

HIGHLIGHTS OF THE FY2006-2011 CAPITAL PROGRAM

The Capital Program is the City of Philadelphia's six-year plan for investing in its public buildings, community facilities, and physical infrastructure. While much of the Capital Program focuses on improvements to the City's neighborhoods and the quality of life of its citizens, the plan supports numerous other municipal government priorities. Among these are "growing" the City's economy, improving conditions related to public health and safety, and promoting the City's fiscal stability by increasing the efficiency and effectiveness of governmental operations.

The FY2006-2011 Capital Program allocates nearly \$5.5 billion over this six-year period to develop new facilities where needed, to renovate the City's existing stock of public and community facilities, and to modernize its physical infrastructure.

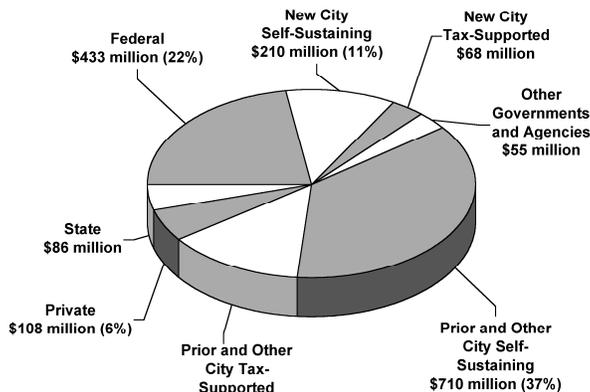
Printed copies of *City of Philadelphia: The FY2006-2011 Capital Program*, including all departmental funding schedules and sources, may be obtained by telephone, postal mail, or e-mail request.

SOURCES OF FUNDS

The total cost for the 562 projects budgeted for FY2006, the budget year of the Program, is slightly more than \$1.93 billion. Of this total, \$670 million (35%) are slated for 88 new projects, with the remainder being carried forward from the FY2005 Capital Budget.

In FY2006, \$68 million (4%) will be provided by new General Obligation (GO) bonds issued by the City of Philadelphia. These bonds are repaid from the City's general tax revenues. Together with GO bond-funded projects carried forward from FY2005, this city tax-supported funding accounts for \$331 million (18%) of budget-year spending.

The largest source of FY2006 funding comes from city "self-sustaining" loan funds. These self-sustaining loans, issued as Philadelphia Airport and Water Department revenue bonds, account for \$920 million (48%) of total budget year funds. Funding from other levels of government, including federal, state, and regional sources, totals \$573 million (29%) in the budget-year. Finally, \$108 million (6%) of FY2006 funding will be provided by private sources.



The availability of new, tax-supported bond funding for capital projects is increasingly constrained in the FY2006-2011 Capital Program. This is due to City of Philadelphia debt limits established by the

Pennsylvania Constitution, as well as by the City's ability to service and retire the debt on these borrowed funds.

As a result, the FY2006 Capital Budget calls for \$6.4 million less in new, city tax-supported funds than the previous year's budget. As Philadelphia approaches its constitutional debt limit, the availability of GO funding is reduced in the "out years" of the Capital Program. Over the next several years, these shrinking resources will continue to strain the City's ability to address its capital needs.

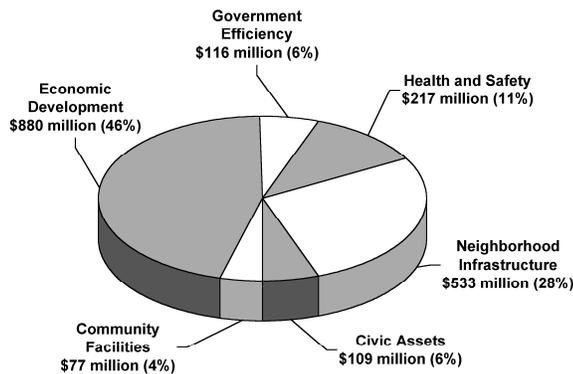
In light of this challenge, the city will continue to "right-size" public facilities to reflect long-standing demographic and neighborhood trends. In some cases, physically deteriorated and underutilized facilities may be combined and renovated to create "enhanced" neighborhood centers. Similarly, selected public services might be dispensed from shared facilities, such as new or renovated school buildings. The objective remains to program the City's capital resources in a way that supports the concept of flexible and enhanced facilities, right-sized for Philadelphia's present and future needs.

Overall, the FY2006-2011 Capital Program proposes a lean and efficient spending plan that makes the most effective use of available resources. This is an austere, but comprehensive, Capital Program that continues our efforts to make Philadelphia a great place to live, work, and visit.

USES OF FUNDS

The funds in the Recommended FY2006 Capital Budget are divided into six broad "use" categories. The largest portion of these recommended funds is allocated for **Economic Development**, with \$880 million (46% of the FY2006 total) budgeted for projects that support the growth of the City's economy.

Neighborhood Infrastructure is the next largest allocation, with \$533 million (28%) budgeted for physical infrastructure improvements. **Health and Safety** receives the third-largest allocation at \$217 million, or 11% of the total. This is followed by \$116 million (6%) allocated for **Government Efficiency** improvements, \$109 million (6%) budgeted for **Civic Assets** projects, and \$77 million (4%) targeted to **Community Facilities**.



Highlighted below are key capital projects in the FY2006 budget year for each of these major uses of funds.

ECONOMIC DEVELOPMENT

Economic Development projects serve to retain and attract businesses, provide jobs for residents, and support neighborhood-based job creation/employment centers, such as neighborhood industrial districts.

Projects at the City's airports, as well as those that support major new commercial, industrial, port-related, and hospitality-industry development fall into this category. In FY2006, \$880 million are budgeted for Economic Development projects, summarized as follows:

An ambitious improvement program continues at Philadelphia International Airport to ensure that this facility meets world-class standards. More than \$112 million of self-sustaining funds, matched by nearly \$139 million of federal, state and private funds, are budgeted for airport improvements in FY2006. Funds will be used for airport expansion, increasing airfield capacity, improving runways, and modernizing and expanding terminal buildings. An additional \$775,000 of self-sustaining funding (matched by \$2.5 million in other funds) are budgeted for airfield and facility improvements at Northeast Philadelphia Airport.

Continued funding to support development in both the City's older industrial areas and newer industrial parks is also budgeted in FY2006. In City-managed (Philadelphia Industrial Development Corporation) industrial parks, existing revolving funds are budgeted for land acquisition and associated improvements. Almost \$4.3 million dollars are budgeted for Navy Yard infrastructure improvements using a combination of city, state, and federal funding.

NEIGHBORHOOD INFRASTRUCTURE

Neighborhood Infrastructure projects focus on improvements to transit stations and other SEPTA facilities, street reconstruction and resurfacing, street signage, and traffic-control improvements. Replacement of water and sewer mains are also included as Neighborhood Infrastructure projects, as they are essential services to neighborhoods and their residents. A total of \$533 million are budgeted for Neighborhood Infrastructure projects in FY2006, summarized as follows:

Improvements in neighborhood commercial centers will continue, with \$1 million in city tax-supported funds (plus \$4 million in state funds) budgeted for site improvements, curbs, sidewalks, street trees, signs, lighting, and public parking. These improvements, as part of a program of comprehensive neighborhood and commercial district plans, are intended to attract and leverage other investments in retail and residential projects.

In the Streets Department, city tax-supported funds totaling \$16.1 million are budgeted for neighborhood street reconstruction and resurfacing, bridge reconstruction, traffic-control and street-lighting improvements, and school and pedestrian-crossing signs. City funds for these projects will be matched by nearly \$30 million of state and federal funds.

The Water Department will continue to make strategic investments in the replacement of water and sewer lines serving the City's neighborhoods, with \$48.6 million of self-sustaining funds budgeted for these projects.

More than \$4.5 million in city funds, matched by \$134.1 million in other government funds, are budgeted for transit infrastructure improvements, including continued Market Street Elevated reconstruction, ADA accessibility compliance, and the new Frankford Transportation Center.

HEALTH AND SAFETY

Health and Safety projects promote overall improvements in public health, safety, and welfare. Examples include projects related to the City's water plants (water and waste treatment), asbestos-abatement and life-safety improvements (fire alarm and suppression systems) in public buildings, environmental remediation, and structural improvements at city shelters and prison facilities. ADA/accessibility modifications are also

considered Health and Safety projects. A total of \$217 million are budgeted for Health and Safety projects in FY2006, summarized as follows:

Projects in this category include \$500,000 in new tax-supported funds for mechanical and interior renovations at various city shelters and Riverview Home, the City's residential facility for the indigent elderly. Additionally, \$500,000 are budgeted for prison-system improvements related to security, mechanical, and electrical systems.

The FY2006 budget includes \$42 million in self-sustaining funds for improvements to water and wastewater treatment facilities. Additionally, for citywide environmental remediation, \$200,000 are budgeted for the Commerce Department (with \$1.5 million in state and federal matching funds), and for equipment and renovations at the Philadelphia Nursing Home, \$1.9 million in city operating-revenue funds are budgeted for the Health Department.

For Fleet Management, \$800,000 in state and city funds are budgeted for fuel-tank replacement and associated remediation.

GOVERNMENT EFFICIENCY

Government Efficiency projects promote government operating efficiencies and provide for more effective service delivery. Projects in this category include communications system improvements, database and computer-related initiatives, and energy-conservation programs. The Government Efficiency category also includes facility assessment studies, most improvements to departmental headquarters buildings (Police, Fire, Health, MSB, OPB, Family Court), and the modernization of operational buildings (Fleet, Sign/Lighting Shops, Sanitation). The administrative expenses of the CPO that appear in the Capital Program and Budget also fall into this category. A total of \$116 million are budgeted for Government Efficiency projects in FY2006, summarized as follows:

More than \$9 million are budgeted for improvements in the communication and dispatch systems used by the Police and Fire Departments. For the Managing Director's Office, \$2 million are budgeted for critical renovations and improvements at City-owned sites.

In the Mayor's Office of Information Services (MOIS), \$1 million are budgeted for the Business and Information Continuity/Recovery Project, to avert disruptions to the City's computer operations. An additional \$540,000 will be used to update digital aerial photography and topographic information for citywide mapping purposes. A total of \$1.5 million are budgeted to continue the development of an integrated database to coordinate the efforts of several city departments in providing social services to families and children.

The Municipal Energy Office (MEO) continues its efforts to make the City's use of energy more efficient through the Greenlights and Energy Star Programs. In FY2006, \$500,000 are budgeted for lighting and mechanical systems upgrades at facilities throughout the city.

To support Capital Program Office functions, including the ability to design and engineer critical renovations and improvements and to develop a new budget-management IT system, nearly \$8.3 million are budgeted. For the Department of Public Property, \$4.2 million are budgeted for building and facilities improvements, as well as substantial investment in improving the City's communications system.

More than \$23.2 million in self-sustaining funds are budgeted for the Water Department for engineering, administration, and the acquisition of vehicles.

CIVIC ASSETS

Civic Assets projects contribute to the livability of Philadelphia as a whole, as well as to the City's reputation as a destination for tourists and visitors. Examples are most Art Museum, Penn's Landing, Fairmount Park (except for neighborhood-specific parks/facilities), and Zoo projects. The rehabilitation of City Hall and the Central Library are also considered Civic Assets projects. A total of \$109 million are budgeted for Civic Assets projects in FY2006, summarized as follows:

Funds totaling \$5 million are budgeted for City Hall, to allow continued roof repairs and exterior restoration, as well as improvements to interior heating and cooling systems. An additional \$20 million are programmed for this project through FY2011.

At the Philadelphia Museum of Art, \$465,000 are budgeted for interior and exterior improvements. At the Zoo, \$400,000 are budgeted for infrastructure improvements. In Fairmount Park, more than \$2.1 million of city funds are budgeted for improvements to historic structures (including Belmont Mansion), utilities, drainage and landscaping, footways, stables, and parking areas.

For the Commerce Department, \$750,000 are budgeted for waterfront-area improvements along the Delaware River at Penn's Landing and for the Schuylkill Riverfront. In addition, \$500,000 in state matching funds are budgeted for public improvements along the Schuylkill Riverfront.

Continued improvements will be made to Suburban Station and Concourses, including ADA accessibility compliance. More than \$15.2 million are budgeted for this project, of which \$364,000 are city funds.

COMMUNITY FACILITIES

Community Facilities projects include the renewal of facilities serving residential communities, such as branch libraries, neighborhood parks and recreation facilities, police and fire stations, neighborhood health centers, and other projects that serve neighborhoods, promote their improvement, and are consistent with the City's neighborhood revitalization objectives. A total of \$77 million is budgeted for Community Facilities projects in FY2006, summarized as follows:

In the Recreation Department, nearly \$12 million in city funds are budgeted for the renovation of playgrounds, basketball and tennis courts, lighting, and needed repairs to recreation facility roofs, heating and safety systems, and other code compliance issues. Through a \$1 million Commonwealth of Pennsylvania grant matched by an equal amount of city funds, additional neighborhood playgrounds and recreation centers will be renovated.

The Fairmount Park Commission will continue to renovate and restore its grounds and athletic facilities, many of which serve city neighborhoods. City funds totaling \$550,000 are budgeted for improvements at Hunting Park, Tacony Park, and other parkland throughout Philadelphia, as well as for park and street trees.

The Free Library continues its program of critical mechanical repairs at branch libraries, using a combination of public and private funding. In FY2006, city funds totaling \$600,000 are budgeted for boiler and HVAC systems, as well as exterior and interior renovations at several branches.

The Health Department will continue to upgrade its neighborhood health facilities with budgeted funding of \$500,000 for FY2006. HVAC and other building improvements will be made at multiple health centers and other facilities.

The Fire Department will continue major investments to improve working conditions for its personnel, and to ensure the continued operational effectiveness of its stations. Funding in FY2006 emphasizes the rehabilitation of existing fire stations, with more than \$1.3 million budgeted for heating, ventilation, air conditioning, and electrical systems.

The table below shows funding amounts by Department for FY2006, the budget year of the FY2006-2011 Capital Program.

BUDGET YEAR FUNDING BY DEPARTMENT	NEW CITY TAX- SUPPORTED FUNDS (\$ 000)	ALL FUNDING SOURCES (\$ 000)
Art Museum	465	843,167
Aviation	0	254,950
Capital Program Office	6,944	15,462
Commerce/Commercial Development	1,000	16,219
Commerce/Industrial Development	1,800	35,669
Commerce/Waterfront Development	750	2,250
Emergency Shelter and Services	500	3,489
Fairmount Park Commission	3,335	25,363
Finance Department	0	56
Fire Department	1,450	8,187
Fleet Management	730	2,489
Free Library of Philadelphia	800	3,587
Health Department	680	14,394
Housing	0	1,565
Human Services	0	49,613
Managing Director's Office	3,725	21,312
Mayor's Office of Information Services	3,040	4,351
Police Department	540	15,328

Prisons	500	7,980
Public Property/Buildings	1,200	16,946
Public Property/City Hall Complex	5,000	11,610
Public Property/Communications	0	10,088
Records	0	50
Recreation/Cultural Facilities	150	4,193
Recreation/ITEF - Various Facilities	12,950	62,088
Streets/Bridges	2,256	47,001
Streets/Grading and Paving	10,200	28,964
Streets/Improvements to City Highways	2,360	100,279
Streets/Sanitation	795	2,001
Streets/Street Lighting	250	4,190
Streets/Streets Department Facilities	185	1,009
Streets/Traffic Engineering Improvements	1,250	3,938
Transit	4,943	178,322
Water Department	0	356,731
Zoological Garden	400	15,482
BUDGET YEAR TOTAL	68,148	931,508

FOR ADDITIONAL INFORMATION

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