

**EXECUTIVE ORDER NO. 1-99**

**PRODUCTIVITY BANK**

**WHEREAS**, The City maintains a Productivity Bank initially funded with \$20 million from the proceeds of a Pennsylvania Intergovernmental Cooperation Authority bond issue; and

**WHEREAS**, The purpose of the Productivity Bank is to fund departmental initiatives that reduce costs, increase revenues and/or enhance services, produce operational efficiency, evidence sound business planning, and help promote a strategic approach to the way in which City government conducts its business by encouraging innovation, accountability and entrepreneurship; and

**WHEREAS**, Since its creation in 1992 the Productivity Bank has loaned \$22.7 million for 16 projects that are forecast to provide financial benefits to the City of more than \$70.9 million over their respective five-year periods; and

**WHEREAS**, The continuation of the Productivity Bank is essential for City government's ability to maintain and increase its productivity;

**NOW, THEREFORE**, by the powers vested in me by the Philadelphia Home Rule Charter, it is hereby **ORDERED**:

**SECTION 1. PRODUCTIVITY BANK AND PRODUCTIVITY BANK LOAN COMMITTEE**

A. The Productivity Bank will be managed by the Office of the Director of Finance. The Productivity Bank will be staffed by a director who will be selected by the Deputy Finance Director responsible for budgetary affairs ("Budget Director"). Staff from the Office of the Director of Finance, the Managing Director's Office and the Mayor's Office will assist the director as needed.

B. The Productivity Bank will have a Loan Committee consisting of eight voting members: the Budget Director; a designee of the Budget Director, who shall serve as Chair of the Loan Committee; the Managing Director (or designee); the Finance Director (or designee); the Chief Information Officer (or designee); the Director of Labor Relations (or designee); and two representatives of the private sector selected by the Mayor. The President of City Council (or designee) shall serve as a non-voting member.

## SECTION 2. RESPONSIBILITIES

A. The Productivity Bank will make loans for projects that increase revenues, reduce costs and/or enhance services and that cannot otherwise be funded from the City's capital budget or from a department's operating budget without endangering its normal service levels. The Director of Finance will make the loan by transferring appropriations in the operating budget to the borrowing City agency. Such transfers shall require the approval of City Council to the extent required by law.

B. Savings and revenues achieved through Productivity Bank projects will be reflected in adjusted departmental budgets, as will loan repayments. Each loan will be repaid in full within five years with interest.

C. Applications submitted to the Productivity Bank shall describe the project that the loan will fund, show the costs of the project, and illustrate the benefits the project will provide. Additionally, the applicant shall demonstrate its ability to repay the loan with interest, at an appropriate rate set by the Loan Committee, within five years.

D. In reviewing projects that lead to substantial service improvements but do not have readily quantifiable financial benefits, the Loan Committee will perform due diligence to determine whether services are likely to improve substantially and measurably without increasing costs. These loans will be repaid through payments to the Productivity Bank Fund from the General Fund through appropriations incorporated into the budget of the borrowing City agency.

E. The Productivity Bank's staff will work with each applicant to determine whether a project qualifies for a Productivity Bank loan. Once the Productivity Bank's staff has determined that an application is ready, it will be submitted to the Loan Committee. Each loan must be approved by the Loan Committee by majority vote.

F. After a loan has been made, Productivity Bank staff will monitor the progress of the project funded by the loan to ensure that the Productivity Bank will be repaid and that the City is deriving the benefits originally projected to be achieved from the project.

G. The Productivity Bank will use the funds received from repayment of its loans to make loans to other qualifying projects.

## SECTION 3. EFFECTIVE DATE

This order shall take effect immediately.

Edward G. Rendell  
Edward G. Rendell, Mayor

April 27, 1997  
Date