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COUNCIL OF THE CITY OF PHILADELPHIA
STATED MEETING
AND MAYOR'S ANNUAL BUDGET MESSAGE

- - -
Tuesday, January 29, 2002
10 o'clock a.m.
Room 400, City Hall
Philadelphia, PA
- - -

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DICICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN W. THACHER LONGSTRETH
COUNCILMAN RICHARD T. MARIANO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

PATRICIA RAFFERTY, Deputy Chief Clerk

- - -

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Philadelphia, PA 19103
(215) 561-2220

1 1/29/02 STATED - GREETING/INVOCATION

2

3 COUNCIL PRESIDENT VERNA: Good morning,
4 everyone. I note that the hour has come and that a
5 quorum of this Council is present. Council will
6 come to order, members will take their seats, and
7 visitors will retire to the seats outside the rails.

8 To give our invocation this morning, the
9 Chair welcomes Father Thomas Herron, Pastor of Good
10 Shepherd Roman Catholic Church. He is here today at
11 my invitation.

12 Members and of guests will please rise.

13 (All rise.)

14 FATHER HERRON: Thank you, Council
15 President Verna, for this invitation.

16 Before I pray, I would like to take this
17 opportunity to thank Jeffrey Lurie and his wife,
18 Christine, Joe Banner and the entire administration,
19 Andy Reid and the coaching staff and the
20 Philadelphia Eagles players for the outstanding
21 season and bringing a spirit of joy and a winning
22 tradition to our city.

23 Let us pause for a movement of silent
24 reflection.

25 (Brief pause.)

1 1/29/02 STATED - GREETING/INVOCATION

2 FATHER HERRON: Heavenly Father, pour out
3 your Holy Spirit upon Mayor John Street and the
4 members of the City Council of Philadelphia. Give
5 them your wisdom, your truth, and your life. The
6 residents of this City of Brotherly Love have been
7 changed and will continue to be changed by the
8 decisions of the Mayor and the decisions of the City
9 Councilmembers.

10 You can decide to be angry, vindictive,
11 vengeful, hateful, becoming enemies and poisoning
12 the well of this city. You can also decide you
13 can't do anything and go back to your trivial
14 pursuits, as if tomorrow were no different than the
15 day before. Or you can rise to the challenge and
16 pledge your hearts to a higher calling and unite in
17 your efforts. You can answer to the better angels
18 of your nature and join in a shared struggle on
19 behalf of the friends and neighbors who occupy the
20 City of Philadelphia.

21 May all of us listen more attentively to
22 the voice of God within us, as ever before. May we
23 heed God's urgings with acts of kindness and
24 compassion and deeds of love and forgiveness. May
25 the light of God surround all of us. May the love

1 1/29/02 STATED - GREETING/INVOCATION

2 of God enfold us, the power of God protect us, and
3 the presence of God watch over us, wherever we are.

4 And we make this prayer to You, our
5 Heavenly Father, forever and ever.

6 Amen.

7 COUNCIL PRESIDENT Verna: Amen

8 The Chair thanks Father Herron for his
9 very inspiring invocation.

10 Council will be at ease.

11 (Council stands at ease.)

12 (Proceedings resume.)

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1 1/29/02 STATED - JOURNAL APPROVAL

2 COUNCIL PRESIDENT VERNA: The next order
3 of business is the approval of the Journal of the
4 meeting of Thursday, December 20, 2001, and the
5 Chair recognizes Councilwoman Blackwell.

6 COUNCILWOMAN BLACKWELL: Thank you, Madam
7 President. I move that the Journal of Thursday,
8 December 20, 2001 stand approved.

9 (Duly seconded.)

10 COUNCIL PRESIDENT VERNA: It has been
11 moved and properly seconded that the Journal of the
12 meeting of Thursday, December 20, 2001 stand
13 approved.

14 All in favor will indicate by saying aye.

15 Those opposed?

16 The ayes have it and the Journal of the
17 meeting of Thursday, December 20, 2001 has been
18 approved.

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1 1/29/02 STATED - LEAVES OF ABSENCE REQUESTS

2 COUNCIL PRESIDENT VERNA: The next order
3 of business is requests for leaves of absence, and
4 the Chair recognizes Councilwoman Blackwell.

5 COUNCILWOMAN BLACKWELL: Thank you, Madam
6 President. This morning, there are no requests for
7 leaves of absence on the part of the Majority.

8 COUNCIL PRESIDENT VERNA: The Chair thanks
9 the Councilwoman.

10 The Chair recognizes Councilman O'Neill.

11 COUNCILMAN O'NEILL: Madam President, on
12 behalf of the Republicans, there are no requests for
13 leave of absence.

14 COUNCIL PRESIDENT VERNA: Thank you.

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1 1/29/02 STATED - VISITOR RECOGNITION

2 COUNCIL PRESIDENT VERNA: The Chair will
3 dispense with the regular order of business to
4 recognize guests and visitors joining us in chambers
5 this morning.

6 On behalf of all members of City Council,
7 I welcome you to our Council session today. We
8 appreciate your taking the time to join us as we
9 attend to the legislative affairs of our city. We
10 certainly invite you to come again.

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1 1/29/02 STATED - COMMUNICATIONS

2 COUNCIL PRESIDENT VERNA: The next order
3 of business is communications.

4 The Chair recognizes the Sergeant-at-Arms
5 for the purpose of delivering the messages from the
6 Mayor to the Chief Clerk. The Chief Clerk will read
7 the messages from the Mayor.

8 THE CLERK: To the President and members
9 of the Council of the City of Philadelphia, I am
10 pleased to advise you that I have signed all of the
11 bills that were passed by Council at its session on
12 December 13, 2001, except 010646.

13 And I have also signed all of the bills
14 that were passed by Council at its session on
15 December 20, 2001, except 010493-A, 010690-A, and
16 010694.

17 And a resolution providing for the
18 approval by the Council of the City of Philadelphia
19 of a revised Five-Year Financial plan for the City
20 of Philadelphia covering Fiscal Years 2003 through
21 2007 and incorporating proposed changes with respect
22 to Fiscal Year 2002, which is to be submitted by the
23 Mayor to the Pennsylvania Intergovernmental
24 Cooperation Authority pursuant to the
25 Intergovernmental Corporation agreement authorized

1 1/29/02 STATED - COMMUNICATIONS

2 by an ordinance of this Council and approved by the
3 Mayor on January 3, 1992.

4 And an ordinance amending Chapter 19-1500
5 of the Philadelphia Code entitled "Wage and Net
6 Profits Tax," by decreasing the rates of the tax and
7 by making technical amendments, all under certain
8 terms and conditions.

9 And an ordinance amending Chapter 19-1800
10 of the Philadelphia Code, entitled "School Tax
11 Authorization," by amending Section 19-1806 to
12 further authorize the Board of Education of the
13 School District of Philadelphia to impose a tax on
14 the use or occupancy of real estate within the
15 School District of Philadelphia.

16 And an ordinance amending Chapter 19-1800
17 of the Philadelphia Code, entitled "School Tax
18 Authorization," by amending Section 19-1804,
19 "Authorization of Net Income Tax."

20 And an ordinance amending Chapter 19-1801
21 of the Philadelphia Code to further authorize the
22 Board of Education of the School District of
23 Philadelphia to impose tax on real estate within the
24 City of Philadelphia and to change the tax rate,
25 under certain terms and conditions

1 1/29/02 STATED - COMMUNICATIONS

2 And an ordinance amending Section 19-1301
3 of the Philadelphia Code, entitled "Real-Estate
4 Taxes," to decrease the rate of tax on real estate
5 within the City of Philadelphia, under certain terms
6 and conditions

7 And an ordinance amending Section 19-2604
8 of the Philadelphia Code relating to tax rates,
9 credits, and alternate tax computation for the
10 business privilege tax by reducing certain tax rates
11 and by making technical amendments, all under
12 certain terms and conditions.

13 And an ordinance to adopt a Capital
14 Program for the six fiscal years 2003-2008,
15 inclusive.

16 And an ordinance to adopt a Fiscal 2003
17 Capital Budget.

18 And an ordinance authorizing transfers in
19 appropriation for Fiscal Year 2002 from the General
20 Fund to certain or all City offices, departments,
21 boards, and commissions, and from the Grants Revenue
22 Fund - the Director Finance to certain or all City
23 departments, boards, and commissions.

24 And an ordinance authorizing transfers in
25 appropriation for Fiscal Year 2002 within the

1 1/29/02 STATED - COMMUNICATIONS

2 Aviation Fund from certain or all City offices,
3 departments, boards, and commissions to certain City
4 offices, departments, boards, and commissions.

5 And an ordinance authorizing transfers in
6 appropriation for Fiscal Year 2002 within the Grants
7 Revenue Fund from the Director of Finance -
8 Provision for Other Grants to the Police Department,
9 the Board of Trustees of the Free Library of
10 Philadelphia.

11 And an ordinance authorizing transfers in
12 appropriation for Fiscal Year 2002 from the Grants
13 Revenue Fund - the Director of Finance, the Director
14 of Finance Contribution to the School District.

15 And an ordinance adopting the Operating
16 Budget for Fiscal Year 2003.

17 And to the President and members of the
18 Council of the City of Philadelphia: I am returning
19 herewith as disapproved Bill No. 010646, entitled
20 "An ordinance amending Chapter 2500 of the
21 Philadelphia Code, entitled 'Councilmatic
22 Districts,' by revising the boundaries of the
23 Councilmatic Districts under certain terms and
24 conditions." Council passed this bill at its
25 session on December 20, 2001.

1 1/29/02 STATED - COMMUNICATIONS

2 And I am returning herewith as disapproved
3 Bill No. 010493-A. Council passed this bill at its
4 session on December 20, 2001.

5 COUNCIL PRESIDENT VERNA: The messages
6 will be printed in the Journal.

7 The clerk will read any other
8 communications in her possession.

9 THE CLERK: That's all I have, Madam
10 President.

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1 1/29/02 STATED - ADJOURNMENT

2 COUNCIL PRESIDENT VERNA: The Chair
3 recognizes Councilwoman Tasco.

4 COUNCILWOMAN TASCO: Thank you, Madam
5 President. Madam President, I move that Council
6 stand adjourned until Thursday, February 7, 2002.

7 (Duly seconded.)

8 COUNCIL PRESIDENT VERNA: It has been
9 moved and seconded that Council stand adjourned
10 until Thursday, February 7, 2002.

11 All in favor will say aye.

12 Those opposed?

13 The ayes have it, and Council will stand
14 adjourned until Thursday, February 7, 2002, at 10
15 a.m.

16 I would ask all Councilmembers to please
17 remain in their seats. The Mayor will be coming up
18 to deliver his budget message.

19 (Proceedings end at 10:15
20 a.m.)

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1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 COUNCIL PRESIDENT VERNA: In keeping with
3 the practice established over the years, we have
4 many distinguished visitors here today who are
5 elected officials: Heads of departments, boards,
6 commissions, and many representatives of the
7 Administration.

8 Although I would like to single out each
9 of you, owing to the constraints of time today, we
10 will be unable to mention each dignitary by name.
11 Please know that we are duly appreciative of your
12 being with us. We want to extend a warm welcome and
13 to offer our thanks for all of the good work that
14 you do. We appreciate your presence.

15 At this time, I would like our
16 distinguished guests, elected officials and
17 representatives of the Administration to please
18 stand so that we may acknowledge you with a round of
19 applause.

20 Please stand.

21 (Applause.)

22 COUNCIL PRESIDENT VERNA: The time has
23 come for us to considerate the Mayor's presentation
24 of his annual budget message. The Philadelphia Home
25 Rule Charter states that "the Mayor shall submit to

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 Council not later than 90 days before the end of the
3 fiscal year his operating budget message and a
4 proposed operating budget ordinance for the ensuing
5 year. At the same time, the Mayor shall submit to
6 Council the recommended capital program and capital
7 budget as received from the City Planning Commission
8 to the extent approved by the Mayor."

9 I now appoint the following committee to
10 escort the Mayor into the Council chambers:
11 Councilwoman Blackwell, Councilwoman Tasco, and
12 Councilman O'Neill. Please proceed.

13 (Councilmembers escort Mayor Street into
14 Council chambers.)

15 SERGEANT-AT-ARMS: Madam President, the
16 Mayor has arrived.

17 (Applause.)

18 COUNCIL PRESIDENT Verna: Ladies and
19 gentlemen, I am pleased to introduce the Mayor of
20 the City of Philadelphia, Mayor John F. Street.

21 (Applause.)

22 MAYOR STREET: Thank you. Council
23 President Verna, members of City Council, members of
24 my administration, special friends and guests, good
25 morning.

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 COUNCIL PRESIDENT VERNA: Good morning.

3 MAYOR STREET: Last January, I stood
4 before you and proudly announced, we are a
5 government that gets things done. 2001 was a year
6 of difficult challenges. Nevertheless, it was a
7 year of accomplishment. Sustained by our shared
8 ideals and nourished by the pride we have in our
9 great city, we continue to make progress on behalf
10 of the people, the businesses which employ our
11 workers, and the great region of which we are a
12 vital part. Today I can modify my statement from a
13 year ago and say: We are a government that gets
14 things done despite a series of difficult
15 challenges --

16 • despite a national economic downturn
17 and the abrupt end to the longest period of economic
18 expansion in the history of our city;

19 • despite a challenging political
20 environment;

21 • despite the escalating security costs
22 and the emotional trauma caused by the tragedy
23 events of September 11th.

24 Vince Lombardi, the legendary coach of the
25 Green Bay Packers, used to tell his players, "When

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 the going gets tough, the tough get going." During
3 the year 2001, we proved our toughness, we refused
4 to let the rough economic climate impede our
5 progress. We managed the affairs of the City with
6 unwavering commitment to our vision for a better
7 Philadelphia. We moved closer to this vision by:

- 8 • forging a historic agreement with the
9 Commonwealth in securing a better, brighter day for
10 pur public school students and their families;
- 11 • creating jobs by attracting
12 entrepreneurs looking for a progressive,
13 pro-business environment;
- 14 • protecting and strengthening the
15 hospitality industry;
- 16 • making our neighborhoods cleaner,
17 safer, and more beautiful; and
- 18 • remaining faithful to our pledge to
19 make every year in Philadelphia "The Year of the
20 Child."

21 Tough times inevitably create new
22 imperatives. If we are to succeed, we must maintain
23 our focus, sustain our discipline, and remain
24 undeterred in our vision.

25 We must never forget that the ideals

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 uniting us are far more important than the details
3 dividing us. At the end of the day, we are all on
4 the same side -- the side of the city we love and
5 the people we are privileged to serve. Now more
6 than ever, we need a partnership for progress.

7 If we continue to invest in our
8 neighborhoods, strengthen our economy and approve
9 our school, real partnership is essential.

10 The aftermath of the events of September
11 11th provide a valuable guidance in forging this
12 partnership for progress. In the difficult days and
13 months following the tragedy, our nation
14 demonstrated just how much we can do when we cast
15 aside petty politics, work together, and devote
16 ourselves to the common good.

17 The horror and anger ignited by the
18 terrorist attacks on the World Trade Center and the
19 Pentagon have only redefined the American
20 experience; they also ignited acts of bravery,
21 valor, and compassion that distinguish us as
22 society.

23 The Philadelphia response of September
24 11th is exemplified of the work of the United Way of
25 Southeastern Pennsylvania, the Red Cross, and the

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 firefighters and other rescue workers, who were
3 among the first non-New York on the scene. When I
4 met them upon their return from Ground Zero, they
5 were exhausted, emotionally spent, and very, very
6 proud. Today we have with us Lieutenant Fred
7 Endrikat, who led the recovery effort for the first
8 several days at Ground Zero. Please help me welcome
9 him and say thanks to the United Way, the Red Cross,
10 and the men and women who volunteered in our time of
11 national need.

12 (Standing ovation.)

13 MAYOR STREET: Thank you. Thank you,
14 Lieutenant.

15 The coming year presents an array of
16 complex challenges. The \$3.1 billion General Fund
17 Operating Budget I present today sustains our
18 long-standing commitment to incremental tax
19 reductions, which have saved taxpayers more than
20 \$875 million in wage and business taxes since 1996.

21 As you will hear, in FY '04, we propose to
22 restructure our tax reduction program to provide a
23 stronger stimulus to our business community, attract
24 more jobs, and expand our tax base.

25 For the moment, however, let me

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 acknowledge our Council of Economic Advisors:
3 Philadelphia Reserve Federal Reserve Chairman
4 Anthony Santomero, Robert Inman, William Stull,
5 David L. Cohen, and Steven Sanders. They have
6 volunteered considerable time to the study of our
7 tax structure and our economy. Their advice helped
8 shape key provisions of this budget. Members of the
9 Council, I ask you to please stand.

10 (Applause.)

11 MAYOR STREET: And thank you for your
12 help.

13 Neighborhoods transformation, however,
14 remains at the heart of my vision for a better
15 Philadelphia. Although we have not as yet unleashed
16 the full potential of NTI, we have generated
17 inspiring activity in neighborhoods throughout the
18 City. We have cleaned 17,557 vacant lots, hauled
19 11,099 tons of debris, and removed well over 100,000
20 abandoned vehicles from the streets of Philadelphia.
21 In addition, we have visited with the owners and
22 managers of more than 260 neighborhood-based
23 businesses.

24 We are making progress, making a
25 difference. I see it firsthand when I visit

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 neighborhoods, walk the streets, and talk with
3 residents and local business owners. They
4 appreciate what we are doing. We want what they
5 want: Safe, clean neighborhoods; open spaces where
6 beautiful gardens grow and healthy children play;
7 neighborhoods live with pride and hope.

8 Today, we are fortunate. We have with us
9 some of our most important community caretakers in
10 our caretaker program. We have with us -- and I
11 will ask you to please stand -- Celestine Brinkley
12 Theresa Johnson, Peggy Hock (ph), James Stanley,
13 Dorothy Perrine, Mary Turtle, Wally Prichard, Julie
14 Chin, Anthony Marshall, Leon Chambers, Dennis Kelly,
15 and Kathy Harris. Let's give them a hand. They
16 are making a difference in our neighborhoods.

17 (Applause.)

18 MAYOR STREET: Thank you so much for being
19 with us.

20 In spite of all we are doing, we must do
21 more. Blighted neighborhoods are an open wound in
22 our city, breeding violence, drugs, disease, and
23 despair. Let us act together to heal these wounds
24 so that our neighborhoods thrive and people enjoy
25 the quality of life they deserve.

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 Let's remember: Sustained economic growth
3 requires a city which appeals to both employers and
4 employees, a place where people want to raise their
5 children and spend their leisure time. Neighborhood
6 transformation is an economic stimulus. It is
7 essential not just for current residents, but also
8 for those considering a move to our city, whether
9 for residential or business purposes.

10 Accordingly, I respectfully request that
11 together we amend the current neighborhood
12 transformation legislation in ways that respect the
13 aspirations of the people of our city, advance the
14 cause of attracting entrepreneurs, and incorporate
15 the priorities of eliminating blight, protecting the
16 strong neighborhoods of this city from the insidious
17 incursions of vacancy and abandonment.

18 While we have worked diligently to find
19 common ground on NTI, make PGW more responsive to
20 the people who depend on it, and stabilize the
21 Philadelphia School District, we have not averted
22 our attention from the creation of jobs, the
23 continuing expansion of downtown, and the protection
24 of our status as a premiere destination city.

25 The new FedEx Distribution Center in Grays

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE
2 Ferry, the Kvaerner Shipyard in South Philadelphia,
3 the TJ Maxx warehouse in the Northeast, the
4 Philadelphia Eagles football stadium taking shape as
5 you drive down I-95, the commitment by Willard Rouse
6 to build the first skyscraper downtown in 20 years,
7 and the announcement of the plan for the Comcast
8 Pier at Penn's Landing, including the long-awaited
9 Please Touch Museum, and the tram connecting Camden
10 and Philadelphia. All of this is evidence of our
11 success in creating a business and developer-
12 friendly environment which produces jobs for our
13 city and region. We are also heartened by the
14 pending acquisition of A&T's cable division by
15 Comcast Corporation and the decision by Citizens
16 Bank to make our city a center for its operations.

17 Thanks to the Greater Philadelphia Chamber
18 of Commerce, the Delaware River Port Authority, and
19 the Greater Philadelphia First, who work with the
20 Commerce Department and PIDC to give life to many of
21 these initiatives.

22 With your support, we are confident we can
23 build on this success in the next fiscal year.

24 Innovation Philadelphia is one of the keys
25 to this success, and the funds you authorized last

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 year made it possible for to us attract a respected
3 individual like Richard Bendis to our city.

4 Innovation Philadelphia is a
5 forward-looking public/private partnership designed
6 to establish Philadelphia as a world-class leader on
7 the cutting edge of the knowledge-based economy.
8 This initiative has one simple mission: To place us
9 ahead of the curve, to attract 22nd-century
10 enterprises.

11 Our most valuable asset and partner in
12 this venture is our city's higher education
13 community, which is attracting the very best and
14 brightest minds to study, work, and live in our
15 city. Innovation Philadelphia will focus on job
16 creation and tax-base expansion. The seeds we plant
17 today will invigorate economic growth tomorrow.

18 Dr. Judith Rodin, President of the
19 University of Pennsylvania, who chairs the
20 Innovation Philadelphia Board is with us today.
21 Judith, please stand, and let's welcome her to this
22 Council today.

23 (Applause.)

24 MAYOR STREET: As a result of her
25 leadership, Innovation Philadelphia, PIDC, PCDC, and

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2 the Commerce Department have bonded into a strong
3 economic development catalyst.

4 The progress we are now experiencing are
5 signs of the City's capacity to weather the
6 recessionary storm our nation is now enduring. Just
7 think about it: There was a time -- not very long
8 ago -- when national economic downturns hit our city
9 more severely than the nation as a whole.

10 This time, it's different. We will
11 survive and thrive. Our success will depend on a
12 continued willingness to make tough decisions like
13 the 1.5 percent reduction in personal expenditures
14 mandated for every government department that will
15 require a continuation of the discipline with which
16 our commissioners and directors have managed the
17 affairs of our city. It will require the same
18 fiscal prudence we brought to labor negotiations.
19 Because of our willingness to face hard questions
20 and make tough decisions, we are now positioned to
21 defend ours against economic turmoil.

22 Other cities are curtailing public
23 services, freezing tax reductions, and struggling to
24 cope with unemployment. We are not immune to this
25 damage, but we are well protected:

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 • Our fiscal discipline has produced a
3 fund balance of \$230 million.

4 • Our rate of job loss from November 2000
5 through November of 2001 was less than a third of
6 the national rate.

7 • Our relatively low cost of delivering
8 services, a product of streamlining our delivery
9 system and instituting a variety of cost-saving
10 measures, has made it possible to fund all services
11 at or above current levels.

12 In the face of cataclasmic jolts to the
13 national economy, our city is displaying remarkable
14 resiliency. Last week, it was reported that the
15 hospitality community in Philadelphia has recovered
16 from the downturn in convention and tourism business
17 faster than any other city in America.

18 Tremendous credit should be given to the
19 leaders of the hospitality community, who, along
20 with Comcast, DRPA, and other important corporate
21 citizens, fashioned the weekend hotel package, that
22 great commercial featuring the slogan "Philadelphia
23 is more fun when you sleep over."

24 I deeply appreciate the commitment of our
25 hotel and parking operators, restaurants, cultural

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2 venues, and everyone who is pitching in to make the
3 complain, which runs through March 31st, a great
4 success. Meryl Levitz, Bruce Crawley, and Tom
5 Muldoon are here. Let's give them and the other
6 leaders of our hospitality community a round of
7 applause.

8 (Applause.)

9 MAYOR STREET: Thank you.

10 Visitors are returning, and our traffic at
11 the Philadelphia International Airport now stands at
12 more than 90 percent of its pre-September volume.
13 The opening of the Kimmel Center for the Regional
14 Performing Arts and the International Visitors
15 Center, the powerful reading of the Declaration of
16 Independence by a group of international
17 celebrities, the United Nations Secretary General
18 Kofi Annan's receipt of the Liberty Medal, President
19 Bush's visit to our faith-based programs and help us
20 celebrate America's 225 birthday; all of this
21 testifies to our status as a world-class city with
22 world-class amenities.

23 However, our momentum will stall if we do
24 not find a way to better support our hospitality
25 industry, which provides our region with 43,000 jobs

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2 and a payroll in excess of 1 billion. These 43,000
3 job holders live in every neighborhood of this city.
4 They include 3,000 proud members of Local 274, who
5 work in hotels, restaurants, sporting venues, and
6 catering facilities. The hospitality industry is a
7 leading employer of our nation's most vulnerable
8 workers, including welfare-to-work participants,
9 single mothers, and immigrant workers. We will not
10 let them down

11 In recent weeks, we have seen hotel owners
12 converge on Washington D.C. requesting tax
13 incentives for travelers or other incentives to get
14 heads in beds. Like the airline industry, hotels
15 face a bleak future unless help arrives.

16 Our hotel industry, hit especially hard
17 after September 11th, is an employment-producing
18 machine, a catalyst for economic growth. Now is the
19 time to recognize its importance to us in our
20 economy. Now is the time to reach out to our
21 friends in Harrisburg and the region and agree to
22 expand the Pennsylvania Convention Center.

23 Our center is among the finest in the
24 country, but cities like Boston and Washington are
25 expanding their facilities. In this business

1 1/29/01 MAYOR'S ANNUAL BUDGET MESSAGE

2 climate, you grow or die. I invite to you join this
3 effort and improve and expand our center. It cannot
4 be done without your support. And although there is
5 no specific requests in the budget presented today,
6 this issue will require further discussion soon.

7 Let me state for this record, our labor
8 community will be a valuable ally in expanding our
9 Convention Center. We have made real progress
10 pursuant to the project labor agreement we signed
11 last year. And Bob Butera, the CEO of the Center,
12 Billy Corazo, and many others deserve recognition
13 for our progress.

14 We all agree that Philadelphia must remain
15 competitive in the hospitality community, and the
16 leaders of every union in our building have assured
17 me they will work to resolve any outstanding issues,
18 including the issue of costs. We cannot expand our
19 Convention Center and the related businesses it
20 attracts unless we are customer-friendly and
21 cost-effective.

22 We are periodically reminded -- sometimes
23 by members of this body -- of the middle-class
24 exodus from our city, especially during the '90s.
25 We are fighting back. My confidence is buoyed by

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2 the fact in 2001, we experienced the hottest

3 residential housing market in this city in 80 years,

4 proof that our tax-abatement programs are creating

5 an enticing environment for developers and

6 homeowners. On the waterfront, Center City, around

7 our colleges and universities and in many

8 neighborhoods, we have new and compelling evidence:

9 If we build it, they will come. Every new amenity

10 available in our city contributes to the rebuilding

11 of the middle class, which is essential to the

12 future and prosperity of our city.

13 2001 had its challenging moments, and I

14 stand before you today, a little bruised, but

15 nevertheless proud that we have made progress in

16 this year.

17 The highlights I have described are

18 snapshots of our progress. Together, those

19 snapshots are a window into the soul of a government

20 determined to improve the quality of life in

21 Philadelphia, to create a city that is attractive,

22 comfortable, and safe, a city where people want to

23 live, work, visit, raise their children, and pursue

24 their dreams.

25 The challenge of implementing this vision

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2 of a better Philadelphia will demand a new culture
3 of collaboration, an agenda rooted in shared ideals
4 that will allow leaders in the Pennsylvania General
5 Assembly, City Council, and the Mayor to work
6 together in the kind of partnership
7 Governor Schweiker and I fashioned around public
8 education in Philadelphia. We cannot allow the
9 politics of personality to get in the way. I stand
10 ready and willing to work with Democrats and
11 Republicans to fashion a partnership for progress
12 that stretches not only throughout our city but
13 throughout our Commonwealth.

14 Nothing illustrates the need for
15 partnership and the value of partnership better than
16 the historic agreement we reached with the
17 Commonwealth regarding the governance of public
18 education.

19 The School Reform Commission, the Governor
20 and I appointed has now been seated. I want to
21 thank the Commission members for agreeing to serve
22 and welcome them here this morning. Chairman Jim
23 Nevels, Jim Gallagher, Dan Whelan, Sandra Dungee
24 Glenn, and Mike Masch, please stand and let us
25 welcome you here today.

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2 (Applause.)

3 MAYOR STREET: This commission will make
4 decisions that will affect the lives of hundreds of
5 thousands of children and their families and
6 influence the course of this city for years to come.
7 I believe the Governor and I have assembled a
8 quality team, worthy of public trust and confidence.
9 I also believe public education in Philadelphia can
10 be better, must be better, and will be better if it
11 receives the broad public support it deserves.

12 I have spent considerable time with SRC
13 Chairman Jim Nevels, and I believe we share common
14 goals, even though we may not always agree on the
15 details. My appointees to the SRC have assured me
16 they will work with their new colleagues as a
17 constructive force for reform that gives our
18 students a better chance to compete.

19 We all agree the status quo is
20 unacceptable. We need smaller class size, better
21 facilities, better implemented programs, smart
22 technology, and better support of teachers, with a
23 fair, far more friendly learning environment.
24 Teachers and students alike must be safe and
25 properly supported.

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2 I know there are powerful feelings among
3 some legislators and education advocates favoring
4 exclusive local control of public education.
5 Exclusive local control is also my preference.
6 However, I assure you, this city will continue to
7 have its say about future public education.

8 Through my own personal efforts and those
9 of my appointees to the SRC, through the work of our
10 local Secretary of Education, through the outreach
11 of a reconstituted and expanded Board of Education,
12 through the vigilance of our students, parents and,
13 community members, through the deeds of our School
14 District employees, and of course, through the
15 commitment of this Council, our voice will remain
16 strong and effective.

17 (Applause.)

18 MAYOR STREET: Thank you.

19 But after two years of non-stop dramatic
20 changes in School District policy, changes that
21 included new leadership, a longer school day, a more
22 uniform curriculum, significant labor contract
23 reform, establishment of 39 charter schools, budget
24 saving of about \$50 million, and an administrative
25 reorganization that put teachers back in the

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2 classroom, it nevertheless became clear that the
3 City and School District could no longer go it
4 alone.

5 Lurching from one crisis to the next, it
6 made for an unstable environment, jeopardizing some
7 of our most promising reforms: Smaller class size,
8 a more demanding curriculum, a safe orderly school
9 environment, and the use of instructional technology
10 to facilitate learning. If we were going to sustain
11 these reforms and offer children the quality
12 education that is their sacred right, we needed a
13 new partnership with the Commonwealth, a partnership
14 on behalf of continued reform and additional State
15 funding.

16 The agreement I reached with Governor
17 Schweiker did not come easy. Our negotiations were
18 intense, candid, and honest. I thank Governor
19 Schweiker for his leadership, commitment, and
20 courage in bringing our talks to a positive
21 conclusion. I am also thankful to him for his
22 unprecedented pledge to request \$75 million of new
23 money to support our public schools in his '03
24 budget.

25 The agreement does not answer every

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2 question and address every concern:

3 • It does not provide a clear direction
4 for the future of charter schools, which offer
5 valuable public school options but have contributed
6 significantly to the School District's financial
7 deficit.

8 • It does not provide the long-term
9 financial stability we need, which will come only
10 through statewide reform of public school funding.

11 • It does not guarantee we will like
12 every decision the SRC makes.

13 • It does not define the role of Edison,
14 a matter on which the Governor and I honestly
15 disagree. I have grave reservations about taking
16 substantial public dollars that could go toward
17 upgrading teaching materials or reducing class size
18 and diverting them to a private for-profit company
19 with little experience. This is, very simply, not a
20 wise use of educational dollars.

21 (Applause.)

22 MAYOR STREET: Nevertheless, nevertheless,
23 our agreement with the Commonwealth brings necessary
24 change:

25 • It does give the City a significant

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2 role and a meaningful say in the policies of the
3 School District.

4 • It does protect the City treasury by
5 capping the City's financial commitment; and most
6 importantly

7 • it does give children, parents, school
8 employees the certainty they need and deserve: Our
9 schools will open on time and will remain open
10 without interruption throughout the entire school
11 year.

12 Let me share for a moment the financial
13 terms of the agreement. During the current fiscal
14 year, as soon as we secure legislative clarification
15 on the recapture provisions of Act 46, I will submit
16 a transfer ordinance and ask you to approve one-time
17 grant of \$45 million to the School District. This
18 grants would fulfill an earlier commitment to
19 Governor Ridge and our teachers.

20 In FY '03, I am requesting 45 million in
21 new recurring revenues to fulfill our commitment to
22 children and their families. Of this amount,
23 \$25 million would be in the form of millage to be
24 supplied to the estimated debt service on a
25 \$300 million deficit funding bond. The remaining

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2 20 million would be provided in regularly recurring
3 support to the School District. I will make this
4 request in tandem with the General Assembly's
5 adoption of a State budget containing 75 million
6 more for public schools.

7 Make no mistake: The City will feel the
8 squeeze of this additional funding to the School
9 District, but it is the right thing to do.

10 Public education is already the City's top
11 spending priority, even though our support is
12 continuously and unfairly undervalued by our
13 critics. Nevertheless, we always knew we would have
14 to do more in exchange for more State support.

15 It will take a tremendous effort by the
16 City and the Commonwealth working in concert to
17 build a public school system worthy of our children.
18 The transformation will take courage, creativity,
19 patience, trust, and money. There can be no doubt:
20 \$45 million is not too much to invest in over
21 200,000 public school children, who will always rely
22 on this system as their gateway to the future.

23 (Applause.)

24 MAYOR STREET: Thank you.

25 Let me give special emphasis to the fact

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2 that our historic partnership with the Commonwealth
3 does not represent a permanent solution to the
4 District's long-term financial difficulties. At
5 best, we are building a bridge to the future, which
6 will crumble under the weight of additional funding
7 requirements unless we act soon.

8 The time has come for a school funding
9 mechanism reflecting the fact that education is an
10 investment in future, an investment in our most
11 precious resource -- our children.

12 The anthropologist Margaret Meade spoke
13 wisely on this issue many years ago. The solution
14 to adult problems tomorrow depends on the way our
15 children grow up today. There is no greater insight
16 to the future than recognizing when we save our
17 children, we save ourselves.

18 The current education funding formula
19 jeopardizes our children and ourselves. All of us
20 have a responsibility to mobilize public support of
21 on behalf of a change in the way education is
22 financed within the Commonwealth of Pennsylvania.
23 We must abandon the real-estate tax as a primary way
24 of funding public education.

25 Success will depend on a statewide

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2 coalition. Adequate funding for public education is
3 not just a Philadelphia problem; it is a
4 Pennsylvania problem, with cities, suburbs, and
5 rural communities all feeling the burden. I am
6 encouraged by the many new voices, including the
7 State Board of Education, Greater Philadelphia
8 First, and the members of the School Reform
9 Commission, which have recently joined the chorus on
10 behalf of revamping the State's school funding
11 system. We shall all call on this year's
12 gubernatorial candidates to speak clearly on the
13 question of statewide tax reform.

14 (Applause.)

15 MAYOR STREET: Our agreement with the
16 Commonwealth and our advocacy for a new education
17 funding mechanism take aim at the same goal: To
18 bring our children the benefits of literacy and
19 liberty. No matter the obstacles, we will meet our
20 obligations to the children of our city. We will
21 remember now and always the wisdom contained in a
22 maxim that has long held a special in the culture of
23 Native Americans. That maxim states: "We do not
24 inherit the world from our ancestors; we borrow the
25 world from our children."

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2 Last year, we awarded a total of 101
3 after-school and youth development grants, funding
4 77 new programs and 24 existing programs. These
5 grants represent one of the wisest, most
6 cost-effective investments we can make. All
7 available data indicates children are the most
8 likely to get into trouble between the hours of
9 3 p.m. and 6 p.m., the hours after school ends and
10 parents typically return from work. Law enforcement
11 officials tell us that structured after-school
12 programs are essential in reducing juvenile crime
13 and preventing juveniles from becoming victims of
14 crime.

15 Our goal is to ensure that every child in
16 Philadelphia -- every child -- enjoys the social
17 enrichment, the academic opportunities, and the
18 personal safety offered by after-school and youth
19 development programs. The budget, therefore,
20 requests \$23 million to support our children-
21 centered programs in the Department of Human
22 Services.

23 (Applause.)

24 MAYOR STREET: Thank you.

25 We must honor our commitment to our

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2 children, and we must do so despite the challenging
3 fiscal climate we now confront:

4 • Current economic projections tell us
5 that growth in revenues from wage and sales and
6 business-privilege taxes will remain sluggish until
7 at least the third quarter of 2002.

8 • Homeland defense initiatives will cost
9 our city \$21 million before the end of '02.

10 • The costs of our criminal justice --
11 the result of improving safety throughout the City
12 and increasing arrests by 28 percent since 1966 --
13 will continue to outpace inflation.

14 This is the backdrop against which my
15 administration worked to develop the budget we offer
16 today. We are facing a tough budget year. The
17 Operating Budget and the accompanying Five-Year Plan
18 project moderate revenue growth (less than
19 1 percent) and moderate inflation (2.5 percent).

20 This budget addresses our greatest needs,
21 builds upon the success of our first two years, and
22 invests strategically in our future. It is designed
23 to inspire confidence among our citizens and within
24 our business community. Given the state of the
25 national economy and the challenges I have

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2 described, this budgets is tight and has little
3 flexibility. It prescribes the fiscal discipline
4 necessary to protect the City's long-rang financial
5 well-being.

6 This budget sustains City services at
7 current levels. It will require some sacrifices,
8 but it makes prudent and targeted investments in
9 quality programs for children, neighborhood
10 transformation, job creation, and strategies to make
11 Philadelphia a fertile ground for growth of the
12 knowledge-based economy. These are the critical
13 priorities of my vision for a better Philadelphia.

14 The Five-Year Plan proposes an important
15 restructuring of the City's tax reduction program.
16 Unfortunately, given the downturn in the economy,
17 increased spending for security, and our
18 contribution to the School District, we cannot
19 afford the current tax-reduction program. We
20 propose to reduce the overall tax-reduction program
21 by approximately \$50 million over the five-year
22 period.

23 While we support the tax reduction
24 scheduled for FY '03, beginning in FY '04, we
25 propose greater reductions in the gross receipts

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2 portion of the business privilege tax. In fact, by
3 FY '07, under our restructured tax program, the
4 gross receipts tax will be only half of what it was
5 when our tax reduction program began in 1996 /
6 beginning in FY '04, we will freeze the
7 wage tax at FY '03 rates. We are targeting the
8 gross receipts tax because it is the City's most
9 onerous anti-business and anti-job tax. If,
10 however, the economy recovers and there are no
11 further unexpected blows to our budget, we will
12 responsibly restore the \$50 million reduction and
13 reduce the dreaded gross receipts tax even further.

14 Let me bring to your attention several
15 important items in this budget:

- 16 • The General Fund fully supports wage
17 and benefit costs for a deserving workforce of
18 25,440 men and women, including approximately 2 500
19 firefighters, and over 6,900 police officers.
- 20 • We will be a safer city. We will
21 upgrade homeland security and emergency preparedness
22 while providing funds to fight 10,800 fires, 182,000
23 EMS runs, process 80,000 arrests, and house 8,034
24 inmates.
- 25 • The budget provides the Department of

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2 Streets with the funding to complete 2.7 million
3 square yards of street resurfacing and repair every
4 reported pothole within four days. It will enable
5 us to collect 770,702 tons of refuse each year, and
6 we will do this on time more than 95 percent of the
7 time.

8 • This budget provides DHS services for
9 23,700 children and ensures that 550 of our most
10 vulnerable citizens will be adopted into loving
11 homes. In addition, we will open an additional nine
12 beacon schools, which make neighborhood partners in
13 providing community services in meeting the needs of
14 children.

15 • This budget takes advantage of the
16 departure of over 1,000 non-uniformed employees who
17 are enrolled in the Deferred Enrollment Option
18 Program, the DROP Program. I am challenging
19 departments to leave open vacancies caused by the
20 DROP Program, substantially reducing the City's
21 workforce and reducing the City's cost by
22 \$55 million between FY '03 and '07.

23 Today starts a new year for this City
24 Council. During the recess, I have had an
25 opportunity, between Eagles celebration -- go

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2 Eagles -- to spend some time with many of you, and I
3 hope in the near future to meet with all of you. I
4 am not oblivious to your concerns.

5 This city needs us working together. I am
6 committed to working harder and responding to your
7 concerns, listening to your ideas, and earning your
8 support. Politics has its place but should never
9 undermine the good of the City.

10 I respectfully request that you focus on
11 the substance of this budget. It is an honest
12 document, and it defines in stark terms the
13 challenges of my administration and this Council.

14 This year we cannot ignore the turbulent
15 economy that is upon us, but neither can we allow it
16 to unsettle our focus on a better Philadelphia for
17 tomorrow. This year will test our resolve. I, for
18 one, am confident.

19 Most of us go back a long way. We have
20 made tough decisions over the past two decades
21 decision to see keep our city solvent and point
22 Philadelphia in a better ridiculous. Now, once
23 again, we are called to action. This budget
24 reflects the priorities of people in neighborhoods
25 across the City. It's not everything we want, but

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2 it is what Philadelphia needs.

3 I am confident. I know we are committed
4 and I firmly believe we will remain steadfast in our
5 focus of creating jobs, transforming neighborhoods,
6 fortifying our economy, and offering our children
7 the opportunity to live, learn, love, and grow and
8 become responsible productive citizens who will lead
9 Philadelphia through the challenges of this
10 millennium.

11 Together, Council President Verna;
12 together, Majority Leader Blackwell;
13 together, Majority Whip Tasco;
14 together, Minority Leader O'Neill;
15 and together, each and every member of
16 this Council:

17 We will make the tough decisions necessary
18 to meet our obligations and implement our shared
19 vision of a better 21st century for Philadelphia.

20 Together we will get the job done

21 Thank you, God bless you, and God bless
22 our great city.

23 (Standing ovation.)

24 (Proceedings end at 11:04
25 a.m.)

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CERTIFICATE

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10 RE: STATED MEETING

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I HEREBY CERTIFY that the foregoing

proceedings of the Council of the City of

Philadelphia of Tuesday, January 29, 2002 are

contained fully and accurately in the stenographic

notes taken by me upon, and that this is a true and

correct transcript of same.

Josephine CardilloRegistered Professional Reporter
and Notary Public

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transcript does not apply to any reproduction of the
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