

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON LAW AND GOVERNMENT

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, March 24, 2011
2:05 p.m.

PRESENT:

COUNCILMAN WILLIAM K. GREENLEE, CHAIR
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JACK KELLY
COUNCILMAN JAMES KENNEY

BILL 100303 - An Ordinance providing for the
submission to the qualified electors of the
City of Philadelphia of the proposal set forth
in a Resolution approved by Council proposing
an amendment of The Philadelphia Home Rule
Charter providing for a mandatory Budget
Stabilization Reserve...

RESOLUTION 100314 - Resolution proposing an
amending to the Philadelphia Home Rule Charter
providing for a mandatory Budget Stabilization
Reserve...

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2 COUNCILMAN GREENLEE: Good
3 afternoon, everyone. This is the
4 Committee on Law and Government.

5 For the record, we have a
6 quorum with myself, Councilman Kenney,
7 the Vice Chair of the Committee,
8 Councilman Goode and Councilman Kelly.

9 Ms. Marconi, will you please
10 read the bill and resolution before us.

11 THE CLERK: 100303, an
12 Ordinance providing for the submission to
13 the qualified electors of the City of
14 Philadelphia of the proposal set forth in
15 a Resolution approved by Council
16 proposing an amendment of The
17 Philadelphia Home Rule Charter providing
18 for a mandatory Budget Stabilization
19 Reserve; and authorizing the appropriate
20 officers to publish notice and to make
21 arrangements for the special election.

22 Resolution No. 100314,
23 Resolution proposing an amendment to the
24 Philadelphia Home Rule Charter providing
25 for a mandatory Budget Stabilization

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 Reserve, and providing for the submission
3 of the amendment to the electors of
4 Philadelphia.

5 COUNCILMAN GREENLEE: Thank
6 you.

7 Ms. Rhynhart, would you like to
8 be our first witness.

9 (Witness approached witness
10 table.)

11 COUNCILMAN GREENLEE: These
12 will be a lot easier than these budget
13 hearings. Nice break for you here.

14 MS. RHYNHART: Good.

15 COUNCILMAN GREENLEE: Good
16 afternoon.

17 MS. RHYNHART: Good afternoon.
18 Rebecca Rhynhart, Budget Director.

19 Good afternoon, Councilman
20 Greenlee and members of the Committee on
21 Law and Government. I am Rebecca
22 Rhynhart, Budget Director for the City of
23 Philadelphia. I am here to testify on
24 behalf of Bill No. 100303 and Resolution
25 No. 100314.

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 Bill No. 100303, introduced by
3 Councilman Kenney, provides for the
4 submission to the voters of a ballot
5 question approving an amendment of the
6 Philadelphia Home Rule Charter. The
7 Charter change language is set forth in
8 Resolution 100314, which establishes
9 requirements for the creation of a
10 mandatory Budget Stabilization Reserve,
11 more commonly known as a rainy day fund.

12 The establishment of formal
13 requirements for a rainy day fund is a
14 prudent budgeting practice, as it
15 provides a financial cushion to be used
16 only in times of significant financial
17 distress. We commend Councilman Kenney
18 for his leadership on this issue and
19 strongly support this proposal.

20 This proposal would require
21 deposits into the fund when the City's
22 projected fund balance is at least three
23 percent of General Fund appropriations.
24 Once deposits are made, the proposal
25 would cap the Budget Stabilization

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 Reserve at five percent of General Fund
3 appropriations. If such an amount is
4 amassed in the fund, no further deposits
5 need to be made, even if the City is
6 running a surplus.

7 The proposal also provides
8 restrictions on when money in the fund
9 can be utilized so that the fund can be
10 tapped only in situations, for example,
11 when the City faces a significant
12 economic downturn and revenue receipts
13 are significantly lower than anticipated.

14 We have seen over the last few
15 years the significant impact the economic
16 downturn has had on the City's budget.

17 The formation of a rainy day fund would
18 help cushion the blow of future economic
19 downturns or other major disruptions to
20 the City's revenues or expenses.

21 Our understanding is that the
22 sponsor has an amendment to establish the
23 date of the special election at the
24 General Election in November. We have
25 also worked with the sponsor on some

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 proposed clarifying amendments regarding
3 the Charter change language. With those
4 amendments, the Administration strongly
5 supports this proposal, which hopefully
6 will help us deal more easily with times
7 of financial difficulty in the future.

8 This concludes my testimony and
9 I'm happy to answer any questions you may
10 have.

11 COUNCILMAN GREENLEE: Thank
12 you, Ms. Rhynhart.

13 Are there any questions?

14 (No response.)

15 COUNCILMAN GREENLEE: We're
16 just agreeing all over the place today.
17 This is great.

18 MS. RHYNHART: It is easier
19 than the budget.

20 COUNCILMAN GREENLEE: Thank
21 you. Yes. I said it was going to be
22 easier than the budget process.

23 MS. RHYNHART: It was.

24 COUNCILMAN GREENLEE: See,
25 Councilman Green is not here either.

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 Sir, do you want to testify?

3 UNIDENTIFIED SPEAKER: Sam is
4 on his way.

5 COUNCILMAN GREENLEE: Mr. Katz
6 is on his way? Okay. We'll wait. We're
7 in a good mood today. We'll wait.

8 Councilman Kenney.

9 COUNCILMAN KENNEY: Thank you,
10 Mr. Chairman. Let me explain. The
11 initial amendments are changing the date,
12 which was incorrect, for the November
13 election for the Charter change, also
14 adding additional information relative
15 to, I think, legislation we recently
16 passed regarding general circulation
17 publications.

18 The other amendments are on
19 Page 1 at the bottom. It says that, "The
20 annual operating budget ordinance shall
21 provide for appropriations to a Budget
22 Stabilization Reserve, to be created and
23 maintained by the Director of Finance as
24 a separate" -- actually, I think you can
25 probably read all this that's in italics.

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 COUNCILMAN GREENLEE: Right.

3 COUNCILMAN KENNEY: There's
4 some additions there. On Paragraph 2,
5 "When the Projected General Fund Balance
6 for the end of the fiscal year to which
7 the operating budget relates (the
8 'upcoming fiscal year'), without taking
9 into account any deposits to the Budget
10 Stabilization Reserve required by the
11 subsection (2), equals or exceeds three
12 percent of the General Fund."

13 So not until we hit three
14 percent do we start putting it in, and I
15 believe it's capped at five.

16 So one of the things I think is
17 important to recognize is that we're not
18 looking to take money that could be used
19 in future years for service provision,
20 but taking a portion of the surplus and
21 putting it aside for times like we've
22 just been through in the last couple of
23 years.

24 So everyone has a copy of the
25 amendment. Do you want to go into the --

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 COUNCILMAN GREENLEE: Yeah.

3 All right. We'll conclude our public
4 hearing temporarily, in case somebody
5 else wants to say something. But we'll
6 go into the public meeting, and the Chair
7 recognizes Councilman Kenney.

8 COUNCILMAN KENNEY: Thank you,
9 Mr. Chairman. I move that the amendments
10 to Bill No. 100303 be approved.

11 (Duly seconded.)

12 COUNCILMAN GREENLEE: It's been
13 moved and seconded.

14 All in favor please say aye.

15 (Aye.)

16 COUNCILMAN GREENLEE: Opposed?

17 (No response.)

18 COUNCILMAN GREENLEE: Hearing
19 none, the amendments are approved.

20 Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you,
22 Mr. Chairman. I move that Bill No.
23 100303, as amended, be reported out of
24 this Committee with a favorable
25 recommendation and a request made for

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 rules suspension to allow first reading
3 at our next Council session.

4 (Duly seconded.)

5 COUNCILMAN GREENLEE: It's been
6 moved and seconded.

7 All in favor say aye.

8 (Aye.)

9 COUNCILMAN GREENLEE: Opposed?

10 (No response.)

11 COUNCILMAN GREENLEE: Hearing
12 none, the bill, as amended, is reported
13 out of Committee with a favorable
14 recommendation and a rules suspension.

15 Once again, the Chair
16 recognizes Councilman Kenney.

17 COUNCILMAN KENNEY: Thank you,
18 Mr. Chairman. I move that Resolution
19 100314 be amended accordingly.

20 (Duly seconded.)

21 COUNCILMAN GREENLEE: It's been
22 moved and seconded.

23 All in favor please say aye.

24 (Aye.)

25 COUNCILMAN GREENLEE: Opposed?

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 (No response.)

3 COUNCILMAN GREENLEE: Hearing
4 none, the amendment is adopted.

5 Councilman Kenney.

6 COUNCILMAN KENNEY: Thank you
7 very much, Mr. Chairman. I move that
8 Resolution 100314, as amended, be
9 reported out of this Committee with a
10 favorable recommendation.

11 (Duly seconded.)

12 COUNCILMAN GREENLEE: It's been
13 moved and seconded.

14 All in favor?

15 (Aye.)

16 COUNCILMAN GREENLEE: Opposed?

17 (No response.)

18 COUNCILMAN GREENLEE: Hearing
19 none, the resolution, as amended, is
20 reported out of the Committee with a
21 favorable recommendation.

22 For the record, the testimony
23 of Mr. Katz and Mr. Butkovitz will be
24 made part of the record.

25 Oh, he just walked in.

1 3/24/11 - LAW & GOV'T - BILL 100303, ETC.

2 Well, Mr. Butkovitz, your
3 written testimony wowed us so much, we
4 already approved the bill and resolution.

5 MR. BUTKOVITZ: Did you?

6 COUNCILMAN GREENLEE: Yes. So
7 thank you. Have a good day.

8 MR. BUTKOVITZ: All right.

9 COUNCILMAN GREENLEE: Thank
10 you, sir.

11 So as I previously stated, the
12 testimony of Mr. Butkovitz and Mr. Katz
13 will be made part of the record.

14 There being no further business
15 before this Committee, the Committee is
16 adjourned.

17 (Committee on Law and
18 Government concluded at 2:15 p.m.)

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2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on March 24, 2011, and that
8 this is a true and correct transcript of same.

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14 MICHELE L. MURPHY
15 RPR-Notary Public
16
17
18

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20 transcript does not apply to any reproduction
21 of the same by any means, unless under the
22 direct control and/or supervision of the
23 certifying reporter.)
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