COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Friday, October 4, 2013
10:20 a.m.

PRESENT:
COUNCILMAN BILL GREEN, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN DENNIS O'BRIEN
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA

BILLS 130531, 130583, 130591, 130592, and 130635

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COUNCILMAN GREEN: Good morning. Thank you, everyone, for your patience. This is a Finance Committee hearing, and I'd ask the Clerk to read the -- actually, I will state for the record that we have a quorum in the persons of Councilmembers Johnson, Blackwell, Greenlee, and Reynolds Brown, and I would ask the Clerk to read the title of the bills.

THE CLERK: Bill No. 130531, an ordinance amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," by authorizing the assignment or transfer to third-parties, real estate tax claims either absolutely or as collateral security, for an amount to be determined by the Department, all under certain terms and conditions.

Bill No. 130583, an ordinance amending Bill No. 130325, entitled "An ordinance approving the Fiscal Year 2014 Capital Budget providing for expenditures for the capital purposes of the

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Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions, and acknowledging receipt of the Forecast of Capital Budgets for Fiscal Years 2015 through 2019," by approving a Revised Capital Budget for Fiscal Year '14.

Bill No. 130591, an ordinance amending Section 19-1303 of The Philadelphia Code, entitled "Discounts and Additions to Tax," by tolling additions, interest and penalties when the assessed value of property is under appeal; limiting what the Department can bill for tax years under appeal; and requiring for the tax year under appeal payment of an amount at least equal to the prior year's taxes; all under certain terms and conditions.

Bill No. 130592, an ordinance amending Section 19-1806 of The Philadelphia Code, entitled "Authorization of Realty Use and

Occupancy Tax," by tolling interest, penalties and costs when the assessed value of taxable property is under appeal; limiting what the Department can bill for tax years under appeal; and requiring for the tax year under appeal payment of an amount at least equal to the prior year's tax; all under certain terms and conditions.

Bill No. 130635, an ordinance amending Chapter 10-700 of The Philadelphia Code, entitled "Refuse and Littering," by further providing with respect to the annual fee for neighborhood sanitation and cleaning services provided to owner-occupied duplexes; all under certain terms and conditions.

COUNCILMAN GREEN: Thank you.

We will first hear from PGW on Bill No. 130583. My plan is to have the hearing, go into the meeting, vote on this measure, and then come back into the hearing. I will recuse myself from this and have submitted a letter to the Clerk with the reasons therefor, and I now ask Councilmember Blackwell to chair the Committee.

COUNCILWOMAN BLACKWELL: Thank you very much.

We thank you for being here, and certainly we invite you to introduce yourself to the record and begin your testimony.

MS. PARRISH: Thank you very much. Good morning, Madam Chairwoman. I'm Janet Parrish, the Executive Director --

COUNCILWOMAN BLACKWELL: Excuse me one minute, Ms. Parrish. Let me note that -- I was talking, so we did not introduce certainly Councilman Squilla. We did introduce Councilman Johnson, myself, Jannie Blackwell, Councilman O'Brien. So the others got introduced twice.

Thank you.

MS. PARRISH: Thank you, and

good morning to you all.

COUNCILWOMAN BLACKWELL: Thank you.

MS. PARRISH: Again, I'm Janet Parrish, the Executive Director of the Philadelphia Gas Commission. Seated to my left is John Coogan, C-O-O-G-A-N, who is the Policy Planning Analyst for the Gas Commission, and to his left we have John Zuk, who is the Vice President of Marketing for Philadelphia Gas Works. And what I'm going to do at this point is ask Mr. Coogan is going to make a brief presentation on behalf of the Gas Commission.

COUNCILWOMAN BLACKWELL: Thank you.

MS. PARRISH: Thank you.

MR. COOGAN: Good morning. I'm here today to testify in support of the Commission's recommendation that Council approve Bill No. 130583, an amendment to PGW's Fiscal '14 Capital Budget. The recommendation was approved by the

Commission at the meeting on June 11th.

We've submitted written testimony with a copy of the Commission's Order and Resolution. I won't read from that testimony, but I do have a few brief remarks.

This amendment is for the purchase of 24 compressed natural gas vehicles and the fueling stations to go along with them. It's an increase of $438,000 to the approved Capital Budget of 102.487 million. The purpose of these purchases is to support PGW's marketing strategy to target Philadelphia fleets for conversion to natural gas. In its marketing strategy, PGW plans to lead by example to really help jump-start the natural gas market in Philadelphia. It will demonstrate the feasibility of running a natural gas vehicle fleet and also it will promote the benefits of a natural gas vehicle fleet, which will include demonstrating that it's a cheaper fuel. On average, it costs about $2 a gallon as compared to about 3.50 a gallon for traditional gasoline, as well it has environmental benefits. It's seen as a cleaner fuel than traditional gasoline.

The economics don't work as well for PGW's fleets as it might do for other fleets such as a city bus fleet. For instance, it has a lower mileage as compared to a bus fleet. This is one reason why the Commission cut PGW's initial requests from about $2 million to $438,000. The Commission still thinks that PGW can achieve its marketing goals, just within a more modest budget.

The Commission has directed PGW to apply for grants and other cost reductions, which there are available both on a state and federal level, and PGW has started to both apply and explore these cost reductions.

My last point is regarding the DBE participation rate. For PGW's overall Fiscal '14 Capital Budget, the DBE participation target range is from 20 to 27 percent. The vehicle replacement program has a range of 10 to 15 percent. Unfortunately, there's no DBE opportunity for these natural gas vehicles, because the Honda Civic is the only vehicle available for this program and PGW has not identified or has not been able to identify any Honda dealership which qualifies for DBE participation. PGW is still evaluating the DBE participation for the fueling equipment which will go along with these vehicles.

Thank you for the opportunity to provide this testimony. I request suspension of the rules so that first reading can occur at the next session of Council.

We'd be pleased to answer any questions you might have.

COUNCILWOMAN BLACKWELL: Questions? Councilman Johnson.

COUNCILMAN JOHNSON: Yes. Can you elaborate on the DBE component, and what actual procedures were taken to find specific minority firms to participate?

MS. PARRISH: Councilman Johnson, we're going to ask Ken Williams, who is the Director of Diversity Supply at Philadelphia Gas Works. I think he would be the best person to answer that question. Thank you.

COUNCILMAN JOHNSON: Thank you.

(Witness approached witness table.)

MR. WILLIAMS: Good morning.

COUNCILMAN JOHNSON: Good morning.

MR. WILLIAMS: As we have performed our research to this point, there was a certification process by Honda as the vehicle manufacturer by which the representative dealers that sell these CNG vehicles have to send so many employees to training. There are capital costs involved in parts for these CNG vehicles. To this point, we have not been able to identify a DBE vendor among the Honda dealers that has this classification. We're still looking. We are hopeful that by the time the bids go out to purchase these vehicles that we will find someone that meets that criteria.

COUNCILMAN JOHNSON: Okay. Can you make sure that we stay updated. At least as Chairman of Transportation and Public Utilities, I want to play a role in being updated as you move forward, particularly on the minority participation component.

MR. WILLIAMS: Yes.

COUNCILMAN JOHNSON: Thank you.

COUNCILWOMAN BLACKWELL: Let me ask, custom and practice usually if you can't find enough inclusion on one side, then you do others. So if you can't find it on one end, then you do drivers, you do, I don't know, truck purchasing. You make it up in other areas so that you meet the City qualifications for inclusion. Where are you in that area?

MR. WILLIAMS: At this point,

again, the particular bid has not been put together, so those parameters have not yet been set, but they would certainly be something that we would consider moving forward.

MS. PARRISH: And I think to your point, Councilwoman, as we indicated, for the Capital Budget as a whole, which is the $102 million that Council has approved previously, there is a participation range that has been established of 20 to 27 percent, 20 percent at the low end, 27 percent at the high end overall, and as we mentioned with respect to vehicle, the vehicle replacement program generally, Mr. Williams had established a 10 to 15 percent participation range.

So I think to your point, you have to look at the budget as a whole and, as you say, in this particular area, there may not be an opportunity, but there are others that it can be addressed.

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COUNCILWOMAN BLACKWELL: We would like to have in writing how you make up the difference, where you will have inclusion that makes up for not having it here before certainly we pass this legislation.

Councilwoman Reynolds Brown.

COUNCILWOMAN BROWN: Thank you very much.

Good morning. My question, sentiments are analogous to those expressed by Councilmembers Kenyatta Johnson, Councilwoman Jannie Blackwell. And so hearing that reality as we know it right now with regards to DBE vehicle, et cetera, et cetera, let's hear about what the other opportunities are where we can make up for it. So I'll look forward to that report as well. That's number one.

Number two, have there been any other municipalities that have gone down this road of seeking to do what PGW is doing today?

MS. PARRISH: Again, Mr. Zuk

can probably add to this, but as you know, PGW is really the only major gas utility owned by a municipality in the United States, but as far as cities themselves, those that own trash fleets and run trash fleets or run bus lines, et cetera, yes, they are actively engaging in this area, and perhaps Mr. Zuk can speak to that.

MR. ZUK: I can give you one example. The City of Richmond and their trash fleets have done this already, converted their trash trucks to that point and some of their vehicles. So they have already gone down this path for probably four to five years at least.

COUNCILWOMAN BROWN: And might you know the level of success or the hurdles they ran into, because they always become lessons for us as we go down, create this new terrain.

MR. ZUK: Yes. Some of my staff have gone down and visited them years ago to see what some of the hurdles were, and like I said, that's why we have already -- we put in place to try to evaluate garages for our own facilities, to try to update them so they can handle CNG vehicles, because that was one of the larger hurdles that some of the other municipalities and cities have found.

COUNCILWOMAN BROWN: I see. Well, offline I would welcome my staff and I to sit down with those staffers to hear what they were, because as again they become lessons for us.

MR. ZUK: Not a problem.

COUNCILWOMAN BROWN: And, again, I know that PGW with the presence of Councilwoman Marian Tasco there and Councilman Jones, you have been vigilant in seeking to honor this Council's continued commitment and insistence that MBE/WBE activity is real. So know that that's appreciated, but this being a new opportunity, we want to make sure we exhaust all areas that aid us in meeting this goal that you've set.

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So in saying you've done the research, that means you've looked across the country? Is that what that means?

MS. PARRISH: I think that question is to Mr. Williams, who is the prime doer of the research.

MR. WILLIAMS: Yes, that is correct. At present we have a vendor list of approximately 15 vendors within about a 150 mile radius of Philadelphia that are certified Honda dealers that can sell us these CNG-dedicated vehicles. Again, the research is not really complete. Again, I would say that I am still looking amongst the Honda dealers to see if we can find a DBE vendor in that network and perhaps have some conversation with them moving forward as this bid develops.

COUNCILWOMAN BROWN: Okay. Well, it's certainly one of interest to many on this Finance Committee, as you can see.

Thank you. Thank you, Madam

Chairwoman.

MS. PARRISH: Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

And certainly I would ask the Committee to hold up on voting for this, unless Chairwoman Tasco or Majority Leader Jones say that they are in front of this. Unless they recommend that we move forward, I would recommend that we hold up until we have more details, because they're still doing work as well.

Councilman O'Brien.

COUNCILMAN O'BRIEN: I guess I have a question for Mr. Zuk. I understand the fleet management for the Streets Department is looking to upgrade their trash vehicles. I'd be interested in your marketing surveys in San Francisco and other places. I understand these vehicles would be more expensive at the initial purchase, but as you testified, the cost per gallon would be much lower and the maintenance schedules

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are very favorable. Would you give us some more --

MR. ZUK: That is correct. There's also incentives out there that will match -- not match. They will replace for any incremental cost from diesel to CNG trash trucks, they will provide half. So if it's $50,000, these grants of 25 per vehicle up to a certain number. So they do provide that, the state and the federal.

COUNCILMAN O'BRIEN: And this capital expenditure would allow the City to use those facilities in a timely manner? When would these -- when would this become a reality, and would that be sufficient for the addition of the trash trucks if they --

MR. ZUK: Well, right now they could -- I can't remember the number of years that it's in effect. I know that per gallon is year to year, that the state -- I mean, the federal government allows for the reimbursement per gallon, 50 cents per gallon for GGE per year, but I think it's renewed every year. But we as PGW, once we have -- we've already applied for the grants, and the City has not applied, but once they apply, they have so many years to recoup that money.

I hope that answers your question.

COUNCILMAN O'BRIEN: Thank you.

COUNCILWOMAN BLACKWELL: Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Following up on your point about whether this gets voted out or not, could I first ask timeframe. Is there a problem in your --

MS. PARRISH: Thank you for that question, because that's what I was going to speak to. With respect, we would appreciate if the Committee will continue to move the bill forward, and what I was going to mention in response to Councilwoman Blackwell's concern is, we actually already have available and we'd be happy to supply the complete assessment of line by line of every line in the Capital Budget that this Council approved this past June, June 6th I believe was the date, that will show you line by line how Mr. Williams has assessed every single opportunity for DBE participation. We'd certainly be happy to provide that if that would be responsive to your request.

This is somewhat time sensitive in the fact that I believe there's a little bit of a long lead time to acquire the vehicles, and the sooner PGW starts driving them, the sooner its marketing activities to grow additional revenues and contribute to environmental improvements can occur.

But we certainly would -- we always have, I think, worked very closely with the Council to keep you informed, involved and, as Councilwoman Reynolds Brown said, to be responsive to those concerns, and I know that Chairwoman Tasco -- the Commission did approve this last June 11th at its meeting, and we would certainly, with respect, appreciate if the bill could be reported out today.

COUNCILMAN GREENLEE: Madam Chair, if I could just suggest kind of a middle road here, since Councilwoman Tasco is not here, and I know she's the sponsor, is a possibility of reporting it out, with the understanding we're not committing to full Council to pass it until we have those conversations with the two Gas Commission members that City Council -- or the two City Council members that sit on the Gas Commission.

So I just throw that out as a possibility, that maybe that's a way to possibly keep this moving and deal with the time issue, but still have time to have conversations to address the issues, the legitimate issues, that were raised here.

COUNCILWOMAN BLACKWELL:

Certainly. I think that's a good idea. Ms. Parrish knows that we've always supported the Commission. We're concerned because the gentleman said it's not written and they're looking for information. It didn't sound that the program was tight and that we were sure where we were going. We don't want the City to even sell the Gas Works. We're all there, but when it comes to inclusion and all of the pressure we're getting from our neighborhoods and communities across the board, we have a responsibility to fight for it and to make sure that minorities are given every consideration that we have DBE and MBE inclusion. So that is always what we will fight for, but certainly we look forward to getting those details in place and intact before it's passed.

Thank you.

MS. PARRISH: Thank you very much. Thank you.

COUNCILWOMAN BLACKWELL:

Questions?

(No response.)

COUNCILWOMAN BLACKWELL: Anyone else here to testify on this bill?

(No response.)

COUNCILWOMAN BLACKWELL: Now is your opportunity. Anyone else, anyone on the Committee have any further questions?

COUNCILWOMAN BROWN: No further question, but simply to underscore my interest in wanting to sit with the gentleman here, my staff and I, on the Richmond experience.

Thank you very much.

MS. PARRISH: Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

For the purposes of this bill and our Chairman, we will temporarily recess the hearing, go into a public meeting with regard to Bill No. 130583.

The Chair recognizes Councilman Greenlee for a motion with regard to 130583 with a suspension of the rules.

COUNCILMAN GREENLEE: Thank you, Madam Chair. I move that Bill No. 130583 be reported out of this committee with a favorable recommendation and that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It's been moved and seconded that Bill No. 130583 be reported out of committee with a favorable recommendation, also a recommendation for suspension of the rules so as to permit first reading at our next session of Council.

All in favor, aye?

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it, and so this bill is passed, and we will now turn the Chairmanship back over to Councilman Bill Green.

COUNCILMAN GREEN: Thank you, Councilmember. I appreciate that.

We will now move from the public meeting back into the public hearing and call up Bills No. 130591 and 130592 and ask Mr. Dubow and Mr. Stanski to please come testify.

(Witnesses approached witness table.)

COUNCILMAN GREEN: Thank you. Gentlemen, we have your testimony. It is clear and succinct, so please don't feel the need to read it in its entirety. Obviously you can testify however you'd like, but if you'd like to hit the high points, that will be fine.

Please proceed with your testimony.

MR. DUBOW: Good morning, Chairman Green, members of the Committee. My name is Rob Dubow. I'm the Finance Director and I'm here to testify on Bills No. 130591 and 130592, which propose changes in the manner in which property use and occupancy tax payments are made when the assessment of a commercial property is under appeal. And as you said, you read the testimony, so I'll just kind of summarize it.

Our concern with the bills is the impact that they would have on cash flow, particularly for the School District. I mean, we understand the concern they're trying to address. We just think that the potential issues for the District outweigh the benefit of the bills, so we are opposed to them.

And with that, I'll turn it over to Mr. Stanski.

MR. STANSKI: Good morning, Chairman Green, members of the Committee. My name is Matthew Stanski. I'm the Chief Financial Officer for the School District of Philadelphia, again, here to provide testimony on Bills 130591 and 130592. I will summarize as well.

As you know, the District has some serious financial challenges right now and anything that could potentially impact the District's finances both from a cash perspective and just overall revenue perspective, we respectfully oppose at this time. We're looking at this bill, if enacted, could cost the District anywhere between $7 to $10 million in revenue in Fiscal '14, which we've already budgeted for, and so it would be very challenging given our situation to even try to reduce our budget by that much to come to stay within balance.

And so with that, would be happy to answer any questions.

COUNCILMAN GREEN: Thank you.

Mr. Stanski, how many appeals has the School District filed with the BRT challenging the OPA assessments to date?

MR. STANSKI: I don't know that we have any, but I don't know off the top of my head. I'd have to get that back to you.

COUNCILMAN GREEN: Frankly, we've all pulled up properties; in fact, seen recent sale data on properties, some of them very large commercial properties in the City of Philadelphia, and it's clear that OPA has under-assessed many of these properties. Are you aware of your right to challenge those assessments?

MR. STANSKI: Yes, I am aware of the right to challenge. Yes.

COUNCILMAN GREEN: Do you plan to work this weekend so that you can make sure you maximize the revenue for the School District and file challenges to those property assessments and, therefore, U&O assessments?

MR. STANSKI: I had not really thought about doing that this weekend, no.

COUNCILMAN GREEN: Okay. Thank you. That's my only question.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

Mr. Dubow, I guess this question is for you, and this isn't my bill, but I guess it's fair to say that the idea behind this is fairness to the taxpayer, because there are certainly questions about assessments, that kind of thing.

So how does -- and I certainly understand what you and Mr. Stanski say. We certainly understand the School District budget problems, but I guess we're trying to -- I guess the purpose of the bill is to understand taxpayers' budget problems too, and, in your opinion, how does that balance out? I mean, clearly there's been a lot of questions about assessments and all that kind of thing. So how do you factor that in or how do you balance that out, I guess would be my question.

MR. DUBOW: Right. I mean, that's why there is an appeals process. It's why we added the first-level reviews, so people could have an additional appeals process.

COUNCILMAN GREENLEE: Which only half have been decided.

MR. DUBOW: A little more than half now, but, right. And we did encourage people to go to the BRT if their first-level review hadn't been resolved. We sent out a couple letters to reinforce that point. So, I mean, that's kind of how we're trying to balance that out.

COUNCILMAN GREENLEE: It just seems like the balance isn't in favor of the taxpayer, though, right now given that so many appeals -- now, I'm not saying they're all valid. Probably not, but I got to think a lot are. I know of a few who we helped who I would certainly call valid, and it's a significant difference in payment, you know. It's a pretty good hit, and it's nice to say if you win, you will get credit or whatever, but you still got to put out the money.

MR. DUBOW: And there have been

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a substantial number of reductions already through the first-level review process that have taken down assessments substantially. I think the last number I saw was about by 7 million in terms of the dollar impact. So there has been -- that has been happening.

COUNCILMAN GREENLEE: That would have gone back to what I said I think at budget hearings. If they had started the process earlier once those appeals started coming in, I think we would have gotten through a lot more of the initial review. But that's hindsight, I guess. I guess it wasn't hindsight then because I said it.

MR. DUBOW: It was foresight.

COUNCILMAN GREENLEE: Okay. Thank you, Mr. Chairman.

COUNCILMAN GREEN: Thank you.

Councilmember Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. Chairman.

How many appeals have been so

far to the BRT? I know the deadline is on the 7th. How many appeals so far have been filed?

MR. DUBOW: I think as of two or three days ago it was about 4,000, although what they've said consistently is that there will be kind of a late rush in appeals, so that number will grow substantially.

COUNCILMAN SQUILLA: And do you believe that the assessments are fair and accurate then citywide?

MR. DUBOW: So I believe that overall they are fair and accurate, but I also believe that when you do 579,000 assessments, there will be ones where you don't get it right and that adjustments should be made.

COUNCILMAN SQUILLA: So the adjustments should be made. And do you think it's fair then for people whose assessments are overassessed to pay taxes on that assessment that is wrong?

MR. DUBOW: Well, I think the

system we have in place is that if they have done that, they should get a refund, and I think that that is fair, that they will get their money back.

COUNCILMAN SQUILLA: So they should pay first and then because of the wrong assessment, then whenever that hearing is held, would get a refund maybe a year later or two years later?

MR. DUBOW: Well, hopefully the process doesn't take that long, but, I mean, there are clearly -- and, as I said, when I summarized my testimony, I mean, we understand what the intention of the bill is and there are balancing acts here, and we're -- our concern is with the financial health of the District, and we think that outweighs what you're trying to address.

COUNCILMAN SQUILLA: How much money is in the budget for appeals?

MR. DUBOW: We have budgeted approximately $30 million in appeal losses.

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COUNCILMAN SQUILLA:
Thirty-three million this year?

MR. DUBOW: Yeah. For city and school together, about 30 million.

COUNCILMAN SQUILLA: And what was the number last year added to?

MR. DUBOW: What was the number of appeals?

COUNCILMAN SQUILLA: No. How much money was in the budget last year for appeal losses?

MR. DUBOW: About 20 million.

COUNCILMAN SQUILLA: So that's $50 million that we've --

MR. DUBOW: No. It's an increase from 20 to 30.

COUNCILMAN SQUILLA: We added 30 additional million?

MR. DUBOW: No. We added 10 additional to bring it to 30.

COUNCILMAN SQUILLA: And how many dollars in appeals were granted last year?

MR. DUBOW: I'd have to get

back to you on that.

COUNCILMAN SQUILLA: Of course. Because it wasn't $20 million.

MR. DUBOW: I'm really not sure. I just don't know.

COUNCILMAN SQUILLA: Where did the money go if it didn't cover the $20 million in the General Fund that was budgeted?

MR. DUBOW: I'm sorry?

COUNCILMAN SQUILLA: You budgeted $20 million for appeal losses last year. We have no idea how many people appealed and won, so those appeal losses would come out of the general budget. If that money was not used, where did it go?

MR. DUBOW: You mean if appeal losses were --

COUNCILMAN SQUILLA: Less than $20 million.

MR. DUBOW: -- less than 20 million? Then you'd have additional property tax revenue for the District and the City's General Fund.

COUNCILMAN SQUILLA: So it goes into the General Fund?

MR. DUBOW: And the School District. More of it goes to the School District because the School District gets more than half of the property tax.

COUNCILMAN SQUILLA: Well, this was budgeted money for losses.

MR. DUBOW: For the District and the City.

COUNCILMAN SQUILLA: All the budgeted money we didn't use you gave to the School District?

MR. DUBOW: No. That's not what I'm saying. So property tax, about 55 percent goes to the School District and about 45 percent goes to the City. So to the extent that appeal losses come in lower than we anticipate, for every dollar in the appeal loss we don't have, 55 cents of that goes to the District, 45 cents goes to the City. And in the converse, if appeal losses are higher, the District loses 55 cents of that dollar and we lose 45 cents.

COUNCILMAN SQUILLA: How much last year then went to the School District on appeal losses that didn't reach the 20 million?

MR. DUBOW: I don't know the total number. I'd have to get you the total number and then I can give you the breakout.

COUNCILMAN SQUILLA: Do you believe it was more than 20 million?

MR. DUBOW: I don't know, and I also am not sure whether they completed the FY13 appeals yet. I mean, I just don't know. I'd have to check with the BRT on where they are in their process and look at the appeal loss number.

COUNCILMAN SQUILLA: So if a person pays, according to your schedule, if they pay the U&O bill or the real estate tax bill now, so the City -- are they going to give them interest for all the money that they paid ahead of time on the wrong assessment?

MR. DUBOW: No.

COUNCILMAN SQUILLA: So you want them to pay up front for something that was done unfairly and wrong to pay that money and then decide you know what, that appeal process happened and they corrected their assessment and then, therefore, you will just credit that amount for --

MR. DUBOW: I wouldn't say unfairly, but, I mean, that is the way we have done this for years, yes. That's the way we do it.

COUNCILMAN SQUILLA: All right. So if a business is assessed they feel unfairly and they appeal it, they should start paying the U&O, which they start paying, some people, July 1st.

MR. DUBOW: Right. They've already started paying.

COUNCILMAN SQUILLA: They already started paying.

Now when they got that bill,

they realized, Oh, my goodness, this assessment has also increased our U&O payment, and they now have to pay this bill. If the appeal process goes on for a year -- we know from BRT we're hearing they're not going to start maybe until January '14 -- they have to keep paying that. We could actually have businesses close down. We could have businesses not be able to make that payment, and then we have less money for the School District that is counting on U&O. Do you put that into any type of thought pattern when you oppose something like this?

MR. DUBOW: Well, again, it's not proposing something. This is the way we've done it. It's not like a new proposal.

COUNCILMAN SQUILLA: So if you've done it this way all the time, that's the way we always should do it?

MR. DUBOW: No. That's not what I'm saying, but you said "this proposal," like we're proposing something.

COUNCILMAN SQUILLA: No. You're saying you're opposing this new legislation to try to help people because this is the way you always did it.

MR. DUBOW: No. Actually, why I said I'm opposing it is because of the impact it might have on the School District. That's why I said I was opposing it. You said when you put this proposal together, and all I'm saying is, we didn't put a proposal together. That's all I was saying.

COUNCILMAN SQUILLA: I want to defer to other questions and then come back.

COUNCILMAN GREEN: Councilmember Brown.

COUNCILWOMAN BROWN: I'm good.

COUNCILMAN GREEN: I think the major point here is, Councilmember Squilla's bill requires that people pay the U&O tax that they owed the previous year in order to take advantage of the one-year hiatus that he is offering. So this is a unique one-year situation that requires the taxpayer to make a payment equal to the U&O they owed last year, so you don't lose the entire U&O payment while you're waiting. It's just the difference between last year's and this year's U&O.

So I think it tries to balance the concerns of taxpayers and the District in terms of its need for a predictable revenue stream. And the point I made with my first question, Mr. Stanski, is, there is a flip-side to this coin, and, that is, the District's ability to challenge the other side of the equation. Just as property owners are doing when they're overassessed, you have the ability to go in and challenge OPA when it under-assesses properties, and if there's not $20 or $30 million there, I'll eat my hat.

And so my point is, the fact that you haven't done that creates a revenue hole, but it was your job to do that, in my view, and we shouldn't punish taxpayers because the SRC didn't hire an outside expert, do an analysis, go after some large properties, and increase -- and maximize its revenue to the extent it could. And may I suggest to you that for next year, you do that. You go hire an outside expert. You have them do evaluations of major properties, and you yourself take action that you believe would cause the District to get additional revenue. Hopefully that will improve the product that comes out of OPA as well. Okay?

I don't have a question there. I just wanted to make that point.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I think your initial points were kind of where I was going.

But, Mr. Dubow, just a question. I think I kind of said this before, but you said this is the way we've done it for many years, this process, and you have, but wouldn't you say this year is a very unusual year with the whole --

MR. DUBOW: And I just want to make clear, I wasn't using that as a justification for doing it that way. I was just trying to make the point that we not bring a new proposal on the table.

COUNCILMAN GREENLEE: I get that, and the way you've done it before I'm not even arguing with, because there wasn't the upheaval that there seems to be this year and the process isn't taking -- hasn't taken as long previous years. You appeal. It kind of moved along a little more quickly, right, than it will this year because of the volume of appeals. And I guess that's why -- and as Chairman pointed out, this is a one-year thing. And I know it costs the School District some money in that year, but it just seems to me that when you balance it out, it just seems fair to the taxpayer given this, what I would call, unusual, maybe extraordinary situation. It might not happen again, you know, in this kind of volume. So that's why I think it's a reasonable, fair balance to try to do it this way.

MR. DUBOW: I understand what you're saying and I think there's merit. I just think on balance we come out on the other side. And the length of time it takes is kind of a dual-edged sword, because the longer it takes, the longer the District has to wait for whatever -- for the resolution.

COUNCILMAN GREENLEE: I'll repeat, if some of those reviews have gotten done faster, maybe we wouldn't be here.

MR. DUBOW: I thought you might say that.

COUNCILMAN GREENLEE: You left it open for me. I had to take a shot at it.

Thank you, sir.

COUNCILMAN GREEN: Councilmember Squilla.

COUNCILMAN SQUILLA: And I'm not going to belabor the point, but I'll ask one question, Mr. Stanski.

Has the School District ever appealed a residence after they have appealed to the BRT and won? Has the School District ever appealed that result?

MR. STANSKI: I'm not aware of one, but I can't speak to historically if we've ever done that. But I'm not aware that we've ever done it.

COUNCILMAN SQUILLA: Mr. Dubow, would you --

COUNCILMAN GREEN: I recognize Councilmember Greenlee for a point of information.

COUNCILMAN GREENLEE: Just for the record, there's been lots of times. I know a number of people who the School District has appealed and taken it to a pretty high level to appeal that, just for the record.

COUNCILMAN SQUILLA: Okay.

COUNCILMAN GREEN: Councilmember Squilla.

COUNCILMAN SQUILLA: So, Mr. Dubow, the School District has -- do you know if the School District has appealed a BRT decision?

MR. DUBOW: This year?

COUNCILMAN SQUILLA: This year, last year, ever.

MR. DUBOW: I think as the Councilman said, I think in previous years it's happened. I don't know whether it's happened this year.

COUNCILMAN SQUILLA: So they do have the ability to appeal if they believe an assessment is wrong?

MR. DUBOW: I think they do, yes.

COUNCILMAN GREEN: Yes.

COUNCILMAN SQUILLA: So it seems like right now, though, the only time they have appealed is if the homeowner had went to the BRT and the BRT had ruled in their favor. They had actually appealed that case; is that correct?

MR. DUBOW: I believe that's correct.

COUNCILMAN SQUILLA: So they never have actually appealed an OPA assessment that they believed was too low and would just let that go so that person would actually then pay a lower tax. They're not going to appeal it. The business owner or the homeowner is not going to appeal it, but the School District has never appealed what they believe may be a wrong assessment by anybody?

MR. DUBOW: I'm not -- I don't know the answer to that.

COUNCILMAN SQUILLA: Okay. I'm not going to belabor the point and we'll let somebody else come up and speak.

COUNCILMAN GREEN: Thank you.

Any further questions?

(No response.)

COUNCILMAN GREEN: Seeing none --

MR. DUBOW: One other thing. I think we were -- one concern we had about the bill as it's written is whether it makes it clear on the U&O side that it's a one-year program, and I think that was the intention.

COUNCILMAN SQUILLA: That was the intention, and I would agree to amend it to make that a one-year 2013, because we feel that maybe next year if it's going to be even worse, then maybe we could add that in the amendment next year. I would be willing to amend that this --

MR. DUBOW: Thank you.

COUNCILMAN GREEN: Okay.

MR. DUBOW: Can I just have that language?

COUNCILMAN GREEN: Obviously if we have an amendment to present today, we'll circulate it.

MR. DUBOW: We do.

COUNCILMAN GREEN: Otherwise I would expect pass it out and then amend it on the floor.

MR. DUBOW: We have that language. I think that's what they're discussing now.

COUNCILMAN GREEN: Thank you. Thank you for your testimony.

Mr. Ackerman.

(Witness approached witness table.)

COUNCILMAN GREEN: I'd also like to note for the record that there are letters that we were putting on the record from the Homeowners Association of Philadelphia, the Auto Dealers and Hotels.

Mr. Ackerman, we have your testimony here for the record. Please feel free to summarize it and proceed with your testimony.

MR. ACKERMAN: Thank you, Mr. Chairman, other Councilmembers. My name is George Ackerman. My company owns shopping centers, including one in Northeast Philadelphia located near the Franklin Mills Mall. We call it Franklin Marketplace. It's over 200,000 square feet, and in 2012 it paid a combined sum for U&O and realty taxes of roughly $350,000. This property is a bit strange looking and it has an unusual site plan where much of the property lacks critical visibility.

When we acquired the property in 2004, it was almost entirely vacant, as it had been for a great number of years before that. We thought about tearing it down and building a new shopping center, but ultimately left the building intact despite its flaws and tried to position it as a low-rent alternative to The Mills and some of the other competitive properties. The result has been pretty good. Our occupancy has been about 90 percent since about 2007. We spent millions of dollars on various

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renovations, always using local contractors, and we've brought lots of new businesses and hundreds of jobs into the City. As a result of this strategy, however, our rent roll consists entirely of very budget-conscious tenants. Some of them are mom-and-pop tenants, a few others are nationals, but they're equally budget conscious. To be clear, none of those tenants would be populating Franklin Marketplace were it not for our low-rent strategy.

Earlier this year we received the City-proposed assessment for 2014, allegedly a market-value assessment, but in reality, it's about 50 percent higher than what the property is truly worth. We took immediate steps to resolve this obvious mistake, including submitting all of our financial statements, applying for a first-level review, contacting our local Councilman, and regularly calling OPA to see if we can get an expedited decision. Not until July did we even receive a reply to our request for a first-level review. It was a cookie-cutter denial letter. I'm a little bit surprised to hear the testimony that first-level reviews have actually been happening, because I've heard that that process is a fiction. I apologize if I'm incorrect.

After countless attempts, I finally reached our evaluator at the OPA and we spoke about the property's net operating income, which is the only way to truly value an income-producing property. He acknowledged that our rents were considerably lower than those of our nearby properties. He had our financial information in hand. But he informed me that in arriving at his proposed assessment, he had merely used a guideline of $130 a square foot. He also advised me that he had totally disregarded the many real estate tax exemptions which the City had granted every time that we did a construction project over the years. He admitted that his approach was ridiculous, but he said that he had no choice but to follow the guidelines.

I offered to meet with him and his supervisor to review our finances. He agreed to set up a meeting, but the very next day I received an e-mail from him saying that due to his busy schedule, he would not be able to meet me for at least three months.

This summer the City actually began using this badly overstated assessment, as you know, for the purpose of U&O taxes. The result of this overreach is that our U&O rates increased by 82 cents a square foot, from 61 cents to $1.43, an increase of 134 percent.

The net result for some of our mom-and-pop tenants: For Magic Floors, an annual jump of about $3,400; for Galaxy Tanning, an increase of almost $3,300, and for Hibachi Grill, an annual jump of $9,300. And this is only for the

U&O. It does not include the massive increase they'll endure under their net leases, where the tenants pay the taxes, if this preposterous assessment isn't fixed by the time realty taxes come due early next year.

If we're required to pay the realty taxes due in February based on this assessment, my estimate is that these same budget-conscious tenants will be required to pay about 60 cents a square foot more than what they pay if the assessment was actually approximate to the property's true market value. That's $120,000. And I have a lot of tenants that simply don't have the cash, as the Councilman stated a few minutes ago.

In conclusion, the OPA's method to appraise our property was just flat-out wrong. They did it the wrong way, resulting in a proposed assessment that's fantastically overstated, and they also ignored their own laws by completely disregarding documented real estate tax exemptions that were already on the books. The unjustifiable assessment has now actually been implemented through the U&O without any due process whatsoever, causing unbearable hardship for a lot of employers.

The OPA's conduct of blanket denials on the first-level reviews and its delay tactics in hearing the appeals suggests that they're just trying to run out the clock. The result will certainly include destruction of lots of local businesses and the departure from the City of other national tenants who simply can no longer earn a profit. Businesses will close their doors. Jobs will be lost. We are already experiencing extreme revolt among our own rent roll. We're doing everything possible to keep the ship afloat, but without immediate relief, the bloodshed is imminent.

I recognize the need for comprehensive reassessment, and I get it that proposed assessments are not intended to be -- or are intended to be debatable. I'm not really one to back down from a negotiation, but the way that this has been handled by the OPA is a travesty.

This necessary process need not be Armageddon, but that's precisely what the OPA has launched. If something isn't done immediately on the U&O and before year end on the real estate taxes, I'm certain that jobs will be lost and lives will be ruined.

Thank you.

COUNCILMAN GREEN: Thank you, Mr. Ackerman, for your testimony. I'm very -- I'd like to apologize to you on behalf of the City for the experience that you had with the OPA. I know it's very frustrating. We appreciate the fact that you do business in the City of Philadelphia, that you've put capital at risk here. I understand your dilemma, and I am more than confident you are going to succeed at the BRT, and hopefully this bill will come out of committee today and provide you with the relief you need, allow you to send a letter to your tenants that you were in here fighting for them and succeeded. I wish you all the best, and thank you for your testimony.

MR. ACKERMAN: Thank you very much, Mr. Chairman.

COUNCILMAN GREEN: Councilmember Squilla.

COUNCILMAN SQUILLA: One quick question. Have your tenants already started to pay the U&O?

MR. ACKERMAN: We invoiced them immediately. In some cases they're being paid through strong objections. In other cases the tenants have been continuing to pay the old amounts. In some cases that is a situation where we're dealing with some national tenants who it takes a few months to sort of push things through their system. In other cases we have tenants who simply can't pay the increased amounts. In at least one or two cases we have people that have been deducting the increases from the base rent that they owe to me, which by the way I need to pay my mortgage holder, and handling it that way. So we have a Chinese menu of different ways that people have been handling it.

COUNCILMAN SQUILLA: Again, I'm sorry for what is happening. I think this is some unintended consequences of some bad assessments, and we knew they were out there and how they would be handled, and I do believe this is a fair way to approach it, to have you pay last year's taxes until your assessments and appeals are heard. But at this time, we have to -- I think for the best way to happen, we have to try to get them to pay the U&O taxes that they owe here, because if not, that may change something later on when they go to pay last year's taxes. If it's not up to date, it may cause a problem.

MR. ACKERMAN: We're dealing with a certain amount of shock and awe at the moment and we're doing the best that we can, and I thank you for your advice.

COUNCILMAN SQUILLA: Thank you.

COUNCILMAN GREEN: Thank you.

Any further questions for Mr. Ackerman?

(No response.)

COUNCILMAN GREEN: Mr. Ackerman, thank you for coming in today. We appreciate the time you took and your testimony.

MR. ACKERMAN: Thank you, everyone.

COUNCILMAN GREEN: We will now hear Bill No. 130531, and we'd ask Commissioner Tolson to come forward and testify. We have your testimony here for the record. If you'd like to summarize it, please do.

(Witness approached witness table.)

COUNCILMAN GREEN: Please proceed with your testimony, and thank you for coming in today.

COMMISSIONER TOLSON: Good morning, Chairman Green and members of the Committee of Finance. My name is Clarena Tolson and I am the Commissioner of the Department of Revenue. I'm here to testify in support of Bill No. 130531.

This bill proposes to authorize the assignment of transfers -- the assignment or transfer to third parties of our real estate tax claims and liens. We welcome the authority to use all the tools available to us in our effort to collect every dollar of unpaid real estate taxes. These tools allow our department to evaluate our various options and to employ the option or combination of options that give us the opportunity to collect the money at the earliest possible time.

If this option is used properly, we believe it will protect the interest of all citizens by creating the conditions for improving neglected properties that are downgrading neighborhoods. By including the private sector in the mix through incentivizing the collection effort, we believe the bill enhances the collection process. Also under this option, the City will get the delinquent real estate tax amount up front. The sale of real estate tax liens provides highly secured interests in real estate with a high likelihood of redemption to the lienholder.

Our preliminary review of experiences in other cities that are similar to Philadelphia reflect the fact that this is a viable option to be considered. It is with this understanding that we support Bill No. 130531.

Thank you for this opportunity to be here, and I look forward to working with Council.

COUNCILMAN GREEN: Thank you.

Are there any questions?

Councilmember Squilla -- I'm sorry.

COUNCILWOMAN BLACKWELL: We look alike.

COUNCILMAN GREEN: Ladies first. Councilmember Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

Good afternoon, Commissioner.

COMMISSIONER TOLSON: Good afternoon.

COUNCILWOMAN BLACKWELL: You said this is fair to the taxpayer who owes a bill. How is that?

COMMISSIONER TOLSON: It allows us to address the liens, to address the amount that is delinquent much more quickly than some of the other processes that we have, and then it thus allows the citizens with a fair rate schedule to pay those liens in a timely manner.

COUNCILWOMAN BLACKWELL: This is for -- we're not talking commercial.

We're talking residential as well?

COMMISSIONER TOLSON: Yes.

COUNCILWOMAN BLACKWELL: So what do we do about people who are in trouble because they can't pay?

COMMISSIONER TOLSON: I think with all collection schema and strategies, you want to have the right tool for the right circumstance, and I think that we in Revenue are particularly sensitive to not looking to address situations where people live in a home, occupy a home, have low debt on those homes. I say "debt," the receivable, what is owed to the City, and then looking at turning them towards liens. There's other options that are available to us, other ways that we can try to connect with people so we will work diligently to try to address it in various ways.

COUNCILMAN GREEN: I will take the privilege of the Chair just for a second and say this bill does not mandate any solution. It provides another tool to the Department of Revenue. The alternative to lien sales that is currently available to the Department of Revenue is one, and that is foreclosure, which is now mandated to happen within a year under the law, or entering into a settlement with the property owner. This just allows the Department of Revenue to decide among a various set of tools that are available to them, but does not require that this tool be used for any particular property or property owner.

COUNCILWOMAN BLACKWELL: Well, I would feel more comfortable if I knew these circumstances. If I called Commissioner Tolson and I say this person owes $4,000 and they've had a death in their family and they've have horrible situations, I'm very comfortable calling her, but if we sell these liens to a third party, they may not be willing to enter into any agreement with the City or with me as a representative of the people, and that's why I'm always worried about selling off our companies, like PGW, and I'm always worried about outside people having influence, because then we have no recourse to try to help people when they come to us in trouble.

COUNCILMAN GREEN: Well, the alternative to a lien sale are two. One is foreclosure, which nothing you can do once the property has been foreclosed and sold, and one is a settlement agreement, which the Department of Revenue is now required because of legislation we passed last session to enter into an agreement on terms that make it possible for people to pay. So those are the three options, and if you're saying you want the only tool to be foreclosure instead of a lien sale, I believe that puts the property owner in a worse situation, but certainly you're entitled to that view. Thank you.

Feel free to address --

COMMISSIONER TOLSON: That was correct.

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COUNCILWOMAN BLACKWELL: So you're talking about Sheriff sale issues or those who -- are you talking about Sheriff sale issues and those that go to foreclosure, in both circumstances?

COMMISSIONER TOLSON: The foreclosure that the City would pursue is through the Sheriff and the Sheriff sale.

COUNCILWOMAN BLACKWELL: So that would be -- but are we talking about people who owe back taxes?

COMMISSIONER TOLSON: Yeah. So you owe back taxes. Let's say you owe $10,000 in taxes that you haven't paid for some period of time, and you can choose what period of time that may be. It could be what's currently due or it could be that which is older than some number of years.

That lien or that debt is sold to a third party, who then like a collection agency says instead of owing the City $10,000, you now owe this lien company $10,000, and if you don't pay the lien company the fees that are owed, then they could choose to seek foreclosure on the property as well. But it is no longer a debt to the City. The City will have already received the $10,000 that it was owed.

COUNCILWOMAN BLACKWELL: Is this much like the lien sale we had years ago when Stephanie Suber was City Solicitor?

COMMISSIONER TOLSON: No, this is not like that sale.

COUNCILWOMAN BLACKWELL: How not?

COMMISSIONER TOLSON: In this case -- I'm going to invite Mr. Afessa to come up.

In this case, the holder, the private holder of the liens, is not partnering with others. They own that lien. It is no longer the City's liens. We get paid up front, and we are literally done with it. We will have our cash and our money paid based upon the amount that the future lienholder would have paid it for. Sometimes it is sold at a discounted rate, sometimes at full value, depending upon what the properties may be. It could be batches of properties. It could be all of a described debt type that is sold at one time.

But let's just say, for example, that a company wanted to purchase all the debt that became delinquent as of January 1 and that they were willing to pay us 98 cents for every dollar of that debt. We are immediately paid our 98 cents per dollar, and then the vendor has the responsibility of pursuing that debt, which would then be owed to them, not to the City.

COUNCILWOMAN BLACKWELL: I understand, and I remember when we went through that process. In fact, President Clarke then exempted his district, as I'm tempted to do mine. I remember. Then they gave us -- we ended up with boxes of computer sheets with all the properties in our districts that were sold. And having boxes of paper with addresses on each sheet is like having no addresses at all. It's just -- there's no way that one could use that kind of data, and it just didn't work. And I remember that now President Clarke exempted his district, and I understood why, because when they gave us all these properties, like we could even tell people to market them, what are you going to do with cardboard boxes filled with addresses? You can't even organize it.

COMMISSIONER TOLSON: Can I --

COUNCILWOMAN BLACKWELL: And I just --

COUNCILMAN GREEN: I --

COUNCILWOMAN BLACKWELL: Please let her answer. Please let the Commissioner answer, because they're doing this. And I'm always for trying to find a way to --

COUNCILMAN GREEN: Well, I'm

going to take the privilege of the Chair for a second, because I don't want to mischaracterize what this is compared to the Wachovia lien sale. The Wachovia lien sale was a securitization of assets of the City of Philadelphia that were sold to Wachovia and placed great restrictions on what we could then do with those properties in the future, including what Councilmembers could do with those properties in the future.

Lien sales are not a securitization. They are not an offering in that sense, and so it is a completely different animal. It works successfully in many other jurisdictions in the country, and, once again, the alternative -- when the City has decided that it cannot work with that taxpayer or with that Council office to help that taxpayer, they will have two options available to them. One, foreclosure and, one, a lien sale. It is at that point, when the City decides they can't work with that taxpayer, that they will choose between those two options. Today the only option is foreclosure, which is far worse for the property owner than a lien sale, which gives them the opportunity to pay back the lienholder without losing their home. Foreclosure is certain death. A lienholder paying it and the City getting our money, by the way, improving our cash flow by 50 or 60 million a year, that's what this legislation does. It does not require either the Department of Revenue to do a lien sale or a foreclosure. They will have to do one or the other, and a foreclosure is far worse for the property.

COUNCILWOMAN BLACKWELL: Well, will you have a relationship with the lienholder since you said it will be better for the consumer?

COUNCILMAN GREEN: Well, the alternative is --

COUNCILWOMAN BLACKWELL: How do

we know that?

COUNCILMAN GREEN: Because the alternative is foreclosure. The alternative is foreclosure. You lose your house in a foreclosure. That's the alternative.

COUNCILWOMAN BLACKWELL: So why couldn't we do a step in the middle?

Nobody is for the City losing revenues for tax beats. There are always a few of them. But we are for protecting citizens who are just hit upon hard times. And could not we have a process in the middle where we're contacted? I know the deadbeats from people in trouble. If you or your department came to me and said, Councilwoman Blackwell, these are the places where we want to foreclose, where we want to sell to a third party, and I hear that and I said, Oh, yeah, this guy, he's a bad landlord, a slumlord or this person just won't pay, they just keep buying other properties and they own 60 properties and they won't pay, that's different.

We're all for the City getting its part, but I am concerned about the consumer who can't pay in hard times who's caught up in this with the lienholder that we don't know. So could we have another step in there where we're contacted? If we could find a process where the District Councilperson is contacted, I could support it. If we can't, I can't support it and I would want to exempt my district.

COUNCILMAN GREEN: Well, Commissioner, if I might ask you this: Right now when a Sheriff sale is going to happen, when foreclosure is going to happen, that list is sent to Council so that they can know in advance that a Sheriff sale is coming up. Could we institute the same process for lien sales so that once you have decided and published the lien sale list, it comes to Councilpeople, and they'll obviously have a chance to look at it before the lien sale occurs, and if they could convince you that you should remove a particular property, they can; if they can't, they can't, just like with foreclosures?

COMMISSIONER TOLSON: Right. There's certainly public disclosure of those properties that are going to go forward with foreclosure, and we can certainly look at doing the same with potential lien sales if that were to happen.

But I just want to add, Councilwoman, I think that your concerns are accurate and you should be concerned as a District Councilperson. You should be concerned. But understand that there's other tools in our toolkit that we have to exercise. So this is not to say that we now forget everything else that we have ever done and move away from payment agreements, move away from collection agencies, move away from direct intervention for people that we think are in trouble and offering hardship and offering longer-term installment plans. We will not stop doing that, and, in fact, our goal is to get better at doing that. And if we can do our job as well as possible, those who are, say, in the thing that you're concerned about, homeowners who may be in trouble for one reason or another, elderly, not understanding, someone hasn't done what they need to do because they didn't think there was a consequence, our department is getting better about defining what the consequences are. The department is getting better about making sure that the consequences are predictable and that you know that they're going to happen, so that there is not a sense of we're not sure that something could happen or we may be able to get out of it for some reason that's not valid. And I think as we build that culture internally and externally, that the taxpayers will understand that they can know what's going to happen and they're going to know their options.

So my hope is that we're going to get better about letting people know what options they have available to them right now with regard to hardship and payment plans and knowing that it's important for them to sign up, and we can work with Councilmembers to help us educate people about that. But then at the end of the day, if people ignore five phone calls, three letters and we try to do other things, then we have to do something else in order to make a difference. Right now one of our challenges is that we're not doing the something else or we're not doing the something else consistently so that people understand that there is an ultimate consequence. And not suggesting that one is better versus another, but you use a hammer when you need a hammer and a screwdriver when you need a screwdriver, and we're just looking for

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having all the tools available to us. This is a tool that is available to us now and we want to be able to just have it clear for the public that the City is going to get better about collecting all of its revenues so that the system is fair, is fair as it could possibly be. It's not to say that we're not going to pay taxes in our future. We're all going to pay taxes, but the system is fair such that everybody that should be paying is paying their fair share, however we have to define "fair," and for some of those who are in hardship situations, fair may look different than somebody else's fair.

COUNCILWOMAN BLACKWELL: Absolutely, and it is especially important that we have this conversation now since we're going through AVI and some people have taxes go up. Mine are going up almost 400 percent. So we have people who are being hard hit who weren't hit before.

If we want to come up with

this, say to my colleague and sponsor, if we want to come up with this, then we need as District Councilwomen and Councilmen proof that what we've done -- of all those steps we have done to try to collect taxes before we say sell the liens, that we need information on that and we need to certainly agree to that before we say, Okay, sell the lien. So that's my recommendation.

COUNCILMAN GREEN: Councilmember Johnson.

COUNCILMAN JOHNSON: Thank you, Mr. Chairman.

I just wanted some additional clarity on just how we go about the issue of safeguarding the homeowners, but I definitely know on the flip-side -- can we actually -- to the maker of the bill, are we able to categorize -- and I think 60 percent of delinquent taxes in the City are from investors. Can we categorize the two? Like I know you want options in terms of how you utilize this tool, which I think is certainly a good thing to do, but I think when you got the slum land owners on this side who have delinquent taxes, right, and their properties and their land serves as a blight on our districts, can it be categorized, use the lien tool to specifically target that particular area of individuals and, on the other side, continue to use some of the tools that either we have on the books or have already been implementing going after those homeowners who are behind in their mortgage? Can it be categorized that way?

COMMISSIONER TOLSON: Let me be transparent and say to you that as a department, we are evolving, and I think that may be clear for many people. And I'll also be transparent to say that we are developing our collection strategies, which says under these circumstances, you use this tool, under that circumstance you use another tool. We're not there yet, where I can say that now at this table that the best way to do that will be to exclude a certain group versus another group. Hopefully as we get closer to having some new technology in place, our data warehouse and our case management systems, that will be easier for us to define that. Right now I don't think that we can. So now I have my hammer touching my screwdriver touching my pliers and I just need to dig in and grab the right one under the right circumstance.

At some point in the future, I would love to be able to have a protocol that makes it clearer for all of us exactly under what circumstances in advance that we can use that, but we don't have the data that is necessary to make those decisions and make them accurately.

COUNCILMAN JOHNSON: And it's probably because we're in the midst of dealing with this whole tax issue.

Obviously we have AVI, and I know I'm one of the districts that's going to be significantly impacted, with my other colleague from South Philadelphia, Mark Squilla, as well as Councilwoman Jannie Blackwell and some parts of Darrell Clarke's district. This is a hot-button issue that we have to deal with, and our primary purpose is keeping people in homes, but also because we need revenue to move forward and to be a viable city, we want to go after those who own 10, 20 properties and just letting them serve as a blight on our district.

But I think -- are you working in partnership with this new CEO who the City hired, the Administration hired to collect taxes, Howard Neukrug? Are y'all working in partnership on this?

COMMISSIONER TOLSON: I think you're referring to Thomas Knudsen.

COUNCILMAN JOHNSON: Knudsen, okay. Howard is the Water Commissioner.

COMMISSIONER TOLSON: Yes.

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COUNCILMAN JOHNSON: I got water infrastructure on my mind for another meeting, but go ahead.

COMMISSIONER TOLSON: That's okay. And certainly --

COUNCILMAN JOHNSON: I don't think you would necessarily -- I mean, just knowing the work that you've done in the past and what you stand for, I mean, obviously you have a track record of working and being here for the people. So I want to say that to clarify the record, but nevertheless, in the context of working with the Administration and AVI, OPA, and even the Board of Revision of Taxes, we've been dealing with some challenges as it relates to how AVI has been rolled out, and we know after 2014 some of these very same tax housing issues are going to be on our front doorsteps in terms of how we're going to respond to address those people. That's probably why we're looking for as much clarity up front as opposed to down the line after the bill already passed and then there's some type of decision that may be made that have drastic impacts on some of our constituents.

COMMISSIONER TOLSON: I couldn't agree with you more, and let me just share with you the need to be creative in what we're doing to try to be creative.

So we are presently approaching delinquents, trying to touch those in ways that makes -- that gets their attention. We have a program that was started a few months ago called Commercial Activity License Revocation, and with that, we are targeting strategically those taxes which impact the School District. So we started with liquor tax and now we've recently added the use and occupancy tax. And through that program, we're giving notice to bricks and mortar -- businesses that have an entity, a space that you could touch, bricks and mortar locations that owe those taxes in arrears, and we're notifying them that if they don't pay the taxes that are due on those properties, that we will revoke their commercial activity license, thus closing down whatever facility that they have.

That's a strategy that does not work for every business type and it does not work, say, for properties that may have an owner occupant in there. So when we go to our toolkit, we're looking for a certain scenario where that tool can work, and we are being -- we found that we're very successful using that tool for the right -- in the right circumstances, applying it the right way, the same way we've just recently added in the last three weeks another tool called receivership, technically called sequestration, but we're calling it receivership wherein we're looking at, again, the right circumstances to apply the tool. It could be applied to anybody with their real estate taxes due.

However, we're applying it to those who have rental units, either commercial or residential, so small apartment buildings or large apartment buildings or some other type of commercial activity, and we are getting notice to those property owners that if they do not pay the taxes, then we're going to bring in a receiver to take over the properties, collect the rents, pay the City the debt that's owed, and then return that back to the owner. Both of those tools have different applications, and sometimes the fine line about where you apply it -- but I'm just suggesting that to the same extent, this is one where we have to look at --

COUNCILMAN JOHNSON: Additional tool.

COMMISSIONER TOLSON: -- how we apply it. And I just can't define it as yet, but I think in time we will work to that end.

COUNCILMAN JOHNSON: And just last question. So the legislation has been drafted. Obviously there's an idea behind the concept, right? So how best would the Revenue Department use this particular tool, your ideal situation? Because obviously the idea came from somewhere, the legislation was drafted, you're supportive of it. So what's the ideal situation where you would most utilize this tool to make the Revenue Department collect delinquent taxes more effectively?

COMMISSIONER TOLSON: I think an ideal being applying various parameters of concerns or limitations. The ideal might be for debt that is delinquent for the first time, debt that is above a certain level of value, debt that may or may not be owner occupied but just determining -- just getting some clarification around that. That may be where you get the highest value in terms of somebody willing to pay for it and willing to pay in a fairly high rate of return, either no discounting or at a premium to the City.

COUNCILMAN JOHNSON: Okay. Thank you.

COUNCILMAN GREEN: Councilmember Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

Commissioner, are you willing to exempt owner-occupied properties?

COMMISSIONER TOLSON: I think that as an agency, that we really need to consider everything in the pot, and I fully accept the level of accountability that I hear Council saying that we have to have, but to the extent that anything limits our ability to pursue all tax delinquencies I don't think is a hold of that good thing.

COUNCILWOMAN BLACKWELL: All right. I cannot support this bill. I hope my colleagues will join me in that, and also let me say that --

COUNCILMAN GREEN: Councilmember, at this point --

COUNCILWOMAN BLACKWELL: Let me finish my statement. Let me finish my statement, Mr. Chairman.

We've been talking a lot about Registered Community Organizations and zoning changes in the Zoning Board and Philadelphia City Planning 2035. With legislation like this, I'm not sure in 2035 we will have a lot of owner-occupied properties in residential neighborhoods in our city.

Bills like this that allow us to sell off everything certainly make us lose a sense of neighborhoods that we have but invite outside investors and developers to come in and just buy up all our neighborhoods. I find it very dangerous. I know we're in need of money, but, you know, it's like you can't throw the baby out with the bath water. It's like we're losing focus on that as a city.

We're still a city of neighborhoods and we still have to survive with all the culture, the climate, the people, different ethnic groups. We still have to survive in that way, and I contend that this bill will be -- is one of the nails that they put in the coffin to end our city, to end our neighborhoods, and to end the ability of people who live in our city now to stay where they are, maintain their homes and move forward so that their children and grandchildren will love this city and feel a sense of it as we do.

Thank you.

COUNCILMAN GREEN: Thank you, Councilmember. You're always a fighter for the people and passionate about it, and it's one of the things I admire about you most, and you're certainly entitled to your opinion but you're not entitled to the facts, and the fact of the matter is that the alternative to a lien sale, which will keep someone in their home, is a foreclosure sale, which will throw them out of their home. And so this is a tool that helps people stay in their homes and homeowners as opposed to the other alternatives available to the Revenue Department.

COUNCILWOMAN BLACKWELL: I am entitled to the facts. I don't mind disagreement, but don't accuse me of not being correct in what I think and the facts I see. As long as we disagree and you don't accuse me of something, we're fine, but if you want to say that I'm wrong in what I'm saying, then I'll sit here until midnight and we can debate that issue, even though I have a groundbreaking on nanotechnology at 12:00. I'll sit here and we can go through this until then. I'm not wrong in what I'm saying.

COUNCILMAN GREEN: Councilmember --

COUNCILWOMAN BLACKWELL: You can disagree, but don't tell me that I'm wrong, because I'm not wrong.

COUNCILMAN GREEN:

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Councilmember, I'm not saying you're wrong in your opinion, but I am saying that when a --

COUNCILWOMAN BLACKWELL: I might think you're wrong.

COUNCILMAN GREEN: The alternative to a lien sale is a foreclosure. And I don't know which you would prefer your constituent have, a foreclosure --

COUNCILWOMAN BLACKWELL: You and I can vote differently, but when you have your opinion, sometimes you want to accuse other people of being wrong because they don't think as you. It's okay with me if you don't think as I do, but don't make accusations. Otherwise, as I said, I'll be here until-until.

COUNCILMAN GREEN: Councilmember, once again, you're a fighter for the people and it's one of the things I admire most about you.

COUNCILWOMAN BLACKWELL: Thank you. Thank you.

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COUNCILMAN GREEN: Thank you.

Councilmember Brown.

COUNCILWOMAN BROWN: Thank you.

With regard to the third parties and in hearing clearly Councilwoman Blackwell's concerns regarding -- because I'm reflecting that we went through this also with PGW, I believe, the concern that third parties typically are not as sensitive in extraordinary circumstances that citizens endure. And so with that, typically evidence suggests that many more folk end up in this very, very awful dark place.

So when the bids go out to these third parties, is there language, are there provisions in that RFP that speaks to the criteria that that third party might consider with regards to folks who have hardships?

COMMISSIONER TOLSON: I don't know that that's precluded. I think that the first part of your statement is one of the challenges that we're trying to overcome, and, that is, the perspective that the third parties are private companies, are tougher. And I think that's one of the things that makes the program work, unfortunately.

We as the City and Department of Revenue may be the victim of the perspective that we don't collect, that we don't do a good job, and I say that humbly, and it's something that we have to work on and to address. But I think that could be one of the problems that we have as a city with regard to why people pay or don't pay.

I've heard stories -- there's a gentleman that shared with me the story of how he rode on a bus with a bunch of New York investors as they were touring around the neighborhoods looking at properties to gobble up and to buy. And those investors were told or future potential investors were told that it was great to buy in Philadelphia because here they didn't have to worry about paying the taxes because nothing would happen to them. I think that's a sad testament.

COUNCILWOMAN BROWN: Reputation to have.

COMMISSIONER TOLSON: It's a bad reputation. It's a sad reputation. It's one, though, that I just am willing to accept and understand, because now I know what I have to deal with. I know what I have to overcome. And if that is one of the things that's in our way, that's the culture that I'm talking about that we need to change.

So to the extent that people think that if there's a private entity that's involved that they should be more serious about paying their taxes, that may encourage people to pay their taxes and pay them in a more timely manner. I think that they're going to learn over time that the Department in and of itself is going to be a very, very different entity and very different creature, and we will become the premier financial management organization in this country. We're going to work on that. We're going to collect the taxes that are due to us, and if that means that we use third parties to help us improve that reputation, then we'll do that. But it's all going to happen in an environment that's fair to our taxpayers, because that's the right thing to do. But fair also means that people have to pay something, and we have taxpayers that pay nothing for years, because they know they can.

COUNCILWOMAN BROWN: First of all, I applaud the vision that you have going forward and your willingness to approach this new paradigm in a way that is first, second, and third of all, fair.

Herb Wetzel actually sat down with me or I went to sit down with him where he actually showed me dozens and dozens and dozens of properties by several different property owners who have properties in the City, unpaid taxes and actually have -- and then he would do the technology where you can look at to show me where those actual property owners live. So the reality is harsh and really requires us to do some things differently.

The question becomes, are there benchmarks or criteria for that property owner that owns two dozen properties -- and I'm using an arbitrary number -- and the strategies used to go after that owner versus a single-family dwelling senior who is in a desperate situation and not able to pay her taxes? Are there different criteria set for property owners who are at different stages of delinquency? I guess that's the question.

COMMISSIONER TOLSON: That's a very good question, and that's the collection strategy that I was talking about earlier, that I think that we are evolving as a department to have a clear understanding of what the strategy should be and how it should be applied.

COUNCILWOMAN BROWN: So that is not a one-size-fits-all.

COMMISSIONER TOLSON: It can never been a one-size-fits-all. What we are trying is trying to just develop our toolkit, put in all the arrows to our quiver that we can so that we are armed to deal with all the circumstances that we're presented with. Just as there are investors that don't pay their taxes for years, we also have owner occupants in very nice homes that don't pay their taxes for years.

So there are all kinds of circumstances that we have to learn how to address. So my interests are just having all the tools available and then being able to say, Here's what we need to do in a certain circumstance and here's how we need to apply it.

COUNCILWOMAN BROWN: Okay. Thank you.

COMMISSIONER TOLSON: Thank

you.

COUNCILMAN GREEN: Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

I think, though, just following up a little bit on what Councilwoman Reynolds Brown said, I think the thing is I think we all want to be comfortable that -- we get that you understand and you want your department to understand -- how do we get the third party as much to understand the differences that we're talking about here.

COUNCILWOMAN BROWN: Yes.

COUNCILMAN GREENLEE: And I think that's where she was going, if I may, with the whole idea of what's in the RFP or whatever. I don't know exactly how you do that, so I'm throwing it out kind of vaguely.

COMMISSIONER TOLSON: I'm concerned about speaking out of hand and out of turn with regard to what should be included in the RFP. I think that to the extent that what we do now with our co-counsel, with our collection agencies, the terms that we provide there in terms of fairness, that we should be looking for the same standards for any entity that's involved with the City. I have no interest in trying to deliver Philadelphia taxpayers to the boogieman to be taken advantage of.

So I think that it has to be written so that it can work out to be a system that's fair. I just am uncomfortable sitting here right now telling you what that language can be and to what extent I can say whatever, absent having talked to our legal team.

COUNCILMAN GREENLEE: And I'm not -- I don't have language either. And I guess the other thing is what oversight of these companies might be if there are allegations that they are not being fair. That would be the other thing. Again, I don't know how that factors in also. And

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I agree, and my general opinion is to be supportive, but I understand the concern that's also raised too, because obviously we don't want people thrown out of their houses. I don't think anybody does. And I guess you always try to find the middle ground. You don't want it where people think they don't have to pay their taxes, but you don't want people to think, My God, if I don't agree to something I know I can't agree to, then I'm going to get thrown out either.

COMMISSIONER TOLSON: And that's why -- we do have a payment plan. If you're involved in a payment plan, you're not considered delinquent to the extent that we would move you along. So if you have a payment plan and that you are staying on top of your payment plan, that's great. That's a tool to keep you in your home and to manage that.

COUNCILMAN GREENLEE: And the Revenue I know does that. I guess my concern is, we just want to make sure that the third party, whoever they may be, understands that sort of basic principle too.

COUNCILWOMAN BROWN: Completely. Because in places where you're using those differing strategies for different seniors, if they're working, that's a good thing. So if they're working, then the hope would be that the third party would sustain those practices that you're already executing in your department or adopt those practices, if you will.

COMMISSIONER TOLSON: Yes. I understand.

COUNCILWOMAN BROWN: So are you able at this point to say where you are in the RFP process or did I hear you say that's still being framed out?

COMMISSIONER TOLSON: No. There is no RFP process that's going on. I was responding to your question about could something -- or someone's question about could something be included in an

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RFP.

COUNCILWOMAN BROWN: Okay.

COUNCILMAN GREEN: And just for clarification, what is state law today with respect to whether or not a lien sale can occur?

COMMISSIONER TOLSON: A lien sale can occur today.

COUNCILMAN GREEN: So what is the difference between this proposal and state law?

COMMISSIONER TOLSON: I'll let Mr. Afessa answer that.

COUNCILMAN GREEN: Okay. Well, I will endeavor. We have limited, unlike state law, some of the costs that would be associated with a lien sale, and unlike a foreclosure sale, those costs are limited and defined in this legislation, whereas today if we were not to pass this measure, the Department of Revenue would have this tool under state law and could commence lien sales today.

COMMISSIONER TOLSON: Correct.

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COUNCILMAN GREEN: Okay. Thank you.

Councilmember Brown, are you finished?

COUNCILWOMAN BROWN: Yes.

COUNCILMAN GREEN: Thank you.

Councilmember Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

As has been said, we are interested. We would like to put parameters on third-party agreements and what they can do, but not having that -- where there's no law, there's no discretion. We would like to -- and as has been talked about, this issue of foreclosure, selling liens still doesn't prevent foreclosure. So whether we do it or a third party has it, it still doesn't necessarily protect a homeowner. You talk about your toolkit. We'd love to see what's in it.

I believe that we should, insofar as we can, have an open process, we know what will happen, so we can tell our constituents what will happen. But a process whereby we sell it off, we tell somebody else to foreclose on people, it doesn't absolve us of the responsibility of protecting our people. We don't know what's in your toolkit. Maybe you don't know yet. We don't know what's in this third-party legislation to try to protect people. It just takes the responsibility away from us as their elected officials to try to make agreements and we give it to somebody else who can say forget you, and that is my, I suppose, my last statement on the issue.

COUNCILMAN GREEN: Thank you. Thank you, Councilmember.

Thank you very much for your testimony. We appreciate it.

COMMISSIONER TOLSON: Thank you.

COUNCILMAN GREEN: Thank you.

We'd like next to call Allan Domb and GPAR and anybody who will be testifying with him on this bill.

(Witness approached witness table.)

MR. DOMB: Good morning.

COUNCILMAN GREEN: Thank you for your patience, Mr. Domb. We appreciate you staying here this morning. And please proceed with your testimony.

MR. DOMB: Well, our testimony is regarding this bill, but also regarding the current delinquencies in Philadelphia across 16 different taxes, which we have a chart from the Controller's Office that indicates over the last 25 years delinquencies are $1.6 billion of delinquencies. Real estate taxes are between $450 and $500 million. Wage taxes that were collected by employers but not remitted are 200 million. BIRT, business income revenue tax, 400 million; liquor tax, 34 million; use and occupancy tax, 28 million; water and sewer liens, 250 million; gas liens, 120 million. These are unbelievable numbers, and we're talking about money for the School District. There's a lot of opportunity here to collect money.

Having said that -- I can give you this chart, by the way, if you'd like.

This tax lien bill is very important, and this isn't new. There are 28 states currently that have the tax lien sales in effect, including the State of New Jersey, South Carolina, New York, Illinois, Florida. In fact, I was listening to some of the prior testimony. Camden, Newark, and Trenton have tax lien sales. And when I presented this idea, by the way, to Jerry Sweeney and Paul Levy, they challenged me to find urban cities that did tax lien sales and how it was effective. So we did, and we found that Camden, Trenton, and Newark collect 97 to 98 percent of their taxes, while Philadelphia collects 85 to 87 percent.

What's very interesting and what should be known is that less than 1 percent of all tax lien sales, less than 1 percent, end up in foreclosure nationwide in 28 states, less than 1 percent.

But think about something else. We've heard different numbers on the tax collection rate in real estate for Philadelphia. We've heard 85 percent. We've heard 87 percent. We have heard 90 percent. I'm not sure what the right number really is, but I'm going to guess it's between 85 and 87 percent.

That means 87 percent of our residents pay their taxes, 13 percent do not, and on a tax budget of $1.1 billion, that's a lot money every year that's not being collected, almost $150 to $160 million.

What's interesting, though, of the delinquencies, 57 percent are investors, of which 40 percent of the total delinquency are suburban investors who own properties.

COUNCILWOMAN BROWN: Repeat

that fact.

MR. DOMB: Sure. Of the delinquent taxes not paid, 57 percent of your 13 percent delinquency are investor-owned properties. Of the total delinquency of 13 percent, 40 percent of those people are investors who don't live in the City. And, by the way, Herb Wetzel is the best source of this information. He's got a whole file on all the investors who aren't paying their taxes. But 40 percent of the delinquency of real estate taxes are suburbanite investors who don't pay taxes. It's not right. And, by the way, if for no other reason why this bill should pass is because 85 to 87 percent of the Philadelphia residents pay their taxes, and as an example that we appreciate them paying their taxes, we should collect from the people who don't pay their taxes.

The bigger issue, though, GPAR did a little chart, which you may have in front of you, and these are based on the old AVI numbers. So on new AVI numbers, the numbers are double in value. But what we did was, we took the delinquent tax bills from the Controller's Office. We matched them to properties and came up with market values for the delinquencies. So what this chart shows is about $8 billion of real estate value against delinquent taxes for the last 25 years of about $500 million. But that's old AVI numbers, and if we were to recalculate the new AVI numbers, because many AVI numbers are two times or three times the number, you have almost $16 to $20 billion of real estate value against $500 million of delinquent taxes. Anyone in the tax collection business will tell you this is extremely collectible.

To also keep in mind -- I'll give you an example. Look at 19103, which is Rittenhouse Square. What this says is there's 230 parcels in Rittenhouse Square that haven't paid

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their taxes. Against $165 million of the old AVI numbers, which today is probably 350 million, and what's owed the City, $3.8 million.

COUNCILMAN JOHNSON: So the rich people are not paying taxes either.

MR. DOMB: Nobody is paying. The 13 percent, by the way, is not -- what a lot of people think is that the 13 percent of the people not paying is an 85-year-old grandmother in a row home. Those people pay their taxes. Those people were brought up to pay their bills. They're not the people that are beating the system. They pay their bills. My mother is 84. She gets worried if she pays a bill two days late. They pay their bills. I'm in the property management business also. It's the same people who try to beat the system, and when we allow them to beat the system, they're taking advantage. That's the people not paying their taxes.

But look at South Philadelphia,

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I think 19148, 1,660 properties, 243 million of old AVI value. Two million dollars or 2.4 million is owed. That's very collectible. There's a lot of money here.

The worst zip code I think is Germantown. I think it's 19129. That's the worst, and that's old AVI numbers of 80 million of real estate value against 37 million of taxes collected. Keep in mind, taxes are a first lien on real estate.

The other important thing you should know, in the other 28 states across the United States, 50 percent of the sales of tax liens are to the mortgage companies. They buy them. Why? To protect their lien. Because if they don't buy them, they're going to get blown out of the transaction. So they're buying them, and they're not going to probably do anything other than write a check, give the City the money, and then they'll deal with how to deal with the homeowner. They're probably not getting paid on the mortgage either. A lot of these are probably subject to short sales or foreclosures by lenders and the taxes haven't been paid, but the lender is going to write us the check if we put this in place. This is very important for us to support, very important.

Having said all that, when you look at this map, I think in general there's no way you can't support this. The other piece of this, though, that this can also accomplish is the utility liens. Water and sewer liens for $250 million, you could sell them the same way. You could sell these gas liens that are 120 million the same way.

Liquor tax, it's $34 million of liquor tax not paid. Today to get a liquor license it's $80,000. You probably could sell those the same way or you could lien the liquor license and collect it.

Use and occupancy tax is a real

estate tax really. Twenty-seven million is due.

So there's a lot of money. I think at the end of the day, you put this type of bill through and you allow it to go through the system, you have hundreds of millions of dollars. It could be anywhere from $600 to 800 million collectible with an efficient tax lien sale.

Anyway, I wanted to thank you for the opportunity. I'm very happy you're presenting this bill. It's like a culmination of what we've been trying to get to, so we're very pleased.

Thank you.

COUNCILMAN GREEN: Thank you very much for your testimony. Just based on your testimony and doing some quick math, if across the country in all these states 50 percent of the tax lien sales are actually being bought by mortgage companies, mortgage companies are then dealing with the homeowners. In the City of Philadelphia before a mortgage can foreclose, they have to go to Mortgage Foreclosure Court and that whole process. But if that is true and that would imply essentially that of the 160 million a year we're not collecting in taxes, because we collect 13 percent less than we bill, perhaps as much as $80 million a year would come in just from mortgage companies, not third-party investors or other things, and every year we would have upwards of $60, $80 million that we're not collecting now just through putting this process in place.

MR. DOMB: That's accurate. I'm going to give you one example, because it's real life. A month ago a person comes up to me around Rittenhouse Square and says to me, I owe the City five years of real estate taxes, Allan. Can you help me?

I said, What are you out of your mind? I'm the biggest proponent to pay your taxes. You're crazy.

He says, I owe $36,000. It's five years.

I said to the guy, Your home is worth like a million two. I said, What's your mortgage?

He said, It's 120,000.

I said, You'd better pay your taxes right away. They're going to foreclose on you.

This is what's going on. There's no will to collect. This gives you the will to collect. It's very important.

COUNCILMAN GREEN: Thank you.

Councilmember Brown.

COUNCILWOMAN BROWN: I would simply like to comment on your very excellent testimony and to see the numbers for me is very, not only instructive but it makes it exceedingly clear the severity of the problem.

MR. DOMB: Thank you.

COUNCILWOMAN BROWN: Thank you.

COUNCILMAN GREEN: Thank you.

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Any other questions?

(No response.)

COUNCILMAN GREEN: Seeing none, thank you very much for your testimony.

MR. DOMB: Thank you.

COUNCILMAN GREEN: Is there anybody else -- sorry. Councilmember Brown.

I'm sorry, Mr. Domb. I apologize.

Councilmember Brown.

COUNCILWOMAN BROWN: Yes. So given the clarity you've given around suburbanites versus Philadelphia residents, and particularly seniors -- I have my own bias towards looking out for that part of the world -- do we know if -- the Revenue Department still here? I'd be curious to know if the Revenue Department has in its, I like the expression, toolbox a different set of strategies for going after suburbanites versus Philadelphians who are egregious when it comes to paying taxes.

MR. DOMB: First of all, I think there was a bill by Council President Clarke that was trying to enforce legislation to go to the suburbs.

COUNCILWOMAN BROWN: That's exactly right.

MR. DOMB: But with this legislation, you don't need to do that, because what you do is sell the lien to a third party and let them collect. This is so great. You get a check. It's unbelievable. This is the best business to be in. City of Philadelphia can predict what they're going to get in revenue. They get the check, and they're done.

COUNCILWOMAN BROWN: Okay. Thank you.

MR. DOMB: Sure. Thank you.

COUNCILMAN GREEN: Thank you for your testimony.

Is there anybody else here to testify on this bill?

(No response.)

COUNCILMAN GREEN: Seeing none, would those people testifying -- I guess Commissioner David Perri on 130635.

(Witnesses approached witness table.)

COUNCILMAN GREEN: Please state your name for the record and proceed with your testimony.

COMMISSIONER PERRI: Good morning, Chairman Green and members of the Finance Committee. My name is David Perri and I am the Acting Streets Commissioner. With me this morning is Sanitation Deputy Commissioner Donald Carlton. We're here to offer testimony on Bill No. 130635, which, if enacted, would amend The Philadelphia Code to change the annual fee for commercial trash collection from $300 to $150 for owner-occupied duplex apartment buildings.

The Office of Property Assessment reports that there are a total of 24,272 duplex apartment buildings within the City of Philadelphia. The Department of Licenses and Inspections reports that the owner occupies one of the two dwelling units in approximately 13.3 percent of the buildings.

The Department of Streets does not support the passage of Bill 130635. If enacted, the City's Operating Budget would lose approximately $456,000 of revenue on an annual basis. The cost to the City of Philadelphia to collect and dispose of trash is approximately $300 per household per year. That cost is the same regardless of whether a dwelling unit is occupied by the owner or a tenant. Owners of duplex apartment buildings already receive substantial discounts, as the actual cost to service a duplex building for trash collection is $600 per year.

A $456,000 reduction to the Streets Department budget would eliminate either 11 positions from our Short Dump Unit, resulting in the inability to remove 15,000 tons of illegally dumped materials on abandoned lots and streets, or eliminate 12 positions from our Street Sweeping Operation, resulting in 24,000 less miles cleaned and leaving 12,000 tons of litter and debris on City streets.

That concludes my testimony. Thank you for the opportunity to testify on this bill, and we would be happy to answer any questions that you may.

COUNCILMAN GREEN: Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

Good afternoon, Commissioner and Deputy Commissioner. And I guess in some ways this has some similarities to the first bill we considered today. We certainly don't want the City to lose any money. I get that. But isn't it true for the most part realistically that a lot of the people who live in a duplex and rent the other floor aren't making a tremendous amount of money off that? I mean, they're not like major rental property owners. They're just -- and just the fact there's only 13 percent of them, I mean, and they're still paying something. They're not saying not pay anything. But it just seems to me to make some sense that because they're probably -- what would you call it? The amount of money they make off these properties are probably not very much as compared to major rental properties. And I guess obviously if you look at just the money figure, you're losing money. I get it. But when you look at the people factor, if I want to call it, is that a consideration?

COMMISSIONER PERRI: I mean, to be fair, we have to base this on what our costs are to service the dwelling unit, and unfortunately that's $300 a dwelling unit regardless of whether the owner lives there or a tenant lives there. If you think about it, if you own a duplex, by right you should be paying $600 a year and currently you're only paying $300 a year. So you're already in a mode in which you are receiving a discount from the true cost.

COUNCILMAN GREENLEE: Wait a minute. Wait a minute. But if you live there, you're the owner of half the property, right? You wouldn't be paying -- I mean, if you're looking at your figure -- so you're saying to collect from everybody, it's $300?

COMMISSIONER PERRI: To collect from --

COUNCILMAN GREENLEE: Every unit.

COMMISSIONER PERRI: I'm sorry. To collect -- citywide calculations are it costs $300 per dwelling unit if you take our total budget and break it down by the number of dwelling units in the City.

COUNCILMAN GREENLEE: But in fairness, isn't that a little misleading?

I mean, if you're talking about a single-family dwelling, they generate, I think, on average less trash than a five, six-unit building, right? So, I mean, in pure numbers when you break it down and just divide by the number of properties, you're right, but, again, in reality, I mean, that's not really a fair comparison, is it? I mean, wouldn't it be accurate to say that the normal single-family dwelling -- they're not all the same -- generates less trash than a five-unit building?

COMMISSIONER PERRI: Yeah. I think that's a fair assessment, that if you add up the total amount of trash from five units, it's going to be greater than the trash from one unit. But that fee basis was already established by ordinance to be $300 per property regardless of the amount of dwelling units within the property.

COUNCILMAN GREENLEE: I understand that, but, I mean, the amount of trash isn't the same, and I guess I would argue that in a -- and I think the idea -- again, this isn't my bill either, but the idea behind the bill was that you're talking about, one, probably a generation of less trash if this is a duplex and there's a homeowner there, and then, secondly, I think if I remember right, when this fee was first put in, part of the reasoning was that, well, they should pay -- the owners of rental properties should pay more because they're making money off these properties too. I think I saw Deputy Commissioner shake his head there. Am I correct in that?

DEPUTY COMMISSIONER CARLTON: Yes. Yes, you are correct.

COUNCILMAN GREENLEE: So I guess if income is going to be considered, then shouldn't you not consider in a duplex that is owner occupied on the first floor that there is less income probably coming in and that maybe splitting that in half is a reasonable calculation?

COMMISSIONER PERRI: I think your premise is sound, that --

COUNCILMAN GREENLEE: That's a good start.

COMMISSIONER PERRI: -- a person that owns a duplex is bringing in less revenue than a person that owns a six-apartment building.

But with that being said, how do we make this revenue neutral? How do we make sure that ultimately the City is not collecting less money for servicing trash than it currently is? I mean, you would have to consider raising that base fee of $300 to a higher number.

COUNCILMAN GREENLEE: You said that. I didn't. But all right. I mean, we could go back and forth on this. It just seems that the idea -- if you're collecting less from a property, then maybe you shouldn't -- collecting less trash, maybe you shouldn't collect as much money as you would for higher rental properties.

COMMISSIONER PERRI: Or we can look at that in the other way and say maybe we should be charging more for multiple-family dwellings. If you have six units, maybe that charge should be much more than $300.

COUNCILMAN GREENLEE: Again, you said that. I didn't.

DEPUTY COMMISSIONER CARLTON: When we're looking at the --

COUNCILMAN GREENLEE: I understand what you're saying. I hear you.

DEPUTY COMMISSIONER CARLTON: Councilman, when you look at the service that we provide compared to other municipalities, we pick up a lot more than other municipalities would. They would charge you for certain things. When you look at us picking up sofas, box-spring mattresses, things of that nature and there's no charge, no fee, the

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$300 isn't really that big of a fee, I should say, when you look at the service that's being provided compared to other municipalities.

COUNCILMAN GREENLEE: Okay. But we're in this municipality, and there are costs obviously for property owners that maybe some other municipalities don't pay too. So you can go back and forth on that too.

I mean, I get you. It just seems that knowing what I know of most people who live in and rent a second floor or something, you're not getting a lot of money -- making a lot of money off those properties, and they're still paying the City something under this bill. It would be $150. It wouldn't be as much. I get you. But it would be -- again, it just gets back to fairness to me. It just seems like a reasonably fair compromise.

DEPUTY COMMISSIONER CARLTON: When we look at the amount of the bill itself and you try and be fair about it, you start looking at, Okay, well, is it fair that say a home in North Central Philadelphia, a duplex, may only get $300 a month, where a home or duplex in Northwest or Northeast, they may get $700 a month. So then you get into the point of, Okay, we want to charge a fee or scale based on where you are, how much you make. Then it kind of becomes subjective based on income.

COUNCILMAN GREENLEE: I guess I'm not saying break it down that geographically. I'm just talking about generally I would think -- and, look, nothing is a hundred percent one way or the other, but I just think that the majority of those properties, the 13 percent where people live and rent, I'm to going to say, a second floor -- that's probably what mostly it is -- there's just not a lot of income generated, wherever part of the City it's in. Obviously if it's in a higher rent area, you get a little bit more, but you probably pay more taxes too.

So, again, we could go back and forth all day and we've been here a while.

Thank you, Mr. Chairman.

COUNCILMAN GREEN: Thank you.

Councilmember Squilla.

COUNCILMAN SQUILLA: Thank you.

Thank you guys for testifying. I think we're going to see more and more of bills like this. I mean, as the Administration put forward, they wanted to be more fair and accurate on things and make things fair for all residents throughout the City of Philadelphia. And you go in and each resident who lives in their home does not have to pay a fee right now for trash. I know that was brought up before. But at this point, if you live in your house, you do not have to pay. It's included with your taxes. So if a person is living in their home, they're still living in part of that

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house.

If you have an apartment and say it's a duplex and they wanted to give you homestead, they don't give you the full homestead if you rent the second floor. So, again, on being fair, you get $30,000 off if you own your home, but if you're renting part of it, you don't get the whole 30,000.

So we can't have it both ways. We can't say, All right, certain times we need to say, yes, you only get part of it because you're using your house either for business or you're renting part of it out, so you only get part of your homestead, but then you have to pay the whole tax fee because that would make it work.

So I think on Council here, we're looking to try to do things fairly. If we're going to use that logic on some things, we have to use it just about on all of them, and we can't pick and choose which ones to be fair on and which ones to choose not to be fair on. So I think that's where we're coming from. We definitely don't want to lower the value of the Streets, what they're getting, because we appreciate everything that you guys do on the street. And I got to say one thing, that every time we call over to the Streets Department, whether it's a sanitation issue or a streets issue, that you guys are very responsive, and we really do appreciate that, because that's a big help to us and our constituents. So we don't want to lower the value there. But I believe even in this instance, I think the Administration even has the authority to increase costs. So if they deem necessary could raise a cost per unit or raise the cost of how much the fees duplexes get.

COMMISSIONER PERRI: Well, the ordinance -- first of all, Councilman, I agree with your logic. It's sound logic about being fair based on the amount of trash generated. The ordinance currently has a provision that allows us to raise that base $300 fee by regulation, but that's only if our cost basis increases. And our cost base isn't increasing here. It's still the same. So there has to be another way of making up for that loss in revenue. So maybe the correct thing to do is, if we want to give the duplex owner the $150 reduction or 50 percent reduction, then we need to raise that cost basis from 300 to a higher number.

COUNCILMAN SQUILLA: I understand that too, but if you go back to the tax issue, again, we're trying to now go through and try to be fair on all these issues, and if the City happens to lose a little bit of revenue because of being fair, we will try to make it up eventually. I mean, maybe that's something that could be talked about in the future, but at this point, it's kind of hard to do that when we're hitting people with so many new taxes and we're hitting people with fees and other things that we're doing. This here is just trying to say, You know what, these homeowners have a point. They live there. They're still paying the same rate as if it's a duplex, a triplex, whatever it is. So they should, in our mind -- and this is my -- I'll just speak for myself. I'm sorry. In my mind, I think that it comes to a point where if we're going to be fair on one thing, we have to be fair on another. And maybe that doesn't help you get your extra dollars back that you're losing from this, but if we go out there and really pay attention to some of these apartments and buildings that don't have proper licenses and, therefore, are not paying the trash fees, we may be able to make that up. And I don't know if you have a number or we could work with realtors as far as HAPCO and other people to go out there and say, Let's go after the people who are renting properties illegally that do not have rental licenses, so,

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therefore, we know that we could collect some more trash dollars off them, and maybe we can make up the money of the 15 percent or 13 percent of these homeowners out there, because I'm sure there's a lot of people out there that are doing this, and maybe we could work with you in order to increase those numbers.

Thank you.

COUNCILMAN GREEN: Thank you.

Have you seen the amendment that's been circulated on this bill? It makes only one change in (d). It says "collection from a duplex" and then in parens it now says "two-family dwelling," close parens.

COMMISSIONER PERRI: When was that change done? Was that recently?

COUNCILMAN GREEN: I don't know, but it's before me, and I assume that would mean that it doesn't apply to commercial duplexes.

COMMISSIONER PERRI: We are --

COUNCILMAN GREEN: Only to

residential duplexes, and that's the clarification, but I just wondered if you -- is that what your numbers were based on, just residential duplexes, not half commercial, half residential duplexes?

COMMISSIONER PERRI: They were on residential duplexes, yes.

COUNCILMAN GREEN: So it's apples to apples.

COMMISSIONER PERRI: Yes.

COUNCILMAN GREEN: Thank you. Very good.

Any further questions for these witnesses?

(No response.)

COUNCILMAN GREEN: Thank you.

Seeing none, we will now move from the hearing on the bills that were read by the Clerk into a meeting on the bills, and I'd ask Councilmember Greenlee to move us through these bills.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I move the adoption of the amendment to Bill No. 130531 be adopted.

(Duly seconded.)

COUNCILMAN GREEN: It's been moved and seconded that the amendment to Bill 130531 be approved.

All in favor?

(Aye.)

COUNCILWOMAN BLACKWELL: One question. What amendment is that?

COUNCILMAN GREENLEE: It's in the packet there.

COUNCILWOMAN BLACKWELL: You're not talking 635; you're talking 531?

COUNCILMAN GREEN: 531. It's right here, Councilmember.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILMAN GREEN: I'm going to recess the public meeting, go back into a public hearing. I understand there are additional people to testify on Bill 635.

I'd ask you to please summarize your testimony as much as possible. If you're testifying in favor of this bill, it is expected to pass, I believe.

(Witness approached witness table.)

MR. MALLOY: Commissioner [sic] Green and your committee, hello. We didn't send any testimony in advance, but in your reference to brief, I already made it very brief.

GPAR would like to thank Mr. O'Neill --

COUNCILMAN GREEN: Please state your name for the record.

MR. MALLOY: Oh, I beg your pardon. Jack Malloy, Greater Philadelphia Association of Realtors, and we'd like to thank Brian O'Neill, Mark Squilla, and Marian Tasco for their invitation to testify today.

The refuse fee at the time and remains so today is an unfair tax because it's levied only on owners of certain properties. Also unfair is the result of this fee, which is double taxation. The duplex owner occupant is already paying an annual property tax for the service of refuse and recycle collection, but is then paying another annual tax for these same services.

We're very pleased to support this legislative act of fairness taken by those members, easing the tax burden on these property owners by removing the portion of the refuse fee that applies to the owner occupant. So on behalf of those consumers and our association, we thank you.

I do have to, if you'll indulge me, Chairman --

COUNCILMAN GREEN: If it's not on Bill 635, I do not want to hear testimony.

MR. MALLOY: I'm sorry?

COUNCILMAN GREEN: Is it on this bill --

MR. MALLOY: Oh, yeah.

COUNCILMAN GREEN: -- your additional comment?

MR. MALLOY: Oh, yeah, yeah. I just want to address Mr. Greenlee, who hit the nail on the head. Most of the duplex owners do not produce a lot of the trash you're talking about, the point you were making. And also the mortgage, if I use myself -- I'm here for GPAR, but just as myself as an owner occupant of a duplex, the rent that I collect still does not cover the mortgage. So to your point earlier about all the money we're making or whatever, which was the origination of the fee in the first place, it's not. You summarized it perfectly. You're not Donald Trumps owning the one duplex and collecting the rent and the trash fee. And this morning coming here -- Friday is collection day for me. I walked out the door with one 13-gallon bag of trash. So we just don't produce that, and Mr. Greenlee summarized it perfectly of what he assumed it was.

COUNCILMAN GREEN: Thank you.

Any questions for this witness?

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(No response.)

COUNCILMAN GREEN: Thank you for your testimony.

MR. MALLOY: Thank you very much.

COUNCILMAN GREEN: Anybody else here to testify on this bill?

(Witness approached witness table.)

COUNCILMAN GREEN: Please state your name for the record and proceed with your testimony.

MR. EYERS: Hi. My name is Michael Eyers and I own a duplex in the Northeast. I live on the first floor, rent out the second floor. Several years ago, this trash collection fee bill was passed, and my understanding, this was passed as a commercial trash collection fee, but I'm not running a commercial business. I'm renting out one apartment. Now, it's my understanding you were talking earlier about all of these houses that are bought up by investors in New

York. These are all these single-family homes. They come and they buy up dozens of these homes. Some of these homes, from what I understand, have 10, 15 people living in them. They create tons of trash, but because they are considered single-family homes, they don't have to pay this fee. These are the people that are running a real commercial business, but they're not paying this commercial trash fee. And because I rent out what is basically part of my home, I'm paying a $300 commercial fee.

You're talking about how do you make up the money that's lost from this 13 percent of owner occupied, and the answer is to go after these people that are buying up dozens of houses. And they're running an actual commercial business out of this, but because they are single-family homes, they don't pay for their trash collection. And I also think it's unfair to say it costs $300 for each house and we're getting a break, when the average homeowner it's included as part of their taxes.

So for that reason, I personally feel that this fee should not apply at all to owner-occupied duplexes, but any break we could get would certainly be appreciated.

COUNCILMAN GREEN: Thank you.

Councilmember Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCILMAN GREEN: Any questions for this witness?

(No response.)

COUNCILMAN GREEN: Seeing none, thank you very much for your testimony.

MR. EYERS: Thank you.

COUNCILMAN GREEN: We will now recess the hearing on the bills read by the Clerk and move into the public meeting. I believe we called the question on the amendment to 531.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

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COUNCILWOMAN BLACKWELL: No.

COUNCILMAN GREEN: Let the record reflect that all present voted aye except for Councilmember Blackwell.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I move that Bill No. 130531, as amended, be reported out of this committee with a favorable recommendation, that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILMAN GREEN: It's been properly moved and seconded that Bill No. 130531, as amended, be reported from this committee with a favorable recommendation and a rules suspension.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

COUNCILWOMAN BLACKWELL: No.

COUNCILMAN GREEN: Let the record reflect that everyone present voted aye except for Councilmember Blackwell.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I move that Bill No. 130591 be reported out of this committee with a favorable recommendation, that the rules of Council be suspended to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILMAN GREEN: It's been properly moved and seconded that the bill just read by Councilmember Greenlee be reported from this committee with a favorable recommendation and a rules suspension.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it.

Councilmember Greenlee.

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COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I move the adoption of the amendment to Bill No. 130592 that was circulated.

(Duly seconded.)

COUNCILMAN GREEN: It's been properly moved and seconded that 130592 be amended.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. I move that Bill No. 130592, as amended, be reported out of this committee with a favorable recommendation with a rules suspension to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILMAN GREEN: It's been

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properly moved and seconded that Bill No. 130592, as amended, be reported from this committee with a favorable recommendation and a rules suspension.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Mr. Chairman, I move the adoption of the amendment to Bill No. 130635.

(Duly seconded.)

COUNCILMAN GREEN: It's been properly moved and seconded that Bill No. 130635 be amended.

All in favor?

(Aye.)

COUNCILMAN GREEN: Any opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it.

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Councilmember Greenlee.

COUNCILMAN GREENLEE: Mr. Chairman, I move that Bill No. 130635, as amended, be reported out of this committee favorably with a rules suspension to allow for first reading at our next session of Council.

(Duly seconded.)

COUNCILMAN GREEN: It's been properly moved and seconded that Bill No. 130635, as amended, be reported from this committee with a favorable recommendation and a rules suspension.

All in favor?

(Aye.)

COUNCILMAN GREEN: All opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it.

This concludes this meeting of the Finance Committee. Thank you all for your attendance.

(Committee on Finance concluded at 12:30 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-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.)

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