACKWELL: Would you say
12 that again.

13 MS. LEVITZ: Oh, I'm sorry. Yeah,
14 we're also working with the Chamber of Commerce,
15 Amtrak, SEPTA, PECO, Coca Cola -- and I'm leaving
16 somebody out.

17 We're also working on a VFR program,
18 which would -- it means "Visiting Friends and
19 Relatives" -- to turn the people in the region --
20 I'm sorry, you're right, Karen, thanks. PNI has
21 come on as a large sponsor so that we're able to
22 do some advertising locally so that our own
23 residents can become more active --

24 COUNCILWOMAN BLACKWELL: And what's the
25 name of that company?

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2 MS. LEVITZ: PNI, Philadelphia
3 Newspapers. It's The Inquirer and The Daily
4 News. So that we can convert our own local
5 residents into more active and enthusiastic hosts
6 when people come here for the millennium, for the
7 Republican National Convention, or whatever, and
8 to support neighborhood growth.

9 COUNCILWOMAN BLACKWELL: All right. We
10 have a list of vendors that was just given to us.
11 I assume that these are minority companies?

12 MS. LEVITZ: Yes.

13 COUNCILWOMAN BLACKWELL: We certainly
14 would like a list of all vendors. And let me also
15 ask you -- and how vendors are used. We'd like a
16 full list of all vendors with regard to this
17 program, what part they play, and what percentage
18 of the money they get. We would also like to know
19 how these vendors are chosen, as well as how the
20 multicultural initiatives on Page 2, how these
21 folks are chosen to receive funding. Maybe you
22 can answer the latter question now.

23 MS. LEVITZ: Yeah 'cause that would
24 take a long time, some of the questions. Do you
25 want to go over the grant program? Let's start

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2 with your last question, which was how the grant
3 awardees are chosen.

4 COUNCILWOMAN BLACKWELL: Yes.

5 MS. LEVITZ: 'Cause that's easier.

6 MS. LEWIS: GPTMC has a co-op
7 advertising grants program. It's an opportunity
8 for communities organizations, cultural
9 institutions to apply for a marketing grant from
10 us to advertise and market their specific programs
11 outside of Philadelphia.

12 In order to be considered, you have to,
13 of course, apply by filling out an application,
14 but there are two requirements that you must
15 have. One is an overnight component, meaning that
16 you must have a hotel-room night program attached
17 to whatever your event or activity is. The second
18 is that you must fill out an application, and that
19 application then comes to us, and we have a
20 committee that reviews those applications and
21 makes recommendations to our board of directors.

22 Our board of directors actually makes
23 the final decision on any grants that GPTMC
24 awards. And, again, it is very focused on
25 advertising and marketing.

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2 So, for instance, a person couldn't
3 apply to us to get programming support; it has to
4 be marketing and advertising support. And then
5 they must match that by showing us how they're
6 advertising and marketing those programs here.

7 COUNCILWOMAN BLACKWELL: Let me ask you
8 a question. You said they have to have the
9 ability to have hotel room accommodation. Now,
10 Freedom Theater is a Philadelphia institution, we
11 all love Freedom Theater, but certainly, Freedom
12 Theater gives shows, daily shows. I don't
13 understand the hotel room accommodation part you
14 mentioned.

15 MS. LEWIS: For instance, we worked
16 with Freedom Theater on their successful Black
17 Nativity program, and they then worked with hotels
18 to create a package, which we could then advertise
19 outside of Philadelphia so people could come in to
20 see Black Nativity and stay overnight. They also
21 included in that package opportunities for you to
22 go on a multicultural tour and for you to have
23 dinner at Zanzibar or Warm Daddy's.

24 COUNCILWOMAN BLACKWELL: Okay, so an
25 organization doesn't necessarily have to have that

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2 built in; you work to create a package that can be
3 advertised outside of Philadelphia.

4 MS. LEWIS: Correct. And we also
5 provide assistance. For instance, Mickey Rowley
6 sits on this committee from the Greater
7 Philadelphia Hotel Association, so anyone that's
8 having difficulty getting to a hotel, he can be of
9 assistance in that area.

10 COUNCILWOMAN BLACKWELL: Okay. Now,
11 for the other -- and so you will -- when are the
12 grants available and what's the turnaround time
13 for groups to receive a grant?

14 MS. LEWIS: Normally, we award grants
15 twice a year -- in the spring and in the fall.
16 However, we're currently reviewing this entire
17 program to make sure it's -- well, we believe that
18 this a good time to review a lot of the programs
19 that we're working on, but we feel this is a
20 particularly a good time to go back and review
21 everything that we've done with this program to
22 make sure it's been effective.

23 So although, in the past, it has been
24 twice a year, we may revise that program and only
25 have it once a year so that we can do more

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2 advertising to support a lot of our community and
3 cultural activities.

4 COUNCILWOMAN BLACKWELL: What we would
5 like you to do, we're requesting that if you
6 provide it to the Chair, I'll make it available to
7 all members of the committee and Council
8 information about any grant programs, when the
9 applications are and the criteria so that we can
10 let them know and be aware of this. And we're
11 also requesting again the full vendor list and how
12 that percentage works out.

13 MS. LEWIS: Okay. And I forgot just to
14 add one or two other quick things.

15 COUNCILWOMAN BLACKWELL: Certainly.

16 MS. LEWIS: Another thing that we do to
17 advertise this program is try to get information
18 in many of the newsletters the organizations have
19 so that they can pass that on to people. If you
20 don't have a newsletter, we'd ask people to post
21 information on bulletin boards at their
22 organizations, and we've also gone out to meet
23 with people individually and to also speak to
24 community groups to explain the program. So I
25 just wanted to add that.

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2 COUNCILWOMAN BLACKWELL: Well,
3 certainly I think that's great. We've been doing
4 newsletters since, I guess -- let me see, oh,
5 since my first or second year here, we do regular
6 newsletters, and many people have started or do
7 newsletters as well. So I think that that might
8 be good information that we can pass out to
9 members of our community. Certainly, in my
10 district in West Philadelphia, we have the West
11 Philadelphia Arts League.

12 MS. LEWIS: Yes. I've spoken to them.

13 COUNCILWOMAN BLACKWELL: And we have
14 Partners for the Arts -- that is a West
15 Philadelphia initiative. And we also have pledged
16 as part of our West Philadelphia on the Move that
17 the arts is one of the areas in which we want to
18 focus. So a lot of us are interested in receiving
19 this information so that we can let those who are
20 interested be aware.

21 MS. LEWIS: Okay.

22 COUNCILWOMAN BLACKWELL: With that, let
23 me ask Councilwoman -- I'm sorry, all right
24 Councilwoman Tasco, then Councilman Kenney.

25 COUNCILWOMAN TASCO: Good morning.

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2 Thank you very much.

3 The promotions are very good. How many
4 people -- do you know how many visitors come to
5 Philadelphia and stay in Philadelphia but go to
6 Bucks County to visit or use Philadelphia as where
7 they stay in the hotel but go to the outlying
8 county?

9 MS. LEVITZ: We know that in the
10 research that's attached, we haven't broken Bucks
11 County out specifically, but we know that of the
12 10 million people who came here in 1997 for
13 overnight visits, only about 2.5 million of them
14 were the kind of leisure tourists that we need to
15 increase. The others were visiting friends and
16 relatives so they stayed with family or they were
17 here for convention.

18 We know that Philadelphia is a very
19 prominent, what's called "hub-in-spoke
20 destination" so that people may stay here and they
21 do go out into the other counties. The most
22 popular attractions in Bucks County for other
23 visitors is shopping, it's Peddlers Village and
24 New Hope, so they'll go to Bucks County for those
25 things. If they have little kids, they'll go to

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2 Sesame Place.

3 COUNCILWOMAN TASC0: Well, since you
4 testified earlier that they don't want to support
5 the program financially, you have them advertised
6 prominently displayed and promoted in one of your
7 advertisements and on your brochures. It's one of
8 the first counties that you list, probably listing
9 them in alphabetical order, but --

10 MS. LEVITZ: The way the State's share
11 of the money came in at first for the first three
12 years, that was considered as sort of the counties
13 -- the State was making the contribution for the
14 counties. We also found for the research that the
15 only county that outsiders really knew by its name
16 was Bucks County, but they had no idea that Bucks
17 was near Philadelphia, so we did use that to
18 encourage more visitation to this area.

19 We found that people really did not
20 know where things were. We were still getting
21 questions like, "How close is Philadelphia to
22 Pennsylvania?" So we knew that we had to start
23 out with making some extreme clarity in terms of
24 mapping. We start with the real basics with this
25 thing because when we said that the image was

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2 negative or fuzzy, we were being very kind.

3 We also found through the research that
4 people don't really care where the county lines
5 are, they don't care when they're crossing from
6 Chester to Delaware or into Philadelphia, and
7 there's really no point in letting them know.

8 So for the first three years, we
9 accepted this. However, we feel, and certainly
10 the Hotel Association feels, that once the funding
11 streams are changed, the counties really ought to
12 ante up. They would argue, Councilwoman, that
13 because Philadelphia gets most of the attention
14 and most of the room nights, that the contribution
15 should be proportionately less. We don't have a
16 big problem with that but we believe that there
17 should be a contribution.

18 COUNCILWOMAN TASC0: I agree.

19 MR. LEVITZ: Okay.

20 COUNCILWOMAN TASC0: These ads, now,
21 what is your market, where do you promote them --
22 all across the country or just in targeted
23 markets?

24 MS. LEVITZ: I wish we could promote
25 them all across the country, but we don't have

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2 nearly enough money to do that, so we concentrate
3 in where the New York TV signal goes, and that's
4 North Jersey, New York, Long Island, West Chester,
5 Southern Connecticut. We go down to Baltimore and
6 D.C., we go into central Pennsylvania. And
7 through cable, we're able to go into Illinois,
8 Florida, California, and Texas, which have proved
9 to be good feeder markets for us, especially when
10 they're hooked on to an event.

11 We also know that with these markets,
12 Philadelphia, as the place where it all began, the
13 recognition of the Liberty Bell and Independence
14 Hall will become increasingly stronger as we go
15 on, once the mall is redesigned. So we're looking
16 forward to pushing that more.

17 As soon as the Liberty Bell has it's
18 new pavilion, we have the Gateway Visitors Center,
19 the landscaping of the mall, etc. That's one
20 thing we have that nobody else has.

21 COUNCILWOMAN TASC0: One other
22 question. Going to the festivals, who will now --
23 will you promote the Jumbalaya Jam PECO Festival,
24 all those festivals that we've had? Who's going
25 to be responsible for that, you or the

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2 Philadelphia Visitors and Convention Bureau, or
3 just what group?

4 MS. LEVITZ: It's going to be a
5 combination of a few things, and each special
6 event is really different. For the Jam, Penn's
7 Landing has it's own in-house P.R. people, who are
8 most concerned with the kind of publicity that you
9 need to do for selling ticket, so they'll continue
10 to be doing that. We'll do the outside, using the
11 Jam as a regional image-builder.

12 We would follow that basic formula with
13 PECO Jazz, with Mummers Fest, with the Flower
14 Show, with all of them, as we do now. Most of the
15 events that have been around for ten years or more
16 are very good at knowing where their local markets
17 are and selling tickets to what they need.

18 What haven't been able to do, and the
19 basis of Karen's whole co-op Matching Grants
20 Program is, is to enable them to extend their
21 reach and use it as what we call a "destination
22 definer" so that through these special events,
23 people start understanding what Philadelphia
24 really is.

25 We would advertise them as well,

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2 instead of just promoting.

3 COUNCILWOMAN BLACKWELL: I noticed in
4 one of the films that we did a lot of advertising
5 there for Valley Forge, which is certainly a part
6 of this regional history, and obviously, we have a
7 lot we could that we could advertise in Old City,
8 the Liberty Bell, etc., etc.

9 Are they somehow great contributors to
10 this?

11 MS. LEVITZ: Yeah. They contributed
12 \$270,000 towards the placement of that spot. And
13 we're really glad we did it because when we had
14 the Republicans in to get them to do the
15 Convention here, they were real thrilled to see a
16 Bob Dole spot, so it paid off.

17 COUNCILWOMAN BLACKWELL: Thank you.
18 Councilman Kenney and then Councilwoman
19 Clark.

20 COUNCILMAN KENNEY: Thank you.

21 What research has been completed or
22 anticipated in an effort to attract European,
23 South American, and Scandinavian tourists
24 considering our expansion of regular routes
25 through our airport to Europe and to South America

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2 and Scandinavia? And what have we done in an
3 effort to fold in the cruise ship opportunities
4 that I understand this year is going to be very
5 expansive, apparently, if we can get an
6 arrangement with, I think, either Bermuda, where
7 we may have every week a large cruise ship or two
8 leaving Philadelphia over the course of 16 weeks?

9 So could you talk a little bit those to
10 opportunities?

11 MS. LEVITZ: Sure. If you think that
12 local people are still fuzzy on where Philadelphia
13 is, you should start talking to people from other
14 countries. What we found is that until U.S.
15 Airways had direct flights here, it would have
16 been a waste of money entirely to try to establish
17 Philadelphia as an international destination
18 because people like to go where they can fly
19 directly.

20 Now that U.S. Airways has built up
21 their routes, we have looked into what it would
22 take. It would take about \$3 million per country
23 per year to be able to compete with all of the
24 competitors who have been there who have had
25 direct lift over these last years because what

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2 happens now is, nobody is doing consumer
3 advertising anywhere for Philadelphia in Europe or
4 Asia. U.S. Airways does some consumer advertising
5 for American routes but does not break out
6 Philadelphia as a particular destination, and it
7 did not include Philadelphia as city break tour
8 when that program of four-day weekenders was very
9 popular.

10 In addition to the consumer, you need
11 to be able to market to the travel agents. The
12 European consumer and the Asian consumer use
13 travel agents a lot more than we do, a lot more we
14 do, and they are used to having their whole
15 vacation in one envelope made up of vouchers.

16 And so you need the travel agent and
17 then you need to advertise to the tour operator
18 because the travel agent goes and buys the trips
19 from tour operator, who then sends them to the
20 consumer.

21 So, basically, for the U.K., it would
22 take about \$3 million for, as I said, for each of
23 a number of years. And it would take a little bit
24 more for some of the other countries because you
25 have certain language problems. But right now the

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2 consumer in these foreign countries is not really
3 being talked to about Philadelphia.

4 The other thing that would really help
5 would be to have a movie that really celebrated
6 Philadelphia. "City Slickers," for example, did
7 an enormous amount for dude ranches, especially in
8 the West -- they just bloomed, if a dude ranch can
9 do that. Series like "Dynasty" and "Dallas,"
10 especially in the U.K. and Germany, just sent
11 those two destinations, Denver and Dallas, into
12 almost top of the mark in terms of that. We've
13 had a number of great movies here but not the kind
14 that really rally people to Philadelphia so we're
15 working with the film office on that.

16 In terms of the cruise ship terminal,
17 that was one of the initiatives that GPTMC
18 supported because we feel that this is a terrific
19 addition to the Philadelphia product and can add
20 nights on before and after.

21 COUNCILMAN KENNEY: Okay, thank you.

22 COUNCILWOMAN TASC0: I have one more
23 comment.

24 I wouldn't beat up too much on yourself
25 about Philadelphia. The problem of people who

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2 might not know where Philadelphia is might have
3 something to do with the educational system across
4 the country -- they probably don't teach geography
5 anymore.

6 MS. LEVITZ: You know, that's a really
7 good point. And we would also like to be able to
8 correct the textbooks in America. All the
9 5th-graders read about Philadelphia, and what they
10 read about Philadelphia is that it was really hot
11 and sticky and our forefathers suffered so that
12 when we get rated on weather, our weather came out
13 worse than Buffalo's weather.

14 And according to research studies that
15 were done, a lot of people come through here just
16 to see the bell on a class trip, then they think
17 they're done with the whole city. That's why we
18 need to continue to sell the bell plus everything
19 else that there is. .

20 COUNCILWOMAN BLACKWELL: Thank you.

21 Councilwoman Clark.

22 COUNCILWOMAN CLARK: Excellent segue
23 discussion about the film. What, if anything,
24 would you do to standardize the bell as the symbol
25 of Philadelphia, just as apple is to New York?

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2 There are no apples in New York City, and yet, and
3 yet, the apple is their symbol. "I Love New
4 York," i's probably the most disinterested town in
5 the world, but it has a wonderful slogan.

6 I am just hurting for us standardizing
7 our bell. Sometimes you see William Penn,
8 sometimes you see Benjamin Franklin, sometimes you
9 see the bell, so we have so many that we don't
10 have one.

11 Is it anybody's plan to standardize the
12 bell, which is our most unique historic relic? We
13 need to do it. If you take Carpenters Hall, every
14 old city has a building that looks like Carpenters
15 Hall.

16 MS. LEVITZ: That's true.

17 COUNCILWOMAN CLARK: Certainly Boston,
18 certainly these eastern cities, so I don't think
19 you can do it with the building. I think that the
20 bell begs to be our symbol.

21 MS. LEVITZ: Mm-hmm. Well, let me
22 start by saying that the Gateway Visitors Center
23 coming to Independence Mall and the new Bell
24 Pavilion will us greatly with that.

25 We use the bell on everything that we

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2 do -- it's somewhere in there -- but it's not
3 prominent. And, certainly, the bell is one of the
4 most recognizable symbols in the world. What it
5 has been symbolizing, however, to our hotels and
6 our restaurants and our other attractions is that
7 it's been kind of in the pavilion that it's been
8 located in for the past few years, almost a
9 drive-through attraction. And it doesn't seem to
10 many of our attractions like a reason for people
11 to stay overnight. History is such a daytime
12 word, that they've been asking us to push not only
13 the bell but more. In fact, one advertising came
14 up with the slogan "Just ask us, Philly plus, it's
15 bigger than the bell," and a bunch of other ways
16 to --

17 COUNCILWOMAN CLARK: Now, that's a
18 whole paragraph, so please don't use that.

19 MS. LEVITZ: We didn't. You're right,
20 it was just too.

21 We have to get across the bell plus
22 everything else that Philadelphia is.
23 Fortunately, Philadelphia 2000 uses the bell
24 prominently, the Gateway Visitors Center will use
25 the bell prominently, and we use it. But our

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2 challenge these first three years has been really
3 to correct the image. People already knew that
4 Philadelphia had the bell; we had to show them
5 what else it did. Once we're here and around for
6 a while, we can incorporate it more fully, but we
7 --

8 COUNCILWOMAN CLARK: I disagree with
9 that.

10 MS. LEVITZ: Okay.

11 COUNCILWOMAN CLARK: I don't think you
12 can fix it by not using it; I think you fix it by
13 using it. Just the same way you use the Love
14 statute, if you had put the bell everywhere you
15 put the Love, you would start to establish this as
16 the symbol.

17 Now, I didn't even mention the Love,
18 but that's one more thing that competes with the
19 bell and gives us that kind of patchwork quilt
20 look rather than a slick, smooth presentation.

21 And it reminds me kind of White House.
22 The White House is a lovely house that's been
23 lived in by a lot of people, and everybody who was
24 there tried to put their stamp on it so that it's
25 not the one continuous family decorated house.

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2 If we don't find and focus ourselves on
3 one historic relic, it will just be one more. So
4 you have to do it, and this is the time for you to
5 do it because you're relatively new. If you get
6 caught up in something else, somebody who sits in
7 my chair will say this to you ten years from now.

8 MS. LEVITZ: Okay.

9 COUNCILWOMAN CLARK: So I would like to
10 see you focus on our most historic relic.

11 MS. LEVITZ: Your advice is well taken.

12 COUNCILWOMAN CLARK: "The City That
13 Loves You Back" may one day catch on, but it's not
14 "I Love New York," is it?

15 MS. LEVITZ: Yeah. "I Love New York"
16 has been around now for about 14 years.

17 COUNCILWOMAN CLARK: And it gets
18 better.

19 MS. LEVITZ: Yeah, and they put 15
20 million into it a year.

21 COUNCILWOMAN CLARK: That's right. And
22 I really think that we ought to start to spend
23 money on a slogan that rolls off your tongue, that
24 fits easily on a bumper sticker or on a button.
25 You know what I mean?

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2 MS. LEVITZ: Yeah. And I think you
3 ought to be in advertising or something.

4 COUNCILWOMAN CLARK: Since I do this
5 for free, you didn't have to pay me for it.

6 MS. LEVITZ: Thank you very much.

7 COUNCILWOMAN CLARK: I really do not
8 think that anybody has ever given us the kind of
9 slogan, the kind of relic that makes Philadelphia
10 come immediately to mind. You got to read almost
11 a paragraph. Now, you talk about Philadelphia,
12 "the place that loves you back."

13 MS. LEVITZ: Yeah.

14 COUNCILWOMAN CLARK: That's almost a
15 paragraph, too.

16 MS. LEVITZ: Yeah.

17 COUNCILWOMAN CLARK: And the first
18 button, that light blue or yellow --

19 MS. LEVITZ: Right, I know, I know, I
20 know. We're sorry about that button.

21 COUNCILWOMAN CLARK: I am too because
22 that was just miserable.

23 MS. LEVITZ: Yeah.

24 COUNCILWOMAN CLARK: What we have got
25 to do is put some real money into a real slogan,

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2 and let's stop changing it. As soon as we get
3 one, leap on it. I'll give you an example.

4 MS. LEVITZ: Okay.

5 COUNCILWOMAN CLARK: No, don't write it
6 down.

7 MS. LEVITZ: Oh, okay.

8 COUNCILWOMAN CLARK: An example of a
9 slogan that works.

10 MS. LEVITZ: Yeah?

11 COUNCILWOMAN CLARK: "A mind is a
12 terrible thing to waste." That is a beautiful
13 slogan, it rolls off your tongue, it fits on a
14 button, it goes on a bumper sticker, and when you
15 get through saying it, it means something in your
16 heart.

17 Unless we get something that pulls on a
18 heartstring like that, we will constantly change
19 this. And I'm upset that we haven't done it yet.

20 MS. LEVITZ: Okay. Okay, thank you.

21 COUNCILWOMAN BLACKWELL: Thank you.

22 Councilman DiCicco?

23 COUNCILMAN DICICCO: Thank you, Madam
24 Chair.

25 I'd just like to follow up on the line

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2 of questioning from Councilman Kenney. A couple
3 of years ago, I had the pleasure of going to
4 Italy, and I spent nine days in the Abruzzo
5 region. And as I traveled to each of the four
6 provinces of Abruzzo and met with the mayors and
7 the people in the commerce departments in those
8 provinces, most of the discussion was on how we
9 could form a partnership between the City of
10 Philadelphia and the region of Abruzzo, because we
11 already have Florence as a sister city.

12 And one of the areas we discussed was,
13 how do we encourage people from Italy, when they
14 come to American, to come someplace other than New
15 York? Because New York is where everybody seems
16 to want to go.

17 And I was wondering, do you have any
18 discussions with IVC, the International Visitors
19 Council? Because they, the IVC, said to me that
20 they would like to begin to do some more promotion
21 for foreign countries who have significant numbers
22 of people from their region in this country. And
23 as an example in the Philadelphia region, they
24 tell me there are about 450,000 descendents --
25 first, second, third generation -- from the region

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2 of Abruzzo, most of which are in Philadelphia,
3 it's a heavily concentrated area for people from
4 Abruzzo.

5 And the IVC, it kind of got lost in two
6 years, and it's a shame because we talked about it
7 in Italy, we spoke about it here with the IVC, but
8 I don't know if there's really been much
9 follow-up. And I could appreciate the costs that
10 you mentioned to Councilman Kenney of about
11 \$3 million per country, but I think you have a
12 target in some of the countries. That might be
13 less expensive since they do have family here, as
14 a way of bringing them here.

15 Just a thought I had, and I was just
16 wondering, do you have any interaction with the
17 IVC?

18 MS. LEVITZ: We do have some
19 interaction with the IVC, but during these first
20 three years, our mandate was to advertise only
21 between 90 miles and 500 miles out. Because the
22 advertising budget is so limited, the idea was to
23 build on people who might be able to make return
24 trips, so all of our advertising has had to stay
25 within 500 miles.

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2 However, what you're bringing up is
3 part of what Karen was mentioning in future
4 plans. We talk a lot about how Philadelphia is
5 the city of neighborhoods, but it's really time to
6 apply the city of neighborhood strengths, which is
7 just what you said. If there are 450 Abruzzeses?

8 COUNCILMAN DICICCO: Abruzzeses, that's
9 right.

10 MS. LEVITZ: I wasn't too far off on
11 that. We would like each of them to invite their
12 relatives to come to Philadelphia and stay in a
13 hotel, not with you.

14 COUNCILMAN DICICCO: That's -- part
15 what we discussed was that maybe what we need to
16 do is work with the travel agents --

17 MS. LEVITZ: Yes, absolutely.

18 COUNCILMAN DICICCO: -- who are trying
19 to encourage -- when they encourage people or try
20 to promote America, the United States, is to look
21 at the family tree and identify where -- my
22 grandfather, as an example, came from the Abruzzo
23 region back around about 1910. I got to meet
24 cousins of mine that I never knew that are
25 third-generation.

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2 But when people come to America,
3 typically, they won't come to the neighborhood or
4 the area where the descendents came to; they will
5 go to New York or Washington DC, and we kind of
6 get lost in between.

7 MS. LEVITZ: We think it's definitely
8 time to change that.

9 COUNCILMAN DICICCO: Thank you.

10 MS. LEVITZ: And that would strengthen
11 the visitation to the neighborhood as well, and
12 that's where that has to come from -- somebody has
13 to invite you.

14 COUNCILMAN DICICCO: Thank you.

15 No further questions, thank you.

16 COUNCILWOMAN BLACKWELL: Thank you.

17 Are there any other questions from the
18 committee?

19 (No further questions at this time.)

20 COUNCILWOMAN BLACKWELL: Is there
21 anyone else who would like to testify?

22 (No response.)

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1 4/12/99 FINANCE COMMITTEE - Public Meeting

2 COUNCILWOMAN BLACKWELL: Then we would
3 like to end our public hearing and now go into our
4 committee hearing.

5 I would like to ask the President for a
6 motion for the proposed amendment to Bill 990116,
7 that it be approved.

8 COUNCIL PRESIDENT VERNA: Thank you,
9 Madam Chair.

10 I move that on Page 3, Section 2, that
11 the amendment read: "This ordinance shall be
12 effective July 1, 1999."

13 (Duly seconded.)

14 COUNCILWOMAN BLACKWELL: It's been
15 properly moved and seconded.

16 All in favor?

17 All opposed?

18 The ayes have it, and so the amendment
19 is carried.

20 And now I would like a motion for Bill
21 No. 990116, that it be approved, and with a
22 suspension of the rules.

23 Councilwoman Tasco?

24 COUNCIL PRESIDENT VERNA: There is no
25 suspension.

1 4/12/99 FINANCE COMMITTEE - Public Meeting

2 COUNCILWOMAN BLACKWELL: No suspension?

3 All right, thank you very much.

4 COUNCILWOMAN CLARK: Madam Chair, I

5 move that we adopt the amendment as submitted to

6 Bill 990116.

7 (Duly seconded.)

8 COUNCILWOMAN BLACKWELL: All in favor?

9 All opposed?

10 The ayes have it, and so it's carried.

11 COUNCILWOMAN TASCO: Madam Chair, I

12 move that we vote out Bill No. 990116, with a

13 favorable recommendation, as amended.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: All in favor?

16 Opposed?

17 All right, the ayes have it, and so

18 Bill 990116 is reported out of this committee, as

19 amended, with a favorable recommendation.

20 Let me also add that since this

21 committee was advertised to be held from 11 till 2

22 o'clock, that we move that this hearing be

23 adjourned at this hour.

24 May I have a motion and a second on

25 that?

1 4/12/99 FINANCE COMMITTEE - Public Meeting

2 COUNCILWOMAN CLARK: So moved.

3 (Duly seconded.)

4 COUNCILWOMAN BLACKWELL: All in favor?

5 Opposed?

6 The motion is carried.

7 Thank you, thank you very much. Thanks

8 all for attending.

9 (Adjourned at 12:53 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 Monday, April 12, 1999, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE
BILL NO. 990116

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter