

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, June 12, 2013
10:52 a.m.

PRESENT:

COUNCILMAN BILL GREEN, CHAIR
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN MARK SQUILLA

ALSO PRESENT:

COUNCILMAN BOBBY HENON

BILLS: 130485, 130487, 130486

1 - - -

2 COUNCILMAN GREEN: Good morning. I
3 apologize for the delay. The Committee on Finance
4 will come to order. I note the presence of a
5 quorum in the persons of Councilmember Squilla,
6 Goode, Greenlee and Reynolds-Brown. And I'd ask
7 the Clerk to please read the title of all bills
8 we'll be hearing today.

9 THE CLERK: Bill No. 130485, an Ordinance
10 authorizing the Bond Committee to sell bonds at
11 public or private negotiated sale, to provide
12 funds towards various capital municipal purposes;
13 providing for appropriations to the Sinking Fund
14 Commission for the payment of such bonds;
15 authorizing agreements to provide credit or
16 payment or liquidity sources for the bonds in
17 connection with the issuance of the bonds, and
18 certain other actions; providing for obtaining the
19 consent of the electors to increasing the
20 indebtedness of the City; and fixing a day and
21 providing for arrangements for holding the
22 election for obtaining such consent.

23 Bill No. 130487, an Ordinance amending
24 Chapter 19-2600 of The Philadelphia Code, entitled

1 "Business Income and Receipts Tax," by revising
2 the alternative receipts tax computation, under
3 certain terms and conditions.

4 COUNCILMAN GREEN: Okay. I'd please -- I'd
5 ask the Finance Director and whoever will be
6 testifying with him to come up and testify on
7 Bills No. 485 and 487.

8 I also announce for the record that Bill
9 No. 130486 will be held at the request of the
10 sponsor -- sorry, that Bill will be held to the
11 call of the Chair at the request of the sponsor.

12 MR. DUBOW: Good morning, Councilman Green,
13 Members of the Committee. My name is Rob Dubow,
14 Director of Finance. I am here to testify in
15 support of Bill No. 130485. And I am joined by
16 Rebecca Rhynhart, she is Budget Director.

17 The purpose of the Bill is to obtain
18 approval from Council to place a loan
19 authorization question on the general election
20 ballot on Tuesday, November 5, 2013. The question
21 requests an increase in indebtedness not to exceed
22 94,745,000 to fund the City's FY14 Capital Budget.
23 The budget is pending for approval before Council.
24 State law requires the City to place a question on

1 the ballot before increasing its borrowing
2 authority.

3 As of July 1, 2013, legal debt limit is
4 anticipated to be about 1.67 billion, and the
5 amount of debt applicable to that limit is about
6 1.75 billion. As a result, the City has debt
7 capacity of a little under 103 million. The FY
8 Capital Budget for new general obligation bonds is
9 approximately \$91 million. The proposed ordinance
10 includes the new GO loan amount as well as cost of
11 issuance to bring the authorized amount to 94.7.

12 On the second page of the testimony you see
13 the breakout between categories. And in order to
14 provide appropriate time to advertise a ballot
15 question prior to November 5, 2013, the Bill
16 should be enacted no later than September 12,
17 2013.

18 And finally, attached as part of the
19 testimony is the proposed ballot question
20 requesting loan authorization from the electorate.

21 Like to ask for suspension of the rules to
22 allow for first reading at next Council session.
23 The Bill requires second reading and final passage
24 no earlier than September 12, 2013.

1 That concludes my testimony. And we would
2 be happy to answer any questions you may have.

3 COUNCILMAN GREEN: Thank you. Was that
4 testimony on both bills?

5 MR. DUBOW: That was -- that was on the
6 loan ordinance.

7 COUNCILMAN GREEN: Okay. Are there any
8 questions on -- from the Administration on this?

9 I have -- Councilmember Squilla.

10 COUNCILMAN SQUILLA: Yes. On the breakdown
11 you have the Transit, Streets and Sanitation,
12 Parks and Recs.

13 What -- do you have an intended plan for
14 each expense?

15 MR. DUBOW: Yeah. And that's laid out in
16 the capital budget.

17 COUNCILMAN SQUILLA: Okay.

18 MR. DUBOW: That's before Council, also. I
19 think that got voted out of committee two weeks
20 ago.

21 COUNCILMAN SQUILLA: So in order for the
22 capital budget to move through, this would -- this
23 would have to pass?

24 MR. DUBOW: In order for departments to be

1 able to spend against their appropriations in the
2 capital budget, this would have to pass and then
3 be approved by the electorate.

4 COUNCILMAN SQUILLA: So if the electorate
5 for some reason votes against it, how would we
6 fund what was projected in the capital budget?

7 MR. DUBOW: We would not be able to.

8 COUNCILMAN SQUILLA: You would not be able
9 to do that. So at this point, we're projecting
10 that this is the money that we need to -- to
11 borrow. And then the electorate would vote on it
12 and pass it, and then we would have that available
13 for this fiscal year.

14 MR. DUBOW: For Fiscal Year '14. It does
15 two things. It enables us to spend against
16 appropriations and also enables us to borrow at
17 the point where, you know, we need -- we need more
18 cash.

19 COUNCILMAN SQUILLA: Okay. Thank you.

20 MR. DUBOW: Sure.

21 COUNCILMAN GREEN: With respect to the
22 capital budget -- just for the record, I've been
23 working with the Administration closely and well
24 to get a copy of a, essentially, IT strategic

1 plan, budget/measure. And in connection with
2 that, have agreed to hold a bill that would create
3 a requirement for a five-year strategic plan and
4 budget to be presented to Council every year,
5 which was authorized by voters in a charter change
6 that passed overwhelmingly a couple of years ago.

7 In connection with that, I -- it is -- I
8 understand now that I will receive that
9 information in the fall. And so I am concerned
10 about the IT spend and the capital budget not
11 being specific enough or understanding how it
12 relates to the overall plan to spend \$120 million
13 in a coordinated fashion.

14 I am confident that that is the
15 Administration's goal and -- but I would like to
16 see that because I have held that Bill and it
17 hasn't been a requirement, I may ask my colleagues
18 tomorrow, I have no idea whether or not there is
19 support for this, to amend the capital budget
20 itself to set aside some of the 30 million that's
21 carryover for IT spend to make sure that the
22 laying the passage of the IT -- potential passage
23 of the IT strategic plan was -- was worthwhile.

24 And so, I just wanted to state that for the

1 record. I don't know if you guys have any
2 comments on that or not.

3 MS. RHYNHART: It's fine.

4 COUNCILMAN GREEN: Any questions from
5 members of the Committee?

6 Seeing none, I guess if you would read the
7 testimony for the next Bill.

8 MR. DUBOW: Sure. And we don't have formal
9 testimony for 130487, but my understanding it
10 corrects an oversight in earlier legislation on
11 reducing what's now the BRT rates and rates that
12 were not intended to be frozen under that Bill
13 were frozen and this undoes that.

14 COUNCILMAN GREEN: Correct. So, you are in
15 favor of 487?

16 MR. DUBOW: Yes.

17 COUNCILMAN GREEN: Any questions for
18 Members of the Committee?

19 Seeing none, thank you for your testimony.

20 MR. DUBOW: Thank you.

21 COUNCILMAN GREEN: Is there anybody else
22 here to testify on these Bills 485 and 487?

23 Seeing none, we will recess the public
24 hearing and go into a public meeting.

1 - - -

2 (At this time, Council moves from the
3 Public Hearing to the Public Meeting.)

4 - - -

5 COUNCILMAN GREEN: I would ask
6 Councilmember Greenlee to please move Bill 485.

7 COUNCILMAN GREENLEE: Thank you,
8 Mr. Chairman.

9 I move that Bill No. 130485 be reported out
10 of this Committee with a favorable recommendation,
11 and a rule suspension to allow for first reading
12 at our next session of Council.

13 COUNCILMAN GOODE: Second.

14 COUNCILMAN GREEN: It's been properly moved
15 and seconded that Bill No. 130485 be reported from
16 this Committee with a favorable recommendation and
17 a suspension of the rules.

18 All in favor?

19 - - -

20 (Chorus of Ayes)

21 - - -

22 COUNCILMAN GREEN: Any opposed?

23 The ayes have it.

24 Bill No. 130487, Councilmember Greenlee.

1 COUNCILMAN GREENLEE: Thank you,
2 Mr. Chairman.

3 I move that Bill No. 130487 be reported out
4 of this Committee with a favorable recommendation,
5 and that the Rules of Council be suspended to all
6 for first reading at our next session of Council.

7 COUNCILWOMAN BLACKWELL: Second.

8 COUNCILMAN GREEN: It's been properly moved
9 and seconded that Bill No. 130487 be reported from
10 this Committee with a suspension of the rules, and
11 a favorable recommendation.

12 All in favor?

13 - - -

14 (Chorus of Ayes)

15 - - -

16 COUNCILMAN GREEN: Any opposed?

17 The ayes have it.

18 This will conclude the Public Meeting of
19 the Finance Committee. Thank you.

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21 (Finance Committee Public Meeting
22 adjourns at 11:01 a.m.)

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C E R T I F I C A T I O N

I, hereby certify that the
proceedings and evidence noted are
contained fully and accurately in the
stenographic notes taken by me in the
foregoing matter, and that this is a
correct transcript of the same.

Court Reporter - Notary Public

(The foregoing certification of
this transcript does not apply to any
reproduction of the same by any means,
unless under the direct control and/or
supervision of the certifying reporter.)

A able 6:1,7,8 accurately 11:6 actions 2:18 adjourns 10:22 Administration 5:8 6:23 Administration's 7:15 advertise 4:14 ago 5:20 7:6 agreed 7:2 agreements 2:15 allow 4:22 9:11 alternative 3:2 amend 7:19 amending 2:23 amount 4:5,10,11 and/or 11:18 announce 3:8 answer 5:2 anticipated 4:4 anybody 8:21 apologize 2:3 applicable 4:5 apply 11:16 appropriate 4:14 appropriations 2:13 6:1,16 approval 3:18,23 approved 6:3 approximately 4:9 arrangements 2:21 aside 7:20 attached 4:18 authority 4:2 authorization 3:19 4:20 authorized 4:11 7:5 authorizing 2:10 2:15 available 6:12 ayes 9:20,23 10:14,17	a.m 1:7 10:22 B ballot 3:20 4:1,14 4:19 bill 1:10 2:9,23 3:8,10,15,17 4:15,23 7:2,16 8:7,12 9:6,9,15 9:24 10:3,9 billion 4:4,6 bills 1:18 2:7 3:7 5:4 8:22 BLACKWELL 1:12 10:7 BLONDELL 1:11 BOBBY 1:15 Bond 2:10 bonds 2:10,14,16 2:17 4:8 borrow 6:11,16 borrowing 4:1 breakdown 5:10 breakout 4:13 bring 4:11 BRT 8:11 budget 3:16,22,23 4:8 5:16,22 6:2 6:6,22 7:4,10,19 budget/measure 7:1 Business 3:1 C C 11:2,2 call 3:11 capacity 4:7 capital 2:12 3:22 4:8 5:16,22 6:2 6:6,22 7:10,19 carryover 7:21 cash 6:18 categories 4:13 certain 2:18 3:3 certification 11:15 certify 11:4	certifying 11:19 Chair 1:10 3:11 Chairman 9:8 10:2 change 7:5 Chapter 2:24 charter 7:5 Chorus 9:20 10:14 City 1:2,6 2:20 3:24 4:6 City's 3:22 Clerk 2:7,9 closely 6:23 Code 2:24 colleagues 7:17 come 2:4 3:6 comments 8:2 Commission 2:14 committee 1:3 2:3 2:10 3:13 5:19 8:5,18 9:10,16 10:4,10,19,21 computation 3:2 concerned 7:9 conclude 10:18 concludes 5:1 conditions 3:3 confident 7:14 connection 2:17 7:1,7 consent 2:19,22 contained 11:6 control 11:18 coordinated 7:13 copy 6:24 correct 8:14 11:9 corrects 8:10 cost 4:10 Council 1:2 3:18 3:23 4:22 5:18 7:4 9:2,12 10:5 10:6 Councilman 1:10 1:10,11,12,15 2:2 3:4,12 5:3,7 5:10,17,21 6:4,8	6:19,21 8:4,14 8:17,21 9:5,7,13 9:14,22 10:1,8 10:16 Councilmember 2:5 5:9 9:6,24 COUNCILWO... 1:11,12 10:7 couple 7:6 Court 11:12 create 7:2 credit 2:15 D day 2:20 debt 4:3,5,6 delay 2:3 departments 5:24 direct 11:18 Director 3:5,14 3:16 Dubow 3:12,13 5:5,15,18,24 6:7 6:14,20 8:8,16 8:20 E E 11:2 earlier 4:24 8:10 election 2:22 3:19 electorate 4:20 6:3,4,11 electors 2:19 enables 6:15,16 enacted 4:16 entitled 2:24 essentially 6:24 evidence 11:5 exceed 3:21 expense 5:14 F F 11:2 fall 7:9 fashion 7:13 favor 8:15 9:18 10:12 favorable 9:10,16	10:4,11 final 4:23 finally 4:18 Finance 1:3 2:3 3:5,14 10:19,21 fine 8:3 first 4:22 9:11 10:6 fiscal 6:13,14 five-year 7:3 fixing 2:20 foregoing 11:8,15 formal 8:8 frozen 8:12,13 fully 11:6 fund 2:13 3:22 6:6 funds 2:12 FY 4:7 FY14 3:22 G general 3:19 4:8 go 4:10 8:24 goal 7:15 Good 2:2 3:12 Goode 1:11 2:6 9:13 Green 1:10 2:2 3:4,12 5:3,7 6:21 8:4,14,17 8:21 9:5,14,22 10:8,16 Greenlee 1:10 2:6 9:6,7,24 10:1 guess 8:6 guys 8:1 H Hall 1:6 happy 5:2 hearing 2:8 8:24 9:3 held 3:9,10 7:16 HENON 1:15 hold 7:2 holding 2:21
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I idea 7:18 includes 4:10 Income 3:1 increase 3:21 increasing 2:19 4:1 indebtedness 2:20 3:21 information 7:9 intended 5:13 8:12 issuance 2:17 4:11	7:20 money 6:10 morning 2:2 3:12 move 5:22 9:6,9 10:3 moved 9:14 10:8 moves 9:2 municipal 2:12	payment 2:14,16 pending 3:23 Pennsylvania 1:6 persons 2:5 Philadelphia 1:2 1:6 2:24 place 3:18,24 plan 5:13 7:1,3,12 7:23 please 2:7 3:4 9:6 point 6:9,17 potential 7:22 presence 2:4 PRESENT 1:9,14 presented 7:4 prior 4:15 private 2:11 proceedings 11:5 projected 6:6 projecting 6:9 properly 9:14 10:8 proposed 4:9,19 provide 2:11,15 4:14 providing 2:13,18 2:21 public 2:11 8:23 8:24 9:3,3 10:18 10:21 11:12 purpose 3:17 purposes 2:12	receipts 3:1,2 receive 7:8 recess 8:23 recommendation 9:10,16 10:4,11 record 3:8 6:22 8:1 Recs 5:12 reducing 8:11 relates 7:12 reported 9:9,15 10:3,9 reporter 11:12,19 reproduction 11:17 request 3:9,11 requesting 4:20 requests 3:21 requirement 7:3 7:17 requires 3:24 4:23 respect 6:21 result 4:6 revising 3:1 Reynolds-Brown 1:11 2:6 Rhynhart 3:16 8:3 Rob 3:13 Room 1:6 rule 9:11 rules 4:21 9:17 10:5,10	session 4:22 9:12 10:6 set 7:20 Sinking 2:13 sorry 3:10 sources 2:16 specific 7:11 spend 6:1,15 7:10 7:12,21 sponsor 3:10,11 Squilla 1:12 2:5 5:9,10,17,21 6:4 6:8,19 state 3:24 7:24 stenographic 11:7 strategic 6:24 7:3 7:23 Streets 5:11 supervision 11:19 support 3:15 7:19 sure 6:20 7:21 8:8 suspended 10:5 suspension 4:21 9:11,17 10:10
J JANNIE 1:12 joined 3:15 JR 1:11 July 4:3 June 1:7	N N 11:2 name 3:13 need 6:10,17,17 negotiated 2:11 new 4:8,10 Notary 11:12 note 2:4 noted 11:5 notes 11:7 November 3:20 4:15	O O 11:2 obligation 4:8 obtain 3:17 obtaining 2:18,22 Okay 3:4 5:7,17 6:19 opposed 9:22 10:16 order 2:4 4:13 5:21,24 ordinance 2:9,23 4:9 5:6 overall 7:12 oversight 8:10 overwhelmingly 7:6	K K 1:10 know 6:17 8:1	T T 11:2,2 taken 11:7 tax 3:1,2 terms 3:3 testify 3:6,14 8:22 testifying 3:6 testimony 4:12,19 5:1,4 8:7,9,19 thank 5:3 6:19 8:19,20 9:7 10:1 10:19 things 6:15 think 5:19 time 4:14 9:2 title 2:7 today 2:8 tomorrow 7:18 transcript 11:9,16 Transit 5:11 Tuesday 3:20 two 5:19 6:15
L L 1:12 laid 5:15 law 3:24 laying 7:22 legal 4:3 legislation 8:10 limit 4:3,5 liquidity 2:16 little 4:7 loan 3:18 4:10,20 5:6	M MARK 1:12 matter 11:8 means 11:17 meeting 8:24 9:3 10:18,21 members 3:13 8:5 8:18 million 4:7,9 7:12	P page 4:12 Parks 5:12 part 4:18 pass 5:23 6:2,12 passage 4:23 7:22 7:22 passed 7:6	Q question 3:19,20 3:24 4:15,19 questions 5:2,8 8:4,17 quorum 2:5	S sale 2:11 Sanitation 5:11 second 4:12,23 9:13 10:7 seconded 9:15 10:9 see 4:12 7:16 Seeing 8:6,19,23 sell 2:10 September 4:16 4:24
M MARK 1:12 matter 11:8 means 11:17 meeting 8:24 9:3 10:18,21 members 3:13 8:5 8:18 million 4:7,9 7:12	P page 4:12 Parks 5:12 part 4:18 pass 5:23 6:2,12 passage 4:23 7:22 7:22 passed 7:6	R R 11:2 rates 8:11,11 read 2:7 8:6 reading 4:22,23 9:11 10:6 reason 6:5 Rebecca 3:16	S sale 2:11 Sanitation 5:11 second 4:12,23 9:13 10:7 seconded 9:15 10:9 see 4:12 7:16 Seeing 8:6,19,23 sell 2:10 September 4:16 4:24	T T 11:2,2 taken 11:7 tax 3:1,2 terms 3:3 testify 3:6,14 8:22 testifying 3:6 testimony 4:12,19 5:1,4 8:7,9,19 thank 5:3 6:19 8:19,20 9:7 10:1 10:19 things 6:15 think 5:19 time 4:14 9:2 title 2:7 today 2:8 tomorrow 7:18 transcript 11:9,16 Transit 5:11 Tuesday 3:20 two 5:19 6:15

U	19-2600 2:24			
understand 7:8	2			
understanding 7:11 8:9	2013 1:7 3:20 4:3 4:15,17,24			
undoes 8:13	3			
V	30 7:20			
various 2:12	4			
vote 6:11	400 1:6			
voted 5:19	485 3:7 8:22 9:6			
voters 7:5	487 3:7 8:15,22			
votes 6:5	5			
W	5 3:20 4:15			
W 1:11	9			
wanted 7:24	94,745,000 3:22			
Wednesday 1:7	94.7 4:11			
weeks 5:19				
we'll 2:8				
we're 6:9				
WILLIAM 1:10				
WILSON 1:11				
working 6:23				
worthwhile 7:23				
Y				
Yeah 5:15				
year 6:13,14 7:4				
years 7:6				
\$				
\$120 7:12				
\$91 4:9				
1				
1 4:3				
1.67 4:4				
1.75 4:6				
10:52 1:7				
103 4:7				
11:01 10:22				
12 1:7 4:16,24				
130485 1:18 2:9 3:15 9:9,15				
130486 1:18 3:9				
130487 1:18 2:23 8:9 9:24 10:3,9				
14 6:14				