

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 Wednesday, 12/6/2000
9 3:20 p.m.
10 - - -

11 BILL 000581 - Permitting certain City employees to
12 authorize additional payroll deductions, under
13 certain terms and conditions

14 BILL 000703 - Authorizing payroll deductions for
15 certain benefits, including deductions payable to
16 American Family Life Insurance Company and the
17 John Hancock Life Insurance Company.

18 BILL 000707 - Authorizing the Philadelphia
19 Authority for Industrial Development to file an
20 application with the Office of the Budget for the
21 Commonwealth of Pennsylvania under the Capital
22 Redevelopment Assistance Program in an aggregate
23 amount not to exceed \$57,327,600 to assist in the
24 development of 14 named projects.

25 (Full text of all bills contained herein.)

18 PRESENT: COUNCILWOMAN JANNIE L. BLACKWELL, Chair
19 COUNCILWOMAN MARIAN B. TASC0, Vice Chair
20 COUNCILWOMAN BLONDELL REYNOLDS BROWN
21 COUNCILMAN DAVID COHEN
22 COUNCILMAN W. WILSON GOODE, JR.
23 COUNCILMAN JAMES F. KENNEY
24 COUNCILMAN MICHAEL A. NUTTER

25 - - -
VINCENT VARALLO ASSOCIATES, INC.
Registered Professional Reporters
Eleven Penn Center, Suite 600
Philadelphia, PA 19103
(215) 561-2220

1 /00 FINANCE

2 I N D E X

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4 Bill 703 and 581

5 Linda Orfanelli, Deputy Director of Finance 4

6 Pete Matthews, President. 7
7 AFSME District Council 33 Municipal Employees

8 Bill 707

9 Robert Fina, Senior Vice President, PIDC 12

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

3 COUNCILWOMAN BLACKWELL: Good

4 afternoon. We are sorry for the delay, and
5 certainly, the Finance Committee would like to
6 call this hearing into order with regard to three
7 bills: Bill No.'s 581, 703 and, 707.

8 We do have a quorum present:

9 Councilman Cohen to my left, Councilman Kenney to
10 my left, and Councilman Nutter to my right, I'm
11 Jannie Blackwell. And we're ready to begin.

12 Certainly we want to first ask the
13 clerk to read the title of Bill No. 703.

14 THE CLERK: Bill No. 703, an ordinance
15 amending Section 19-203 of the Philadelphia Code,
16 entitled "Payroll Deductions," by authorizing
17 payroll deductions for certain benefits, including
18 deductions payable to American Family Life
19 Insurance Company and the John Hancock Life
20 Insurance Company.

21 COUNCILWOMAN BLACKWELL: Thank you very
22 much.

23 Would those who would like to testify
24 -- I understand Linda Orfanelli is here, Pete
25 Matthews, please come forward.

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2 (Witnesses come forward.)

3 COUNCILWOMAN BLACKWELL: Thank you very
4 much. Again, we're sorry for the delay. Would
5 you introduce yourself to the record and begin
6 your testimony.

7 MS. ORFANELLI: Good afternoon,
8 Councilwoman.

9 COUNCILWOMAN BLACKWELL: Good
10 afternoon.

11 MS. ORFANELLI: I'm Linda Orfanelli,
12 Deputy Director of Finance for Accounting and
13 Administration, and I'm here on behalf of the
14 Administration to discuss our position on Bill No.
15 703.

16 I'd like to mention that we are also --
17 my testimony is basically the same for both this
18 bill and for Bill No. 581. So if you -- I don't
19 know how you want me to proceed, but I'm not going
20 to say -- basically nothing -- I'm not going to
21 say anything different about this one than if I --

22 COUNCILWOMAN BLACKWELL: All right.
23 Then maybe what we will do is have the clerk,
24 then, to read the title of Bill 581 as well
25 because your testimony will refer to both.

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2 MS. ORFANELLI: Thank you.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 THE CLERK: Bill No. 581, an ordinance
5 amending Section 19-203 of the Philadelphia Code
6 entitled, "Payroll Deductions," by adding a new
7 subsection permitting certain City employees to
8 authorize additional payroll deductions, under
9 certain terms and conditions.

10 COUNCILWOMAN BLACKWELL: Thank you.

11 MS. ORFANELLI: Thank you.

12 COUNCILWOMAN BLACKWELL: Let me also
13 note that Councilman Goode and Councilwoman
14 Blondell Reynolds Brown are here.

15 MS. ORFANELLI: I've been before this
16 august body before to discuss payroll deductions.
17 This is not something new. I think you all
18 understand how they work. Employees choose, they
19 sign up, they can revoke their decision at any
20 time, and we make a change in our system. And
21 this is -- this amendment is to add additional
22 deductions, as listed in the Philadelphia Code,
23 under Section 19-203.

24 We are prepared to handle these
25 deductions, as we have in the past, and the only

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2 thing I really need to bring to your attention is
3 that because of certain legal requirements and our
4 workload at this time, we're not going to be able
5 to deal with these or work with these companies
6 until the fall of 2001. And I actually -- I have
7 a list of -- to give you an idea of what we're
8 doing so that you have a sense of why we don't
9 have -- we don't have the resources at this time.

10 In the fall, we will, and we will work
11 very diligently to get everything on board as
12 quickly as possible, but I don't have the people,
13 even in the Mayor's Office of Information Services
14 or our Payroll Division, who can handle our
15 current list of jobs and these additional three
16 deductions.

17 COUNCILWOMAN BLACKWELL: Mr. Matthews,
18 is that acceptable to you?

19 MR. MATTHEWS: No. We want to get this
20 started as soon as possible.

21 COUNCILWOMAN BLACKWELL: All right.
22 Well --

23 MR. MATTHEWS: And that's what we
24 thought our understanding was.

25 COUNCILWOMAN BLACKWELL: All right.

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2 Then we would certainly -- and in fact, we will
3 confer with the Mayor again at 3:30, as soon as
4 this hearing's over, and we will certainly bring
5 the matter to him to see if we can't have
6 something worked out where District Council 33 can
7 have their requests honor.

8 MR. MATTHEWS: Okay.

9 MS. ORFANELLI: Okay.

10 COUNCILWOMAN BLACKWELL: And we thank
11 you for bringing your problems to our attention as
12 well.

13 MS. ORFANELLI: Thank you.

14 COUNCILWOMAN BLACKWELL: Thank you.

15 Mr. Matthews, would you identify
16 yourself to the record and begin your testimony.

17 MR. MATTHEWS: Yes. Good afternoon,
18 Madam Chairperson. My name is Pete Matthews,
19 President of AFSME District Council 33 Municipal
20 Employees.

21 Madam Chairperson, members of the
22 committee, thank you for this opportunity to
23 present testimony on behalf of the membership of
24 our union. As you know, our union was able to
25 settle a fair contract with the City of

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2 Philadelphia last July, without going on strike.
3 Part of the reason why we are able to make this
4 settlement was because the City agreed to withdraw
5 its demands for concessions in the area of
6 health-care benefits. It was our objective in
7 these negotiations to settle a fair contract that
8 would be fair to the City as well as to our
9 members, and we think that's what was
10 accomplished.

11 I am here today to inform the Council
12 that our union has entered into an agreement with
13 the AFLAC Insurance Company to provide our members
14 with a voluntary supplemental benefits plan that
15 will enhance the benefits package already provided
16 by the City under the terms of our collective
17 bargaining agreement.

18 I want to stress that the enrollment in
19 this program will be strictly voluntary for our
20 members. All we're asking for the City is that
21 our members be permitted to purchase the plan
22 through the use of payroll deductions on a pre-tax
23 basis. The voluntary supplemental insurance
24 policies we want our members to be able to buy has
25 three specific advantages:

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2 One, they will provide a source of
3 funding for our members to use to cover medical
4 expenses related to serious illnesses and injuries
5 left over after the coverage provided by the
6 contracted benefits are exhausted. It would also
7 help with their ongoing monthly expenses
8 regardless of the loss of earning power.

9 Two, by purchasing these plans on a
10 group payroll deduction basis, our members will
11 receive up to 50 percent savings in the cost of
12 their premiums over what it would have cost them
13 if they were able to buy the coverage as
14 individuals.

15 Three, when offered on a pre-tax basis,
16 our members would be able to benefit from a tax
17 break which would result in an additional saving
18 of 20 to 30 percent, depending on the level of
19 coverage they opt to buy.

20 The plans we want to offer our members
21 include: personal catastrophic critical-event
22 coverage covering costs associated with cancer,
23 heart disease, organ transplants, neonatal and
24 intensive-care confinement, personal accident
25 expense coverage to address accidents and injuries

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2 on and off the job, as well as dependent children
3 coverage for single parents, personal short-term
4 disability coverage to offset the gap in our
5 current contracted income replacement.

6 In addition, the City will benefit
7 because the programs offered through AFLAC also
8 reduce the FICA contributions the City must match
9 on our membership's payroll. In other words, for
10 every dollar deducted pre-tax for these plans, the
11 City will save 7.65 percent. It seems to me that
12 a voluntary supplemental benefit package that
13 improves the coverage and the quality of life for
14 our membership at the same time that it saves the
15 City money is a win/win for both management and
16 labor.

17 You should also know that District
18 Council 33 is in the process of investigating
19 options that will allow us to offer our members
20 long-term care and coverage, which would help them
21 to deal with the problems and costs associated
22 with advancing age for them and their families.
23 We are confident in AFLAC's ability to handle all
24 aspects of communicating, enrolling, and servicing
25 these programs in conjunction with the City in a

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2 way that will minimize any disruption in the
3 workplace, while maximizing the membership's
4 understanding of the benefits being offered.

5 This is why I'm at City Council today,
6 to urge the Administration to work with the union
7 and AFLAC to implement this payroll deduction plan
8 on a voluntary pre-tax basis.

9 Thank you for this opportunity to
10 present this information for your approval.

11 COUNCILWOMAN BLACKWELL: Thank you very
12 much for your testimony.

13 MR. MATTHEWS: You're welcome.

14 COUNCILWOMAN BLACKWELL: We also note
15 that Mr. Bernard West is here and representatives
16 of AFLAC and representative from John Hancock.

17 Are there any questions from members of
18 the committee?

19 (No questions.)

20 COUNCILWOMAN BLACKWELL: Okay, we thank
21 you very much.

22 MR. MATTHEWS: Thank you.

23 COUNCILWOMAN BLACKWELL: And now we
24 will have the clerk will read the title of the
25 last bill.

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2 THE CLERK: Bill No. 707, an ordinance
3 authorizing the Philadelphia Authority for
4 Industrial Development to file an application with
5 the Office of the Budget for the Commonwealth of
6 Pennsylvania under the Capital Redevelopment
7 Assistance Program in an aggregate amount not to
8 exceed \$57,327,600 to assist in the development of
9 Philabundance Hunger Action Center, Manayunk
10 Canal, the Pennsylvania Port of Technology, Cobbs
11 Creek Environmental Educational Center, People's
12 Emergency Center, West Philadelphia YMCA Annex,
13 International House, Christian Street YMCA Center,
14 Association of Puerto Ricans on the March, House
15 of Umoja, Cheltenham/Wayne Development, Dorothy
16 Emmanuel Recreation Center, Academy of Fine Arts,
17 and the National Constitution Center.

18 COUNCILWOMAN BLACKWELL: Thank you very
19 much. Good afternoon.

20 MR. FINA: Good afternoon.

21 COUNCILWOMAN BLACKWELL: Mr. Fina,
22 would you introduce to the record and begin your
23 testimony. Thank you.

24 MR. FINA: Thank you. Good afternoon
25 Chairwoman Blackwell and members of the Finance

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2 Committee. My name is Robert Fina. I'm a Senior
3 Vice President of the Philadelphia Industrial
4 Development, PIDC, and I'm appearing on behalf of
5 the Philadelphia Authority for Industrial
6 Development, PAID. Here with me is my PIDC
7 colleague Tim Roseboro (ph).

8 I am here today to testify in support
9 of Bill No. 707, authorizing PAID to apply for a
10 redevelopment assistance grant from the
11 Commonwealth of Pennsylvania in an aggregate
12 amount of \$57,327,600. This will be used to
13 assist in the development of 14 projects. These
14 projects are: The Philabundance Hunger Action
15 Center, Manayunk Canal, Pennsylvania Port of
16 Technology, Cobbs Creek Environmental Education
17 Center, People's Emergency Center, West
18 Philadelphia YMCA Annex, International House,
19 Christian Street YMCA Center, Association of
20 Puerto Ricans on the March, House of Umoja,
21 Cheltenham/Wayne Development, Dorothy Emmanuel
22 Recreation Center, Pennsylvania Academy of Fine
23 Arts, and the National Constitution Center.

24 Bill No. 707 would authorize PAID to
25 enter into agreements with the City to apply for

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2 the State funding, enter into a grant with the
3 Commonwealth's Office of the Budget to carry out
4 the purposes of City Council's ordinance,
5 designate the City and/or the project recipients
6 to assume the requirement of the full match for
7 each project respectively, designate the City
8 and/or the project recipient to reimburse the
9 Commonwealth for its share of any expenditure
10 found to be ineligible by the Office of the
11 Budget, and obligate the City/and or the designee
12 to complete the projects within a mutually agreed
13 upon timeframe between the Office of the Budget
14 and PAID, including reasonable extensions
15 requested by the City, or the City will reimburse
16 the Commonwealth for any State funds expended for
17 the projects respectively.

18 Exhibit A of the ordinance provided
19 project descriptions for each of the 14 projects
20 seeking funding from the Commonwealth; therefore,
21 I will not include such in my testimony. However,
22 I will again briefly identify each of the projects
23 and also state the amount of State funding,
24 Commonwealth funding, being sought and the process
25 by which the Commonwealth accepts applications for

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2 funding from PAID.

3 Philabundance Hunger Action Center,
4 located at Galloway Street, near the corner of
5 Pattison Avenue, seeks \$227,600 of State
6 assistance.

7 Manayunk Canal, located near Lock
8 Street, seeks \$3 million of State redevelopment
9 assistance.

10 The Pennsylvania Port of Technology,
11 located at 3701 Market Street, seeks \$5 million of
12 State redevelopment assistance.

13 Cobbs Creek Environmental Education
14 Center, located in West Philadelphia, seeks
15 \$1 million of State redevelopment assistance.

16 People's Emergency Center, located on
17 the 4100 block of Lancaster Avenue, seeks
18 \$1,800,000 of State redevelopment assistance.

19 West Philadelphia YMCA Annex, located
20 at 1520 Chestnut Street, seeks \$2 million of State
21 redevelopment assistance.

22 International House, located at 3701
23 Chestnut Street, seeks \$2,700,000 of State
24 funding.

25 Christian Street YMCA Center, located

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2 at Christian Street, seeks \$750,000 from the
3 State.

4 The association of Puerto Ricans on the
5 March, located at the corner of Sixth and York
6 Street, seeks \$1.5 million of State assistance.

7 The House of Umoja, located at 1410
8 North Frazier Street, in West Philadelphia, seeks
9 \$850,000 of State redevelopment assistance.

10 The Chelten/Wayne development, located
11 at Chelten and Wayne Avenues, in Germantown, seeks
12 \$1 million of State redevelopment assistance.

13 Dorothy Emmanuel Recreation Center,
14 located at Gowen Avenue and Pickering Streets, in
15 Mt. Airy, seeks \$1,500,000 of State redevelopment
16 assistance.

17 The Pennsylvania Academy of Fine Arts,
18 located at Broad and Cherry Streets, seeks \$15
19 million of State redevelopment assistance.

20 And the National Constitution Center,
21 located at Sixth and Race Street, seeks
22 \$22 million of State redevelopment assistance.

23 To apply for state redevelopment
24 assistance, three actions must occur.

25 First, the Commonwealth House of

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2 Representatives and Senate must have included the
3 project by name and amount of State funding in the
4 currently-approved State capital budget.

5 Second, the Commonwealth's Office of
6 the Budget, or the Governor's Office, wants in
7 writing authorized PAID to submit an application
8 to the Office of the Budget.

9 And, third, the City Council must
10 approve this proposed ordinance.

11 The State funds must be matched dollar
12 for dollar with non-Commonwealth funding. Prior
13 to PAID submitting a preauthorized application for
14 State funds through the Office of the Budget,
15 50 percent of the non-Commonwealth funding must be
16 committed to the project.

17 The Commonwealth will fund a project
18 only after the application has been approved and
19 all funding necessary to complete the project has
20 been verified to be available. The Office of the
21 Budget reimburses PAID, which, in turn, reimburses
22 the designated project recipient for construction
23 acquisition costs, after proof that the funds have
24 been expended by the recipient.

25 The Office of the Budget also requires

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2 many other procedural actions that are too
3 numerous to recount here, but that PIDC, on behalf
4 of PAID, monitors for compliance.

5 It should be noted that under the
6 previous administration in Harrisburg, Governor
7 Casey, and under the current administration,
8 Governor Ridge, similar requirements were imposed
9 by the Office of the Budget for 31 projects, with
10 \$170 million of redevelopment assistance approved,
11 with a combined total project cost of
12 approximately \$1 billion.

13 I am pleased to advise that, although
14 demanding and time assuming, that all 31 projects
15 were completed or are presently under construction
16 or are bound to commence construction, in
17 accordance with the Commonwealth requirements.

18 I again request the Finance Committee's
19 favorable recommendation of Bill No. 000707 and
20 that the rules of Council be suspended to permit
21 the first reading at the next regularly session of
22 City Council, which I assume will be tomorrow.

23 I thank you for your consideration, and
24 should you have any questions, I would be pleased
25 to answer them to the best of my ability.

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2 COUNCILWOMAN BLACKWELL: Thank you very
3 much.

4 Do you wish to testify?

5 MR. ROSEBORO: I think that said it
6 all.

7 COUNCILWOMAN BLACKWELL: I think so
8 too.

9 Are there any questions from members of
10 the committee?

11 (No questions.)

12 COUNCILWOMAN BLACKWELL: If not, we
13 will close our public hearing and enter our stated
14 meeting.

15 COUNCILMAN NUTTER: Madam Chair?

16 COUNCILWOMAN BLACKWELL: Yes.

17 COUNCILMAN NUTTER: I'm sorry. I did
18 want to ask one question.

19 Mr. Fina, on the last page of your
20 testimony, it talks about similar requirements
21 were imposed by the Office of the Budget for 31
22 projects with 170 million in redevelopment
23 assistance, with a combined total project cost of
24 approximately \$1 billion.

25 The only thing that caught my eye here

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2 is that there is, in another transaction away from
3 these, there is a \$170 million figure that is the
4 topic of a fair amount of discussion, which,
5 naturally, would be the money from the State for
6 the two stadiums. Are these coincidental
7 figures? Does one have something to do with the
8 other? Can you tell me what that's there for and
9 what it means.

10 MR. FINA: Thank you for that question,
11 Councilman.

12 They are absolutely coincidental. This
13 represents projects that have been approved with
14 grant funds, and I have a list of those 31
15 projects, including the 14 that we're looking at
16 today, which includes the \$170 million.

17 COUNCILMAN NUTTER: Just -- okay.

18 MR. FINA: And, in fact, my figure may
19 be slightly wrong. When I'm looking at my total
20 now, it looks like it's 220 million of grants.

21 COUNCILMAN NUTTER: Okay, that's all
22 right. If it's a coincidence, it's a
23 coincidence. That's fine. I believe in
24 coincidence.

25 MR. FINA: Thank you, sir.

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2 COUNCILMAN NUTTER: Sometimes. Thank
3 you.

4 Thank you, Madam Chair.

5 COUNCILWOMAN BLACKWELL: Thank you very
6 much.

7 Are there any other questions from
8 members of the committee?

9 (No further questions.)

10 COUNCILWOMAN BLACKWELL: If not we will
11 end our public hearing part of our deliberations
12 and enter into our stated meeting

13 - - -

14 COUNCILWOMAN BLACKWELL: Would
15 Councilman Nutter entertain a motion with regard
16 to Bill No. 581.

17 COUNCILMAN NUTTER: Madam Chair, I move
18 that Bill 581 be reported out of this committee
19 with a favorable recommendation and a further
20 recommendation that the rules of Council be
21 suspended so as to permit first reading at our
22 next session.

23 COUNCILWOMAN BLACKWELL: I need a
24 second.

25 (Duly seconded.)

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2 COUNCILWOMAN BLACKWELL: All in favor?

3 Opposed?

4 All right. The ayes have it and so
5 it's passed.

6 Councilman Nutter, would you give me a
7 motion with regard to Bill No. 703.

8 COUNCILMAN NUTTER: Madam Chair, I move
9 that 000703 be reported out of committee with a
10 favorable recommendation and a further
11 recommendation that the rules of Council be
12 suspended so as to permanent first reading at our
13 next session of Council.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: All in favor?

16 Opposed?

17 The ayes have it and so it's carried.

18 Councilman Kenney, would you give me a
19 motion for Bill No. 707.

20 COUNCILMAN KENNEY: Madam Chair, I move
21 that Bill No. 707 be reported out of this
22 committee favorably and that a request be made for
23 a rules suspension to allow for first reading at
24 our next Council session.

25 (Duly seconded.)

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2 COUNCILWOMAN BLACKWELL: All in favor?

3 Opposed?

4 The ayes have it and so it's carried.

5 Let me thank everyone for their

6 patience. Thank you for coming to this hearing,

7 and it is adjourned.

8 (Adjourned at 3:40 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 Wednesday, December 6, 2000, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE

BILL NO.'S 000581, 000703, 000707

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter