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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

BEFORE THE COUNCIL COMMITTEE ON FINANCE

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6

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, May 28, 1998
10:20 a.m.

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10 BILL NO. 980405 - An ordinance amending an
11 ordinance approved April 2, 1998, relating to the
12 Capital Program for the six fiscal years
13 1999-2004, inclusive, by transferring from Fiscal
14 1998 to Fiscal 1999 projects and amounts in
15 various department and by adding, increasing,
16 and/or decreasing projects and amounts in various
17 departments.

14

15 BILL NO. 980406 - An ordinance amending an
16 ordinance approved April 2, 1998, relating to the
17 Fiscal 1999 Capital Budget by transferring from
18 Fiscal 1998 to Fiscal 1999 projects and amounts in
19 various departments and by adding, increasing,
20 and/or decreasing projects and amounts in
21 various departments.

18

19 PRESENT: COUNCILWOMAN ANNA C. VERNA, Chair
20 COUNCILMAN DAVID COHEN
21 COUNCILMAN JAMES KENNEY
22 COUNCILWOMAN HAPPY FERNANDEZ
23 COUNCILWOMAN MARIAN B. TASCO

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I N D E X

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Bill No. 980405 and 980406

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Dean Kaplan. 4
Budget Director, City of Philadelphia

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Bill Hankowsky President 7
Philadelphia Industrial Development Corporation

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P R O C E E D I N G S

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COUNCILWOMAN VERNA: Good morning.

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This is the public hearing of the Finance

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Committee.

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I would ask the clerk to please read

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Bill No.'s 980405 and 980406 which, are companion

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bills.

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THE CLERK: Bill No. 980405, an

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ordinance amending an ordinance approved April 2,

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1998, relating to the Capital Program for the six

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fiscal years 1999-2004, inclusive, by transferring

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from Fiscal 1998 to Fiscal 1999 projects and

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amounts in various department and by adding,

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increasing, and/or decreasing projects and amounts

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in various department.

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Bill No. 980406, an ordinance amending

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an ordinance approved April 2, 1998, relating to

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the Fiscal 1999 Capital Budget by transferring

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from Fiscal 1998 to Fiscal 1999 projects and

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amounts in various departments and by adding,

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increasing, and/other decreasing projects and

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amounts in various departments.

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COUNCILWOMAN VERNA: Good morning, Mr.

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Kaplan. Please identify yourself for the record

1
2 and proceed with your testimony.

3 MR. KAPLAN: Thank you, Madame
4 Chairwoman. Good morning, I'm Dean Kaplan, the
5 City's Budget Director. I'm here with Cathy
6 Paster, the City's Deputy Budget Director, who
7 handles capital programs.

8 I appear before you today to offer
9 testimony on the two bills just read.

10 COUNCILWOMAN Verna: Mr. Kaplan, I'm
11 sorry to interrupt you. Would you please pull the
12 microphone closer to you.

13 MR. KAPLAN: Certainly.

14 COUNCILWOMAN Verna: The stenographer
15 cannot hear you.

16 MR. KAPLAN: How's that? The two bills
17 before --

18 COUNCILWOMAN Verna: The noise level in
19 the room is much too high.

20 Please proceed, Mr. Kaplan.

21 MR. KAPLAN: Thank you. As we do each
22 year, we're proposing to amend the City's Capital
23 Budget for FY '99 and the Capital Program for FY
24 '99 to 2004 to carry forward unobligated funding
25 from FY '98 appropriations to make certain

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2 technical changes and to include additional
3 appropriates from sources that weren't anticipated
4 when the original Capital Budget and Capital
5 Program were passed.

6 In the proposed bills today, all
7 unobligated capital appropriations have been
8 carried forward from FY '98, with very few
9 exceptions. The exceptions are made up mainly of
10 two categories, the first of which are unspent
11 PICA or general obligation appropriations for
12 which projects had been completed under budget;
13 and the second, where there were federal, State or
14 private appropriations for which there were
15 anticipated grants and did not materialize.

16 As members of the committee know, there
17 are a large number of projects in the Capital
18 Budget which had been included at the direct
19 request of Members of City Council. As we do each
20 year, I can assure you that the remaining funding
21 for these projects has been included in the
22 carry-forward recommendation for you today, and
23 the legislation does not include the lapsing of
24 any unencumbered funding for projects of this
25 nature, whether or not those projects have been

1
2 completed.

3 Let me also draw your attention to one
4 specific item in the carry-forward, and that's the
5 increase in the Free Library's FY '99 Capital
6 Budget of \$900,000. This is an increase to Line
7 74, the branch library renovations and
8 development, and it raises it from \$3.675 million
9 in general obligation funding to \$4.575 million.
10 This recommended increase has been included as a
11 direct result of City Council's request at the
12 February 11, 1998 budget hearing, and will allow
13 the library to move forward with all planned
14 renovations for FY '99.

15 That means that in addition to the
16 eight branches included in the Administration's
17 original Capital Budget proposal for FY '99, three
18 more branches will be able to be renovated next
19 year. Those would be Bushrod, Fox Chase, and
20 Chestnut Hill.

21 I've previously submitted testimony in
22 more detail on the bill. And at this time, I'd be
23 happy to skip going through that in detail and
24 allow you to ask any questions that you might
25 have.

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2 I would also request that the committee
3 suspend rules to allow first reading of the bill
4 today.

5 COUNCILWOMAN VERA: Thank you.

6 Can you tell the committee why you
7 proposed to reduce funding for defense conversion
8 efforts by \$550,000? I'm somewhat concerned about
9 this reduction since the overall defense
10 conversion efforts are moving very, very slowly.
11 We've seen little movement on the Naval Hospital,
12 Capehart Homes, and the defense personnel support
13 depot.

14 How will these cuts affect our going
15 forward in a very expeditious matter?

16 MR. KAPLAN: Yes. Bill Hankowsky from
17 PIDC is here to answer that question in some
18 detail.

19 MR. HANKOWSKY: My name's Bill
20 Hankowsky, President of the Philadelphia
21 Industrial Development Corporation.

22 Madame Chairwoman and members of the
23 committee, when the request was made to us if we
24 could accommodate a \$900,000 reduction in various
25 economic development funding in order to

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2 facilitate the increase for the libraries, we took
3 a look at the various line items that we had in
4 the Capital Budget in order to determine where we
5 could do that without impacting things we wanted
6 to do in the next 12 months.

7 And this would not impact anything
8 we're doing in the next 12 months. I mean, quite
9 candidly, we will be hopefully back in front of
10 Council next Capital Budget year, and I'll be
11 looking to, quote, get the money back. But we can
12 proceed with designing the various projects and
13 moving forward.

14 We still have enough money in this line
15 item, both this year and in the new budget and in
16 carry-forward to -- we will inquire -- we will get
17 a deed for a portion of the Navy base this year
18 which, I would hope, will include the Capehart
19 Homes and that we will be able to issue the RFP
20 for Capehart Homes this year. And we have enough
21 money to do that; this does not impact us being
22 able to do that.

23 As you know, in the Defense Supply
24 Center, we are still working -- those people are
25 still moving out as they move to the Northeast.

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2 And, actually, this has no impact on that because
3 we can't really move on that project until they
4 move out. And so that project -- we were very
5 successful last year and, we actually got \$10
6 million in the federal budget for demolition,
7 which will be done by the Army Corps and will
8 start next spring, roughly a year from now, when
9 almost all the DPFC people are out of the way;
10 i.e., have moved up to the Northeast.

11 And we continue to try to figure out
12 how to move on the hospital. And at the moment,
13 we are working through with the Navy issues
14 related to the Advisory Council and Historic
15 Preservation in Washington in getting them to sign
16 off on the demolition that we think's necessary to
17 move on that.

18 But I can assure you, this will no
19 impact anything we were planning to do within the
20 next 12 months.

21 COUNCILWOMAN Verna: You say you expect
22 that we would receive the deeds this year? Do you
23 have any indication as to when? Will it be in
24 December?

25 MR. HANKOWSKY: I hope not. We have

1
2 gotten a revised agreement of sale from the Navy
3 in the last, roughly, 30 days and have been going
4 through that. I think it's pretty much their
5 lawyers talking to our lawyers, and I think we
6 should be executing it in the next 30 to 60 days.
7 Deeds will probably follow late summer, fall --
8 would be my guess right now.

9 COUNCILWOMAN Verna: Well, I certainly
10 don't want to see us be hampered because we don't
11 have money in moving forward on any one of these
12 three localities.

13 MR. HANKOWSKY: Oh, I absolutely share
14 that concern and I agree.

15 MR. KAPLAN: Madame Chairwoman, I might
16 mention that although this amendment would --
17 although this bill would reduce the defense
18 conversion line from 6.5 million to a little bit
19 under that, 5.95 million, there's still -- not
20 only is there still \$6 million in the '99 budget,
21 but the carry-forward is about 2.5 million.

22 So there is a substantial balance of
23 about \$8.5 million available for defense
24 conversion immediately, on July 1st, after this is
25 passed.

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2 COUNCILWOMAN VERNA: Thank you.

3 According to your testimony, Mr. Kaplan, you say
4 three additional libraries will begin renovations
5 with the additional \$900,000 you are seeking.

6 Will these libraries be able to be
7 completely renovated with this additional money,
8 or will it require additional monies in future
9 years?

10 MR. KAPLAN: My understanding is that
11 the original libraries that we budgeted -- the
12 eight plus these three -- can be completely
13 renovated with the funding we're approving for FY
14 '99.

15 COUNCILWOMAN VERNA: Can you tell us
16 what the status of the Byberry reuse plan is and
17 why you do think it is feasible to reduce funding
18 for this project by \$250,000 for FY '99?

19 MR. HANKOWSKY: The status of Byberry
20 is as follows. As we all know, this was the State
21 hospital that was closed by the Commonwealth. It
22 continues to remain in State ownership.

23 An act of the legislature was passed
24 early last calendar year that allowed another way
25 for the State Department of General Services to

1
2 dispose of real estate. Historically, the way
3 they had to dispose of real estate was to bid it
4 in an auction to the highest bidder.

5 The change in the Act, which was, in
6 part, sponsored by Representative Kenny and
7 Senator Salvatore in response to the hospital
8 being in their legislative districts empowered the
9 State Department of General Services to issue a
10 request for proposal and evaluate proposals on
11 issues in addition to pure monetary return to the
12 Commonwealth.

13 The State issued an RFP in the fall of
14 last calendar year. There were three proposals;
15 two submitted by private parties and one submitted
16 by PIDC. One of those were eliminated. Then the
17 State went to what was called the "Phase II
18 submission," which we submitted in March. They
19 now have that.

20 There is sort of -- sorry to say this,
21 but the facts are, there is no schedule as to when
22 they're going to make a decision between the two
23 proposals. We monitor it closely.

24 So when we looked at this, we didn't
25 know exactly what the schedule was. Again, we

1
2 think that even if they made a decision, even if
3 they picked us and even if we got a deed, in terms
4 of the planning work and whatever, it would carry
5 us -- this money would carry us through, again,
6 the next 12 months.

7 Again, I think you'll see this line
8 item in next year's Capital Budget where we'll try
9 to have funding to begin to implement the project
10 up there if, in fact, the State picks our
11 proposal. It's just as conceivable they'll reject
12 both proposals and start all over.

13 And so that's where we're at,
14 unfortunately.

15 COUNCILWOMAN Verna: Thank you. And I
16 can assume that you are keeping the District
17 Councilperson apprised --

18 MR. HANKOWSKY: Yes.

19 COUNCILWOMAN Verna: -- of what's going
20 on?

21 MR. HANKOWSKY: Yes. And, in fact,
22 we'll be up there in a week meeting with some of
23 in community groups to keep them apprised. Yes,
24 we are.

25 COUNCILWOMAN Verna: Thank you.

1

2 The Chair recognizes Councilwoman

3 Fernandez.

4 COUNCILWOMAN FERNANDEZ: Thank you,

5 Madame Chair.

6 First, I want to say I really strongly

7 support the transfer of the \$900,000 so that the

8 renovation of the libraries keeps on schedule.

9 But my other question regarded the

10 transfer of unspent PICA funds from the House of

11 Corrections. I know there was some discussion

12 when we were discussing voting machines and how to

13 get new high-tech voting machines, that unspent

14 PICA capital dollars might be a source for those

15 funds.

16 Does the transfer you're requesting

17 today in any way impact on having enough money

18 left for the new high-tech voting machines?

19 MR. KAPLAN: No, it does not. As

20 you're aware, the proposed capital program

21 appropriates approximately \$21 million in FY '01,

22 '02 and '03 for new voting machines. The

23 Administration has continued to look very

24 carefully at the new proposals to get new voting

25 machines; and that's, obviously, why the funding's

1
2 been restored to the Capital Budget for this year.

3 You know, clearly, some of the issues
4 that happened in the primary election, I think,
5 have focussed our attention even more closely on
6 the problems involved and the time that's going to
7 be necessary to put new machines in. We're
8 expecting that it will take us probably at least
9 that long to probably both put out an RFP, select
10 a vendor, purchase the machines, and put them into
11 operation. And so FY '99 funds would not be
12 contemplated at this time.

13 COUNCILWOMAN FERNANDEZ: But it's
14 coming out of unspent -- or are you looking at
15 other sources for -- I thought one possible source
16 discussed was unused PICA capital dollars.

17 MR. KAPLAN: Yeah, and I think --

18 COUNCILWOMAN FERNANDEZ: Or you found
19 other sources.

20 MR. KAPLAN: Right. We had suggested,
21 actually, general obligation funding in the future
22 for the voting machines. The reason the PICA
23 money was dedicated to the new House of
24 Corrections had to do with the dynamic of trying
25 -- for the City's efforts to assure the court in

1
2 the prison litigation that we had sufficient
3 funding to build a new House of Corrections and
4 move forward with that project, which is also
5 related to our being able to release -- have the
6 court release PMA funding, which it controls.

7 And, therefore, the Mayor specifically
8 actually requested PICA to make the first priority
9 for available PICA money, the House of
10 Corrections, so that we can move forward in our
11 efforts to end the consent decree in that case and
12 build a new House of Correction.

13 I think it's possible to do all those
14 things. We had to show money in the FY '99 budget
15 in order to begin to bolster our case with the
16 court.

17 COUNCILWOMAN FERNANDEZ: Thank you,
18 Madame Chair.

19 COUNCILMAN NUTTER: I want to thank my
20 colleague for raising that question. And just to
21 probe slightly deeper, Mr. Kaplan, I think the
22 Councilwoman was going down the path of, are you
23 in fact spending all of the old PICA available
24 dollars in this transaction so as to prevent us
25 from accessing those same dollars, which this

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2 Council passed a resolution asking the Mayor and
3 the Council President to seek.

4 Are there still old PICA dollars from
5 capital projects that were unspent, available for
6 that purpose as well for the voting machines?

7 MR. KAPLAN: At this time, no. I
8 believe, as we go forward, there will be
9 additional PICA dollars available, as we continue
10 to complete projects. And they're obviously
11 interesting earnings on available PICA balances as
12 we go forward.

13 COUNCILMAN NUTTER: So you're saying,
14 out of this project, we're spending all of the old
15 PICA dollars from '92?

16 MR. KAPLAN: That are currently
17 available. We're assuming there are going to be
18 additional PICA dollars available as we go
19 forward.

20 COUNCILMAN NUTTER: Okay, all right.
21 Thank you.

22 COUNCILWOMAN VERNA: The Chair
23 recognizes Councilwoman Tasco.

24 COUNCILWOMAN TASCO: Thank you.

25 I just want to be clear on what we're

1
2 doing here. All of the money projects in this
3 bill are projects where the money has not been
4 encumbered?

5 MR. KAPLAN: (Nods.)

6 COUNCILWOMAN TASC0: So you have
7 projects on the book from, say, City Hall
8 renovation from '94 --

9 MR. KAPLAN: Mm-hmm.

10 COUNCILWOMAN TASC0: -- that you have
11 to carry forward each year?

12 MR. KAPLAN: Yes.

13 COUNCILWOMAN TASC0: You have to, each
14 year, carry it forward.

15 MR. KAPLAN: Right, if you want to
16 continue to be able to spend that money, we need
17 Council's approval, or authorization.

18 COUNCILWOMAN TASC0: On page 64, you
19 have a lot of money that has been appropriated for
20 the Youth Study Center. And then a new Youth
21 Study Center seems to be \$32 million.

22 What progress is being made to move
23 that project forward? Or do you know?

24 MR. KAPLAN: I -- the -- yes, there is
25 -- there is an active -- I should say a recently

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2 renewed interest as a result of Council's
3 questions at the budget hearing a little earlier
4 this year. The City has reconvened its group
5 which is working on siting of the Study Center and
6 is actively looking at potential locations for the
7 Center.

8 COUNCILWOMAN TASC0: Is there anywhere
9 in this document a decrease in funding for a
10 project for a project? Where would I find that?
11 I just saw this morning.

12 MR. KAPLAN: I don't think you can look
13 at the bill and find the decrease in funding for a
14 specific project. In my testimony, I mentioned a
15 couple of specific examples of the kinds of things
16 where we have decreased funding.

17 For example, there was \$2600 from a
18 completed landscaping project, \$18,000 now
19 required to build the West Park side industrial
20 project, a match for a SEPTA project. We can
21 provide with you a separate list of the projects
22 which were not carried forward.

23 But, by and large, those two categories
24 which I mentioned earlier are either things where
25 the project was completed and we have -- the

1
2 funding is no longer necessary; or federal, State
3 or private grants which we had authorization for
4 and we haven't gotten the grants, aren't going to
5 get the grants and no longer need the
6 authorization.

7 COUNCILWOMAN TASCO: Again, I think you
8 probably answered this question. Are you in
9 contact with the District Councilperson relative
10 to those projects in their district that you are
11 not carrying --

12 MR. KAPLAN: There are no projects
13 requested by District Councilpersons which we are
14 not carrying forward the funding, so. . .

15 COUNCILWOMAN TASCO: Thank you.

16 COUNCILWOMAN VERNA: Would the House of
17 Corrections, if I may continue on that line, we
18 are now adding \$14 million to that project?

19 MR. KAPLAN: What we've done is take
20 advantage of two facts. One, as Councilwoman
21 Fernandez and Councilman Nutter noted, there are
22 additional PICA funds that are becoming available
23 since the Capital Budget was prepared, because of
24 additional interest earnings and additional
25 projects completed.

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2 COUNCILWOMAN VERNA: So that increases
3 by \$9.6 million, as I read it, from PICA.

4 MR. KAPLAN: Right. That's the share
5 the City's putting in.

6 And the flip side is we have also, in
7 our discussions with the U.S. District court
8 judge, on a case, believe that she is amenable to
9 the idea of funding under the additional \$5.1
10 million from the PMA account which she controls.
11 And while that has not been finalized, those two
12 pieces are kind of tied together.

13 COUNCILWOMAN VERNA: Thank you.

14 Are there any other questions from
15 members of the committee?

16 The Chair recognizes Councilwoman
17 Fernandez.

18 COUNCILWOMAN FERNANDEZ: Yeah. Madame
19 Chairman, I just can't let it go by, the statement
20 about the Youth Study Center. I've only been in
21 Council for seven years but I know that even
22 before I came, every year, there was a study
23 group. So, you know, I just can't let it go by
24 that that means anything. But it would be a very
25 welcome change if, in fact, that process, you

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2 know, did move forward.

3 So it's not really our topic today, but
4 another group looking at it has meant nothing, at
5 least in my seven years here.

6 COUNCILWOMAN VERNA: Thank you.

7 Are there any other questions or
8 comments by members of the committee?

9 (No further questions at this time.)

10 Is there anyone else to testify on
11 these bills?

12 (No response.)

13 COUNCILWOMAN VERNA: Seeing none, this
14 will conclude our public hearing of the Finance
15 Committee.

16 - - -

17 COUNCILWOMAN VERNA: We will now go
18 into our public meeting.

19 The Chair recognizes Councilman Nutter
20 regarding Bill NO. 980405.

21 COUNCILMAN NUTTER: Madame Chair, I
22 move that Bill No. 980405 be reported out of
23 committee with a favorable recommendation, and a
24 further recommendation that the rules of Council
25 be suspended so as to permit first reading at our

1
2 next session.

3 (Duly seconded.)

4 COUNCILWOMAN VERNA: It has been
5 properly moved and seconded that Bill No. 980405
6 be reported out of committee with a favorable
7 recommendation, and also a recommendation that the
8 rules of Council be suspended so as to permit
9 first reading at our next session of Council.

10 All in favor will signify by saying
11 aye.

12 Please let the record note that Mr.
13 Kenney is a member of this committee and has also
14 voted aye despite the fact that he's not sitting
15 at the table.

16 The Chair recognizes Councilman Nutter
17 regarding 980406.

18 COUNCILMAN NUTTER: I move that Bill
19 No. 980406 be reported out of committee with a
20 favorable recommendation and a further
21 recommendation that the rules of Council be
22 suspended so as to permit first reading at our
23 next session.

24 (Duly seconded.)

25 COUNCILWOMAN VERNA: It has been

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2 properly moved and seconded that Bill No. 980405
3 be reported out of committee with a favorable
4 recommendation, and also a recommendation that the
5 rules of Council be suspended so as to permit
6 first reading at our next session of Council.

7 All in favor will signify by saying
8 aye.

9 The motion is carried.

10 This concludes our public meeting.

11 Thank you.

12 (Adjourned at 10:45 a.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 Thursday, May 28, 1998, were
reported and accurately by me, and that this is a
correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE
BILL NO.'S 980405, 980406

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter