

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, April 8, 2015
10:35 a.m.

PRESENT:

COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN ED NEILSON
COUNCILMAN DENNIS O'BRIEN
COUNCILMAN DAVID OH
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN MARK SQUILLA
COUNCILWOMAN MARIAN B. TASCO

BILL 150162, 150163, and 150164
RESOLUTION 150179

- - -

1
2 COUNCIL PRESIDENT CLARKE: Good
3 morning, everyone. This is the public
4 hearing of the Committee of the Whole
5 regarding Bills No. 150162, 150163,
6 150164, and Resolution No. 150179.

7 Mr. Stitt, please read the
8 titles of the bills and resolution.

9 MR. STITT: Bill No. 150162, an
10 ordinance to adopt a Capital Program for
11 the six Fiscal Years 2016 through 2021
12 inclusive.

13 Bill No. 150163, an ordinance
14 to adopt a Fiscal 2016 Capital Budget.

15 Bill No. 150164, an ordinance
16 adopting the Operating Budget for Fiscal
17 Year 2016.

18 Resolution No. 150179,
19 providing for the approval by the Council
20 of the City of Philadelphia of a Revised
21 Five Year Financial Plan for the City of
22 Philadelphia covering Fiscal Years 2016
23 through 2020, and incorporating proposed
24 changes with respect to Fiscal Year 2015,
25 which is to be submitted by the Mayor to

1 4/8/15 - WHOLE - 150162, etc.
2 the Pennsylvania Intergovernmental
3 Cooperation Authority pursuant to the
4 Intergovernmental Cooperation Agreement,
5 authorized by an ordinance of this
6 Council approved by the Mayor on January
7 3rd, 1992 by and between the City and the
8 Authority.

9 COUNCIL PRESIDENT CLARKE:

10 Thank you.

11 Today we continue the public
12 hearing on the Committee of the Whole to
13 consider various bills read by the Clerk
14 to constitute proposed operating and
15 capital spending measures for Fiscal
16 2016, a Capital Program and a
17 forward-looking Capital Plan for Fiscal
18 2016 through Fiscal 2021.

19 Today we will hear testimony
20 from the following City departments:
21 Finance, City Treasurer, Sinking Fund,
22 and OPA. Pension and Retirement has been
23 rescheduled.

24 Would the Administration please
25 come forward.

1 4/8/15 - WHOLE - 150162, etc.

2 (Witness approached witness
3 table.)

4 COUNCIL PRESIDENT CLARKE: Good
5 morning.

6 MR. DUBOW: Good morning.

7 Good morning, Council President
8 Clarke and members of Council. My name
9 is Rob Dubow and I'm pleased to provide
10 testimony today in support of the
11 Department of Finance's proposed FY16
12 operating budget.

13 The Department is charged with
14 overseeing our financial, accounting, and
15 budgetary functions, including
16 establishing fiscal policies, guidelines,
17 and overseeing our budget and financial
18 management programs, and recording and
19 accounting all of our financial
20 activities.

21 The proposed budget for the
22 Office of Director of Finance supports a
23 number of divisions, and there are
24 representatives of those divisions in the
25 audience today. The budget as proposed

1 4/8/15 - WHOLE - 150162, etc.
2 includes a total of \$1.3 billion. A lot
3 of that is not for the direct -- almost
4 all of that is not for the direct Finance
5 budget. The largest single area is for
6 benefits, and there's an increase of \$50
7 million over FY15 levels. The increase
8 is caused by a \$50 million increase in
9 fringe benefit costs, including 35
10 million in pensions and 15 in other
11 fringe benefit costs.

12 The direct General Fund
13 appropriations for the Finance Department
14 are about 13.3 million, which is a
15 decrease of 1.3 from FY15. Our core
16 budget has a Class 100 budget of 8.8
17 million. That's about a 180,000
18 decrease. We have about 4.5 million in
19 Class 200, a decrease of about a million;
20 110,000 in Class 300 and 400, which is
21 unchanged; and there's 142 million in
22 Class 500. The largest single item in
23 there is the \$69 million contribution to
24 the School District. There's also \$30
25 million for Community College, which is

1 4/8/15 - WHOLE - 150162, etc.
2 an increase of 3.4 million over FY15
3 level.

4 And I think with that, I'll
5 stop and I'm happy to answer any
6 questions.

7 COUNCIL PRESIDENT CLARKE:
8 Thank you, Mr. Dubow.

9 Mr. Dubow, I can't recall.
10 Earlier in our first -- I guess it was
11 our Five Year Plan discussion, there was
12 this question about sales tax and we had
13 asked IHS to be available. Was that
14 going to be for this or was it going --

15 MR. DUBOW: It was going to be
16 for when the data revenue bills are
17 heard, yes.

18 COUNCIL PRESIDENT CLARKE:
19 Okay. Testimony at Page 1, your
20 testimony talks about 725,000 decrease in
21 Class 500 for City contributions to
22 various organizations. Could you detail
23 what organizations will not be receiving
24 funding and explain the reason behind the
25 reduction.

1 4/8/15 - WHOLE - 150162, etc.

2 MR. DUBOW: Sure. Let me just
3 find the right page.

4 So among the decreases are
5 things that were put in -- well, I guess
6 actually the biggest single decrease --
7 there was \$2 million in our budget last
8 year for the Fund for Philadelphia for
9 the Summer Jobs program. That actually
10 moved over to Recreation.

11 COUNCIL PRESIDENT CLARKE:
12 Okay.

13 MR. DUBOW: There were also
14 some items that we agreed with Council to
15 put in the budget for '15 that don't
16 recur, like the Wissahickon Boys Club,
17 Germantown Boys Club. So a number of
18 those too. So I think those are probably
19 the two biggest areas of where there were
20 decreases.

21 COUNCIL PRESIDENT CLARKE:
22 Okay. On the Earned Income Tax Credit
23 initiative that we actually did
24 legislation, although we were told that
25 we didn't need legislation, but we did it

1 4/8/15 - WHOLE - 150162, etc.

2 anyway, would that be best answered when
3 Revenue comes up?

4 MR. DUBOW: Yes. And I think
5 you sent a letter to the Revenue
6 Commissioner, and I know she's putting
7 together an answer for that that you'll
8 have before they come up.

9 COUNCIL PRESIDENT CLARKE:
10 Okay. And the other thing, the other
11 income inequality initiative that Council
12 has. We have these boards.

13 MR. DUBOW: Yes.

14 COUNCIL PRESIDENT CLARKE: I'm
15 going to refer to them every day. We
16 enacted a low-income wage tax
17 reduction --

18 MR. DUBOW: Right.

19 COUNCIL PRESIDENT CLARKE: --
20 program. Where are we at with that?

21 MR. DUBOW: I think that was
22 also in your letter. So she'll have --
23 you'll get a written response to all of
24 that.

25 COUNCIL PRESIDENT CLARKE: That

1 4/8/15 - WHOLE - 150162, etc.

2 will come out of -- that would be a part
3 of the Revenue conversation?

4 MR. DUBOW: Yes.

5 COUNCIL PRESIDENT CLARKE:

6 Okay. All right.

7 The Chair recognizes Councilman
8 Goode.

9 COUNCILMAN GOODE: Thank you,
10 Mr. President.

11 Good morning, Mr. Dubow.

12 MR. DUBOW: Good morning.

13 COUNCILMAN GOODE: Sort of
14 an out-of-the-box policy question, but
15 you're the one that would have to answer
16 it. The first bill I introduced in City
17 Council authorized the City to invest in
18 promissory notes issued by community
19 development financial institutions, and
20 the purpose behind it was to find a
21 source of revenue for investment that
22 would jump-start small business lending
23 in economically disadvantaged
24 neighborhoods.

25 A more recent concept being

1 4/8/15 - WHOLE - 150162, etc.

2 advanced is the establishment of a local
3 public bank that would invest in new
4 economic opportunities using reserve
5 funds to invest in things that would
6 generate economic activity.

7 What are your thoughts about
8 that policy of establishing a local
9 public bank?

10 MR. DUBOW: I think if -- I
11 understand the development reasons to
12 want to do it. I think if we wanted to
13 establish it, it would probably be better
14 to do it through an appropriation rather
15 than using our funds, because we have
16 investment guidelines and how they're
17 used, and we want relatively safe
18 investments for them, and I imagine some
19 of these investments wouldn't be as safe
20 as our guidelines require.

21 COUNCILMAN GOODE: I'm sort of
22 getting to that next, but so even before
23 we get to the safety issues in terms of
24 the funds, what amount of funds are
25 actually available in reserves through

1 4/8/15 - WHOLE - 150162, etc.
2 various funds to actually capitalize the
3 public bank?

4 MR. DUBOW: When you say
5 "available," you mean kind of what is in
6 our consolidated cash on a daily basis?

7 COUNCILMAN GOODE: Yes.

8 MR. DUBOW: So that varies
9 dramatically by time of year.

10 COUNCILMAN GOODE: Because we
11 used to just put it in the bank, and then
12 we got smarter about it and started
13 investing it.

14 MR. DUBOW: I'm sorry. I
15 missed that.

16 COUNCILMAN GOODE: I said we
17 used to just put it in the bank. We used
18 to have hundreds of millions of dollars
19 in banks, and now we are smart about it,
20 we keep less cash and we invest it.

21 MR. DUBOW: Yeah. We actually
22 try to make sure that it's all invested,
23 but invested based on when we'll need
24 certain amounts of cash. So there's some
25 we can invest longer and some we can

1 4/8/15 - WHOLE - 150162, etc.

2 invest shorter.

3 In the spring after the
4 business tax and property tax come in,
5 then the cash we have on hand is much
6 higher, probably hundreds of millions of
7 dollars. This time of year as we're
8 working there, it gets kind of tight, but
9 it varies by month.

10 COUNCILMAN GOODE: The next
11 question is talking about our deposits
12 and/or investments. In terms of the
13 business we do with large national banks,
14 after we pay fees, essentially how much
15 money do we make or lose on an annual
16 basis in terms of the business we do with
17 large national banks?

18 MR. DUBOW: I will have -- I
19 don't have that off the top of my head.
20 I'd have to get back to you on that.

21 COUNCILMAN GOODE: So wouldn't
22 that be the standard we use to decide
23 what we need in terms of a rate of return
24 for a public bank?

25 MR. DUBOW: For that

1 4/8/15 - WHOLE - 150162, etc.
2 investment, right, but there's also --
3 whenever you do investment, you're
4 looking at the risk that you're putting
5 in for that return, and we generally try
6 to avoid risk with the cash that we need
7 for our daily operations.

8 COUNCILMAN GOODE: But the
9 issue is, if you would get the same rate
10 of return that you're getting after the
11 fees you're paying large national banks,
12 why not invest -- why not have a public
13 bank that invests if it brings the same
14 rate of return? And I think that we
15 would need to know what that rate of
16 return is after we pay fees to these
17 large national banks.

18 MR. DUBOW: Right. And I guess
19 what I'm saying is, the risk profile is
20 different, which is why I'm saying I
21 think you would want a different source
22 of funding if you wanted to do that. I
23 don't think you'd want to use the cash we
24 have on hand for that.

25 COUNCILMAN GOODE: What's the

1 4/8/15 - WHOLE - 150162, etc.

2 difference between that and an
3 appropriation?

4 MR. DUBOW: Appropriation we're
5 not relying on that for kind of -- we're
6 assuming that that money is going to be
7 gone. The daily cash, we assume that if
8 it's invested, it's coming back.

9 COUNCILMAN GOODE: So are you
10 familiar with successful public bank
11 models?

12 MR. DUBOW: I have not studied
13 it, so, no.

14 COUNCILMAN GOODE: Okay. So
15 you're not familiar with the North Dakota
16 model or any other models?

17 MR. DUBOW: I am not.

18 COUNCILMAN GOODE: So it could
19 be successful; you just haven't
20 researched it?

21 MR. DUBOW: I have not. You're
22 just asking the question now, so right.

23 COUNCILMAN GOODE: Thank you.

24 Thank you, Mr. President.

25 COUNCIL PRESIDENT CLARKE:

1 4/8/15 - WHOLE - 150162, etc.

2 Thank you, Councilman.

3 The Chair recognizes Councilman
4 Jones.

5 COUNCILMAN JONES: Thank you,
6 Mr. President.

7 Good morning, everyone.

8 MR. DUBOW: Good morning.

9 COUNCILMAN JONES: Good to see
10 you again.

11 Last year you guys allocated
12 300,000 to fund a new Collections Office.
13 It's my understanding through testimony
14 yesterday we have about 20 different
15 entities that actually collect money for
16 the City of Philadelphia, and that I was
17 wondering what was that about and have we
18 made any sense of how we can collect
19 better, particularly identifying stranded
20 assets that we can kind of collect on.

21 MR. DUBOW: So the Collections
22 Office that had shown in the Finance
23 budget is kind of moved over to Revenue.
24 Tom Knudsen was the first Chief
25 Collections Officer. That's now been

1 4/8/15 - WHOLE - 150162, etc.
2 folded into Commissioner Tolson's title.
3 So she's now Revenue Commissioner and
4 Chief Collections Officer. So that's all
5 run through Revenue.

6 COUNCILMAN JONES: So the
7 300,000 is there?

8 MR. DUBOW: Well, it's less now
9 because we had a separate collections
10 officer. So I think that money is really
11 gone and the effort is being run out of
12 Revenue.

13 COUNCILMAN JONES: And what
14 efforts are being implemented to
15 streamline all of the different -- I
16 recall the EMS being one. How are we
17 progressing on that?

18 MR. DUBOW: So Revenue is
19 coordinating with each of the outside
20 agencies and taking kind of a sequential
21 approach to work with them to help them
22 with their collections. So they started
23 with commercial trash, and that's kind of
24 moved -- they're not really doing that
25 now. Their next big focus is EMS. I

1 4/8/15 - WHOLE - 150162, etc.
2 think they spent some time with Police on
3 their collections. So, I mean, that's
4 kind of the way they're doing it, is
5 moving one entity at a time.

6 COUNCILMAN JONES: So will we
7 be able to like measure? I know we made
8 a substantial investment in Revenue.

9 MR. DUBOW: Yes.

10 COUNCILMAN JONES: By way of
11 predictive dollars, things like that.

12 MR. DUBOW: Right. So the
13 biggest -- one kind of big development in
14 Revenue that's kind of in the process of
15 happening is the establishment of a data
16 warehouse. That will allow them to do a
17 much better job of kind of gathering
18 information on delinquents and figuring
19 out kind of who is best to target and
20 when. I think that will really help a
21 lot, and that's happening kind of over
22 the next year. I think we actually show
23 some additional revenue in the budget
24 from those efforts.

25 COUNCILMAN JONES: So we have

1 4/8/15 - WHOLE - 150162, etc.
2 had several articles dedicated to the
3 stranded real estate assets, particularly
4 with an eye towards those that are not
5 inside the City of Philadelphia, yet they
6 own properties here that they allow to be
7 tax delinquent and, to add insult to
8 injury, actually pay their real estate
9 taxes at their home county.

10 Where are we on that kind of
11 ability to go after folk where they live?

12 MR. DUBOW: So I think there
13 are a couple of things there. I mean,
14 one, it's obviously a focus of the
15 Revenue Department. The other, I think
16 there was legislation passed at the state
17 level that allows us to do cross-licensing
18 with properties in other jurisdictions.
19 So I think that's enhanced our ability to
20 go after them.

21 COUNCILMAN JONES: So my
22 question is, how much have we -- so it's
23 been a year now. How much have we gotten
24 out of that process?

25 MR. DUBOW: So I'll have to get

1 4/8/15 - WHOLE - 150162, etc.

2 back to you on that.

3 COUNCILMAN JONES: All right.

4 Thank you, Mr. President.

5 COUNCIL PRESIDENT CLARKE:

6 Thank you, Councilman.

7 The Chair recognizes Councilman
8 Greenlee.

9 COUNCILMAN GREENLEE: Thank
10 you, Mr. President.

11 Good morning.

12 MR. DUBOW: Good morning.

13 COUNCILMAN GREENLEE: I know
14 OPA is coming in later and Revenue will
15 be coming in on another day, but this is
16 sort of a -- and I know we talked about,
17 I think, this problem, is the issue of
18 what appears to be the disconnect between
19 when somebody gets a decision at BRT. It
20 seems to take a long time to get on the
21 OPA record and then seems to take even
22 longer to get on Revenue, and what we've
23 seen now because of how long it takes to
24 get to the hearing -- and I'm not
25 criticizing the process -- the assessment

1 4/8/15 - WHOLE - 150162, etc.

2 at this point. It's just that --

3 MR. DUBOW: That will be later
4 today.

5 COUNCILMAN GREENLEE: That will
6 come later. But it's that people get a
7 decision at BRT and it seems to take a
8 heck of a long time to get to, I guess,
9 the Revenue, and people are getting the
10 wrong bills. And even now because some
11 of these deal with the 2014, they're
12 getting Sheriff Sale notices. Something
13 seems wrong about that.

14 MR. DUBOW: Yes. There was
15 something wrong about that, and both
16 Revenue and OPA recognized the problem
17 and have begun working since they've
18 begun. They've been working together for
19 maybe a month or so on -- and working
20 with OIT to kind of resolve that, and
21 they've shrunk the backlog, but there
22 still is a backlog. So it's something
23 that still needs work, but that they are
24 working on.

25 COUNCILMAN GREENLEE: And I

1 4/8/15 - WHOLE - 150162, etc.
2 guess my question is, was there any
3 thought -- I'm not trying to Monday
4 morning quarterback here. But was there
5 any thought that the fact that these
6 people are getting these Sheriff Sale
7 notices and a lot of people who came to
8 me, our office, are older people, because
9 they're kind of the ones that had some
10 argument at BRT that maybe their property
11 was not assessed properly, and now they
12 think they did everything right and now
13 they're being told that -- and when
14 people are at Sheriff Sale, it's easy for
15 us to say to them, Well, hold on, they're
16 fixing it, but these folks think they're
17 going to lose their house tomorrow, you
18 know.

19 MR. DUBOW: I know. You're
20 right.

21 COUNCILMAN GREENLEE: Was there
22 any thought given to the fact that maybe
23 holding up at least the Sheriff Sale
24 notice until this connect happened
25 better? I'm not trying to just, you

1 4/8/15 - WHOLE - 150162, etc.

2 know, criticize from the -- but I mean --

3 MR. DUBOW: You raise a good
4 point. I think we've gotten there and
5 probably should have been there earlier.

6 COUNCILMAN GREENLEE: Well, I
7 think these notices are still going out,
8 from what I understand. Relatively
9 recently people are still getting notices
10 that have Sheriff Sale notices on them.

11 MR. DUBOW: Okay. I'll look
12 into that, because that's a good point.

13 COUNCILMAN GREENLEE: Okay.
14 Thank you.

15 COUNCIL PRESIDENT CLARKE:
16 Thank you, Councilman.

17 The Chair recognizes Councilman
18 Neilson.

19 COUNCILMAN NEILSON: Thank you,
20 Mr. President.

21 Good morning. How are you
22 today?

23 MR. DUBOW: Good morning.
24 Good. How are you?

25 COUNCILMAN NEILSON: Good. I'm

1 4/8/15 - WHOLE - 150162, etc.
2 going to pose the same question I've
3 posed to everybody else. I know you know
4 it's coming.

5 If you had to make a 9 percent
6 personnel cut in your department -- a 9
7 percent non-personnel cut, not cutting
8 one job, where would you make it?

9 MR. DUBOW: So I did know that
10 the question was coming. That's
11 challenging for us because most of our
12 200 money falls into just a few
13 categories. One is, we have a collection
14 agency, and part of our 200 is giving
15 them their portion of the collection. So
16 if -- they get, I think, it's 11 percent
17 of the collection. So we can't really
18 cut that. If the revenue comes in, we
19 have to pay it.

20 And then the rest are for
21 insurance and claims management. I mean,
22 all of which if we cut the budget for, we
23 are increasing our exposure in the
24 future, so that our costs are likely to
25 go up in the future. I mean, that's

1 4/8/15 - WHOLE - 150162, etc.

2 really where our 200 money is.

3 COUNCILMAN NEILSON: So you
4 have no wasteful funding or no wasteful
5 spending within your budget?

6 MR. DUBOW: We try not to. So,
7 I mean, the other areas, the smaller
8 areas are things like training. We have
9 a portion in our budget for analysis of
10 legislation, because there was a Charter
11 change that allows Council to ask for
12 analyses of bills. So we have a little
13 money for that. Other than that, there
14 aren't any big pockets in our 200.

15 COUNCILMAN NEILSON: You talked
16 about the collection agency fees at 11
17 percent of those fees. Is that bid on?
18 So maybe we can save like 5 percent.

19 MR. DUBOW: Yeah, that is.

20 COUNCILMAN NEILSON: Is that
21 how we contract that out, who collects
22 the lowest fees from the City?

23 MR. DUBOW: We go through a
24 competitive process, yes, and through the
25 process last time, we were able to reduce

1 4/8/15 - WHOLE - 150162, etc.

2 that percentage.

3 COUNCILMAN NEILSON: Under
4 Section 12, Page 3, if I can have you
5 turn into the budget that you submitted
6 of the big book. In Box 10, there's \$20
7 million for advances and miscellaneous
8 payments. Can you explain what that is,
9 \$20 million for advances and
10 miscellaneous payments, Section 12, Page
11 3. It shows \$20 million, Code 900,
12 advances and miscellaneous payments.

13 MR. DUBOW: Oh, the Community
14 Development Fund. That's not General
15 Fund money. That's Community
16 Development.

17 COUNCILMAN NEILSON: I'm just
18 going off what you gave me.

19 MR. DUBOW: No. If you look
20 over to the left, it tells you what fund
21 it's in.

22 COUNCILMAN NEILSON: Okay.

23 MR. DUBOW: And it says
24 Community Development. So none of that
25 is in our General Fund budget.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN NEILSON: So you
3 don't know --

4 MR. DUBOW: That's all -- that
5 all comes in through grants.

6 COUNCILMAN NEILSON: All right.
7 It's disbursed under your department,
8 right, under department, Office of
9 Director of Finance, and that's you?

10 MR. DUBOW: Yeah.

11 COUNCILMAN NEILSON: That's
12 what you gave me. That's on your third
13 page.

14 MR. DUBOW: Right.

15 COUNCILMAN NEILSON: Do we know
16 what that's for? Do you know what that's
17 for? You oversee revenue.

18 MR. DUBOW: Yeah. I guess --

19 COUNCILMAN NEILSON: Are we
20 usually -- like do we give out money not
21 knowing where it goes all the time, like
22 \$20 million worth?

23 MR. DUBOW: No. I think my
24 point was, I think you were looking for
25 places where you could cut the General

1 4/8/15 - WHOLE - 150162, etc.

2 Fund?

3 COUNCILMAN NEILSON: Oh, no.

4 I'm just asking. You answered that
5 question.

6 MR. DUBOW: Oh, okay. You
7 moved on to a different topic.

8 COUNCILMAN NEILSON: Now I'm
9 going through stuff that I found where
10 little questions, shaky at best.

11 MR. DUBOW: Yeah. So that
12 is -- I think that's in anticipation of
13 grants coming in to CDBG. And if you
14 look in --

15 COUNCILMAN NEILSON: So we're
16 thinking that's going to be some kind of
17 grant program?

18 MR. DUBOW: Yeah.

19 COUNCILMAN NEILSON: Just
20 leaving a hold slot on it?

21 MR. DUBOW: Yes.

22 COUNCILMAN NEILSON: That's the
23 best to explain it?

24 MR. DUBOW: Yes.

25 COUNCILMAN NEILSON: All right.

1 4/8/15 - WHOLE - 150162, etc.

2 Let's go to Page 13. Is that something
3 you can answer on Page 13?

4 MR. DUBOW: What's the
5 question?

6 COUNCILMAN NEILSON: Well, the
7 question would be non-travel meals and
8 official entertaining in the tune of
9 66,000 a year. Who do we entertain at
10 66,000 a year?

11 MR. DUBOW: So a lot of what
12 that is for is if there are, for example,
13 kind arbitration hearings for Act 111
14 arbitration hearings for Police and Fire,
15 for example, we have to rent out space in
16 hotels for those hearings, and that's
17 kind of the biggest portion of where that
18 money goes.

19 COUNCILMAN NEILSON: So that's
20 listed as official entertaining?

21 MR. DUBOW: Yeah.

22 COUNCILMAN NEILSON: We don't
23 have facilities to do that within City
24 Hall?

25 This is some of the stuff that

1 4/8/15 - WHOLE - 150162, etc.
2 we could cut out. I mean, they were
3 spending \$66,000 on renting rooms that we
4 have plenty of City space to do. I mean,
5 these are some of the stuff I'm looking
6 at, Rob.

7 MR. DUBOW: Yeah. I mean,
8 that's something we could look at. It's
9 kind of -- I think the idea is that it
10 would be at a neutral site, but we can
11 look at it.

12 COUNCILMAN NEILSON: I guess
13 I'm cut off for now or can I keep going?
14 I got pages.

15 COUNCIL PRESIDENT CLARKE: You
16 can keep --

17 COUNCILMAN NEILSON: Am I okay?

18 COUNCIL PRESIDENT CLARKE: I'm
19 assuming you're not going to go on all
20 day.

21 COUNCILMAN NEILSON: I know.

22 COUNCIL PRESIDENT CLARKE: We
23 have one other member, but after that,
24 there's nobody else teed up as of this
25 moment.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN NEILSON: So we'll
3 do round robin.

4 COUNCIL PRESIDENT CLARKE:
5 We'll go to Councilwoman Blackwell and
6 then come back to you, sir.

7 COUNCILWOMAN BLACKWELL: Thank
8 you, Mr. President.

9 I was following up on the
10 remarks of Councilman Greenlee, because I
11 hear from my staff all the time about
12 people from 2014 with Sheriff Sale
13 notices and people who haven't been
14 contacted, and even when they try, they
15 don't hear back as to their status. So
16 that's a real important issue.

17 Do you know if more people have
18 been hired? I think we were told more
19 people have been hired to deal with this.

20 MR. DUBOW: For OPA? Yeah.
21 They have actually been increasing their
22 staffing. So I know that that has been
23 happening.

24 COUNCILWOMAN BLACKWELL: Well,
25 we hope that something can be done with

1 4/8/15 - WHOLE - 150162, etc.
2 this because, I mean, Council has been
3 willing to give them what they need. We
4 just wonder if I'm getting the same
5 problems Councilman Greenlee is getting,
6 it means that all of us are getting them,
7 and we wonder if there's some plan moving
8 forward for community engagement or what
9 we want to do to give people the
10 confidence that we are moving forward in
11 a clear and direct manner.

12 MR. DUBOW: Okay. That's a
13 good point, and we should come up with a
14 communications plan for that, and we
15 will.

16 COUNCILWOMAN BLACKWELL: Thank
17 you.

18 Thank you, Mr. President.

19 COUNCIL PRESIDENT CLARKE:
20 Thank you, Councilwoman.

21 Councilman.

22 COUNCILMAN NEILSON: Thank you,
23 Mr. President. I'll try not to take up
24 too much time.

25 Rob, throughout your budget, I

1 4/8/15 - WHOLE - 150162, etc.
2 see miscellaneous class expenses and
3 different -- like the forecasting
4 consultants, and the one that came to
5 mind is, because I'll cut it short, what
6 is an addressing consultant?

7 MR. DUBOW: So one of the big
8 challenges for the City is, different
9 departments have different information
10 sets for addresses of departments. So
11 Fire might have a different address from
12 Water, which might have a different
13 address from Revenue, and then it causes
14 a lot of confusion. It causes a lot of
15 operational problems. We're trying to
16 work to get to the point where that's all
17 consistent, and we need outside help in
18 doing that. That's what the addressing
19 consultant would do.

20 COUNCILMAN NEILSON: So last
21 year we spent 23,000 and this year we're
22 expected to spend 160,000 additional
23 dollars on that. It seems like a big
24 jump to me, not knowing where our own
25 buildings are.

1 4/8/15 - WHOLE - 150162, etc.

2 MR. DUBOW: We just went
3 through a competitive selection process
4 and selected somebody, and that's kind of
5 the range of where the proposals came in
6 in terms of kind of figuring out how to
7 do that. It's actually a pretty big
8 project.

9 COUNCILMAN NEILSON: Okay. And
10 then my last question, I'll go back to
11 the BRT and the assessments and how we
12 just went through the whole reassessment
13 deal. There's been some inconsistencies
14 and I was wondering what we are going to
15 do to address that on the value of the
16 land and the improvements on the land. I
17 could go by personal experience myself
18 where my property land is valued \$60,000
19 higher than anybody else on the block.
20 However, my end number is good. I'm not
21 complaining about my end number. That is
22 good. However, the breakdown to get to
23 that end number is something we discussed
24 before, and I wonder if there's any means
25 of addressing that before we go out and

1 4/8/15 - WHOLE - 150162, etc.

2 do reassessments and new assessments on
3 other properties.

4 MR. DUBOW: So OPA plans kind
5 of their next project, which will be for
6 next year, is to do an assessment of land
7 on every property in the City. So all
8 570,000 properties, they'll be looking at
9 the land and what it should be valued at.

10 COUNCILMAN NEILSON: And how
11 would that affect our people's taxes?
12 Because right now it's not balanced
13 properly. So if my land value goes down
14 to what it should be, because I know I
15 don't live on an \$80,000 piece of land,
16 everybody else is at like 30, 35, which
17 is probably market value, what are you
18 going to do, drop my improvement up a
19 lot?

20 MR. DUBOW: No, because for the
21 overall assessment, they're looking at
22 what the property can sell for. So it
23 will probably be a rebalancing of land
24 and improvements. I think the place
25 where it would have the biggest impact is

1 4/8/15 - WHOLE - 150162, etc.
2 for properties with abatements where they
3 don't pay on the improvement but pay on
4 the land. They would see an increase if
5 the land portion went up.

6 COUNCILMAN NEILSON: And this
7 is going to be done before we go back --
8 I mean, the Mayor has approved --

9 MR. DUBOW: No. This will take
10 time. This won't be -- this will take
11 until next year to get completed, because
12 it's every property.

13 COUNCILMAN NEILSON: It's every
14 property, all right.

15 Thank you, Mr. President. I
16 have no further questions.

17 Thank you.

18 COUNCIL PRESIDENT CLARKE:

19 Thank you, Councilman.

20 The Chair recognizes Councilman
21 Oh.

22 COUNCILMAN OH: Thank you,
23 Mr. President.

24 Could you just talk briefly
25 about your approach to the unfunded

1 4/8/15 - WHOLE - 150162, etc.

2 pension liability and the continuing
3 problem on a yearly basis of pulling
4 money out of the City's fund to fund the
5 schools.

6 MR. DUBOW: I didn't understand
7 the last part of your question. Sorry.

8 COUNCILMAN OH: The unfunded
9 pension liability and funding the schools
10 year after year.

11 MR. DUBOW: So two separate
12 questions.

13 COUNCILMAN OH: Two separate
14 questions.

15 MR. DUBOW: All right. I
16 misunderstood. I thought you were
17 connecting them in some way.

18 COUNCILMAN OH: I'm sorry.
19 They're two separate questions, two
20 separate issues.

21 MR. DUBOW: Okay. And either
22 one of them could take a year to discuss,
23 but I'll try to be brief.

24 On the unfunded pension
25 liability, the funding percent now is a

1 4/8/15 - WHOLE - 150162, etc.
2 little under 46 percent. One of the
3 reasons the funding percent has been
4 going down over the last several years is
5 that we've been changing our assumptions
6 and making them more conservative. So
7 our earnings assumption has gone down,
8 our mortality assumption has actually
9 gone up. We're assuming people live
10 longer. So all of that makes the funding
11 percent look weaker, but it means that
12 it's more likely that we'll meet our
13 assumptions. It also means that we have
14 to put more money into the Pension Fund.
15 So one of the ways that we're trying to
16 ensure the health of the fund is putting
17 more money in over time, and that's what
18 having new assumptions does for us.

19 In every one of the collective
20 bargaining agreements we reached, there
21 was some kind of change either to
22 contributions that employees make or to
23 the benefits they receive or to both.
24 And then the sales tax legislation that
25 passed in Harrisburg last year included

1 4/8/15 - WHOLE - 150162, etc.
2 some funding for pensions, an amount that
3 kind of starts off small and then will
4 grow over time. The Governor's new
5 proposal this year would actually put
6 substantially more money into the Pension
7 Fund and, by 2020, would put an
8 additional \$400 million. So you actually
9 get kind of some benefits from changing
10 the benefit and contributions structure
11 and some benefit from putting additional
12 resources in.

13 But the problem is enormous,
14 \$5.7 billion, so you're not going to fix
15 it overnight. It will take, kind of in
16 the best case scenario, at least a dozen
17 years.

18 COUNCILMAN OH: Do you think we
19 should not continue to do the MMO, the
20 municipal minimum obligation?

21 MR. DUBOW: No. I think that
22 would be a really bad mistake not to put
23 in the MMO.

24 COUNCILMAN OH: Why is that?

25 MR. DUBOW: Well, one, because

1 4/8/15 - WHOLE - 150162, etc.

2 then it would exacerbate the pension
3 problems over --

4 COUNCILMAN OH: Let me correct
5 my -- because I think you misunderstand
6 what I'm saying.

7 MR. DUBOW: Oh, you mean more?

8 COUNCILMAN OH: Yes. In other
9 words --

10 MR. DUBOW: Oh, okay. Sorry.
11 I thought you meant put in less.

12 COUNCILMAN OH: We should put
13 more than the MMO and we should probably,
14 though very challenging, try to approach
15 putting in the amount that we should put
16 in on a yearly basis. I know we can't do
17 that right now, but...

18 MR. DUBOW: Well, just to take
19 a step back. The MMO is an amount
20 calculated by our actuary that gives us a
21 defined number of years under which we
22 will pay off the unfunded liability. So
23 he gives us the amount that we should
24 pay, and it's consistent with state law,
25 and we pay it. So I think we want to be

1 4/8/15 - WHOLE - 150162, etc.

2 careful about what we should pay, saying
3 what we should pay, because that's what
4 the actuary says we should pay under
5 state law.

6 But I agree with you that kind
7 of to the extent we can, we should look
8 for ways to put in more than that. So
9 that's why we were -- we like the idea of
10 money from the sales tax being above what
11 our MMO is, and so that will help over
12 time reduce our unfunded liability.

13 COUNCILMAN OH: Are you talking
14 about the proposed sales tax that
15 Governor Wolf is proposing in his budget?

16 MR. DUBOW: There are two
17 separate things. There's the sales tax
18 that was enacted, I think it was, last
19 year. That has additional revenue that
20 goes into pensions over time. And then
21 Governor Wolf's proposal this year and
22 particularly the base broadening portion
23 of -- base broadening for the sales tax
24 would put additional money into the
25 Pension Fund, and that's the 400 million

1 4/8/15 - WHOLE - 150162, etc.

2 I was talking about.

3 COUNCILMAN OH: Right. So I
4 understand about the base broadening, and
5 for the average person that just means
6 you're going to pay more taxes on more
7 things that you used to not pay taxes on.
8 So more sales tax for things that weren't
9 there. So I'm not sure where that's --
10 in other words, that may pass; that may
11 not. I'm not clear on that. But I'll
12 finish up later.

13 Thank you.

14 COUNCIL PRESIDENT CLARKE:

15 Thank you, Councilman.

16 A couple of quick questions
17 before we go to the next round. There
18 was a discussion yesterday and I couldn't
19 remember, because I'm getting close to
20 that timeframe when memory starts to be
21 somewhat challenging, but we were talking
22 about the Delaware Loophole with some
23 representatives from the state.

24 MR. DUBOW: Okay.

25 COUNCIL PRESIDENT CLARKE: And

1 4/8/15 - WHOLE - 150162, etc.
2 my recollection is that there was a
3 conversation in City Council a few years
4 ago about us attempting on a local level
5 to do something about that. Was it
6 beyond the conversation or do you
7 remember? For some reason I'm
8 remembering Councilman Green and
9 Councilwoman Sanchez.

10 MR. DUBOW: I think we may have
11 had conversation about trying to get that
12 changed and then there would be
13 additional revenue for the state and then
14 we could maybe benefit from that, but I
15 don't know what we could do.

16 COUNCIL PRESIDENT CLARKE: So
17 it was not a local attempt to do that?

18 MR. DUBOW: No. No. It's the
19 definition of their corporate net income
20 tax.

21 COUNCIL PRESIDENT CLARKE:
22 Okay. All right. I remember.

23 In the conversation also with
24 representatives from the state, there was
25 an issue that -- and I know that you all

1 4/8/15 - WHOLE - 150162, etc.
2 have been discussing the implications of
3 the state budget, proposed state budget,
4 as it relates to Philadelphia. The issue
5 around the eligibility for the poverty
6 exemption, increasing it to 150 percent.
7 Are you familiar with that?

8 MR. DUBOW: No. They haven't
9 talked to us about that one.

10 COUNCIL PRESIDENT CLARKE:
11 Well, the poverty exemption is
12 essentially a state provision that allows
13 local levels, municipalities and other
14 townships, to enact legislation to
15 support people. Now they're talking
16 about below 150 percent poverty level,
17 various relief measures. So you're not
18 familiar with that?

19 MR. DUBOW: I have not been
20 involved in conversations on that one.

21 COUNCIL PRESIDENT CLARKE:
22 Okay. If you can have your people just
23 kind of check and see what that would
24 allow us to do on a local level --

25 MR. DUBOW: Right.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCIL PRESIDENT CLARKE: --

3 in terms of putting provisions in the
4 state -- because it was essentially
5 enabling legislation, but it's for a
6 category of individuals.

7 MR. DUBOW: Okay. Yeah. We'll
8 look into that.

9 COUNCIL PRESIDENT CLARKE:

10 Because we clearly need to continue on
11 along that theme.

12 MR. DUBOW: Yes.

13 COUNCIL PRESIDENT CLARKE:

14 Thank you.

15 The Chair recognizes Councilman
16 Jones.

17 COUNCILMAN JONES: Thank you,
18 Mr. President.

19 Very quickly. What has been
20 our fund surplus for the last four years?

21 MR. DUBOW: Our fund balances
22 each year?

23 COUNCILMAN JONES: Fund
24 balance. I'm sorry. I shouldn't call
25 them a surplus. The balance.

1 4/8/15 - WHOLE - 150162, etc.

2 MR. DUBOW: Yeah. There's an
3 accounting lesson in there, but I won't
4 go through it.

5 COUNCILMAN JONES: You can do
6 it.

7 MR. DUBOW: No. A surplus is
8 what happens each year. Fund balance is
9 cumulative.

10 COUNCILMAN JONES: That's a key
11 provision to allow us the unexpected when
12 it arises, and it's --

13 MR. DUBOW: Right. We need to
14 have a fund balance.

15 I think Rebecca is looking it
16 up right now.

17 So going back to FY10, we were
18 at minus 114 million. In FY11, we
19 were -- I think we were at 300,000. It
20 shows it's a zero, but we were -- and
21 then FY12, 147 million --

22 COUNCILMAN JONES: Say that
23 again.

24 MR. DUBOW: FY12 was 147
25 million.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN JONES: Right.

3 MR. DUBOW: FY13 it got up to
4 257 million. FY14 to 202.

5 COUNCILMAN JONES: Got it.

6 MR. DUBOW: FY15, 145 million.

7 Those are relatively thin fund balances
8 compared to kind of other jurisdictions
9 and compared to kind of what a
10 jurisdiction with a fund -- with a
11 revenue and expenditure amount as high as
12 ours. I mean, we should be much higher
13 than that.

14 COUNCILMAN JONES: Having said
15 that, we were as low as what, negative
16 what?

17 MR. DUBOW: Negative 114.

18 COUNCILMAN JONES: And we've
19 been as high as what?

20 MR. DUBOW: We were as high as
21 257. We're projecting to end this year
22 at 145, and then in FY16, we show 65.

23 COUNCILMAN JONES: So usually
24 our projected fund balances, do we exceed
25 them or meet them or fall below them on

1 4/8/15 - WHOLE - 150162, etc.

2 normal?

3 MR. DUBOW: So for the last
4 couple of years, we've been doing better.
5 Obviously during the recession, we did
6 worse, and a lot of it kind of does
7 depend on the trend in the economy. You
8 know, when the economy is doing well, we
9 usually do better. When it does poorly,
10 we tend to do worse. The other thing we
11 tend to see in our fund balances is, it
12 builds up and then it goes away really
13 quickly.

14 COUNCILMAN JONES: So in your
15 budget presentation over the last four
16 years, have we exceeded your projections
17 or fallen on --

18 MR. DUBOW: I think in the last
19 four years we've exceeded.

20 COUNCILMAN JONES: We've
21 exceeded them, because you're a great
22 Finance Director that is conservative --

23 MR. DUBOW: I think in FY10 we
24 came in well below and then I think since
25 then we've been exceeding.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN JONES: So as we
3 approach the issue of the wonderful
4 budget projection that Wolf has given for
5 us -- and we had an excellent briefing
6 yesterday, and thank Senator Hughes for
7 that -- they're talking about a wide
8 myriad of relief that may well, you know,
9 be manna from heaven coming here. But
10 one of the things that has been -- now,
11 whether the politics of that catches up,
12 we don't know. In a year we'll know.
13 We'll know whether they're able to
14 navigate the Legislature and these
15 reliefs come.

16 My point to you is, though, we
17 are always at a disadvantage because we
18 have to make a decision in advance of
19 them and we have to do our best job of
20 guesstimating what will happen.

21 MR. DUBOW: That's correct.

22 COUNCILMAN JONES: But as it
23 comes to the School District and what
24 their needs are, could we look at a fund
25 balance, do it through that, get the SRC

1 4/8/15 - WHOLE - 150162, etc.
2 to give the waiver of the Maintenance of
3 Effort to allow that year of Wolf budget
4 attempt to catch up with us and we would
5 be on a lot firmer ground to know what to
6 project by way of relief? Is that
7 doable?

8 MR. DUBOW: I don't think so,
9 and I can -- I mean, part of the reason
10 is, they have an \$84 million gap.

11 COUNCILMAN JONES: So they're
12 asking us for?

13 MR. DUBOW: They're asking for
14 105, and they're asking the state --
15 well, they're asking the state now for
16 164. They're asking what's in the
17 Mayor's budget and the Governor's budget.
18 And that's to allow them to make
19 investments to improve the quality of
20 schools as opposed to kind of just
21 staying where they are.

22 COUNCILMAN JONES: So a portion
23 of our --

24 MR. DUBOW: To stay where they
25 are, they would need 84 million.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN JONES: So a portion
3 of our fund balance could not be used in
4 a one-time effort to bridge that year gap
5 to allow us to see what --

6 MR. DUBOW: So I think if what
7 we gave them was the amount to just get
8 rid of their deficit, to keep them where
9 they are now, which I think everyone kind
10 of agrees is inadequate, that would send
11 us into deficit in FY16. Even if we got
12 the waiver -- actually, if you look at
13 our fund balances in the Five Year Plan,
14 we would be negative every year until
15 FY20 if we did enough just to get rid of
16 their deficit.

17 COUNCILMAN JONES: So I
18 don't -- you did hear me say that we
19 would waive the Maintenance of Effort.

20 MR. DUBOW: That was just one
21 time. If it was recurring, then it would
22 be much worse than what I just said.
23 That was just assuming we did it once.

24 COUNCILMAN JONES: All right.
25 Fair enough.

1 4/8/15 - WHOLE - 150162, etc.

2 Thank you, Mr. President.

3 COUNCIL PRESIDENT CLARKE:

4 Thank you, Councilman.

5 The Chair recognizes Councilman
6 Goode.

7 COUNCILMAN GOODE: Thank you,
8 Mr. President.

9 Mr. Dubow, I want to restate my
10 information request, but I also wanted to
11 invite the City Treasurer to come to the
12 table to address the issue as well.

13 MR. DUBOW: Okay. You know her
14 hearing is next. We can do it now or we
15 can do it then, whatever you prefer.

16 COUNCILMAN GOODE: I'd rather
17 do it now.

18 MR. DUBOW: Okay.
19 (Witness approached witness
20 table.)

21 COUNCILMAN GOODE: Good
22 morning, Ms. Winkler.

23 MS. WINKLER: Good morning.

24 COUNCILMAN GOODE: I was having
25 a discussion with the Finance Director

1 4/8/15 - WHOLE - 150162, etc.
2 about the possibility of establishment of
3 a public bank, and he raised issues in
4 terms of safety and security, but beyond
5 that, we had a discussion about the
6 return on our investment. So I'm very
7 interested in knowing with the business
8 we do with large national banks, after
9 the fees are paid, do we make money or
10 lose money in terms of those
11 relationships?

12 MS. WINKLER: The City of
13 Philadelphia has several major banking
14 relationships. We go through a process,
15 as you're aware, of selecting authorized
16 depositories for the purposes of making
17 deposits of the City's funds. Most of
18 those funds are deposited for extremely
19 short periods of time because we carry,
20 as we've been discussing, extremely low
21 fund balances, and during the course of
22 the year, we are reliant on short-term
23 borrowing from the capital markets in
24 order to pay our bills and we deposit
25 the -- and we do that TRAN, and we are

1 4/8/15 - WHOLE - 150162, etc.

2 going to be increasing the TRAN next
3 year. The budget calls for an increase
4 in the TRAN to 175 million.

5 COUNCILMAN GOODE: My question
6 is --

7 MS. WINKLER: So what happens
8 for us is, we incur transactions costs.
9 The money is flowing in and out. We have
10 revenues and expenditures, and pretty
11 much we don't have -- we have large
12 transaction costs.

13 COUNCILMAN GOODE: My question
14 is very simple. My question is very
15 simply, the business we do with large
16 national banks, do we make money or lose
17 money on an annual basis through those
18 transactions and relationships? And I
19 would like some accounting of that as we
20 open the discussion of a public bank,
21 because --

22 MS. WINKLER: It costs us. It
23 costs us to maintain our extremely
24 complex banking relationships, yes, about
25 a million dollars a year.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN GOODE: I just want
3 to put it on the record I need a formal
4 response to that in writing. So as we
5 look toward advancing this discussion of
6 a public bank, if the safety and security
7 issues were resolved, essentially those
8 investments we make, we're not looking
9 for a return on investment in most of the
10 business we do with national banks;
11 therefore, if we had a purpose for
12 establishing a public bank, we should
13 move forward with that purpose. And
14 that's basically the argument that I'm
15 making.

16 MS. WINKLER: Well, I think
17 it's a very complex and challenging
18 problem for us, our banking
19 relationships, because, again, as I
20 stated, the City has literally hundreds
21 of bank accounts, very complex cash
22 flows, extreme needs for electronic
23 banking, very highly sophisticated
24 banking.

25 COUNCILMAN GOODE: And none of

1 4/8/15 - WHOLE - 150162, etc.
2 that is what I'm discussing. What I'm
3 discussing is whether we make money or
4 lose money off of our banking
5 relationships. And so when we resolve
6 issues of safety and security, looking at
7 the idea of a public bank in isolation,
8 we're not -- as you said, we're simply
9 not concerned with return on investment.
10 That's not why we establish these
11 relationships; is that correct?

12 MS. WINKLER: Our primary duty
13 is to have enough money on hand each week
14 at the end of the week to make payroll
15 and to pay our vendors.

16 COUNCILMAN GOODE: I'm actually
17 not talking about cash. I'm actually
18 talking about investments beyond the
19 cash.

20 MS. WINKLER: We don't really
21 have any investments beyond cash. We
22 don't have the ability because our cash
23 position is so low. Our current -- I
24 mean, for example, this week I believe we
25 have \$35,000 -- \$35 million that's not

1 4/8/15 - WHOLE - 150162, etc.

2 bond proceeds. We don't have any other
3 money.

4 COUNCILMAN GOODE: We invest
5 other money. You missed that part of the
6 discussion.

7 MS. WINKLER: I can sit down
8 with your -- I'll be happy to sit down
9 with your staff and show you.

10 COUNCILMAN GOODE: And,
11 Mr. Dubow, you can respond to the
12 question now.

13 MR. DUBOW: I actually have
14 lost track of what the open question is.

15 COUNCILMAN GOODE: The question
16 is whether if we look at the
17 establishment of a public bank, whether
18 we need to take into consideration our
19 return on investment, and the answer I
20 think is no based upon what the City
21 Treasurer said.

22 MR. DUBOW: Yeah, and I think
23 what her answer was, which is kind of
24 consistent with what I said before, is
25 there are a lot of issues we look at in

1 4/8/15 - WHOLE - 150162, etc.

2 considering those relationships. But I
3 know what you're asking for, and we
4 can --

5 COUNCILMAN GOODE: The issue is
6 not return on investment.

7 MR. DUBOW: Right. So we
8 can -- that's not the only issue.

9 COUNCILMAN GOODE: That was the
10 simple question. It's not an issue on
11 return on investment.

12 MR. DUBOW: Correct.

13 COUNCILMAN GOODE: Thank you.

14 Thank you, Mr. President.

15 And I still need to know as --

16 MR. DUBOW: The net cost or
17 benefit of also the investments.

18 COUNCILMAN GOODE: The net cost
19 of the fees that we do with large
20 national banks.

21 MS. WINKLER: We have all that.
22 I can put a report together for you.

23 COUNCILMAN GOODE: Thank you.

24 MS. WINKLER: I'll be also
25 happy to meet with your staff too and you

1 4/8/15 - WHOLE - 150162, etc.

2 to walk through it.

3 COUNCILMAN GOODE: Thank you.

4 Thank you, Mr. President.

5 COUNCIL PRESIDENT CLARKE:

6 Thank you, Councilman.

7 The Chair recognizes Councilman

8 Oh.

9 COUNCILMAN OH: Thank you very
10 much, Council President.

11 Would it be a good idea going
12 into the future to ensure that the
13 assumptions were more conservative? In
14 other words, I understand that you are
15 using more conservative assumptions, but
16 the way that the Pension Board is set up,
17 it appears that they can have much more
18 generous assumptions, more so than what
19 is the standard accounting practice.

20 MR. DUBOW: So the assumptions
21 are much more conservative. So, for
22 example, at the beginning of the
23 Administration, the earnings assumption
24 was 8 and three-quarters. Now it's 7.8.
25 We have changed the mortality assumption

1 4/8/15 - WHOLE - 150162, etc.

2 to assume people live longer to kind of
3 be consistent with national standards.
4 So we have made the assumption more
5 conservative.

6 COUNCILMAN OH: Yes, and what
7 I'm saying is, that's what you did, but
8 the next Administration may or may not
9 use conservative assumptions.

10 MR. DUBOW: To be clear, it's
11 not what we did. It's what the Pension
12 Board did, and the Pension Board has four
13 members from the Administration, four
14 members who are elected by civil service
15 employees, and the Controller. So even
16 with a change in Administration, the
17 majority of that Board stays the same,
18 and I think that they will continue to
19 press for changes in assumptions.

20 COUNCILMAN OH: To be more
21 conservative?

22 MR. DUBOW: Yes.

23 COUNCILMAN OH: But in the
24 past, the assumptions have been generous.

25 MR. DUBOW: I think, yeah, for

1 4/8/15 - WHOLE - 150162, etc.
2 a long time the earnings assumption was 9
3 percent, but that has not been the case
4 for over eight years, and there's been a
5 consistent pattern of reducing the
6 earnings assumption and looking at all
7 the assumptions.

8 I mean, the other thing -- the
9 assumptions also have to be something
10 that the actuary thinks is reasonable.
11 So if the Pension Board said they
12 actually want to increase the earnings
13 assumption back to 9 percent, I'm pretty
14 confident the actuary would say, No,
15 that's not reasonable and I can't give
16 you a report that says that that's
17 reasonable. So there are checks too.

18 COUNCILMAN OH: If the actuary
19 says that that's not reasonable, does
20 that prevent the Board from going to 9
21 percent or that is just a report that
22 says it shouldn't be 9 percent?

23 MR. DUBOW: I don't -- I think
24 it wouldn't -- I don't think there's a
25 legal prohibition, but I think if the

1 4/8/15 - WHOLE - 150162, etc.

2 actuary said no, I don't -- the Board
3 wouldn't really do that. There's no way
4 that would actually happen.

5 COUNCILMAN OH: Okay. All
6 right. Thank you.

7 COUNCIL PRESIDENT CLARKE:
8 Thank you, Councilman.

9 The Chair recognizes Councilman
10 Neilson.

11 COUNCILMAN NEILSON: Thank you.
12 I'd like to go back to the
13 increase in education funding, the 105
14 from the City and the 180 from the state
15 in the proposed. And that's to expand, I
16 believe you said, expand on services?

17 MR. DUBOW: It's a combination.
18 To maintain the current level of
19 services, even to stay at that level, the
20 District needs \$84 million.

21 COUNCILMAN NEILSON:
22 Eighty-four?

23 MR. DUBOW: Eighty-four. The
24 request for the 264, which is the
25 combined 159 from the state and 105 from

1 4/8/15 - WHOLE - 150162, etc.
2 the City, would be to enable the District
3 to improve educational outcomes.

4 COUNCILMAN NEILSON: So if the
5 state provides 180 million as
6 currently -- is that --

7 MR. DUBOW: So there's two
8 things in that 180. There's 159, which
9 is straight revenue. There's another 25
10 million, which is from a change in
11 reimbursement for cyber charters, and the
12 state is estimating that would save the
13 District 25 million. But what the
14 District talks about in the 264 is its
15 revenue ask.

16 COUNCILMAN NEILSON: So the 84
17 we need to maintain.

18 MR. DUBOW: Yes.

19 COUNCILMAN NEILSON: And we
20 have 180 coming from the Commonwealth?

21 MR. DUBOW: We have --

22 COUNCILMAN NEILSON: And that
23 will give 96 million to expand on what
24 they do, right?

25 MR. DUBOW: If --

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN NEILSON: I'm just
3 doing basic math here.

4 MR. DUBOW: Yeah. Assuming
5 that that came through at the
6 Commonwealth level, there would be some
7 investments that the District can make.
8 Not at the level that they think they
9 need for the outcomes in the
10 Superintendent's Action Plan 3.0, but,
11 yes, there would be some room for some
12 improvement over where they are now.

13 COUNCILMAN NEILSON: Out of
14 that 285 million that their request is,
15 how much difference would we need to come
16 up with next year on Maintenance of
17 Effort due to the fact that this will
18 increase the charter school
19 reimbursements next year? The estimates
20 I'm getting is we'll fall 40 million
21 short next year.

22 MR. DUBOW: So I think they're
23 two separate questions in what you asked.
24 One was Maintenance of Effort --

25 COUNCILMAN NEILSON: If we give

1 4/8/15 - WHOLE - 150162, etc.
2 the School District this money, the
3 amount that the School District of
4 Philadelphia will have to reimburse
5 charter schools next year will go up --

6 MR. DUBOW: That's correct.

7 COUNCILMAN NEILSON: --
8 significantly.

9 MR. DUBOW: Yes.

10 COUNCILMAN NEILSON: In the
11 tune of \$40 million.

12 MR. DUBOW: Right.

13 COUNCILMAN NEILSON: So that
14 means next year if we do this this year,
15 we're going to need an additional 40
16 million next year to maintain where they
17 get to.

18 MR. DUBOW: We talked about
19 this a little last week. One of the
20 things that the District has done -- and
21 it's a real issue. I don't want to say
22 it's not. But one of the things that the
23 District has done to try to kind of
24 combat that issue is, they've asked
25 principals, to the extent they can when

1 4/8/15 - WHOLE - 150162, etc.
2 they submit their budgets, to include
3 some portion that would be for one-time
4 investments that would then not have to
5 be recurring, and to the extent that a
6 portion of whatever investments they make
7 this year are for one time, they could
8 use that going away to help make up some
9 of that 40 million.

10 COUNCILMAN NEILSON: So some of
11 the fixes at a 9 percent real estate tax
12 increase are only short-term, not
13 long-term fixes because it's going to be
14 a one-time?

15 MR. DUBOW: For some of them it
16 could be things like IT investments
17 that --

18 COUNCILMAN NEILSON: In the
19 tune of \$40 million.

20 MR. DUBOW: Let me just finish
21 it. It could be things like IT
22 investments that you have a one-time
23 cost, but they have long-term benefits.

24 COUNCILMAN NEILSON: Okay.
25 Thank you. I have nothing further.

1 4/8/15 - WHOLE - 150162, etc.

2 Thank you.

3 COUNCIL PRESIDENT CLARKE:

4 Thank you, Councilman.

5 The Chair recognizes Councilman

6 Oh.

7 COUNCILMAN OH: Thank you very
8 much, Council President.

9 In terms of trying to deal with
10 the schools, the budget -- as you do the
11 five-year budget, you don't include in
12 that an anticipated amount of money that
13 is going to come out of the operating
14 fund to pay down the schools.

15 MR. DUBOW: Yeah. We
16 actually -- each year there's a
17 contribution that goes from our General
18 Fund to the School District. It's about
19 \$69 million, and we show that each year
20 in the Five Year Plan.

21 COUNCILMAN OH: Okay.

22 MR. DUBOW: What we don't
23 show -- I think maybe what you're asking
24 about is, we don't show the tax revenues
25 that go directly to the District. That

1 4/8/15 - WHOLE - 150162, etc.

2 is included in their budget; it's not
3 included in our ours because they're a
4 separate government.

5 COUNCILMAN OH: I'm asking the
6 first question which you answered.

7 MR. DUBOW: Yes, that is in our
8 Five Year Plan.

9 COUNCILMAN OH: So there's a
10 Five Year Plan that kind of anticipates
11 about 69 million each year.

12 MR. DUBOW: It grows a little,
13 but, yes.

14 COUNCILMAN OH: And we're
15 generally coming up with -- I haven't
16 been here long enough to know the average
17 on that, but it seems that we're kind of
18 recently in about 110, 120 million just
19 in the last couple of years?

20 MR. DUBOW: So there was a
21 one-time increase in that amount that
22 related to a borrowing we did for the
23 District, and there was an exemption from
24 the state that allowed that to be one
25 time. But the 69 million excluding that

1 4/8/15 - WHOLE - 150162, etc.

2 is actually the highest that it's been.

3 COUNCILMAN OH: In terms of
4 policy, it appears that that's an amount
5 of money we're going to have to come up
6 with every year for the foreseeable
7 future.

8 MR. DUBOW: And by state law
9 because of the Maintenance of Effort
10 requirement, we can't reduce the amount
11 that we have in that line.

12 COUNCILMAN OH: Right. But the
13 amount that we have to go above that,
14 that seems to be, at least in my mind --
15 I'm asking you. You could correct me,
16 because it's my impression and I don't
17 know for sure -- that the School District
18 is always going to be short about 350
19 million in the foreseeable future where
20 it needs a certain contribution from the
21 state and a certain contribution from the
22 City. At least that's what it wants.

23 MR. DUBOW: So if it doesn't --
24 I mean, what tends to happen and what's
25 particularly been happening the last few

1 4/8/15 - WHOLE - 150162, etc.
2 years is, the District does not get what
3 it asks for from the state, and so it has
4 needs the following year. If again this
5 year it doesn't get the amount that it's
6 requesting, yes, it will have needs next
7 year.

8 COUNCILMAN OH: Right. I'm
9 sorry. I'm just going to go a little
10 further past the bell.

11 But, in other words, since
12 you're dealing with this issue and it's
13 likely that they will not get from the
14 state what they want year after year,
15 they come to us for an amount that we did
16 not budget to make a contribution to the
17 School District, and I think the City has
18 pretty much done that, has gone above the
19 amount of money budgeted for the School
20 District.

21 MR. DUBOW: So we have
22 increased taxes in a variety of ways to
23 get additional funding for the District
24 pretty consistently, and that amount has
25 gone up by -- the total amount we give

1 4/8/15 - WHOLE - 150162, etc.
2 through the contribution, through taxes,
3 through parking fees has gone up over
4 \$360 million. So the City has done a lot
5 to help the District.

6 COUNCILMAN OH: Yeah. So I
7 don't myself imagine we can keep doing
8 that, is what I'm saying. I mean, we're
9 running out of things to tax and to raise
10 and to cut. So from a policy point of
11 view, how do you think it is best to
12 address that? I know that may fall on
13 the new Administration, but given your
14 experience here, what can we do for the
15 future?

16 MR. DUBOW: I think any
17 long-term solutions to the District's
18 funding requires increases in state
19 funding and really requires kind of the
20 full and fair funding formula that we've
21 been talking about. And I completely
22 agree with you, if the state doesn't step
23 up, we're never going to be able to do
24 enough locally to get the District the
25 kind of revenues it needs to make the

1 4/8/15 - WHOLE - 150162, etc.

2 investments it needs to have the kind of
3 district that our kids deserve and that
4 will help make the City more competitive.

5 COUNCILMAN OH: All right.

6 Thank you.

7 Thank you.

8 COUNCIL PRESIDENT CLARKE:

9 Thank you, Councilman.

10 It appears there's no one else
11 teed up. Thank you very much for your
12 testimony.

13 MR. DUBOW: Thank you.

14 COUNCIL PRESIDENT CLARKE: And
15 next up we will have the Treasurer.

16 (Witnesses approached witness
17 table.)

18 COUNCIL PRESIDENT CLARKE: Good
19 morning. Please proceed.

20 MS. WINKLER: Good morning.

21 This is Nancy Winkler, City Treasurer.
22 With me is Christopher Schwartz, Deputy
23 City Treasurer for Cash and Investments
24 and Accounting.

25 You have my testimony. I

1 4/8/15 - WHOLE - 150162, etc.
2 previously submitted it, so I won't go
3 through it in detail. I would just
4 highlight for you that the proposed
5 budget for 2016 in Class 100 is \$985,000
6 and the proposed budget for Class 200 is
7 118,400, which is equal to this year's
8 Class 200 budget.

9 We have a total budgeted staff
10 of 16. We filled 15 positions. I'd like
11 to make one correction to my written
12 testimony, which is that the minority,
13 women, and disadvantaged business
14 participation through current -- through
15 December of 2014 is 19 percent. The
16 written testimony had 17 percent and
17 there was a formula error in an Excel
18 spreadsheet and we checked that. It's
19 actually 19 percent.

20 And I'm aware that Council is
21 interested in finding out since the start
22 of Fiscal '15 what our hiring has been.
23 We've had very significant for our little
24 department of 16 turn over, mostly from
25 either transfers or retirements. We've

1 4/8/15 - WHOLE - 150162, etc.
2 hired two white men, one African American
3 man, one Hispanic man, one Asian man, and
4 one white female. I wish we could have
5 hired more women, but there doesn't seem
6 to be a lot of applicants coming through
7 the door that are female.

8 COUNCIL PRESIDENT CLARKE:
9 Okay.

10 MS. WINKLER: But overall I
11 think that's a pretty good diversity
12 outcome for us and with great staff,
13 really happy with the people that we've
14 been able to recruit.

15 COUNCIL PRESIDENT CLARKE:
16 Thank you. Are you good?

17 MS. WINKLER: I can answer any
18 questions you may have.

19 COUNCIL PRESIDENT CLARKE:
20 Okay. Any questions?

21 (No response.)

22 COUNCIL PRESIDENT CLARKE:
23 Thank you.

24 MS. WINKLER: Thank you.

25 COUNCIL PRESIDENT CLARKE: Get

1 4/8/15 - WHOLE - 150162, etc.
2 out of here while you can.

3 MS. WINKLER: Actually I'm
4 going to stay for the Sinking Fund
5 presentation.

6 COUNCIL PRESIDENT CLARKE:
7 Thank you. Thank you, Ms. Winkler.
8 (Witness approached witness
9 table.)

10 COUNCIL PRESIDENT CLARKE: Good
11 morning.

12 MR. JONES: Good morning,
13 Council President. I'm Charlie Jones.
14 I'm the Executive Director of the Sinking
15 Fund Commission and I'm here today to
16 make the request for the Sinking Fund
17 Commission.

18 As I've told you in the past,
19 the Sinking Fund Commission pays the debt
20 service on the City's outstanding debt,
21 which is approximately \$8.2 billion.
22 That's for the City General Fund, for
23 PAID, PRA, PMA, the Water Department, and
24 the airport. And I'm asking for \$602
25 million for Fiscal '16. That's broken

1 4/8/15 - WHOLE - 150162, etc.

2 down in this way:

3 The General Fund is requesting
4 about \$246 million. That's split into
5 two classes, Class 200 and Class 700.
6 Two hundred is for payment of the City
7 service agreements and lease obligations.
8 That's about \$104 and a half million.
9 And for Class 700 for debt service is for
10 principal and interest payments on the
11 City's debt of \$141 million. These
12 are -- in total, these are a slight
13 increase over last year's estimates,
14 about up a million dollars.

15 For the Water Department, I'm
16 requesting \$227 million. That's all in
17 Class 700, again debt service. That's
18 about a \$20 million increase over last
19 year. That's due mainly to new issues in
20 Fiscal '16. The Water Department has a
21 heavy new borrowing budget based on their
22 capital needs.

23 And the airport I'm asking for
24 123 and a half million, again all in
25 Class 700. This is a decrease of about

1 4/8/15 - WHOLE - 150162, etc.

2 \$6.3 million over the estimates for
3 Fiscal Year '15.

4 And for the Car Rental Tax
5 Fund, I am requesting \$6 million to help
6 defray some of the debt service on the
7 stadium bonds that are outstanding
8 through PAID.

9 That's the highlights of my
10 testimony. I'm available for any
11 questions from you or from other City
12 Councilmembers.

13 COUNCIL PRESIDENT CLARKE:
14 Thank you for your testimony.

15 The Chair recognizes Councilman
16 Jones.

17 COUNCILMAN JONES: Thank you so
18 much.

19 I was holding my question for
20 this portion. If I read those numbers
21 correctly, you've saved us a considerable
22 amount of money over the last year. How
23 much exactly was it?

24 MR. JONES: Well, our budget is
25 up from last year's estimates.

1 4/8/15 - WHOLE - 150162, etc.

2 MS. WINKLER: Could I address
3 that, Charlie?

4 MR. JONES: And I'm going to
5 get to you.

6 So I'm going to let the
7 Treasurer talk about that, because I know
8 that is part of her duties in order to do
9 that, and I think she's done an excellent
10 job.

11 COUNCILMAN JONES: That's my
12 point. I was trying to say that on the
13 record.

14 MS. WINKLER: Thank you very
15 much. We appreciate that.

16 The testimony that we submitted
17 indicates that one of the accomplishments
18 of the Treasurer's Office in recent years
19 has been to seek to strategically refund
20 at lower interest costs and to negotiate
21 lower fees from banks, and we believe
22 that in terms of total budget
23 expenditures from the General Fund since
24 2011 we've saved \$34 million. The total
25 savings that will be realized over the

1 4/8/15 - WHOLE - 150162, etc.
2 life of those transactions thus far will
3 be 146 million over the life of the
4 borrowing.

5 COUNCILMAN JONES: So my
6 colleague has been asking the question
7 where to find savings, and I think you
8 have in fact answered his question to
9 some degree. And so can you elaborate?
10 I mean, you got no questions about it.
11 If any other department came here and
12 said they saved us how much, 34 million?

13 MS. WINKLER: Yes.

14 COUNCILMAN JONES: We'd have a
15 lot to say. So I want you to tell us how
16 you did it.

17 MS. WINKLER: Well, some of
18 it -- I guess there are two types of
19 major areas where we've been able to
20 realize substantial savings. One is in
21 lowering our cost of letters of credit,
22 and that's been accomplished -- I think
23 the letters of credit costs have gone
24 down about 75 percent. And that's been
25 accomplished by -- I guess I don't really

1 4/8/15 - WHOLE - 150162, etc.
2 know how to say it other than a lot of
3 hard work, of sitting down with the
4 letter of credit banks themselves and
5 walking them through the City's
6 financials, talking about the credit with
7 them. Certainly getting the bond rating
8 upgrades has helped. It's nothing more
9 than a lot of dialogue.

10 And I guess another thing that
11 we've done is, we've radically rewritten
12 the City's financial disclosures. So we
13 have completely revised the City's
14 Appendix A and Appendix B, which is what
15 we put out to the financial market for
16 them to understand the City's financial
17 condition, and that has been a very
18 significant amount of work, both with our
19 financial advisors, with our bond
20 counsels, and with many City departments.
21 The Finance Department, the Accounting
22 Unit, the Budget Office, the Revenue
23 Department, the Office of Property
24 Assessment have all participated in a
25 complete reworking. We've done training.

1 4/8/15 - WHOLE - 150162, etc.

2 We brought in outside experts, and we get
3 a lot of comments nationally from
4 investors who think that the City's
5 financial disclosure now is really
6 helping them understand the City's
7 condition, which is challenging because
8 of our extremely low fund balance. So
9 that's been one.

10 The other is just in the better
11 bond rating and the dialogue with
12 institutional investors.

13 COUNCILMAN JONES: I didn't
14 want to let you get away without noticing
15 that, if I read it correctly.

16 MR. JONES: You did.

17 COUNCILMAN JONES: And I did.
18 You saved the City of Philadelphia
19 through negotiations, through
20 restructuring of debt \$34 million.

21 MS. WINKLER: So far.

22 COUNCILMAN JONES: So far.

23 MS. WINKLER: And we will -- in
24 the future multi-year plans, you'll
25 realize 146 million.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN JONES: I'm just
3 saying. I mean, to me that's more than
4 quarters in the couch that we're -- we
5 run around looking for small things, and
6 you just -- 34 million. So I did not
7 want you to leave this table --

8 MS. WINKLER: Thank you.

9 COUNCILMAN JONES: -- without
10 saying thank you to you, because that's
11 \$34 million less of real estate taxes we
12 have to raise. So I wanted that on the
13 record.

14 Thank you very much.

15 MS. WINKLER: Thank you,
16 Councilman.

17 COUNCIL PRESIDENT CLARKE:

18 Thank you, Councilman.

19 The Chair recognizes Councilman
20 Neilson.

21 COUNCILMAN NEILSON: And I
22 thank you as well. My kids thank you,
23 because we come up with \$100 million.
24 You just gave us 34 of it. So now if we
25 can just find the other 70 million, maybe

1 4/8/15 - WHOLE - 150162, etc.
2 you could help the other department heads
3 come up with that money.

4 MS. WINKLER: Well, we've
5 already realized the \$34 million.

6 COUNCILMAN NEILSON: Oh, we
7 don't want to talk about that on the
8 record. We want to realize it into our
9 education, and that's what we're trying
10 to do and that's what our focus is. I
11 mean, we have our three posters up there,
12 and that's why the Council President has
13 been asking everybody to focus in on that
14 when we come over and testify.

15 But thank you for all your hard
16 work, and it's a pleasure to see you
17 again.

18 MS. WINKLER: Thank you.

19 COUNCIL PRESIDENT CLARKE:
20 Thank you, Councilman.

21 Thank you very much for your
22 testimony.

23 We are going to have a
24 20-minute recess and OPA will then come
25 in.

1 4/8/15 - WHOLE - 150162, etc.

2 (Short recess.)

3 COUNCIL PRESIDENT CLARKE:

4 Thank you. We are now reconvening the
5 Committee of the Whole and the Operating
6 Budget for Fiscal 2016. We will now have
7 the department of OPA.

8 Good afternoon, sir.

9 MR. PIPER: Good afternoon,
10 Council President Clarke.

11 COUNCIL PRESIDENT CLARKE:

12 Happy to see you.

13 MR. PIPER: Good to see you
14 too, and pardon our tardiness.

15 COUNCIL PRESIDENT CLARKE: No
16 problem.

17 MR. PIPER: Again, good
18 afternoon, Council President Clarke and
19 members of City Council. I'm Michael
20 Piper, Chief Assessment Officer for the
21 Office of Property Assessment. Here with
22 me today are several of my senior
23 management team. They are James Aros,
24 Jr., Deputy Chief Assessment Officer;
25 Deputy Administrators Herman Seward, Marc

1 4/8/15 - WHOLE - 150162, etc.
2 Candidi, Jay Divine, Joseph Solomon;
3 Assistant Administrator Kate Drayer;
4 Administrative Service Directors Veronica
5 Daniel and Alicia Wilds; Kevin Keene, our
6 Administrator of Mass Appraisal Analysis;
7 Tom Dougherty, IT Director; and Drew
8 Aldinger, legal counsel for the OPA. We
9 are here to testify on the proposed 2016
10 fiscal year operating budget.

11 The OPA is primarily
12 responsible for discovering, listing, and
13 valuing all real property in the City of
14 Philadelphia in a fair and equitable
15 manner. Additionally, the OPA is charged
16 with providing the response to real
17 property tax appeal cases, applying real
18 property tax exemptions, and
19 administering the real property tax
20 abatement program.

21 There are now approximately
22 579,000 parcels of real property in the
23 City of Philadelphia. These include
24 residential, condominium, multi-family,
25 large apartment complexes, retail,

1 4/8/15 - WHOLE - 150162, etc.
2 hospitality, office, industrial
3 warehouse, hospital, and government, and
4 religious, exempt, and non-exempt
5 property uses.

6 As a short-term goal, OPA will
7 continue to respond to any outstanding
8 first-level review in Board of Revision
9 of Taxes appeal for tax year 2015 that
10 has been filed. As a long-term goal, OPA
11 will continue to collect valuable data on
12 the characteristics of parcels located
13 throughout the City and focus its efforts
14 on improving all performance measurements
15 of assessment uniformity through regular
16 ongoing reassessments.

17 For 2016, we are requesting
18 from Council a General Fund budget of
19 \$13,285,146.

20 Fiscal Year 2015 included the
21 final stages of the Actual Value
22 Initiative, AVI, during which the OPA
23 completed the first complete citywide
24 reassessment. Beginning in tax year
25 2014, the City simplified its property

1 4/8/15 - WHOLE - 150162, etc.
2 assessment formula by applying a 100
3 percent assessment ratio after decades of
4 fractional assessments. The initiative,
5 which began in 2010 and continued through
6 2014, resulted in the first major
7 reassessment of all 579,000 parcels in
8 the City of Philadelphia in several
9 decades and will play a substantial role
10 in removing the inequities in property
11 assessment in the City.

12 The initial year of AVI saw a
13 substantial improvement in the
14 price-related differential, or the PRD,
15 which is used to measure uniformity
16 between lower and higher valued
17 properties. As a result, closer to --
18 one is considered desirable, but as a
19 result, our measurement improved from a
20 pre-AVI level of 97 percent to 137
21 percent in 2014, and that's 1.037.
22 Additionally, the citywide coefficient of
23 dispersion, or the COD, which measures
24 uniformity between different property
25 groups and for which the goal is less

1 4/8/15 - WHOLE - 150162, etc.
2 than 15 percent, also improved from a
3 pre-AVI level of 27 and a half percent to
4 13.9 percent for 2014, which is an
5 improvement of 49 and a half percent.

6 The COD is the most commonly
7 used measurement of overall uniformity in
8 assessment ratio studies. Technically,
9 it measures the extent to which the
10 relationship between the assessment and
11 the sale price deviate from the median.

12 Through the hard work of OPA's
13 evaluators and the diligent efforts of
14 the management staff that are here with
15 me today, OPA completed the initial phase
16 of AVI. However, in its quest to
17 becoming a first-class assessment agency,
18 the Office of Property Assessment faces
19 several challenges.

20 The first year of AVI resulted
21 in over 50,000 informal appeals or
22 first-level reviews, a new process that
23 allows taxpayers to contest an assessment
24 due to valuation-based assertions related
25 to an incorrect amount or level of

1 4/8/15 - WHOLE - 150162, etc.
2 assessment or missing exemptions. While
3 the new informal appeal process was a
4 success in that it facilitated greater
5 access to taxpayer remedy, a record
6 number of formal market value appeals
7 were still filed with the Board of
8 Revision of Taxes. OPA evaluators have
9 been responsible for answering over
10 25,000 BRT appeals filed for tax year
11 2014 alone and are still for commercial
12 properties addressing these appeals.

13 Among OPA's most daunting
14 challenge, however, is its lack of a
15 modern, robust, industry-accepted,
16 computer-assisted mass appraisal system.
17 Ongoing comprehensive citywide
18 reassessments will require a CAMA system
19 that will allow and support sophisticated
20 mass appraisal methodology and
21 statistical analysis as well as detailed
22 property characteristic maintenance and
23 facilitate a much more efficient
24 assessment recertification process,
25 resulting in the timely reissuing of

1 4/8/15 - WHOLE - 150162, etc.
2 property tax bills.

3 Another ongoing challenge that
4 the OPA faces is the ability to increase
5 its staffing levels that mirror industry
6 standards. However, during the past
7 year, the OPA has continued administering
8 the homestead exemption, which was
9 created to help mitigate taxpayer
10 concerns over potential increases in the
11 annual property taxes by offering
12 owner-occupiers an exemption of up to
13 \$30,000. The OPA has worked with the
14 Department of Revenue to implement the
15 Longtime Owner-Occupants Program, the
16 LOOP, which provides ten years of tax
17 discounts to certain longtime homeowners
18 whose taxable property assessments more
19 than tripled in 2014. However, the OPA's
20 role is fairly limited in the LOOP
21 process. OPA provides Revenue with the
22 initial assessment data for any property
23 that experienced a tripling between tax
24 years, then verifies a property's
25 abatement history, if any. The

1 4/8/15 - WHOLE - 150162, etc.
2 Department of Revenue manages the overall
3 program, including outreach, application
4 processing, approval or denial, et
5 cetera.

6 With the passing of the second
7 year of the homestead exemptions
8 implementation, approximately 215,819
9 properties have been enrolled in the
10 program for tax year 2015. Although the
11 number has decreased from the number
12 reported last year, the decrease can be
13 attributed to a number of factors.
14 Effective 2015, for instance, properties
15 with a ten-year residential tax abatement
16 can no longer have the homestead
17 exemption per state legislation.
18 Therefore, approximately 5,700 homestead
19 exemptions were removed. In these
20 instances, letters were mailed to
21 affected properties alerting the owners
22 to the change. Property owners also have
23 the option of removing the abatement and
24 retaining the homestead exemption, for
25 instance, if the abatement was less than

1 4/8/15 - WHOLE - 150162, etc.
2 the exemption. Otherwise, once an
3 abatement ends, the homeowner can reapply
4 for the homestead exemption, assuming
5 they still meet program requirements.

6 As a result of an audit
7 conducted by OPA, a total of 1,007
8 properties that did not meet the
9 legislative requirements have had their
10 homestead exemption removed. This is an
11 ongoing process, and additional removals
12 are expected to occur.

13 Based on the abated property
14 legislation, homestead audit, as well as
15 approximately 18,000 properties now
16 enrolled in LOOP, the universe of
17 homestead exemption-eligible properties
18 is approximately currently 284,231 and
19 may continue to decrease as a result of
20 added abatements, ongoing audit efforts,
21 and LOOP enrollments. With 215,819
22 properties approved, that means 76
23 percent of eligible Philadelphia
24 households are enrolled in the homestead
25 exemption.

1 4/8/15 - WHOLE - 150162, etc.

2 The OPA's website continues to
3 offer property owners information
4 regarding their property valuation data
5 in addition to the homestead exemption.
6 The available information includes
7 applications, assistance regarding
8 denials and reapplication, and answers to
9 frequently asked questions. For those
10 without Internet or more specific
11 questions, the homestead hotline, which
12 is 686-9200, continues to operate Monday
13 to Friday 8:30 to 6:00. Non-English
14 speaking property owners can conduct
15 their call in any language.

16 While citywide measurements of
17 uniformity have improved, many areas of
18 the City include neighborhoods for which
19 some degree of non-uniformity as measured
20 by high CODs and/or high or low mean
21 assessment ratios among single-family
22 residential homes still exist. OPA will
23 soon mail assessment notices citywide to
24 approximately 131,000 parcels that will
25 see some change of assessment due to one

1 4/8/15 - WHOLE - 150162, etc.
2 or more factors, including a revised
3 assessment of neighborhood boundaries,
4 improved data collection by OPA, and new
5 construction or demolition. OPA will
6 continue to seek property owners, either
7 existing homeowners who have never
8 applied or new home buyers who may be
9 eligible for the homestead exemption or
10 LOOP discount. Efforts also include the
11 possibility of further simplifying the
12 enrollment process for the homestead
13 exemption as well as other tax relief
14 programs. Auditing of already approved
15 properties will also continue.

16 As a new initiative, OPA will
17 be gathering data on factors affecting
18 land values in anticipation of a citywide
19 land reassessment. Additionally, OPA has
20 gone forward with the process of
21 acquiring a CAMA system. Together with
22 the Office of Property Data within the
23 Finance Department and the Office of
24 Innovation and Technology, OPA has made
25 substantial progress towards an

1 4/8/15 - WHOLE - 150162, etc.

2 anticipated goal of the issuance of an
3 RFP by mid spring of 2015.

4 The budget that the Office of
5 Property Assessment is requesting will
6 allow the Department to ensure that it
7 reaches its goal of fair and equitable
8 assessments for all taxpayers using
9 methodologies that employ industry
10 standards.

11 Finally, thank you for the
12 opportunity to testify before Council
13 this afternoon. My staff and I will now
14 be happy to answer any questions that you
15 have.

16 COUNCIL PRESIDENT CLARKE:
17 Thank you. Thank you, Mr. Piper. I just
18 have a couple of quick questions.

19 How many properties with new
20 construction in FY15 were assessed? Do
21 you know off the top of your head?

22 MR. PIPER: New construction?

23 COUNCIL PRESIDENT CLARKE: Yes.

24 MR. PIPER: We can find out. I
25 know that in addition to the 125,000 or

1 4/8/15 - WHOLE - 150162, etc.
2 so properties that are in the project,
3 the residential reassessment project,
4 there are an additional 6,000 properties
5 that will get reassessment notices, and
6 many of those are new construction or
7 substantial renovation. Now, we can find
8 out exactly how many based on permits and
9 the change in the assessments.

10 COUNCIL PRESIDENT CLARKE: On
11 the new construction properties, how did
12 you determine the land values of those
13 properties, and was there some level of
14 consistency on the land value?

15 MR. PIPER: Well, we look at
16 the same way we attribute the value of
17 the land on the new construction as we
18 would on any type of property. We look
19 at what we call the contributory value of
20 the land. And even if someone is not
21 asking us to separate the land value out
22 from the improvement value, good standard
23 appraisal and assessment practice demands
24 that we do so for the land value.

25 COUNCIL PRESIDENT CLARKE: When

1 4/8/15 - WHOLE - 150162, etc.
2 you say nobody is asking you to do
3 that --

4 MR. PIPER: Well, I said if no
5 one is asking, which they are, of course.
6 Now we do need to separate it out, but
7 even if you're not, an appraiser is going
8 to look to see how much value did the
9 land contribute to the overall value of
10 the entire parcel.

11 So to answer your question, how
12 do we determine how much the land
13 contributes to the value of, say, a new
14 construction, that would depend on the
15 area that the new construction took place
16 in. That would depend on the type of new
17 construction, what type of property it
18 is.

19 COUNCIL PRESIDENT CLARKE: So
20 there's really no consistency in terms of
21 the value of the land versus the value of
22 the structure?

23 MR. PIPER: There is --

24 COUNCIL PRESIDENT CLARKE: I
25 mean, it's kind of all over the place.

1 4/8/15 - WHOLE - 150162, etc.

2 So you're saying depending on whatever
3 neighborhood it is --

4 MR. PIPER: It's not -- if
5 you're asking is it consistent in terms
6 of --

7 COUNCIL PRESIDENT CLARKE: I
8 guess I'm asking you, is there
9 consistency with respect to the ratio?

10 MR. PIPER: The ratio, right.

11 COUNCIL PRESIDENT CLARKE: The
12 percentage of the property versus the
13 value of the entire properties.

14 MR. PIPER: No. The ratio is
15 not necessarily going to be the same from
16 one parcel to another land to building
17 ratio, no, it wouldn't be.

18 COUNCIL PRESIDENT CLARKE: Why
19 not?

20 MR. PIPER: Because, again,
21 this is why I refer to good appraisal
22 practice. We look at -- it would
23 certainly be easier for us to do it like
24 that. In fact, in the past, it has been
25 done like that, and what that did was

1 4/8/15 - WHOLE - 150162, etc.
2 leave us open to criticism that we're not
3 valuing properties based on valuation
4 principles, and valuation principles
5 demand that --

6 COUNCIL PRESIDENT CLARKE: Who
7 criticized us about that?

8 MR. PIPER: Taxpayers that were
9 appealing the value of their property.

10 COUNCIL PRESIDENT CLARKE:
11 Okay. But it wouldn't matter what the
12 total value of the property. I mean, if
13 you just had a different ratio, it was a
14 percentage of the property, it wouldn't
15 change the end tax bill. It would just
16 be shifting the value of the land versus
17 the value of the structure, but it
18 wouldn't change the tax bill at the end
19 of the day, right?

20 MR. PIPER: It could. It could
21 change the tax bill.

22 COUNCIL PRESIDENT CLARKE: How?

23 MR. PIPER: I'll give you a
24 couple different examples, but, of
25 course, the biggest one would be in a

1 4/8/15 - WHOLE - 150162, etc.

2 property that has an abatement on it.

3 That's not the only one, but a property

4 with an abatement -- and, by the way,

5 when we were doing this, this was --

6 COUNCIL PRESIDENT CLARKE: I'm

7 actually not talking about properties

8 that have abatement.

9 MR. PIPER: We are.

10 COUNCIL PRESIDENT CLARKE: Go

11 ahead. I'll let you explain.

12 MR. PIPER: For instance, on

13 those -- and we were doing this, by the

14 way, before the abatements really came

15 online to the degree that they are today.

16 But properties with abatements, for new

17 construction if a taxpayer is appealing

18 his or her value, what they're looking to

19 have is a reduction in the value of the

20 land because the improvement has been

21 exempted. So if we say that, for

22 instance, we put 20 percent on the land

23 and 80 percent on the improvement, but

24 the taxpayer can come in with an

25 appraiser that has determined that the

1 4/8/15 - WHOLE - 150162, etc.
2 contributory value of the land is worth a
3 lot more than that, that means we either
4 have to raise the land or change the
5 assessment total. And if we raise the
6 land, we're creating inequities
7 throughout similar properties, because
8 we're putting a value on based on
9 appraisal methodology for that one and a
10 blanket percentage on the other ones. So
11 that was starting to get us in trouble
12 and it was pushing us towards where we
13 may be looking at a class-action lawsuit,
14 because we were doing something across
15 the board that we could explain, but not
16 justify.

17 COUNCIL PRESIDENT CLARKE: All
18 right. Let me say it a little more
19 simpler. So there are properties across
20 in the block, and based on allegedly
21 what's supposed to happen, these
22 properties will be comparable values if
23 they're all comparable properties, and
24 there's a percentage, 20 percent of the
25 entire property value is based on the

1 4/8/15 - WHOLE - 150162, etc.
2 land value and the other 80 percent is
3 based on the structure. Why is that not
4 something that we can do? In the next
5 block down, it's 20 percent versus 80,
6 yet those properties are higher in value,
7 the entire properties are higher in
8 value. Then the 20 percent would still
9 be consistent across the board, but it
10 wouldn't change the total value. And you
11 know why I'm asking you this.

12 MR. PIPER: Yes.

13 COUNCIL PRESIDENT CLARKE:

14 Because you have vacant lots and
15 tax-abated properties that values on the
16 land are extremely low, and that's,
17 frankly speaking, a problem for me
18 personally when you have properties that
19 are extremely high value properties or
20 not high value properties and people that
21 are paying taxes in existing properties
22 and the vacant lot in the neighborhood
23 has a low value. Somebody builds on the
24 vacant lot and they're paying the taxes
25 based on that low value on the vacant

1 4/8/15 - WHOLE - 150162, etc.

2 lot, because we exempted the
3 improvements. So if you had everything
4 at a set rate, then that abated property,
5 the value on that land, would be 20
6 percent of the value of the entire block.

7 MR. PIPER: I think what you
8 just described, Council President Clarke,
9 is an example of where the contributory
10 value of the land to the entire parcel
11 would need to be adjusted, because if on
12 the entire block we're seeing same
13 properties, similar properties, but
14 different land values, I think that would
15 be an example of something where we got
16 it wrong and need it to be corrected.
17 However, it wouldn't necessarily follow
18 that the same -- and I apologize because
19 I think -- and I've been thinking about
20 your question all day. I think I may
21 have misunderstood the question that you
22 asked.

23 COUNCIL PRESIDENT CLARKE: For
24 purposes of transparency, we had this
25 conversation yesterday, so people know

1 4/8/15 - WHOLE - 150162, etc.

2 that it's not out of the sky.

3 MR. PIPER: Yeah. I believe I
4 might have misunderstood you, because
5 when I'm thinking about you -- I know you
6 thought about this a lot, so I had to ask
7 myself the question in a more objective
8 way, and, that is, why can't we do it.
9 Because, again, it would be a lot easier
10 for us to be able to just say, you know,
11 pick a percentage and just apply that
12 across the board, be it in a particular
13 neighborhood or a particular block.

14 So let me answer the question
15 like this: On a particular block with
16 all the properties being almost the same
17 in terms of value and structure and
18 condition and age and -- age is the most
19 important thing, because, again, we're
20 talking about the new construction lots
21 of times where this is a problem.

22 If it was the same size lot, we
23 would look to have that value of that
24 land contribute the same on each of the
25 properties. So to answer your question,

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2 it should reflect something like a set
3 percentage on maybe that particular
4 block, and on another block, however, it
5 might be a different percentage.

6 COUNCIL PRESIDENT CLARKE: Why?

7 MR. PIPER: Because on another
8 block, the contributory value of the land
9 may be different. And I don't want to
10 use the example of the block around the
11 corner because then you're looking at a
12 lot of still similar factors, locational
13 factors. I'm going to use --

14 COUNCIL PRESIDENT CLARKE: But
15 why would it matter? If the value around
16 the block is existing homes and the value
17 of the entire property is much lower,
18 then it doesn't matter. It's not going
19 to increase the tax bill at the end of
20 the day because it's a percentage of a
21 lower value property.

22 MR. PIPER: It wouldn't matter
23 in terms of how we put it on the
24 assessment that's going to be reflected
25 on the tax bill. That's true. It would

1 4/8/15 - WHOLE - 150162, etc.
2 matter when, again, someone -- we're
3 looking at how we valued the property and
4 the different components of the property,
5 the land being one, and what is it that
6 we use to compare, what type of comps did
7 we use. And "comps," I mean comps of
8 vacant land, and if we didn't have any,
9 what did we use. We have to have an
10 answer for how we value things, I will
11 have to say.

12 COUNCIL PRESIDENT CLARKE:

13 Okay. So we have a full board and I'm
14 not going to belabor the point.

15 COUNCILMAN NEILSON: On that,
16 Mr. President, can I ask a question on
17 the same point, and that's all I have to
18 ask.

19 COUNCIL PRESIDENT CLARKE: Just
20 say point of order.

21 COUNCILMAN NEILSON: Point of
22 order, Mr. President. I would like to
23 ask a question in the same regard right
24 in line with this before he finishes his
25 answer, because what he did is, he

1 4/8/15 - WHOLE - 150162, etc.

2 explained a problem situation, but he
3 didn't tell any of us how to solve that
4 problem. And in the previous hearing
5 just with Rob, this is what I brought up.

6 So just three examples on one
7 block. Three houses right in a row, all
8 look alike, all same property, all same
9 age, all same everything. Land - 152,
10 106, 110. Improvements - 87, 130, 118.
11 How does that happen, and if it does
12 happen to a particular block within our
13 districts or communities, how do we get
14 that fixed and resolved?

15 MR. PIPER: So what we're
16 already working on now, because this is a
17 process that takes a lot longer than sort
18 of the small scale residential
19 reassessment we're doing this year for
20 next year, because land takes into
21 consideration a lot of locational
22 factors.

23 What we're working on now for
24 next year is resolving that problem, and
25 I'll give you some examples of how.

1 4/8/15 - WHOLE - 150162, etc.

2 What you described -- and I
3 understand what you said in terms of the
4 properties, in other words, being exactly
5 the same with different land values on
6 each property, and that's something that
7 shouldn't be if the properties are truly
8 all the same. And "the same," meaning,
9 again, the age, the size, the location.
10 And when we see that the land values are
11 out of whack like that, we recognize also
12 that we have a problem. But how could it
13 be? It could have resulted -- and I
14 don't know because, again, I'm just
15 taking your statement that they're all
16 exactly the same, but it could be that
17 you have a property in which the
18 assessments were set down the block
19 across the board for everything, but then
20 one taxpayer came in and got a reduction
21 that got put on the taxable because
22 that's what they were applying for a
23 reduction in and the reduction was put on
24 the land. Okay?

25 COUNCILMAN NEILSON: That's

1 4/8/15 - WHOLE - 150162, etc.
2 after they have already appealed it as an
3 individual, but this is --
4 MR. PIPER: Yes.
5 COUNCILMAN NEILSON: So this
6 situation was from day one, and it's
7 something that I brought to the attention
8 and I've even went down to court on it
9 myself because I thought I didn't want --
10 the end numbers all line up, but these
11 numbers do not, and it was brought to my
12 attention from someone in the House of
13 Representatives from Allegheny County,
14 because what they did, Mr. President, was
15 they went in at a later date and the
16 Mayor of Pittsburgh said, I want to
17 reassess not just -- just your land
18 portion, not your improvement portion,
19 and they raised the taxes just on that,
20 just on the land value alone to take care
21 of some of the vacant lots that you were
22 referring to that aren't taxed properly
23 and stuff, and that's what they did. And
24 then they saw the influx of monies and
25 they saw this happening already. So it's

1 4/8/15 - WHOLE - 150162, etc.
2 something that they happened -- they went
3 through it about six, seven years ago.
4 That was brought to my attention, and I
5 tried to work through the process, and
6 now we're beyond that process and now
7 we're out reassessing, which I'm sure
8 other members will talk about. I don't
9 want to take their time, but without that
10 right, how do we do a whole reassessment
11 of properties when we don't even have the
12 first part of AVI correct?

13 COUNCIL PRESIDENT CLARKE:

14 Right.

15 COUNCILMAN NEILSON: That's
16 kind of where I'm at. If we don't have
17 it fixed now, we're just adding on to
18 more problems down the road. So, I mean,
19 our goal should be to fix it now when we
20 have an opportunity rather than go in and
21 reassess people and start reassessing
22 before this problem is addressed, because
23 it can't be just my block in the City of
24 Philadelphia. It has to be -- this is a
25 rampant problem that needs to be

1 4/8/15 - WHOLE - 150162, etc.

2 identified and addressed.

3 MR. PIPER: Sure. And the
4 properties you mentioned -- and I hear
5 what you're saying, but I think we'd have
6 to look at those individually to figure
7 out what happened there, because --

8 COUNCILMAN NEILSON: I live
9 there and it's plain as day. If someone
10 has an addition on their home, which
11 happens, their assessment on the
12 improvement end should be higher.

13 MR. PIPER: Right.

14 COUNCILMAN NEILSON: And that's
15 not the case with these homes I just
16 pointed out, because they're exactly the
17 same, no additions. They're the same as
18 when they were built 70 years ago.

19 MR. PIPER: That would probably
20 require an inspection on our part and
21 then we'd be in a better position to tell
22 you why it happened at least, you know.

23 COUNCILMAN NEILSON: All right.

24 Thank you, Mr. President. I'm sorry.

25 COUNCIL PRESIDENT CLARKE: No

1 4/8/15 - WHOLE - 150162, etc.

2 problem. No problem, Councilman.

3 So I, like you, gave it some
4 thought after yesterday's meeting and we
5 talked to some people, myself and
6 Mr. Wetzel, some people who were very
7 well versed in this, and you probably
8 know him, Walt. You know Walt is very
9 knowledgeable of this issue. So we've
10 come up with what we believe might be a
11 reasonable approach to having some
12 uniformity as it relates to land values.

13 MR. PIPER: Okay.

14 COUNCIL PRESIDENT CLARKE: As a
15 part of the overall property value, and
16 we'd like to have you take a look at it
17 at some point.

18 MR. PIPER: Absolutely.

19 COUNCIL PRESIDENT CLARKE: It's
20 apparently been done in a couple other
21 municipalities and states, because I just
22 don't -- it seems like you acknowledge
23 that it's easier for you to simply
24 implement a program as a percentage of
25 the property be based on the land value

1 4/8/15 - WHOLE - 150162, etc.
2 and the property value a set percentage.
3 It does not change the end game as it
4 relates to the tax bill of existing
5 residents, because we get a tax bill that
6 does not basically reflect values, land,
7 property, in terms of what we have to
8 actually pay. We pay what we pay based
9 on the assessment.

10 MR. PIPER: Sure.

11 COUNCIL PRESIDENT CLARKE: So
12 we'd like to get that to you.

13 MR. PIPER: We would love to
14 take a look at that, because like I said,
15 it would be simpler, as I said, but it
16 would only be easier on the beginning, on
17 the front end. On the back end in trying
18 to defend something -- that's why I'd
19 love to take a look at what you guys have
20 come up with, because I'm hoping that
21 gets us there.

22 COUNCIL PRESIDENT CLARKE:
23 Yeah. We always want to make things
24 easier for you guys as long as it doesn't
25 increase people's taxes.

1 4/8/15 - WHOLE - 150162, etc.

2 MR. PIPER: Right.

3 COUNCIL PRESIDENT CLARKE: But

4 I just think, as you know -- and I'm
5 going to stop talking in a minute -- that
6 the simple reality is that this whole
7 issue with respect to tax abatements and
8 our inability to -- and I still don't
9 know why we can't do a non-utilization
10 tax on vacant land. It left a lot of
11 money on the table, and when we can't
12 collect that revenue, it increases the
13 tax burden on people who actually pay.

14 All right. So I'll get that to
15 you as soon as possible.

16 MR. PIPER: Thank you.

17 COUNCIL PRESIDENT CLARKE: All
18 right. Thank you.

19 The Chair recognizes Councilman
20 Goode.

21 COUNCILMAN GOODE: Thank you,
22 Mr. President.

23 I want to talk about the money
24 left on the table.

25 MR. PIPER: Okay.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN GOODE: What
3 percentage of the City's property is tax
4 exempt?

5 MR. PIPER: Percentage? I'm
6 looking for my IT Director, because I do
7 have a report that enumerates the
8 properties and the value of the exempt
9 property versus the taxable property.

10 COUNCILMAN GOODE: He should
11 probably have a seat.

12 MR. PIPER: Thank you.
13 (Witness approached witness
14 table.)

15 MR. PIPER: So for 2016,
16 Councilman Goode, we have a total market
17 value proposed of 136,295,463,236, and I
18 know you asked me for percentages.

19 COUNCILMAN GOODE: That was the
20 second question, but go ahead.

21 MR. PIPER: Right. You asked
22 for a percentage. We haven't calculated
23 the percentage, but I just want to tell
24 you how we've broken this out and then I
25 can calculate it based on what

1 4/8/15 - WHOLE - 150162, etc.

2 information you need from there.

3 COUNCILMAN GOODE: I'll jump to
4 the second question. How much is the
5 tax-exempt property worth?

6 MR. PIPER: How much are the
7 taxes worth?

8 COUNCILMAN GOODE: How much are
9 the tax-exempt property worth, which is
10 the number I think you were giving me.

11 MR. PIPER: The taxable market
12 value is --

13 COUNCILMAN GOODE: The
14 tax-exempt properties.

15 MR. PIPER: The tax-exempt
16 property is 44,758,939,483. Now, take
17 into consideration, of course, this
18 includes the value -- for this year, for
19 2016, it takes into consideration all the
20 value of the homestead exemptions,
21 because we have now included that as an
22 exempt amount, so that's --

23 COUNCILMAN GOODE: That's not
24 the question I'm asking.

25 MR. PIPER: I know.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN GOODE: I'm going to
3 start over. I thought maybe you had a
4 set of information that I could work
5 with, but I'm actually just going to ask
6 my questions for the record for you to
7 get me the responses that I need.

8 MR. PIPER: Yes. Okay.

9 COUNCILMAN GOODE: So the first
10 question is, what percentage of the
11 City's property is tax exempt.

12 MR. PIPER: Okay.

13 COUNCILMAN GOODE: If you don't
14 have that number, then just send it to
15 me.

16 MR. PIPER: We can get that.

17 COUNCILMAN GOODE: How much is
18 it worth. The third question is, what
19 would be the total amount of taxes paid
20 on that property.

21 MR. PIPER: Okay.

22 COUNCILMAN GOODE: If it was
23 taxable.

24 The next question is, how much
25 of it is owned by mega non-profits. And

1 4/8/15 - WHOLE - 150162, etc.

2 I'm going to allow you to define mega
3 non-profit, because you can look at the
4 information itself and determine what you
5 believe a mega non-profit is in terms of
6 the amount of tax-exempt properties they
7 own.

8 MR. PIPER: Okay. Sure.

9 COUNCILMAN GOODE: Is that
10 fair?

11 MR. PIPER: Yeah, I understand
12 those. And so that would not include any
13 of the abated properties or anything like
14 that.

15 COUNCILMAN GOODE: No.

16 The next question is, how much
17 would mega non-profits pay if their
18 properties were not tax exempt.

19 MR. PIPER: Okay.

20 COUNCILMAN GOODE: And then the
21 next question is, how much more property
22 is not tax exempt as a result of the new
23 information you have that they had to
24 submit. In other words, for instance, I
25 know that some of the universities had

1 4/8/15 - WHOLE - 150162, etc.
2 submitted information and there were
3 properties that may have had a charitable
4 use, they no longer have a charitable
5 use. I want to know what amount of new
6 property is no longer tax exempt.

7 MR. PIPER: I can tell you that
8 most of the information you just asked
9 for in terms of the amount of the
10 exempted properties and how much the tax
11 liability would be if the tax rate were
12 as it is today and what the mega
13 non-profits, as I guess we'll kind of
14 have to define those, and I'll tell you
15 what definition we're coming up with, I
16 think most of that information we could
17 get you within a week or so. The
18 information pertaining to any of the
19 non-profits that sent in information --
20 and a lot have sent in information, the
21 big ones and small ones. I have a couple
22 cubicles piled up with information. I
23 can tell you because we, not knowing what
24 direction this was going to go, we have
25 not -- we extended the filing deadline.

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2 We have not even started to put that
3 information into a database yet. It's
4 going to be very helpful for us, but
5 that's going to take a little longer, but
6 I'll get you that also.

7 COUNCILMAN GOODE: Okay. And I
8 guess I'll wait for all of that, but the
9 big question is, based upon your direct
10 working experience or based upon your
11 knowledge of different jurisdictions, how
12 do we rank in terms of the percentage of
13 tax-exempt property? Do we have too much
14 tax-exempt property compared to other
15 cities and jurisdictions?

16 MR. PIPER: I would compare
17 Philadelphia to a jurisdiction like
18 Boston. Philadelphia probably has the
19 largest amount of universities and
20 colleges of any area in the country,
21 except Boston. So I would make that
22 comparison. And this is just based on
23 what I've seen. It's not based on any
24 calculations or any numbers, but I can
25 tell you that the percentage of exempt

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2 properties may be similar, but the
3 percentage of large universities and
4 colleges that pay something towards taxes
5 is probably a lot -- it's definitely a
6 lot larger in other places like Boston
7 than it is in Philadelphia.

8 COUNCILMAN GOODE: Boston has a
9 PILOT program, but I wasn't jumping to
10 the PILOTs yet. My question was just in
11 general relating to the percentage of
12 tax-exempt property within other cities.

13 MR. PIPER: Right.

14 COUNCILMAN GOODE: Not
15 comparable cities, but just in general.

16 MR. PIPER: Just in general
17 other cities, okay.

18 COUNCILMAN GOODE: I mean, we
19 don't know yet what that percentage is,
20 but I think you know about what it is. I
21 think before you may have stated it's
22 about 10 percent.

23 MR. PIPER: Yeah.

24 COUNCILMAN GOODE: Do most
25 cities, other jurisdictions, large

1 4/8/15 - WHOLE - 150162, etc.

2 cities, do most people have about 10
3 percent of their properties tax exempt?

4 MR. PIPER: I believe most --
5 and I know you said not comparable, but I
6 can only look in terms of what we would
7 compare it to.

8 COUNCILMAN GOODE: Well, do
9 this for me, then: Give me the top ten
10 largest cities and give me the percentage
11 of tax exemptions.

12 MR. PIPER: We can find that
13 out.

14 COUNCILMAN GOODE: Okay. Thank
15 you. And then the last question is as
16 part of this, so if we do have more
17 tax-exempt property than other cities
18 comparatively, what should we do about
19 it?

20 MR. PIPER: I'm not sure that's
21 a question for the assessor, but...

22 (Witness approached witness
23 table.)

24 COUNCILMAN GOODE: So let me
25 ask a different question, because I don't

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2 want Rob's answer. Let me ask --

3 MR. DUBOW: So you withdrew
4 that question?

5 COUNCILMAN GOODE: No. I
6 withdrew that question to you.

7 So what do other cities do
8 about it?

9 MR. PIPER: In terms of
10 bringing down the percentage --

11 COUNCILMAN GOODE: If they
12 believe that they have too much
13 tax-exempt property.

14 MR. PIPER: They keep a close
15 eye on the use of the exempt property
16 overall. And by "overall," I mean the
17 exempt property owned by non-profits in
18 which there could possibly or there is
19 likely to be some alternative use that
20 would not necessarily qualify as tax
21 exempt.

22 COUNCILMAN GOODE: So what does
23 Boston do?

24 MR. PIPER: What do we do?

25 COUNCILMAN GOODE: What does

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2 Boston do?

3 MR. PIPER: I'm not sure what
4 Boston does as far as that goes.

5 COUNCILMAN GOODE: Okay.

6 You want to answer that
7 question, Rob? What does Boston do?

8 MR. DUBOW: He wants you to say
9 they have PILOTS.

10 MR. PIPER: Well, he's not
11 asking about PILOTS now, so...

12 COUNCILMAN GOODE: Do either of
13 you know how much money Boston brings in
14 through PILOTS?

15 MR. DUBOW: I'm not sure. I
16 think it's about 19 million.

17 COUNCILMAN GOODE: Okay. Thank
18 you.

19 Thank you, Mr. President.

20 COUNCIL PRESIDENT CLARKE:

21 Thank you, Councilman.

22 The Chair recognizes Councilman
23 Greenlee.

24 COUNCILMAN GREENLEE: Thank
25 you, Mr. President.

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2 Good afternoon. This is
3 actually an issue I brought up with the
4 Finance Director this morning, and I
5 guess I'm just looking at kind of process
6 here to try to figure out how this became
7 the problem it seems to have become.

8 I think a lot of us have heard
9 from people who went to the BRT and got
10 some adjustment off their assessment, but
11 somehow months later they're getting a
12 bill not reflecting that adjustment, and
13 I'm just trying to figure out why it
14 takes so long, and maybe walk me through
15 this, because I assume after the BRT
16 makes the decision, it gets to OPA,
17 right?

18 MR. PIPER: Right.

19 COUNCILMAN GREENLEE: And then
20 OPA sends it to Revenue?

21 MR. PIPER: Yes.

22 COUNCILMAN GREENLEE: Now, I
23 said that in three seconds and I know it
24 doesn't take quite that short of time.

25 MR. DUBOW: It takes five

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2 seconds.

3 COUNCILMAN GREENLEE: Yeah.

4 But I guess I don't see why it's taking
5 as long as it seems to, because there's
6 only so many -- and Councilman Squilla
7 and I talked about this this morning.
8 There's only so many hearings a day,
9 right? I guess I can't see why
10 Mr. Smith's property at 123 whatever
11 street gets the adjustment, BRT sends
12 that over to OPA, and OPA can't get their
13 records and then can't send it right to
14 Revenue, and then Revenue has their
15 records right, and Mr. Smith doesn't get
16 a bill five months later threatening all
17 kind of stuff.

18 MR. PIPER: Councilman, I
19 appreciate that question, because I do
20 want to answer it candidly. And we give
21 this answer, by the way, and probably a
22 couple hundred times a week to Mr. Smith,
23 and Mr. Smith understandably is still not
24 satisfied with the answer because what
25 we're saying is, we're aware of the

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2 problem and the good news is your
3 adjustment is going to make it to
4 Revenue, but the bad news is it won't
5 make it there today. Meanwhile, your
6 bank is escrowing your money, so
7 understandably you're not happy with --

8 COUNCILMAN GREENLEE: Or you're
9 getting threatening notices.

10 MR. PIPER: Or you're getting
11 threatening notices, correct. So let me
12 just briefly walk you through the
13 process. I won't go step by step through
14 the whole thing, but I can tell you how
15 big of a problem we acknowledge it is and
16 what we're doing to fix it going forward.
17 Okay?

18 The idea that the tax
19 assessment system needs to be fixed is
20 something that although we agree on, we
21 believe what we've done is make major
22 strides in fixing it, and the way it's
23 fixed, it's not really -- I mean, I can
24 talk about CODs and mean ratios, but the
25 truth is, we need to make assessments

1 4/8/15 - WHOLE - 150162, etc.
2 closer to sale prices. And this is what
3 we're working on. However, the biggest
4 problem that we saw this year and really
5 for a year and a half after we initially
6 implemented AVI for tax year 2014 was
7 just what you spoke about, the time it
8 takes for either BRT to make a decision
9 or OPA to make a decision on the revision
10 and for a taxpayer to get an adjusted
11 bill.

12 So what happens is, BRT makes
13 the decision in a typical year. I'll
14 walk you through what happens in a
15 typical year. In a typical year where we
16 have 2,000 or 3,000 appeals, which that's
17 a healthy amount, the system that we have
18 in place can adequately handle the way
19 recertifications are processed. The
20 Board makes the decision or OPA makes the
21 decision. Someone writes up a report and
22 shows -- and this is something that has
23 to be very carefully done because we're
24 talking about money here -- shows what
25 the adjustment is overall and in each

1 4/8/15 - WHOLE - 150162, etc.
2 component of the assessment. So that has
3 to be done and someone has to check
4 behind that, a supervisor. Those reports
5 are then given to a unit, who
6 electronically puts that into a database,
7 and at the end of maybe 100 or a couple
8 hundred, creates a file that is sent to
9 another part of OPA that creates
10 individual recertifications for each one
11 of those adjustments.

12 So far what I just described is
13 really not a time-consuming process,
14 although it may seem like it. The
15 biggest holdup in the process the way it
16 exists today is just for, as a point of
17 information, is the authorization and the
18 oversight that has to go into each one of
19 those changes. Understandably when the
20 Board makes the decision, the Controller
21 requires that when they audit us or the
22 Board, there's proof that they made the
23 decision. So when that certification
24 goes back before the Board, the Board
25 members are required to sign. So at

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2 least three Board members have to sign.
3 And if it's for 2014, when it rolls over
4 for 2015 too, so that's six signatures.
5 Same thing if one of my evaluators makes
6 the decision and it doesn't go to a
7 hearing. I have to have either myself or
8 three of my deputies sign. That's the
9 biggest holdup in the process.

10 Once those certs are created
11 and Revenue has that information, yes,
12 the taxpayer gets a bill, but for 2,000
13 or 3,000 during the appeal season, the
14 system that we have in place works just
15 fine. For 50,000 informal appeals and
16 25,000 formal appeals, the system works
17 about as well as a one-bathroom house for
18 a single family versus a one-bathroom
19 house for ten single families. Those ten
20 single families still needed to use the
21 bathroom, but the bathroom is not going
22 to facilitate.

23 And I only use that analogy as
24 to say what we do, we still have to do,
25 and for the record just so you guys

1 4/8/15 - WHOLE - 150162, etc.
2 understand, this is not something that is
3 not Revenue's problem. Revenue processes
4 the bills as soon as they get the
5 certifications from OPA. And it's not
6 BRT not hearing the cases fast enough.
7 They're hearing a lot of cases now.
8 They're hearing, I don't know, 50 cases a
9 day residential and maybe 20 cases
10 commercial, even more residential. So
11 it's not BRT. It's not Revenue. But
12 it's not OPA sitting on the information
13 or not being aware that a taxpayer needs
14 to get a bill a lot quicker.

15 So, in other words, what I'm
16 saying, the long way around it, and I
17 apologize, is that the system we have in
18 place now is not adequate to process that
19 many changes. On the other side of that,
20 a new CAMA system would process -- would
21 take this process and make it instead of,
22 say, a ten-step process, a three-step
23 process, and that's what a
24 state-of-the-art CAMA system does. And I
25 only say that to say when this day comes

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2 again that we have to do a full
3 reassessment, hopefully we will have the
4 new CAMA system in place. I believe we
5 will, but in the meantime, the type of
6 assessments we're doing now are still
7 going to require some adjustment in the
8 process. What we're looking to do is
9 streamline a part of the process that
10 requires the most time, and that is all
11 the signatures. It's a problem, because
12 we're at this point probably a couple
13 months behind in producing certifications
14 so Revenue can send out the new tax
15 bills.

16 So we're aware of it and it's
17 probably one of the biggest operational
18 problems that we're dealing with right
19 now as a result of AVI.

20 COUNCILMAN GREENLEE: Okay.
21 I'm sorry. I know my time is up. I'm
22 sorry, but --

23 MR. DUBOW: And we knew from
24 the earlier discussion we had that we
25 have to kind of talk about how to

1 4/8/15 - WHOLE - 150162, etc.
2 communicate that to people so there's a
3 better understanding, and we will do that
4 and get back to you on that.

5 COUNCILMAN GREENLEE: And I
6 guess just a suggestion. I know this is,
7 as I used the term today, Monday morning
8 quarterbacking, but it seems to me that
9 if Revenue knew that there was an appeal
10 pending, to send out a bill without
11 knowing what the result of that action
12 was -- I'm not blaming Revenue. I'm not
13 sure who I'm blaming. It just seems like
14 the whole thing is messed up. That's a
15 technical term.

16 MR. PIPER: For the most part,
17 just to address that part again, and I'll
18 say it again, none of this is Revenue's
19 problem, and Revenue actually -- we've
20 worked together with Revenue to try to
21 solve foreseeable issues like the one you
22 just described, Councilman. So, for
23 instance, on pending appeals, what we did
24 was have BRT send a list of pending
25 appeals to Revenue so that they

1 4/8/15 - WHOLE - 150162, etc.
2 understood not to tack on interest and
3 penalties on accounts in which there were
4 still pending appeals, and I think that
5 has worked well for the most part.

6 COUNCILMAN GREENLEE: But
7 they're getting delinquency notices.

8 MR. PIPER: I'm sorry?

9 COUNCILMAN GREENLEE: They're
10 getting delinquency notices.

11 MR. PIPER: Delinquency
12 notices?

13 COUNCILMAN GREENLEE: Yes. In
14 other words, they're saying you didn't
15 pay your bill yet. But they've done what
16 they're supposed to do and since they
17 paid last year's bill pending the appeal
18 and they were waiting for an adjusted
19 bill based on the BRT decision.

20 MR. PIPER: We'll look into
21 that, because it doesn't make sense to
22 me. You're right, I agree they shouldn't
23 be getting delinquency notices.

24 MR. DUBOW: We're not
25 questioning you. We're saying it doesn't

1 4/8/15 - WHOLE - 150162, etc.

2 make sense and we have to figure out
3 what's happening.

4 COUNCILMAN GREENLEE: All
5 right. I'm sorry. I took up more time.
6 I'm sorry about that.

7 COUNCIL PRESIDENT CLARKE: No
8 problem.

9 Real quick. If these
10 departments were truly consolidated per
11 the original intent of, I guess, the
12 earlier Charter initiative where the BRT
13 functions, the appeals functions, and the
14 assessment functions were all in one
15 department, do you think that would
16 alleviate some of these issues?

17 MR. DUBOW: They were
18 actually -- they were separate in the
19 original legislation. It was just that
20 the BRT as it is constructed now was
21 going to be replaced by a Board of
22 Appeals that was going to be appointed
23 differently, but they weren't going to be
24 together.

25 COUNCIL PRESIDENT CLARKE: So

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2 would it make more sense if all of that
3 was together?

4 MR. DUBOW: I don't think so,
5 because I think you want the assessment
6 function and the appeals function to be
7 independent of each other. I think you
8 lose some credibility in the process if
9 they're together, and that's part of what
10 the old problem was.

11 COUNCIL PRESIDENT CLARKE: Some
12 people didn't necessarily think the old
13 way things were done were problematic.

14 MR. DUBOW: Well --

15 COUNCIL PRESIDENT CLARKE: I
16 mean, we all know the reality is a couple
17 people did some inappropriate things and
18 they got in trouble and, Oh, we got to
19 separate it, you know. Now we have an
20 administrative issue that continues, and
21 I don't see, frankly speaking, based on
22 your explanation realistically that
23 that's going to be resolved in the
24 foreseeable future. I'm just wondering,
25 you know. Sometimes this whole issue

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2 about departments not talking to each
3 other and then we have these separate
4 functions, and matter of fact, I'm
5 sitting here now asking Mr. Stitt how
6 come the BRT is not sitting here in the
7 whole hearing process. It doesn't make
8 any sense. And if we're responsible for
9 that, then we are. It's just a thought.

10 MR. PIPER: I think one of the
11 pieces that we kind of left out is when
12 we talk about a CAMA system, what -- and
13 you're right, the departments talking to
14 each other and sort of being in the same
15 part of the process is one of the things
16 that a real CAMA system facilitates. A
17 CAMA system is not something that just
18 OPA uses to do statistical analysis. A
19 CAMA system is an enterprise system that
20 has OPA interact with Revenue and the
21 Department of Records. So a lot of
22 things that take, again, you know, ten or
23 12 steps to do now could be done into
24 three steps.

25 COUNCIL PRESIDENT CLARKE:

1 4/8/15 - WHOLE - 150162, etc.

2 Okay. All right. Just a thought.

3 The Chair recognizes Councilman
4 Jones.

5 COUNCILMAN JONES: Actually,
6 Mr. President, my colleague here asked
7 most of the questions, but I will ask one
8 question.

9 I'm looking at your wonderful
10 analysis that you provided us on where
11 the potential reassessments were, and I
12 appreciate that. There's an area in my
13 district called Upper Wissahickon, and it
14 looks like from your map and on the GMA
15 that they're going to experience a slight
16 increase. Not just slight. Major. But
17 my question becomes, how many sales
18 happened in that area to warrant that
19 assessment?

20 MR. PIPER: So we can answer
21 your question. Of course, I have to go
22 back and do some research, and if you
23 give me a sort of general idea of what
24 the boundaries are that include those
25 GMAs --

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2 COUNCILMAN JONES: I think
3 there is a GMA, but I don't need you to
4 do -- my question is more general.

5 MR. PIPER: About the sales?

6 COUNCILMAN JONES: Yeah. So if
7 it's one sale out of a hundred? Is it
8 ten sales out of a hundred that
9 automatically says, Oh, look, this
10 anomaly happened and so we want to go
11 back in and take a look at it. What is
12 the tipping point that would warrant and
13 justify --

14 MR. PIPER: That's a good
15 question, because the other side to that,
16 of course, if there are no sales, then we
17 have no justification to do anything.
18 And I think I had this conversation with,
19 I think, Council President Clarke
20 yesterday about a couple areas in which
21 we saw substantial increases, what type
22 of activity would be taking place there.
23 And, again, I had to ask myself, because
24 I know I don't know your district
25 anywhere near as well you do, and I

1 4/8/15 - WHOLE - 150162, etc.
2 didn't mean to imply I did, but we did do
3 some research, and just asking that same
4 question, how many sales, and I think
5 what we came up with was several hundred
6 sales in just those small groups of GMAs
7 over the past five years, and typically
8 that's what we would be looking at. We
9 would be looking at, in other words,
10 enough sales that would indicate a trend.

11 COUNCILMAN JONES: And the
12 reason I picked that area, not just
13 because of the spike, it's the kind of
14 area where people hold on to their homes
15 for decades, and folk that originally
16 migrated to that section of my district
17 stay. I mean, there's lifelong
18 residents.

19 So if one sale or ten sales or
20 a hundred sales, where is -- so if
21 there's one sale and it jumped up, does
22 that trigger this reassessment? And I
23 just don't know where that point is.

24 MR. PIPER: One sale couldn't
25 trigger reassessment. That would be --

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2 that's the definition actually of spot
3 assessment, and that's illegal. So we
4 couldn't do that. And if there weren't
5 enough sales and a taxpayer went to look
6 at the limited amount of sales and still
7 assert that we spot assessed his or her
8 property, we need to steer clear of that
9 also.

10 So I guess the answer is, I
11 need to know what section it is, but if
12 there is a general question about how
13 many sales would trigger -- how much
14 activity would trigger reassessment and
15 within a GMA. We're looking at sales of
16 particular types of properties within the
17 GMA to indicate a trend. It could be a
18 hundred, it could be a couple hundred.
19 It depends on the size of the GMA and how
20 many parcels we have in there.

21 COUNCILMAN JONES: So N-141,
22 N-145, and N-151, areas right up around
23 there are where that is, and I just
24 really want to just know the standard.
25 Because if my neighbor sells his house

1 4/8/15 - WHOLE - 150162, etc.

2 and that's going to trigger that
3 instantly, I'm going to encourage him to
4 stay. And I'm just saying that. I just
5 need to know what the threshold is.

6 MR. PIPER: Sure.

7 COUNCILMAN JONES: And what the
8 standard is, because in that area,
9 there's not as much density as in other
10 parts of my district. So it's single
11 houses, blah, blah, blah. And if they're
12 going up naturally, that's, in some
13 people's opinion, a good thing when they
14 go to the bank and refi, but it's not a
15 good thing when they have to live on
16 fixed incomes and then pay that.

17 MR. PIPER: Understandable.

18 COUNCILMAN JONES: Thank you,
19 Mr. Chair.

20 COUNCIL PRESIDENT CLARKE:

21 Thank you, Councilman.

22 The Chair recognizes Councilman
23 Johnson.

24 COUNCILMAN JOHNSON: Thank you,
25 Council President.

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2 I just had a couple of brief
3 questions. Obviously when it comes to
4 OPA and implementation of AVI, my
5 district and my good friend from South
6 Philadelphia and colleague Mark Squilla
7 and Councilwoman Jannie Blackwell and
8 also Council President Clarke have seen
9 significant increases in some parts of
10 our districts as a result of the rapid
11 growth of development, and so we're still
12 addressing some of those issues. And so
13 I just wanted to follow up with you
14 regarding -- I call it spot reassessment,
15 but you said that's illegal?

16 MR. PIPER: Well, again, I was
17 really referring more to the definition
18 of spot reassessment, and it's illegal,
19 but spot reassessment would be where one
20 sale or two sales triggered a
21 reassessment of that property or the one
22 next door.

23 COUNCILMAN JOHNSON: All right.
24 So I just want to briefly go through the
25 market value changes for 2016

1 4/8/15 - WHOLE - 150162, etc.
2 reevaluation project.

3 MR. PIPER: Okay.

4 COUNCILMAN JOHNSON: Now, how
5 did you arrive to the process to begin --
6 in the 2nd Councilmanic District, you all
7 reassessed roughly 13,000 properties for
8 2016 and 8,000 will see -- and I'm
9 rounding it off -- 8,000 will see
10 increases on their assessments, 5,000
11 will see decreases. So can you, one,
12 explain to me how you all arrived to the
13 reevaluation project or reassessing
14 certain neighborhoods throughout the 2nd
15 Councilmanic District. That's one. And
16 then, two, for those properties that will
17 see assessment changes, primarily
18 increases, will they be offered the first
19 level of review similar to the process
20 under AVI? How will that process be
21 advertised, and then when will the
22 residents be notified regarding the
23 changes in their assessments? But I'm
24 really more so concerned and want to
25 understand how did you all come up with

1 4/8/15 - WHOLE - 150162, etc.
2 the actual reevaluation project process.

3 MR. PIPER: So I think what I
4 understand the questions are, one about
5 how we notify taxpayers but, more
6 importantly, how did we come about --

7 COUNCILMAN JOHNSON: Y'all did
8 reassessments and you say don't call them
9 spot reassessments, but we went through a
10 reassessment process. Talk to me about
11 how we arrived there.

12 MR. PIPER: And particularly
13 how we looked at certain areas?

14 COUNCILMAN JOHNSON: Yes, sir.

15 MR. PIPER: Yes. Okay. So
16 I've asked my Director of Modeling to
17 come up and explain it, because he's very
18 closely -- in fact, he's actually the
19 person that directs the reassessment
20 efforts as far as that goes and let's us
21 know what parts of the City we have
22 problems at.

23 COUNCILMAN JOHNSON: Yes. And
24 the problems were based upon the AVI
25 implementation?

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2 MR. PIPER: Right. My Director
3 of Mass Appraisal, Kevin Keene, is with
4 me and I'm going to ask him to address
5 that question, if you don't mind.

6 COUNCILMAN JOHNSON: Thank you
7 very much.

8 How you doing, Kevin?

9 MR. KEENE: Fine. How are you
10 this afternoon?

11 COUNCILMAN JOHNSON: Pretty
12 good.

13 MR. KEENE: I'll try to make
14 this as simple an explanation as
15 possible, but we look at the areas of the
16 City in terms of GMAs where our
17 uniformity seems to be poor, and there
18 are industry standards for what that
19 measurement is and everything that falls
20 outside of those industry standards were
21 those areas that we initially looked at,
22 said that we would look at. Out of 633
23 GMAs, there were, I think, 185 of them
24 that qualified. So the rest of them were
25 doing well, so we didn't feel that they

1 4/8/15 - WHOLE - 150162, etc.
2 needed to be addressed in this particular
3 project.

4 So having identified those
5 areas where we obviously weren't doing as
6 well as we would like, we then looked at
7 groups of properties and we looked
8 specifically where the sales of those
9 types of properties told us that they
10 were either overvalued as a group or
11 undervalued as a group. The ones that
12 were overvalued, we put through the
13 model, and in most cases they came down
14 significantly. The ones that were
15 undervalued, we ran them through the same
16 models and they tended to come up. So we
17 were trying to bring everything closer to
18 being within a range of tolerance.

19 COUNCILMAN JOHNSON: All right.
20 So the follow-up process regarding the
21 same opportunities that residents had on
22 the last assessment under AVI, one,
23 first-level review, how are we going to
24 go about advertising to our constituents
25 that it's available for them to

1 4/8/15 - WHOLE - 150162, etc.
2 participate if they do want to do the
3 appeal through first-level review and
4 when will residents be notified regarding
5 the changes in their assessment?

6 MR. PIPER: Okay. So the
7 assessment notices for the 131,000
8 parcels that we just referred to, which
9 would include those that were reassessed
10 because of this, will be mailed April the
11 15th, and included in those notices will
12 be a populated FLR application with the
13 information about the account and the
14 address and the owner already there and
15 instructions on how to file that
16 first-level review, including what the
17 filing deadline is. And I can let you
18 know what we're doing is just what we did
19 when we did this with AVI. We will send
20 these out and let taxpayers know they
21 have essentially 30 days to respond with
22 the FLR. The filing deadline will
23 actually be a little bit more than 30
24 days because we're allowing for problems
25 with the post office. We'll also have

1 4/8/15 - WHOLE - 150162, etc.

2 instructions on how to file a formal
3 appeal with BRT.

4 COUNCILMAN JOHNSON: And you
5 said 131,000? Because my paperwork said
6 125.

7 MR. PIPER: Just to explain
8 that, 125,000 parcels were in this
9 project that we're talking about, the
10 reassessment. The other 6,000 or so were
11 just routine changes that we would have
12 done anyway, new construction that we're
13 recognizing, demolition, catastrophic
14 loss, different things that we would do
15 on an annual basis anyway.

16 COUNCILMAN JOHNSON: Okay. All
17 right. That's it for right now. Thank
18 you.

19 MR. PIPER: You're welcome.

20 COUNCIL PRESIDENT CLARKE:
21 Thank you, Councilman.

22 The Chair recognizes
23 Councilwoman Blackwell.

24 COUNCILWOMAN BLACKWELL: Thank
25 you.

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2 I'm following up as well on
3 Councilman Greenlee's comments this
4 morning. It seems to me since we finally
5 have somebody good at this, Mr. Piper --

6 MR. PIPER: Thank you,
7 Councilwoman.

8 COUNCILWOMAN BLACKWELL: -- and
9 that we kind of have focused in on what
10 the issues are, I think that it's unfair
11 for us to raise taxes, and I think that
12 as long as people who are getting billed
13 and who are being contacted and they're
14 catching those in terms of increasing
15 their tax bills, but people are getting
16 contacted twice. We don't have it worked
17 out. We need a new process with these
18 departments so that we can have a whole
19 legitimate process that we feel
20 comfortable. I hate thinking that people
21 are going to get notices saying they're
22 going to be increased again because of
23 what I just said, and also we might not
24 be straight by this time next year. It
25 could take a year or two to put all the

1 4/8/15 - WHOLE - 150162, etc.
2 departments together, the assessors, et
3 cetera, to get us straight so we can say
4 this is right.

5 And Councilman Squilla last
6 week talked about us not doing these
7 assessments every year. I would not
8 make -- I don't presume to be able to
9 make that decision, but I sure would not
10 mind us holding up and slowing down to
11 give Mr. Piper and his people time to get
12 all of this straight so we're comfortable
13 when we go to the public, when we go to
14 our constituents and neighbors that we're
15 straight with what we're saying, because
16 right now we really, really are not.

17 That's just my comment. You
18 can comment or not, but that's my
19 opinion. That's my two cents for it.

20 Thank you, Mr. President.

21 MR. PIPER: Council President,
22 if I can just make a brief response to
23 Councilwoman Blackwell, and I appreciate
24 what you're saying in terms of making
25 sure that we have things going in the

1 4/8/15 - WHOLE - 150162, etc.
2 right direction. I just want to -- what
3 we did with AVI that resulted in 25,000,
4 by far a record number of appeals, is
5 something that none of us -- and I'm sure
6 because of the calls and the
7 anxiety-ridden complaints that you all
8 have gotten -- none of us in this room
9 want to have to go through again.

10 But I would submit that what
11 happened with AVI wasn't -- we didn't do
12 a reassessment and the reassessment
13 caused the problem. We failed to do a
14 reassessment for many years and that's
15 what caused the problem when we finally
16 did the reassessment, because ongoing
17 reassessments tend to have the
18 assessments closely mirror the values
19 that the markets say, the sales prices
20 say the values should be. When you go
21 for years, two things happen. Number
22 one, we don't adjust the assessments, but
23 number two, taxpayers will continue to
24 file an appeal anyway, because if they
25 think they can get a better outcome,

1 4/8/15 - WHOLE - 150162, etc.
2 understandably they'll file an appeal
3 whether it's been raised or not. And
4 lots of times the problem with the
5 assessments, the uniformity or the
6 non-uniformity is exacerbated because
7 decisions are made to make the
8 adjustments. So now you have more
9 uniformity, and over time not doing
10 regular reassessments exacerbates the
11 problem.

12 Doing regular reassessments --
13 and, again, I know we've said this
14 before. I'm sure everyone understands
15 that an assessment is not necessarily a
16 change. It's us looking at everything
17 and making sure our assessments are
18 accurate, meaning they closely mirror
19 what the market says they should be. The
20 more often we do that, the better they're
21 likely to be, and doing them annually
22 makes sense because the tax bills are
23 sent annually. If we waited every four
24 years to do another assessment, that
25 would make sense if the tax bill was sent

1 4/8/15 - WHOLE - 150162, etc.
2 every four years, but as long as the tax
3 bill needs to be fair, it needs to be
4 based on accurate and uniform
5 assessments, and I think we have a better
6 chance at least in doing that if we do
7 them on an ongoing basis.

8 And the problems we talked
9 about in terms of taxpayers getting
10 updated bills notwithstanding, because we
11 understand that in all fairness to
12 taxpayers, we need to be able to fix that
13 problem, and we're working on that also,
14 but that's not the type of problem that
15 we can't make an adjustment on to speed
16 up that process in the interim. The mega
17 problem that we have with AVI was one
18 that stemmed from us not doing anything
19 in decades.

20 COUNCILWOMAN BLACKWELL: My
21 last comment, if I might, Mr. President,
22 is, I can see us moving forward yearly
23 once we're straight with that, but I just
24 think that it's hard to tell somebody
25 we're going to reassess you when they're

1 4/8/15 - WHOLE - 150162, etc.
2 stuck now, when they haven't heard
3 anything from appeal or where they're
4 getting new bills on top of that. I
5 think that at least should be straight so
6 that we can move forward. I hear what
7 you're saying about if we don't assess,
8 then we're not going to know what's
9 happening, but I still think we need to
10 get rid of that issue, that glitch,
11 before we move forward. That's my
12 opinion on where we are.

13 Thank you.

14 COUNCIL PRESIDENT CLARKE:

15 Thank you, Councilwoman.

16 And just let the record reflect
17 early on in the process when the initial
18 proposal was submitted to the City
19 Council, it was said by a number of
20 people that this whole implementation of
21 AVI is a three- to five-year process.
22 And matter of fact, Mr. McKeithen, the
23 former OPA Director, acknowledged that,
24 and it actually caused Council, this
25 Council, to get an unprecedented

1 4/8/15 - WHOLE - 150162, etc.
2 legislation from Harrisburg, unanimous
3 support from the House and Senate and
4 signed by a republican governor, because
5 we just simply weren't ready. So
6 understanding the position of the Council
7 at that time, we're now seeing the
8 concerns that were raised have come to
9 fruition as it relates to these many
10 challenges as it relates to our ability
11 to get accurate assessments before you
12 implement full value. But I just wanted
13 for the record, we kind of gave some
14 sense that this was going to be a
15 problem. So thank you.

16 Sometimes people forget the
17 history of what happens around here.

18 The Chair recognizes Councilman
19 Squilla.

20 COUNCILMAN SQUILLA: Thank you,
21 Mr. President.

22 I have a couple questions to
23 follow up on some of my colleagues. One
24 was with Councilman Greenlee with the
25 process, and I know -- are you looking to

1 4/8/15 - WHOLE - 150162, etc.

2 change the process? Are you waiting for
3 this new system to come in place to
4 change the process or you're going to
5 continue with this process?

6 MR. PIPER: No. We're
7 looking -- well, two things. We're
8 looking to change the process as it
9 exists currently. Using the system that
10 we have in place now, we're looking to
11 make modifications to this process
12 because --

13 COUNCILMAN SQUILLA: Right now.

14 MR. PIPER: Right now, right.
15 That's what we're working on right now.

16 COUNCILMAN SQUILLA: And would
17 that change the amount of time it takes
18 for OPA to get the information to Revenue
19 and when Revenue would be able to then
20 inform the resident?

21 MR. PIPER: That's the goal,
22 yes. Again, we're looking at the parts
23 of the process that are the most
24 time-consuming. Some parts of the
25 process are easily shortened by, say,

1 4/8/15 - WHOLE - 150162, etc.
2 putting more people on the task, and
3 we've addressed that already, but some
4 parts of the process I think could be
5 shortened by making sure that the current
6 oversight and authorization, for
7 instance, for changes is done a different
8 way. We can't eliminate that need,
9 because, again, we're talking about money
10 and we're talking about necessarily the
11 need for authorization and auditability
12 when it comes to making assessment
13 changes. But I think we need to look at
14 how we do it now and see if there is a
15 more abbreviated way we could do it.

16 COUNCILMAN SQUILLA: Well, are
17 we looking at best practices in other
18 municipalities how that works? I mean, I
19 even see that Pittsburgh is implementing
20 an online appeal process to do it online
21 so that people can actually have that
22 information right there. And that would
23 seem like a way to actually turn these
24 over quicker and have people doing -- if
25 they go for a non-oral hearing, that

1 4/8/15 - WHOLE - 150162, etc.
2 could be done and processed immediately.
3 Is that something that OPA would be
4 interested in doing?

5 MR. PIPER: Sure. As a matter
6 of fact -- and, again, that's a little
7 bit -- the application process is a
8 little bit of a different part of the
9 process, and that's something that we're
10 looking to have happen with the
11 implementation of a new CAMA system, but
12 in terms of the information that needs to
13 go from BRT to OPA, OPA to Revenue in
14 terms of speeding that process up, we're
15 looking to make some adjustments in the
16 current process now.

17 The issue is not so much of the
18 technology or being able to do something
19 online, because we understand that exists
20 and that's something we could acquire and
21 hope to acquire as part of the CAMA
22 system. It's not so much that. It's
23 because with different departments -- we
24 understand, for instance, what it is that
25 Revenue needs to issue a new tax bill.

1 4/8/15 - WHOLE - 150162, etc.

2 Right now it's not so simple as us to
3 tell a taxpayer, We understand you got a
4 revision, just talk to Revenue and
5 they'll issue a new tax bill based on
6 what I say or something that's on the
7 website. There's certain parts to the
8 process that are in place for a reason in
9 terms of auditability. We just want to
10 be able to streamline those parts of the
11 process, because we think that's what's
12 taking up a lot of time.

13 COUNCILMAN SQUILLA: Well, I
14 think we would appreciate that, because
15 we are receiving, like Councilman
16 Greenlee said, people who have appeals in
17 October, November and the assessments
18 still aren't changed or the bills still
19 aren't set forth, and that causes a
20 problem because when they do get the
21 bills, they are being charged interest
22 and penalties and other things that cause
23 a problem. We know that they're not
24 accurate, but to the resident it's almost
25 like a panic, you know.

1 4/8/15 - WHOLE - 150162, etc.

2 MR. PIPER: Sure.

3 COUNCILMAN SQUILLA: And thank
4 God we're there to help them. And the
5 staff has been great in rectifying these
6 situations, but it would be easier if
7 they didn't happen.

8 MR. PIPER: Yeah. I think we
9 have daily conversations with just about
10 every Council office about that same
11 issue and, again, it's a problem, but
12 it's one I think that we recognize as
13 sort of a process problem.

14 COUNCILMAN SQUILLA: Okay. I
15 want to reiterate what Council President
16 Clarke was talking about, the land
17 values, and we spoke about this a little
18 bit yesterday. We know when the land
19 values of sales that are going on,
20 especially for new development. Is it
21 possible because of the abated
22 properties, is it possible to go into
23 those new developments knowing what
24 they're purchasing these lands for and
25 saying that these properties in this area

1 4/8/15 - WHOLE - 150162, etc.
2 are going for \$20,000, \$30,000 a lot and
3 they're still assessed at \$5,000 a lot,
4 is that considered spot assessment? I
5 mean, is that considered a real value of
6 the sale that we could then be able to
7 accumulate those dollars that would be
8 added dollars to the City because of
9 they're paying tax on land even though
10 they're not paying on the abated
11 improvements. They're still paying tax
12 on the land and that would generate a
13 large income for the City of
14 Philadelphia.

15 MR. PIPER: No, that wouldn't
16 be spot assessment. As a matter of fact,
17 that would be us recognizing the value of
18 the land based on sale prices. But with
19 land, again, it's a little bit more --
20 believe it or not, and this might seem
21 counterintuitive because the vacant land
22 is just the vacant land, it can't be
23 moved and it is what it is, and the
24 improvement has many features that we
25 look at for value, but the vacant land is

1 4/8/15 - WHOLE - 150162, etc.
2 sometimes a little bit more complicated
3 to value, because you're looking at
4 locational factors. For instance, how
5 close a parcel of land is to, let's just
6 say, a park may make a difference in the
7 value, but it may make a different type
8 of difference in a different
9 neighborhood. A park in one neighborhood
10 might be desirable. A park in a
11 different neighborhood because of the
12 park or the neighborhood might make that
13 piece of land less desirable.

14 So just to answer your question
15 real quick, I think we look at sale
16 prices and we look at what the land is
17 zoned for and we also recognize what the
18 zoning process is in Philadelphia and the
19 fact that developers tend to know -- tend
20 to be kind of savvy about the zoning
21 change process, and that's factored into
22 what they pay for land. We look at all
23 those things, but it's not spot assessing
24 for us to recognize that, though.

25 COUNCILMAN SQUILLA: Okay.

1 4/8/15 - WHOLE - 150162, etc.

2 Because I think there's a large -- I know
3 you said in 2016 is when you're going to
4 start your land reassessment?

5 MR. PIPER: 2016 for tax year
6 2017, correct.

7 COUNCILMAN SQUILLA: Right. So
8 in that case, because there is revenue
9 out there for the City of Philadelphia to
10 actually capture on the land values, and
11 if we change the land values of those
12 other homes, you're not necessarily
13 changing the value of those homes because
14 that land value went up. That property
15 may only sell for the same amount, but
16 the land value on that in that area,
17 saying you could buy a lot for 25,000,
18 30,000, that's what those lots are worth
19 in those areas, so that's what the land
20 value is worth. And I think the house
21 may still be worth 117,000, but the land
22 value has increased if they would knock
23 it down and sell it as land. And I think
24 that's the part we're missing here, and I
25 think that would be a large increase in

1 4/8/15 - WHOLE - 150162, etc.
2 revenue to the City of Philadelphia if we
3 went actually and took land consideration
4 into effect, especially with the abated
5 properties and all the development that
6 is going on not only in my district but
7 throughout the City of Philadelphia.

8 MR. PIPER: Sure, and --

9 COUNCILMAN JOHNSON: Point of
10 information, please.

11 COUNCIL PRESIDENT CLARKE:
12 Councilman Johnson.

13 COUNCILMAN JOHNSON: So just
14 for clarity reasons, because I thought
15 earlier in your testimony you talked
16 about us moving toward reassessing land
17 value. We aren't?

18 MR. PIPER: What we're looking
19 at --

20 COUNCILMAN JOHNSON: And I
21 guess the other question is, why aren't
22 we?

23 MR. PIPER: We are. We are.
24 In fact, that is one of our new
25 initiatives. We're looking right now at

1 4/8/15 - WHOLE - 150162, etc.
2 a project for 2016 that would take effect
3 for 2017, tax year 2017, at a
4 comprehensive reassessment of land
5 values.

6 COUNCILMAN JOHNSON: Okay. Is
7 it too early to talk about projected
8 level of revenue overall that you think
9 we would bring in?

10 MR. PIPER: It's way too early,
11 because, again, what we're looking at is
12 getting the values right. So we're not
13 looking at more or less. We're just
14 trying to get the values right.

15 COUNCILMAN JOHNSON: Right.
16 Thank you.

17 Thank you, Councilman.

18 COUNCILMAN SQUILLA: Thank you,
19 Mr. President.

20 COUNCIL PRESIDENT CLARKE:
21 Thank you.

22 Before I call on Councilwoman
23 Tasco, so Mr. Piper, you opened up
24 another can of worms. You referenced the
25 fact that the complications associated

1 4/8/15 - WHOLE - 150162, etc.
2 with land values and you said the magic
3 word, zoning, because you know that
4 people come in, they get a zoning
5 classification for property and then they
6 flip it, right?

7 MR. PIPER: Sure.

8 COUNCIL PRESIDENT CLARKE:

9 Because they say, Oh, this is worth X.
10 So when we give zoning, be it Council
11 ordinance or variance, do we enact or
12 assess that land immediately or do we
13 charge a fee for the zoning
14 classification change that increases the
15 value of the property?

16 MR. PIPER: Are you asking me
17 is there something that happens now?

18 COUNCIL PRESIDENT CLARKE:

19 Yeah. I mean, you said it. I wasn't
20 going to bring it up today, but you said
21 it. The reality is because somebody
22 actually suggested to me -- we got these
23 smart people that work around here -- why
24 do we give people zoning classifications
25 that increases significantly in some

1 4/8/15 - WHOLE - 150162, etc.
2 cases the value of their property and we
3 don't -- correct me if I'm wrong -- we
4 don't assess and increase the value of it
5 until it's sold and the person makes
6 whatever and it gets built and then we go
7 out and assess it based on that. It
8 could be three, four, five, but once that
9 zoning classification change happens,
10 that value goes up on an annual basis and
11 we don't do anything until the end use of
12 the property.

13 MR. PIPER: What we try to do
14 is, we look at what we can anticipate and
15 we look at what building permits are
16 filed through L&I that we get copies of
17 to try to anticipate development.

18 COUNCIL PRESIDENT CLARKE: I'm
19 not asking you to anticipate. I'm asking
20 you that based on -- you said it -- the
21 value is based on different things and
22 you said zoning was one.

23 MR. PIPER: That is one.

24 COUNCIL PRESIDENT CLARKE: If
25 we're rezoning a parcel of land -- and we

1 4/8/15 - WHOLE - 150162, etc.
2 all know that people do not come to us to
3 ask us to change the zoning so they can
4 decrease the value -- then we have
5 immediately, the City has increased the
6 value of the land for these people and
7 we're not getting any additional revenue
8 as a result of increasing the value of
9 that land until you say pull the building
10 permit and the building gets built,
11 somebody cuts the ribbon, moves in, then
12 we charge them based on that. Why don't
13 we look at zoning classifications?

14 MR. PIPER: What I'm saying is,
15 we're not necessarily waiting for the
16 building to be built. We're looking at a
17 combination of things. Number one, what
18 the current zoning classification is, but
19 because the assessor is looking --
20 particularly residential assessors who
21 are assigned work geographically, they're
22 looking at what other type of development
23 has gone on in that area. And, yes, a
24 lot of what we do is based on having to
25 anticipate what's going to happen going

1 4/8/15 - WHOLE - 150162, etc.

2 forward.

3 So to answer your question, I
4 think, ideally what we would want to do
5 is be able to look at a vacant piece of
6 ground even before it's sold, much less
7 before a building permit is pulled to
8 construct something, and get a better
9 idea of what it's worth based on what its
10 future use is going to be, and that is
11 what we look to do.

12 COUNCIL PRESIDENT CLARKE: I'm
13 not necessarily asking you to be
14 responsible for the fee or --

15 MR. PIPER: You mean should the
16 City charge a fee?

17 COUNCIL PRESIDENT CLARKE:
18 Yeah, for zoning.

19 MR. PIPER: I can't answer
20 that.

21 COUNCIL PRESIDENT CLARKE:
22 Mr. Dubow.

23 (Witness approached witness
24 table.)

25 MR. DUBOW: Can you repeat the

1 4/8/15 - WHOLE - 150162, etc.

2 question?

3 COUNCIL PRESIDENT CLARKE: The
4 City regularly grants zoning changes, be
5 it here in Council, a variance of the
6 Zoning Board, and I say 99.9 and I got to
7 say 100, but nothing is 100, that we
8 immediately increase the value of the
9 property, right? But the benefits
10 associated with the increase in value are
11 only realized by the applicant, but the
12 City and the taxpayers don't get the
13 benefit of being able to increase the tax
14 liability for that property until it's
15 built on or whatever. And my question
16 was -- and I probably shouldn't ask
17 Mr. Piper that -- is there some thought
18 that the enhanced zoning should be a part
19 of our assessment or should there be a
20 fee, because that's quite immediate, in
21 terms of enhancing the value of the
22 property by virtue of us granting the
23 zoning?

24 MR. DUBOW: That's an
25 interesting question. I think I'd

1 4/8/15 - WHOLE - 150162, etc.
2 probably want to talk to Law and see kind
3 of what we are allowed and not allowed to
4 do in terms of charging fees, but I
5 understand the question, so let me do
6 that and get back to you.

7 COUNCIL PRESIDENT CLARKE: Can
8 you please.

9 MR. DUBOW: Yes.

10 COUNCIL PRESIDENT CLARKE:
11 Thank you.

12 I'm sorry. The Chair
13 recognizes Councilwoman Tasco.

14 COUNCILWOMAN TASCO: Thank you.
15 Good afternoon.

16 MR. PIPER: Good afternoon,
17 Councilwoman Tasco.

18 COUNCILWOMAN TASCO: I heard
19 Councilman Jones -- I was watching him
20 upstairs -- ask a question about a
21 certain area of his district, and the map
22 that we received where the changes are
23 seem to me in my district are in a
24 concentrated area. Now, they are going
25 to get an increase, these little blue

1 4/8/15 - WHOLE - 150162, etc.

2 marks, right?

3 MR. PIPER: Yes.

4 COUNCILWOMAN TASC0: So I have
5 a little bit in West Oak Lane and a lot
6 over in East Oak Lane. And then you said
7 probably based on sale.

8 MR. PIPER: Right.

9 COUNCILWOMAN TASC0: It's
10 unfathomable to have this many sales in
11 that concentrated area.

12 And the other thing is, there
13 may be some -- could be some issue with
14 homeowners move in their homes through
15 predatory lending, and those sales for
16 housing are being sold, but it just seems
17 so -- you just assessed these people when
18 we did the first assessment, right, the
19 citywide assessment?

20 MR. PIPER: Yes.

21 COUNCILWOMAN TASC0: So what
22 are we, a year or two years out?

23 MR. PIPER: Two years.

24 COUNCILWOMAN TASC0: And you're
25 coming back and saying all the sudden we

1 4/8/15 - WHOLE - 150162, etc.
2 had an increase -- it says the legend
3 says parcels with market value increase
4 \$11,000.

5 MR. PIPER: Yes.

6 COUNCILWOMAN TASCO: It seems
7 that something is wrong there, because
8 I'm not sure why that increase would take
9 place in just that concentrated area.

10 MR. PIPER: Well, when we look
11 at sales -- and we're aware of
12 foreclosures and Sheriff Sales and
13 different types of sales that are not
14 considered by us, arm's length
15 transactions. We don't look at those as
16 being typical of any submarket in
17 Philadelphia, because they're not. There
18 are usually -- there may be some of those
19 types of sales in every neighborhood in
20 Philadelphia, but there are usually so
21 many more arm's length transactions we
22 don't need to look at those at all.

23 In some parts of, let's just
24 say, Pennsylvania, rural, where they have
25 problems and a lot of people have lost

1 4/8/15 - WHOLE - 150162, etc.
2 their homes, that might even make up the
3 bulk of the market, but not in
4 Philadelphia, not even in any particular
5 neighborhood.

6 So in areas where there are,
7 again, enough sales -- and how many are
8 enough -- we have to recognize that the
9 sales indicate a trend that means the
10 market values are different for those
11 types of properties than what we had on
12 there already. So while we may have done
13 better overall with the City with our
14 coefficient of dispersion, in some of
15 those areas we were a little high, and
16 that's what that -- the map that you have
17 indicates that.

18 So, I mean, we can -- I could
19 give you a report that shows you how many
20 sales took place in the last five years
21 in those GMAs. That would be easy enough
22 to do.

23 COUNCILWOMAN TASCO: Well, has
24 it been five years since we did the
25 initial --

1 4/8/15 - WHOLE - 150162, etc.

2 MR. PIPER: No. I said five
3 years because we look at sales that are
4 no older than five years.

5 COUNCILWOMAN TASCO: Well, it
6 bothers me when I looked at this
7 yesterday and I just -- there's something
8 wrong with this, because my whole
9 district is clear except that little
10 pocket.

11 MR. PIPER: Right.

12 COUNCILWOMAN TASCO: And I just
13 can't imagine that many sales going on in
14 that community. I really can't. I mean,
15 we're not doing -- we're not South
16 Philly, North Philly. We don't have a
17 whole lot of new construction. We have
18 existing properties. So it's not a lot
19 of that going on. I just think we need
20 to investigate for me --

21 MR. PIPER: We can.

22 COUNCILWOMAN TASCO: -- why
23 that's happening.

24 MR. PIPER: Sure. Absolutely.

25 We can.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILWOMAN TASCO: I
3 appreciate that very much, because I
4 don't know. I don't know. Okay?

5 MR. PIPER: We will. Thank
6 you, Councilwoman.

7 COUNCILWOMAN TASCO: Thank you.
8 You'll get back to us?

9 MR. PIPER: What we'll do is be
10 in touch with your office and we can
11 reproduce a copy of the map I gave you
12 yesterday that show those major increases
13 and look at the GMAs where those
14 increases took place and then have a
15 report produced that indicates all the
16 sales in the last five years in those
17 areas. Okay?

18 COUNCILWOMAN TASCO: All right.
19 Thank you.

20 COUNCIL PRESIDENT CLARKE:
21 Thank you, Councilwoman.
22 The Chair recognizes Councilman
23 Jones.

24 COUNCILMAN JONES: Thank you,
25 Mr. President.

1 4/8/15 - WHOLE - 150162, etc.

2 Real quick. What part of town
3 do you live in?

4 MR. PIPER: West Philadelphia.

5 COUNCILMAN JONES: What part?

6 MR. PIPER: Cobbs Creek.

7 COUNCILMAN JONES: Okay.

8 That's not my district. All right. Just
9 checking.

10 So if I understood you
11 correctly, a part of this relook at
12 Councilwoman Tasco's anomaly might be
13 clerical error or input error as well as
14 her intuition that -- so you're
15 self-correcting in a way.

16 MR. PIPER: No, no. We're
17 self-correcting by producing the proposed
18 assessments for 2016 that are indicated
19 on the map. What I'm saying, however, in
20 terms of what type of research we're
21 going to do, because we're going to come
22 up with a report that shows how many
23 arm's length transactions took place over
24 the past five years.

25 COUNCILMAN JONES: So you're

1 4/8/15 - WHOLE - 150162, etc.

2 going to determine if there was --

3 MR. PIPER: Well, we already
4 have done that research, but I just don't
5 have it with me today to show you what
6 the sales are. That's what I'm saying.

7 COUNCILMAN JONES: So similar
8 in my areas, those little spikes, I'd
9 like to know what the contributing
10 factors were and what the frequency, more
11 important, of sales that would trigger
12 something like that.

13 My question, however, to you is
14 that I note that you have 32 vacancies.

15 MR. PIPER: Yes.

16 COUNCILMAN JONES: And
17 Councilman Squilla already talked about
18 not having CAMA.

19 MR. PIPER: Right.

20 COUNCILMAN JONES: Which is the
21 calculating handheld device.

22 MR. PIPER: Yes.

23 COUNCILMAN JONES: So what do
24 you think the reason why we are -- you
25 said high skill levels required and low

1 4/8/15 - WHOLE - 150162, etc.

2 wages for the reason the vacancies are
3 that way?

4 MR. PIPER: A couple things.

5 What we're looking for is, yes, a certain
6 level of knowledge from entry-level
7 evaluators. And by "certain level,"
8 we're looking for people who have basic
9 real estate skills and knowledge about
10 the industry, if not appraisal, and then
11 we're looking to have people come in who
12 are going to be successful in being
13 formally trained in assessment and
14 appraisal standards.

15 What we've done over the past
16 few years is, we've made -- and I know we
17 talked about this last year also. We've
18 made the certification mandatory for all
19 assessors as it is already in the rest of
20 the State of Pennsylvania. And right now
21 I'm going to say a little over 65 percent
22 of our assessors are certified, which is
23 as high as it's ever been in the history
24 of BRT or OPA, and the ones that aren't,
25 they are taking classes, because you have

1 4/8/15 - WHOLE - 150162, etc.
2 two years from the date of hire to become
3 certified. So the ones that aren't are
4 either in the pipeline taking classes or
5 have taken the classes and haven't taken
6 the state exam yet or there's a handful
7 that will never have it that are actually
8 going to retire pretty soon.

9 COUNCILMAN JONES: Is a college
10 degree required?

11 MR. PIPER: It was at one
12 point, but we've removed that and we had
13 the certification substitute for the
14 college degree as a credential.

15 COUNCILMAN JONES: So what's
16 your direct strategy to fill the 32
17 positions?

18 MR. PIPER: One of the things
19 we knew we were having a problem with
20 because we continued to give the
21 entry-level assessor test, evaluator 1
22 test, and we noticed that we would
23 typically get maybe 200 or so applicants,
24 in which 80 percent were not even
25 qualified to take the test. And that

1 4/8/15 - WHOLE - 150162, etc.

2 number got worse and worse every time we
3 gave the test.

4 COUNCILMAN JONES: Is it the
5 experience portion or --

6 MR. PIPER: It's both. It's
7 the experience and the education.

8 COUNCILMAN JONES: So is there
9 any thought to creating a training
10 program dealing with income inequality to
11 create a pipeline from one of our
12 community colleges, or I know a great
13 high school that would be willing to do
14 that, but it's called Overbrook. You may
15 have heard of it.

16 MR. PIPER: I have.

17 COUNCILMAN JONES: And to
18 create a pipeline of assessors that could
19 go on in the real estate. Temple I
20 understand has a pretty good real estate
21 course as well.

22 COUNCIL PRESIDENT CLARKE:
23 Councilman, I recall I think Ms. Lynette
24 Brown was at last year's hearing and she
25 offered Community College's services to

1 4/8/15 - WHOLE - 150162, etc.
2 create a course, because we had a very
3 difficult time, as we're talking about
4 now, and I don't know what came of that.
5 But there was an offer by the Community
6 College to assist us in ensuring that we
7 had a course established to be a pipeline
8 for this particular position.

9 COUNCILMAN JONES: No age
10 discrimination, but younger people like
11 steps and don't mind doing that, and if
12 we could create a pipeline like that, I
13 think that would be truly appropriate.

14 (Witness approached witness
15 table.)

16 COUNCILMAN JONES: You look
17 really sad you had to come up. I just
18 want you to know. I saw your face all
19 the way over there. Don't play poker.

20 MR. PIPER: Councilman Jones
21 and Council President Clarke, I'd like to
22 bring up and introduce again my
23 Administrative Service Director. I think
24 she's a little sad because this is the
25 last time she'll be doing this. She's

1 4/8/15 - WHOLE - 150162, etc.
2 retiring next month, and we're sad also.
3 But while she's here, I need her.

4 COUNCIL PRESIDENT CLARKE: Did
5 they reduce the retirement age? I need
6 to know.

7 MR. PIPER: We did have
8 conversations. We had several extensive
9 meetings with Community College, as a
10 matter of fact, in which they were very
11 helpful in understanding what it was that
12 we were looking for in terms of being
13 able to create that pipeline. As a
14 former student at Community College, I am
15 very familiar with their real estate
16 program and I know that they already have
17 something on the books that provides
18 basic real estate courses, fundamentals
19 and practice and then basic technical
20 writing skill courses and basic math
21 courses that we would love to have
22 entry-level evaluators coming in and
23 going to Community College. And
24 attending there, of course, gives them
25 the opportunity to do it at a not so

1 4/8/15 - WHOLE - 150162, etc.
2 expensive tuition price. But right now I
3 would say it's kind of on hold because
4 Community College's business model sort
5 of demanded that we be prepared to send
6 people already working there right to
7 Community College, and we sort of have
8 people who fall into one of two
9 categories. They're either already
10 college graduates with a Bachelor's
11 degree and not looking to go back for an
12 Associate or they're at the stage in
13 their career where going to college is a
14 little difficult right now. We still
15 think it's a good idea, but I think the
16 pipeline would be better served for that
17 information to get out to the general
18 public and people who don't work there to
19 be able to come in and take advantage of
20 that.

21 But you mentioned the income
22 inequality --

23 COUNCILMAN JONES: I was
24 thinking younger -- new to the workforce
25 people, not age, new to the workforce,

1 4/8/15 - WHOLE - 150162, etc.
2 young folk that see this as an
3 opportunity that a career could be
4 developed out of it.

5 MR. PIPER: That's why I
6 brought up Ms. Daniel to speak about
7 that, because we spoke about this earlier
8 today.

9 MS. DANIEL: Good afternoon.

10 COUNCILMAN JONES: Good
11 afternoon.

12 MS. DANIEL: So --

13 COUNCIL PRESIDENT CLARKE: Just
14 state your name for the record.

15 MS. DANIEL: Oh, I'm sorry. My
16 name is Veronica Daniel. I'm the
17 Administrative Services Director.

18 So we had planned to discuss
19 what the Department was doing in order to
20 address the income inequality point. So
21 we have a position. The very first
22 position in the Department is an
23 assessment clerk. So that position is
24 actually equivalent to a regular clerk 1
25 position with the City. That position --

1 4/8/15 - WHOLE - 150162, etc.
2 what we have done in the last year, year
3 and a half, I believe, is, we have
4 changed the method in which that person
5 moves forward with the Department. So in
6 the past, that person would take the
7 civil service exam and be promoted to the
8 next position, which is assessment aide,
9 and that's a relatively high-paid
10 clerical position.

11 I want to back up, because the
12 assessment clerk position is one that
13 requires a high school diploma and a year
14 of real estate experience. So a person
15 is really kind of basic exposure to real
16 estate. They could have worked as a
17 receptionist or something in a real
18 estate office or sold real estate for a
19 year. So it's pretty basic
20 qualifications for that position.

21 So in moving forward to the
22 assessment aide position, which is
23 actually higher pay for a clerk, for a
24 typical clerk, because that second job
25 pays higher than a clerk 2. So what we

1 4/8/15 - WHOLE - 150162, etc.
2 have done is, we made the assessment aide
3 position an in-place promotion. So a
4 person in our department would not have
5 to test in order to move forward to the
6 assessment aide. And so then the next
7 step for the individual would be to move
8 to the real -- and those are DC33
9 positions. So the next step for that
10 person would be to move to the DC47
11 position, which is a professional job, as
12 a real property evaluator 1.

13 What we have pending with HR
14 right now is changing the specs so that
15 the assessment aide will now be qualified
16 to take the exam for the real property
17 evaluator 1, and that qualification will
18 be two years of working with the
19 Department and obtaining their CPE. So
20 the Department is already working --
21 well, the Department already takes care
22 of all of the CPE training and costs for
23 all of staff. And we have a class going
24 on right now of 27 employees, and I
25 believe in that class right now is about

1 4/8/15 - WHOLE - 150162, etc.
2 eight of the assessment aides. So at the
3 conclusion of this class, there will be
4 eight additional staff persons who will
5 be eligible to sit for the CPE and this
6 qualifies them for the real property
7 evaluator 1 exam.

8 COUNCILMAN JONES: So if I
9 understood you correctly, the 32
10 positions that are open are in that
11 class?

12 MS. DANIEL: For the most part.
13 We think that we could hire -- you mean
14 "in that class," meaning real property
15 evaluator?

16 COUNCILMAN JONES: Yes.

17 MS. DANIEL: Yes, for the most
18 part. We could potentially make some
19 adjustments just for clerical support
20 depending on how the support needs are
21 for the new professional staff, but for
22 the most part, they are real property
23 evaluator positions.

24 COUNCILMAN JONES: So I
25 anticipate us being in taxation mode for

1 4/8/15 - WHOLE - 150162, etc.
2 decades to come, and it would be good to
3 create a pipeline of qualified
4 individuals that know the difference
5 between Market Street and Main Street
6 that we don't have to go far out of our
7 standard metropolitan area to find and
8 grow them in a way that takes into
9 account sensitivities like South Philly
10 and other places that are experiencing
11 phenomenal growth.

12 And the other thing is that
13 with all of these appeals, with all of
14 these assessments, you need to tool up,
15 because any break in the action causes a
16 delay and more frustration with the
17 taxpayer.

18 MS. DANIEL: Right. And we
19 appreciate that, and the Department too
20 really has -- we are focused on growing
21 fast within the Department, which is why
22 we have made the changes that we recently
23 made, because we believe two things. We
24 believe, number one, that it motivates
25 staff in order to grow them internally.

1 4/8/15 - WHOLE - 150162, etc.

2 It's motivation for staff. And, two, we
3 think that the Department benefits
4 because the staff is already familiar
5 with the policies and the practices, so
6 they have an opportunity to really grow
7 and to learn the job. It's almost like
8 on-the-job training for employees.

9 COUNCILMAN JONES: So I
10 appreciate internal promotions, but I
11 guess what I'm emphasizing is the rung
12 before that to recruit and to create
13 these apprenticeships that lead them to
14 these jobs, because -- and
15 congratulations on your retirement, and I
16 too don't think you're -- I might have to
17 check your ID if you're old enough to
18 qualify, but there's a high schooler
19 somewhere that wants to be in that
20 position some 20 years from now, and we
21 have to create the first rung to get them
22 to want to pursue a career in government,
23 pursue a career in real estate and
24 appraisal.

25 MS. DANIEL: Thank you.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN JONES: Thank you,
3 Mr. Chair.

4 COUNCILMAN GREENLEE: Thank
5 you, Councilman.

6 COUNCILMAN JONES: I figured I
7 got extra time because you changed up
8 there to redo the clock. I was wrong?

9 COUNCILMAN GREENLEE: We let it
10 go.

11 COUNCILMAN JONES: Thank you,
12 sir.

13 COUNCILMAN GREENLEE: Thank
14 you.

15 Councilman Squilla.

16 COUNCILMAN SQUILLA: Thank you,
17 Mr. Chair.

18 We spoke about the land values
19 and the process. Now, this year I
20 believe the appeal process is now mostly
21 completed for residents from 2014; is
22 that correct?

23 MR. PIPER: Most of the
24 residential appeals have been heard for
25 2014, that's correct.

1 4/8/15 - WHOLE - 150162, etc.

2 COUNCILMAN SQUILLA: And the
3 2014 values, if they had that appeal, had
4 also transferred over to 2015?

5 MR. PIPER: That's correct.

6 COUNCILMAN SQUILLA: The
7 businesses that still aren't heard,
8 they're still awaiting for the appeals
9 from 2014?

10 MR. PIPER: I think we're
11 about, in terms of parcels, about halfway
12 through the 2014 -- more than halfway
13 through the 2014 -- and I'm looking at
14 the Executive Director of BRT, who knows
15 this better than I do, but I think we're
16 about more than halfway through the 2014
17 commercial appeals, yes.

18 COUNCILMAN SQUILLA: And at
19 this point, we talked about the
20 non-uniformity created by some of the
21 appeals.

22 MR. PIPER: Yes.

23 COUNCILMAN SQUILLA: That also
24 is a reason maybe to look at some of the
25 areas, and your coefficient of dispersion

1 4/8/15 - WHOLE - 150162, etc.

2 may be off because of the difference in
3 values; is that correct?

4 MR. PIPER: That's correct.

5 Again, when we look at the COD that is
6 too high in some neighborhoods in the
7 City and GMAs, what we're saying is we
8 know what we did with AVI and we want to
9 make sure we do better in certain -- in
10 the areas that need us to do better to
11 sort of -- I want the whole wall to be
12 painted uniformly, but some parts of the
13 wall might need a third coat. But we're
14 not -- what happens with appeals is in
15 itself not the thing we're necessarily
16 saying we're looking to counteract.
17 We're looking at values that don't
18 represent what the market says they
19 should be, no matter how they got there,
20 you know, whether it's a BRT appeal or
21 something we did.

22 COUNCILMAN SQUILLA: I know
23 when we talked about reassessing the City
24 when we first did this, we were going to
25 reassess the City every year after the

1 4/8/15 - WHOLE - 150162, etc.
2 first year, and obviously last year we
3 couldn't do it because of the number of
4 appeals and the preparation that you
5 needed to do for that. This year we know
6 that you have done some of the areas that
7 you're trying to correct, maybe not all
8 that was captured in the original AVI.

9 MR. PIPER: And that's
10 typically how an annual reassessment
11 goes. It may look a little different
12 from year to year, but what it does is,
13 as a goal it looks at what it is we
14 should do better in. It doesn't
15 necessarily mean we're looking to make
16 changes again with every property in the
17 City.

18 COUNCILMAN SQUILLA: I know
19 next year you're looking to incorporate a
20 lot more land value assessments into the
21 mix.

22 MR. PIPER: Yes.

23 COUNCILMAN SQUILLA: And I
24 suggested maybe doing the whole year as
25 if we could concentrate on a quadrant of

1 4/8/15 - WHOLE - 150162, etc.
2 the City every year and know that we have
3 every quadrant right instead of spending
4 every year trying to maybe fix the things
5 that we don't see that are right or maybe
6 they had a lot of sales in that area;
7 therefore, their values are either up or
8 down. And also it sends a sense of
9 knowledge to the residents that we know
10 every four years our area is going to be
11 assessed. It may go up, it may go down,
12 but there may be some areas that they say
13 there's no sales in that area for ten
14 years because that neighborhood is pretty
15 stable, and just because there's no sales
16 doesn't mean that the value stays stable
17 in that area. So then we're missing out
18 on that also.

19 Is that something that would be
20 considered or no?

21 MR. PIPER: If there are no
22 sales and the values that we currently
23 show on those parcels are representative
24 of the more recent sales of comparable
25 properties in comparable areas because

1 4/8/15 - WHOLE - 150162, etc.
2 there's none in that particular area,
3 then we would say we're okay and nothing
4 needs to be changed. But, again, no
5 sales -- I hesitate to use the term there
6 are no sales in a particular area.
7 Certainly if you look at very small
8 sub-neighborhoods, you might find areas
9 like Councilman Jones referred to where
10 families hold on to the properties for
11 several generations, and that might be a
12 trend in certain areas, but it's our
13 responsibility and you said, you know,
14 looking at parts of the City where we
15 find out things, but there may be some
16 parts where we don't find out. It's our
17 job to find out, and we're responsible
18 for tracking arm's length transactions
19 all over the City. That's part of our
20 job. It's one of the first things that
21 assessors are taught to do.

22 COUNCILMAN SQUILLA: I
23 understand. I just think we should
24 concentrate on -- the City is hard -- the
25 City is big, and we know how hard it was

1 4/8/15 - WHOLE - 150162, etc.
2 to do it the first time. We know how
3 hard it was because of the length of time
4 in between the last three assessments of
5 the whole City, and we're trying to fix
6 it now. We're on the third year or
7 fourth year because we delayed it a year
8 of trying to do this, and we believe OPA
9 is close to having these assessments
10 right. But if we could concentrate on a
11 specific area, it really minimizes, I
12 think, the amount of effort to go through
13 and look at the whole City and also gives
14 you a chance to really dig down and
15 really get into the information in that
16 area, in that whole quadrant, whether
17 we're looking at land, whether we're
18 looking at property and other things, and
19 it gets your whole group of people to
20 really work on an area.

21 Now, I know you have certain
22 assessors that are, I guess, particular
23 to certain geographic areas?

24 MR. PIPER: For residential we
25 do assign geographically, that's correct.

1 4/8/15 - WHOLE - 150162, etc.

2 An assessor may work in one ward or two
3 wards for years, and we tend to try to
4 want people to get experience in
5 different parts of the City. But, yeah,
6 that's the way we assign the work.

7 COUNCILMAN SQUILLA: So if that
8 were to happen where you did quadrants,
9 would you say that -- I mean, over that
10 three-year period they could be able to
11 accumulate all that data and have that
12 information for that new assessment time
13 there to really make sure it's right as
14 far as land value, and every quadrant
15 would have that every time. I mean, it's
16 just a suggestion. I know you probably
17 don't want to go that way, but at the end
18 of the day, it makes more sense and it
19 also makes sense to the residents that --
20 I mean, some people may get assessed
21 every year. They may get an increase
22 every year because their values are going
23 up or more sales in that area are going.
24 So the hot gentrifying areas may end up
25 raising the taxes so much to move people

1 4/8/15 - WHOLE - 150162, etc.

2 out of those areas, and that's what I
3 think we're trying to avoid.

4 MR. PIPER: I think not to get
5 out of my lane too much, but good tax
6 policy is one in which you as the taxing
7 jurisdiction as well as the taxpayer can
8 predict what the tax revenue and what the
9 tax bill is going to be from year to
10 year. And so predictability is
11 manageability when it comes to that, as I
12 understand what you're saying.

13 COUNCILMAN SQUILLA: Do we
14 predict this year that it's going to be
15 revenue neutral or would there be an
16 increase? Not of raising the rates. I'm
17 not talking about raising the rate. I'm
18 talking about after the assessments are
19 done. What is our prediction?

20 MR. PIPER: I'm going to ask
21 Rob to come up to speak to that, because
22 I'm not sure if we have one.

23 (Witness approached witness
24 table.)

25 MR. DUBOW: I think the net

1 4/8/15 - WHOLE - 150162, etc.
2 impact would be a slight increase in
3 assessed value, which would then lead to
4 a slight increase in revenue.

5 COUNCILMAN SQUILLA: Well, not
6 necessarily. I mean, if you have a
7 slight increase in the assessed value,
8 but it happened to be all increased on
9 abated properties --

10 MR. DUBOW: No, no; in taxable
11 value. Sorry.

12 COUNCILMAN SQUILLA: Oh, in
13 taxable value. All right. So you're
14 saying a slight increase in taxable
15 value?

16 MR. DUBOW: Yeah. I think like
17 500 million, something like that.

18 MR. PIPER: Probably
19 substantially less than that, because we
20 kind of reduced the amount of properties
21 that wind up with an increase in the
22 universe that we --

23 MR. DUBOW: So very small,
24 yeah.

25 COUNCILMAN SQUILLA: So we

1 4/8/15 - WHOLE - 150162, etc.
2 project a small increase even if the rate
3 wasn't changed?

4 MR. DUBOW: Correct. Yes.

5 COUNCILMAN SQUILLA: And when
6 you send -- can I ask one more question,
7 Mr. Chair?

8 COUNCILMAN GREENLEE: Sure.
9 You're it anyway.

10 COUNCILMAN SQUILLA: Oh, okay.
11 I'm sorry.

12 MR. DUBOW: Now you've
13 encouraged him.

14 COUNCILMAN GREENLEE: I know.
15 That means you can ask one more
16 question.

17 MR. DUBOW: Thank you.

18 COUNCILMAN SQUILLA: The
19 notices are going out April 15th?

20 MR. PIPER: April 15th.

21 COUNCILMAN SQUILLA: And on
22 those notices will be what the current
23 assessment is only for people who are
24 changed or is this the whole City?

25 MR. PIPER: We're only sending

1 4/8/15 - WHOLE - 150162, etc.

2 notices out to changed parcels, right.

3 COUNCILMAN SQUILLA: On that
4 notice, what else is on there? The
5 previous assessment?

6 MR. PIPER: Previous year's
7 assessment and the current year's
8 assessment. And I'm going to call Kate
9 Drayer up, because she's actually the
10 person that oversees the notice form and
11 everything. So the question is exactly
12 what's on the notice this year.

13 (Witness approached podium.)

14 MS. DRAYER: Kate Drayer. I
15 manage the Homestead Exemption Program at
16 OPA, among other programs.

17 So for the assessment notice,
18 it will be the same format as in '14. It
19 will have the property characteristics,
20 if it's a residential property or a
21 multi-family, commercial; the current
22 market value and the previous market
23 value; if there's any type of
24 assessment -- I'm sorry; abatement or
25 exemption, including the homestead

1 4/8/15 - WHOLE - 150162, etc.

2 exemption; and then again information
3 about how to appeal or file an FLR.

4 COUNCILMAN SQUILLA: First
5 level, not a BRT appeal.

6 MS. DRAYER: It includes both.
7 So it first includes information about
8 the first-level review and it has a
9 first-level review form in the mailing
10 and then information about the deadline
11 for the formal appeal.

12 COUNCILMAN SQUILLA: And once
13 they get that notice, they will then
14 decide -- the problem is, there's no tax
15 amount on there, correct, because we
16 don't know what the rate is?

17 MS. DRAYER: Correct. This is
18 just a notice of the assessed value.

19 COUNCILMAN SQUILLA: Is it
20 possible to put -- I mean, I guess it's
21 too late now, but in the future -- what
22 your taxes were this year and if it was
23 the same rate, what it would be next
24 year, or that's not possible?

25 MR. PIPER: What we did put on

1 4/8/15 - WHOLE - 150162, etc.

2 the notice, because the tax rate is not
3 something that we have any control over,
4 what we did put on the notice, I believe,
5 is the fact that Council decides the tax
6 rate by a certain date.

7 COUNCILMAN SQUILLA: Oh, great.

8 MR. PIPER: But we didn't put
9 the rate.

10 COUNCILMAN SQUILLA: Thank you.

11 COUNCILMAN GREENLEE: Thanks a
12 lot.

13 MR. PIPER: I just want you to
14 know. I'm being honest with you.

15 COUNCILMAN SQUILLA: That's
16 nice. So we appreciate you including us
17 in the process.

18 The abatement, we talked about
19 this yesterday a little bit. If you have
20 an abatement, the first year I think they
21 included homestead and if you had an
22 abatement, they included it, but then
23 they removed it after the first year. If
24 a person -- the question that was asked
25 to us, if they were approved for the

1 4/8/15 - WHOLE - 150162, etc.
2 homestead and their abatement expired the
3 following year, do they then get the
4 homestead?

5 MS. DRAYER: Yes. So the
6 legislation said for starting tax year
7 '15, you could no longer have an
8 homestead and an abatement, but if the
9 abatement ended in '14, then they could
10 have the homestead exemption for '15. We
11 only contacted residents where the
12 abatement was '15 or later.

13 COUNCILMAN SQUILLA: Okay. So
14 they don't have to reapply? Like say
15 they had an abatement for two years and
16 then that abatement ran out. Do they
17 have to reapply for homestead again?

18 MS. DRAYER: They do.

19 COUNCILMAN SQUILLA: They do?
20 Okay. So that's something we need to --

21 MS. DRAYER: We have that data,
22 so we can certainly reach out to them as
23 a reminder.

24 COUNCILMAN SQUILLA: Do you let
25 homeowners know when their abatement has

1 4/8/15 - WHOLE - 150162, etc.

2 expired and that the homestead is
3 available or that's something they just
4 have to guess?

5 MS. DRAYER: We haven't, but we
6 certainly can.

7 COUNCILMAN SQUILLA: I mean, I
8 think if you could do that, that would be
9 great for the public to be able to know,
10 because a lot of people don't even know
11 when their abatements do expire and that
12 homestead is available to them, because
13 that's a \$400 savings at that point.

14 All right. Thank you very
15 much. Thank you for your answers.

16 COUNCILMAN GREENLEE: Your
17 questions generated Councilman Oh to ask
18 a question.

19 Councilman Oh.

20 COUNCILMAN OH: Yes. Thank you
21 very much.

22 I'm sorry. I didn't have a
23 question, but something that you said
24 just reminded me of a constituent issue.
25 So since you're there, I have this

1 4/8/15 - WHOLE - 150162, etc.

2 question.

3 A property that was originally
4 a rental property, someone lives there,
5 they rent two floors, it's kind of built
6 that way, and they have a rental license,
7 but when the family moves in, they don't
8 rent. They don't have any renters, but
9 they keep getting a bill from the Streets
10 Department or whomever that they got to
11 pay \$300 for trash pickup, and as many
12 times as we write that they don't have
13 any tenants there, they keep getting the
14 bill. But what I'm not clear on is, does
15 that information that they have renters,
16 does that somehow go to OPA and you
17 assess the property that because they
18 have renters, they have a higher
19 assessment?

20 MR. PIPER: Is the question
21 whether or not there's a tenant there,
22 does that determine what the assessment
23 is?

24 COUNCILMAN OH: Yes.

25 MR. PIPER: As opposed to, for

1 4/8/15 - WHOLE - 150162, etc.

2 instance, us recognizing that something
3 is a duplex and could be rented?

4 COUNCILMAN OH: Well, what I'm
5 saying is the fact that some department
6 of the City bills the owners of this
7 building for having tenants, which they
8 don't have, does that tie in to your
9 ability to assess properties and they're
10 assessed, I think, at a higher rate,
11 maybe a lower rate for being a property
12 that has commercial value?

13 MR. PIPER: We do have ongoing
14 discussions, regular meetings with the
15 Streets Department about the trash fee,
16 and since this was instituted a few years
17 ago, we understood that they were looking
18 at our data to issue these bills. So we
19 had to make -- we have to apply building
20 codes as they have to be applied, but at
21 the same time, we understand that it
22 shouldn't generate a trash collection fee
23 if there's not a tenant or someone there.

24 So I just brought up Joseph
25 Solomon, my Deputy Administrator, who

1 4/8/15 - WHOLE - 150162, etc.

2 actually is the person who attends a lot
3 of those meetings, to talk about that
4 process a little bit.

5 COUNCILMAN OH: Could I just
6 frame it this way? I'm dealing with
7 constituents who say, I keep getting the
8 same \$300 year after year. I don't have
9 any tenants. I keep doing it. After we
10 talk to somebody, they keep getting the
11 same \$300 fee again and again. I only
12 was thinking about the \$300 fee. My
13 question is, is that a red flag that they
14 are overassessed as well?

15 MR. SOLOMON: No. What's
16 happening there is, the Streets
17 Department is using our building code or
18 built-as code and imputing that there
19 is -- if it's a multi-family dwelling,
20 they're imputing that it's subject to the
21 trash tax. What they're supposed to do
22 is, A, on their notice of their bill,
23 they have the capability of filing an
24 appeal with the Solid Waste Refuse
25 Department that says, yes, this was built

1 4/8/15 - WHOLE - 150162, etc.

2 as a duplex, but it is vacant or it is a
3 single-family dwelling and I am exempt.

4 The other thing they can do is
5 if they don't have any intention of using
6 it as a multi-family dwelling, they can
7 go to L&I and file a use registration
8 permit that says they want that property
9 classified as a single-family dwelling.
10 It's not a zoning change. It's a use
11 registration. And when they get that use
12 registration, they can copy that use
13 registration to the Solid Waste Disposal
14 Unit and they should abate any of that
15 trash fee.

16 COUNCILMAN OH: Okay. Thank
17 you very much.

18 MR. SOLOMON: You're welcome.

19 COUNCILMAN GREENLEE: Thank
20 you.

21 Councilman Squilla.

22 COUNCILMAN SQUILLA: Thank you,
23 Mr. Greenlee, Mr. Chair.

24 Other municipalities that send
25 the assessments out send out -- and I

1 4/8/15 - WHOLE - 150162, etc.
2 think New York does it, where they
3 actually send what the current -- if you
4 use the current rate, what the tax would
5 be. My issues, when we send assessment
6 notices out, people have no idea what
7 that means to them in a tax value. They
8 call and will say, All right, times it by
9 0.0134. That's what it would be, but if
10 Council changes it, it will be different.

11 Is there any way that we could
12 include that in the process, maybe not
13 this year but in future years? And also
14 is there a way to use quadrant-based
15 assessment like other municipalities use?

16 MR. PIPER: Let me answer your
17 first question first. In terms of the
18 tax liability and how that could possibly
19 appear on a change of assessment notice,
20 it could. However, the timing makes it a
21 little difficult right now, because the
22 state has mandated March the 31st to be
23 the certification date for the following
24 tax year, and right now I believe again
25 Council makes the decision on what the

1 4/8/15 - WHOLE - 150162, etc.
2 tax rate would be, even if it's the same
3 rate as last year, but that decision is
4 not made until May. So the assessment
5 date would have -- the certification date
6 would have to change and be what it used
7 to be, and that is after the May date
8 that Council talks about the rate.

9 COUNCILMAN SQUILLA: We're not
10 saying certified. It's not a tax bill.
11 It's just saying that if Council keeps
12 the rate similar to what it was the
13 previous year, this is how much your
14 taxes would be or have changed. If
15 Council decides to change it to another
16 level, you would have to times that by
17 the amount. Because when people get an
18 assessment, they can't correlate that
19 into a tax payment, and if we say that if
20 Council doesn't change anything, this is
21 the bill. If Council raises the rate,
22 you're going to pay more than this. I
23 mean, we could actually specifically say
24 that in there. That also decides whether
25 they should appeal or not. Some people

1 4/8/15 - WHOLE - 150162, etc.
2 may see a \$10,000 increase in their
3 assessment and say, Oh, my God, that's
4 going to cost us a lot of money, but it's
5 really not. So they don't see that it's
6 only a couple dollars and, therefore,
7 they're going to appeal when they
8 wouldn't appeal.

9 MR. PIPER: Sure. And anything
10 that would discourage unnecessarily, I
11 would say, appeals from a taxpayer who is
12 appealing because, like you said, they're
13 confused, we like to see happen.

14 COUNCILMAN SQUILLA: Right.
15 That may just be a thought in the future
16 to consider the current -- you don't have
17 to say this is your bill.

18 MR. PIPER: But if it stays the
19 same.

20 COUNCILMAN SQUILLA: Right. If
21 it stays the same, it's this. That's
22 just a suggestion.

23 And like Maryland and other
24 areas that do quadrant-based assessments
25 to really dig down and get it right, is

1 4/8/15 - WHOLE - 150162, etc.
2 that something that's done by -- would
3 you decide that or would that be an
4 administrative decision or is that just a
5 policy that OPA has?

6 MR. PIPER: Well, the way we do
7 assessments going forward since OPA has
8 been created -- I should say since we
9 implemented the first year of AVI, is
10 we're looking to do annual reassessments.
11 So, of course, we couldn't do one last
12 year because of lack of resources and the
13 amount of the appeals that we received,
14 but what we did this year is, again
15 typically, what a reassessment would look
16 like every year. It would address the
17 portion of the assessments in the City
18 that need to be addressed.

19 Now, could we do it
20 geographically in a third or a fourth as
21 you suggested in quadrants?
22 Theoretically that could be something we
23 could do, but in order to confidently say
24 we're going to do it section by section
25 as opposed to looking at the areas where

1 4/8/15 - WHOLE - 150162, etc.
2 we have an obvious need for a
3 reassessment, I would have to say -- we
4 would have to look down the road to say
5 once we are in better shape overall,
6 which as we've said would always take
7 three to five years just to get there,
8 then we could look at doing it at a more
9 predictable way, I'll say. I don't want
10 to say quadrants, but, you know, a more
11 predictable way geographically.

12 COUNCILMAN SQUILLA: But that
13 policy is decided by OPA. They dictate
14 that or is that --

15 MR. PIPER: Yes.

16 COUNCILMAN SQUILLA: --
17 something that's legislated?

18 MR. PIPER: That's not
19 legislated.

20 COUNCILMAN SQUILLA: And I
21 appreciate it. We know it takes four or
22 five years. That was why we wanted to
23 phase the project in when we had the
24 legislation, but unfortunately it didn't
25 work out. But thank you for all your

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1 4/8/15 - WHOLE - 150162, etc.

2 hard work, and hopefully we can get this
3 all up and running and fixed by next
4 year.

5 MR. PIPER: I think we will,
6 Councilman. Thank you.

7 COUNCILMAN GREENLEE: Thank
8 you.

9 Thank you, Mr. Piper.

10 MR. PIPER: Thank you.

11 COUNCILMAN GREENLEE: And I'll
12 repeat what Councilwoman Blackwell said.
13 I think we got the right person in that
14 position. Thank you.

15 This Committee will stand in
16 recess until Tuesday, April 14th, 2015 at
17 10:00 a.m., at which time we will
18 reconvene here in Room 400, City Hall.

19 Thank you.

20 (Committee of the Whole
21 adjourned at 2:45 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
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foregoing matter, and that this is a true and
correct transcript of same.

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