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COUNCIL OF THE CITY OF PHILADELPHIA

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STATED MEETING

5

Tuesday, January 27, 1998

10:25 a.m.

6

Room 400, City Hall

7

Philadelphia, Pennsylvania

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PRESENT:

COUNCIL PRESIDENT JOHN F. STREET

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COUNCILWOMAN ANNA CIBOTTI VERNA

11

COUNCILWOMAN JANNIE L. BLACKWELL

COUNCILMAN MICHAEL A. NUTTER

12

COUNCILWOMAN JOAN L. KRAJEWSKI

COUNCILWOMAN MARIAN B. TASCO

13

COUNCILMAN BRIAN J. O'NEILL

COUNCILWOMAN AUGUSTA A. CLARK

14

COUNCILMAN DAVID COHEN

COUNCILWOMAN HAPPY FERNANDEZ

15

COUNCILMAN JAMES F. KENNEY

COUNCILMAN W. THACHER LONGSTRETH

16

COUNCILMAN ANGEL L. ORTIZ

COUNCILMAN FRANK RIZZO

17

COUNCILMAN FRANK DiCICCO

COUNCILMAN RICHARD T. MARIANO

18

COUNCILWOMAN DONNA REED MILLER

19

MARIE B. HAUSER, Chief Clerk

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1 INVOCATION

2 PRESIDENT STREET: Good morning,
3 ladies and gentlemen. The Chair notes that the hour
4 has come and that a quorum is present. Council will
5 come to order.

6 Members will take their seats,
7 visitors will retire to the seats outside the rail.

8 To give our invocation this morning,
9 the Chair welcomes Reverend Marian Shearer, who is
10 the Pastor of the St. Luke's United Church of
11 Christ. She is here as the guest of Councilman
12 O'Neill.

13 Members and guests will please rise.

14 REV. MARIAN SHEARER: Will you join
15 with me in a time and an attitude of prayer.

16 Oh, great God, creator of all things,
17 we pause before you at this moment to center
18 ourselves in your love and remind ourselves that all
19 our human affairs are in your powerful grip, and all
20 our human decisions are judged in your righteous
21 light.

22 We know from the mighty witness of
23 holy scripture that you intend wholeness and peace
24 for all your children.

25 We know from the mighty pull of your

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1 APPROVAL OF JOURNAL

2 Holy Spirit that you intend righteousness, right
3 relationships, among all your children.

4 We pray now this day for all of the
5 families, children, workers, elderly, all the people
6 of our city whom you have placed in the care of
7 these leaders.

8 May all that we do move us toward
9 your intention for righteousness, the right
10 relationships that are the sign of your reign.

11 May all these elected leaders,
12 Councilmembers, staff, and workers know their work
13 is the fulfilling of your call to service, their
14 holy vocation.

15 We offer these, our prayers, knowing
16 that you always listen and always receive.

17 Amen.

18 PRESIDENT STREET: The Chair thanks
19 Reverend Shearer for her inspiring invocation.

20 (Councilmembers greet Reverend
21 Shearer.)

22 PRESIDENT STREET: The next order of
23 business is the approval of the meeting of the
24 Thursday, December 11, 1997.

25 The Chair recognizes Councilwoman

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1 LEAVES OF ABSENCE

2 Clark.

3 COUNCILWOMAN CLARK: Mr. President, I
4 move the adoption of the journal of that date.

5 PRESIDENT STREET: All in favor let
6 it be known by saying aye.

7 Those opposed say nay.

8 The ayes have it, the journal of the
9 meeting of Thursday, December 11, 1997, stands
10 approved.

11 The next order of business is leaves
12 of absence.

13 The Chair recognizes Councilwoman
14 Verna.

15 COUNCILWOMAN VERNA: Thank you,
16 Mr. President.

17 On behalf of the majority, there are
18 no requests for leave of absence.

19 PRESIDENT STREET: The Chair thanks
20 the Councilwoman.

21 The Chair recognizes Councilman
22 O'Neill.

23 COUNCILMAN O'NEILL: Mr. President,
24 on behalf of the minority, there are no requests for
25 leave of absence.

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1 WELCOME VISITORS

2 PRESIDENT STREET: The Chair thanks
3 Councilman O'Neill.

4 At this time we will dispense with
5 our regular order of business to recognize
6 visitors.

7 To all our visitors and guests with
8 us this morning, we welcome you and applaud your
9 interest in the civic affairs of our city, and
10 certainly invite you to come again.

11 Now, today we have no presentations
12 to make because of the special nature of our
13 session.

14 But at this time we would like to
15 take the opportunity to recognize the members of
16 this Administration who are here.

17 What I would like to ask you to do
18 is, as we call your names and indicate your title,
19 please stand.

20 At the end of having called all the
21 names, we would like to have a round of applause
22 recognizing our administrators who are here with
23 us.

24 Steve Mullin, City Representative and
25 Director of Commerce; Joe Certaine, Managing

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1 INTRODUCTION OF ADMINISTRATION

2 Director; Ben Hayllar, Finance Director; Stephanie
3 Franklin-Suber, City Solicitor; John Kromer,
4 Director of Housing; Greg Rost, Chief of Staff;
5 Michael DiBerardinis, Recreation Commissioner; Fran
6 Egan, L & I Commissioner; Richard Neal, Police
7 Commissioner; Joan Reeves, Human Services
8 Commissioner; Joan T. Decker, Records Commissioner;
9 Harold B. Hairston, Fire Commissioner; William
10 Mifflin, Executive Director of Fairmount Park; Nancy
11 Kammerdeiner, Revenue Commissioner; Estelle Richman,
12 Health Commissioner; Thomas Costello, Prisons
13 Commissioner; Kumar Kishinchand, Water Commissioner;
14 Lawrence Moy, Streets Commissioner; Andres Perez,
15 Public Property Commissioner; Louis Applebaum,
16 Procurement Commissioner; Rina Cutler, Executive
17 Director of the Parking Authority; Noel Eisenstat,
18 Executive Director of the Redevelopment Authority;
19 Nicholas DiPiero, Chairman, Civil Service
20 Commissioner; Barbara Kaplan, Executive Director of
21 the Planning Commission; Linda Seyda, Director of
22 Personnel; James Roundtree, Executive Director of
23 MBEC; Dr. Richard Tyler, Director of the Historical
24 Commission; Kevin Vaughan, Director of Human
25 Relations Commission; Dr. David Hornbeck,

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1 INTRODUCTION OF ADMINISTRATION

2 Superintendent of Schools for Philadelphia; Jonathan
3 Saidel, City Controller; Lynne Abraham, District
4 Attorney; Ronald Donatucci, Register of Wills;
5 Vivian Miller, Clerk of Quarter Sessions; John
6 Green, Sheriff; The Honorable Alex Bonaviticola,
7 President Judge, Common Pleas Court of Philadelphia;
8 The Honorable Alan Silberstein, President Judge,
9 Municipal Court; The Honorable Frank Little,
10 President Judge, Traffic Court; James Hawes,
11 President, CEO PGW; Elliot Shelcroft, Executive
12 Director, Philadelphia Free Library.

13 (Applause.)

14 PRESIDENT STREET: We always like to
15 do this, because this time next week things might
16 not be so pleasant.

17 At this time the Chair recognizes
18 Councilman Brian O'Neill.

19 COUNCILMAN O'NEILL: Mr. President, I
20 am going to ask to be relieved of my
21 responsibilities today and be excused for the rest
22 of the session.

23 I just got a call of a personal
24 nature that my father may need me.

25 PRESIDENT STREET: Thank you very

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1 COMMUNICATIONS

2 much. Leave will be granted.

3 The next order of business is

4 Communications.

5 The Chair recognizes the Sergeant At
6 Arms for the purpose of delivering the messages from
7 the Mayor to the Chief Clerk.

8 The Chief Clerk will read the
9 messages from the Mayor.

10 CHIEF CLERK: December 15, to the
11 President and members of the Council of the City of
12 Philadelphia: I am pleased to advise you I have
13 today signed 26 bills which were passed on December
14 the 11th.

15 December 19, I am pleased to advise
16 you I have today signed two bills which were passed
17 on December 11.

18 Also, on December 29, three bills
19 which were passed by Council on December 4, and one
20 bill which was passed on December 11.

21 And to the President and members of
22 the Council of the City of Philadelphia: I am
23 transmitting herewith, for the consideration of your
24 honorable body, the following resolution: A
25 resolution providing for the approval by the Council

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1 COMMUNICATIONS

2 of the City of Philadelphia of a revised Five Year
3 Financial Plan for the City of Philadelphia,
4 covering Fiscal Years 1999 through 2003,
5 incorporating proposed changes with respect to
6 Fiscal Year 1998, which is to be submitted by the
7 Mayor to the Pennsylvania Intergovernmental
8 Cooperation Authority, pursuant to the
9 Intergovernmental Cooperation Agreement, authorized
10 by an Ordinance of this Council, approved by the
11 Mayor on January 3, 1992, Bill No. 1563 A, by and
12 between the City and the Authority.

13 And an Ordinance adopting the
14 Operating Budget for Fiscal Year 1999.

15 And an Ordinance to adopt a capital
16 program for the six Fiscal Years 1999 through 2004,
17 inclusive, and an Ordinance to adopt a Fiscal 1999
18 Capital Budget.

19 An Ordinance amending Chapter 19-2600
20 of the Philadelphia Code entitled "Business
21 Privilege Taxes," by decreasing the rates of the tax
22 based upon gross receipts, and by clarifying the
23 activities which will subject a person to tax for
24 engaging in business within the city.

25 And an Ordinance authorizing

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1 INTRODUCTION OF BILLS & RESOLUTIONS

2 transfers in appropriations for Fiscal Year 1998,
3 within the General Fund, from the Director of
4 Finance contributions to School District tax cuts,
5 the Department of Revenue Sinking Fund Commission
6 and the City Representative and Director of Commerce
7 economic stimulus, to the First Judicial District of
8 Pennsylvania.

9 PRESIDENT STREET: The Chief Clerk
10 will read any other communications in her
11 possession.

12 CHIEF CLERK: There are none,
13 Mr. President.

14 PRESIDENT STREET: The messages,
15 then, will be presented in the Journal.

16 The next order of business is the
17 introduction of bills and resolutions.

18 The Chair recognizes Councilwoman
19 Verna.

20 COUNCILWOMAN Verna: Thank you,
21 Mr. President. I offer eight bills by request.

22 PRESIDENT STREET: The clerk will
23 please read the titles of the bills.

24 CHIEF CLERK: An Ordinance to adopt a
25 capital program and six Fiscal Years 1999 through

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1 INTRODUCTION OF BILLS & RESOLUTIONS

2 2004.

3 And an Ordinance to adopt a Fiscal
4 1999 Capital Budget.

5 An Ordinance to authorize the
6 creation of a loan or loans to provide funds for and
7 towards various capital municipal purposes,
8 authorizing the Mayor, City Controller, and City
9 Solicitor, or a majority of them, to sell bonds at
10 public or private negotiated sale, setting forth the
11 capital purposes and the amounts for which the
12 proceeds of the loan or loans will be expended.

13 And amending Chapter 19-2600 of the
14 Philadelphia Code entitled "Business Privilege
15 Taxes," by decreasing the rates of the tax based
16 upon gross receipts, and by clarifying the
17 activities which will subject a person to tax for
18 engaging in business within the city.

19 And an Ordinance amending Chapter
20 19-1500 of the Philadelphia Code entitled "Wage and
21 Net Profits Tax," by decreasing the rates of the
22 tax.

23 And an Ordinance to adopt a Fiscal
24 1999 Capital Budget. And an Ordinance adopting the
25 Operating Budget for Fiscal Year 1999.

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1 INTRODUCTION OF BILLS & RESOLUTIONS

2 And an Ordinance authorizing
3 transfers in appropriations for Fiscal Year 1998
4 within the General Fund for the Director of Finance
5 contributions to School District tax cuts, the
6 Department of Revenue Sinking Fund Commission, and
7 the City Representative and Director of Commerce,
8 economic stimulus, to the First Judicial District of
9 Pennsylvania.

10 And a resolution providing for the
11 approval by the Council of the City of Philadelphia
12 of a revised Five Year Financial Plan for the City
13 of Philadelphia covering Fiscal Years 1999 through
14 2003, and incorporating proposed changes with
15 respect to Fiscal Year 1998, which is to be
16 submitted by the Mayor to the Pennsylvania
17 Intergovernmental Cooperation Authority.

18 PRESIDENT STREET: These bills and
19 this resolution will be referred to the appropriate
20 committee.

21 I understand the Mayor is on the
22 way.

23 Ladies and gentlemen, the time has
24 come for us to consider the Mayor's presentation of
25 the annual budget message.

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1 INTRODUCTION OF MAYOR

2 Section 4-1101 B and D of the
3 Philadelphia Home Rule Charter states, "The Mayor
4 shall submit to Council not later than 90 days
5 before the end of the Fiscal Year an Operating
6 Budget message and a proposed annual operating
7 budget ordinance for the ensuing fiscal year."

8 At the same time he submits to the
9 Council with the proposed operating budget for the
10 ensuing Fiscal Year, he also submits to Council the
11 recommended capital program and the recommended
12 Capital Budget as received from the Planning
13 Commission, to the extent approved by the Mayor.

14 I now appoint the following committee
15 to escort the Mayor into the Council chambers:
16 Councilwoman Verna, Councilwoman Clark,
17 Councilmember Longstreth, Councilman Cohen,
18 Councilman Nutter, and Councilwoman Krajewski.
19 Please proceed.

20 I just would like to announce that
21 ordinarily we would make copies of the Mayor's
22 budget message available to the members of the
23 general public and those people who are here from
24 the Administration.

25 But, unfortunately, we were supplied

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1 MAYOR'S PRESENTATION

2 with a very limited number of copies. Our machine
3 is disabled at the moment, and we were unable to
4 make the copies. And I understand from Mr. Fealey
5 that copies are on the way.

6 So if you will bear with us and be a
7 little patient, the Mayor and the copies of his
8 message will be here.

9 SERGEANT AT ARMS: Mr. President, the
10 Mayor has arrived.

11 PRESIDENT STREET: Ladies and
12 gentlemen, the Mayor of the City of Philadelphia,
13 Mayor Edward G. Rendell.

14 Mr. Mayor.

15 (Applause.)

16 MAYOR EDWARD G. RENDELL:
17 Mr. President, members of City Council, and
18 distinguished guests.

19 It is my pleasure to be here this
20 morning to present our proposed Fiscal Year 1999
21 operating and capital budgets, and also to submit
22 for City Council's consideration our Five Year
23 Financial Plan for Fiscal Years 1999 through Fiscal
24 Year 2003.

25 Over of the course of the past six

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1 MAYOR'S PRESENTATION

2 years, we have been through a lot together. It may
3 seem like ancient history now. But when I delivered
4 my first budget address to City Council in 1992, a
5 lot of people did not give us much of a chance.

6 Our city budget was over \$200 million
7 in deficit, and basic city services were taking a
8 beating.

9 In the midst of summer heat waves,
10 city swimming pools did not open. The long-awaited
11 Criminal Justice Center was still a hole in the
12 ground.

13 Over the prior year, our city had
14 lost an average of over 2700 jobs per month. Over
15 the prior decade, the city had increased taxes 19
16 times.

17 There was serious discussion about
18 shutting down firehouses, ending all shelter for the
19 homeless, and laying off thousands of city workers
20 if Philadelphia was to have any hope of staving off
21 bankruptcy.

22 Together, we avoided those choices.
23 And while the choices we did make were not always
24 easy, we developed a strategy that has turned this
25 city around.

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1 MAYOR'S PRESENTATION

2 We promised to balance our budget to
3 ensure our government's stability and credibility.
4 We promised to cut the costs of living and doing
5 business in the city, to close the competitive gap
6 between Philadelphia and our suburbs.

7 We promised to improve the quality of
8 basic city services, to safeguard and enhance a
9 quality of life that will make the city a place
10 where people and businesses want to be.

11 And we promised to invest in our
12 future, through a strong capital program and
13 strategic economic development initiatives that
14 would grow the economy and create jobs for our
15 residents.

16 In holding to this strategy, we have
17 been rocked more than once by jolts from corporate
18 headquarters outside of Philadelphia and from the
19 halls of government in Harrisburg and Washington.

20 We have seen the loss of many
21 Philadelphia institutions -- Wanamaker's, Breyers,
22 Fleer, After Six, Whitman's Chocolates, Mrs. Paul's,
23 and, most devastatingly of all, the Philadelphia
24 Naval Shipyard.

25 We have seen brutal reductions in

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1 MAYOR'S PRESENTATION

2 Welfare and Medical Assistance for our most
3 disadvantaged citizens.

4 We have seen year after year of an
5 inadequate state funding for our public schools that
6 fails to keep pace even with inflation, let alone
7 with the growth in enrollment and educational needs
8 of our school children.

9 Despite all these challenges, we have
10 stuck to our strategy and we have delivered on our
11 promises. As a result, in 1997, Philadelphia
12 experienced its best year in decades.

13 Let me briefly recap for you some of
14 the highlights of the past year.

15 With the support of this Council,
16 Kvaerner, one of the world's largest shipbuilders,
17 announced that it will soon begin transforming the
18 former Philadelphia Naval Shipyard into a
19 state-of-the-art facility that will bring back an
20 American industry, and will create up to 1200 direct
21 jobs and an estimated 5,000 or more additional jobs
22 across this region.

23 In lower North Philadelphia, HUD
24 selected us as one of six cities nationwide for
25 funding to construct nearly 300 new homes in the

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1 MAYOR'S PRESENTATION

2 Cecil B. Moore area. The \$107 million Apollo of
3 Temple opened its doors.

4 And the growing successes of
5 neighborhood revitalization efforts, both commercial
6 and housing, have created a phenomenon not seen in a
7 generation, property values are rising, and people
8 are coming home to North Philadelphia.

9 In the city's emerging hospitality
10 sector, the Pennsylvania Convention Center hosted
11 more major conferences than New York, Boston, or
12 Washington, D.C., helping to generate the
13 announcement of nine major hotel projects, seven of
14 which are already under construction.

15 These seven projects will create an
16 estimated 3300 construction jobs and 1700 permanent
17 jobs.

18 Also during the year, the pride of
19 the Million Woman March and the spirit of the
20 President's Summit for America's Future focused the
21 eyes of the world on Philadelphia.

22 At Independence Hall, the greatest
23 model of history in our nation, funding was secured
24 for a new Liberty Bell Pavilion and a Gateway
25 Visitor Center, while a new master plan was

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1 MAYOR'S PRESENTATION

2 announced, highlighted by an exciting new National
3 Constitution Center.

4 At Schuylkill Falls, HUD awarded a
5 \$26 million grant to the Philadelphia Housing
6 Authority in support of an innovative \$68 million
7 plan to build 300 low-rise homes and retail shops on
8 the site of that demolished high-rise towers.

9 At Penn's Landing, the city and the
10 nationally recognized Simon DeBartolo Group
11 announced plans to create a \$200 million,
12 family-oriented urban entertainment complex, only
13 the third in the nation of its kind, that will serve
14 as an anchor for the newly revitalized Delaware
15 River waterfront.

16 In West Philadelphia, the University
17 of Pennsylvania broke ground for the construction of
18 a \$120 million retail and residential project called
19 Sansom Commons, which will create over 400 permanent
20 jobs.

21 Along the Avenue of the Arts, a
22 stunningly successful restoration project opened the
23 vibrant High School for the Creative and Performing
24 Arts, while the Regional Performing Arts Center
25 project took two major steps forward with the

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1 MAYOR'S PRESENTATION

2 announcement of a world-class design team and a \$5
3 million gift from philanthropists Ray and Ruth
4 Perelman.

5 In Eastwick, PNC Bank opened its new
6 operation center, keeping 1,000 jobs in the city --
7 jobs that were sought mightly by New Jersey -- and
8 announced plans for further expansion that may add
9 up to 500 additional new jobs.

10 Also in 1997, Philadelphia welcomed
11 several world-class chains and major new retail
12 stores and restaurants, from Lord & Taylor, to the
13 Hard Rock Cafe. And many, many more are queuing up
14 to get in on the Philadelphia revival.

15 At Philadelphia International
16 Airport, USAirways and the city announced a new \$400
17 million development project that will more than
18 double the airline's overseas service from
19 Philadelphia, and create more than 3,000
20 construction jobs and 3600 permanent jobs.

21 Already, the airport's improved
22 facilities, shops, and restaurants have helped make
23 Philadelphia International Airport the fastest
24 growing of the nation's 25 busiest airports.

25 And our project to build the new

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1 MAYOR'S PRESENTATION

2 commuter runway is well ahead of schedule, and will
3 open in 1999.

4 Further, SmithKline Beecham announced
5 Center City's first major new office construction
6 project in this decade, a \$28.5 million, 180,000
7 square foot building that will serve as its United
8 States headquarters.

9 And work has finally begun on the
10 procedure that will bring down the fire-damaged
11 Meridian Tower.

12 In Grays Ferry, plans for the
13 construction of over 1,000 new homes on the grounds
14 of the historic U.S. Naval home were announced.
15 When complete, the project will represent the city's
16 largest new housing development in more than four
17 decades.

18 In the city's three empowerment
19 zones, 1997 demonstrated that we can restore hope
20 even to our most distressed communities.

21 In the North Central Zone, we broke
22 ground for the exciting new Billie Holiday
23 Entertainment Plaza on Cecil B. Moore Avenue.

24 In the Parkside Empowerment Zone, we
25 are moving forward towards completion of a new

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1 MAYOR'S PRESENTATION

2 state-of-the-art industrial park, as well as a new
3 first-class shopping center.

4 And in the American Street Zone,
5 ground was broken for the 3.5 acre Gateway Plaza
6 Shopping Center, the first new retail construction
7 in this neighborhood for nearly 30 years.

8 All told, 56 new businesses have now
9 moved into the Empowerment Zone, and 18 more have
10 received the financing they need for expansion.

11 And in neighborhoods throughout the
12 city, other projects, large and small, are
13 happening -- from the remaking of the Italian
14 Market; to the development by Philadelphia
15 Interfaith Action of 135 new homes for low- to
16 moderate-income, first-time home buyers on 46th
17 Street, north of Market; to the New Kensington Open
18 Space Management Program, which is conveying over 80
19 vacant and adjacent lots to adjacent homes and
20 businesses for side yards and homeowner parking; to
21 the completion of a new 51-home development in
22 Chinatown.

23 Although many of 1997's projects are
24 only just beginning to get underway, according to
25 the Federal Bureau of Labor Statistics, Philadelphia

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1 MAYOR'S PRESENTATION

2 gained 3,000 jobs between November 1996 and November
3 1997.

4 After a string of 31 consecutive
5 quarters of job losses dating back to 1988,
6 Philadelphia has now experienced 6 consecutive
7 quarters of job growth.

8 All of this progress demonstrates
9 that people and businesses are believing in
10 Philadelphia again. They are investing in our
11 future, building on what will be city government's
12 most lasting and important contribution to
13 Philadelphia throughout this entire decade, the
14 restoration of hope.

15 (Applause.)

16 MAYOR RENDELL: But make no mistake.
17 While we can all take pride in the achievements of
18 the past year, Philadelphia, like all cities, is
19 still in for the fight of its life.

20 In part, our challenge is budgetary.
21 While we finished Fiscal Year 1997 with our fifth
22 consecutive year-end surplus, culminating in a
23 record \$128.8 million fund balance, the continuation
24 of our budget successes is far from certain.

25 Not only do major fiscal threats

1 MAYOR'S PRESENTATION

2 still lie ahead, but much of our current budget
3 surplus has already been pledged.

4 For example, the city has benefited
5 enormously from President Clinton's Crime Bill. All
6 told, once the final hundred Crime Bill officers
7 enter the Academy this April, we will have added a
8 total of 753 Crime Bill officers to our force.

9 However, Fiscal Year 1999 represents
10 the first year since the inception of the Crime Bill
11 that the city's share of the cost of these officers
12 will exceed the federal subsidy.

13 As a result, the \$22.1 million
14 included in the proposed Fiscal Year 1999 budget for
15 the Crime Bill officers is \$7.8 million more than on
16 our current Operating Budget.

17 By Fiscal Year 2002, when federal
18 funding runs out altogether, the total city cost for
19 keeping these police on the streets will rise to
20 \$41.2 million per year.

21 Further, we must absorb the
22 increasing costs of our 1996 collective bargaining
23 agreements, which include 3 and 4 percent increases
24 over the next two years, after a year when regional
25 inflation was just barely 1.3 percent.

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1 MAYOR'S PRESENTATION

2 While these solid raises are
3 absolutely justified, in light of the extremely hard
4 work by our municipal work force in helping to turn
5 our city around, these rising compensation costs,
6 including increasing pension and health and Welfare
7 costs, will also add to our massive financial
8 burden.

9 In addition, the city's budget must
10 now absorb the loss of the Personal Property Tax
11 revenues, in light of constitutional challenges to
12 the tax and the threat that bank trust departments
13 would leave the city.

14 But unlike some of our suburban
15 counties, which raised property taxes as much as 29
16 percent to compensate for the loss of the Personal
17 Property Tax revenues, we tightened our belts and
18 did not raise Philadelphia's rates.

19 As a result, the elimination of the
20 Personal Property Tax means that the city will have
21 to compensate for a \$16.5 million loss in Fiscal
22 Year 1999, with a cumulative loss of over \$107
23 million over the five years of our new plan.

24 Far more sobering than these
25 near-term budgetary challenges, however, is that the

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1 MAYOR'S PRESENTATION

2 city's long-term economic recovery remains
3 vulnerable. We cannot for one minute afford to
4 think that all of our problems are solved.

5 For while our growth is exciting and
6 real, it comes during one of the most robust periods
7 of national prosperity in this country. Even with
8 the slightest down turn in the national economy, the
9 signs of Philadelphia's recovery could quickly fade
10 away.

11 Further, now bearing down on us is
12 the catastrophic impact of federal and state Welfare
13 cuts. Under these grim policies, at least 38,000
14 former Welfare recipients are being forced to find
15 work in a city where the unemployment level is
16 already twice that of neighboring Montgomery
17 County.

18 What is more, another 43,000 single
19 adults, age 19 to 59, have already lost their
20 state-funded medical assistance. These policies are
21 creating signs of a coming tragedy all around us.
22 Just listen.

23 At our eight District Health Centers,
24 for example, there continues to be a dramatic
25 increase in the number of visits by uninsured

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1 MAYOR'S PRESENTATION

2 patients.

3 In Fiscal Year 1999, the Health
4 Department projects 335,000 health center visits,
5 over 40 more thousand than experienced in Fiscal
6 Year 1995.

7 Further, and damaging fiscally, we
8 project that 61 percent of next year's visits will
9 be by uninsured patients, in contrast to only 44
10 percent in Fiscal Year 1995.

11 Recent city surveys also show that
12 requests for food assistance increased by 20 percent
13 in November alone. And in some neighborhoods, the
14 increase in requests for food tops 30 percent.

15 And this is in the middle of the
16 strongest national economy in years, and as the cuts
17 are only beginning to hit us. Given these threats
18 and challenges, this is no time to let up.

19 It is true that government can't
20 solve every problem we face. And that is doubly
21 true for a local city government forced to shelter a
22 staggering burden of social and economic problems
23 that the rest of the nation often chooses to
24 ignore.

25 But what we do makes a tremendous

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1 MAYOR'S PRESENTATION

2 difference in people's lives. And what we do over
3 the next two years can help establish a tremendous
4 foundation for Philadelphia's new century. That is
5 why the budget I am submitting for Fiscal Year 1999
6 is so important.

7 More than at any other time since I
8 have been Mayor in Philadelphia, we are beginning to
9 shake off our doubters and the remnants of our
10 fiscal crisis.

11 This past year has been one of
12 tremendous achievement, and the future looks even
13 brighter. However, all of us understand that our
14 fiscal stability is the foundation on which we must
15 build our future.

16 The proposed Fiscal Year 1999 budget
17 and new Five-Year Plan holds true to the course that
18 we started and started us along this great
19 recovery.

20 We will continue to live within our
21 means. We will continue to improve the quality of
22 services we provide to citizens.

23 We will continue to lower the costs
24 of living and working in Philadelphia through
25 responsible reductions in municipal taxes. And we

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1 MAYOR'S PRESENTATION

2 will continue to invest in economic opportunity.

3 First, in our basic city services, we
4 are proposing continued enhancement of targeted
5 neighborhood services to improve our quality of
6 life.

7 For most of our citizens, the
8 progress we made as a city government is not
9 measured by the size of a budget surplus or the bond
10 ratings assigned by Wall Street.

11 For most Philadelphians, city
12 government is ultimately about the service it
13 delivers -- more police on the street, graffiti
14 removal, on-time trash collection, the quality of
15 water we drink, and even the creation of an indoor
16 soccer league for our kids.

17 In our proposed Fiscal Year 1999
18 Operating Budget, we are budgeting for nearly 7,000
19 police officers.

20 (Applause.)

21 MAYOR RENDELL: This will be the
22 city's largest sworn force in more than a decade,
23 including the 753 new officers we have hired since
24 1995 with the funding from the Federal Crime Bill.

25 As I noted earlier, the hundred Crime

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1 MAYOR'S PRESENTATION

2 Bill officers who will enter the Academy this
3 spring, and will hit the streets of Philadelphia by
4 the end of the year, will bring us up to the 7,000
5 mark.

6 As a result of our growing police
7 force, during the past year we tripled the size of
8 the Narcotics Strike Force, from 50 to 150 officers,
9 to crack down on illegal drug activity.

10 We also created the Rapid Response
11 Crime Team, an elite corps of 100 highway patrol
12 officers who work in support of the Strike Force by
13 targeting the violent street crimes in those very
14 same neighborhoods.

15 These initiatives are part of a
16 series of deployment measures that the city will
17 continue in the months ahead, steps that are
18 radically transforming the way we deploy our police
19 to strike ever harder at illegal drugs, violent
20 crime, and the crimes against our quality of life
21 that drain a city's life blood. And already these
22 first redeployment initiatives are working.

23 Just a few weeks ago, the Strike
24 Force and the Rapid Response Crime Team embarked on
25 their first joint mission, attacking street corner

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1 MAYOR'S PRESENTATION

2 drug sales and crime in the West Philadelphia
3 neighborhood centered around 58th and Arch Street.

4 In the first two weeks of that
5 operation, our officers made 81 narcotics arrests,
6 and reports of violent crime in that neighborhood
7 are down by a third.

8 On the street, more than 270
9 Philadelphia police cars have been outfitted with
10 Mobile Data Terminals. These computers reduce the
11 number of calls being dispatched over police radio
12 and give the officer on the street instant access to
13 important information about the incident or the
14 individual in question.

15 Our officers tell us that these MDTs
16 are terrific new tools to help fight crime. And our
17 proposed budget includes \$300,000 for increased data
18 broadcast costs, as we equip over 500 more police
19 cars, including every sector patrol car in the city,
20 by the end of this next Fiscal Year.

21 In addition, the proposed Fiscal Year
22 1999 budget includes over \$528,000 for operational
23 costs associated with the creation of the police
24 department's new Helicopter Aviation Unit.

25 This new unit, projected to be in

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1 MAYOR'S PRESENTATION

2 service by this summer, will help fight crime by
3 taking reconnaissance photos of drug houses,
4 tracking stolen vehicles, and spotlighting suspects
5 at night.

6 Funding is also proposed in FY '99 to
7 outfit ten additional bike patrol officers, which
8 would bring our total complement to 85, two-officer
9 bike patrol units citywide.

10 This investment in more police
11 officers and better crime-fighting tools is critical
12 to improving public safety. But that is not all we
13 are doing.

14 In November the Justice Department
15 awarded the city a \$4.9 million grant as part of the
16 Federal Local Law Enforcement Block Grant Program.

17 This grant marks the second straight
18 year in which the city has won increased federal
19 support for our efforts to crack down on quality of
20 life crimes that threaten the security of our
21 neighborhoods; crimes like curfew violations,
22 under-aged drinking, truancy, and graffiti
23 vandalism.

24 With the help of the federal grant,
25 we are expanding neighborhood police patrols through

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1 MAYOR'S PRESENTATION

2 additional overtime. And for the first time we are
3 providing funding to support the permanent creation
4 of night courts, the highly effective court program
5 that adjudicates on the same night of the arrest.

6 This grant will also fund a variety
7 of other important anti-crime activities, including
8 expanded crime mapping, additional police computer
9 technology and software, nuisance abatement
10 initiatives, and a number of effective anti-violence
11 programs run by the School District.

12 Also in our Fiscal Year 1999 budget,
13 we have proposed an additional \$70,000 for victim
14 witness support and \$500,000 more for the District
15 Attorney to add prosecutors and investigators for
16 narcotics trials and appeals.

17 Every year since Philadelphia first
18 emerged from its fiscal crisis, the Administration
19 and City Council have significantly increased
20 General Fund spending for the police department,
21 from \$299 million in Fiscal Year 1994, to a proposed
22 \$358 million in Fiscal Year 1999.

23 This represents a total increase of
24 almost 20 percent, and nearly \$60 million a year in
25 additional funding for our police department.

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1 MAYOR'S PRESENTATION

2 At the local level we are not just
3 talking about fighting crime; we are doing something
4 about it. But we could use more help from
5 Harrisburg.

6 That's why I call on the state
7 legislature to support the crime fighting
8 initiatives I proposed back in September and which
9 were introduced by Senator Fumo in the state Senate
10 last fall.

11 These include support for a 10 cent
12 surcharge on all local lottery tickets to fund the
13 hiring of an additional 750 new police officers in
14 Philadelphia, and for the state police to assume the
15 patrol of state highways in Philadelphia, like I-95
16 and the Schuylkill Expressway.

17 State troopers patrol these and other
18 state roads all over in Pennsylvania. Why not in
19 Philadelphia, too?

20 This one measure alone would free up
21 to 50 police officers, to put them back out on the
22 streets.

23 And if we get these officers back, I
24 pledge to you I will immediately add them to the
25 Rapid Response Crime Team, raising it to 150

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1 MAYOR'S PRESENTATION

2 officers, which will help fight crime in our
3 neighborhoods immeasurably.

4 But these are by no means the only
5 measures that we are taking to improve the quality
6 of life of our citizens.

7 The city's comprehensive
8 anti-graffiti campaign continues to make tremendous
9 progress in the drive to wipe out graffiti and
10 vandalism throughout the city.

11 In Fiscal Year 1997, the city's new
12 graffiti abatement teams cleaned or painted over
13 graffiti on 7,520 properties and street fixtures
14 citywide, more than the numbers of properties
15 cleaned in the prior two fiscal years combined.

16 In Fiscal Year 1998, we project to
17 clean 19,000 properties. And in Fiscal Year 1999,
18 we are proposing to increase the funding of this
19 initiative by another \$163,000 to staff and supply
20 two more crews.

21 In addition, we are proposing an
22 \$82,000 increase for the Mural Arts Program, to help
23 increase the number of new murals painted each year
24 from a projected 37 this fiscal year, to over 60
25 next fiscal year.

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1 MAYOR'S PRESENTATION

2 In the Recreation Department, we
3 propose to add even more resources to the highly
4 effective Violence Prevention After-School Program,
5 a key component of the Children and Families
6 Cabinet's Youth Violence Prevention Initiatives.

7 This after-school program, funded on
8 a pilot basis in Fiscal Year '97, provides three
9 hours of safe and fun activities after school every
10 day, including creative arts, athletics, and
11 homework support.

12 Well, I don't know how much fun
13 homework support is.

14 In Fiscal Year 1999, we are proposing
15 an additional \$750,000 for this initiative.

16 (Applause.)

17 MAYOR RENDELL: And this will build
18 on the increase of \$620,000 received by the
19 Recreation Department in this fiscal year's budget.

20 This will bring total city funding of
21 after-school programs to nearly \$1.4 million
22 annually, and enable the Recreation Department to
23 serve 3,200 children at 160 sites, including every
24 recreation center with the facilities to accommodate
25 after-school programs.

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1 MAYOR'S PRESENTATION

2 (Applause.)

3 MAYOR RENDELL: In addition, the
4 School District is working to put up 40 after-school
5 programs and put them in place by the end of the
6 year.

7 And the nonprofit Philadelphia
8 Citizens for Children and Youth, and a host of other
9 Civic organizations, have pledged -- many in line
10 with the President's summit -- to develop new
11 after-school activities for thousands of
12 Philadelphia children over the next three years.

13 The Recreation Department is also the
14 scene of an innovative new partnership between city
15 managers and the unionized work force.

16 The partnership they created is part
17 of the Reinventing Government Initiative that grew
18 out of the 1996 collective bargaining agreement with
19 District Councils 33 and 47.

20 Last summer, both managers and DC 47
21 members worked together to expand and promote the
22 department's Summer Meals Program.

23 As a result, 30 more neighborhood
24 facilities participated in the program, over 106,000
25 more free lunches were served to children in 1996,

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1 MAYOR'S PRESENTATION

2 and breakfasts were added to the program for the
3 first time.

4 Further, because existing rec center
5 staff were able to integrate this program into their
6 overall duties, and because food and administrative
7 costs are covered by the Commonwealth, this
8 expanding meals program is not burdening the city's
9 own budget.

10 To support the continuing improvement
11 of our neighborhood recreation centers, in our
12 proposed FY '99 budget we are adding a total of more
13 than \$100,000 in additional funding to provide
14 full-time maintenance at the Hawthorne and Fox Chase
15 Recreation Centers, that were recently upgraded to
16 Class A facilities, and for chlorine purchases for
17 the increased activity at city pools.

18 For the first time in 15 years, each
19 Class A center that we have in the Recreation
20 Department will now be fully staffed.

21 In the Free Library system, the
22 Changing Lives capital campaign is helping to
23 transform the city's 52 branch and regional
24 libraries.

25 And I know many of you in Council

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1 MAYOR'S PRESENTATION

2 have been with me as we reopened branches that were
3 closed and worked on, and improved, and wired for
4 all the new computer technology.

5 And when we reopened those branches,
6 it is a wonderful feeling. In many of our
7 neighborhoods, those library branches are oases of
8 warmth and comfort, where kids come to learn and
9 come for after-school activities, as well.

10 As the temporary closures due to
11 renovations begin to come to an end, we expect that
12 seven more libraries will open in Fiscal Year 1999,
13 as compared to this year.

14 To staff these revitalized libraries,
15 we propose to increase the Free Library budget by
16 more than \$672,000, to fund 24 additional
17 employees.

18 Also, we are proposing to add \$63,000
19 to the library's budget to fund regular maintenance
20 of the new roofs placed on libraris in recent
21 years.

22 In Fairmount Park, thanks to an
23 extraordinary five year, \$26.6 million William Penn
24 Foundation grant in support of natural lands and
25 restoration and education, we have begun the process

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1 MAYOR'S PRESENTATION

2 of revitalizing our parks.

3 Also, across the city's

4 neighborhoods, the proposed Fiscal Year 1999 budget
5 and Five-Year Plan contain \$1 million per year each
6 and every year of the Five-Year Plan for the pruning
7 and care of street trees.

8 Our Children and Families Cabinet
9 begins work this month to move forward with an
10 eight-year, \$8 million urban health initiative
11 funded by the Robert Wood Johnson Foundation, a very
12 competitive grant which we won.

13 And it is a community focused
14 partnership to reduce teen pregnancy, teen substance
15 abuse, and youth violence.

16 Also in our Health Department,
17 tremendous progress is being made in an effort to
18 see that Philadelphia's young children are
19 immunized.

20 According to a recently released
21 report by the National Center for Disease Control,
22 79 percent of Philadelphia's pre-school children are
23 now appropriately immunized, up from only 50 percent
24 three years ago, the largest single increase in
25 immunization among the 50 states and 26 urban areas

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1 MAYOR'S PRESENTATION

2 covered by our report.

3 And that is something we can all be
4 tremendously proud of.

5 (Applause.)

6 MAYOR RENDELL: Because we have seen
7 in the past Philadelphia children heart-breakingly
8 dying because they did not receive basic
9 immunization that is now available to all.

10 All of this progress is encouraging.
11 We must also do more to manage the devastating
12 impact of federal and state cuts in Welfare and
13 Medical Assistance.

14 To help maintain basic fundamental
15 health care, we are proposing a \$1 million increase
16 in the FY '99 budget for the eight district health
17 centers, on top of a \$200,000 increase in this
18 present fiscal year, to provide additional staff and
19 supplies.

20 In addressing the challenges of
21 homelessness, the impact of state and federal
22 Welfare cuts is also severe, compounded by the fact
23 that the city has experienced a net decrease of \$1.2
24 million in state funds for shelter beds since FY
25 '96.

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1 MAYOR'S PRESENTATION

2 Nonetheless, last year we were able
3 to add another 1200 new transitional and permanent
4 housing units for homeless and at-risk families and
5 individuals, bringing our total over the last six
6 years to over 8,000 newly created transitional and
7 permanent units for our formerly homeless citizens.
8 And we were able to increase our job training
9 placements by over 50 percent.

10 In our proposed FY '99 budget, we
11 maintain this commitment to preventing homelessness,
12 adding a proposed increase of \$150,000 for case
13 management services in the Office of Emergency
14 Shelter Services.

15 In the Department of Human Services,
16 family preservation programs have been strengthened,
17 while the number of adoptions placing abused or
18 neglected children in new homes increased from 275
19 in FY '96, to 422 in FY '97.

20 Overall, in Fiscal Year '98, Children
21 and Youth Division staffing is up by an average of
22 54 social workers over last Fiscal Year.

23 To continue to support critical child
24 welfare services, the proposed Fiscal Year 1999
25 budget for DHS includes an increase of \$2.8 million

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1 MAYOR'S PRESENTATION

2 for costs not being reimbursed by state and federal
3 grants.

4 In September of last year, with the
5 approval of City Council, the Department of Licenses
6 and Inspection hired 11 new inspectors, and plans to
7 hire four more by the end of Fiscal Year 1998.

8 This increase is intended to build on
9 the 27 percent increase in code inspections achieved
10 from FY '94 to FY '97, and to further reduce the
11 risk of fires and other hazards.

12 In conjunction with the fire
13 department's outstanding initiatives to promote fire
14 safety and prevention, fire deaths in Philadelphia
15 declined to 53 in Fiscal Year '97, the lowest total
16 since this statistic began to be tracked more than
17 two decades ago.

18 Finally, in the remainder of Fiscal
19 Year '98 and into Fiscal Year '99, we are proposing
20 to build on L & I's programs with a \$1 million,
21 two-year pilot program, a half a million dollars
22 each year, for the demolition of imminently
23 dangerous buildings in the city's targeted Partners
24 for Progress Zones.

25 This pilot will allow Partners for

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1 MAYOR'S PRESENTATION

2 Progress to clear an additional 200 vacant and
3 abandoned structures as part of its efforts to
4 stabilize and improve disadvantaged neighborhoods.

5 This money is in addition to the more
6 than \$10 million budgeted for L & I's ongoing
7 demolition program in FY '98 and proposed again in
8 FY '99.

9 Counting the major investments made
10 in recent years, this would bring our total
11 demolition spending since Fiscal Year 1995 to more
12 than \$55 million.

13 In addition to those operating
14 improvements, the Fiscal Year 1999 Capital Budget
15 and Capital Program that I am submitting to you
16 today continues our commitment to revitalizing the
17 city's capital infrastructure.

18 In the early 1990s, annual city
19 capital spending was an abysmal 45 percent of what
20 we needed just to maintain, properly and adequately
21 maintain, the city's capital infrastructure.

22 And by the time of our financial
23 crisis, the city's Capital Program had virtually
24 ground to a halt.

25 Between Fiscal Year 1989 and Fiscal

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1 MAYOR'S PRESENTATION

2 Year 1992, the average monthly expenditure for
3 capital projects was only \$13.5 million.

4 In contrast, for Fiscal Year '96,
5 through the first five months of this Fiscal Year,
6 the average monthly expenditure was \$25.9 million,
7 an increase of 92 percent.

8 In FY '99, we are proposing to spend
9 \$127.5 million in city capital funds, representing
10 the seventh straight year in which the city is
11 proposing to invest more than \$100 million of city
12 funds on capital projects.

13 A significant portion of the Capital
14 Budget is dedicated to neighborhood projects that
15 will further improve the quality of life for all of
16 our citizens.

17 These projects include \$4.5 for
18 renovation to Free Library facilities, to help the
19 library meet its goal of renovating all 52 branch
20 and regional libraries; \$14.6 million for
21 improvements at Recreation Department facilities all
22 over the city; over \$3.4 million for renovations to
23 our District Health Centers and Riverview; \$13
24 million for street resurfacing; \$1.7 million for
25 streetlighting; \$80,000 for the Bicycle Network

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1 MAYOR'S PRESENTATION

2 Plan, which leverages \$320,000 in matching federal
3 funds; \$2.4 million in the Zoo, for the Zoo,
4 including a second \$1.25 million matching
5 contribution to the new Primate Center, bringing the
6 city's total commitment to \$7.9 million for this
7 facility; and \$4.6 million for improvements to
8 facilities in Fairmount Park, including Memorial
9 Hall, the Japanese House, the West River Drive
10 Recreation Path, the Belmont Grove picnic area, the
11 Cobbs Creek Recreation Center, Eakins Plaza, Edgely
12 Fields, Parkside, Evans Playground, and the
13 Schuylkill River Park.

14 (Applause.)

15 MAYOR RENDELL: In addition to
16 capital investments in our neighborhoods, the Fiscal
17 Year 1999 Capital Budget also contains funding for a
18 host of infrastructure and economic development
19 projects designed to build on the city's incredible
20 momentum and create jobs, jobs that provide hope and
21 a meaningful stake in the future for all of our
22 citizens.

23 The Capital Budget includes
24 initiatives such as \$1.57 million for improvements
25 at neighborhood commercial corridors throughout the

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1 MAYOR'S PRESENTATION

2 city, twice the amount budgeted this Fiscal Year; \$4
3 million for renovations and safety improvements to
4 the Art Museum; \$9 million towards the exciting new
5 master plan for Independence Mall, including a new
6 Liberty Bell Pavilion; \$12.5 million to support the
7 construction of a regional Performing Arts Center;
8 \$2.5 million towards the \$6.3 million allocated in
9 the budget for the North Broad Street Streetscape
10 Project; \$1 million for site improvements at the
11 Food Distribution Center; and \$2.5 million for the
12 Byberry Reuse Plan.

13 The FY '99 Capital Budget will also
14 support projects in business districts throughout
15 the city through such measures as new curbs and
16 sidewalks, improved lighting, and public parking.

17 This year, our proposed Capital
18 Budget incorporates \$41.7 million in funding from
19 the proceeds of the city's sale of its port holdings
20 to the state in 1990.

21 As you know, we have waited for the
22 appropriate time to invest the port proceeds. Now,
23 with the booming national economy and the seeds of
24 our own economic development efforts beginning to
25 bear full fruit, we must seize the moment.

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1 MAYOR'S PRESENTATION

2 These funds will help replenish the
3 city's successful economic stimulus program, which
4 has so far retained or attracted over 42,000 jobs.

5 These funds will also provide vitally
6 needed resources for a variety of neighborhood
7 initiatives, including \$1 million for West Parkside
8 development, \$4 million for the Schuylkill Falls
9 redevelopment, and \$3 million for a new
10 moderate-income housing development in South
11 Philadelphia.

12 Together, these significant capital
13 investments will enable the city to continue to
14 improve the quality of life in our neighborhoods,
15 and expand our commitment to job creation, and
16 upgrade the city's facilities for both citizens and
17 city workers alike.

18 Having the ability to support these
19 investments is a direct result of the fiscally
20 conservative management policies that we put in
21 place six years ago.

22 These efforts are crucial to our goal
23 of making Philadelphia more competitive as a place
24 to live and work.

25 But by themselves, they are not

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1 MAYOR'S PRESENTATION

2 enough to turn the tide. We must continue to grow
3 the city's economy and provide new job opportunities
4 for thousands of Philadelphians who, despite our
5 best efforts, still have no hope and no meaningful
6 stake in this city's future.

7 In an effort to attract new business
8 and jobs to Philadelphia, there may be no more
9 single important initiative than the Incremental Tax
10 Reduction Program launched by this Administration
11 and this City Council three years ago.

12 The three rounds of cuts in the
13 city's debilitating Wage and Business Privilege
14 Taxes have sent a powerful message, and that message
15 is simple, the cost of living and doing business in
16 Philadelphia is coming down.

17 (Applause.)

18 MAYOR RENDELL: The best news of all
19 is, the gap between the city and the suburbs is
20 closing. And this year we propose to close that gap
21 even further.

22 As you know, last year's Five Year
23 Plan proposed extending the Incremental Tax
24 Reduction Program into a seventh year, well beyond
25 my term as Mayor.

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2 This year we propose to extend the
3 tax cut program into an eighth year, to ensure that
4 Philadelphia will continue to grow even more
5 competitive in the years ahead.

6 In addition, the pace of our economic
7 recovery, together with last year's record budget
8 surplus, provides us with a unique opportunity to
9 accelerate the pace of tax reduction on behalf of
10 our citizens and businesses.

11 The original tax reduction plan
12 called for reductions in FY '99 from the current
13 4.79 percent to 4.715 percent for city residents,
14 and from 3.16 percent to a little under 4.1 percent
15 for non-residents.

16 But because the pace of our recovery
17 is picking up speed and our budget performance has
18 been so strong, today I am proposing that this year
19 we reduce the wage tax by more than we anticipated.

20 I propose to cut the residential wage
21 tax to 4.6869 percent in FY '99 for residents, and
22 to 4.075 percent for non-residents.

23 These cuts represent the largest
24 single-year reduction in the entire tax cut program,
25 nearly 2.2 percent.

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1 MAYOR'S PRESENTATION

2 Although the larger cut was
3 originally planned for FY 2000, we can afford it
4 now, and our citizens and businesses deserve it.

5 (Applause.)

6 MAYOR RENDELL: However, while I am
7 proposing this accelerated tax cut in Fiscal Year
8 1999, I am also proposing a more modest adjustment
9 than originally slated for Fiscal Year 2000.

10 So the rates by Fiscal Year 2001 will
11 be exactly the same as set forth in our prior
12 versions of the Incremental Tax Reduction Plan.

13 This adjusted schedule not only takes
14 advantage of our current fiscal strength, but it
15 will also help us to handle the next round of wage
16 tax cuts in the years ahead, when the city must also
17 fund new labor contracts and manage the impact of
18 Welfare reform.

19 Over the first four rounds of the Tax
20 Reduction Program, from Fiscal Year '96 through
21 Fiscal Year '99, a Philadelphia family earning
22 \$30,000 would have saved a total of \$184, with an
23 annual reduction for this year of \$82.

24 After the full eight years of
25 reductions are in place, that same family's

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1 MAYOR'S PRESENTATION

2 cumulative savings will rise to \$671, with \$138 in
3 annual savings going forward.

4 In addition, I am recommending that
5 we maintain our original schedule reductions in the
6 gross receipts portion of the BPT tax, which will be
7 cut from 2.875 million to 2.775 million in FY '99.

8 For a representative Philadelphia
9 business with \$15 million in gross revenues and
10 before-tax profits of 1.5 million, the first four
11 rounds of BPT tax will have saved over \$21,000.

12 After eight years, the cumulative
13 savings will total nearly 68,000, with an annual
14 savings of over \$14,000 every year thereafter.

15 For city-based businesses, the new
16 formula for calculating the net income portion of
17 the BPT tax enacted in Fiscal Year 1996 is further
18 improving their ability to compete.

19 And, as you recall, the new formula
20 double-weighted our receipts. The prior formula
21 included things like payroll, property, and receipts
22 evenly. By double-weighting receipts, we have
23 provided a benefit and well over a million dollars
24 of savings to Philadelphia-based businesses.

25 And in this proposed Fiscal Year's

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1 MAYOR'S PRESENTATION

2 budget, I am asking City Council to approve an
3 additional change in the BPT to include in that tax
4 any firm with ongoing activity in Philadelphia.
5 This is something called the Act of Presence Test.
6 And, as you know, up until now firms
7 have legally escaped paying our Business Privilege
8 Tax if they are housed and warehoused and have
9 administrative offices outside of the city, and they
10 send their product in by a third party and sell it
11 in the city.

12 But the Act of Presence test will
13 require those firms who have had a competitive
14 advantage over Philadelphia firms to pay the same
15 BPT, Business Privilege Tax. And I hope that City
16 Council will pass it.

17 (Applause.)

18 MAYOR RENDELL: And if we do pass
19 that, that will make two years in a row where we
20 have lowered the competitive disadvantage of
21 Philadelphia businesses competing against businesses
22 outside of Philadelphia, but who come here and take
23 advantage of our citizens and do business here. And
24 that's a major step in shortening that gap that I
25 talked about.

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2 Added together, the four years of tax
3 cuts so far, FY '96, '97, '98, and those proposed
4 for FY '99, will save Philadelphia taxpayers a
5 cumulative total of \$204 million.

6 And by the end of the eighth year of
7 those cuts, in Fiscal Year 2003, the Wage and
8 Business Tax reductions we have enacted, together
9 with those called for in the current Five Year Plan,
10 will have saved Philadelphia taxpayers a whopping
11 \$731 million, nearly three-quarters of a billion
12 dollars in Wage and Business Privilege Taxes.

13 We are closing the gap in
14 Philadelphia because government is committed to a
15 long-term program of rational, sensible tax relief.

16 (Applause.)

17 MAYOR RENDELL: As the many
18 initiatives that I have outlined today make clear,
19 we are making real strides in those areas where we
20 control our own destiny -- in reducing waste,
21 improving productivity, improving our
22 infrastructure, cutting taxes, and pooling public
23 and private resources to leverage even more economic
24 development.

25 But as I said in the past, the

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2 greatest frustration of being Mayor is that, no
3 matter how good a job we do -- and in partnership
4 with this City Council, under the extraordinary
5 leadership of President John F. Street, we have done
6 a great deal -- but, to a great extent, the city's
7 future rests on forces beyond our control.

8 In those areas, we need help from
9 other governments to solve some of our most pressing
10 problems. Without that help, we will never be able
11 to achieve all of the things that are possible for
12 this city.

13 Let me briefly discuss two of those
14 areas and what we propose to do about them.

15 First is the continuing struggle, a
16 ten-year struggle, to obtain full funding from
17 Harrisburg for the operation of the courts in
18 Philadelphia.

19 There is no question that the state
20 is required to fund the operation of the state
21 criminal and civil courts, as the State Supreme
22 Court ruled more than a decade ago.

23 More recently, in July 1996, the
24 Supreme Court required the legislature to enact a
25 court-funding scheme by January 1 of 1998. That

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2 deadline has come and gone, and the legislature
3 continues to defy the court mandate.

4 As a result, the city has been forced
5 to fund the Common Pleas and Municipal Courts at an
6 annual net cost of approximately \$130 million.

7 What is more, the city pays \$35
8 million additionally to fund court-related agencies,
9 like the Clerk of Quarter Sessions, the Register of
10 Wills, and the Sheriff's Department.

11 That is \$160 million a year that the
12 Pennsylvania Supreme Court says is the
13 Commonwealth's responsibility, \$160 million that the
14 legislature has so far chosen to ignore, forcing
15 Philadelphia taxpayers to shoulder this burden
16 alone.

17 Now, think about that for a minute.
18 Just imagine what kinds of programs and services we
19 could fund with an extra \$160 million.

20 In a city where federal and state
21 Welfare reform policies will force over 38,000
22 people to find jobs that simply do not exist, \$160
23 million would be eight times the \$20 million in
24 federal funding expected for our Private Industry
25 Council's Welfare To Work initiatives in each of the

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2 next two years.

3 And in a city where state legislators
4 have called for more police, \$160 million would fund
5 over 2,000 more officers a year.

6 Earlier this month the Supreme Court
7 established a Judicial Council to prepare for the
8 transition from County Court funding to Commonwealth
9 Court funding.

10 The city is committed to working with
11 the Judicial Council in order to bring about a plan
12 for full court funding by the Commonwealth for July
13 1, 1998.

14 But make no mistake, the Supreme
15 Court's announcements are crystal clear. This
16 funding obligation lies solely in Harrisburg, and
17 the city will no longer shoulder this burden
18 indefinitely.

19 As a result, we have included
20 absolutely no funding for the Philadelphia Courts in
21 the proposed FY '99 operating budget.

22 And it is our expectation that we
23 will see real progress before June 30, including, at
24 an absolute minimum, the first significant financial
25 relief for the city from this unconstitutional

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1 MAYOR'S PRESENTATION

2 burden and a reasonable time frame for the city's
3 development.

4 The city is committed to working with
5 the Judicial Council and the legislature to develop
6 a rational, orderly transition to full court
7 funding.

8 (Applause.)

9 MAYOR RENDELL: But if the
10 legislature does not match this commitment and we do
11 not see real and tangible progress over the next few
12 months, at the start of the new Fiscal Year, the
13 city's funding will run out.

14 Now, logic demands that the state
15 assume its responsibility for running the state
16 courts in Philadelphia.

17 But when it comes to the future of
18 Philadelphia's public school children, increased
19 state support is not only logical, it is a moral and
20 constitutional imperative.

21 Few concerns impact the city, its
22 residents, and its businesses more than the quality
23 of public education.

24 Our local tax dollars support the
25 School District of Philadelphia. Our businesses

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1 MAYOR'S PRESENTATION

2 rely on the School District to train and educate its
3 work force. And our city depends on the School
4 District to prepare our children to be productive
5 members of our community.

6 If Philadelphia is to fulfill its
7 promise as a great American city, then it absolutely
8 must provide a quality education for the nearly
9 215,000 children who attend its public schools.

10 Unfortunately, the task of educating
11 America's young has become far more challenging, and
12 it is especially different in an urban setting such
13 as Philadelphia.

14 Superintendent Hornbeck is right,
15 every child can achieve at high levels. However,
16 there are also extraordinary hurdles that far too
17 many of our city's school children face each and
18 every day: Poverty, unemployment, violence,
19 substance abuse, teenage pregnancies, lack of
20 insured health care. And the breakdown of societal
21 institutions have absolutely decimated much of the
22 world outside our classrooms.

23 Under these circumstances, it is
24 often difficult for even the most motivated students
25 to learn and the most extraordinary educators to

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1 MAYOR'S PRESENTATION

2 teach. Yet, despite these obstacles, many of our
3 students and teachers do persevere.

4 Although, as the Pew Charitable
5 Trust's recent report on urban schools points out,
6 there are no urban school systems in the nation
7 today that can honestly make the claim that they
8 have completely turned the corner.

9 The School District of Philadelphia
10 is certainly headed in the right direction.

11 (Applause.)

12 MAYOR RENDELL: Over the past three
13 years, the School District has implemented full-day
14 kindergarten for every student for the first time in
15 our city's history, enhanced school safety through
16 the Safe Corridors Program and the addition of 75
17 more School-District-funded police officers,
18 surveillance cameras, metal detectors, accommodation
19 rooms, and other disciplinary programs, imposed
20 tough new education and testing standards for
21 students, and an equally stringent system of
22 accountability for administrators and teachers,
23 increased staff training hours, and made more
24 computers available than ever before.

25 In fact, today there is 1 computer

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1 MAYOR'S PRESENTATION

2 for every 10 students, as compared to 1 for every 30
3 students just three years ago.

4 In addition, the School District has
5 dramatically increased private fundraising and
6 public grant awards, raising almost over \$150
7 million over the past three years.

8 It has enlisted the support of over
9 10,000 volunteers and, with the help of this City
10 Council, made extra funds available to ensure that
11 every child has textbooks in English, math, science,
12 and social studies. There can be little doubt that
13 these improvements are starting to pay dividends.

14 The results of citywide testing in
15 1997 showed increases in student achievement at many
16 levels, particularly among the city's fourth
17 graders. Over 200 of the district's 259 schools
18 showed improvement over the previous years. Reading
19 and science test scores are up.

20 Now, some may categorize these
21 improvements as modest. And the truth is that far
22 too many of our public schools are still achieving
23 at unacceptably low levels.

24 However, improvement of any kind is
25 more than can be said in most urban school districts

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1 MAYOR'S PRESENTATION

2 around the nation.

3 Even USA Today has noticed, reporting
4 that Philadelphia's, quote, Schools have achieved in
5 three years what few, if any, urban schools can
6 claim, higher test scores.

7 The Boston Globe described
8 Philadelphia's public schools as, quote, A typical
9 story of shattered illusions in the innercity,
10 except for one thing, Philadelphia's scores are
11 starting to rise.

12 The simple truth is that progress has
13 been made, but more progress needs to be made.

14 Without adequate resources, however,
15 it will be incredibly difficult for the School
16 District to continue to achieve the results that we
17 expect.

18 Although it is true that money alone
19 cannot solve all the problems we face in our
20 educational system, more money would and will make a
21 significant difference. Just ask our neighboring
22 suburban school districts.

23 During School Year 1995-1996, they
24 spent an average of \$2,046 more per student than in
25 Philadelphia. Just think for a moment what an extra

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1 MAYOR'S PRESENTATION

2 \$60,000 would do for every classroom of 30 students
3 in Philadelphia.

4 In addition, consider the following:
5 Despite the fact that Philadelphia's children come
6 to school poorer and more in need of health care and
7 other basic services than their suburban
8 counterparts, Commonwealth funding of Philadelphia
9 public schools, both in absolute terms and in
10 comparison to other districts in the state, has
11 actually declined, even while enrollment in our
12 schools has increased by more than 10 percent over
13 the past five years.

14 There are more than 20,000 new
15 students alone in our School District. And these
16 20,000 by themselves would comprise the third
17 largest School District in the Commonwealth of
18 Pennsylvania.

19 If the state's funding for our public
20 schools had simply kept pace with the growth of
21 state funding to all other school districts since
22 Fiscal Year '92-'93, our schools would have
23 received an additional \$40.2 million in this current
24 Fiscal Year, as well as an additional \$150 million
25 over the past five fiscal years.

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1 MAYOR'S PRESENTATION

2 Further, had the Commonwealth
3 continued to use the same basic funding formula for
4 basic education that was in effect from 1983 to
5 1992, our School District would have received an
6 additional \$100.4 million in this current fiscal
7 year, and an additional \$386 million over the past
8 five fiscal years.

9 Even if the Commonwealth's funding
10 had simply kept pace with inflation, Philadelphia
11 would have received an additional \$7.5 million in
12 the current fiscal year, and \$261 million over the
13 past five years.

14 Without adequate resources, the
15 School District simply cannot continue to provide
16 full-day kindergarten, comprehensive daycare, the
17 Latin program, museum education, secondary school
18 extra-curricular activities, or the host of other
19 programs that are so critical to our children's
20 education.

21 And do not think for a moment that
22 there are any easy solutions, such as just cutting
23 waste in the District's administration.

24 Thanks to the work of the district's
25 Private Sector Task Force in Management and

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1 MAYOR'S PRESENTATION

2 Productivity, headed by Dick Smoot, a task force
3 very similar to the one I created back in 1992 to
4 help us root out waste in city government, the
5 District has saved more than \$29 million over the
6 past two years.

7 And by the end of the next school
8 year, the School District will have already cut more
9 than 300 administrative positions since the school
10 year of 1990 to 1991.

11 As a result, the district now spends
12 less on its budget on administration and more on
13 classroom instruction than the average for all 500
14 other school districts in the Commonwealth of
15 Pennsylvania.

16 I want to repeat that. I want to
17 repeat that, because it is so important for our
18 people, for the media, for the legislators to
19 understand that.

20 As a result of these changes, the
21 district now spends less on its budget on
22 administration and more on classroom instruction
23 than the average for all 500 other school districts
24 in the Commonwealth of Pennsylvania.

25 Further, the taxpayers of

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1 MAYOR'S PRESENTATION

2 Philadelphia cannot solve this problem alone. We
3 already shoulder a disproportionate share of the
4 cost of public education.

5 Despite our overburdened tax base,
6 the city's taxpayers contributed more than \$560
7 million to the School District last year, including
8 the second consecutive \$15 million Supplemental
9 Appropriation Grant approved by this Council, and
10 nearly \$34 million as a result of a tax lien sale.

11 This also included close to \$20
12 million in the Liquor By The Drink Tax, which has
13 proved to be such a success.

14 And that does not include the more
15 than \$70 million in city services that we provide
16 the district, ranging from school crossing guards,
17 to the discount rates provided by our Water
18 Department and PGW.

19 Although this city and its taxpayers
20 are already doing all this for our public schools,
21 today I am proposing that we do even more.

22 In Fiscal Year 1999, for the third
23 year in a row, I propose that the city provide
24 another special Supplemental Appropriation Grant of
25 \$15 million to the School District.

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1 MAYOR'S PRESENTATION

2 (Applause.)

3 MAYOR RENDELL: That means that in
4 addition to the more than half a billion dollars of
5 local support already provided annually by city
6 taxpayers, we will have provided the District with
7 an extra \$45 million in Supplemental Appropriations
8 during the past three years alone.

9 This is not as much as the district
10 needs, and it is probably more than the city can
11 continue to afford, but we simply must do all we can
12 for the sake of our city's school children.

13 Unfortunately, if the Commonwealth
14 does not do its part, even this may not be enough.

15 According to a recent report by our
16 city controller, the District faces a budget deficit
17 in FY '99 that could reach as high as \$137 million.

18 To put this gap in perspective, if we
19 eliminated full-day kindergarten, comprehensive
20 daycare, and all of our desegregation funding, that
21 would save the district only \$50 million.

22 Eliminating every single dollar of
23 administrative expense would not come close to
24 saving \$137 million.

25 Last year the School District, with

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1 MAYOR'S PRESENTATION

2 my unequivocal support and that of this City
3 Council, drew a line in the sand. Together we said
4 that we could no longer tolerate cuts in
5 school-based programs.

6 We realized that further cuts would
7 decimate critical school programs and activity, and
8 quite literally destroy all the progress and
9 momentum of the past several years.

10 Instead, we adopted a zero growth
11 budgetary strategy, and committed to a School
12 District budget that represents the absolute minimum
13 required to meet the District's further and
14 fundamental educational obligations.

15 We also took extraordinary steps to
16 compel the Commonwealth to live up to its
17 constitutional and moral responsibility to our
18 kids.

19 In the spring of 1997, the School
20 District, along with the city and other plaintiffs,
21 including the Philadelphia Chapter of the NAACP,
22 instituted a new lawsuit against the Commonwealth
23 for violating its constitutional obligations to
24 provide a thorough and efficient education for all
25 of the city's school children.

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1 MAYOR'S PRESENTATION

2 This lawsuit is in addition to the
3 long-running desegregation case, which was concluded
4 before Commonwealth Court Judge Doris Smith last
5 summer.

6 In that case, which is now before the
7 Supreme Court, with oral arguments set for next
8 month, Judge Smith ruled that the Commonwealth had
9 indeed underfunded the School District.

10 This year we expect to bring yet
11 another lawsuit against the Commonwealth. This
12 Title 6 Complaint will be filed in Federal Court,
13 and will charge the Commonwealth with violating
14 federal Civil Rights Law by shifting funding away
15 from Philadelphia, which has the largest
16 concentration of minority students in the state.

17 While none of us relishes the
18 prospect of having to sue the state to compel it to
19 bear its responsibilities and to honor those
20 responsibilities, the fact is, we are left with
21 simply no choice.

22 The only real answer to the School
23 District's funding problems is for the state to step
24 up and assume its constitutional and moral
25 responsibilities by adequately funding public

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1 MAYOR'S PRESENTATION

2 education in Philadelphia.

3 Resolving the school funding crisis
4 and restoring public confidence in Philadelphia's
5 public schools is absolutely essential to our city's
6 future.

7 Six years ago I stood right here at
8 this podium and declared that we all had to share
9 short-term pain and sacrifice to reclaim our city's
10 future.

11 I said that if we did that, we would
12 succeed beyond anyone's expectations. Either way I
13 was convinced that we had no choice. We had to
14 succeed, because the consequences of failure six
15 years ago were too devastating to even consider.

16 During the early years of my
17 Administration, I learned to appreciate one of the
18 city's greatest assets, something that convinced me
19 that we could turn Philadelphia around, and that was
20 the confidence of our people and their willingness
21 to help us out of our financial crisis, even though
22 they had nothing to do with creating it.

23 By and large our citizens have
24 willingly endured the sacrifices we asked them to
25 make because they understood that it was necessary

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1 MAYOR'S PRESENTATION

2 for the city to survive.

3 We relied on the faith of our
4 citizens to give us the time and opportunity to turn
5 the city around. And in 1997, like no year since I
6 have been Mayor, we were able to reward that faith.

7 It was a year in which the city began
8 to reap the rewards of six years of working together
9 to solve our problems and learning to put
10 Philadelphia first.

11 The results have been well worth that
12 effort. We have balanced our budget and produced
13 record surpluses. We stand ready to cut taxes for
14 the fourth year in a row.

15 We have reversed the exodus of jobs
16 out of the city. We have increased the size of our
17 police department to a level not seen in over a
18 decade.

19 And we have at last begun to see
20 measurable progress in the battle to reform public
21 education.

22 All in all, working together, we have
23 produced a recovery that the New York Times last
24 month called, and I quote, One of the most
25 remarkable turn-arounds in recent American urban

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1 MAYOR'S PRESENTATION

2 history.

3 It is undoubtedly true that there are
4 tough challenges ahead for Philadelphia --
5 maintaining the discipline necessary to keep our
6 financial recovery on course, finding jobs for the
7 thousands of Philadelphians who will need them if
8 they have any shot at a meaningful future,
9 continuing the comprehensive effort to reduce crime
10 that threatens the safety of our neighborhoods, and
11 confronting the funding crisis that threatens to
12 shut down our public schools and destroy all the
13 progress we have made so far.

14 These challenges are cause for
15 serious concerns. But if we learned anything in the
16 past six years, it is that Philadelphians do not
17 mind a challenge.

18 When put to the test, Philadelphians
19 will work together and sacrifice for the city we all
20 cherish. It is in that spirit, it is that very
21 spirit that has helped us get this far.

22 And we have also gotten this far
23 because this Administration and this City Council
24 have cooperated in a way that the citizens of this
25 city have never seen.

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1 MAYOR'S PRESENTATION

2 We have worked together and put aside
3 often our own desires or our own agendas, and put
4 Philadelphia first. And as Council President Street
5 often says, when we work together, we can do
6 anything and we can accomplish anything.

7 And without a doubt, that, and the
8 forbearance and confidence and willingness of our
9 people to move Philadelphia forward, is the biggest
10 reason why I believe Philadelphia's brightest days
11 remain ahead.

12 Thank you very much.

13 (Applause.)

14 PRESIDENT STREET: The Chair
15 recognizes Councilwoman Verna.

16 COUNCILWOMAN VERNA: Thank you,
17 Mr. President.

18 I move that Council stand adjourned
19 until Thursday, February 5, 1998, at 10:00 a.m.

20 (Duly seconded.)

21 PRESIDENT STREET: All in favor let
22 it be known by saying aye.

23 Those opposed say nay.

24 This Council stands adjourned until
25 Thursday, February 5, 1998, at 10 o'clock a.m.

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MAYOR'S PRESENTATION

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(Stated Meeting adjourned at 11:45

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a.m.)

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

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Tuesday, January 27, 1998, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: STATED MEETING

DEBRA A. WHITEHEAD, RPR

