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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON APPROPRIATIONS

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, February 24, 2010
2:40 p.m.

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PRESENT:

10 COUNCILWOMAN JOAN L. KRAJEWSKI, CHAIR
COUNCILMAN DARRELL L. CLARKE
11 COUNCILMAN FRANK DiCICCO
COUNCILMAN W. WILSON GOODE, JR.
12 COUNCILMAN BILL GREEN
COUNCILMAN CURTIS JONES, JR.
13 COUNCILMAN JACK KELLY
COUNCILMAN JAMES F. KENNEY
14 COUNCILMAN BRIAN J. O'NEILL

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16 BILLS 090878, 090879, 100001 and 100002

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COUNCILWOMAN KRAJEWSKI: Good

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afternoon. The Committee on

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Appropriations is now in session.

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Will the Clerk please read the

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title of the bills.

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THE CLERK: Bill No. 090878, an

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ordinance authorizing transfers in

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appropriations for Fiscal Year 2010

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within the General Fund from the

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Department of Public Property and the

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Department of Public Property -

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Telecommunications to the Managing

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Director - Division of Technology and

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within the Water Fund from the Department

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of Public Property to the Managing

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Director - Division of Technology and

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within the Grants Revenue Fund from the

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Department of Public Property to the

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Managing Director - Division of

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Technology and within the Aviation Fund

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from the Department of Public Property -

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Utilities to the Managing Director -

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Division of Technology; and

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Bill No. 090879, an ordinance

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 authorizing transfers in appropriations
3 for Fiscal Year 2010 from the General
4 Fund, certain or all City offices,
5 departments, boards and commissions and
6 from the Grants Revenue Fund, the
7 Director of Finance - Provision for Other
8 Grants to the General Fund, certain or
9 all City offices, departments, boards and
10 commissions and to the Grants Revenue
11 Fund, the Managing Director - Division of
12 Technology; and
13 Bill No. 100001, an ordinance
14 authorizing transfers in appropriations
15 for Fiscal Year 2010 within the Grants
16 Revenue Fund from the Department of
17 Finance - Federal Stimulus Funding to
18 certain or all City offices, departments,
19 boards and commissions; and
20 Bill No. 100002, an ordinance
21 authorizing transfers in appropriations
22 for Fiscal Year 2010 from the General
23 Fund, certain or all City offices,
24 departments, boards and commissions and
25 from the Grants Revenue Fund, the

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Director of Finance - Provision for Other
3 Grants to the General Fund, certain or
4 all City offices, departments, boards and
5 commissions.

6 COUNCILWOMAN KRAJEWSKI: Thank
7 you.

8 Is there someone from the
9 Administration?

10 (Witness approached witness
11 table.)

12 MR. AGOSTINI: Councilmember,
13 Steve Agostini, Budget Director for the
14 City of Philadelphia.

15 I'll go through this quickly.

16 I understand the lateness of the hour and
17 Council has much business before it.

18 Bill No. 090878 is a request to
19 begin the process of consolidation to
20 reflect an Executive Order that was
21 issued to have all of the technology
22 operations in the City under one roof.
23 The largest component of that is the
24 transfer of the telecommunications piece
25 that used to be in what was previously

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 known as MOIS, Mayor's Office of
3 Information Services, back from Public
4 Property back into the Division of
5 Technology.

6 Bill No. 090879 requests
7 funding in order to address a number of
8 shortfalls associated with the operations
9 in the Division of Technology, including
10 9-1-1 funds, the transfer of 9-1-1 to the
11 General Fund, as well as appropriation
12 authority to complete purchase of a
13 number of items for the network
14 infrastructure for the City.

15 In addition, Bill No. 090879
16 has two small internal transfer requests
17 for the Free Library of Philadelphia for
18 security guards and the Offices of Arts
19 and Culture for support of a cultural
20 organization.

21 Bill No. 100001 is the request
22 for the appropriation of funds in order
23 to implement the American Recovery and
24 Reinvestment Act funds that we have
25 received to date. A number of different

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 grants have been awarded. The largest of
3 those is approximately 7.9 million for
4 five grants to the Department of Public
5 Health for tobacco policy and control,
6 nutritional and physical activity
7 promotion and clean diesel, along with
8 just over a million dollars for the
9 Streets Department for the design and
10 paving and inspection of streets, 434,000
11 to the District Attorney and 240,000 to
12 the First Judicial District.

13 Bill No. 100002 has a number of
14 transfer requests. The transfers total
15 40 million point 5. Among those
16 transfers is a request to move money into
17 the fringe benefits for 17.9 million to
18 fully fund our pension fund payment.
19 This would reflect the number that was
20 provided to us by the actuary to the
21 system and is indeed reflective of what
22 the expense will be, plus 4.5 million for
23 unemployment compensation expenses that
24 have run higher than budgeted over the
25 course of the year. The 4.5 million

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 represents our estimate for the year.

3 Ten million dollars needed for the

4 indemnities fund in order to cover our

5 projected expenses associated with

6 indemnities for the balance of the year;

7 5.6 million for the First Judicial

8 District to appropriate additional

9 revenue granted so that they can cover

10 their ongoing expenses; and then 878,000

11 for the Fire Department to pay for EMS

12 transport fees collected under contract

13 with the provider for that service.

14 We have a number of internal

15 transfers totalling 742,000. They are

16 small. It represents the Office of

17 Behavioral Health, auditing the Board of

18 Revision of Taxes, Clerk of Quarter

19 Sessions and the Zoning Code Commission.

20 If you'd like, I can go through those.

21 I would respectfully request

22 that you report these bills out of

23 Committee with a favorable recommendation

24 and further request that the rules of

25 Council be suspended so as to permit

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 first reading at the next session of
3 Council this week.

4 I appreciate the opportunity to
5 testify before the Committee and would be
6 happy to answer questions you may have.
7 I also have representatives of the
8 departments here, along with the
9 testimony that has been included with the
10 packet.

11 COUNCILWOMAN KRAJEWSKI: Thank
12 you.

13 Before we begin, I'd like to
14 acknowledge the presence of Councilman
15 Kelly, Councilman O'Neill, Councilman
16 Goode, myself and Councilman DiCicco and
17 Councilman Clarke.

18 Regarding Bill 090978, would
19 you tell me which City agencies and how
20 many employees will be transferred into
21 the Department of Technology?

22 MR. AGOSTINI: The transfer is
23 the transfer of the existing
24 telecommunications function that is
25 currently in Public Property that would

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 move over into the Division of
3 Technology. I'll get that for you
4 momentarily, the number of employees, as
5 well as the dollars. That's really the
6 most significant component there.

7 COUNCILWOMAN KRAJEWSKI: But
8 you will get back to this Committee on
9 that?

10 MR. AGOSTINI: Oh, absolutely.

11 COUNCILWOMAN KRAJEWSKI: Okay.
12 Let me jump a little bit onto Bill
13 090879. Regarding the bill, can you tell
14 me or someone tell this Committee whether
15 or not some of the funds will be used to
16 bring any outstanding outside technology
17 payments up to date?

18 MR. AGOSTINI: There will be a
19 number of -- Madam Chair, there will be a
20 number of payments that we have to make.
21 We have a contractual relationship with
22 the provider, Verizon, where we have some
23 outstanding payments that are due, and so
24 we need to bring a number of those up to
25 date. The exact amount, I think it's

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 about \$2.8 million, \$2.9 million for
3 that.

4 COUNCILWOMAN KRAJEWSKI: Will
5 we see that in the near future, close?

6 MR. AGOSTINI: If the Committee
7 and the full Council then approves, we
8 will then be able to cure those
9 outstanding bills, and I'd be happy, once
10 those are cured, to bring those back to
11 the Committee and full Council so you can
12 see that.

13 COUNCILWOMAN KRAJEWSKI: So all
14 the other bills will be up to date then?

15 MR. AGOSTINI: The other bills
16 that are outstanding currently are some
17 phone-related bills that we're still
18 waiting for a closer estimate towards the
19 end of the year so we have a full scope
20 of what we anticipate. There are a
21 couple of other purchases that we're
22 trying to address similarly with Verizon,
23 and we anticipate getting those done as
24 well, and when we're -- those will
25 require probably additional transfers and

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 will come forward to you.

3 The number of people moving

4 over is 34 people from the telecoms.

5 COUNCILWOMAN KRAJEWSKI: Again,

6 referring to 090879, could you explain

7 the \$200,000 transfer for Arts and

8 Culture. What culture organizations is

9 receiving these funds? I'd like to know

10 if Arts and Culture has funding for any

11 other cultural organization in the

12 pipeline.

13 MR. AGOSTINI: The Arts and

14 Culture budget is sort of a glomeration

15 of a number of funding items in the

16 budget. We did that in the '10 budget in

17 order to reflect where we were providing

18 support to a number of arts

19 organizations. One of those arts

20 organizations is the African American Art

21 Museum. The 238,000, I believe, that's

22 included here is to cover an advance, if

23 you will, to the African American Art

24 Museum. At the beginning of the fiscal

25 year, they looked to be in some financial

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 trouble and had asked us for an advance
3 of a payment due to them, and we did
4 that, and this would allow us to cover
5 that for that expense.

6 COUNCILWOMAN KRAJEWSKI: Thank
7 you.

8 Are there any other questions
9 from members of the Committee?

10 Councilman Goode.

11 COUNCILMAN GOODE: Mr. Dow and
12 Mr. Gregory, approach the witness table.

13 (Witnesses approached witness
14 table.)

15 COUNCILMAN GOODE: Good
16 afternoon. This question is for
17 Mr. Agostini, Mr. Dow or Mr. Gregory,
18 whoever wants to answer it. Bill No.
19 090672-A was introduced by Councilman
20 Clarke to create opportunities within the
21 stimulus funding that might be coming to
22 the City. I'm sure all three of you are
23 very familiar with that. It created a
24 separate category for stimulus projects.
25 Under Definitions, it created a

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 definition under Subsection (f) of No. 1,
3 a development project or contract bid
4 pursuant to funds allocated to the City
5 pursuant to the American Recovery and
6 Reinvestment Act and which is reasonably
7 anticipated to cost the City more than
8 \$250,000.

9 Does any of this funding apply
10 to that ordinance?

11 MR. AGOSTINI: Councilmember,
12 are you referring to the bill before you,
13 100001?

14 COUNCILMAN GOODE: Yes, I am.

15 MR. AGOSTINI: Councilmember,
16 we're going to treat every single
17 stimulus dollar that comes through as if
18 it is affected by Councilman Clarke's
19 resolution. We understand the concern
20 that you have. It is a topic at every
21 one of our working group meetings. We
22 have transitioned from outreach to trying
23 to get everybody to understand the
24 outreach is insufficient.

25 COUNCILMAN GOODE:

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Mr. Agostini, your last working group
3 meeting was when?

4 MR. AGOSTINI: This week.

5 COUNCILMAN GOODE: The meeting
6 before that was?

7 MR. AGOSTINI: We've been doing
8 them every two weeks.

9 COUNCILMAN GOODE: So January
10 26th?

11 MR. AGOSTINI: Sounds like you
12 got the date.

13 COUNCILMAN GOODE: I watched
14 the hearing. At the end of the hearing,
15 at the end of the meeting, it was
16 disclosed that you weren't even tracking
17 minority and women participation on
18 stimulus projects; is that correct?

19 MR. AGOSTINI: Councilmember,
20 the reporting requirements from the
21 federal government do not --

22 COUNCILMAN GOODE: I watched
23 the meeting, so I understand that the
24 federal government does not require it.

25 MR. AGOSTINI: Right, but we

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 will --

3 COUNCILMAN GOODE: It was
4 suggested as of January 26th, you were
5 not even tracking minority and women
6 business participation on stimulus
7 projects; is that correct?

8 MR. AGOSTINI: As of that date,
9 we had not set in place a tracking
10 process. Subsequent to that date, what
11 we have said to everyone is that on a
12 moving-forward basis, particularly for
13 the quarterly report due in April, we
14 will begin to track our success and the
15 dollars being spent on contracts with
16 minority, DBE and WBE, as well as
17 employees.

18 COUNCILMAN GOODE: This is sort
19 of a trick question, Mr. Agostini,
20 because if I say you weren't tracking it
21 as of January 26th and you say you now
22 are, then the obvious question is, what's
23 the level of participation by minority
24 and women-owned businesses in terms of
25 stimulus dollars? Because if you were

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 tracking it, then you have that

3 information.

4 MR. AGOSTINI: The

5 participation --

6 COUNCILMAN GOODE: So either

7 you are tracking it or you're not.

8 MR. AGOSTINI: No. As I said,

9 we're not tracking it currently. Of the

10 dollars that we have spent --

11 COUNCILMAN GOODE: That was my

12 original statement. As of January 26th,

13 you were not tracking it; is that

14 correct?

15 MR. AGOSTINI: I've said that

16 twice, sir.

17 COUNCILMAN GOODE: Okay.

18 Councilman Clarke's ordinance requires

19 that each contract bid that's over

20 \$250,000 to have an Economic Opportunity

21 Plan.

22 MR. AGOSTINI: That's correct.

23 COUNCILMAN GOODE: Does that

24 ordinance apply to any of this funding?

25 MR. AGOSTINI: We're assuming

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 it applies to all of the stimulus
3 funding, and we are approaching it that
4 all of the stimulus funding has to
5 demonstrate certainly to the Recovery
6 Office that there is efforts and
7 performance that will try to meet the
8 expectations of the ordinance.

9 COUNCILMAN GOODE: If there is
10 a \$1.2 million contract coming out of the
11 Health Department for a campaign to
12 market against obesity, would that fall
13 under Councilman Clarke's ordinance?

14 MR. AGOSTINI: Yes, it would.

15 COUNCILMAN GOODE: So how is it
16 possible that an RFP is released after
17 Councilman Clarke's ordinance is enacted
18 that has a \$250,000 threshold, there's an
19 RFP for a \$1.2 million contract and the
20 participation level was set at zero
21 percent? How is that possible? And how
22 is it possible that there's no
23 opportunity for subcontracts or joint
24 ventures if there's an Economic
25 Opportunity Plan? That completely defies

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 logic and goes against Councilman
3 Clarke's ordinance. And he can speak for
4 himself in terms of legislative intent,
5 but it goes against the intent of all of
6 what we're talking about, is that not
7 only should there be economic opportunity
8 on all contracts and not only should
9 there be Economic Opportunity Plans for
10 certain contracts, there was even a
11 separate threshold set for stimulus
12 projects, which is \$250,000. We have a
13 \$1.2 million contract.

14 Now, a couple weeks ago,
15 several Councilmembers brought this to
16 the attention of the Administration.
17 What was done?

18 MR. AGOSTINI: We were
19 definitely aware of it. I would have to
20 tell you I agree with your assessment of
21 this.

22 COUNCILMAN GOODE: My question
23 is, what was done?

24 MR. AGOSTINI: What has been
25 done subsequent to that is, we've been

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 having meetings internally about how to
3 correct the situation.

4 COUNCILMAN GOODE: So nothing
5 was done. You've had conversations about
6 it, but nothing was done?

7 MR. AGOSTINI: I think we're
8 still in those conversations, sir.

9 COUNCILMAN GOODE: Thank you.
10 I'm done.

11 COUNCILWOMAN KRAJEWSKI:
12 Councilman Clarke.

13 COUNCILMAN CLARKE: Thank you,
14 Madam Chair.

15 Good afternoon, gentlemen.

16 MR. AGOSTINI: Good afternoon.

17 COUNCILMAN CLARKE: Thank you,
18 Councilman Goode.

19 I want to actually talk to you
20 unrelated, but it's referenced in one of
21 the transfer ordinances, the arrangement
22 with Verizon, and it's along the same
23 lines as Councilman Goode's.

24 During the course of the
25 Verizon agreement, we made what we

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 believed to be a substantive agreement as
3 it relates to participation, in addition
4 to which we talked about a very
5 aggressive plan to recruit new
6 businesses, start-up businesses. Where
7 are we at with that? I'm only asking
8 that because I have you here and it's
9 referenced in the transfer testimony.

10 And who is actually monitoring that
11 activity? Because I've heard that some
12 of the things that were committed to in
13 that agreement, the franchise agreement,
14 are not being adhered to, and I'm a
15 little concerned about that.

16 MR. GREGORY: Yeah. We've
17 lost -- just quite candidly, lost a
18 little momentum with the Verizon project,
19 which we are now regaining. There was
20 some turnover. I believe his name was
21 Tabb Bishop was my point of contact with
22 Verizon. He has now left and gone on to
23 other things. I believe Mr. Doug Smith
24 from Verizon -- he was actually in the
25 audience, at least he was earlier -- he

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 has stepped up to the plate. I think
3 he's the Vice-President of External
4 Affairs for Verizon. Don't quote me on
5 his actual title. But we've had
6 conversations about revamping the EOP.
7 One of the things that wasn't in the
8 original Economic Opportunity Plan was an
9 oversight committee. Historically
10 speaking, we have found oversight
11 committees to be a very strong tactic in
12 terms of hitting their participation
13 numbers. So we're in conversations right
14 now to initiate an oversight committee
15 for the Verizon project.

16 COUNCILMAN CLARKE: You were
17 not around during the course of those
18 discussions, so I'm going to cut you a
19 little slack.

20 MR. GREGORY: That's okay.

21 COUNCILMAN CLARKE: No. That
22 doesn't mean I'm not going to continue to
23 question you.

24 MR. GREGORY: All right.

25 COUNCILMAN CLARKE: With

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 respect to a formalized oversight
3 committee, you may be correct in that
4 there was not such an entity in name, but
5 there was a process that, frankly
6 speaking, had not only internal
7 monitoring entities, being the
8 government, we also had the various
9 chambers, African American, Latino, I
10 believe the Asian Chamber of Commerce,
11 were a part of the process. Are you
12 saying that because Tabb left, then that
13 process broke down?

14 MR. GREGORY: That was part of
15 it. The holdup really --

16 COUNCILWOMAN KRAJEWSKI: Excuse
17 me one moment. Councilman Jones has a
18 point of information.

19 COUNCILMAN JONES: No, no,
20 don't. I was going to wait patiently
21 after the Committee gets their -- no,
22 ma'am. It was --

23 COUNCILWOMAN KRAJEWSKI: I'm
24 sorry. I thought you had a point --

25 COUNCILMAN JONES: We're okay.

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 COUNCILMAN CLARKE: Thank you.

3 Thank you, Madam Chair.

4 MR. GREGORY: Verizon has
5 expressed some concerns with the
6 confidentiality of the information that
7 they are to give to the Office of
8 Economic Opportunity. We have not
9 received any information as it pertains
10 to their participation numbers as a
11 result of that. So without having that
12 information, it's very difficult to
13 strategize and discuss ways to move
14 forward.

15 COUNCILMAN CLARKE: Okay.
16 That's totally inconsistent with the
17 conversation that we had that led to the
18 agreement. So what I will do, because we
19 are here for an unrelated matter, I will
20 probably introduce a resolution so we can
21 hold hearings on the Verizon contract,
22 not just the issue with respect to
23 participation, but just the whole status
24 of their contract, to give you time to
25 talk to the people that were involved in

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 that process and be prepared, because
3 what you're telling me here today is
4 totally inconsistent with what actually
5 happened.

6 MR. GREGORY: Okay.

7 COUNCILMAN CLARKE: And as I
8 said, you're new, I'm not going to hold
9 you to it. I don't know who gave you
10 that briefing. I guess I kind of caught
11 you off-guard today, because that wasn't
12 a part of this particular subject matter.
13 So I guess I'm telling you now, be
14 prepared in the very short future, be
15 prepared to talk about the Verizon
16 contract.

17 MR. GREGORY: Okay. Thank you.

18 COUNCILMAN CLARKE: Thanks,
19 Madam Chair.

20 COUNCILWOMAN KRAJEWSKI: Thank
21 you.

22 I believe Councilman Goode has
23 a point of information this time.

24 COUNCILMAN GOODE: Thank you,
25 Madam Chair.

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Mr. Gregory, is Verizon out of
3 compliance with the Economic Opportunity
4 Plan?

5 MR. GREGORY: No.

6 COUNCILMAN GOODE: Are they
7 required to submit information?

8 MR. GREGORY: I'm sorry?

9 COUNCILMAN GOODE: Are they
10 required to submit information?

11 MR. GREGORY: Yes.

12 COUNCILMAN GOODE: Have they
13 submitted information?

14 MR. GREGORY: Yes.

15 COUNCILMAN GOODE: Are they out
16 of compliance?

17 MR. GREGORY: Yes.

18 COUNCILMAN GOODE: Okay. Thank
19 you.

20 COUNCILWOMAN KRAJEWSKI:
21 Councilman Jones.

22 COUNCILMAN JONES: Thank you.

23 COUNCILWOMAN KRAJEWSKI: And I
24 believe we have Councilman Green.

25 COUNCILMAN JONES: Thank you,

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Madam Chair.

3 This is usually the part where
4 I let y'all take a butt whipping and go
5 back afterwards and snicker with my
6 colleagues about it, but this is too
7 serious a subject to let you flounder
8 like this, so I'm going to help you out
9 with some yes or no questions, and this
10 will allow you to at least give this body
11 a sense that you are earnestly trying to
12 fulfill the mandate that was set by
13 Councilman Clarke.

14 Now, since the time of that
15 bill, have you made outreach with
16 minority companies, at least a couple
17 hundred of them, at Della Clark's
18 outreach efforts and put them in touch
19 with departments that have had stimulus
20 opportunities? Yes or --

21 MR. DOW: Yes.

22 COUNCILMAN JONES: -- no.

23 MR. DOW: Yes.

24 COUNCILMAN JONES: Yes or no,
25 have you begun meeting with departments

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 that also get stimulus dollars to talk
3 about year to date and year coming
4 contracts and issuing them a goal by
5 which this Administration is comfortable
6 within ranges of opportunities that
7 present themselves? Yes or no.

8 MR. DOW: Yes.

9 MR. GREGORY: Yes.

10 COUNCILMAN JONES: In that have
11 you received, in that outreach effort,
12 have you received more bids that are
13 responding to opportunities to these
14 economic stimulus opportunities? Yes or
15 no.

16 MR. DOW: Yes.

17 COUNCILMAN JONES: In so doing,
18 in this particular contract, how many, if
19 you can tell that within the confines of
20 the procurement regs, how many of the
21 respondents were minority and female?

22 MR. DOW: We had a total of
23 seven respondents.

24 COUNCILMAN JONES: How many
25 were minority?

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 MR. DOW: And two were

3 minority, one was female.

4 COUNCILMAN JONES: Thank you,

5 Madam Chair.

6 COUNCILWOMAN KRAJEWSKI:

7 Councilman Green.

8 COUNCILMAN GREEN: Thank you.

9 I have some specific questions
10 about the expenditures within the
11 Division of Technology with respect to
12 this, and so I might wait until Allan
13 Frank's testimony to get to some of that,
14 but I just -- with respect to the
15 transfer ordinances in Bill 100002, I'd
16 just like to understand for the record
17 whether or not these are money that's
18 already been spent that we are now
19 appropriating or whether or not you're
20 looking towards the year end and you're
21 appropriating money based on the
22 estimation that that's what you're going
23 to need.

24 MR. AGOSTINI: It's the
25 estimate of where we will be towards the

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 end of the year.

3 COUNCILMAN GREEN: That's
4 great. I appreciate you doing that so
5 early in the year this year as opposed to
6 waiting until it's already spent.

7 MR. AGOSTINI: Thanks.

8 COUNCILMAN GREEN: Where we
9 have very little choice but to
10 appropriate it.

11 With respect to the Provision
12 for Other Grants, Director of Finance
13 transfer in Bill No. 090879, the
14 \$10,850,166, can you describe what this
15 was in there for, what grants this money
16 comes from?

17 MR. AGOSTINI: Some of those
18 funds, Councilmember, are from the 9-1-1
19 funding source, but let me try to get you
20 the detail on that.

21 It's the equivalent of a
22 placeholder for grants that we anticipate
23 to get over the course of the year. I
24 think the number is a hundred million
25 that we have. It allows the flexibility

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 to move dollars around.

3 COUNCILMAN GREEN: Once you
4 receive the grant?

5 MR. AGOSTINI: Yeah.

6 COUNCILMAN GREEN: So what
7 grants have you received?

8 MR. AGOSTINI: Well, some of it
9 is grants, but some of it is also just
10 being able to move funds around.
11 Typically when we do the appropriation
12 transfers, we look to the grants funds as
13 a way to give us the flexibility to move
14 funds where we don't have the
15 appropriation authority in order to cover
16 costs, like the unemployment compensation
17 figure for four and a half million here,
18 the pension-related figure of 17 and a
19 half million. So it allows us some
20 flexibility.

21 There are instances when there
22 are grants that are coming in, but that's
23 not really what's going on here.

24 COUNCILMAN GREEN: I'm
25 confused. There was cash in the Grants

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Fund that was unrelated to grants?

3 MR. AGOSTINI: It's
4 appropriation power really is what it is.
5 So it's not cash. It's the ability to
6 spend.

7 COUNCILMAN GREEN: I'm sorry.
8 So there is no grant related to this
9 transfer?

10 MR. AGOSTINI: No. There are
11 no dollars, no grant. It's appropriation
12 power. The appropriation power will
13 allow us to cover the expense. Again,
14 the four and a half million for the
15 unemployment compensation is the best
16 example of that. At the end of the year
17 when we will realize a deficit associated
18 with that four and a half million, we'll
19 have to cure that either within the
20 existing fiscal year or in the subsequent
21 fiscal year.

22 COUNCILMAN GREEN: So you are
23 asking us to appropriate from a fund
24 where there is actually no extra dollars.
25 So essentially if we approve this

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 appropriation, we are increasing the

3 City's deficit by \$10 million.

4 MR. AGOSTINI: In the case of

5 the four and a half million dollars,

6 we're going to spend -- based on our

7 estimates, we are anticipating spending

8 that anyway. The appropriation power

9 allows us to recognize that the estimate

10 is in excess of what we had in the

11 budget. It allows us to then generate,

12 depending on the action of the Council,

13 allows us to have the appropriation power

14 necessary to cover those expenses during

15 the course of the year, but what we will

16 have at the end of the year is indeed a

17 deficit. Four and a half million of that

18 deficit will be associated with the

19 unemployment compensation costs.

20 COUNCILMAN GREEN: Okay. So

21 instead of raising the revenue through

22 making cuts somewhere in the City, we are

23 making a decision to deficit spend to

24 cover expenses that -- I'm not saying I'm

25 for or against this. I just want this --

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 we're making a decision to deficit spend
3 rather than cut costs elsewhere to cover
4 the budget deficit?

5 MR. AGOSTINI: It is a way to
6 cover those expenses.

7 COUNCILMAN GREEN: Well, we're
8 not covering the expenses.

9 MR. AGOSTINI: It allows us to
10 have the appropriation power associated
11 so that we can spend. You're right,
12 we're going to have a deficit associated
13 with a number of items over the course of
14 the year that we will then have to cover
15 in the FY11 balancing process.

16 COUNCILMAN GREEN: So I guess
17 the provision in the Charter that sort of
18 says we have to have a balanced budget
19 every year is not really relevant to the
20 way we operate City government?

21 MR. AGOSTINI: As I understand
22 it, if you anticipate carrying a deficit,
23 you have the subsequent fiscal year to
24 cure that deficit.

25 COUNCILMAN GREEN: But only if

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 money is appropriated -- essentially, we
3 create a slush fund every year in the
4 Grants Revenue Fund, is what you're
5 telling me, of a hundred million dollars,
6 even though we didn't have the money
7 coming in in terms of revenue, and then
8 we just kind of can spread it around
9 during the year to cover deficits.

10 MR. AGOSTINI: Councilmember, I
11 think there needs to be a very distinct
12 line drawn between appropriation power
13 and actual cash. What we're asking for
14 is appropriation power. There's no cash.

15 COUNCILMAN GREEN: Right.

16 MR. AGOSTINI: So the
17 appropriation power allows us -- because
18 the Charter clearly states that absent
19 the appropriation power granted by
20 Council, we cannot spend in addition to
21 what's in the budget. Once that
22 appropriation power is available, we then
23 have the ability to say, yes, indeed
24 we're going to cover the costs
25 associated -- again, the UC is the best

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 example -- up to that additional four and
3 a half million dollars. It will indeed
4 show up as part of the explanation of why
5 we have ended or anticipate ending Fiscal
6 Year '10 with a shortfall, a deficit.

7 COUNCILMAN GREEN: Okay. So
8 with respect to the specific dollars, I
9 don't see any money going to employment
10 or whatever the other issue is you just
11 discussed. Four million is going to
12 purchase of services in DOT, I guess to
13 the Managing Director - Division of
14 Technology. Two million is going to
15 material, supplies and equipment. And
16 then you've got another four million also
17 going to Division of Technology, payments
18 to other funds.

19 Is this money we've committed
20 already to spend?

21 MR. AGOSTINI: It's money that
22 we had committed as part of the budget or
23 money, in some cases in the DOT world,
24 dollars that were committed and spent
25 without the appropriate appropriation

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 power or the appropriate authorization to
3 spend in some categories.

4 COUNCILMAN GREEN: Okay. So I
5 guess what I'd like to do with respect to
6 this transfer to DOT and the other
7 transfer to DOT is just for the record
8 find out exactly where this money is
9 going to be spent over the next five
10 months.

11 MR. AGOSTINI: We can give you
12 a detailed schedule for all of that. I
13 have one here. I'll just make that
14 available to everybody. It is for very
15 specific delineated items, and we can
16 show you what that is.

17 COUNCILMAN GREEN: Well, I
18 understand. We were hopefully going to
19 have a full Council briefing on this
20 prior to this hearing that got
21 rescheduled to today at 3 o'clock, which
22 is after the Appropriations hearing. So,
23 I mean, I'd like to understand what the
24 \$21 million will be spent for for the
25 record today. I mean, do you have a

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 handout you can give us today, right now?

3 MR. AGOSTINI: Let me look at
4 what I have here. If I don't give it to
5 you right now, I'll give it to you
6 shortly after this. I'm sure it
7 reflects --

8 COUNCILMAN GREEN: After we
9 pass the bill?

10 MR. AGOSTINI: Councilmember, I
11 wouldn't come over here unless we needed
12 the dollars. I mean, in some cases,
13 there are expenditures that were
14 improperly entered into that we have to
15 cover.

16 COUNCILMAN GREEN: I'm not
17 trying to -- I'm really not trying to be
18 difficult. I just would like to have the
19 details.

20 MR. AGOSTINI: And perhaps I
21 misunderstand. I thought the briefing
22 this afternoon was on the Capital Budget.

23 COUNCILMAN GREEN: That is what
24 it was scheduled for. It is not what I
25 requested.

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 MR. AGOSTINI: Oh, okay. Out
3 of my hands.

4 COUNCILMAN GREEN: I
5 understand.

6 So if you'll get us that
7 information, we'll have it prior to final
8 passage?

9 MR. AGOSTINI: Yeah. Oh,
10 that's easy.

11 COUNCILMAN GREEN: And we can
12 go over it.

13 MR. AGOSTINI: That's easy to
14 do.

15 COUNCILMAN GREEN: Great.

16 Thank you, Madam Chair.

17 COUNCILWOMAN KRAJEWSKI: Are
18 there any other questions?

19 (No response.)

20 COUNCILWOMAN KRAJEWSKI: Thank
21 you.

22 Is there anyone else here to
23 testify?

24 (No response.)

25 COUNCILWOMAN KRAJEWSKI: There

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 being none, Appropriations will now go
3 into its public meeting.

4 The Chair recognizes Councilman
5 Goode on Bill 090878.

6 COUNCILMAN GOODE: Thank you,
7 Madam Chair. I move that Bill No. 090878
8 be reported out of Committee with a
9 favorable recommendation and the rules of
10 Council be suspended so as to permit
11 first reading at our next Council
12 session.

13 (Duly seconded.)

14 COUNCILWOMAN KRAJEWSKI: Excuse
15 me. We're asking for a suspension?

16 MR. AGOSTINI: Yes, please.

17 COUNCILWOMAN KRAJEWSKI:
18 Suspension of rules. Thank you.

19 Therefore, Bill 090878 will be
20 reported out of this committee, with a
21 suspension of rules so as to permit first
22 reading at our next session of Council.

23 All those in favor?

24 (Aye.)

25 COUNCILWOMAN KRAJEWSKI:

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Opposed?

3 (No response.)

4 COUNCILWOMAN KRAJEWSKI: The
5 Chair recognizes Councilman O'Neill for
6 the purpose of Bill 090879.

7 COUNCILMAN O'NEILL: Madam
8 Chair, I move that Bill No. 090879 be
9 reported out of this committee with a
10 favorable recommendation and also a
11 recommendation the rules of Council be
12 suspended so as to allow first reading at
13 our next session.

14 (Duly seconded.)

15 COUNCILWOMAN KRAJEWSKI: All
16 those in favor?

17 (Aye.)

18 COUNCILWOMAN KRAJEWSKI:

19 Opposed?

20 (No response.)

21 COUNCILWOMAN KRAJEWSKI:

22 Therefore, Bill No. 090879 will be
23 reported out of this committee with a
24 favorable recommendation and the rules of
25 Council be suspended so as to permit

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.
2 first reading at the next session of
3 Council.

4 The Chair recognizes Councilman
5 DiCicco for Bill 100001.

6 COUNCILMAN DiCICCO: Thank you,
7 Madam Chair. I move that Bill No. 100001
8 be reported out of this committee with a
9 favorable recommendation and that the
10 rules of Council be suspended so as to
11 permit first reading at our next Council
12 session.

13 (Duly seconded.)

14 COUNCILWOMAN KRAJEWSKI: All
15 those in favor?

16 (Aye.)

17 COUNCILWOMAN KRAJEWSKI:
18 Opposed?

19 (No response.)

20 COUNCILWOMAN KRAJEWSKI:
21 Therefore, Bill No. 100001 will be
22 reported out of this committee with a
23 favorable recommendation and the rules of
24 Council be suspended so as to permit
25 first reading at our next session of

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 Council.

3 The Chair recognizes Councilman

4 Clarke for Bill No. 100002.

5 COUNCILMAN CLARKE: Thank you,

6 Madam Chair. I move that Bill No. 100002

7 be reported out of Committee with a

8 favorable recommendation and a request

9 for rules suspension as to allow reading

10 at the next session of Council.

11 (Duly seconded.)

12 COUNCILWOMAN KRAJEWSKI: All

13 those in favor?

14 (Aye.)

15 COUNCILWOMAN KRAJEWSKI:

16 Opposed?

17 (No response.)

18 COUNCILWOMAN KRAJEWSKI:

19 Therefore, Bill 100002 will be reported

20 out of this committee with a favorable

21 recommendation and the rules of Council

22 be suspended so as to permit first

23 reading at our next session of Council.

24 This concludes our Committee on

25 Appropriations.

1 2/24/10 - APPROPRIATIONS - BILL 090878, etc.

2 (Committee on Appropriations

3 concluded at 3:15 p.m.)

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foregoing matter on February 24, 2010, and

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that this is a true and correct transcript of

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same.

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