

COUNCIL OF THE CITY OF PHILADELPHIA  
COMMITTEE ON APPROPRIATIONS

Room 400, City Hall  
Philadelphia, Pennsylvania  
Thursday, November 17, 2011  
9:20 a.m.

PRESENT:

COUNCILWOMAN JOAN L. KRAJEWSKI, CHAIR  
COUNCILMAN DARRELL CLARKE  
COUNCILMAN W. WILSON GOODE, JR.  
COUNCILWOMAN DONNA REED MILLER  
COUNCILMAN BRIAN J. O'NEILL  
COUNCILMAN FRANK RIZZO, JR.

BILL 110782 - An ordinance authorizing  
transfers in appropriations for Fiscal Year  
2011 within the General Fund from certain or  
all City offices, departments, boards and  
commissions...

BILL 110783 - An ordinance authorizing  
transfers in appropriations for Fiscal year  
2011 within the Water Fund from certain or all  
City offices, departments, boards and  
commissions...

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2 COUNCILWOMAN KRAJEWSKI: Good  
3 morning. The Committee on Appropriations  
4 is now in session.

5 Do we have someone from the  
6 Administration?

7 (Witness approached witness  
8 table.)

9 COUNCILWOMAN KRAJEWSKI: I'm  
10 sorry. I'm way ahead of myself. The  
11 Clerk will please read the bills.

12 THE CLERK: Bill No. 110782, an  
13 ordinance authorizing transfers in  
14 appropriations for Fiscal Year 2011  
15 within the General Fund from certain or  
16 all City offices, departments, boards and  
17 commissions to certain or all City  
18 offices, departments, boards and  
19 commissions; and

20 Bill No. 110783, an ordinance  
21 authorizing transfers in appropriations  
22 for Fiscal Year 2011 within the Water  
23 Fund from certain or all City offices,  
24 departments, boards and commissions to  
25 certain or all City offices, departments,

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2 boards and commissions.

3 COUNCILWOMAN KRAJEWSKI: Good  
4 morning.

5 MS. RHYNHART: Good morning,  
6 Councilwoman Krajewski and members of the  
7 Committee on Appropriations. My name is  
8 Rebecca Rhynhart and I'm the Budget  
9 Director for the City of Philadelphia. I  
10 appear before you today to offer  
11 testimony on Bill Nos. 110782 and 110783.

12 These ordinances are needed to  
13 transfer appropriations to those agencies  
14 and expenditure classes where shortages  
15 have occurred and will allow the proper  
16 recording of final Fiscal Year 2011  
17 obligations. This is required for the  
18 year-end closing of the financial records  
19 of the City.

20 Bill No. 110782 transfers 10.7  
21 million of '11 appropriations within the  
22 General Fund from certain City  
23 departments to other City departments.  
24 As discussed further in this testimony  
25 and testimony submitted by each of the

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departments, there are seven transfers requested in this bill, including five involving a net change in departmental appropriations and two transfers between classes within budgets that do not result in any net change in appropriations.

Among the larger transfers, 5.7 million is being requested by the First Judicial District to cover additional costs within the department. This transfer is in agreement with the Zero Growth agreement between the FJD and the City which requires the City to appropriate any surplus in their General Fund budget and a share of the revenue they generate. This amount is partially offset by an internal transfer of \$763,291.

The Department of Public Property requests 1.8 million to cover interfund services, primarily water usage, provided to the General Fund by the Water and Aviation Funds. This amount is partially offset by an internal

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2 departmental transfer of 746,000.

3 In addition, the Fire  
4 Department requests a total of 1.4  
5 million to fully fund payroll charges and  
6 the cost of water usage. This amount is  
7 partially offset by an internal  
8 departmental transfer of \$237,000.

9 Among the smaller transfers,  
10 the Procurement Department has requested  
11 \$500,000 for increased advertising costs.  
12 This is partially offset by an internal  
13 transfer of 358,000.

14 Forty-four thousand is  
15 requested by the DA to fully fund payroll  
16 charges for the fiscal year. This amount  
17 is partially offset by an internal  
18 transfer of \$11,673.

19 Internal transfers with no net  
20 change in appropriation levels include  
21 715,000 -- and I'm approximating -- Class  
22 100 funds for the Philadelphia Prisons to  
23 Class 300 and 400 funds for the purchase  
24 of the radios and related equipment, and  
25 approximately 471,000 in Class 200 from

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2 the Mayor's Office of Housing and  
3 Community Development to Class 800 to  
4 allow payment of acquisition recycling  
5 funds to the RDA.

6 Bill No. 110783 transfers 6.6  
7 million of '11 appropriations within the  
8 Water Fund. The Water Department has  
9 requested a transfer of 2.9 million from  
10 Class 100 to Class 800 for a payment to  
11 the Rate Stabilization Fund. This bill  
12 also requests a transfer of 3.7 million  
13 from Class 300 and 400 to Class 100 for  
14 the additional amount the Water Fund owes  
15 towards the City's contribution to the  
16 Pension Fund based on the year-end  
17 allocation between funds.

18 I respectfully request that you  
19 report these bills out of Committee with  
20 a favorable recommendation, and I further  
21 request that the rules of Council be  
22 suspended so as to permit first reading  
23 at the next session of Council.

24 I appreciate the opportunity to  
25 testify and would be happy to answer any

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2 questions you may have.

3 COUNCILWOMAN KRAJEWSKI: Thank  
4 you.

5 Are there any questions from  
6 members of the Committee?

7 Councilman Clarke.

8 COUNCILMAN CLARKE: Thank you,  
9 Madam Chair.

10 Good morning.

11 MS. RHYNHART: Good morning.

12 COUNCILMAN CLARKE: Could you  
13 just briefly explain the Zero Growth  
14 agreement with the First Judicial  
15 District.

16 MS. RHYNHART: Sure. There's  
17 an agreement -- or there's actually  
18 multiple agreements with the courts where  
19 we share revenue that they generate for  
20 the City above a certain base amount.  
21 So, for example, if bail fees come in  
22 higher than the base amount in the  
23 agreement, there is agreements that we've  
24 signed, most of which give two-thirds of  
25 the revenue to the City and one-third to

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2 the courts, but they have varying  
3 different splits between the courts and  
4 the City. So each year we go through a  
5 calculation whereby that amount is  
6 calculated and then we give over to the  
7 courts the amount subject to those  
8 agreements.

9 I think the courts might be  
10 able to speak more, but I think the idea  
11 of the Zero Growth agreement, if they  
12 want to, is that any additional revenue  
13 for courts would come from them  
14 generating more revenue for us. So  
15 that's the idea. Zero Growth meaning  
16 that their budget won't grow unless they  
17 generate more revenue.

18 COUNCILMAN CLARKE: Okay. The  
19 court.

20 MS. RHYNHART: Do you want the  
21 courts to come up?

22 COUNCILMAN CLARKE: Yes.

23 (Witnesses approached witness  
24 table.)

25 MR. WASSON: Good morning.

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2 COUNCILMAN CLARKE: Good  
3 morning.

4 MR. WASSON: David Wasson,  
5 District Court Administrator.

6 MR. CROSS: Kevin Cross, Deputy  
7 Court Administrator.

8 COUNCILMAN CLARKE: I just  
9 wanted you to briefly go through it, make  
10 sure that we're in line with each other.

11 MR. WASSON: Sure. It's the  
12 basis of what the Budget Director said.  
13 In order to give us an incentive to  
14 increase revenue, we've done many things  
15 to try to increase collections on the  
16 criminal side with bail judgments, the  
17 billion dollars that has been talked  
18 about many times. To give the courts an  
19 incentive to do that, we have an  
20 agreement if we bring in more over a  
21 certain baseline, the courts get  
22 one-third added back into their budget,  
23 which we reinvest into trying to collect  
24 more money for the outstanding  
25 obligations, and which the City gets

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2 two-thirds of it. That is the average  
3 amount of the agreements.

4 COUNCILMAN CLARKE: So in terms  
5 of increased revenue in the court system,  
6 it traditionally means something that  
7 will be put upon the citizens, be they  
8 guilty, not guilty or whatever the  
9 process is in civil or -- exactly how do  
10 you do that? Is it primary collections  
11 or is it --

12 MS. RHYNHART: How do they  
13 increase revenue; is that what -- you're  
14 asking how do they increase the amount?

15 COUNCILMAN CLARKE: The mike,  
16 please.

17 MS. RHYNHART: I just wanted to  
18 clarify your question, Councilman Clarke.  
19 Is your question how do they increase the  
20 revenue?

21 COUNCILMAN CLARKE: Yeah.  
22 Basically I'm saying -- you're saying  
23 that this agreement -- I understand the  
24 part about the fact that the revenues are  
25 increased based on the operations of the

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2 courts and there's a shared agreement in  
3 terms of revenues above that baseline,  
4 but my question is, how do you increase  
5 revenues with the courts?

6 MS. RHYNHART: It's the  
7 revenues that the courts collect, and  
8 maybe you want to speak to some of your  
9 initiatives of how you -- the courts have  
10 gone through certain initiatives to  
11 increase revenues coming in.

12 COUNCILMAN CLARKE: We and the  
13 City, we've been looking for ways of  
14 increasing revenue on our side, and you  
15 guys have some magic bullet. We'd like  
16 to share --

17 MS. RHYNHART: Right. And what  
18 they collect comes to the City's General  
19 Fund.

20 But you can talk about what  
21 you've been doing.

22 MR. WASSON: Sure. Our magic  
23 formula, Councilman --

24 COUNCILMAN CLARKE: Bullet is  
25 probably not the appropriate term. I

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2 apologize.

3 MR. WASSON: We have a  
4 three-step process that -- we've just  
5 really stepped up collection efforts in  
6 the outstanding amounts on the criminal  
7 side generally. It's a three-step  
8 process. We have internal dunning, which  
9 includes bringing people in for payment  
10 plan conferences, getting more people on  
11 payment plans, that if they can't pay the  
12 whole thing, they'll pay us a little bit  
13 regularly so we get more money regularly  
14 coming in. But if that doesn't work out,  
15 then we turn them over to a third-party  
16 collection agency, which we started three  
17 years ago, and that's a classic  
18 collection agency where they'll just keep  
19 calling somebody and trying to get them  
20 to get back in compliance. And then if  
21 that fails after six months, then it's  
22 turned over to attorney collection firms,  
23 where they seek to see if there's any  
24 assets perhaps from an estate or bank  
25 account or anything that they may be able

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2 to find. And although we have a huge  
3 amount of receivables, we have been able  
4 to increase the percentage of money  
5 coming in through these efforts.

6 So I guess it's not really  
7 magic. It's just a lot of hard work and  
8 collaboration.

9 COUNCILMAN CLARKE: Okay. All  
10 right. Thank you.

11 Thank you, Madam Chair.

12 COUNCILWOMAN KRAJEWSKI: Any  
13 other member?

14 (No response.)

15 COUNCILWOMAN KRAJEWSKI: Thank  
16 you.

17 MR. WASSON: Thank you very  
18 much.

19 COUNCILWOMAN KRAJEWSKI: That  
20 ends our public hearing on  
21 Appropriations. Now we'll go into our  
22 public meeting.

23 The Chair recognizes Councilman  
24 Clarke for Bill 110782.

25 COUNCILMAN CLARKE: Thank you,

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2 Madam Chair. I move that Bill No. 110782  
3 be reported out of the Committee with a  
4 favorable recommendation, with rules  
5 suspension as to allow reading at the  
6 next session of Council.

7 (Duly seconded.)

8 COUNCILWOMAN KRAJEWSKI: All  
9 those in favor?

10 (Aye.)

11 COUNCILWOMAN KRAJEWSKI:  
12 Opposed?

13 (No response.)

14 COUNCILWOMAN KRAJEWSKI: Thank  
15 you.

16 Councilman Clarke, 110783.

17 COUNCILMAN CLARKE: Thank you,  
18 Madam Chair. I move that Bill No. 110783  
19 be reported out of the Committee with a  
20 favorable recommendation, with rules  
21 suspension to allow reading at the next  
22 session of Council.

23 (Duly seconded.)

24 COUNCILWOMAN KRAJEWSKI: All  
25 those in favor?

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2 (Aye.)

3 COUNCILWOMAN KRAJEWSKI:

4 Opposed?

5 (No response.)

6 COUNCILWOMAN KRAJEWSKI:

7 Therefore, Bill 110782 will be reported  
8 out of this Committee with a favorable  
9 recommendation with a suspension of rules  
10 so as to permit first reading at our next  
11 session of Council.

12 Bill No. 110783 will be  
13 reported out of this Committee with a  
14 favorable recommendation with a  
15 suspension of rules so as to permit first  
16 reading at our next session of Council.

17 Thank you all very much.

18 (Committee on Appropriations  
19 concluded at 9:35 a.m.)

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1  
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 November 17, 2011, and  
8 that this is a true and correct transcript of  
9 same.

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12  
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14 -----  
15 MICHELE L. MURPHY  
16 RPR-Notary Public  
17  
18  
19

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