

PHILADELPHIA CITY PLANNING COMMISSION
March 3, 2009

PRESENT: Andrew Altman, Chair
Joseph Syrnick, Vice-Chair
Anuj Gupta, representing Camille Cates Barnett
Bernard Lee
Natalia Olson de Savyckyj
Nancy Rogo Trainer
Nilda Ruiz
Peggy VanBelle, representing Rob Dubow

ABSENT: Patrick J. Eiding

Executive Director: Alan Greenberger
Deputy Executive Director: Gary J. Jastrzab

Chair Andrew Altman convened the City Planning Commission Meeting of March 3, 2009 at 1:13 p.m.

1) Adoption of the Recommended FY2010-2015 Capital Program and Budget

Mr. Altman stated that the Philadelphia City Planning Commission has done outstanding work on the Capital Program and Budget. This is the beginning of very important work, not only with City funding, but with Federal Stimulus funding that is anticipated.

Gary Jastrzab stated that this Special Meeting of the Commission has been convened to meet the requirements of the Home Rule Charter, under which the City Planning Commission must recommend to the Mayor an annual Capital Program and Budget no later than 120 days from the end of the Fiscal Year (June 30, 2009). Today is the "drop dead" date for this requirement. One of the Charter-mandated functions of the City Planning Commission is to prepare an annual Capital Program and Budget. This is the City's public works plan and budget, focusing on physical infrastructure, community facilities, and public buildings to enable and support City operations; improve neighborhoods and quality of life; and promote the City four goals of Sound Finances, a Safe City, a Smart Population, and Excellent Service. The Capital Program is a 6-year plan for investing in its public infrastructure and facilities. The Capital Budget is the first year of the plan. It is a collaborative effort of departments and is a year-round effort. It is guided by City's borrowing capacity and fiscal condition. Over the past several years the City has been underfunding its true Capital needs. It is estimated that to bring all City facilities to a State of Good Repair would cost \$1 billion.

The Capital Programming process is as follows. We receive Fiscal guidance in the late summer from the Budget Director concerning the City's Capital spending limits. For FY2010-2015 there is a \$495 million limit on General Obligation debt for Capital projects; for the FY2010 Budget Year, the spending limit is \$63 million.

Mr. Greenberger stated that, unlike previous years, there were no limitations put on departments for the dollar amount of Capital project requests they could submit. However, these requests would then have to be analyzed and reduced to fit within the Finance Director's fiscal guidance amount.

Mr. Jastrzab stated that "Budget Call" letters were sent to the departments in September, requesting project submissions. We asked the departments for a true analysis of their capital needs. We then convened departmental meetings to discuss their requests, needs, and priorities. This year we had departmental requests totaling \$153 million that we had to reduce to the \$63 million Budget Year limit, a reduction of approximately 60%. Once we prepare the Recommended Program and Budget, we transmit it to the Mayor, who in turn sends it to City Council for public hearings in April.

The key principles used in developing the Capital Program are addressing life-safety issues at public facilities; supporting consistency with facilities studies and departmental master plans, promoting sustainability, saving operating budget costs; and preserving unique City resources.

The Capital Program and Budget are funded by a variety of sources: new City tax supported funds (General Obligation Bonds); prior year appropriations carried-forward into FY2010; other City tax-supported funds (such as PICA, PIDC revolving funds, and operating budget funds); City self-sustaining funds (Water Department and Airport revenue bonds); Federal, State, and other governmental funds; and private funds. For the six-year Program, this funding totals \$7.8 billion for 76 projects, which includes 300 to 350 sub-projects. These projects represent the City's Capital spending priorities given the Finance Director's funding constraints.

For the FY2010 Budget Year, the funding total is \$2.5 billion from all sources of funds. A total of \$63 million of new City funds will be committed, as well as carrying forward \$228 million of spending authorization from prior years. In terms of funding shares, City self-sustaining (revenue bond) funding is the largest portion at 52%. New City General Obligation bond funding comprises the smallest share at 2.5%.

Over the past several years, the City has been spending less than the amount needed to meet our Capital needs. In the early years of the decade, new City funding in the Capital Budget was approximately \$90 million annually. This declined during the middle part of the decade, but is now beginning reverse direction to better reflect our capital needs, but we have a long way to go to reach adequate levels.

Mr. Jastrzab highlighted major projects for each of the City's four initiative areas. For Sound Finances: Division of Technology (DOT) \$4 million to upgrade the City's IT infrastructure; in the Office of Sustainability, \$500,000 for energy efficiency projects; Environmental remediation is recommended for funding at \$665,000 for building and site remediation; and \$9.6 million is recommended for the City's "Quadplex" Facilities, including \$4.5 million for City Hall exterior, \$5 million for City Hall life-safety projects, and \$125,000 for a Quadplex facilities master plan.

For the Safe City initiative: Fire Department \$2.5 million; Police facilities \$890,000; Prisons \$3.5 million; Bridges \$1 million; and street resurfacing \$10 million.

For the Smart Population initiative: \$106 million for Neighborhood Commercial Centers; Navy Yard Infrastructure \$1.1 million; Free Library \$965,000; and \$4 million for the City's share of SEPTA infrastructure projects.

Under the City's Excellent Service initiative: Airport Terminal Modernization is recommended for funding of \$254 million; \$5 million for Fairmount Park; \$630,000 for City health facilities; and \$566 thousand for SEPTA's updated fare collection system leverages \$23.7 million from the federal, state, and other local governments.

The next steps, with the City Planning Commission's adoption of this Recommended Capital Program and Budget, will be to submit it to the Mayor's Office to begin the legislative process. We will be coming back to the Commission in the next several weeks for amendments to the budget once federal stimulus funding amounts become clearer. We will also be implementing a "lose it or use it policy" with a 3-year time limit for projects to get under way before reprogramming these funds. Finally, we will continue to work on perfecting the City's budgeting process by catching-up on maintenance, budgeting for ongoing improvement needs, and ultimately, by developing a new Comprehensive Plan that will re-evaluate the City's capital needs.

The City Planning Commission staff recommendation is approval.

Ms. Olson asked about projects being funded from Federal Stimulus grants.

Mr. Greenberger replied that this is being pursued. As the stimulus funding becomes clearer, we will have to come back to the Commission and amend this budget.

Mr. Syrnick questioned the \$1 million for bridges. Is there any new money?

Mr. Jastrzab replied it is all carry forward funding for FY2010.

Ms. Olson stated she is happy that GreenPlan is being addressed in this budget.

Steve Agostini, City's Budget Director, stated that putting the stimulus money in with the City money is a bad idea. We will just come back with that.

Ms. Olson asked about funding for neighborhood commercial centers.

Mr. Jastrzab replied that \$34 million was appropriated two years ago from a special \$64 million "Commercial and Cultural Corridors" bond issue. Matched by federal and state funds, the total for neighborhood commercial centers totals \$106 million.

Mr. Lee asked if the stimulus money would increase the Capital Budget.

Mr. Agostini replied that a project has to be started within 90 days after they are awarded money. We have not yet seen a place to replace the Capital Budget money. We still don't know what the stimulus entails.

Mr. Lee replied that some stimulus money is for housing.

Mr. Agostini replied we would anticipate coming back to the Commission. There would be a special dedicated housing fund.

Mr. Altman replied we are still waiting for guidance from HUD. There will be money there for green jobs and training.

Upon motion by Mr. Lee, seconded by Mr. Syrnick, the City Planning Commission approved the Adoption of the Recommended FY2010-2015 Capital Program and Budget.

Mr. Altman thanked everyone for their work.

Mr. Altman adjourned the City Planning Commission Meeting of March 3, 2009 at 1:45 p.m.

SUMMARY

- 1) Adoption of the Recommended
FY2010-2015 Capital Program & Budget
(Presented by Gary Jastrzab)

Approval