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## COUNCIL OF THE CITY OF PHILADELPHIA

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## COMMITTEE ON APPROPRIATIONS

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Room 400, City Hall  
Philadelphia, Pennsylvania  
Thursday, November 29, 2007  
9:30 a.m.

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## PRESENT:

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COUNCILWOMAN JOAN L. KRAJEWSKI, CHAIR

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COUNCILMAN DARRELL L. CLARKE

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COUNCILMAN W. WILSON GOODE, JR.

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COUNCILWOMAN DONNA REED MILLER

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COUNCILMAN FRANK RIZZO

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BILL 070940 - An ordinance authorizing  
transfers in appropriations for Fiscal Year  
2007 within the Water Fund...

15

BILL 070941 - An ordinance authorizing  
transfers in appropriations for Fiscal Year  
2007 within the Aviation Fund...

16

BILL 070942 - An ordinance authorizing  
transfers in appropriations for Fiscal Year  
2007 from the General Fund...

17

BILL 070952 - An ordinance authorizing  
transfers in appropriations for Fiscal Year  
2008 within the General Fund...

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COUNCILWOMAN KRAJEWSKI: Good morning. The Committee on Appropriation is now in session.

I would like to acknowledge to my left we have Councilman Goode, Councilman Clarke. To my right is Councilwoman Miller.

Will the Clerk please read the bills.

THE CLERK: Bill No. 070940, an ordinance authorizing transfers in appropriations for Fiscal Year 2007 within the Water Fund from certain or all City offices, departments, boards and commissions to certain or all City offices, departments, boards and commissions; and

Bill No. 070941, an ordinance authorizing transfers in appropriations for Fiscal Year 2007 within the Aviation Fund from certain or all City offices, departments, boards and commissions to certain or all City offices, departments, boards and commissions; and

1 11/29/07 - APPROPRIATIONS - BILL 070940, ETC.

2 Bill No. 070942, an ordinance  
3 authorizing transfers in appropriations  
4 for Fiscal Year 2007 from the General  
5 Fund, certain or all City offices,  
6 departments, boards and commissions and  
7 from the Grants Revenue Fund, the  
8 Director of Finance - provision for other  
9 grants and from the Community Development  
10 Fund, the Director of Finance - Community  
11 Development Block Grant - to be allocated  
12 to the General Fund, certain or all City  
13 offices, departments, boards and  
14 commissions; and

15 Bill No. 070952, an ordinance  
16 authorizing transfers in appropriations  
17 for Fiscal Year 2008 within the General  
18 Fund from certain or all City offices,  
19 departments, boards and commissions to  
20 certain or all City offices, departments,  
21 boards and commissions.

22 COUNCILWOMAN KRAJEWSKI: Thank  
23 you.

24 Is there someone from the  
25 Administration to testify?

1           11/29/07 - APPROPRIATIONS - BILL 070940, ETC.

2                       MS. REED: Good morning,

3           Councilwoman Krajewski and members of the

4           Appropriations Committee. I'm Dianne

5           Reed. I'm the Budget Director of the

6           City and I'm here to offer testimony in

7           support of Bills 070942, 070940 and

8           070941, which cover transfers in the

9           General Fund, the Water Fund and the

10          Aviation Fund to balance the FY07 budget

11          as now represented in the City's year-end

12          financial statement.

13                      The transfers include about \$49

14          million. Twenty-three of that is unused

15          General Fund appropriation, another 15

16          approximately is from Grants Revenue Fund

17          and another 11 and a half from the

18          Community Development Block Grant. These

19          funds have been used to accommodate

20          increased spending in a number of areas,

21          the largest of which is an \$11.3 million

22          payment to the Health and Welfare Fund of

23          the local firefighters union as a result

24          of the settlement of their health benefit

25          reopener.

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2 Another large payment is \$6  
3 million in Public Property for water and  
4 sewer charges and also about \$6 million  
5 for the telephone bill of the City to  
6 straighten out the accounts there as a  
7 result of the transfer of the  
8 communications unit to MOIS.

9 Another is about \$7 million in  
10 the Fire Department, mostly for holiday  
11 pay and also the increased payment for  
12 the emergency services vendor offset by  
13 revenue.

14 And the last one to mention is  
15 the First Judicial District, about \$3  
16 million for Class 100 payments as a  
17 result of the agreement that the City has  
18 with the FJD on any savings they achieve  
19 or additional revenue comes in would be  
20 shared between the courts and the City.

21 And regarding the Aviation  
22 Fund, the \$200,000 there really pays for  
23 Aviation's share of the IAFF settlement.  
24 And for the Water Fund, this \$21.4  
25 million really represents the correction

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2 to their share of the Pension Fund, and  
3 this, as in the previous couple of years,  
4 results from the fact that as we have cut  
5 the General Fund staff and the Water Fund  
6 staff has stayed about the same, their  
7 share of the total payment gets larger.

8 This concludes my testimony on  
9 these bills. I'd be happy to answer any  
10 questions you may have, and I ask for  
11 suspension of the rules for these bills  
12 to put on first reading in City Council  
13 today.

14 COUNCILWOMAN KRAJEWSKI: Thank  
15 you very much.

16 Are there any questions from  
17 members of the Committee?

18 (No response.)

19 COUNCILWOMAN KRAJEWSKI: There  
20 being none, is there anyone here to  
21 oppose?

22 (No response.)

23 COUNCILWOMAN KRAJEWSKI: Thank  
24 you very much.

25 MS. REED: Thank you.

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2 COUNCILWOMAN KRAJEWSKI: I

3 believe that we have Herb Wetzel.

4 Joyce, do you want to come up?

5 Good morning.

6 MR. WETZEL: Good morning. My  
7 testimony is on 070952.

8 COUNCILWOMAN KRAJEWSKI: State  
9 your name for the record.

10 MR. WETZEL: Good morning. My  
11 name is Herbert Wetzel and I'm Executive  
12 Director of City Council's Office of  
13 Housing and Community Development.

14 COUNCILWOMAN KRAJEWSKI: Thank  
15 you.

16 MR. WETZEL: Councilwoman, my  
17 testimony is on Bill No. 070952.

18 COUNCILWOMAN KRAJEWSKI: It's  
19 just transferring the NTI?

20 MR. WETZEL: Yes.

21 I'm here today in support of  
22 070952. This bill would authorize the  
23 transfer of \$220,000 to the City  
24 Controller to conduct an audit of all  
25 expenditures of Neighborhood

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2 Transformation Initiative bond proceeds  
3 for the acquisition of properties.

4 Under the Neighborhood  
5 Transformation Initiative that was  
6 created by this Council through Bill No.  
7 020036, a total of \$89 million of bond  
8 proceeds and supplemental funds were  
9 allocated for the acquisition of  
10 properties. Fifty-two million was  
11 distributed among ten Council districts  
12 through a formula based on the level of  
13 blight in each of those districts.  
14 Thirty-seven million was allocated to  
15 what is termed "City Significant"  
16 acquisitions, which were determined by  
17 the Administration.

18 During the past six months, on  
19 behalf of many members of this Council, I  
20 have made repeated requests to the NTI  
21 office and the Office of Housing and  
22 Community Development for a full and  
23 complete accounting of the expenditures  
24 of NTI bond proceeds for the acquisitions  
25 in their districts. I've also made

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2 numerous requests for a full and complete  
3 accounting of all expenditures of NTI  
4 bond proceeds for acquisitions under the  
5 City Significant line item. To date, I  
6 have not received one accurate report  
7 that documents these expenditures and in  
8 some cases I have not received any  
9 report. For the Administration to be  
10 unable to provide these reports is  
11 unacceptable and cannot be tolerated by  
12 this legislative body.

13 Recently, out of sheer  
14 frustration over not being able to get an  
15 accurate accounting of expenditures,  
16 Councilwoman Campbell requested the City  
17 Controller perform a review of a limited  
18 number of NTI acquisitions whose costs  
19 were being charged to the Fourth Council  
20 District allocation of NTI bonds  
21 proceeds. The interim report received  
22 from the City Controller documents that  
23 expenses for the acquisition of  
24 properties in the Eighth Council District  
25 were being charged to the Fourth Council

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2 District.

3 The bill that created the  
4 Neighborhood Transformation Initiative  
5 states, "No real estate or any interest  
6 in real estate shall be acquired with the  
7 proceeds of any bonds unless City Council  
8 shall have specifically approved such  
9 acquisitions by resolution or ordinance."  
10 In spite of this legislative prohibition,  
11 the Controller uncovered two acquisitions  
12 that had proceeded and properties were  
13 acquired without the necessary City  
14 Council approvals.

15 Separate from the City  
16 Controller's review, I pressed for an  
17 accounting of expenditures of three  
18 completed acquisitions in the Fourth  
19 District. The result was that these  
20 acquisitions came in under budget by  
21 almost \$150,000. Had I not pressured the  
22 Administration for this accounting, the  
23 Councilwoman would have never known that  
24 she had an additional \$150,000 of NTI  
25 bond proceeds available for

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2 reprogramming. Further, had Councilwoman  
3 Campbell not requested the Controller's  
4 review, she would have never known that  
5 expenses for acquisitions in another  
6 district were being charged to her  
7 district, nor would she have ever known  
8 acquisitions had proceeded without the  
9 necessary City Council approvals.

10 If the conditions outlined  
11 above exist within the Fourth Council  
12 District NTI acquisition allocation of  
13 bond proceeds, I believe that we can be  
14 sure that they or other unreported  
15 conditions exist in other districts and  
16 within the City Significant line item.

17 I'm now convinced that the only  
18 way members of this Council will ever get  
19 an accurate and complete accounting of  
20 the \$89 million of NTI expenditures of  
21 bond proceeds and supplemental funds for  
22 acquisitions is by having the City  
23 Controller conduct an audit of these  
24 expenditures. Therefore, I strongly urge  
25 you to approve this legislation to

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2 authorize and pay for the City

3 Controller's audit.

4 Thank you.

5 COUNCILWOMAN KRAJEWSKI: Thank

6 you.

7 MR. EUBANKS: Good morning,

8 Madam Chairperson. I'm Joyce Eubanks,

9 and I am thankful for the opportunity to

10 speak on behalf of Councilwoman Campbell,

11 who desperately wanted to be here this

12 morning, but she asked that I convey to

13 this body her sincere desire that this

14 bill be voted out of Committee favorably

15 this morning.

16 She wished that I convey to

17 this body that it is her belief that it

18 is critical and crucial to the

19 representation that Councilpersons are

20 able to provide their constituents that

21 Councilpersons have an accurate and

22 precise determination as to the amount of

23 money that the Councilperson has to

24 operate with. It undermines the nature

25 and the type of programs that the

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2 Councilperson is able to provide its  
3 constituents, and that accuracy is in  
4 fact the hallmark, and that she wished  
5 that you understood that it is her belief  
6 that as gatekeepers of the taxpayers'  
7 money, that you, the Council, is entitled  
8 to know how much money they accurately  
9 have and that that information should be  
10 accurate when it is received by Council.

11 Accordingly, it is her request  
12 that you consider strongly moving this  
13 bill out of Committee favorably and that  
14 will, from her standpoint, ensure that  
15 the taxpayers' dollars are being spent as  
16 this body has so directed.

17 Thank you.

18 COUNCILWOMAN KRAJEWSKI: Thank  
19 you very much.

20 I'd like to acknowledge we have  
21 Councilman Rizzo with us this morning.

22 Are there any questions from  
23 members of the Committee?

24 (No response.)

25 COUNCILWOMAN KRAJEWSKI: There

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2 not being any, I think that ends our  
3 public hearing in Appropriations. Now  
4 we'll go into our public meeting.

5 The Chair recognizes Councilman  
6 Clarke.

7 COUNCILMAN CLARKE: Thank you,  
8 Madam Chair. Madam Chair, I move that  
9 Bill No. 070940 be reported out of  
10 Committee with a favorable recommendation  
11 and request for rules suspension as to  
12 allow reading at the next session of  
13 Council.

14 (Duly seconded.)

15 COUNCILWOMAN KRAJEWSKI: All in  
16 favor?

17 (Aye.)

18 COUNCILWOMAN KRAJEWSKI: All  
19 those opposed?

20 (No response.)

21 COUNCILWOMAN KRAJEWSKI:  
22 Therefore, Bill 070940 will be reported  
23 out of this Committee with a favorable  
24 recommendation with a suspension of rules  
25 so as to permit first reading at our next

1           11/29/07 - APPROPRIATIONS - BILL 070940, ETC.  
2           session of Council.  
3                       Councilman Clarke.  
4                       COUNCILMAN CLARKE: Madam  
5           Chair, I move that Bill 070941 be  
6           reported out of Committee with a  
7           favorable recommendation and request for  
8           rules suspension as to allow reading at  
9           the next session of Council.  
10                      (Duly seconded.)  
11                      COUNCILWOMAN KRAJEWSKI: All  
12           those in favor?  
13                      (Aye.)  
14                      COUNCILWOMAN KRAJEWSKI:  
15           Opposed?  
16                      (No response.)  
17                      COUNCILWOMAN KRAJEWSKI:  
18           Therefore, Bill 070941 will be reported  
19           out of this Committee with a favorable  
20           recommendation with a suspension of rules  
21           so as to permit first reading at our next  
22           session of Council.  
23                      The Chair recognizes Councilman  
24           Goode.  
25                      COUNCILMAN GOODE: Thank you,

1 11/29/07 - APPROPRIATIONS - BILL 070940, ETC.

2 Madam Chair. I move that Bill 070942 be  
3 reported out of Committee with a  
4 favorable recommendation, that the rules  
5 of Council be suspended so as to permit  
6 first reading at our next Council  
7 session.

8 (Duly seconded.)

9 COUNCILWOMAN KRAJEWSKI: All  
10 those in favor?

11 (Aye.)

12 COUNCILWOMAN KRAJEWSKI:  
13 Opposed?

14 (No response.)

15 COUNCILWOMAN KRAJEWSKI:  
16 Therefore, Bill 070942 will be reported  
17 out of this Committee with a favorable  
18 recommendation with the rules of Council  
19 suspended so as to permit first reading  
20 at our next session of Council.

21 The Chair recognizes  
22 Councilwoman Miller.

23 COUNCILWOMAN MILLER: Thank  
24 you, Madam Chair. I move that Bill No.  
25 070952 be reported out of this Committee

1 11/29/07 - APPROPRIATIONS - BILL 070940, ETC.

2 with a favorable recommendation and  
3 further move that the rules of Council be  
4 suspended so as to permit first reading  
5 at our next session.

6 (Duly seconded.)

7 COUNCILWOMAN KRAJEWSKI: All  
8 those in favor?

9 (Aye.)

10 COUNCILWOMAN KRAJEWSKI:

11 Opposed?

12 (No response.)

13 COUNCILWOMAN KRAJEWSKI:

14 Therefore, Bill 070952 will be reported  
15 out of this Committee with a favorable  
16 recommendation, that the rules of Council  
17 be suspended so as to permit first  
18 reading at the next session of Council.

19 I'm sorry. I didn't mention  
20 the bill. Bill 07052 -- 952. I'm  
21 starting the morning off good.

22 So, therefore, Bill 070952 will  
23 be reported out of this Committee with a  
24 favorable recommendation as to permit  
25 first reading at our next session of

1 11/29/07 - APPROPRIATIONS - BILL 070940, ETC.

2 Council.

3 That ends our hearing on  
4 Appropriations. Thank you all very much  
5 for being here.

6 (Committee on Appropriations  
7 adjourned at 9:45 a.m.)

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## CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on November 29, 2007, and

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that this is a true and correct transcript of

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same.

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MICHELE L. MURPHY

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RPR-Notary Public

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