

City of Philadelphia



Five-Year Financial Plan

**Fiscal Year 2007 - Fiscal Year 2011
(including Fiscal Year 2006)**

**Fifteenth Five-Year Plan for the City of Philadelphia pursuant
to the Pennsylvania Intergovernmental Cooperation Authority Act**

Presented by the Mayor, January 24, 2006

CITY OF PHILADELPHIA

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John F. Street

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Charles Isdell Aviation Director	Clarena Tolson Streets Commissioner
Nancy Kammerdeiner Revenue Commissioner	Richard Tustin Director, Capital Program Office
Leon A. King Prisons Commissioner	

Five-Year Plan Drafting Committee:

Editorial Review and Coordination: Joyce S. Wilkerson, Pedro A Ramos, Dianne E. Reed, Judi Cassel, Julia Danzy, Cynthia Douglas, Hal Fichandler, Tina Ginnetti, William Grab, Vincent Jannetti, Loree Jones, Michelle Lai, Mark Maher, Eli Massar, Sean McNeeley, Ellen Steiker, Peggy Van Belle

Authors: Brian Albert, Ron Augustyn, Dave Baldinger, Tom Becker, Barry Bessler, Jim Bolno, Michele Mangin, Jacqueline Barnett, Nancy Danczak, Cynthia Douglas, Bari Rose-Epstein, Robert Eskin, Joe Faith, Jacob Fisher, Lee Fishman, Bob Fox, Dennis Fox, Delia Gorman, Bridget Greenwald, John Herzins, Gary Jastrzab, Thomas Knudsen, Michelle Lai, Sean McNeeley, Sara Merriman, Jill Milicia, Kevin O'Hagan, Mary Platt Coles, Jim Pollock, Harry Ruggiero, Roberta Sharpe, Thomas Shaeffer, David Werbo, Peggy Van Belle, Michael Zaccagni

CITY OF PHILADELPHIA
FIVE-YEAR FINANCIAL PLAN

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The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a scale of justice. The shield is surrounded by a wreath and a banner at the bottom with the motto "1776".

City of Philadelphia
Five-Year Financial Plan



Introduction

Introduction

Overview

Over the last six years, the Administration has strived to create a Philadelphia that will thrive in the 21st century supported by a city government that can live within its means: A smaller government that still provides needed services and safe streets, and fosters educational opportunity and an improved quality of life.

The priority of this Administration has been and will remain tackling core citizen needs: Revitalizing neighborhoods in decline, improving public schools, strengthening families, attracting businesses to foster economic growth, ensuring public safety and high quality of life standards in every community, and to the extent possible, reducing the local tax burden. Since 2000, City wage and business taxes have been reduced by more than \$1.1 billion. The City's investment in neighborhoods to eliminate blight and pave the way for development have resulted in renewed quality of life in our neighborhoods. While neighborhoods have flourished, Center City and commercial corridors have not missed a beat. Out-of-towners, recent college graduates, and suburban empty-nesters are swelling Center City's population and remaking its neighborhoods; Center City now has the third-largest downtown population after New York and Chicago.

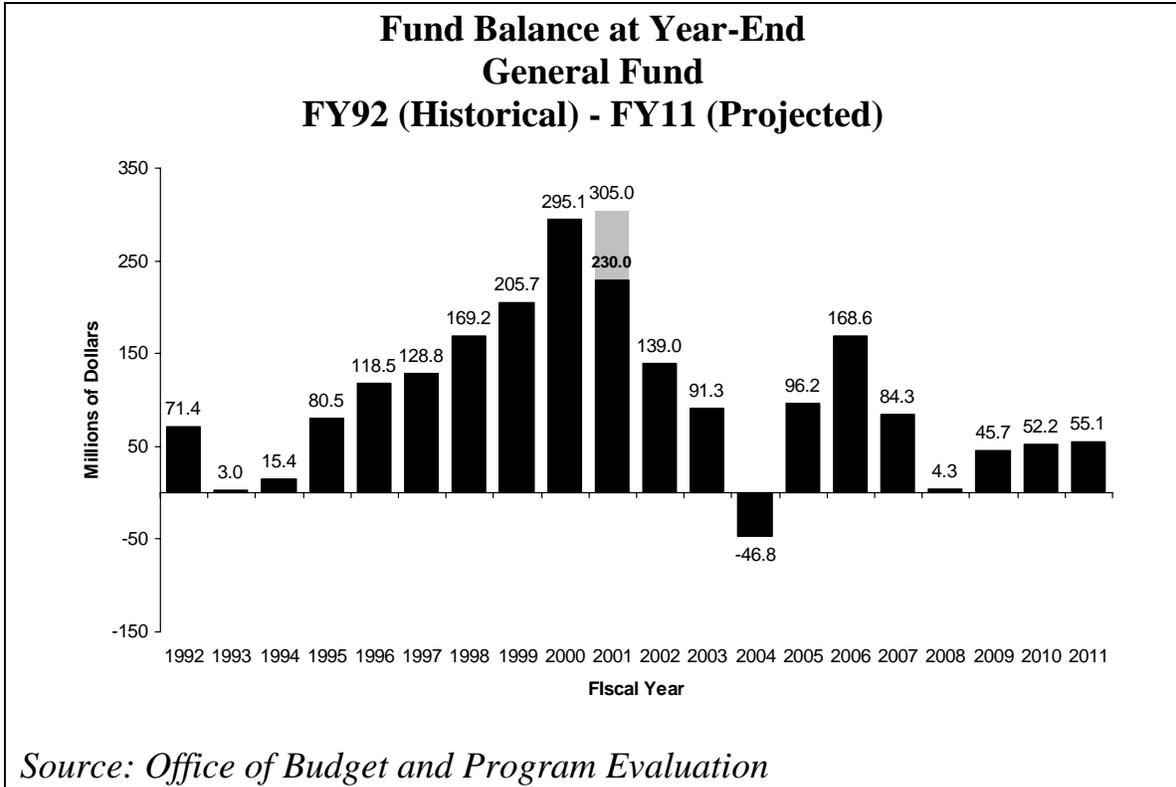
The results of the City's efforts have received local, national and international recognition. Responses to the 2005 Citizen Satisfaction Survey show satisfaction levels reaching all-time highs for the services rated most important by survey respondents: Trash collection/recycling, police protection, and street repair. Record high levels of satisfaction with Recreation, Fairmount Park were also achieved. In the October 2005 edition of *National Geographic's Traveler* magazine, Philadelphia was featured as "The Next Great City." The magazine called attention to the condominium-building boom downtown, and called the Old City area, with its vibrant arts and nightlife scene, the liveliest urban neighborhood between New York's SoHo and Miami's SoBe. *National Geographic* hailed Philadelphia as a walkable city that bridges the old and new, with stately nineteenth-century neighborhoods, the Champs Elysees-inspired Benjamin Franklin Parkway and, soon, wireless Internet access throughout its 135 square miles.

Philadelphia's well-deserved recognition as the "next best place" did not "just happen." Improvements in the overall US economy have not always had the same positive effect on Philadelphia population or property values or economy. Philadelphia has been able to benefit from the economic upturn this time, in part because of a concerted effort by the Administration to focus on areas designed to improve quality of life, enhance services, and improvement government efficiency and effectiveness, to right-size government while absorbing over \$1 billion in tax cuts from FY00-FY05.

Many individual efforts have contributed to the City's transformation since the beginning of the Administration in FY01. At the end of this Introduction, departments provide highlights of their achievements over the past five years. Some achievements, grouped under the heading "quality of life," have clearly made Philadelphia a better place to live and work. Other achievements, described under the "service enhancements" section, have provided valuable service upgrades for citizens and employers. A final group of achievements, discussed under "management efficiency

and effectiveness,” have helped Philadelphia government operate better and smarter. Other achievements, such as the Economic Development Blueprint, are discussed elsewhere in the Plan, in this case in the Economic Development chapter.

As a result of these efforts, as well as numerous other initiatives and an improved tax base, Philadelphia entered FY06 in a healthier fiscal condition and with a brighter economic outlook than it faced in FY04 and FY05. The fund balance, which had fallen to a negative \$46.8 million at the end of FY04 from a high of \$295 million in FY00, as shown in the chart below, grew to \$96.2 million at the end of FY05, and is projected to reach \$168.6 at the end of FY06.



* The Fund Balance reduction in FY01 was primarily a result of a one-time adjustment imposed by the Government Accounting Standards Board in its Statement 33, requiring the use of the full-accrual accounting method starting that year. Without this adjustment, the fund balance would have been \$305 million. A fuller explanation of how the positive fund balance was achieved and the outlook for the future of the plan is discussed in the Fiscal Health Chapter.

Continued improvements in economic growth and corporate profits helped FY05 Business Privilege Tax revenue grow by \$70 million above the FY04 amount. Continued strength in the local real estate market helped propel Real Estate Transfer Tax revenue to reach record high \$192 million, and resulted in Real Estate Tax revenues that were \$8 million more than budgeted in FY05. In addition to increasing revenue, the City improved its fund balance by reducing payroll costs through on-going workforce reduction, targeted position reductions, and overtime control initiatives. The strategic use of the Deferred Retirement Option Program (DROP), allowing most departments to fill only one position for every two DROP separations, has led to reorganized management structures and eliminated duplicative functions and underutilization of staff. The targeted position reduction brought the July 1, 2005, workforce number to 22,914.

While FY06 has shown substantial fiscal improvement, projected fund balances over the life of the Plan illustrate the challenges of sustaining a healthy fiscal position. In order to address its significant fiscal challenges, the City must make difficult choices about spending and service delivery. Achieving the surpluses projected in the proposed FY07-FY11 Five-Year Plan will require difficult choices, particularly as the larger wage tax cuts and low-income wage tax credits begin to accelerate in FY10 and beyond. City managers, municipal union leaders, local elected officials, members of the media, and the public should be skeptical of proposals to make recurring multi-year spending commitments or tax reductions that are not coupled with funding strategies or rely on speculative future revenues or savings. Lower taxes are only part of what is necessary to maintain the City as an attractive place to live, work and visit. The City has to balance the cost of cutting taxes against the need to pay for necessary city services to maintain the quality of life in the city. Business and economic development cannot thrive in a city that cuts to a minimum the essential city services and public infrastructure that businesses need: good schools, clean and navigable streets, and safe neighborhoods.

Within this context, the FY07-FY11 Five-Year Plan, Philadelphia's fifteenth, reflects the need to maintain core services to all citizens, particularly those with the greatest needs, to continue to implement Mayoral priorities, and to do more to ensure the safety of residents. The escalation in violent crime and victimization, especially among the youth population, is of grave concern, and will be addressed by Police redeployment strategies and violence reduction initiatives. The increase in homelessness is being countered by the Ten-Year Plan to End Homelessness. Meanwhile, the condition of city streets and roads will be improved through Operation Smooth Streets, which will focus on filling potholes and ditches on a timelier basis in FY06. Although the Commonwealth has proposed social service funding reductions due to federal cuts, the City is enhancing its investments in prevention programs for children and youth, as well as support for persons re-entering their communities from jail or prison.

The following are targeted objectives for FY07:

Continued support of tax reform balanced with investment in quality services. The City believes that, as financial circumstances permit, it is prudent to continue to make adjustments to business taxes that will improve Philadelphia's economic outlook. The City, however, cannot continue business tax reductions, make strategic investments in cultural institutions and neighborhood commercial corridors and balance the current Five Year Financial Plan or for that matter subsequent plans with all of the currently enacted tax reductions. The Plan, therefore, repeals the low-income wage tax credits scheduled to begin in FY10, restoring \$46.8 million to the Plan and preventing annual losses exceeding \$100 million in the Plan's out years. Beginning in the first year of the Plan, the Administration also accelerates the pace of the reductions in the gross receipts portion of the Business Privilege, a tax structure change which will improve the City's tax competitiveness and spur job growth. A total of \$12 million of business tax reductions will occur in FY07, including a \$5 million boost in Gross Receipt reductions in this fiscal year alone, to capitalize on the momentum of growth in the business tax base. The combined wage and business tax reductions in FY07 total to \$21.2 million.

Making a major investment in the economic engine encompassing Philadelphia's neighborhood commercial corridors, the arts, cultural institutions, and the Park. The Arts and culture are major economic engines in the City and the region. Studies have documented the economic impact. Recent Art Museum exhibits that have drawn visitors from across the country have only served to reinforce the point. Unless the museum makes basic infrastructure investments, unless it create a second loading dock so priceless works of art are no longer loaded

alongside garbage being disposed of, we will no longer host these magnificent events and wonder how we let it happen. Freedom Theater has long been recognized as one of the premier regional theaters in the nation, yet its light, too, is dimming because of inadequate support. We cannot allow this to happen.

Small businesses and our neighborhood commercial corridors are vital to the well-being of our neighborhoods. Attention and investment in both has been too long delayed. Both shortcomings were highlighted in the Economic Development Summit and resulting Blueprint for Economic Growth. We cannot continue to skew our economic development strategy to tax cuts and starve no less critical components of our economic well-being. The Administration is prepared to make a \$150 million investment to preserve our arts and cultural institutions and revive commercial corridors. A total of \$65 million of the funding would be targeted to the arts, cultural institutions, and the Park, including the Art Museum, Freedom Theater, Independence Park, the Zoo, African American Museum, Please Touch Museum, Civil War Museum. Another \$65 million will be devoted to development of neighborhood commercial corridors, to ensure that the neighborhoods whose property values have improved so greatly over the last few years remain vibrant and healthy into the future.

Initiating Operation Smooth Streets. In April 2006, the Streets Department will launch Operation Smooth Streets in order to eliminate the 10,000 potholes and 3,200 ditches that are expected to form during the winter season. The focus of Operation Smooth Streets will be to aggressively repair the potholes and ditches and to establish repair and preventive maintenance standards. Specifically, Operation Smooth Streets will:

- Add 12 additional repair crews to service City streets
- Shorten the response time to repair potholes from three days to one day
- Shorten the response time to repair ditches from 90 days to less than 30 days

In addition to pothole repair and ditch restoration, employees will be assigned to other preventative maintenance functions, such as expanding the crack-sealing program, which will reduce the number of potholes in future years. Operation Smooth Streets FY07 cost is projected at \$2.3 million, in addition to a one-time \$1.15 million equipment cost.

Moving Forward with Wireless Philadelphia. By entering into final negotiations with EarthLink, Wireless Philadelphia, an independent 501(c)(3), moves one step closer to fulfilling Mayor Street's vision of a Philadelphia with wireless Internet access in every city neighborhood. EarthLink will help Wireless Philadelphia promote "digital inclusion" by offering discounted Internet access to qualifying Philadelphia residents, discounted Internet access and affordable rates to other residential subscribers. Wireless Philadelphia's goal is to help citizens, businesses, schools, and community groups bridge the digital divide and make better use of wireless technology. Wireless Philadelphia and EarthLink have reached agreement on the major business terms of a contract, and are working to complete a definitive agreement early in 2006. Under EarthLink's proposal, no City tax dollars will be used to fund construction of the Wi-Fi infrastructure. Once operational, the citywide Wi-Fi network will provide:

- Inexpensive, high-speed Internet access
- Open access for multiple, competing service providers
- Roaming capabilities for providers of hot spot access

- Free Internet access in some parks and public spaces
- Daily and weekly access for occasional users and visitors
- Small business connectivity and serve as a wireless T-1 alternative

Moving Aggressively with the Implementation of New River City. To position itself for growth in the 21st Century, Philadelphia is increasingly utilizing its riverfronts as new places for living, recreation, working, and environmental enhancement. The Delaware and Schuylkill rivers, which provide more than 40 miles of river frontage, one-sixth the total size of the city, are booming. For example, Edgewater, a 290-unit residential development on Race Street, is nearing completion. Madeville Place, on Walnut Street, and South Bridge, on Schuylkill Avenue, both new residential developments, are moving through the planning phases. These three projects, along with other riverside development, will increase the residential population along the Schuylkill by hundreds, if not thousands, of taxpaying residents. In addition, the Schuylkill River Development Corporation (SRDC) is completing landscaping along one of the city's newest and most popular recreational trails. SRDC has also facilitated the installation of two public docks, at Walnut Street and at Bartram's Garden, opening up the river to tour boat operations.

New cultural attractions on the Benjamin Franklin Parkway. In FY05, the Barnes Foundation received approval to move from its current location in Merion, Pennsylvania to the Benjamin Franklin Parkway. The Foundation and its collection of 9,000 pieces of original artwork will join other arts and culture institutions on the Parkway, including the Philadelphia Museum of Art, the Rodin Museum, the Franklin Institute, the Academy of Natural Sciences, the Moore College of Art and Design, and a sculpture garden that is paving the way for the Calder Museum. The City is also assisting the Free Library to expand the Central Library by providing the first \$10 million installment of \$30 million bond financing in FY06. Internationally celebrated architect Moshe Safdie will design a modern, light-filled building that will not only significantly improve library service, but also will provide the City with a major new landmark on the Parkway.

Investing in the NTI ReStore Commercial Corridor Program. The commercial corridor support program is an Neighborhood Transformation component of the Mayor's Economic Development Blueprint, a plan to increase investment in neighborhood commercial corridors and sustain the positive changes accomplished by NTI. The Commercial Corridor Support Program will be funded with \$65 million in bond proceeds, in addition to, Main Street funds, and CDBG funds. The investment will support

- Corridor planning and design
- Streetscape enhancements and capital improvements
- Corridor investments, including, marketing, business attraction
- Business support, including, but not limited to: façade renovations to storefronts, technical assistance and rent rebates for businesses
- Targeted redevelopment grants, for pre-development and development funding for major commercial, institutional and cultural facilities that will draw people to the neighborhood commercial corridor
- Small business loan guarantee pool, to improve the access of small businesses located on commercial corridors to mainstream lenders by providing a guarantee

- Acquisition pool, to enable the city and developers to acquire key blighted properties on corridors for commercial or mixed-used development and transportation-oriented development
- Targeted demolition on commercial corridors, will remove blighted properties and help create developable parcels for commercial redevelopment
- Technology improvements, to improve data collection on corridors, and assist businesses to access city services
- Project management, to ensure timely, efficient and high quality implementation of funded projects, including appropriate civic engagement

Promote Philadelphia. To help tell the story of the great things happening in Philadelphia and to increase tourism, \$2.5 million will be invested in Promote Philadelphia. Independent studies of past tourism campaigns have shown that this investment will pay off: every dollar spent on media generates \$185 in visitor spending, as well as \$13 in state and local taxes and \$41 in additional wages.

Preparing for Implementation of Casino Gambling. Mayor Street created the Philadelphia Gaming Advisory Task Force (PGATF) in January 2005 to provide detailed information to the City on how best to prepare for two slots-only casinos in Philadelphia, as approved under the Pennsylvania Horse Development and Gaming Act. The final report of the Task Force makes the financial benefits for the City clear: The requirement for the City’s two casinos to pay four percent of their gross revenues to the City’s General Fund as “host fees” is expected to generate payments of \$26 million to \$30 million annually. The creation of between 7,000 and 12,000 permanent new jobs, the majority of which will be unionized and pay above minimum wage, is expected to increase the City’s tax receipts by an estimated \$10 million to \$16 million. These increased revenues will lead to reductions in the wage tax for residents and non-residents working in Philadelphia. In the current plan, no revenue is anticipated until the latter part of FY09. The construction of the two gaming sites will also generate significant economic activity, with casino operators spending between \$144 million and \$177 million on construction, including the employment of about 1,000 construction workers earning a combined total of between \$30 million and \$34 million in wages.

Initiating Operation Safe Schools. In response to a pattern of violence in and around schools in spring 2005, the Police Department has stepped up its activities to support safe schools, through its Operation Safe Schools program. This initiative, which was instituted to safeguard students and the communities surrounding schools, redeploys police along corridors adjacent to schools during arrival and dismissal times. The establishment of the Juvenile Violence Intelligence Section (JVIS) of the Criminal Intelligence Unit has helped to deter school related violence, and maintain the quality of life in neighborhoods adjacent to schools. The JVIS is responsible for receiving, disseminating, and tracking information related to school violence, as well as serving as a central point of contact for sharing information between the Department and school officials.

Expanding the Youth Violence Reduction Program (YVRP). The Youth Violence Reduction Partnership, begun in 1999, is a multi-agency, cooperative initiative to reduce youth homicides in the City. YVRP targets young people 15- 24 years of age who are believed to be at greatest risk to kill or be killed. Partner agencies include the Police, Adult and Juvenile Probation, the District Attorney’s Office, the Managing Director’s Office, the Departments of Human Services, Recreation, and Behavioral Health, and other agencies—both public and private. The YVRP’s

goals are to get each young person to celebrate his or her twenty-fifth birthday (“Alive at 25”) and for each to fully realize his or her potential. As of late 2005, external evaluations showed that homicides had been reduced by approximately 50 percent in the districts where YVRP has been operational. The YVRP’s budget, which totaled \$5.4 million in FY06, is, increasing to \$6.1 million in FY07, nearly all financed with grant funding.

Initiating the Adolescent Violence Reduction Program (AVRP). The Adolescent Violence Reduction Partnership seeks to prevent violence among high-risk children who are ages 10 – 15. The AVRP represents a major expansion of the City’s efforts to reach out directly to the highest-risk youth. Based on the successful YVRP model, which targets older youth already involved in the juvenile and criminal justice systems, the AVRP will target youth in the 10-15 age range to intervene more intensively before they engage in further and more serious delinquency, crime, and violence. In the first phase of operation, AVRP will target youth residing in the twelfth Police District in Southwest Philadelphia and the twenty-fifth Police District in North Philadelphia/Kensington. Both areas have chronically high incidence of youth violence and both are current YVRP areas. AVRP referral criteria include youth already arrested at a young age for serious offenses, youth who are siblings of young people participating in YVRP, children of incarcerated parents, and others whom those in law enforcement, the schools, and in the community recognize as being most at risk of behaving violently, or becoming victims of violence.

Continuing to Make Unprecedented Investments in Children. The Mayor’s Children Investment Strategy (CIS), a broad initiative of Mayor Street to improve the outcomes for the City’s 370,000 children and youth, as indicated in the *Children’s Report Card 2005*. (See Education and Social Services Chapter).

Initiating a Violence Prevention and Reduction Program. The Violence Reduction Program is a citywide program to prevent and reduce violent crime. Although the City’s overall crime statistics continue to decline, the recent increase in the level of gun violence throughout the City requires a comprehensive and coordinated strategy. Beginning January 2006, the City implemented a new comprehensive, citywide crime prevention and reduction strategy designed to suppress violence. The strategy focuses on violent criminals and predictable violence, and relies on data, a redeployment of resources, coordination of law enforcement agencies, coordination with DHS and other social services departments, and community engagement in “hot spot” areas throughout the City.

Creating the Mayor’s Office for Reentry. More than 32,000 inmates are released from the Philadelphia Prison System (PPS) each year. Many who are released have histories of substance abuse, health, and mental health problems, and nearly two-thirds of released prisoners are expected to be rearrested for a felony or serious misdemeanor within three years of release. Mayor Street is leading the effort to break this cycle by establishing the Mayor’s Office of Reentry. (See Public Safety and Quality of Life Chapter)

Prioritizing Energy Conservation. In fall 2005, the cost of natural gas was quadrupling (compared to 2001), while temperatures were plunging to unseasonably frigid temperatures. Winter household gas bills of \$2,000 were anticipated, but no state or federal funding programs had been put forth to protect low-income people and senior citizens from a looming heating crisis. It has become clear that households at all income levels must begin to conserve. Fuel costs are simply too high. The Administration, working with City Council, proposed a successful \$2 million transfer ordinance, which passed unanimously shortly before the holidays, providing

funding for energy conservation programs for low-income citizens. Resources will be reallocated to achieve weatherization support for 50,000 households. Under the direction of the Energy Coordinating Agency, the City is:

- Sponsoring 100 weatherization workshops across the City. Participants will be given supplies to weatherize their home or apartment. There are no income eligibility requirements for workshop participation.
- Coordinating its low-cost weatherization program with its “Heater Hotline” repair program, serving approximately 5,000 households. When a heater is fixed, the home is also weatherized.
- Deploying Mayor’s Office of Community Services workers to go door-to-door in low-income neighborhoods to get the word out to people who may be difficult to reach through conventional communications strategies.

Additionally, through NTI’s “Don’t Borrow Trouble” loan program, weatherization projects—such as door sealing, roof repairs, heater replacement—have been made eligible for funding to income-restricted residents. Eligible residents can receive PHIL-Plus loans, up to \$25,000, and Mini-PHIL loans, up to \$10,000. The City identified Social Service clients at risk of shutoff or who are shut off by cross-checking records with those of PGW. To avoid shelter placement or the placement of children in foster care, social service providers have reached out to all families at risk, to develop strategies to protect customer service, using the following resources: the Low Income Home Energy Assistance Program (LIHEAP), CRISIS and family preservation funds, where appropriate. Where LIHEAP and CRISIS are inadequate to restore service, the City has provided additional resources of up to \$500,000 through its Community Services Block Grant (CSBG). The Administration joined with PGW in lobbying for the state to supplement federal LIHEAP funding. As a result, for the first time ever, Pennsylvania added \$23 million to the federal LIHEAP allocation, helping thousands of seniors and low-income residents to keep up with their energy bills. Lobbying for additional LIHEAP funds, to keep pace with the cost of heating, is ongoing. Additional resources will be allocated to achieve weatherization support for 50,000 households.

Expanding Services for Victims of Domestic Violence. In September 2003, Mayor Street established a Task Force on Domestic Violence. A commitment of \$1 million in FY05 resulted in an unprecedented expansion of services for victims of domestic violence, including a citywide hotline with a single 1-800 number, answered 7 days a week, 24 hours a day, with language interpretation services available as needed. In the first full month of the hotline operation, 925 calls were made to the hotline, for a total of 202 hotline counseling hours. A partnership among Adult Services, the Police Department, the District Attorney’s Office, Adult Probation, Family Court and Municipal Courts, and five non-profit agencies that serve victims of domestic violence, won a \$950,000 grant from the Department of Justice to use training and technology to encourage offender arrest and enforce protection orders.

Moving forward with the Mayor’s Plan to End Homelessness. In June 2004, Mayor Street created a Task Force on Homeless Services to create a ten-year plan to end homelessness in the City of Philadelphia. The Mayor’s endorsement of the 10-Year Plan is the latest initiative by the Administration dedicated to improving the quality of life throughout Philadelphia. The Mayor has made a commitment, with the assistance of City department leadership, to provide \$10 million toward the first two years of the plan, including behavioral health services in shelter,

prevention, housing subsidies for 25 families per month for two years, and assistance from private funding to support the plan's implementation.

Adjustment of pension contributions to reflect rates of return. In FY07, the City is decreasing its earning rate from 9 percent to 8.75 percent, to better reflect current fund earning experience, which has a \$20 million cost impact on the Plan. PICA has alerted the City to the fact that maintaining a rate of return higher than experience justifies in the Plan, is no longer appropriate. Assumption of a lower rate of returns means larger City contribution to the Plan, which has the benefit of ultimately reducing obligations mounting in later years.

Providing a program of conditional real estate tax forgiveness for low-income taxpayers. In January 2006, the Mayor announced the Conditional Forgiveness Policy to enhance Philadelphia's ability to collect outstanding real estate taxes, while simultaneously giving needy homeowners who qualify the chance to enroll in an affordable program to pay off their overdue real estate taxes. Approximately 17,000 homeowners may qualify for long-term financial hardship payment plans. Taxpayers who own and occupy their homes and whose income is at or below 250 percent of the federal poverty level are eligible. Under the plan, the City will forgive all penalties and interest owing on the real estate taxes, if the taxpayer meets all of the obligations under the payment plan.

Initiatives for the FY07-FY11 Budget

Numerous cost-saving and service-enhancing initiatives have been undertaken since FY02. Initiatives for FY07 are grouped under four main headings: management improvements, revenue enhancements, cost savings, and legal mandates.

Management Improvements

During the next few years and as a result of DROP, the City will have to manage with significantly fewer and less experienced staff, while maintaining high quality services, preparing for uncontrollable costs, and establishing the framework for the City's future. Several initiatives designed to cut costs, simplify administrative processes, avoid duplication, and improve service and productivity will assist in this effort and include the following.

- **Implementation of the Personnel Human Resources Information System (HRIS).** The City currently employs more than 400 staff who complete and route over 70 paper forms used to establish and maintain employee status records. Forms are manually entered into Central Personnel's HRIS system, which is over 25 years old and does not allow for real-time updates. In addition, many departments have stand-alone systems that do not link to Central Personnel's system. As a result, data take an average of 27 days to post, making transactions neither timely nor accurate. In FY07, Personnel will begin a process to replace these antiquated systems with a new citywide HRIS system. A total of \$4.9 million will be invested in this streamlining initiative in FY07, through a Productivity Bank loan.
- **Continuing to replace paper-intensive processes with automation.** The Records Department is improving services by offering E-recording and E-notarization, resulting in faster and more efficient document processing for the public. Philadelphia is one of four counties participating in Pennsylvania's electronic notarization effort in FY06, which enables Pennsylvania notaries to sign fully electronic documents using digital certificates and e-notarize "born digital" land records that are submitted for recording. If approved by

Pennsylvania, the pilot will be rolled out for permanent service in support of the business community and residents. In addition, Records will continue to enhance the parcel maps in a Geographic Information System (GIS) in FY07, producing a seamless electronic map of city parcels to which a variety of information can be now be attached. This will improve the way that entities such as NTI, RDA, and OHCD assemble and manage land-related information, resulting in more informed decision-making.

- **Consolidating facilities maintenance.** There are over 350 City employees who perform facility maintenance. One-third of the maintenance workers are in the Department of Public Property (DPP), and the others are distributed throughout numerous departments, maintaining recreation centers, health centers, libraries, fire stations, and other public facilities. Departments included in the consolidation will begin shifting resources and responsibility to DPP during FY06 and FY07, for a cost-neutral budget impact. The Fire Department will be the first to consolidate with DPP in 2006. Custodial warehouse consolidations, which had been contemplated in earlier Five-Year Plans, will not be pursued, resulting in a \$16 million impact on the Plan from FY07-FY11.
- **Improving efficiency and customer service with new software solutions.** By FY07, L&I will have completed the major implementation parts of the Licenses and Inspections Concerted Automation (LICA) Project and will be completing the final project of automating the administrative tasks for appeal board staff. In addition, code enforcement, building permits and all inspection activity will have been automated to complement the FY05 automation achievements in license issuance and dangerous building inspections. The major focus in FY07 will be to place a majority of the Department's applications on the web and to expand the type of permits and licenses acquired through online purchase. L&I expects to achieve faster and effective response to citizen complaints; better management of resources; more accessible management reports; increased efficiencies in providing public safety and code enforcement due to reduction in lag time from inspection to entry of inspection data; and efficiencies from elimination of double data entry by inspection and clerical staff.
- **Improving overtime cost management.** In FY04, the Managing Director's Office (MDO) launched an initiative to better control overtime costs. The initiative included analyzing the causes of overtime and held departments accountable for their overtime use. Through improved cooperation and coordination between the Managing Director's Office, the Police Department, the District Attorney's Office, and the court system, the City has been better able to manage and control overtime costs for Police officers who are called to testify at court. In FY06, the City awarded a productivity grant of \$742,000 to fund a courtroom-based officer attendance tracking system, which will enable officers to scan in and out of individual court rooms in the Criminal Justice Center instead of clocking in and out at City Hall; thereby saving the time spent traveling to and from City Hall for each court appearance. Total savings from scanning in and out in court rather than City Hall are expected to be approximately \$1 million per year.
- **Strengthening Emergency Preparedness.** The Mayor created the Philadelphia Emergency Preparedness Review Committee (EPRC), consisting of private and public stakeholders as well as City personnel with primary emergency management responsibilities, and charged it to evaluate the City's existing emergency medical, evacuation, and business continuity plans, including conducting a thorough analysis of the potential catastrophic threats the City faces and to recommend measures to deter as well as respond to those threats. Recommendations are expected in June 2006. In FY06 the City is also undertaking a study to determine how processes need to improve and goals realign, to improve preparedness for government and citizens alike. An implementation plan will be developed for FY07.

Revenue Enhancements

Revenue enhancements include the continuation of initiatives begun in FY05 and FY06 and include:

- **Preparing to implement strategic marketing partnerships.** The City is currently working with a consulting team to develop a citywide strategic marketing plan to maximize the value of private partnerships and increase revenue for City programs. Partnerships have the potential to take a variety of forms, including sponsorships, exclusivity agreements, and leasing of City assets. Preliminary estimates by the City's consulting team support a revenue projection of \$22.5 million from FY07 to FY11.
- **Generating revenue from surplus City properties.** The City has received expressions of interest to purchase a number of properties that the City has determined should not be retained, either because another entity could better provide services at that facility, services have been eliminated at the site, or the property is underutilized or abandoned. Based on those initial expressions of interest, the City expects to generate \$6 million in property sales in FY06, and an additional \$18 million in property sales through FY08. The total appraised value of surplus properties exceeds \$50 million, and FY06 sales exceeded \$3 million as of January 2006. The completion of the unified land records system will enable the City to be even more strategic in its approach to surplus property sales in the future.
- **Increasing fees to cover costs.** The Administration is pursuing a variety of fee adjustments through legislation, including:
 - **Seeking appropriate reimbursements for Department of Human Services (DHS) costs.** The Administration is strongly advocating for two pieces of legislation that would result in substantial revenue increases for the City. The first bill, which requires both federal and state legislation, would increase reimbursements for salaries and benefits of social workers from 80 percent to 100 percent. The Plan assumes full reimbursement will begin in FY09, generating \$57.9 million through FY11. The second bill would increase reimbursements for adoption subsidies and legal custodian services from 80 percent to 100 percent. The Plan assumes 100 percent reimbursement beginning in FY07, generating \$22 million in revenue over the life of the Plan.
 - **Obtaining Medicaid Reimbursements for hospitalization of inmates.** One of the fastest growing areas in the City's budget is the cost of medical care for inmates in the Philadelphia Prison System. The Prison System's health contract has increased from less than \$24 million in FY00 to more than \$50 million in the FY06 budget, a 13 percent annual increase over the six-year period. One of the costs in the contract that is most difficult to control is that for hospitalizing inmates. The US Department of Health and Human Services issued a letter indicating that hospitalization costs for inmates may be eligible for MA reimbursement, as long as it is not precluded by state law. In order to pursue getting these costs reimbursed through MA, the City has requested an opinion from the Commonwealth to confirm its understanding of state law and is working with the Commonwealth to implement this initiative. However, the plan assumes no revenue from this initiative at this time.

Cost Savings

The City will continue with many of the cost savings initiatives discussed in previous Five-Year Plans, including:

- **Realigning Medical Assistance (MA).** For the last 18 months, the City of Philadelphia, through both the Department of Human Services (DHS) and the Department of Behavioral Health/Mental Retardation Services (DBH/MRS), has been a willing partner with the Commonwealth's Department of Public Welfare (DPW) in changing how children in residential services receive behavioral health treatment. Through an initiative known as "MA Realignment," DPW removed \$45 million of services from the FY06 budget of DHS and transferred those programs to DBH under the HealthChoices Behavioral Health Program, funded by MA. Private agencies, previously funded by DHS, upgraded staff and service levels to become eligible for reimbursement under MA. DBH/MRS projects that it will cost up to \$67 million to provide these upgraded services, which will be recovered in part through the capitation rates that it receives from the Commonwealth, and through a mid-year adjustment. The first phase of MA Realignment, covering more than 610 beds, was effective January 1, 2005. Phase II, covering an additional 475 beds, is starting in January, 2006. DPW has pledged to work with the City to ensure that the program is cost neutral for both DHS and DBH/MRS.
- **Restructuring some the Fire Department services.** In the FY05-FY09 Plan, as approved by PICA, the City proposed to adjust Fire Department resources to better reflect the needs of citizens, by adding eight medic units and reducing the number of engine and ladder companies by four units each, without closing any fire stations. Such changes allow the Department to better respond to the increased demand on medic units, and reflect a long-term decrease in the number of fires. The restructuring plan provided an annual cost savings of \$6.8 million to the General Fund and enhanced emergency medical capacity, without closing any fire stations, laying off any uniformed personnel, or impairing any fire protection services. The Department's plan was challenged in Court by the local firefighters union, IAFF Local 22, and an injunction was entered to maintain the status quo pending the outcome of grievance arbitration proceedings. The arbitrator decided the grievance in favor of the City, and the Pennsylvania Labor Relations Board deferred to the arbitrator. The IAFF appealed the arbitrator's award to the Court of Common Pleas and the decision was overturned. The City has appealed the court's ruling. Consistent with the current state of the case and the change in appropriations for FY06, the Fire Department is reviewing the redeployment plan.
- **Providing disability insurance and reducing sick days.** City employees currently receive 15-20 days of sick leave annually, and may accrue up to 200 sick days. High sick leave usage results in overtime costs to cover for absent employees. In FY06, the City is implementing a short-term disability program for all newly hired non-represented and exempt employees, reducing the number of sick days to 12, and the maximum sick day accumulation to 90. Current employees, except members of the police and fire unions, will have the opportunity to participate in the program, which permits employees to earn two-thirds of their salary while on short-term disability leave, instead of relying on accumulated sick days, which may be insufficient to cover the length of leave required. This program is anticipated to save the City \$500,000 in overtime savings in FY07, and \$2.3 million annually when fully implemented.
- **Implementing insurance reform.** Base health insurance costs are projected to grow 10 percent each year through FY10. The Administration believes that administrative reforms

can be made to reduce the size of this cost increase during the Plan period. The Plan assumes that the City will mitigate health insurance cost increases by \$12 million in FY08 and \$46 million over the life of the Plan, by implementing reforms such as self-insurance or consolidating prescription drug purchases. By becoming self-insured, the City would eliminate health insurance companies' administrative fees for processing medical claims from health plan recipients, while consolidating purchases would lower the City's costs by achieving volume discounts and improved terms.

- **Transferring highway patrol function to the Commonwealth.** The Commonwealth of Pennsylvania patrols state highways in every county except Philadelphia. To protect motorists within City limits, the Police Department has deployed officers to fulfill what is the state's responsibility. The Commonwealth has committed to assume responsibility for patrolling state highways, which would save \$5.6 million annually; however, while the Commonwealth has formed an implementation committee, implementation is not expected prior to January 2007. Given delays in implementation by the Commonwealth, the City is fully funding the requisite number of officers during FY06.
- **Managing the prison population.** Over the past several years, the Philadelphia Prison System has worked in partnership with numerous court-related organizations to develop alternatives to sentencing people to the prison. A variety of programs have been used to divert offenders from prison to treatment and lower inmate recidivism, such as electronic monitoring, community service, drug treatment, and the Forensic Intensive Recovery (FIR) program. In FY06, at the request of the courts, the City funded 50 additional electronic monitoring units. Studies have documented that these alternatives can deter a participant's progress to more serious crimes. With the cost of housing one prisoner averaging \$88 per day, diversion programs have the potential for substantial savings. Based on current trends, the growth rate for the prison census is estimated to be about 4 percent a year from FY07 to FY11. A study conducted by Temple University's Crime and Justice Research Center (CJRC) is currently underway to determine strategies for managing the population through early release and other alternatives to incarceration, as appropriate. Recommendations are expected in early FY07.
- **Continuing to form administrative service clusters.** An Administrative Service Cluster (ASC) consolidates administrative staffs to serve a number of related departments. Instead of each department having its own personnel dedicated to administrative, personnel, and budgetary functions, department clusters "share" staff assigned to these areas, reducing the overall administrative staffing needs across the group of departments. Additionally, new business process automation tools streamline paper and clerical-intensive processes, enabling departments to be served with fewer employees overall. In FY04, the first ASC was formed, consolidating the departments of Finance, Procurement and Personnel, the Office of the Treasurer and MOIS. The second ASC, consisting of the Recreation Department and Fairmount Park, was also completed in FY05. Plans for additional ASC formation will be developed during the latter half of FY06.
- **Enforcing new environmental health fees for licenses and services.** In FY05, City Council approved adjustments to fees levied for certain services and the issuance of certain licenses and permits under Health and Air Management Codes. The revised fees, which are set to cover the Health Department's cost, increase revenues by approximately \$800,000.
- **Consider appropriate opportunities to convert pools to spraygrounds.** An additional FY06 operating cost reduction strategy is the replacement of pools with "spraygrounds," which offer water recreation without standing water. A sprayground costs less to build and less to operate than a pool. Four spraygrounds opened during the 2005 summer season, three

of which replaced pools. Each sprayground that replaced a pool will result in approximately \$15,000 in operating savings annually, for a total annual savings of around \$45,000.

Costs of Unfunded Mandates

In FY07, several legislative initiatives at the local, state and federal level are requiring additional City administrative and technological infrastructure:

- **IT Security – HIPAA.** The Health Insurance Portability and Accountability Act (HIPAA) is a federal statute that establishes strict standards to protect the personal health information of individuals. To meet the City's responsibilities under HIPAA and to provide the general level of security to protect the City's extensive information technology infrastructure, the City intends to develop a comprehensive information security strategy and implementation plan. This comprehensive approach will include: Creation of security policies and standards, a risk assessment, development of a security architecture to guide application development, evaluation of IT security tools and products, development of contingency plans and incident response protocols, and recommendations on short term and immediate steps for system hardening, physical security and application security. The information security program will also make recommendations on establishing an Information Security Governance Framework. This strategy will lay the foundation for establishing an ongoing security operations program designed to ensure that the City's IT infrastructure and data is fully protected as new data are collected and new applications are generated. The cost for developing the security strategy and implementation plan is \$650,000

- **Common Pleas Case Management System (CPCMS).** The Pennsylvania Supreme Court has mandated the use of a new criminal court case processing system for all of the state's 60 judicial districts. The Common Pleas Case Management System (CPCMS) has been implemented in over 50 Pennsylvania judicial districts and is scheduled to go live in Philadelphia in the First Judicial District (FJD) on May 1, 2006.

The CPCMS was designed and developed to automate court processes only. Because of the interrelated nature of Philadelphia's criminal justice system, the business processes of the Police Department, the Philadelphia Prison System, the District Attorney, the Defender Association and the Clerk of Quarter Sessions will be significantly affected. Today those needs are being supported by the Court Case Management System (CCMS) maintained by the First Judicial District (FJD).

In order to meet the schedule mandated for the deployment of the CPCMS, the First Judicial District has committed, as a short term solution to keep the current Court Case Management System running for six months following CPCMS implementation, to support the current data needs and information sharing with the City's criminal justice agencies existing internal case management systems and processes. A significant effort remains to ensure that the new CPCMS can be integrated with the existing CCMS and all of the needed interfaces developed and delivered in time to meet the state's time schedule. The City has identified what is needed for this integration and has funded \$300,000 in FY06 to accomplish this. Even so the current implementation plans place the City at considerable risk to public safety should the implementation process be unsuccessful for one or more of the City's criminal justice agencies.

Assuming successful integration of the CCMS with the CPCMS still requires a long-term solution. The City of Philadelphia will be required to take over management and

maintenance of the CCMS for some limited time after the FJD relinquishes responsibility for it after six months. Therefore in FY07 the City will initiate a project to objectively evaluate all of the available options to support the case management needs of the City's criminal justice agencies post CPCMS implementation. This evaluation is estimated to cost \$400,000 including the cost associated with migration of the CCMS from the FJD to the City.

Departmental Achievements since FY00

Departments have provided highlights of their achievements over the past five years. Some achievements, grouped under the headings quality of life, service enhancements, and management efficiency and effectiveness.

Quality of Life

The following achievements, listed alphabetically by department, have improved the quality of life in the city:

- Fairmount Park: Increased maintenance services for many amenities. This program, which began in 2004, provides more regular maintenance of high use park amenities such as restrooms, playgrounds, and trails. The annual expenditure on special crews to care for these facilities is \$250,000 per year.
- Free Library
 - Completed major renovations at all 52 Free Library branches and regional libraries, including the new Widener branch.
 - Through Learn Enjoy and Play programs, which are offered in all Free Library branches and regional libraries during the school year, provided access for children and teens to quality after-school homework help, and technology and cultural enrichment programs. Participation in the Summer Reading program, designed to support reading levels for children and teens, has grown by 16 percent.
- Human Services: Intervened with troubled youth earlier by lowering the threshold for involvement in truancy intervention programs from 25 to 8 days of unexcused absences. More than 1,600 families with truant children were engaged and supported by a regional truancy court. This also allowed more intensive services to be focused on older youth for whom truancy had become a chronic problem.
- Law: Made automobile insurance less expensive for city drivers through the Mayor's Task Force on Automobile Insurance Rate Reduction. Through the work of the Task Force, the City reached an agreement with the Pennsylvania Department of Insurance in September 2003 to adjust the limited tort differential more fairly and to require more data from insurance companies to demonstrate support for rate relief in the Philadelphia. As a result of these steps, by the end of 2004, limited tort policyholders saw reductions in portions of their coverage, and rate reductions occurred across the board for Philadelphia drivers, saving approximately \$18 million, which would have been paid to the largest provider alone.
- MOIS: Established Wireless Philadelphia, which will provide low-cost wireless broadband Internet access for the entire city by the end of 2006, and fund programs designed to overcome the "digital divide" that limits many city residents' participation in today's digital world.

- Neighborhood Transformation Initiative
 - By the end of 2006, demolished more than 6,000 dangerous commercial and residential buildings.
 - Removed more than 237,000 abandoned vehicles from city streets and vacant lots, to date.
 - As a result of the zero tolerance graffiti removal policy established in 2000, removed more than 492,694 graffiti building defacements and street fixtures.
 - Cleaned more than 71,000 vacant lots and removed more than 45,000 tons of trash since June 2001. Additionally, community groups working with the Pennsylvania Horticultural Society have cleaned another 2,500 lots each year for the last two fiscal years. Another 3 million square feet (3,000 vacant lots) have been given high-level treatment with installation of grass, trees, and fencing. As a study by Professor Susan Wachter of the University of Pennsylvania established, a 12 percent increase in property value for homes occur with 12 fees of a new tree, and 13 percent for properties adjacent to an improved green lot.
 - Awarded settlement grants of approximately \$800 each to 1,164 first-time homebuyers. Additionally, nearly \$4 million in PHIL low-interest home improvement loans have been made to 193 homeowners.
 - Completed more than 11,000 units of affordable, mixed-income and market-rate housing; another 11,000 units are planned or are underway.
- Police Dept: In response to an upsurge in violent street crime in spring 2002, initiated Operation Safe Streets, strategically deploying police officers in targeted areas throughout Philadelphia, to rid the streets of crime and open-air drug sales. After successful eradication of many open-air drug markets, segments of Operation Safe Streets tactics are now incorporated within Police Department crime fighting strategies.
- Public Health: In order to attack childhood lead poisoning, formed the Lead Abatement Strike Team (LAST), reducing the backlog of housing units with outstanding lead hazards from 1,400 in 2001 to 375 in November 2005, with none of the remaining units housing young children.
- Recreation
 - Opened nine teen centers, with \$860,000 in grant funding and \$125,000 in General Fund dollars.
 - Opened five “super” multi-functional recreation facilities, at a cost of \$17.4 million in grant/capital funds.
 - Completed 14 playground replacements with in-house staff, utilizing \$1.3 million in capital funds.
- Streets
 - Completed the Schuylkill River Park Trail, a multi-purpose recreational trail along the east bank of the river between West River Drive and Locust Street, in May 2004. The paved trail, which allows citizens to engage in activities such as walking, running, biking and rollerblading, was constructed at a total cost of \$11 million, of which \$2.2 million was the City’s match .
 - Pursuant to a challenge from the Mayor to clear all streets, developed an aggressive snow and ice removal plan that includes, depending upon storm severity, the tertiary street system that comprises most local residential streets. The Department now plows up to 2,400 street miles, depending on the severity of the storm.

Service Enhancements

The following department achievements improved services to citizens, visitors, and businesses:

- **Adult Services**
 - Expanded outreach activities to persons living on the streets of Philadelphia through participation in Project Homeless Connect, (a one-day effort in December 2005 in which 106 people were moved into housing and shelter).
- **Behavioral Health/Mental Retardation Services**
 - Expanded the Forensic Intensive Recovery (FIR) initiative, which provides community-based drug and alcohol treatment as an alternative to incarceration, and assists in reducing prison overcrowding, decreasing recidivism, and enhancing public safety. Admissions to FIR treatment services have increased from 1,560 in FY01 to 2,478 in FY05. Prison days saved as a result of FIR interventions grew from 370,560 in FY01 to 511,377 in FY05.
 - Between FY03 and FY05, expanded school-based services for children with behavioral issues from six to 51 schools, increasing the number of children served from 140 in FY03 to 876 in FY05; and, through enhanced collaboration with DHS, Law, Public Health centers, and local hospitals, increased the number of children with mental retardation served from 3,396 in FY01 to 4,226 in FY05..
 - Launched the Network of Care and Supports website in FY04 to assist people with behavioral health issues and/or mental retardation, as well as caregivers and providers, to find convenient service locations in Philadelphia. The interactive site lists more than 550 local agencies and includes links to other governmental and nonprofit websites. There were 18,212 unduplicated visitors to the website during the first six months of operation.
- **Fairmount Park:** Through the efforts of the Fairmount Park Conservancy, enhanced park user information in FY05 by publishing a comprehensive visitor’s guide and launching a new Fairmount Park website, fairmountpark.org.
- **Fire:** Through fire prevention and inspection programs, helped to reduce structural fires from 2,510 in FY01 to 2,191 in FY05.
- **Free Library**
 - Provide free access to computer technology, Internet, and library materials for all citizens of Philadelphia, an accomplishment facilitated by the addition of 700 new public access computers and 117 new children’s workstations.
 - Positioned the Free Library as a regional cornerstone for literacy, knowledge resources, and cultural enrichment through a successful author lecture series and the One Book/One Philadelphia project now in its fourth year.
- **Human Services**
 - Through the provision of community-based prevention services, diverted many at-risk families from the Department’s child welfare system. Youth have also been diverted from the juvenile justice system, and recidivism has declined as a result of Intensive Truancy and Delinquency Prevention programs.
 - With support from the Achieving Reunification Center, expedited the reunification process for children in foster care, and, through the expansion of the Achieving Independence Center (AIC) and mobile AIC programs, provided housing, employment and male mentoring to dependent youth.

- Licenses & Inspections (L&I)
 - In a joint effort with the Philadelphia Fire Department, inspected senior citizen housing to protect seniors from dangers stemming from code violations.
 - Increased access to L&I services for limited English speakers, working to ensure that limited English proficiency does not impede business owners or contractors from obtaining all permits and licenses necessary to be code compliant.
- MOIS: Relaunched and significantly enhanced the City’s web portal www.phila.gov.
- Prisons: In FY01, initiated a Community Employment Project for inmates; in FY02, instituted a Hospice Program for terminally ill inmates; in FY05, opened a new 768-bed facility housing female inmates; and in FY05, created the Office of Community Justice and Outreach, and introduced a one-stop kiosk to handle requests or complaints about the prison system and provide referrals and services to inmates upon release.
- Revenue: In FY05, the City deployed an electronic bill payment tool and, for the first time, allowed residents and businesses to conduct transactions online. A visitor to www.phila.gov can use the Internet to pay water bills and school and property taxes, order and pay for copies of accident reports and property deeds from the Records Department, and obtain some types of building permits from L&I.
- Public Health
 - Greatly expanded the school-based program of voluntary, confidential on-site sexually transmitted disease (STD) screening for students in public high schools in FY03, increasing services from just a few sites to all public high schools; and offered treatment to all youth who tested positive.
 - Stopped the decline in the rates of appropriately immunized children at 81 percent and maintained the rate at this level.
- Streets
 - Since FY01, modernized and improved traffic flow at 165 intersections by linking traffic signals to a centralized control center, allowing for remote modification of signal timing and automatic malfunction alerts.
 - Moved quickly to respond to roadway damage caused by extensive flooding and mudslides at numerous locations, closing several critical roadways, clearing, and reopening some roadways within days. Other locations devastated by heavy storms required more elaborate restoration of eroded sections of roadways and embankments.
 - Completed the Germantown Avenue Bridge over the Wissahickon Creek, at a total capital cost of \$8.1 million, of which the City’s match was \$403,900.
 - Opened a fifth citizen drop-off center, offering citizens an opportunity to dispose of trash on days when regular curbside collection is not scheduled. Convenience centers play an important role in the department’s strategy to curb illegal dumping.
 - In March 2002, improved resident services by beginning recycling collection on the same day as rubbish collection.

Efficiency and Effectiveness

The following departmental accomplishments improved the efficiency and effectiveness of City government:

- **Adult Services**
 - Reduced the number of residents at Riverview from 272 to 148 by assisting residents to obtain benefits and suitable housing.
 - Marshaled information technology resources to connect all emergency shelter and some contracted transitional housing providers to the Homeless Management Information System; developed an online “Community of Practice” among service providers and a Benefits Eligibility software program; and launched the PeopleStat initiative to provide shared data to AS/OESS staff and contracted service providers.
- **DBH/MRS:** The Department of Behavioral Health and Mental Retardation Services was created in October 2003 to integrate the Office of Mental Health, the Coordinating Office of Drug and Alcohol Abuse Services, a nonprofit managed-care corporation called Community Behavioral Health, and the Office of Mental Retardation Services, giving focus and heightened visibility this area.
- **Fairmount Park**
 - Completed the first comprehensive strategic plan in 20 years in 2004, and began implementing recommendations regarding governance, operations, and funding for the future of the park system.
 - Consolidated administrative, recreation programming, swimming pool, and tree maintenance services with the Department of Recreation in 2003 and 2004, reducing costs, eliminating redundancy, and producing operational efficiencies.
- **Fleet Management**
 - Capped the cost-per-gallon of fuel, by entering into a series of six-month wholesale contracts that enable better purchasing strategies and savings. The purchasing approach has saved the City more than \$1.5 million per year, as compared to retail prices, in FY03, FY04, and FY05.
 - Over the last year, closed two repair facilities and merged them into a single relocated facility, reducing supervision needs and saving approximately \$150,000 annually.
- **Free Library:** Recruited, developed, and trained new professional staff; and upgraded professional qualifications of existing staff through support from an extensive Institute for Museums and Library Services grant.
- **Human Services**
 - Steadily reduced youth average daily population at the Youth Study Center (YSC), from 119 youth per day in FY01 to 101 youth per day in FY05; and, through collaboration with Family Court and other key stakeholders in the juvenile justice system, more quickly transitioned adjudicated youth from the YSC. Reduction in the average daily population at the YSC has lowered overtime costs. The YSC’s accomplishments have been recognized nationally: A 2003 report by the National Center for Juvenile Justice, the major research organization analyzing juvenile justice data, cites Philadelphia's success in managing the YSC population; and, in October 2005, the MacArthur Foundation touted Philadelphia’s population management efforts in its "Keystones for Reform."
 - Developed and implemented outcome-based Performance-based Contracting (PBC) for foster care services, and increased the number of permanent placements for children by 85 percent from FY02 to FY05.
- **Law**

- Curbed indemnity costs, from \$23 million in the FY04 – FY01 period to \$14.9 million, from FY02 to FY05. The average cost of closure for a case decreased from \$16,640 (FY94-FY01) to \$15,928 (FY02-FY05).
- Decreased the active code enforcement caseload from 1,213 in FY03 to 743 in FY05, through better case management, faster case processing, and improving the response to requests made by L&I and Health for compliance actions through Court intervention against buildings, houses, or food establishments that are in violation of the Philadelphia Code. Processing enhancements also increased the amount of fines collected growing from \$914,408 in FY02 to \$2,715,328 in FY05.
- Developed and implemented the Operation Lien Clean Program, recovering NTI Bond proceeds (\$2 million-\$3 million) invested in the stabilization of approximately 500 properties. In addition to the Bond proceeds, which could be recycled to stabilize or demolish additional unsafe properties, it is anticipated that other City liens such as real estate taxes, water and L&I nuisance liens will be recovered for the General Fund.
- In conjunction with the Sheriff’s Office, obtained a Court Order on April 13, 2004 that postponed residential Sheriff’s sales for those homeowners who were eligible for relief from predatory loans. With the assistance of the Sheriff, who encouraged cooperation by the lenders, 264 families were able to resolve the foreclosures through loan modifications, forbearance agreements, Homeowners Emergency Mortgage Assistance Program, and Federal Housing Administration loans, and/or through individual litigation.
- Reduced the backlog in lead paint poisoning prosecutions from 1,473 in FY02 to 710 in FY05, by partnering with the Court of Common Pleas and the Childhood Lead Poisoning Prevention Program to begin operation of a dedicated “Lead Court” in early November 2002.
- Through a citywide campaign, collected nearly \$120 million in delinquent taxes, water revenues, fees, and fines in FY05, an increase of more than \$17 million over FY04. The Law Department also dramatically increased non-tax revenues, from \$1.6 million in FY04 to \$13.7 million in FY05, including a new Bucks County sewer capacity contract; and a settlement with Sunoco requiring installation of air-pollution prevention equipment at its Philadelphia refinery, at a cost of up to \$50 million dollars, and payment of a \$500,000 fine to the City.
- Licenses and Inspections
 - As a study by Professor Susan Wachter of the University of Pennsylvania established, a 12 percent increase in property value for homes occur with 12 fees of a new tree, and 13 percent for properties adjacent to an improved green lot.
 - Successfully implemented new software for the issuance of licenses, and completed an automated interface between L&I and Revenue so that payments accepted by Revenue for L&I transactions will automatically populate L&I’s license database. In addition, L&I began accepting credit card payments for fast-form permits and business privilege licenses, and issued fast permits over the Internet.
- MBEC
 - Simplified and reduced paperwork required for certification
 - Implemented SYMTRAK to monitor and enforce minority, female, and disadvantaged business participation
 - Implemented a plan for annual participation plans and quarterly monitoring meetings
 - Under NTI Demolition 2003-04 Economic Opportunity Program, generated 40.9 percent minority participation with contract value over \$19.1 million.

- **MOIS**
 - Strengthened information technology governance and enhanced oversight of technology investment in the City by establishing the Information Technology Governing Board (ITGB) through executive order of the Mayor.
 - Improved services to City departments by creating a Project Support Office, which provides project management support for citywide and departmental IT initiatives. A Qualified Vendors Program was established to manage and streamline vendor selection.
 - Deployed enterprise capabilities and established standards in support of common business needs across departments, including selection of the Oracle 11i Enterprise Business Suite as the City standard for enterprise resource planning and legacy application replacement; creation of the Oracle Grid and Storage Area Network, providing a shared environment for deployment of departmental and enterprise applications; deployment of an imaging and document management solution; and automation of business processes, using the Metastorm e-works tool.
 - Enabled electronic bill payment to permit eGovernment transactional applications.
 - Replaced and upgraded the City’s email environment.
 - In cooperation with Public Property, completed installation of City Net II, which provides fiber connectivity to all of the City’s main Center City buildings.
 - Made significant investments in the security and stability of the IT infrastructure and network including: Completing a comprehensive security audit; preparing a needs assessment to meet the Federal HIPAA standards; deploying Zenworks to provide capability to remotely manage City desktops and ensure that PCs have current operating systems, with all needed security patches in place; and improved incoming email scanning for viruses and other security threats.
 - Improved the Data Center, including replacing the City’s mainframe and upgrading to a new operating system, replacing the City’s enterprise printing capability, and expanding server hosting capacity.
- **Philadelphia Prison System (PPS)**
 - Settled two major lawsuits impacting administration: in FY01, *Harris v. City of Philadelphia*, which began in 1982; and in FY02, *Jackson v. Hendrick*, which began in 1971. In FY05 and as required by *Harris v. City of Philadelphia*, PPS completed renovations to the House of Correction cellblocks.
 - Obtained National Commission on Correctional Health Care accreditation for inmate medical and behavioral health services, in FY04.
 - Began consolidation of all Vocational Training, Job-Readiness, Work Release, and Industries programs under the JOBS Program in FY05, and established uniform performance measures and goals.
 - Instituted a suite of program evaluation and management initiatives called “CORESTAR” in FY05 to track PPS performance in key areas—such as use of overtime, sick-leave, restricted movement, use of force, and incidents of violence inside the facilities—as well as program-specific progress.
- **Personnel:** Implemented an application processing fee for job seekers to shift cost of the service from all taxpayers to those using the service. Fee waivers are provided where appropriate.

- **Public Health:** Eliminated three positions by consolidating the management of the three DPH laboratories (the Public Health Laboratory, the Forensic Toxicology Laboratory, and the Air Management Laboratory), saving an estimated \$270,000 in FY06.
- **Public Property:** Successfully opened and began operating the new Police Forensics Building in 2003 and the new 24th and 25th Police Districts Building in 2001.
- **Streets:** Implemented the Guaranteed Pavement Information System (GPIS) in 2003, avoiding unnecessary excavations of newly paved streets through better coordination with utility and telecommunications companies.
- **Philadelphia Water Department (PWD)**
 - Achieved nearly perfect performance of the wastewater treatment plants, which have received either Silver, Gold or Platinum awards over the past decade from Association of Metropolitan Sewerage Agencies.
 - Saved ratepayers more than \$63 million in net present value terms by restructuring debt to take advantage of significantly lower interest rates.
 - Beginning in 2001, increased revenues by more than \$2 million per year through wholesale water agreements with the Philadelphia Suburban Water Company, which provided suburban customers with up to 6.5 million gallons a day.
 - Implemented and maintained the largest water utility automatic meter reading system in the US, providing 100 percent accurate meter readings to 97 percent of PWD customers.

Organization of the Five-Year Plan

The FY07-FY11 Five-Year Financial Plan is structured to highlight how City departments have aligned activities to support Administration goals. A chapter is dedicated to each of the major goals:

- Maintaining fiscal health
- Implementing neighborhood transformation and blight elimination
- Promoting economic development
- Providing high quality public education and comprehensive, coordinated social services for children, adults and families
- Enhancing public safety and quality of life for all communities

Rounding out this strategic treatment are chapters on the workforce, enterprise funds and assets, and departmental FY07 budget plans.

The work of all departments in the City is coordinated to achieve and support the Mayor's objectives, and this Plan documents those efforts.



City of Philadelphia
Five-Year Financial Plan



Fiscal Health

Maintaining Fiscal Health

Philadelphia has taken major steps toward addressing the fiscal challenges it faced in the 1990's. The City has significantly increased the efficiency of service delivery. Taxes have been reduced to spur economic development. State and federal reimbursement for the cost of redistributive social services has increased dramatically. Strategic investments in neighborhoods, cultural institutions, the tourism sector, and waterfronts have begun to pay off. Despite these achievements, however, the basic structural financial challenge remains: A weak tax base, a high tax burden, escalating costs, high service responsibilities, and low state financial support.

The City's \$46.8 million General Fund deficit at the end of FY04 was the first negative fund balance in twelve years. While this deficit was primarily attributable to a delay in receiving state reimbursement for social service program costs, the negative General Fund balance was nonetheless a sign of the increasingly limited room for error in City finances. The City is currently projecting a positive fund balance of \$168.6 million at the end of FY06. The FY07-11 Plan projects continued positive balances at the end of each fiscal year, but these balances are generally decreasing and are small in comparison to the large surpluses achieved during the economic boom of the late 1990s. Although revenues have been strong since FY04, growth has been centered in the volatile realty transfer tax and business privilege taxes. However, the Wage Tax alone represents half of all tax collections, and significant mandated future tax reductions, as well as growth that is unevenly distributed across the economy, constrain future collection growth. In this tax environment, it is clear that creative cost-cutting initiatives and tight spending controls will be needed to maintain a balanced budget in the out-years of the Plan.

The discussion of the City's fiscal health in this chapter is organized as follows. The first section contains discussion of General Fund issues. The General Fund discussion includes:

- Causes of the City's current fiscal stress
- Factors that pose a risk to the City's ability to achieve budgetary balance over the life of the Plan
- Analysis of the structural roots of the City's financial challenges
- An analysis of each of the City's major tax revenue sources, with revenue projections for each source from FY07 through FY11.

The second section addresses the capital budget. With these additions, narrative formerly found in appendices is now contained in the fiscal health chapter.

General Fund

The General Fund discussion includes an overview of the causes of the City's current fiscal stress; the factors that pose a risk to the City's ability to achieve budgetary balance over the life of the Plan; an analysis of the structural roots of the City's financial challenges; an analysis of each of the City's major tax revenue sources, with revenue projections for each source from FY07 through FY11; and an overview of the FY07 budgets of the major departments, including their overall budget, principal objectives, and representative performance measures.

Causes of the City's Current Fiscal Situation

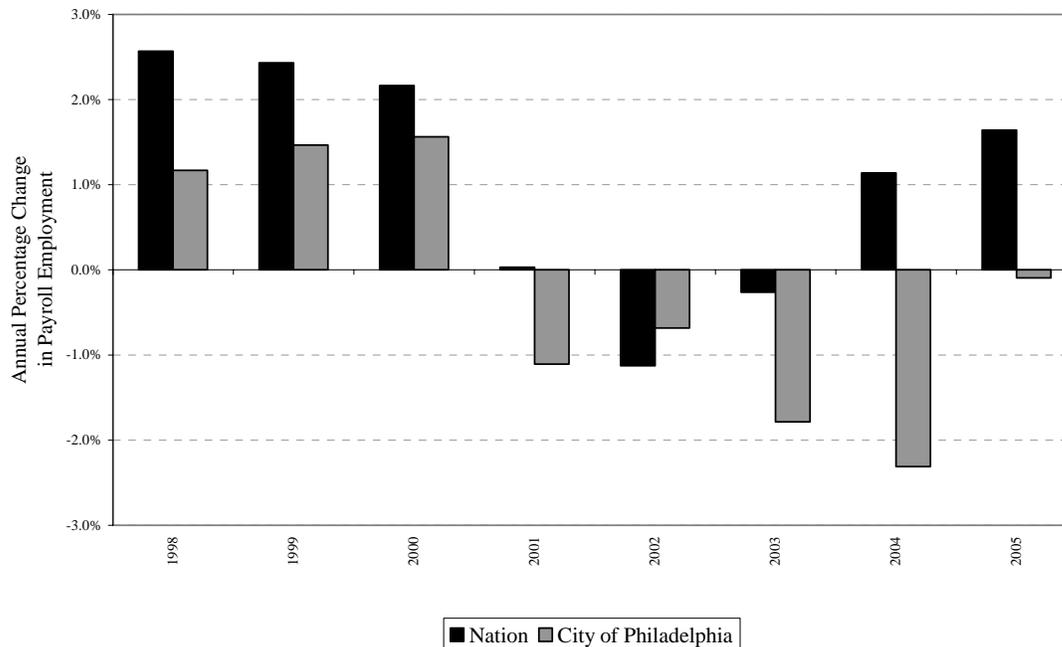
The principal causes of the City's fiscal situation have been weak economic growth, rapidly escalating pension costs, increasing labor costs, increasing criminal justice costs, and legally obligatory and accelerating tax reductions, as discussed below.

Weak Economic Growth

After three years of positive employment growth in 1998, 1999, and 2000, Philadelphia employment has declined each year since, according to the US Bureau of Labor Statistics. Data available through November of 2005 suggest that Philadelphia employment is leveling, with a decline of 0.2 percent by the end of 2005.

Over the past three decades, Philadelphia employment growth has lagged national employment growth. Since 1998, however, the city's employment performance has more closely tracked national employment trends. This represents a considerable improvement over prior trends, and in 2005, job loss virtually ceased. Nonetheless, despite significant improvements at the national, state, and suburban levels, Philadelphia has not yet enjoyed any expansion in employment. The downturn in the city's economic performance since 2000 has resulted in only modest revenue growth for the City's critical wage tax. Low growth in the City's largest tax constrains the City's spending flexibility.

The City's Economic Recovery Has Been Slower than the Nation's Recovery



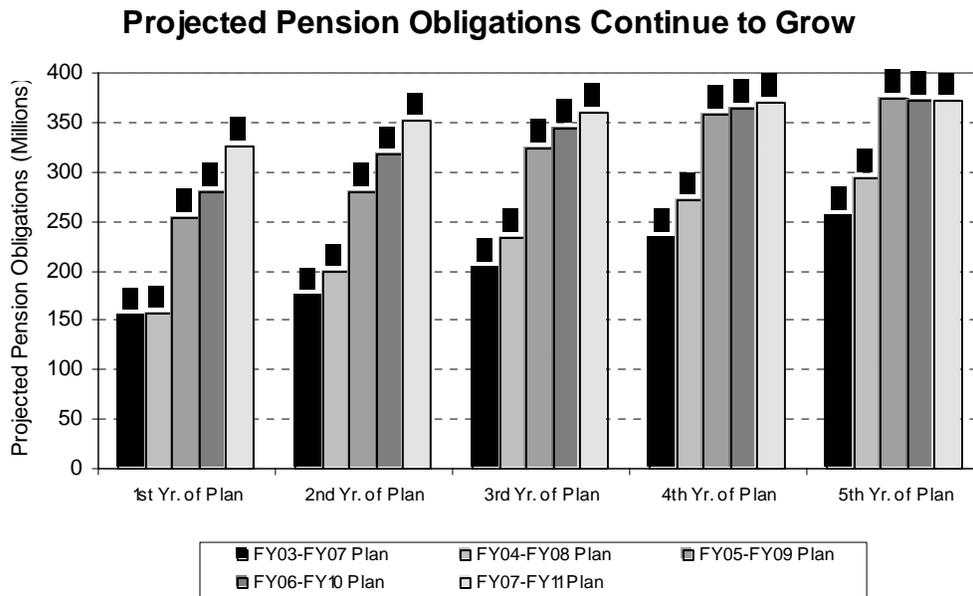
Source: US Bureau of Labor Statistics

Rapidly Escalating Pension Costs

The slowdown in the economy has also indirectly had a negative effect on the City's pension costs. The New York Stock Exchange Index dropped by 33 percent from September 2000 to March 2003, when a sustained recovery began. This precipitous loss in equity values forced the City to contribute significantly more from its General Fund in order to meet pension obligations. Historically, the City projected 9.0 percent annual returns on the market value of assets. The market value of the City's pension fund dropped 6 percent in FY01 and another 5.2 percent in FY02 before earning 2.9 percent in FY03, still well below the 9 percent goal. For FY04 and FY05, the fund had a 16.6 percent and 10.1 percent return on market value of assets. However, actuarial value of assets is determined by the average market value of assets over the five previous years. As a result, the actuarial value of assets for those two years increased by only 4.6 percent and 1.5 percent, respectively, due to recognition of prior year asset losses. As a result of lower than expected average earnings over the past five fiscal years, the City must contribute more from the General Fund to the pension fund to ensure that it can make payments to retirees and maintain a relatively flat stream of payments.

The City shifted its funding policy for the FY04-FY08 Plan to the "minimum municipal obligation" (MMO) required by state law to meet future unfunded pension liabilities. At that time, the shift to the MMO policy reduced the amount the City's actuary projected that the General Fund would have to contribute to the pension fund by \$245 million from FY04 through FY08. Nevertheless, the poor earnings of the past several years have caused the General Fund pension contribution to escalate

dramatically, and forced severe cuts in more discretionary General Fund expenditures. The figure below shows the increase in projected pension obligations that has occurred between the FY03-FY07 Plan and the current Plan. Even maintaining the shift to the MMO funding policy for the current Plan, the City is projecting \$751 million more in General Fund pension obligations in the FY07-FY11 Plan than was projected in the FY03-FY07 Plan. To mitigate these issues, in this Plan, the City, on the advice of its actuary, is reducing the assumed investment return from 9.00 percent to 8.75 percent.



Source: Office of Budget and Program Evaluation

The dramatic increase in pension obligations effectively decreases the City’s ability to provide funding for other services while maintaining a tax reduction program. Pension obligations represented 6.7 percent of General Fund revenues in FY03. By FY11, total pension obligations, including debt service on bonds issued in 1999 to pay down the unfunded accrued pension liability, will represent 12.5 percent of projected General Fund revenues. The proportion of General Fund revenues allocated to pension and health and medical obligations is projected to increase from 14.01 percent in FY03 to 24.3 percent in FY11, an increase of more than 10 percentage points. The rapid growth in employee benefit costs, which is largely outside the control of City policymakers, represents a significant fiscal constraint. The 10 percentage point increase in the share of the budget allocated to employee benefits significantly outpaced revenue growth, reducing the proportion of resources available for other spending.

Increasing Labor Costs

Personnel costs account for 57.6 percent of the FY06 General Fund budget. Increasing per-employee compensation costs in recent years have presented a serious problem for City finances. Driven by 11.2 percent annual increases in benefits costs, from FY01 through FY06, the average annual increase in compensation per General Fund employee is estimated at 5.9 percent. This is well in excess of inflation (2.28 percent) and General Fund tax revenue growth (2.9 percent).

- Contracts with AFSCME District Councils 33 and 47 took effect at the beginning of FY05. While first and second year wage increases were modest, the pending third year (3 percent) and fourth year (4 percent) increases are significantly larger. In the context of sharp market-driven increases in pension and medical costs (exceeding 9 percent), wage and salary increases constrain spending in other areas of the budget.
- The FY05-FY08 contract awarded to the Fraternal Order of Police (FOP) included 3 percent salary increases in FY05, FY06, and FY07. A 4.0 percent increase will occur in FY08. The award also increased the City's health and welfare contributions in the first year to \$898 from \$848 and included a reopener for the second and third years and another for the fourth year. The second and third year reopener provided for 16 percent and 12 percent contribution increases. The City appealed to Common Pleas Court, where it was remanded back to arbitration, which upheld these increases. Without a successful additional appeal, these awards represent a \$56.7 million risk over the life of the Plan.
- The arbitration award for the International Association of Firefighters (IAFF) for FY03-FY05 included salary increases of 3 percent in FY03, 3.5 percent in FY04, and 3 percent in FY05. Again, the health benefits provisions of the IAFF award were more costly to the City, with a 37 percent increase in the monthly per employee health benefits contribution in FY03, and 10 percent increases in each of FY04 and FY05. In addition, the collective bargaining agreements with District Councils 33 and 47 for FY05-FY08 include, for FY05, a \$750 per employee one-time bonus, as well as a 10 percent increase in the per employee contribution to union health care funds.

Labor contract awards, primarily the provisions regarding employee benefits, have resulted in marked growth in per employee compensation over the past five fiscal years, and significantly impact the City's ability to maintain service levels and financial stability in the context of the City's long- and short-term revenue growth trends.

Increasing Criminal Justice Costs

The increasing cost of providing criminal justice services has drastically outpaced the growth of the General Fund as a whole from FY96 to FY06. Obligations for the District Attorney, Juvenile Justice Services, the Police Department, the Philadelphia Prison System, and the Sheriff's Office have increased by 62.5 percent, from \$516.8 million in FY96 to an estimated \$839.7 million in FY06, while the rest of the General Fund has increased by only 41.7 percent, from \$2.4 billion in FY96 to an estimated \$3.4 billion in FY06. This disproportionate spending increase was partially spurred by the addition of 753 on-street police officers through the 1994 federal Crime Bill, which required the City to gradually assume the full cost of all Crime Bill officers by FY02. However, increases elsewhere in the budget also contributed.

In recent years, the successes of increased law enforcement activity have caused rippling effects throughout the criminal justice system. Increased arrests resulted in increased court costs and court-related overtime for police, and an escalating prison population. The average prison census increased 36 percent from FY99 to FY06. Much of the increase is due to increased narcotics arrests resulting from a focus on policing of crime hot spots. An analysis appearing in *Philadelphia's General Fund Budget: A Citizen's Guide*, published by the Pennsylvania Intergovernmental Cooperation Authority (PICA) illustrates the budgetary impact: spending on Prisons alone increased by 33.2 percent since FY01.

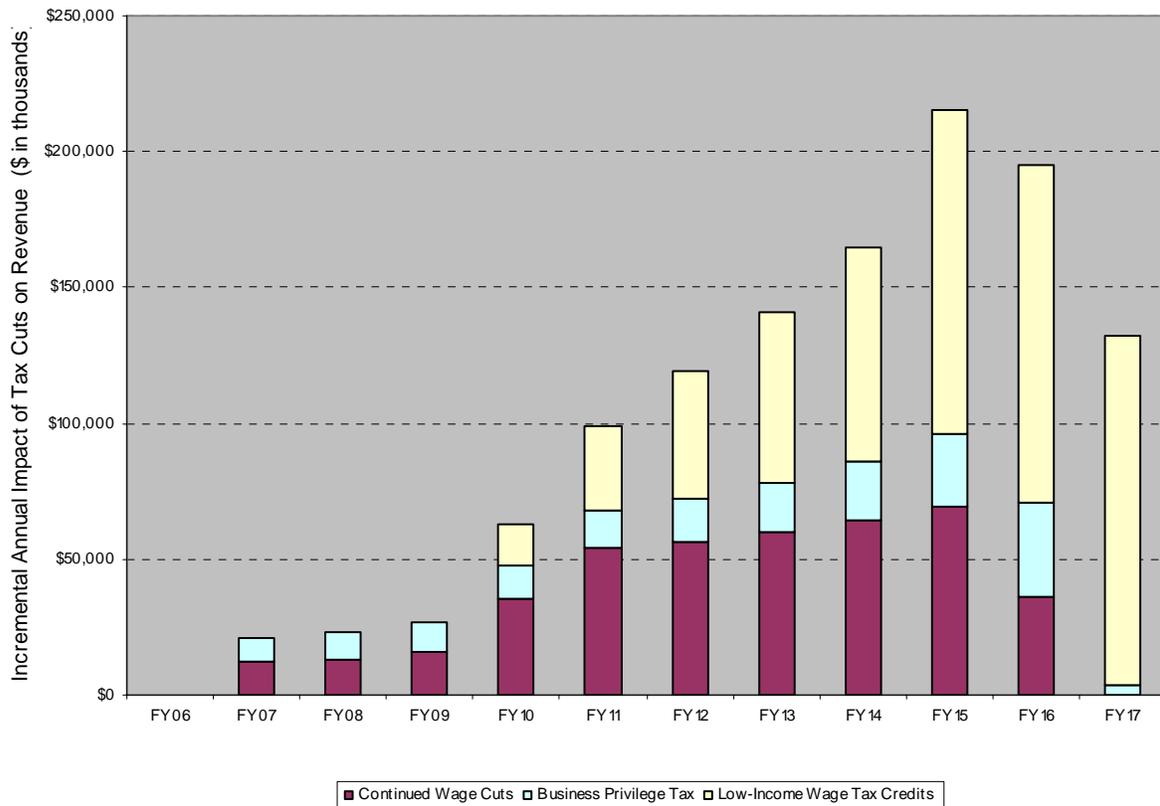
The City is projecting no annual growth in the prison population over the life of the Plan, given planning underway for better managing the census through cooperation among law enforcement partners. Zero growth in the prison population will result in substantial cost savings in salaries and overtime, food service, and prison health care costs. The City has also taken steps to reduce the growth of criminal justice costs through reductions in police overtime.

Legally Required and Accelerating Tax Reductions

Wage and business privilege tax rates were reduced in FY06, the eleventh consecutive fiscal year of City wage and Business Privilege Tax (BPT) reduction. At the time the tax reduction program was initiated in FY96, the intention was annual, incremental tax cuts that were not threatening to the City's hard-won fiscal stability or service levels. Since that time, the annual wage tax and BPT cuts have remained at a scale that the City could manage, even within the context of a slow-growing economy. The incremental impact of each year's tax cuts through the current fiscal year has generally been between \$15 and \$30 million per year.

However, as a result of Bill 040397, enacted June 10, 2004, and Bill 040607, enacted July 1, 2004, future tax cuts and credits will have a far more substantial impact on revenue collections, beginning in FY10. In each fiscal year from FY11 to FY15, the incremental impact of wage and BPT reductions is projected to exceed \$100 million, at least twice the maximum annual impact of tax reductions in any year up to this point. These substantial annual revenue decreases result from two factors: More rapid reductions in the wage tax rate than have occurred to this date, and the implementation of a wage tax credit program for low-income city residents. The 2004 legislation presents a severe financial challenge to the City, as shown in the figure below.

The Impact of Tax Cuts, Especially Low-Income Tax Credits, Increases Significantly Beginning in FY10



Source: Office of Budget & Program Evaluation

The average annual increase in City tax revenue between FY02 and FY05 was \$59 million. The incremental impact of tax cuts mandated under current law from FY10 to FY15 is likely to exceed \$100 million each year. Thus, tax cuts mandated under current legislation could lead to a nominal revenue decline in some or all fiscal years during the FY10-FY15 period. In light of rapid growth in fixed obligations, such as debt service and health and pension obligations, cuts exceeding revenue growth are fiscally imprudent, and make the City’s fiscal stability particularly sensitive to unforeseen factors that may increase expenditures or decrease revenues. For example, given the materiality of Commonwealth subsidies in the City’s budget, Pennsylvania’s fiscal difficulties may present a risk to the City budget.

The City believes that, as financial circumstances permit, it is prudent to continue to make adjustments to business taxes that will improve Philadelphia's economic outlook. The City, however, cannot continue business tax reductions, make strategic investments in cultural institutions and neighborhood commercial corridors and balance the current Five Year Financial Plan or for that matter subsequent plans with all of the currently enacted tax reductions. The Plan, therefore, repeals the low-income wage tax credits

scheduled to begin in FY10, restoring \$46.8 million to the Plan and preventing annual losses exceeding \$100 million in the Plan's out years.

The PICA statute was designed to promote long-term financial planning and fiscal stability in Philadelphia. Legislating beyond the PICA statute's five-year window runs counter to this goal. Wage tax rate reductions will accelerate in FY10 and FY11, and the low-income wage tax credits will take effect in those years. Wage tax reduction for the five years beginning with 2010 are estimated to grow at nearly three times the rate of current reductions, and are large enough to mostly offset growth in the tax base. When the low-income wage tax credits are factored in, wage tax collections are likely to decrease in each year. The current estimate of the impact of the low-income wage tax credits, based on the most recent state data available, is shown in the table below.

Projected Annual Impact of Low-Income Wage Tax Credits
(Bill No. 040397)
\$ in Millions

FY10	FY11	FY12	FY13	FY14	FY15
(\$15.4)	(\$31.4)	(\$47.2)	(\$62.9)	(\$78.6)	(\$119.2)

Such steep reductions put great pressure on the City's ability to provide services. For example, the \$60 million funding gap anticipated for the beginning of FY06 compelled the City to implement a workforce reduction that has put staffing levels at forty-year lows. The significantly larger cuts that would result from the low-income wage tax credits would cause even greater damage to the City's ability to deliver services.

Risks to the Plan

In addition to Commonwealth support of mandated programs, risks to the Plan include new unfunded tax reductions, future health and medical cost increases, SEPTA's unresolved systemic financial difficulties, the fiscal challenges of PGW, and the necessity of continuing to identify target budget reductions.

Future Health and Medical Costs

Uncertainty surrounds the cost of employee health and medical benefits during the Plan period. In the most recent arbitration panel award to the FOP, health benefit costs were determined for only the first year of the four-year contract award. Under the award, FOP health care costs were fixed at \$898 per employee per month until the issues would be reconsidered at an FY06 reopener. At the reopener in August of FY06, the arbitrators ordered the City to increase FOP health care contributions by 15.7 percent and 10.0 percent in FY06 and FY07, respectively. After a City appeal, the Court of Common Pleas remanded the ruling back to arbitration, but the panel re-issued its original ruling with no change. Without further intervention, the new health care contributions will cost \$56.7 million over the life of the plan. Similarly, in contracts recently negotiated with AFSCME District Councils 33 and 47, the cost of employee health care is determined for only the first two years of the four-year contracts. Civilian health care costs for FY07 and FY08 will be determined only after further negotiations, which are to include considerations similar to those for the Police. There is also uncertainty regarding health benefit costs for unionized firefighters, as the current IAFF contract expired at the conclusion of FY05, and the interest

arbitration panel is still conducting hearings. In January 2006, the panel reaffirmed an award to the FOP, stating that PICA considerations of ability to pay were taken into account in the decision. The City will appeal the panel's award.

Pending contract re-openers interject additional uncertainty regarding the cost of health care benefits over the term of the Plan. Given the rapid rate of annual increases in health care costs, which is a national phenomenon, the lack of fixed agreements concerning per-employee contributions to union health care funds poses a risk to the Plan.

SEPTA's Financial Crisis

Recurring financial problems at the Southeastern Pennsylvania Transportation Authority (SEPTA) presents a risk to Philadelphia's economy, the tax base, and the financial stability of City government. SEPTA service is critical to the economy of Center City, whose attractiveness as a business location is due, in part, to a comprehensive network of public transportation service linked to points throughout the region. Philadelphia's health care and hospitality sectors, both increasingly important components of the city economy, are dependent on the access provided by SEPTA for their workers and customers. SEPTA service is also essential to the quality of life of city residents, bolsters the value of residential property throughout Philadelphia, and promotes self-sufficiency for thousands of city residents who depend on public transportation to access employment opportunities.

In fall 2004, SEPTA proposed to address a \$70 million deficit in the FY05 operating budget through drastic service cuts and fare increases. These measures would have seriously harmed SEPTA's revenue base and the economy of the city and region. SEPTA's proposals, fortunately, were not implemented due to additional state funding announced by Governor Rendell in February 2005. The Governor made an additional \$412 million available to state transit agencies through FY07, as a result of unanticipated higher federal appropriations and additional state funding. SEPTA is expected to receive an additional \$265.7 million over the period as a result of the Governor's action. This new funding allowed SEPTA to avoid service cuts and fare increases in FY05, and should be sufficient to allow the Authority to maintain service and fare levels for the immediate future.

While a financial crisis has been temporarily averted, economic concerns continue. In comparison to other major public transportation agencies, SEPTA's base cash fare for subways, light rail, and bus service is the highest in the country. Any significant fare increase would not only place Philadelphia even further out of step with transit fare levels in other cities, it would also be counterproductive in the long run to SEPTA. Research on SEPTA's regional rail system by economist Richard Voith suggests that in the long run a 1 percent increase in fares leads to an approximate 1 percent decrease in ridership. The implication is that, over time, SEPTA may realize no net increase in revenue by increasing fares.

To ensure the future financial stability of SEPTA and other transit agencies across the Commonwealth, new sources of dedicated transit funding are required. Unless the state acts to address the long-term funding problems at SEPTA, the potential for reductions in service and increases in fares remains a risk to the economy of Philadelphia and the financial stability of City government. The City urges state policymakers to enact a package of new, dedicated funding sources that will provide needed revenue to transit providers across the state. Funding sources should be adequate to meet current needs and designed to increase with inflation so that they provide a long-term financial solution. Understanding SEPTA's impact on Philadelphia economic and community life, the City recognizes its responsibility to contribute toward SEPTA operations. Currently, City subsidy is determined according to a 1:29 ratio of City and

Commonwealth contributions. Given the City's current and projected fiscal condition, maintaining fiscal stability requires that the City's proportionate support of SEPTA be maintained at or reduced from levels provided in either Act 26 of 1991 or Act 3 of 1997, or from a new dedicated funding source that provides for the same 1:29 local match requirement.

Financial Difficulties of the Philadelphia Gas Works

The Philadelphia Gas Works (PGW), the largest municipally owned gas utility in the nation, encountered cash flow problems and long-term financial uncertainty in recent years as a result of numerous internal and environmental challenges. Problems included management instability and poor customer service, costly and inflexible labor agreements, and failure to receive timely and adequate rate relief from the Pennsylvania Public Utility Commission (PUC). As a result, the City was forced to loan PGW \$45 million in FY01 in order to provide sufficient cash for operations until PUC rate relief took effect. In 2004, the City also agreed to release PGW from its legal obligation to pay the General Fund \$18 million per year, to help improve the financial situation at the Gas Works, and is continuing this policy through the end of the Plan.

In recent years, stable, effective management, enhancements to customer service and the billings and collections systems, as well as improved labor agreements, have contributed to improved finances and cash flows at PGW. Bill collection rates improved in FY05, but, increased gas prices could reduce PGW's FY06 collection rates. The FY07-FY11 Plan assumes that PGW will repay its \$45 million loan in FY09. PGW's ability to make this payment is dependent on the continuation of recent improvements in management and financial performance. The operations of PGW are addressed in the Philadelphia Gas Works section of this chapter.

Reductions in Federal and State Revenue

A combination of changing federal funding to the Commonwealth and pressures on the Commonwealth budget represent a risk to the FY07-11 Plan. Recent federal budgetary actions have included a 2.3 percent reduction in FY06 domestic spending (adjusted for inflation), an additional 1.0 percent across-the-board reduction in all non-emergency funding, and modifications to the rules and funding levels for Medicaid, child support enforcement, foster care, and TANF. At this point, final impacts are uncertain and will not be confirmed until February, 2006, when the federal budget reconciliation bill is expected to pass and the Governor's FY06-FY07 Pennsylvania budget is likely to be released.

Since January 2005, when the Administration proposed the FY06-10 Plan, changes in allocations have had a substantial impacts on DHS funding, including:

- Reducing the City's TANF allocation by \$100 million from FY05 to FY06
- Partially replacing TANF with: A \$20.8 million transition grant, Act 148 funding requiring \$16 million in local match for prevention programs, and \$45 million in additional Medical Assistance (MA) realignment funding

At the same time, federal Title IV-E revenue declined:

- By \$29.3 million (16.7 percent) between FY04 and FY06

- From 53 percent of DHS General Fund revenue in FY04 to a projected 32 percent in FY06

When superimposed on the DHS needs-based budgetary process, over the life of the Plan, these revenue composition changes will result in a \$101.4 million increase in local contribution toward DHS services, as compared to the FY06-10 Plan. The City will maintain welfare prevention programs for children and families. In FY07, this will increase the City's DHS contribution by \$14.6 million, compared to FY06. The City's ability to continue these prevention programs will depend on fiscal conditions in each successive year of the Plan. Unless adequate state funding is made available the City will be forced to reduce these crucial services. The City is already swamped by county responsibilities that other jurisdictions do not support.

The Plan assumes support for the state for prevention programs through FY11. If the Commonwealth does not continue to support vital prevention programs, the City will be forced to discontinue them.

The Challenge of Continuing to Identify Target Budget Reductions

Over the last four years, five-year plans have included future budget reductions not tied to savings from specific initiatives. While spending reductions have been successfully implemented for eleven years without appreciable reductions in service levels, the recent series of departmental targeted personnel budget reductions (1.5 percent in both FY01 and FY02, 2.5 percent in FY04, and 5.0 percent in each of FY05 and FY06) have reduced department staffing levels to forty-year lows, making future cost reductions without service impacts increasingly difficult. Additionally, in FY06, increased costs for pensions, benefits, fuel, energy, and criminal justice services have further reduced opportunities to achieve targeted budget savings. As a result, Deferred Retirement Option Program (DROP) reductions are continuing, but at rates reduced by the need to replace critical staffing, particularly in the social services. Maintaining balanced budgets over the Plan period will entail difficult choices.

Structural Fiscal Challenges

The array of public responsibilities the City is obligated to meet, in comparison to the typical local government in this country, or even the typical large city, is far from ordinary. The City faces the responsibility to provide basic local government services, as well as a significant array of social services that are typically the responsibility of state or county government. At the same time, Philadelphia's needed level of services, both basic municipal services and social services, is elevated as a result of high crime and poverty rates. Philadelphia's high tax burden and current financial challenges are rooted in the City's broad service responsibilities, limited state funding, and relatively weak tax base.

The City's structural financial challenge is evident from demographic and economic trends, comparisons with other large cities, comparisons with other Pennsylvania counties, and long-term workforce trends, which are discussed in the sections below.

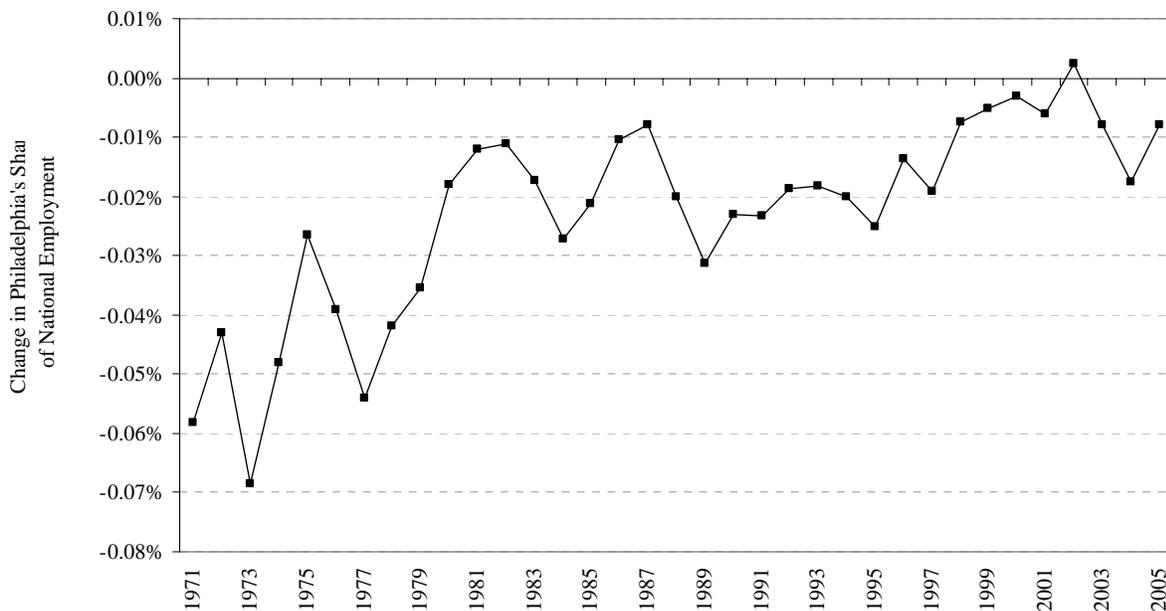
Demographic and Economic Trends

While Philadelphia's population and employment levels have declined substantially in recent decades, the rate of decline has gradually moderated. According to the US Census Bureau, the city's population declined 13.4 percent in the 1970s, 6.1 percent in the 1980s, and 4.3 percent in the 1990s. This gradual improvement in performance is also characteristic of city employment trends. US Bureau of Labor

Statistics (BLS) data indicate that, after declining by 15.1 percent in the 1970s, Philadelphia-based employment declined only 4.5 percent in the 1980s and 6.8 percent in the 1990s. The most recent data show the city's population declining 2.5 percent from 2000 to 2003, while employment declined 2.4 percent over the same period. While these trends suggest an increase in the rate of job and employment loss over the average annual declines of the 1990s, the increase is likely due to the recessionary trends of the period, and is not a reversal of the trend over the past three decades toward lower annual rates of population and employment decline. The overall improving trend since 1970 suggests that Philadelphia may soon arrive at a period of population and employment stability. Long-term trends do provide a basis for cautious optimism about Philadelphia's economic future.

The positive overall trend in the Philadelphia's economy is evident by tracking the annual change since 1970 in the city's share of national payroll employment, as estimated by BLS. While the city's share of national employment has generally declined over the period, the pace of decline has gradually slowed over the past 34 years. In fact, annual reductions in the city's share of US employment since 1998 have been below 0.01 percentage points, as shown in the chart below.

The Decline in the City's Share of National Employment Has Slowed



Source: U.S. Bureau of Labor Statistics

While the data do not show growth, they do suggest that the city is approaching a period of stability. The long-term trend suggests that Philadelphia is regaining its competitiveness as a residential and business location.

Nonetheless, the population of Philadelphia remains economically disadvantaged. As shown in the table below, the median household income in Philadelphia declined, after adjusting for inflation, by 11 percent between 1989 and 2004, and remains below the levels in nearby suburban counties, the state and the nation. The city's 2004 poverty rate of 22 percent has increased from the 1989 level (20.9 percent), and remains well above state and national rates.

Demographic Comparisons: Philadelphia Compared to the Region, State, and Nation

Jurisdiction	1990 Population	2004 Population	% Change	1989 Median Household Income (in 2004 dollars)	2004 Median Household Income (in 2004 dollars)	% Change	1989 Poverty Rate	2004 Poverty Rate	% Change
Philadelphia	1,585,577	1,470,151	-7.30%	34,412	30,631	-11.00%	20.90%	22.00%	5.30%
Bucks County	541,174	617,558	14.10%	64,876	66,707	2.80%	4.00%	3.10%	-22.50%
Chester County	376,396	465,795	23.80%	62,544	72,288	15.60%	5.20%	2.40%	-53.80%
Delaware County	547,651	555,040	1.30%	54,700	53,650	-1.90%	6.60%	7.90%	19.70%
Montgomery County	678,111	774,029	14.10%	61,872	64,190	3.70%	4.00%	4.00%	0.00%
Pennsylvania	11,881,643	12,406,292	4.40%	43,912	42,941	-2.20%	10.40%	8.90%	-14.40%
United States	248,709,873	293,655,404	18.10%	44,035	44,684	1.50%	12.80%	10.10%	-21.10%

High poverty, low household income, and gradual population and employment losses have been primary causes of the City's financial stress in recent years. High poverty rates result in high need for a variety of social services that the state mandates the City to provide. Low household income levels result in a weak tax base. The City's high overall tax burden reflects the combined impact of high service needs, state mandates to provide a wide range of services, and a weak tax base. Despite the gradual improvement in the city's basic demographic and economic indicators, Philadelphia's continuing economic disadvantage relative to the state and the nation remains an obstacle to the City's fiscal stability.

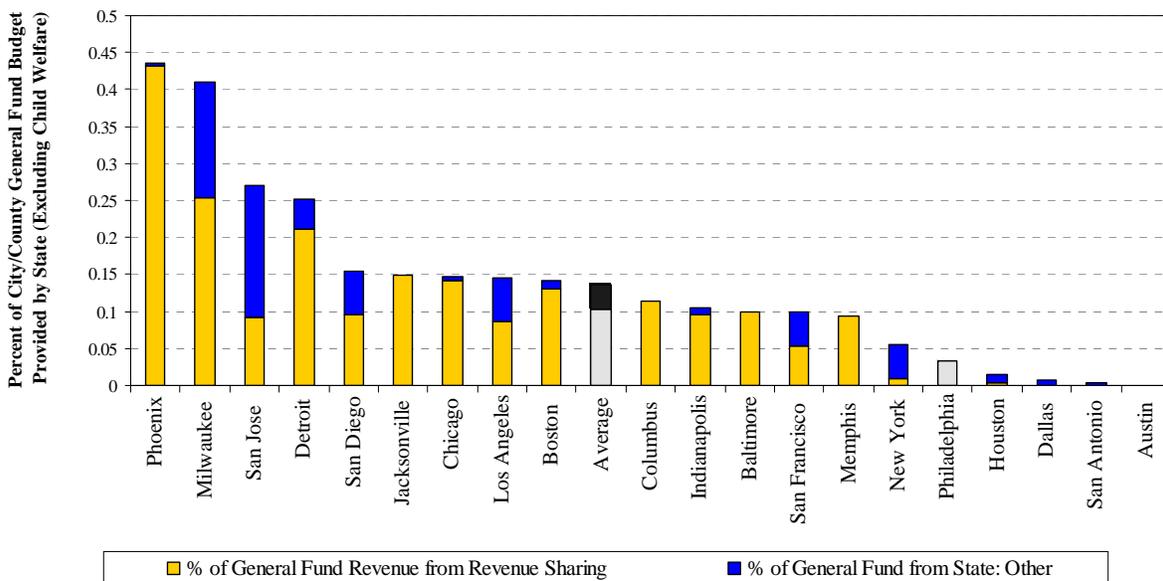
Philadelphia's Structural Fiscal Challenges Compared to Other Large Cities

Philadelphia's relatively weak tax base is put under pressure by high service needs and low state fiscal support. A 2004 Brookings Institution report noted, "In short, both the revenue-raising capacity and the expenditure needs of cities are powerfully shaped by state policies." Much attention has been paid in recent years to Philadelphia's relatively high local tax rates, but far less attention has been paid to the conditions that create it. Philadelphia's tax rates are determined in large part by demographics and fiscal institutions, including service responsibilities and intergovernmental financial aid. As the same Brookings report stated, "In their definitive analysis of urban fiscal conditions, Ladd and Yinger (1989) differentiate between the fiscal health of cities based on their socioeconomic condition and their 'actual' fiscal health taking into account fiscal institutions, which are mostly determined by state laws."

Comparing Philadelphia, a combined city and county government, to the other largest cities and their overlapping county government, illustrates that Philadelphia is challenged both by its socioeconomic condition and by its fiscal structure, including the challenges posed by high service needs and low state fiscal support. Analysis of the financial reports of the 20 largest cities and their overlapping county governments illustrates that Philadelphia has the widest range of service mandates by the state government and the lowest amount of general revenue sharing support among its peers. Among Philadelphia's peers in these cities, Pennsylvania and Texas are the only states that do not provide any

general revenue sharing to local governments. Even Illinois, which has a low income tax rate comparable to Pennsylvania’s, manages to share a fixed portion of state income and sales taxes with local jurisdictions such as Chicago. When excluding child welfare revenue (because it is a local government responsibility in only five of the cities analyzed), only 3 percent of the City’s General Fund revenue is received from the state, compared to a nationwide average of 14 percent, as shown in the chart below. Here too, only the cities in Texas ranked lower. The data clearly indicate that local tax burdens would have to be higher in Philadelphia, to compensate for a comparative lack of state fiscal support for service delivery, even if the service responsibilities were the same across these cities.

State Financial Assistance to Philadelphia is Low Compared to Other Major Cities



Source: OBPE analysis of FY03 audited annual financial reports and budgets. Figures were adjusted to provide equal per-capita weight to the city and county government of a given central city.

However, despite this low state fiscal support, Philadelphia’s local service responsibilities are broader than average. Pennsylvania is one of only 12 states to have county-administered child welfare programs, rather than state administration. Although the cost of programs in Philadelphia is primarily reimbursed by the state, the City carried over \$32 million in local expenditures for these services in FY05. These are costs that 15 of Philadelphia’s peer cities do not bear at all at the local level. Pennsylvania’s legislature continues to ignore the directive of the state Supreme Court that the court system should be state-administered and state-funded, costing Philadelphia over \$117 million per year in net local expenditures, including benefits. New York City and the City of Boston, in contrast, operate under state-administered and state-funded unified court systems, and therefore avoid these expenditures. Philadelphia’s peers in Baltimore and Boston are also fortunate enough to have their local prison systems funded by the state, which would save Philadelphia roughly \$210 million per year, including benefits.

The City could reduce tax rates dramatically if inequities in state fiscal support and service responsibilities were addressed. If Philadelphia received the average general revenue sharing enjoyed by its peers on a per-capita basis, it would receive over \$235 million per year, and be able to largely eliminate the business privilege tax.

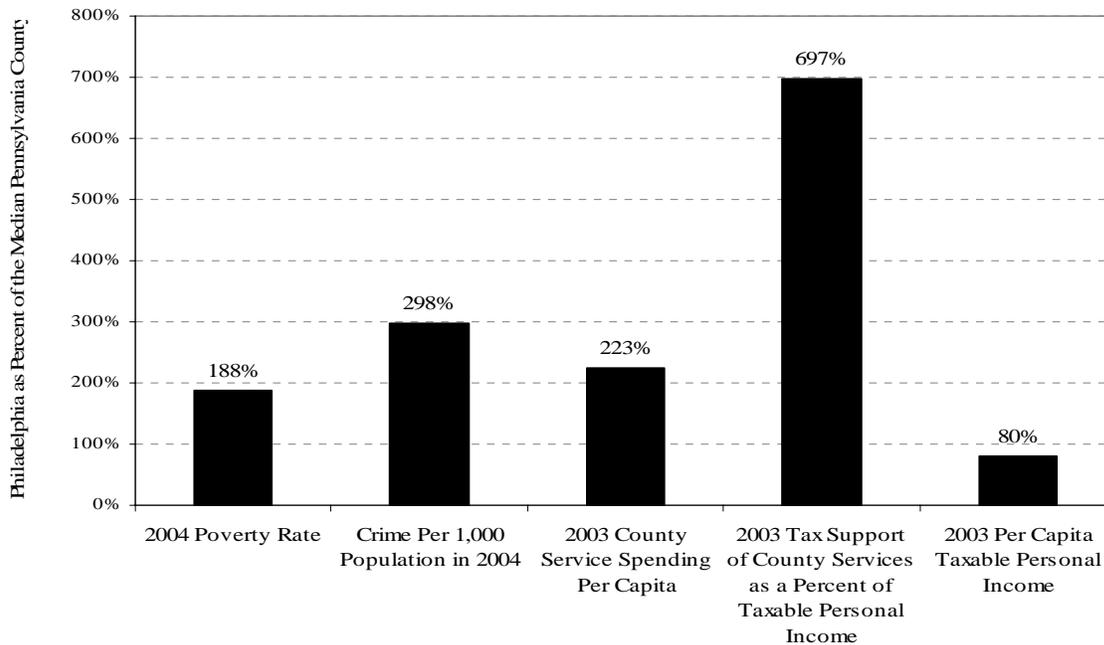
Philadelphia's Structural Fiscal Challenges Compared to Other Counties in Pennsylvania

The Commonwealth of Pennsylvania gives local governments a high level of service responsibility but limited financial support. Counties are required to administer not only local judicial and corrections systems, but also an array of social programs including child welfare, juvenile justice, and public health services. Funding for many of these programs is minimal, and if significant, is not explicitly targeted to reduce fiscal disparities. In addition, state funding supports a relatively low share of the costs of public education. The state-local fiscal structure in Pennsylvania works to the detriment of urban areas across the state. But the impact is greatest by far in the largest urban center, the City of Philadelphia.

Philadelphia, as the only city-county in the Commonwealth, is uniquely disadvantaged by the state's fiscal structure. Philadelphia is the only entirely urbanized county in the Commonwealth, according to the US Census Bureau's definition of urbanized area. Throughout the rest of Pennsylvania, the burden of financing county level services is spread widely across areas of high and low social need and fiscal capacity. Only in Philadelphia are the burdens of financing county level services concentrated entirely on the urban population.

According to the Census Bureau, Philadelphia's 2004 family poverty rate of 22 percent is 247 percent of the state median. According to Pennsylvania State Police uniform crime reports, there were 55.1 Part I crimes per 1,000 residents in Philadelphia in 2004, nearly three times the level of the median Pennsylvania county. Philadelphia's high poverty and crime rates translate into a higher need for county level services. Based on county expenditure data compiled by the state Department of Community and Economic Development (DCED), and an analysis by the Philadelphia Office of Budget and Program Evaluation (OBPE), the City spent \$1,451 per resident in FY03 for county level services, 223 percent of the median Pennsylvania county, as shown in the chart below.

Poverty, Crime and County Level Spending and Taxes are Much Higher in Philadelphia Than the Typical Pennsylvania County



Because state funding for county-provided services is limited and not designed to equalize county tax burdens, Philadelphia’s higher county service expenditures are reflected in a high level of local tax support for these services. Based on county tax collection data from DCED and state Department of Revenue data on taxable personal income, OBPE estimates that in FY03, Philadelphia tax collections supporting county services were 8.29 percent of personal income, seven times (700 percent) the median county in Pennsylvania

Philadelphia’s relatively weak tax base also serves to increase its effective tax rate required to support county level services. According to state Department of Revenue data, Philadelphia’s taxable personal income per capita in 2003 was only 80 percent of the median Pennsylvania county.

The implications of Philadelphia’s high tax burden to support county level services are significant. If Philadelphia’s county level tax burden in FY03 had been at the median of the other 66 counties in the state, the City would have been able to reduce taxes by \$1.02 billion, or 52 percent. In this case, the City could have eliminated the Business Privilege Tax and reduced the resident and non-resident wage, earnings, and net profits taxes by 72 percent. The resident wage tax rate could have been reduced to 1.3 percent, and the non-resident rate to 1.1 percent. The City could have adopted a tax structure that is significantly more competitive than even that recommended by the Tax Reform Commission.

Philadelphia Compared to Other Pennsylvania Counties					
	2004 Poverty Rate	Crime Per 1,000 Population in 2004	2003 County Service Spending Per Capita	2003 Tax Support of County Services as a Percent of Taxable Personal Income	2003 Per Capita Taxable Personal Income
Philadelphia	22.00%	55.1	\$1,451	8.29%	\$9,629
Pennsylvania Counties Other than Philadelphia					
Minimum	data unavailable	9.3	\$255	6.40%	\$9,534
Median	11.70%	18.5	\$650	1.19%	\$12,035
Maximum	data unavailable	38.3	\$1,178	2.41%	\$24,589

The explanation for much of the tax disparity between Philadelphia and other locations within the state and across the county is structural. High tax rates result in large part from the city's high poverty and crime rates, weak tax base, as well as state policy mandating significant service responsibility to counties with limited financial support.

Managing the Size of the City's Workforce

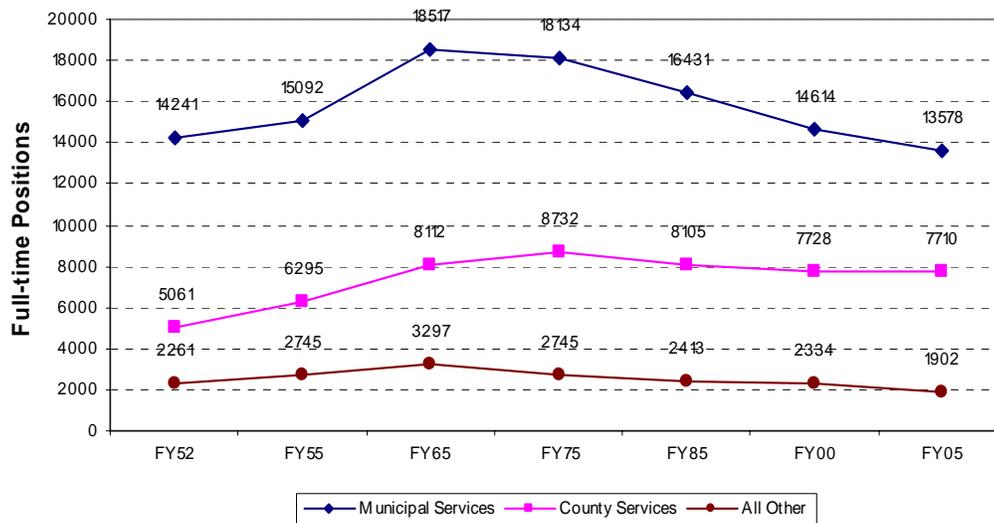
The City's fiscal condition has required difficult service cuts and workforce reductions when cost savings through greater efficiencies were not possible. The City's General Fund workforce as of June 30, 2005 was 23,190, lower than it had been for much of the past fifty years, and 6.4 percent below FY00 (24,676 positions), prior to the start of the Street Administration. This reduction has been achieved through a hiring freeze, a position reduction with a 5 percent workforce reduction goal, and the DROP retirement program.

Historical analysis of the City's workforce indicates that the City has successfully controlled expenditures and staffing for basic municipal services over time. The number of full-time General Fund employees providing direct municipal services declined 10.0 percent from FY55 to FY05, with a decrease of 41.4 percent over this period, excluding Police positions. The number of direct municipal service positions per 1,000 residents has increased from 7.3 in FY55 to 9.1 in FY05, indicating potentially increasing service levels. However, the increase has primarily been driven by increases in per capita Police Department positions. When Police positions are excluded, total full time positions providing direct municipal services decreased from 4.9 per 1,000 residents in FY55 to 4.0 per 1,000 residents in FY05.

Staffing and expenditures for county functions, which are less discretionary than municipal functions due to federal and state mandates and increasing joblessness and poverty rates, have been more difficult to control. The number of full-time General Fund employees providing direct county services increased by 22.5 percent from FY55 to FY05. This represents an increase from 3.0 positions per 1,000 residents in FY55 to 5.2 positions per 1,000 residents in FY05.

The number of full-time positions in all other agencies, including central administrative services, decreased by 30.7 percent from FY55 to FY05. This decline has paralleled the decrease in the city’s population, with the number of positions per 1,000 residents decreasing slightly from 1.33 in FY55 to 1.27 in FY05, as shown in the chart below.

The City Workforce Providing Municipal Services Has Declined Since FY55, While County Service Workers Have Increased



Source: Office of Budget and Program Evaluation

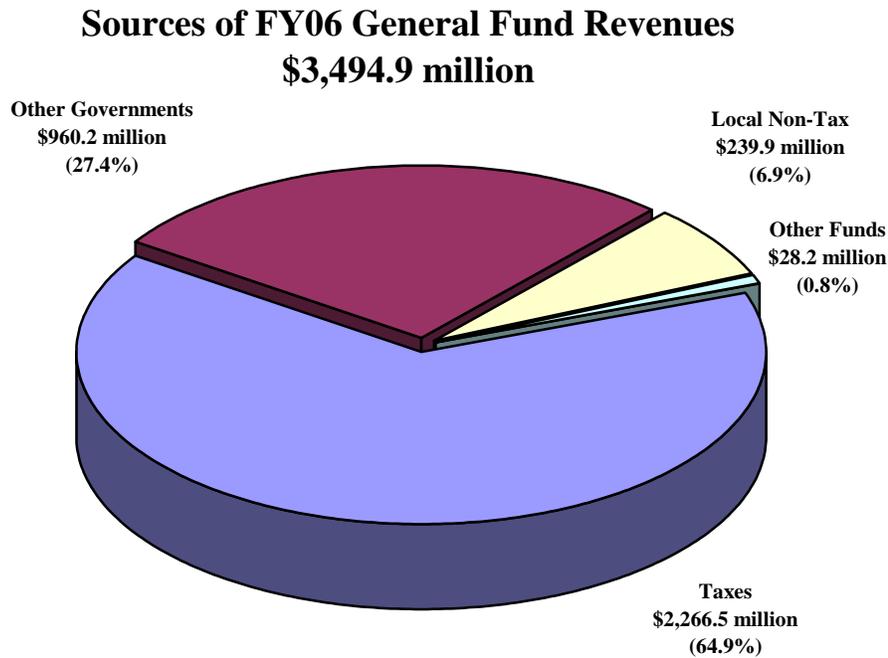
One key to the City’s ability to handle budgetary pressure is the health of its revenues. The remainder of this chapter will discuss General Fund revenues.

General Fund Revenues

The General Fund projected FY06 revenues of \$3,494.9 million are divided into four major categories, as shown in the chart below:

- Taxes (64.9 percent of the estimated FY06 total).
- Revenues from other governments (27.4 percent), which consist primarily of federal and state reimbursements for the costs of social service programs and the Pennsylvania Intergovernmental Cooperation Authority (PICA) City Account revenues. PICA City Account revenues are monies collected from the PICA wage, earnings, and net profits tax, after deductions for PICA debt service and expenses.
- Locally generated non-tax revenues (6.9 percent), which include various fees, fines, and charges assessed by the City.

- Revenues from other funds (0.8 percent), which are primarily payments to the General Fund by the Water and Aviation funds, for services performed by other City agencies.



General Fund revenue growth exceeded inflation in every fiscal year since FY92, with the exception of FY02, after adjusting for the effects of deductions for PICA debt service and non-recurring revenues. Revenues, excluding the effects of PICA debt service and non-recurring revenues, increased by an average of 4.3 percent from FY95 through FY05, well above the regional inflation rate of 2.5 percent. A major reason that revenue growth exceeded inflation over that period was a significant increase in revenue from other governments, mainly from the federal Temporary Assistance for Needy Families Block Grant and state and federal child welfare funding programs.

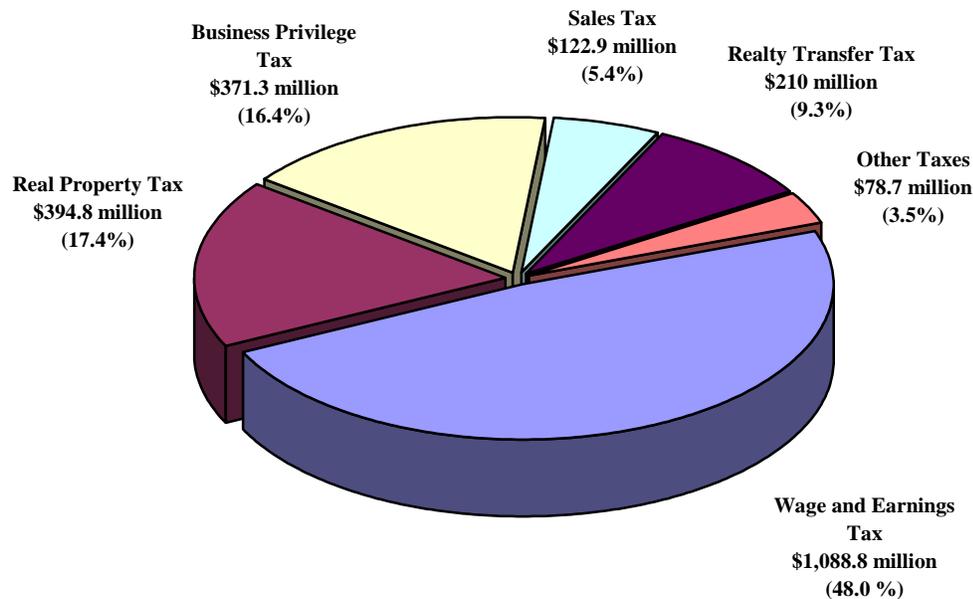
Taxes

The City's principal taxes are the wage and earnings tax, the real property tax, the business privilege tax, the sales tax, and the real estate transfer tax. The wage tax alone, not including the PICA portion of the tax, accounts for almost 50 percent of tax revenues and, as the following chart indicates, the five principal taxes together generate over 96 percent of total tax revenues.

Additionally, the City received \$300 million in FY05 from the PICA tax, which is a portion of tax collections equaling 1.5 percent of wages and net profits earned by city residents. Monies remitted to the City for the PICA wage and earnings and net profits tax are not considered City tax revenues, but are classified as revenue from other governments. The revenues of the PICA tax secure the debt PICA

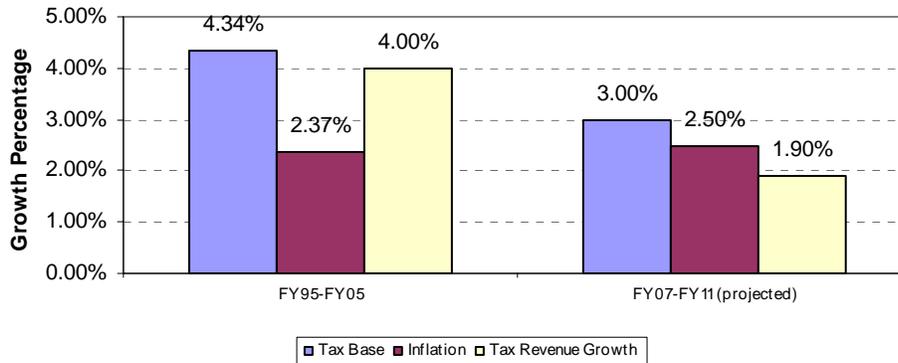
incurred when it borrowed money on the City's behalf in FY91, FY92 and FY93, and covers PICA debt service and operating expenses, with the remaining funds paid to the City.

Percentage Distribution of FY06 General Fund Tax Revenues (\$2,266.5 million)



Philadelphia's tax base, with tax revenues adjusted for rate and tax changes and non-recurring tax revenue, grew from FY95 to FY05 at an average annual rate of 4.34 percent. The growth rate was greater than the 2.5 percent regional rate of inflation during the same period, likely as a result of the sustained national economic expansion and a surge in realty transfer tax revenue at the end of the period. As the following chart shows, this Five-Year Plan assumes that the tax base will grow slightly better than inflation, averaging 3.0 percent from FY07 to FY11, compared to an average inflation rate of 2.5 percent.

Annual Growth in Tax Base -- History and Forecast



*Average annual growth excluding the effects of rate and tax changes and nonrecurring tax revenues

Source: Office of Budget and Program Evaluation

Wage and Earnings Tax

The wage and earnings tax is the City’s largest source of tax revenue, projected to account for almost 50 percent of total tax revenue in FY06. It consists of a 2.801 percent tax on the wages of city residents—who also pay the 1.5 percent PICA wage tax for a total wage tax rate of 4.301 percent—and a 3.7716 percent tax on non-residents working inside Philadelphia. These rates were reduced on January 1, 1996, on each July 1st from 1996 through 2003, and on January 1, 2006, as the first eleven steps in the City’s incremental tax reduction program. Prior to January 1, 1996, the rate was 4.96 percent for city residents (including the PICA tax) and 4.3125 percent for non-residents.

The Plan takes into account the continuation of the City’s incremental wage tax reduction plan through FY11, under Bill 040607. This legislation requires that the resident wage tax rate be further reduced to 4.26 percent and the non-resident rate be reduced to 3.7557 percent, effective January 1, 2007. The wage tax rate will be further reduced to 3.8626 percent for residents and 3.5338 percent for non-residents by fiscal year 2011, as shown in the table below.

Wage Tax Rate Reductions¹				
Fiscal Year²	Residents		Non-Residents	
	Rate	Change from FY95 Rate	Rate	Change from FY95 Rate
1995	4.9600%		4.3125%	
1996	4.8600%	-2.02%	4.2256%	-2.02%
1997	4.8400%	-2.42%	4.2082%	-2.42%
1998	4.7900%	-3.43%	4.1647%	-3.43%
1999	4.6869%	-5.51%	4.0750%	-5.51%
2000	4.6135%	-7.00%	4.0112%	-7.00%
2001	4.5635%	-8.00%	3.9672%	-8.00%
2002	4.5385%	-8.50%	3.9462%	-8.50%
2003	4.5000%	-9.27%	3.9127%	-9.27%
2004	4.4625%	-10.03%	3.8801%	-10.03%
2005	4.3310%	-12.68%	3.8197%	-11.42%
2006	4.3010%	-13.29%	3.7716%	-12.54%
2007	4.2600%	-14.11%	3.7557%	-12.91%
2008	4.2190%	-14.94%	3.7242%	-13.64%
2009	4.1690%	-15.95%	3.6850%	-14.55%
2010	4.0158%	-19.04%	3.6046%	-16.42%
2011	3.8626%	-22.12%	3.5338%	-18.06%
Total Reduction, 1995-2011		-22.12%		-18.06%

1. Projected rates for 2006-2011 are based on legislated reductions under Bill 040607. They do not include the potential additional wage tax rate reductions made possible by state fiscal assistance for tax reform.

2. The FY96 reductions took effect January 1, 1996. The reductions for fiscal years 1997 through 2004 took effect on the first day of the fiscal year, July 1. The reduction for fiscal year 2005 took effect on January 1, 2005. Reductions for fiscal years 2006 through 2011 will take effect on January 1 of each fiscal year.

On July 4, 2004, the Governor approved HB2330 and SB100, which will provide funding for the implementation of statewide tax reform that will have a dramatic impact on the City's wage tax rate, helping Philadelphia become more competitive. The following table shows the projected wage tax rate assuming \$101.1 million in annual funding to the City for tax reduction beginning in 2007. This funding is essential for the City's overall tax reform strategy. It will provide for additional wage tax cuts beyond the level legislated under Bill 040607. Reflecting delays in the gaming implementation process, the FY07-FY11 Plan assumes no revenues from gaming until FY09.

Wage Tax Rate Reductions - State Tax Reform				
Fiscal Year	Residents		Non-Residents	
	Rate (Proposed FY07-FY10)	Change from FY95 Rate	Rate (Proposed FY07-FY10)	Change from FY95 Rate
2007	3.8475%	-22.43%	3.6400%	-15.59%
2008	3.8105%	-23.18%	3.6094%	-16.30%
2009	3.7653%	-24.09%	3.5714%	-17.18%
2010	3.6269%	-26.88%	3.4935%	-18.99%
2011	3.4885%		3.4249	
Total Reduction, 1995-2011		-29.67%		-20.58%

Source: Office of Budget and Program Evaluation

Due to uncertainty surrounding the timing of state tax reform aid, the Plan's revenue projections do not assume any additional wage tax rate reductions due to state tax reform aid, or the corresponding state aid that will make these reductions possible. This assumption does not impact the total Plan revenue projections. Any state tax reform aid received by the City for wage tax reduction is to be revenue neutral, due to the requirement that the City reduce the wage tax in an amount corresponding to the additional state tax reform aid received.

The following table illustrates how employment and average wage per employee—the two key variables considered in formulating the City's revenue forecasts—changed in FY05, from FY00 through FY05, and from FY95 through FY05.

Wage Tax Forecast Variables - Historical Average Annual Growth Rates			
	FY04-05	FY00-05	FY95-05
Wage and Earnings Tax Base (1)	5.63%	3.79%	5.02%
Non-agricultural Payroll Employment (Phila. city)	-0.10%	-1.17%	-0.31%
Average Wage/Employee (Phila. city)	2.06%	4.03%	4.46%
Consumer Price Index (Phila. region)	5.60%	3.51%	3.07%

Source: U.S. Bureau of Labor Statistics and Pennsylvania Department of Labor and Industry

Payroll employment declined by an average of 0.3 percent per year from FY95 through FY05. Annual declines occurred in most fiscal years over the past decade, with the exception of FY98, FY99, and FY00. Since FY00, fiscal year average employment has again begun to decline, with losses from FY01 to FY05. The average wage per employee increased by 2.06 percent in the last year, 4.03 percent per year over the past five years, and by 4.46 percent per year over the past ten years. These wage increases have offset declining employment, leading to an increase in the wage tax base over the past decade. The wage tax base increased at an average annual rate of 5.0 percent over the FY95-05 period. Between FY04 and FY05, the wage tax base increased at a relatively high 5.63 percent. The growing wage tax base has helped to reduce the revenue impact of the incremental wage tax cuts over the period.

The following table shows the assumptions underlying the Plan's wage tax forecast. Average wage-per-employee growth is projected at 3.5 percent in FY06, 3.75 percent in FY07, and 4.0 percent annually from FY08 through FY11. Employment is projected to remain unchanged over the FY06-FY11 period.

Accordingly, the base of the wage tax—wages and salaries of Philadelphia residents and Philadelphia-based employees—is projected to grow by between 3.5 percent and 4.0 percent annually over the life of the Plan. This level is consistent with the average annual growth over the FY95-FY05 period. The table below also presents the impact of future tax cuts under Bill 040607 on the tax base.

Impact of Bill 040607						
		FY07	FY08	FY09	FY10	FY11
	Avg. Wage/Employee Growth	3.75%	4.0%	4.0%	4.0%	4.0%
+	Employment Change	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
=	Gross Growth Forecast	3.75%	4.0%	4.0%	4.0%	4.0%
-	Effect of Tax Cut	<u>-1.10%</u>	<u>-1.12%</u>	<u>-1.37%</u>	<u>-4.14%</u>	<u>-5.58%</u>
=	Net Growth Forecast	2.65%	2.88%	2.63%	-0.14%	-1.58%

After accounting for the impact of Bill 040607, current wage tax revenues are projected to grow between 1 and 3 percent annually during the FY07-FY09 period and decline beginning in FY10 due to the impact of low income credits. Actual Wage Tax collections for FY02 through FY05, as well as projected collections through FY11, are presented in the table below.

Wage Tax Collection History and Forecast (\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
PICA Wage Tax	268.1	273.41	276.8	291.4	301.6	312.9	325.4	338.4	352.0	366.1
City Wage Tax	1,006.0	1,013.40	1,049.6	1,073.6	1,088.8	1,117.4	1,149.5	1,178.3	1,191.1	1,188.7
Total Wage Tax	1,274.1	1,274.1	1,326.4	1,365.0	1,390.4	1,430.3	1,474.9	1,516.7	1,543.1	1,554.8
Growth		0.0%	4.1%	2.9%	1.8%	2.8%	3.1%	2.9%	0.8%	-2.2%
Tax Rates										
Resident	4.54%	4.50%	4.46%	4.33%	4.30%	4.26%	4.22%	4.17%	4.02%	3.86%
Non-resident	3.95%	3.91%	3.88%	3.82%	3.77%	3.76%	3.72%	3.69%	3.60%	3.53%

Source: Office of Budget and Program Evaluation.

Actual wage tax collections, including both the City and PICA wage tax, declined 2.7 percent in FY02. Taking into account the impact of one-time accruals in FY01, actual wage tax collections growth was 1.2 percent on an adjusted basis, still well below historical patterns, and reflective of the weak FY02 economy and the impact of tax cuts. Wage tax collections were unchanged between FY02 and FY03, again a reflection of the economic recession, but showed renewed strength with 3.7 percent growth from FY03-FY04. Collections in FY05 increased 1 percent from the previous year, an indication of continued impact of tax cuts on the revenue stream, since the rate of decrease from FY04-FY05 was 2.9 percent, four times the 0.8 percent rate of the previous two years.

Based on actual collections through the first six months of FY06, collections are projected to increase 1.8 percent in FY06 after tax rate reductions. The Plan projects that total City and PICA wage tax collections will increase by an average annual rate of 1.3 percent from FY06 to FY11. This average growth rate reflects the impact of particularly low rates of growth in FY10 and FY11, due to a particularly large impact of tax cuts in those years. The planned cut in FY06 is a decrease of 7.4 percent from the FY05 rate, which also has a cumulative effect on the out-years of the Plan.

Real Property Tax

The real property tax is the General Fund's second largest source of tax revenue, accounting for an estimated \$394.8 million in FY06, or 17.4 percent of total tax revenue. The tax is levied on behalf of both the School District and the City's General Fund at a combined rate of 8.264 percent of the assessed value of residential and commercial property. Of this rate, for FY02 and prior years, the General Fund's share was 3.745 percent and the School District's was 4.519 percent. For FY03 through FY11, the General Fund share is 3.474 percent and the School District's is 4.79 percent. The millage shift was made to provide the School District with \$25 million of the \$45 million in additional annual funding the City pledged to provide to the District as part of the City's Partnership agreement with the state.

Residential assessments, including condominiums, account for approximately two-thirds of all real property tax revenue, while commercial assessments provide the remaining third. Each November, the Board of Revision of Taxes (BRT) certifies what it believes the assessments will be in the upcoming tax year. As the year progresses, BRT adjusts the assessments because of additions to the tax rolls and reductions in assessments that it grants in response to requests from commercial and residential property owners, as well as Court of Common Pleas decisions on assessment appeals. The Revenue Department's net billings for each year reflect these adjustments. As the following table shows, real estate net billings have steadily increased in recent years.

Growth in Real Estate Tax Assessments, 2000-2006							
(\$ in millions)							
	2000	2001	2002	2003	2004	2005	2006
Certified Assessments	9,452	9,741	10,159	10,621	10,946	11,031	11,417
Growth Over Prior Year	+2.3%	+3.1%	+4.3%	+4.5%	+3.1%	+0.8%	+3.5%
Adjustments	(70)	(62)	(160)	(235)	(250)	N/A	N/A
Net Billings	9,382	9,679	9,999	10,386	10,696	N/A	N/A
Growth Over Prior Year	+2.2%	+3.2%	+3.3%	+3.9%	+3.0%	N/A	N/A

Source: Board of Revision of Taxes.

Since 1999, the real estate market has seen dramatic increases in value in many locations throughout Philadelphia. Low mortgage interest rates, and increased investor confidence in the city, have contributed to increased property demand and value. The City's Neighborhood Transformation Initiative has also contributed to the citywide increase in property values through its strategically targeted investments in neighborhoods throughout Philadelphia. Property assessments have not kept pace with this trend.

The table below presents actual real property tax collections from FY02 to FY05, and projected collections through FY11.

Real Property Tax Revenue History and Forecast										
(\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Current ¹	333.2	329.4	332.6	353.2	356.8	368.6	378.7	387.0	395.8	404.8
Prior ²	40.4	31.7	45.1	39.5	38.0	38.0	38.0	38.0	36.0	36
Total	373.6	361.1	377.7	392.7	394.8	406.6	416.7	425.0	431.8	440.8
Growth	2.8%	-3.3%	4.6%	3.5%	0.5%	3.0%	2.5%	2.0%	1.6%	2.1%

¹ The decline in current collections from FY02 to FY03 is due to the School District millage transfer.
² Structured tax lien sale proceeds are included in prior year history as follows: FY02 \$7.9 million.
Source: Office of Budget and Program Evaluation.

Collections in FY02 increased 2.8 percent, a reflection of the 3.3 percent increase in net billings in 2002, shown above. Revenues decreased 3.3 percent in FY03, despite a 3.9 percent increase in net billings in 2003, due to the transfer of a portion of the real estate tax rate from the City to the School District of Philadelphia. Real estate tax revenues returned to positive growth in FY04 and FY05, reflecting the continued increase in adjusted assessments.

The Plan projects that current real estate tax collections will increase at an average annual rate of 2.5 percent over the FY06-FY11 period, consistent with the Plan's assumed inflation rate. The Plan projects that combined current and prior real estate tax revenues will increase at an annual average rate of 2.3 percent for the period from FY04 to FY10.

BRT plans to assess properties at 100 percent of market value in FY07. Full valuation will result in a more transparent system where assessment growth will closely track trends in actual real estate market values. The Administration supports the move toward full valuation. It represents an important new element in the City's overall tax policy strategy, reflecting the Administration's recognition that tax reform must address structural inequities, as well as rate reductions. Research suggests that, currently, high value properties in the city are generally underassessed as a percentage of their actual market value, while lower value properties are generally overassessed. Full valuation will increase the accuracy of property assessments in Philadelphia, thereby improving the fairness of the Real Estate Tax for City taxpayers and reducing the regressivity of the current system.

BRT expects to have full valuation estimates developed in late summer 2006.

Business Privilege Tax

The business privilege tax (BPT) is the General Fund's third largest tax revenue source, contributing an estimated \$371.3 million in FY06, or 16.4 percent of tax revenue. The BPT is a composite tax on net income and gross receipts, which varies depending on industry classification. The TY06 standard rates are 0.1750 percent on gross receipts and 6.5 percent on net income, although there are numerous exceptions. Regulated industries, such as financial institutions and public utilities, are taxed at the lesser of either 0.1900 percent of receipts or 6.5 percent of net income. Non-regulated industries—such as manufacturers, wholesalers, and retailers—can opt for an alternative tax on receipts that permits subtracting certain product and labor costs from receipts, for purposes of their tax calculation.

As part of the first eleven phases of the City's multi-year incremental tax reduction program, the rate on the gross receipts portion of the BPT was reduced annually, from 0.325 percent before the program started in FY96 to 0.1750 percent in TY06. In addition, in 1996 the tax cut program also changed the methodology for calculating a firm's tax liability by double-weighting the gross receipts factor in the BPT's net income calculation. This change in methodology has reduced the liability of firms located in Philadelphia. There are three factors used in determining the percentage of net income attributable to Philadelphia operations: Property, payroll, and receipts. Before January 1, 1996, each factor was equally weighted. The revised calculation was particularly beneficial to firms that have large property holdings and large employee contingents in the city.

The City's Regional Economic Models, Inc. (REMI) model, a survey conducted by the Commerce Department, and discussions with economists show that the gross receipts portion of the business privilege tax is onerous. The gross receipts tax imposes an extra burden on city businesses, particularly small businesses and new companies struggling for profitability. As a general rule, the tax cannot be "shifted" onto firm customers, since those customers can always purchase the good or service from a non-Philadelphia business, with the exception of some retail and service businesses that can shift the tax to low-income and senior citizen consumers with relatively little mobility. High-volume, low-margin businesses are particularly penalized, as the tax can represent a significant portion of pre-tax profit margin, a higher proportion than that imposed by the net income tax. The changes in the gross receipts tax rate from FY95 to date, and as proposed under this Plan through FY11, are shown in the table below.

Business Privilege Tax (BPT) Rate Reductions* – Actual & Proposed			
Tax Year	Gross Receipts Rate (TY95-TY11)	Change from FY95 Gross Receipts Rate	Reduction in Total BPT Burden**
1995	0.3250%		
1996	0.3000%	-7.69%	-5.14%
1997	0.2950%	-9.23%	-5.85%
1998	0.2875%	-11.54%	-6.90%
1999	0.2775%	-14.62%	-8.28%
2000	0.2650%	-18.46%	-10.00%
2001	0.2525%	-22.31%	-10.70%
2002	0.2400%	-26.15%	-12.88%
2003	0.2300%	-29.23%	-16.23%
2004	0.2100%	-35.38%	-18.11%
2005	0.1900%	-41.54%	-21.27%
2006	0.1665%	-48.77%	-24.97%
2007	0.1540%	-52.62%	-26.94%
2008	0.1415%	-56.46%	-28.72%
2009	0.1290%	-60.31%	-30.88%
2010	0.1165%	-64.15%	-32.84%
2011	0.1040%	-68.0%	-34.82%
Total Reduction 1995-2011		-68.0%	-34.82%

* The Business Privilege Tax consists of a tax on gross receipts combined with a tax on net income. The proposed rate reductions affect only the rate of the gross receipts portion of the tax.

** This percentage includes the effects of (1) the reductions in the gross receipts portion of the BPT and (2) the double weighting of the sales factor in calculating the net income portion of the BPT.

Source: Office of Budget and Program Evaluation.

The Plan includes \$21.2 million in FY07 BPT cuts—\$5 million more than previously projected. These are cuts that have a \$58.7 million impact over the five-year period. This reduction brings the FY06 rate to 1.665 mils (previously 1.75 mils) and the FY11 rate to 1.040 mils (previously 1.250 mils), a 68 percent

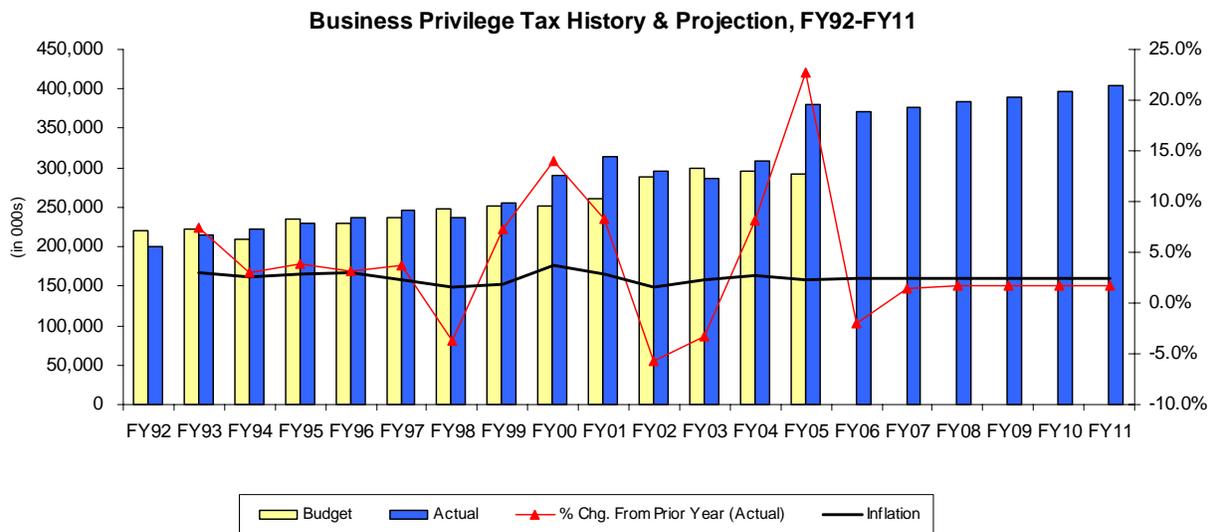
cut from the FY95 level. This pace of cuts puts the gross receipts tax on a schedule for elimination by FY20. The acceleration in cuts capitalizes on business development momentum, witnessed by significant growth in the BPT base over the last two years. The City’s budget can simultaneously absorb the scale of this reduction and still provide the quality of services that the 2005 Citizens’ Survey shows are priorities for residents. The Administration supports this reduction schedule because it maintains fiscal stability, enables continued year-to-year flexibility, and addresses the need to improve Philadelphia’s tax structure.

The table below presents actual BPT collections from FY02 to FY05, and projected collections through FY11.

Business Privilege Tax Revenue History and Forecast (\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Current	273.8	238.7	269.9	326.6	318.3	318.9	324.1	328.8	332.0	336.3
Prior	22.0	47.4	39.2	52.8	53.0	53.0	53.0	53.0	53.0	53.0
Total	295.8	286.1	309.2	379.5	371.3	371.9	377.1	381.8	386.0	389.3
Growth	-5.8%	-3.3%	8.1%	22.7%	-2.2%	0.2%	1.4%	1.2%	1.1%	0.9%

Source: Office of Budget and Program Evaluation

The following graph demonstrates the historical growth in the BPT and illustrates its volatility from year to year.



Source: Office of Budget and Program Evaluation

BPT collections declined in both FY02 and FY03, a reflection of recessionary conditions in the city that impacted the growth of business receipts and earnings. In FY02, the BPT base grew by an estimated 1

percent. However, actual BPT revenue declined 5.8 percent in FY02, due to the impact of tax cuts and an accounting change mandated by GASB 33 that resulted in the inclusion of \$4.5 million in one-time accruals in FY01. In FY03, BPT collections again declined, by 3.3 percent, due to continued corporate losses.

A filing process change initiated in FY03 that was intended to simplify the process for new business filers led to some initial confusion, resulting in large overpayments by some taxpayers. FY03 actual collection results were adjusted and do not include those overpayments, which were partially refunded during FY04. In FY04, BPT collections increased 8.1 percent over the prior year, a reflection of improving economic trends.

Of all City taxes, the BPT is probably the most volatile and difficult to predict. An accurate projection of each fiscal year's results is not possible until the end of April. In addition, about 60 percent of BPT collections are derived from the net income component, which fluctuates depending on corporate profits and the use of net losses that businesses are allowed to carry forward into a succeeding year to offset tax liabilities. Based on the significant increase in FY04 collections, and evidence that the city's economy is recovering from the recessionary conditions of FY02 and FY03, the Plan projects the BPT base will grow at an annual rate of 4.0 percent from FY06 through FY11, 1.5 percentage points above the assumed rate of inflation. After the effects of tax cuts are included, BPT collections are projected to increase at rates between 0.8 percent and 1.2 percent during the FY07-FY11 period.

Sales Tax

The sales tax is the General Fund's fifth largest tax revenue source, accounting for 5.4 percent of all tax revenues in FY06. The state legislature authorized imposition of a local 1 percent sales-and-use tax under the PICA Act of 1991, and the tax was first collected in October 1991. The local sales tax is collected by the state and remitted to the City monthly. The table below shows the FY02-FY05 trend in actual sales tax collections, as well as the projected collections through FY11.

Sales Tax Collections History and Forecast										
(\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Collections	108.1	108.0	108.0	119.9	122.9	125.9	129.1	132.3	135.6	139.0
Growth	-2.9%	-0.1%	0.0%	11.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation.

Actual sales tax collections declined 2.9 percent in FY02, and were essentially flat from FY02 to FY04, reflecting the impact of recessionary economic conditions and employment losses on retail sales in the city. Sales tax revenues rebounded in FY05, increasing by 11 percent. The solid increase in collections in FY05, as well as the gradually improving city economic trends in 2004, suggest that sales tax collections will continue to show modest growth over the Plan period. The Plan projects sales tax collections to grow by 2.5 percent annually from FY07 to FY11, a growth rate equal to the assumed inflation rate over the period.

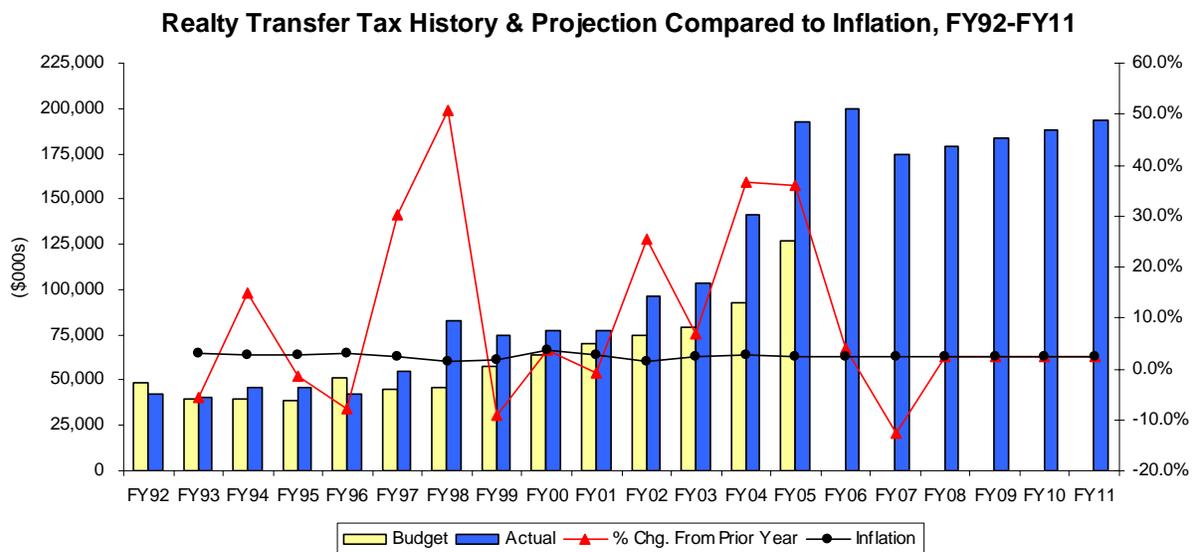
Realty Transfer Tax

The realty transfer tax (RTT) is a tax on the sale of real property in the city. In FY06, the RTT is projected to generate 9.3 percent of General Fund tax revenue. The current rate is 3.0 percent on the value of property transferred. The table below presents actual RTT collections from FY02 to FY05, and projected RTT collections through FY11.

Realty Transfer Tax History and Forecast (\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Collections	96.7	103.4	141.3	192.3	210.0	185.0	189.6	194.4	199.2	204.2
Growth	25.6%	6.9%	36.7%	36.1%	9.2%	-11.9%	2.5%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation.

As shown in the chart below, the RTT has proven to be a revenue source with considerable volatility. Despite an erratic trend, strong growth in recent years is clear.



Source: Office of Budget and Program Evaluation

Revenues from the RTT have skyrocketed over the past several years, driven by increasing property values and a higher volume of transactions. FY02 collections increased 25.6 percent over the prior year, with large commercial transactions contributing to the increase. Two transactions involving Liberty Place accounted for \$8 million of RTT revenue. Collections increased 6.9 percent, 36.7 percent and 36.1 percent, respectively, in FY03, FY04 and FY05. RTT collections through the first six months of FY06 suggest continued increase in revenue in FY06, with the current projection set at \$200 million.

In response to a recommendation by the Tax Reform Commission, City Council passed Bill 040019 on June 10, 2004. This legislation was designed to eliminate a loophole that previously allowed parties

involved in large commercial real estate transactions to avoid the RTT. Prior to the legislation, a buyer could acquire a property by purchasing the land, while entering into a long-term lease for the value of the building. The party could legally pay RTT solely on the value of the land, not the value of the building, at the termination of the lease. Bill 040019 eliminated this loophole, and broadened the base of the tax.

The Plan projects that RTT revenue will decline in FY07 to a level more consistent with the historical base for this tax. From FY07 through FY11, collections are projected to increase at an average annual rate of 2.5 percent, the assumed annual rate of inflation over this period. As is the City’s practice, the expected revenues from the tax in FY07 have been reset at \$185.0 million. RTT revenues are annually budgeted lower than the revenues of the previous year, in recognition of the tax’s idiosyncratic performance, based as it is on the level of activity in the marketplace. While studies indicate that the Philadelphia real estate market is likely to be more resilient than most, sales have slowed from FY05 levels, given increases in mortgage rates.

Parking Tax

The parking tax is a tax on the gross receipts from all parking transactions. In FY06, it is projected to generate \$47.2 million, 2.1 percent of total General Fund tax revenue. Since 1987, the rate is 15 percent of gross parking receipts. The adopted FY06 budget reflects an expansion of the base of the parking tax to include valet parking.

Due to a technicality, valet parking had not been subject to the City’s parking tax. In FY05, City Council passed Bill 050452, which closed this loophole, so that valet parking transactions are included in the base of the tax in the same manner as all other paid, non-metered parking in the city. This new revenue source is estimated to generate an additional \$1.5 million in parking tax revenue in FY06, and a total of \$9 million in additional revenue over the Plan period. The additional revenue generated from this initiative is utilized to fund restoration of critical citizen services. The table below presents actual parking tax collections from FY02 to FY05 and projected collections from FY06 through FY11.

Parking Tax History and Forecast (\$ in millions)										
	History				Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Collections	37.9	38.7	42.5	45.0	47.2	48.4	49.6	50.8	52.1	53.4
Growth	-2.8%	2.1%	9.8%	5.9%	4.9%	2.5%	2.5%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation.

Actual parking tax collections declined 2.8 percent in FY02, a reflection of recessionary economic conditions. In FY03, FY04, and FY05, collections increased 2.1 percent, 9.8 percent, and 5.9 percent, respectively, an indication of the City’s economic recovery. The City is projecting a further increase of 4.9 percent in Parking Tax collections in FY06, based on collections to date.

The Plan projects a 2.5 percent increase in collections in FY07 through FY11, reflecting normal inflationary growth in the tax base.

Outdoor Advertising Tax

In FY05, City Council passed Bill 050451, which institutes a 7 percent excise tax on the transaction price paid for billboard advertising, effective July 1, 2005. The City believes that an excise tax on these transactions, because they are exempt from the state and City sales tax, are lawful, and will generate much needed revenue without inhibiting job creation or growth in Philadelphia. The table below presents projected revenue from this tax over the life of the Plan.

Outdoor Advertising Tax Forecast (\$ in millions)										
History					Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Collections	N/A	N/A	N/A	N/A	1.5	1.5	1.6	1.6	1.7	1.7
Growth						2.5%	2.5%	2.5%	2.5%	2.5%

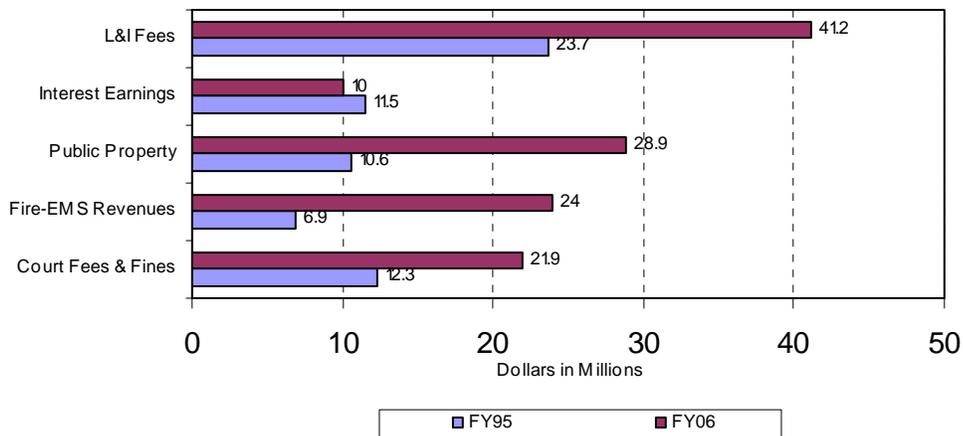
Source: Office of Budget and Program Evaluation.

The Outdoor Advertising tax is projected to generate \$1.5 million in FY06 and \$8.1 million over the FY07-FY11 period.

Non-Tax Revenues

Local non-tax revenue collection initiatives have played an important role in increasing the City’s revenues since FY95. Initiatives have included: Improved license and permit fee enforcement and Department of Licenses and Inspections fee increases; the Public Property Department’s cable television franchise fee; improved EMS collection efforts; and increased court fees. The impact of these initiatives on General Fund revenues is shown in the chart below.

Increases in Local Non-Tax Revenues



Source: Office of Budget and Program Evaluation

In part because of these initiatives, total local non-tax revenues have increased by almost 35 percent from \$179.0 million in FY95 to an estimated \$239.9 million in FY06.

FY07 revenues are projected to decrease to \$234.0 million, due to a reduction in the sale of surplus property program and a one-time payment of \$8 million from the Philadelphia Eagles for a court settlement anticipated in FY06. However, locally generated revenues are expected to remain above FY05 and prior year levels, due to additional revenues from initiatives such as the following:

- **Strategic marketing partnerships.** The City is currently working with a consulting team to develop a citywide strategic marketing plan to maximize the value of private partnerships, including sponsorships, exclusivity agreements, and leasing of City assets. New York City, Washington, D.C., Boston, and Chicago have begun similar initiatives, and a preliminary estimate by the City's consulting team, support an estimate of \$22.5 million in new revenue over the FY07-FY11 period.
- **Updated food license and public health permit fees.** In FY05, City Council gave approval to the Department of Licenses and Inspections for fee increases for food licenses and to the Department of Public Health for fee increases for environmental health licenses and permits. The fees, which had not been updated since 1993, generate \$1.2 million annually, and are tied to the cost of providing inspections and other services.
- **Updated records fees.** In FY05, the Department of Records increased the fees charged for Police accident reports and document recording to more accurately reflect the cost of these services. These fee increases generate an additional \$1.1 million annually.
- **Increased fines and fees from outdoor advertising. The City has long struggled with illegal, unlicensed billboards blighting Philadelphia neighborhoods.** In FY05, City Council approved Bill 050453, which will expand the City's efforts to regulate outdoor advertising. This ordinance, which is similar to those in the rest of the state, enables the City to collect license fees that will offset the cost of improved inspections and enforcement of billboard activity. Under the ordinance, an annual license fee of \$650 per sign will be imposed. The ordinance also increases the fines imposed on illegal billboards. The City's expanded outdoor advertising licensing and code enforcement efforts are expected to generate \$4 million in new license and fine revenue over the life of the Plan.

Capital Program

Mission

The Capital Program is the City's six-year plan for the construction and renovation of public buildings, facilities, and infrastructure. The Capital Program is structured to support the Mayor's priorities, specifically projects that renew the City's physical infrastructure, promote economic development, maintain the City's fiscal stability through measures to enhance governmental efficiency, ensure public health and safety, support major civic assets for residents and visitors alike, and improve the quality of life for city residents and positively impact the City's neighborhoods.

The Process of the Capital Program

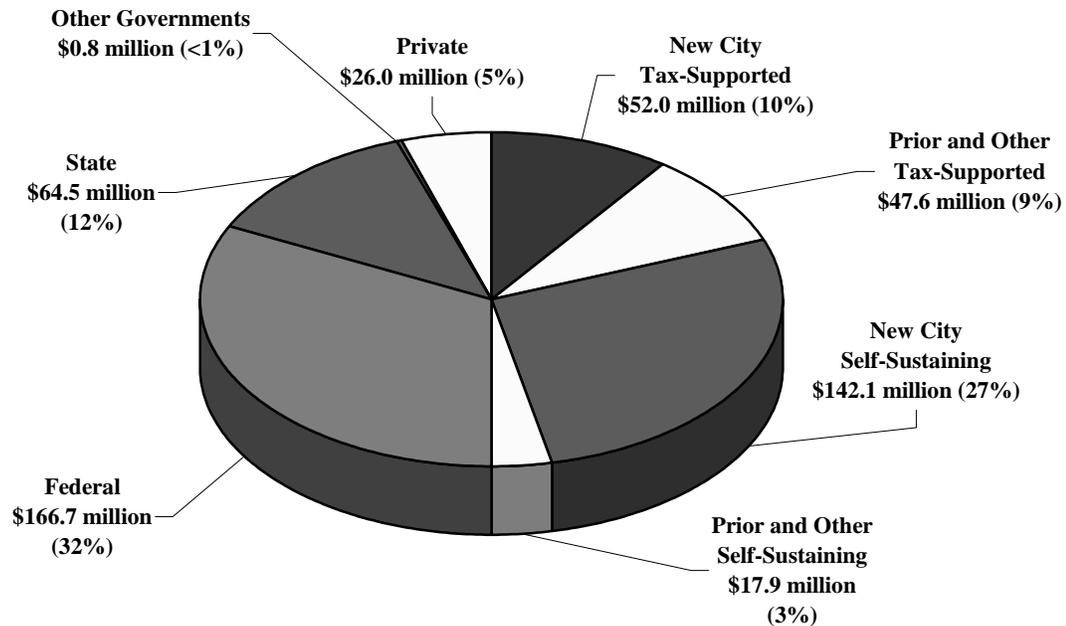
While the development of the Capital Budget each year follows a course similar to the preparation of the City's operating budget, there are several notable differences. The City Planning Commission, working in concert with the Capital Program Office (CPO) and the Office of Budget and Program Evaluation, presents the Recommended Capital Program and Budget to the Mayor. As with the operating budget, City Council must provide its approval and, once that occurs, a loan authorization for general obligation bonds to finance the City-funded portion of the Capital Budget is submitted for public referendum.

CPO manages much of the actual fiscal administration of the tax-supported program. Capital projects are implemented through a competitive bidding and contractual process, including review by the City's Minority Business Enterprise Council. In addition, CPO provides project-management services for design and construction, often in consultation with affected communities. Depending on the size and complexity of the project, this process can take months or even years to complete. For that reason, the management of capital projects to ensure quality and timeliness is critical, and part of the City's focus in recent years has been to enhance its performance in that area.

Capital Budget Sources of Funds

The proposed Capital Budget, the first year of the Capital Program, totals \$517.6 million. Of this, \$52.0 million, or 10 percent, is to be funded through new, General Obligation bonds issued by the City. These bonds are repaid from the City's general tax revenues. Prior-year and other tax-supported funds equal \$47.6 million, or 9 percent. The largest source of FY07 funding comes from City "self-sustaining" loan funds. These self-sustaining loans, issued as Philadelphia Airport and Water Department revenue bonds, account for 31 percent of the proposed budget-year spending (\$159.9 million). Federal, state, and other government sources supply \$232.0 million in funds (45 percent) and lastly, private sources provide \$26.0 million, or 5 percent.

FY07 Capital Budget Sources of Funds

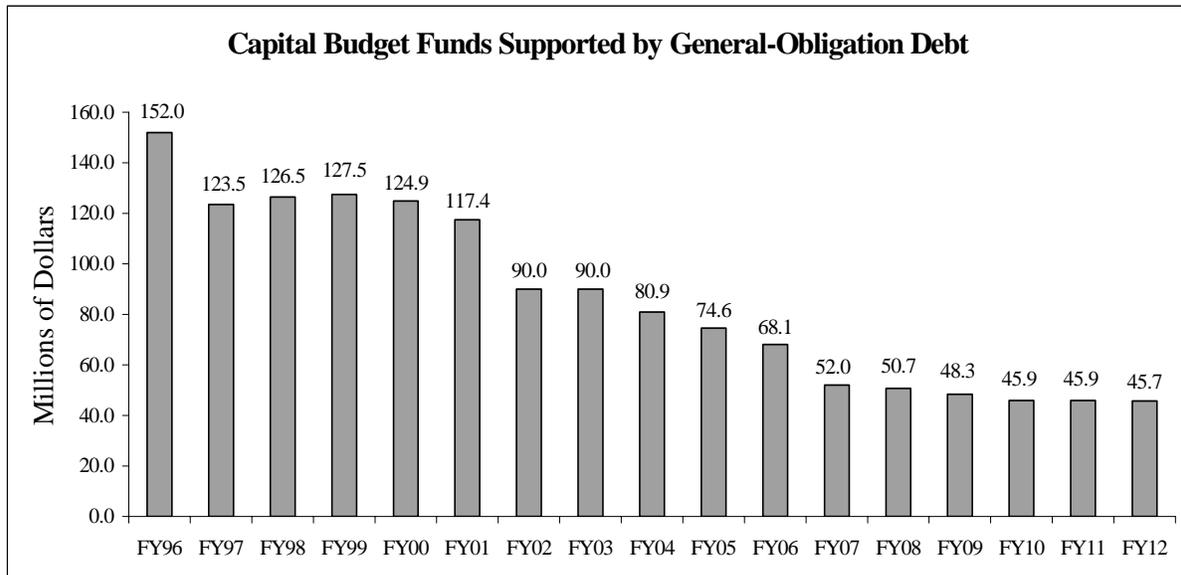


Source: Philadelphia City Planning Commission.

The City’s ability to issue new debt is restricted by its legal debt capacity. As defined under the State Constitution, the City’s debt capacity equals 13.5 percent of the ten-year average of the assessed value of real estate. The City’s outstanding tax-supported debt is subtracted from adjusted assessed value, to derive the City’s legal debt margin. As of July 1, 2005, the City’s remaining debt capacity was \$119 million. The debt margin only increases when debt is retired or the assessed value of real estate increases.

The Board of Revision of Taxes (BRT), following a recommendation made in the Tax Reform Commission’s report, is moving towards 100 percent assessment of real-estate properties. When assessments increase, the 10-year moving average of assessment values used to determine the constitutional debt limit also will increase. Nevertheless, the City’s ratio of debt service to revenue will continue to restrict its ability to issue General Obligation debt. A relatively high ratio of debt service to revenue will not only crowd out other operating expenditures, but if the ratio gets too high, it also could result in a reduction of the City’s bond rating, increasing the costs of borrowing.

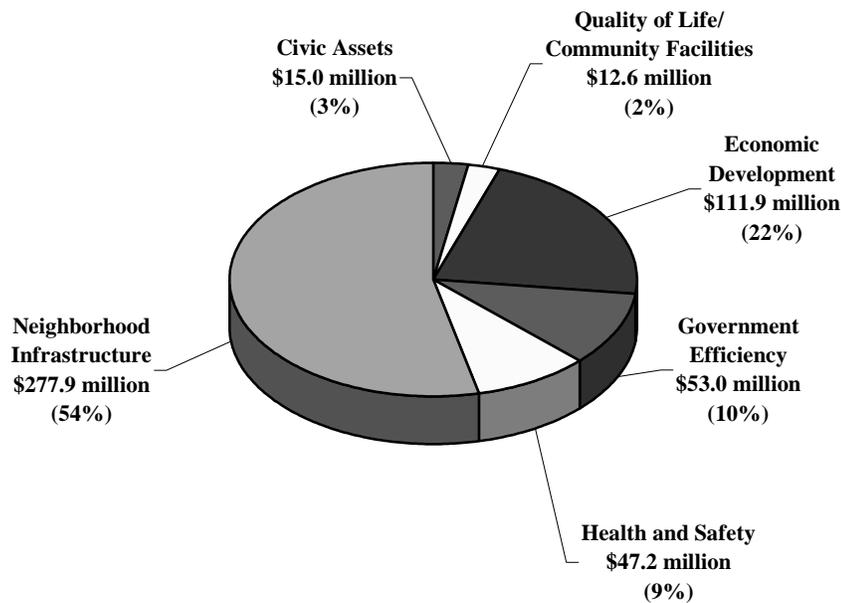
The chart below shows the Capital Budget funds supported by general-obligation debt from FY96 through the proposed FY12 budget.



Capital Budget Uses of Funds

The projects in the FY07-FY12 Capital Program are categorized by the following six priorities: neighborhood infrastructure, economic development, governmental efficiency, health and safety, civic assets, and quality of life/community facilities. Shares of the budget are shown in the following chart:

FY07 Capital Budget Uses of Funds (All Funds)



Source: Philadelphia City Planning Commission.

Neighborhood Infrastructure projects focus on improvements to transit stations and other transportation facilities, street reconstruction and resurfacing, street signage, and traffic-control improvements. Replacement of water and sewer mains is also included as Neighborhood Infrastructure projects, as they are essential services to neighborhoods and their residents. For FY07, major projects include \$8.0 million for reconstruction and resurfacing of streets and more than \$2.4 million for the Market Street reconstruction program related to improvements to SEPTA's Market Street Elevated line.

Economic Development projects serve to retain and attract businesses; provide jobs for residents; support neighborhood-based job creation/employment centers, such as neighborhood industrial districts; and assist similar development initiatives. Projects at the City's airports, as well as those that support major new commercial, industrial, port-related, and hospitality-industry development also fall into this category. The FY07 Capital Budget dedicates \$1.85 million for waterfront infrastructure-improvement projects along the Delaware and Schuylkill Rivers, as well as \$1.0 million for infrastructure improvements at the Navy Yard.

Government Efficiency projects promote governmental operating efficiencies and more effective service delivery. Projects in this category include communication-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 (e.g., Police, Fire, Health, Municipal Services Building, One Parkway Building, and Family Court), and the modernization of operational buildings (e.g., Fleet, Sign/Lighting Shops, and Sanitation). The administrative expenses of the CPO that appear in the Capital Program and Budget also fall into this category. In FY07, the Mayor's Office of Information Services will continue implementation of an integrated case-management system for \$1.0 million, and \$500,000 is for energy-efficiency projects managed by the Municipal Energy Office.

Health and Safety projects promote overall improvements in public health, safety, and welfare. Examples include projects related to the City's water facilities (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. Americans with Disabilities Act accessibility modifications are also considered Health and Safety projects. For the FY07-FY12 program, \$2.4 million will be used to replace Fleet Management's fuel tanks citywide. The Water Department is committing \$42.0 million annually in self-sustaining funds for improvements to water and wastewater-treatment facilities.

Civic Assets projects are those that contribute to the livability of the City as a whole, as well as to the City's reputation as a destination for tourists and visitors. Examples include 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 also are considered Civic Assets projects. The FY07 budget includes \$4.0 million for improvements to City Hall, with an additional \$16.0 million programmed through FY11, and more than \$5.3 million for the Art Museum over the life of the six-year program.

Quality of Life/Community Facilities projects include the renewal of facilities serving residential neighborhoods, such as branch libraries, neighborhood parks and recreation facilities, police and fire stations, neighborhood health centers, and other projects that serve neighborhoods and promote their

improvement. In FY07, more than \$6.0 million is appropriated for Recreation Department facilities and more than \$1.5 million for police and fire facility improvements.

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a pair of scales. The shield is surrounded by a decorative border with the words 'CITY OF PHILADELPHIA' and the date '1791' at the bottom.

City of Philadelphia
Five-Year Financial Plan

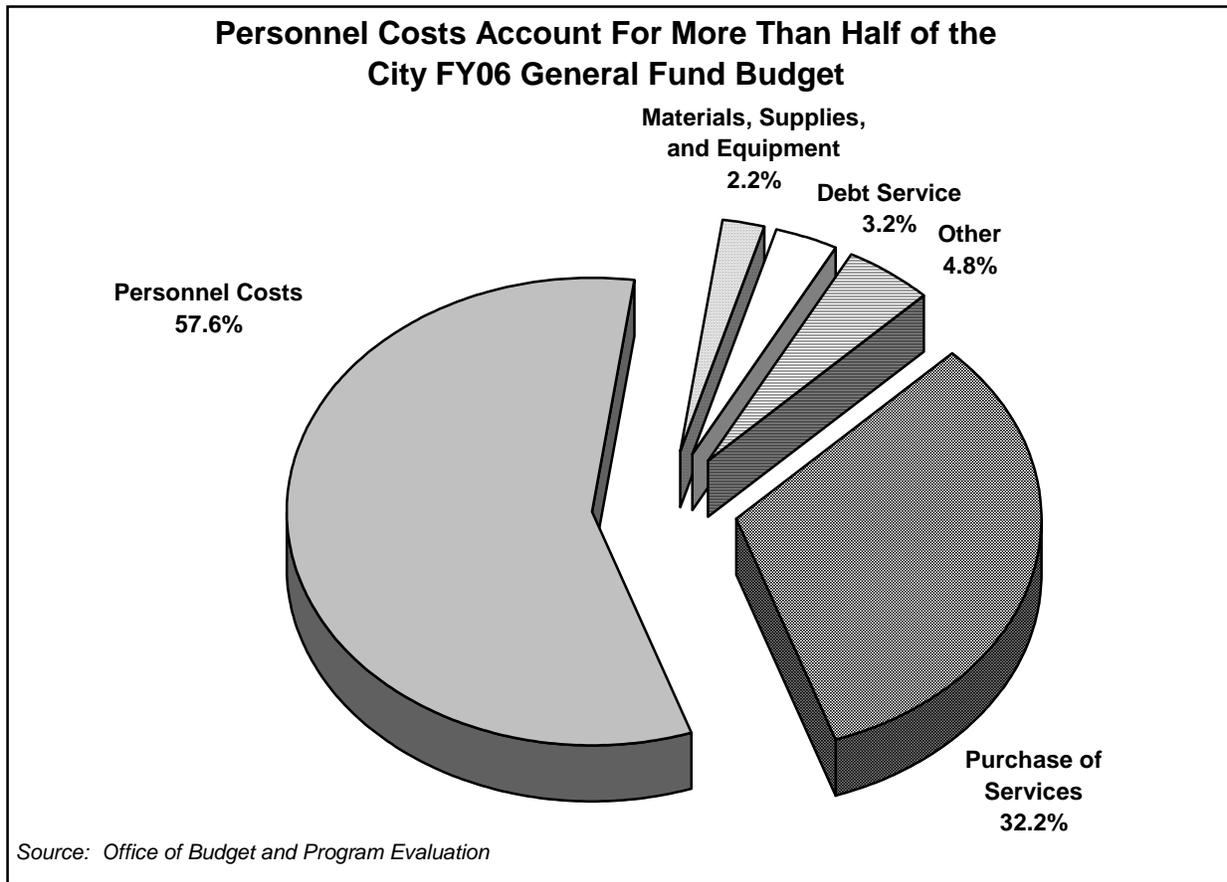


City Workforce

City Workforce

Overview

As a labor-intensive enterprise, City government's single largest expense is employee wages and benefits, representing 57.6 percent of the FY06 General Fund budget, at a cost of almost \$2 billion.



More than nine out of ten City workers are represented by the collective bargaining units detailed in the following chart. The challenge of controlling the cost and managing the effectiveness of the City workforce can therefore only be addressed through contract negotiations and effective labor-management relations.

City Workforce as of October 2005¹ (All Funds, Excluding Court Employees)		
Union	Description	# of City Employees
AFSCME District Council 33 (DC 33)	Labor, trades, and clerical employees, including first-line supervisors	9,910
AFSCME District Council 47 (DC 47)	Professional and technical employees such as engineers, accountants, and social workers, including first-line supervisors	3,365
International Association of Fire Fighters, Local 22 (IAFF)	Uniformed fire fighters and paramedics, all ranks up to Deputy Commissioner	2,236
Fraternal Order of Police, Lodge 5 (FOP)	Sworn police officers including prosecution detectives, all ranks up to Deputy Commissioner	6,657
Fraternal Order of Police, Lodge 5 (Sheriffs)	Uniformed deputy sheriffs and clerical employees of the Register of Wills	211
Not Union Represented	Exempt employees, civil service managers, and higher-level civil service supervisors	2,688

¹ While the Administration is responsible for negotiations with the City's four unions, almost 3,500 of the 24,879 employees included in the FY06 Budget do not report to the Mayor. These nearly 3,500 employees report to independently-elected officials-- the City Controller, City Council, the City Commissioners, the Clerk of Quarter Sessions, the District Attorney, the First Judicial District, the Register of Wills, and the Sheriff.

Collective Bargaining 2004

In 2004, the Administration concluded a new round of collective bargaining with three of the four major unions that represent City workers. A four-year interest arbitration award was issued in August 2004, covering the Fraternal Order of Police (FOP); however, this contract only awarded a health and welfare rate increase in the first year, and ordered the panel to reconvene to determine the City's health and welfare contribution level for Fiscal Year 2005. Four-year contracts were negotiated with AFSCME District Councils 33 and 47 later in 2004, and these contracts also contain the provision for renegotiating health and welfare contributions for Fiscal Years 2007 and 2008.. Uniformed Fire employees, represented by Local 22 of the IAFF, received a three-year award in 2002, which did not expire until June 30, 2005.

During the course of negotiations with AFSCME unions, the City and the unions agreed to a substantial change in the sick leave benefit. The City and AFSCME unions agreed to implement a short-term disability program for new hires, and reduce the normal sick leave to be received and accrued. With input from the unions, the City is in the process of designing a short-term disability insurance plan that will provide employees who have legitimate serious illnesses with a safety net for the first time. Rather than being dependent on the number of unused sick days "in the bank," employees will be able to receive two-thirds of their salary for up to six months. All employees hired after the plan is implemented will receive this insurance, as well as 12 sick days per year for episodes of less serious illness, accruable up to a maximum of 90 days. Employees hired prior to plan implementation, who currently earn 15 to 20 sick days a year, accruable up to 200, may enroll in the program at their option.

The major economic provisions of the current agreements are detailed in the following chart.

	AFSCME	IAFF	FOP
Term	4 Years (2004 – 2008)	3 Years (2002 – 2005)	4 Years (2004 – 2008)
Wages	FY05: \$750 one-time bonus (2.3%) FY06: 2% FY07: 3% FY08: 4%	FY03: 3% FY04: 3.5% FY05: 3% FY06: TBD Salary progression for new hires restructured to match FOP.	FY05: 3% FY06: 3% FY07: 3% FY08: 4%
Longevity	Unchanged.	Unchanged.	Changed to a percentage of salary ranging from 2.3% in third year to 5.8% after thirty years.
Health Benefits	<p>City contribution rates increased by 10% in first two years of four-year term.</p> <ul style="list-style-type: none"> ▪ FY05 - \$682.56 (10% incr.) ▪ FY06 - \$750.82 (10% incr.) <p>Future contributions to be determined by reopening bargaining for the period of FY07 through FY08.</p> <p>Post-retirement City contribution is for 5 years, and now coverage may be deferred.</p> <p>Permit employees to trade sick leave at retirement for additional post-retirement health insurance coverage on a dollar for dollar basis.</p>	<p>City contribution set at:</p> <ul style="list-style-type: none"> ▪ FY03 - \$823.37 (37% increase) ▪ FY04 - \$905.90 (10% increase) ▪ FY05 - \$996.27 (10% increase) <p>Additionally, \$1.7 million lump sum payments in FY03, 04, and 05.</p> <p>Increase post-retirement City contribution from 4 to 5 years.</p> <p>Permit employees to trade sick leave at retirement for additional post-retirement health insurance coverage.</p>	<p>City contribution increased to \$898 per month in FY05 (a 6% increase). Contribution awarded in 2005 was appealed by the City and remanded to the panel.</p> <p>Future contributions to be determined by reopening bargaining for the periods FY 06-FY07 and FY08.</p> <p>Post-retirement City contribution remains 5 years.</p> <p>Employees permitted to trade sick leave at retirement for additional post-retirement health insurance coverage based on pay level at retirement.</p>
Pensions	Unchanged.	Payments to Union Health Fund to supplement retiree health insurance of \$1,007,000 in FY03 and FY04. In FY05, payment is \$1.5 million.	Payments to Union Health Fund to supplement retiree health insurance of \$3.25 million in FY05, \$3.5 M in FY06, \$3.75 M in FY07 and \$4 M in FY08.
Sick Leave	City to initiate a Short-term Disability Program. Employees hired after implementation will earn 12 days/year up to a maximum of 90, and will have STD coverage after the first 30 days of illness.	Unchanged.	Unchanged.

Reduction in Force

Due to the position level reductions required in FY05 and FY06 to balance the FY06-FY10 Plan, exacerbated by the need to offset increased compensation costs from the labor contracts and arbitration awards, the City initiated a reduction in force program in FY 05. The program included reductions resulting from attrition, layoffs and other initiatives. While the effects of the reduction in force program have been felt across the City, and while each of the AFSCME District Councils and the Fraternal Order of Police have been experiencing these effects, the Fire Fighters represented by the IAFF have resisted the process.

For the Fire Department, the reduction in force began with a plan to reduce the number of engine and ladder companies across the City, while keeping every existing station open and increase the number of Emergency Medical Services units to meet a growing demand. The City's plan to reduce the number of engine and ladder companies reflects long-term downward trends in the number of structural fires, and was designed to preserve safety and emergency response times. Local 22 of the IAFF has challenged that proposal through a court action, unfair practice charge and grievance arbitration. The arbitrator in the grievance proceeding ruled that the re-deployment plan was permitted by the collective bargaining agreement. The Pennsylvania Labor Relations Board deferred to the arbitrator's ruling, dismissing the charge of unfair practices. However, implementation of the plan has been further delayed by additional court action by Local 22 challenging the arbitrator's ruling. That litigation continues, with appeals filed before the Commonwealth Court.

Contract Negotiations 2005

During calendar year 2005, the City and the FOP again entered the interest arbitration process to address the health and welfare contribution rate, as ordered by the 2004 arbitration panel. Following hearings, the FOP was initially awarded a budget-breaking 16 percent increase by an arbitration panel in August 2005, to \$1,039 per employee per month. The City appealed the award as inconsistent with the ability to pay, as outlined in the 2006-2010 Five Year Plan. In October 2005, Common Pleas Court granted the City's petition to vacate, directing the panel to comply with the requirements of the Pennsylvania Intergovernmental Cooperation Authority Act. The matter was referred back to the arbitration panel for reconsideration. In mid-January 2006, the panel issued a new award with the prior amounts preserved, confirming that ability to pay and other issues were considered in their decision. The City will appeal the decision. The City continues to contribute the monthly amount prescribed in the 2002 - 2004 award.

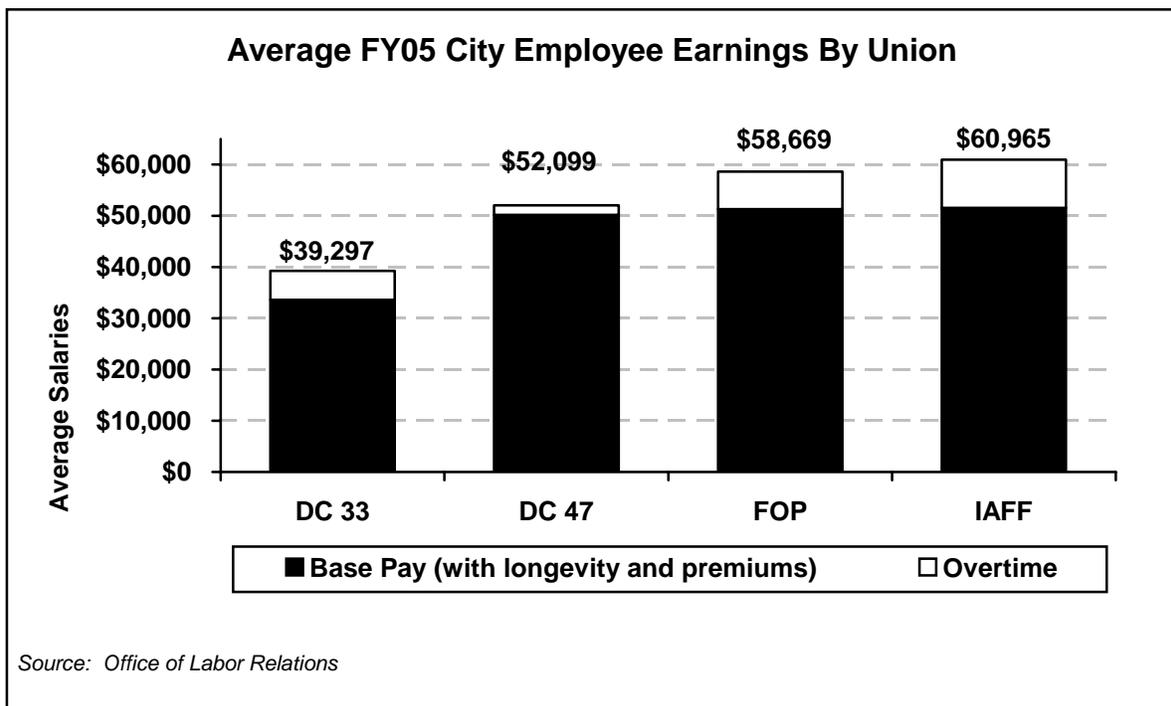
During the latter half of calendar 2005, the City has been engaged in interest arbitration proceedings with Local 22 of the IAFF for an award that will be effective July 1, 2005. Contract proposals between the parties were exchanged in December 2004, consistent with the requirements of state law. Once more, the issues that have been key to the parties are health insurance and wages. The City's inability to implement the redeployment plan for the closing of engine and ladder companies has added greater pressure to these economic factors, while highlighting the dispute between the City and the Union over the City's need to maintain flexibility to manage the fire service. The negotiations with AFSCME have also provided a pattern for redesigning sick leave benefits, and for some changes to existing post-retirement health insurance options. The 2002 Fire Interest Arbitration Award relaxed some longstanding sick leave control measures for Fire Fighters. As these changes were implemented, the Fire Department saw an increase in short-term sick leave usage that resulted in an increase in overtime. The City's proposal to re-institute these sick leave controls combined with the a proposal to replace the existing sick leave benefit with a short-term disability program modeled after the AFSCME , if granted by the arbitration panel, should reduce the cost of sick leave while increasing protection for employees who have lower levels of seniority.

A Review of the Current City Compensation Package

In general, Philadelphia City workers receive a highly competitive wage and benefit package. The following are among the highlights of the City's current compensation package.

Wages

In addition to providing benefits and job security superior to those generally found in the private sector, City jobs provide good wages. Both base pay and overtime earning opportunities for City employees are highly competitive. For FY05, the average District Council 33 member earned more than \$39,000, the average District Council 47 member earned over \$52,000, the average police officer earned over \$58,000, and the average firefighter earned over \$60,000.



Health Benefits

Nonunion City employees receive a first-rate health and welfare plan administered by the City. The plan includes a choice between a health maintenance organization (HMO) managed care plan, a Point of Service plan providing full family medical coverage for a small employee contribution, and a more expensive Preferred Provider Organization plan for a larger employee contribution. The plan also provides: Dental, vision, and prescription plans with no employee contributions for premiums; free life and accidental death and dismemberment insurance; and annual cash bonuses for low sick leave usage. Through competitive bidding for covered services and a shift from traditional indemnity coverage into more cost-effective managed care, the City has been able to maintain the high quality of its health plan while keeping costs at a steady and affordable level.

Benefits under the City-Administered 2005 Flex Plan
<ul style="list-style-type: none"> • Three Independence Blue Cross managed care health plans: Keystone Health Plan East HMO and Keystone Point-of-Service Plan, which require small employee contributions, and Personal Choice Option 210, which is a more expensive Preferred Provider Organization plan requiring a larger employee contribution.
<ul style="list-style-type: none"> • Two Dental Plan Options: Delta Dental Preferred Plan, which provides 100 percent coverage for diagnostic and preventive dentistry, periodontal care, and oral surgery, and 80 percent coverage for child orthodontics; and Delta Care Dental HMO, which provides a full range of dental care services through a primary care dentist and dental HMO network for specified co-pays.
<ul style="list-style-type: none"> • A Pharmacy Benefit Plan, with a three-tiered co-pay structure: \$5 for each generic prescription, \$15 for preferred brand-name medications, and \$21 for non-preferred brand-name prescriptions.
<ul style="list-style-type: none"> • A Vision Benefit Plan that covers eye examinations and lenses (annually and frames (biennially)).
<ul style="list-style-type: none"> • Free life insurance coverage in the amount of \$15,000, with options to increase coverage.
<ul style="list-style-type: none"> • Free accidental death and dismemberment coverage of \$15,000, with options to increase coverage.
<ul style="list-style-type: none"> • Other Benefit Options: A bonus for low sick leave usage, compensation for waiver of health coverage (alternate coverage must be confirmed), options to purchase Dependent Life Insurance and Salary Continuation Benefit for Survivors, and the option to establish before-taxes spending accounts for additional medical or day care expenses.

Union members receive their health benefits through plans designed and administered by their union, but largely financed by monthly contributions for each covered employee paid by the City. Although the plans are ostensibly administered by Joint Boards, the City has only a minority of the representatives on the various boards and no real say in how the money is spent. The City's level of contribution is now set by negotiation or by interest arbitration award at a flat rate for each year of the contract. As of July 2005, the City's monthly contribution was set at \$750.82 per employee for AFSCME, \$898.00 for the FOP, and \$996.27 for the IAFF. Furthermore, both the FOP and the AFSCME unions have contract language calling for the re-opening of negotiations over the City's contribution rate in the out years of the contract.

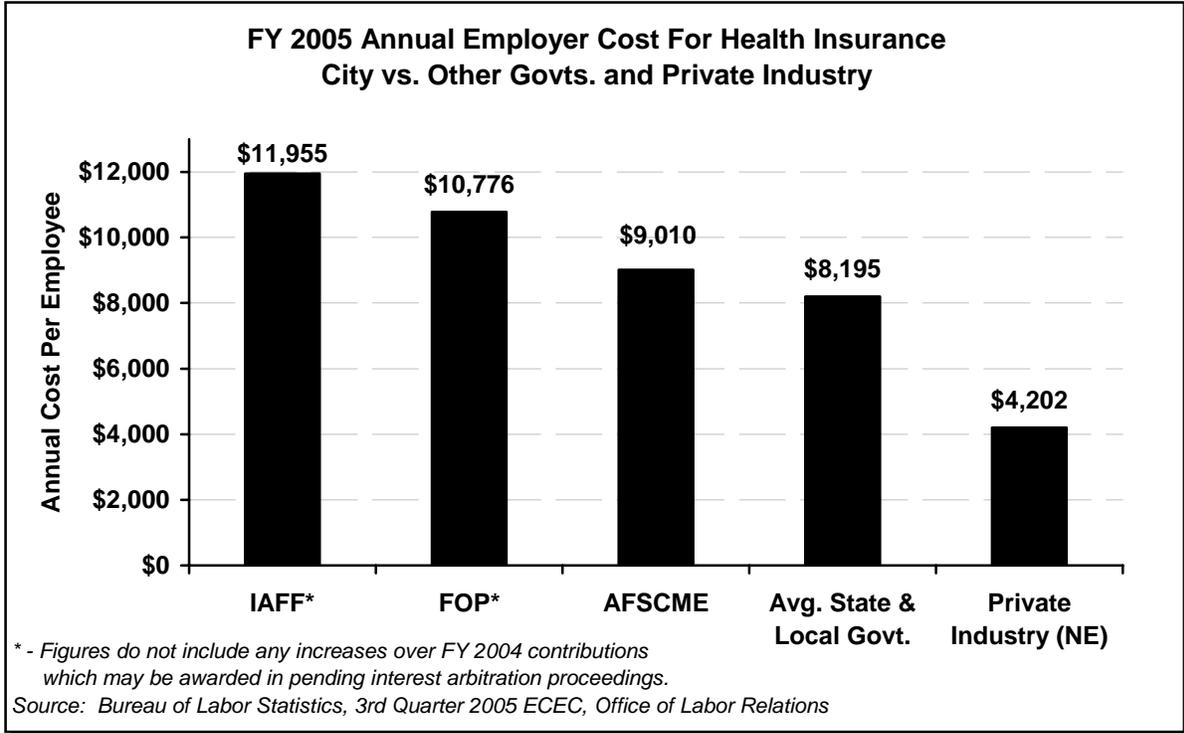
Because union members participate in union-administered plans with the City providing a set contribution per employee per month to purchase coverage, the actual benefits provided may cost more or less than the City's contribution. If benefit costs are less than the City's contribution, the unions retain the additional funds. If benefit costs are more than the City's contribution, the unions may redesign their plans or institute an employee contribution. For example, District Council 47, which currently offers the same preferred provider plans that the City-administered health program does, has realized that funding those types of health plans requires some level of employee contributions. If a DC 47-represented employee chooses the Personal Choice plan the union offers, a biweekly contribution is required. However, the Police and Fire unions continue to fund the entire cost of members' health benefits from City contributions and reserves in their respective funds, without requiring any contribution even for the Personal Choice plan it offers.

The small number of City employees making a contribution toward their own health coverage premiums contrasts sharply with national trends. According to Kaiser/HRET, overall health care premium costs for 2005 increased 9.2 percent over 2004, outpacing both overall inflation and increases in workers' wages by six percentage points, and are projected to rise another 10 percent to 12 percent in 2006. However, the employer's share of health care costs increased somewhat more slowly than that, according to the 2005 Mercer National Survey of Employer-Sponsored Health Plans. According to the Mercer survey, "when annual health benefit cost increases peaked three years ago at nearly 15%, employers responded with an unprecedented flurry of plan design changes. Increases have slowed each year since then, with employer costs rising just 6.1% in 2005 to an average of \$7,089 per employee. A similar increase - 6.7% - is predicted for 2006."

Among the plan design changes reported, employers raised co-payments and deductibles, added three-tier co-payments for prescription drugs, and raised out-of-pocket maximums. The Mercer survey reflects what an earlier 2003 Segal Health Plan Cost Trend Survey recommended, namely, cost-sharing with employees. Segal reported that "plan design is one of the most controllable factors that influence health plan costs."

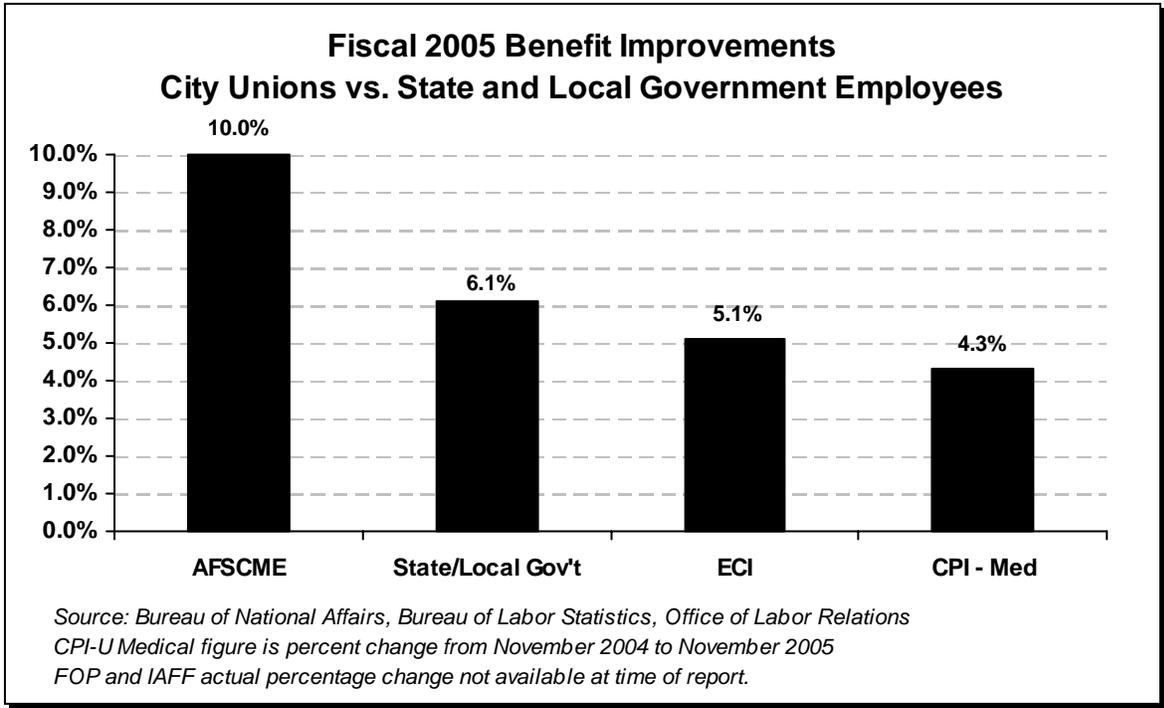
In response to benefit cost increases, most other employers have adopted higher levels of employee contribution, plan redesigns, higher deductibles, higher medical co-payments and tiered prescription co-payments. According to the Kaiser/HRET, Northeast employers required an average employee contribution of \$684 annually for individual health coverage and an average contribution of \$2,256 annually for family coverage. The average contribution paid by employees for family coverage has remained around 33 percent of the total per-employee cost over the last several years.

In evaluating the City's health benefits contributions, it is instructive to compare the amount paid by the City to its unions to the amount typically contributed for health coverage by other employers. According to the Bureau of Labor Statistics, the City contribution level for Fiscal Year 2004 for FOP and IAFF members is well in excess of an average government benefit for FY 2005, and almost triple the average private sector employer's share of health insurance costs, as shown in the table below. The contribution levels for both the FOP and IAFF will certainly be higher in FY 2005, but at printing time, those increases are as yet undetermined.



Not only does the City contribute a relatively high amount towards health benefits, its funding level is also higher than the average full cost of health insurance in this region. According to the Bureau of Labor Statistics, the annual 2005 employer's benefit cost per-employee averaged \$4,410 for employers in the Mid-Atlantic region and \$4,368 nationally. In FY 2005, the City contribution to its four unions will average more than \$9,837, not including lump sum payments. Unless uniformed unions undertake some serious reforms and introduce cost containment measures, the gap of more than \$5,400 between the average Mid-Atlantic employer and the City will continue to grow.

The benefits dollars spent by the City also continue to increase at a higher rate than the average for State and Local Government and the Employment Cost Index (ECI). As illustrated in the chart below, as a percentage increase, the benefits increases to the AFSCME unions far outstripped the average increase in state and local government benefit costs, which were only slightly higher than the ECI. The FOP and IAFF benefit changes have yet to be determined by interest arbitration panels as of print time, but even at FY 2004 rates, the contributions they receive are 19.6 percent and 32.6 percent larger than the AFSCME contribution rate.



As illustrated by the delayed redesign of their health and welfare plans in response to changes in negotiated funding levels over the past ten years, the unions typically have difficulty responding to changing market conditions, while few markets have been more volatile in recent years than the health care and insurance markets. With health care increases outstripping inflation, it is imperative that the City be able to respond quickly to contain costs, while continuing to offer competitive benefits at the lowest possible cost to the employee. The City should follow the pattern prevalent in private industry, that of true joint administration of health and welfare to better answer the needs of the employees while responsibly managing costs.

Leave Benefits

A reasonable level of leave usage for holidays, vacation, illness, and personal emergencies is needed to maintain a productive and positive work environment. The City, however, provides high levels of leave in almost every category, resulting in an overall paid leave package, and overall leave usage, well in excess of competitive norms. When the City benchmarks costs against those of the private sector—for example, when considering whether to contract out a municipal service—the relative generosity of the City’s leave benefits is consistently among the key factors that make City operations more costly and its workforce less competitive.

On top of generous vacation benefits, military leave, and funeral leave, City employees also annually receive 11 paid holidays and four personal days or “floating holidays” for a total of 15 days of leave. According to the 2003 Hay Benefits Report, the average number of fixed and floating holidays provided nationally is only 10.3. More than three-quarters of government survey respondents provide two or fewer personal days, with one-third providing none at all.

In addition, City employees hired before the implementation of the short-term disability plan receive 15 or 20 sick days per year, an extraordinary benefit that drives high leave usage and overtime replacement costs. By contrast, the 2003 Hay Group survey found that only 6 percent of employers provided as many as 15 days per year, and only 4 percent provided more than 15 days. Of 488 employers allowing uniform accumulation of sick leave, 87 percent provide 12 or fewer days per year.

Although incentive schemes have been developed to address excessive use of sick leave, the City's research and experience suggests that the simplest approach would be the most effective. If the number of days available were reduced, there would be less opportunity for excessive use. During 1992 collective bargaining, the City and its unions took the first step toward this principle by reducing earned sick leave for new employees from 20 days per year to 15. In 2004, the City and the AFSCME unions took a further step by negotiating implementation of a short-term disability insurance program for new hires. Under the new plan, new hires would receive 12 sick days per year, and be eligible for up to six months disability coverage.

In addition, several other measures might be considered. For example, sick-leave abuse could be minimized by tightening the criteria for approval, regardless of whether doctors' notes are provided for absences. Similarly, it would encourage and reward good attendance if the rate of accrual of personal days were linked to attendance. Contract provisions are summarized on the table that follows.

City of Philadelphia Compensation Package By Bargaining Units				
	AFSCME	FOP	IAFF	Comparisons
Wage	Average FY2005 earnings of \$39,297 for DC 33 and \$52,099 for DC 47. FY05 earnings do not reflect 2 percent general increase received after July 1, 2005.	Average FY2005 earnings of \$58,669. FY05 earnings do not reflect 3 percent general increase received after July 1, 2005.	Average FY2005 earnings of \$60,965.	Average earnings for full time City unionized employees in FY 2005 were \$49,240, compared to calendar 2003 per capita income in Philadelphia of \$38,160, according to Bureau of Economic Analysis. Average wage increases nationally for State and Local Government through first three quarters of 2005 are 2.7 percent (based on the Employment Cost Index published October 2005).
Health	City funds union plan at cost of \$8,191 per employee in FY05.	City funds union plan at cost of \$10,776 per employee in FY05.	City funds union plan at cost of \$11,955 per employee in FY05.	All union plans funded by the City at levels substantially higher than the average northeast employer contribution level for 2005 of \$4,202 (based on Employer Costs for Employee Compensation, September 2005).
Retiree health	The City provides five years of free post-retirement coverage to all pension-eligible	The City provides five years of free post-retirement coverage to all pension-eligible	The City provides five years of free post-retirement coverage to all pension-eligible	According to the most recent Business & Legal Reports national survey (2003 data), only 15

City of Philadelphia Compensation Package By Bargaining Units				
	AFSCME	FOP	IAFF	Comparisons
	employees. Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	employees. Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	employees. Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	percent of employers offer retiree health coverage to employees under age 65. This has declined from 46 percent in 1993. In contrast, City has increased coverage from four to five years.
Disability	City Injured-On-Duty (IOD) system pays 75 percent of pre-injury pay, tax-free, and continues family medical coverage, sick leave accrual, and pension credits.	City Injured-On-Duty (IOD) system pays 100 percent of pre-injury pay, tax-free, and continues family medical coverage, sick leave accrual, and pension credits.	City Injured-On-Duty (IOD) system pays 100 percent of pre-injury pay, tax-free, and continues family medical coverage, sick leave accrual, and pension credits.	Workers' Compensation pays only 66 2/3 percent of pre-injury pay, tax-free, and does not continue general medical benefits, sick leave accrual, or pension credits.
Pension	Under the current 1987 City plan, AFSCME members can retire at age 60, earning benefits accrued at 2.2 percent per year for ten years, and 2 percent per year thereafter (for example, 72 percent of average final compensation after 35 years of service, with no offset for Social Security). Veteran workers remain in older City plans with even more favorable formulas (e.g., retirement at age 55).	Under the current 1987 City plan, police officers can retire at 50 and accrue benefits at a straight 2.2 percent per year. Veteran workers remain in older City plans with even more favorable formulas (e.g., retirement at age 45). In addition, the City contributed \$2.5 million in FY01, FY02, FY03, and FY04 and will pay \$3.25M in FY 04, \$3.5 M in FY05, 3.75 M in FY06, and \$4 M in FY07, to a union fund for supplemental retiree benefits.	Under the current 1987 City plan, firefighters can retire at 50 and accrue benefits at a straight 2.2 percent per year. Veteran workers remain in older City plans with even more favorable formulas (e.g., retirement at age 45). In addition, the City contributed \$1 million in FY01, FY02, FY03, and FY04 to a union fund for supplemental retiree benefits. Contributions in FY05 are \$1.5 million.	The City's retirement plans are extremely generous relative to most employers', offering a defined benefit (instead of the increasingly common defined contribution), a relatively early age for retirement, and no social security offset. Changes to the Pension Plan permit employees to begin receiving pension payments as deferred compensation while still working, for up to four years. Additionally, the Pension Adjustment Fund provides for possible sharing of investment earnings with current retirees.
Paid leave	Eleven paid holidays, four annual personal days, 15-to-20 sick days per year, 10-to-25 vacation days, plus paid funeral and military leave.	Eleven paid holidays, four annual personal days, 15-to-20 sick days per year, 10-to-25 vacation days, plus paid funeral and military leave.	Eleven paid holidays, four annual personal days, 15-to-20 sick days per year, 96-to-192 vacation hours, plus paid funeral and military leave.	Combined 15 paid holidays and personal days exceeds national average of 10.3 found in the 2003 Hay Benefits Report.
Legal	Free legal coverage funded by the City at a cost of \$12 per-	Free legal coverage funded by the City at a cost of \$24 per-	Free legal coverage funded by the City at a cost of \$19 per-	Legal benefits rarely provided in either the public or private sectors.

City of Philadelphia Compensation Package By Bargaining Units				
	AFSCME	FOP	IAFF	Comparisons
	employee per month.	employee per month.	employee per month.	
Miscellaneous	Uniform and tool allowances are provided where job-related. Life insurance benefits provided.	Free uniforms are supplied to new employees, and a total of \$775 each year provided in cash uniform allowances. Life and accidental death and dismemberment insurance benefits provided.	Free uniforms are supplied to new employees, and a total of \$775 each year provided in cash uniform allowances. Life and accidental death and dismemberment insurance benefits provided.	Varies. Generally, City benefits are competitive and often more than competitive.



City of Philadelphia
Five-Year Financial Plan



**Neighborhood Transformation
and Blight Elimination**

Neighborhood Transformation

Overview

Beginning in FY06, the City broadened the scope of the Neighborhood Transformation Initiative (NTI) to focus attention and resources on neighborhood commercial corridors. In FY07, the Administration will undertake a major initiative, NTI's ReStore Commercial Corridor Initiative, weaving together the principles of NTI with the strategies developed in the City's Economic Development Blueprint, supported in part by \$65 million in bond proceeds proposed as a part of the FY07 Operating Budget and FY07-FY11 Five Year Financial Plan.

In April 2001, Mayor Street unveiled his Neighborhood Transformation Initiative, a strategy to preserve and rebuild Philadelphia's neighborhoods as thriving communities with clean and secure streets, vibrant retail, recreational and cultural outlets, and quality housing. Through NTI, the City and its operating departments have adopted a approach to addressing every aspect of neighborhood preservation and development. The Initiative also increases opportunities for government and citizens to work together, restoring civic pride and building community spirit.

The initial phase of NTI acknowledged the need for focused attention on neighborhood commercial corridors. Thus in 2002-2003, the Philadelphia Planning Commission updated *Philadelphia Shops* (<http://www.philaplanning.org/data/philashops.pdf>), a study of commercial corridors throughout the City. The *Update* concludes:

- Philadelphia has a large overall supply of retail-oriented floor area, but many older corridors remain uncompetitive, and several neighborhoods appear to have inadequate amounts of floor area devoted to basic, convenience-oriented goods and services.
- Public and private interventions in neighborhood commercial conditions have generated the most consistent and beneficial results when they have:
 - Paralleled retail industry and consumer preferences for location and type of use
 - Strategically reinforced other, previous and planned investments
 - Added a substantially new or improved service supported by local buying power
- Auto-oriented development is becoming more prevalent in the City, and it is generally successful in terms of occupancy and condition. However, where auto-oriented development makes pedestrian and transit access less comfortable and convenient, it reduces Philadelphia's ability to compete for households who prefer a high quality, urban alternative to low density, suburban-style development.

The 2003 Update, though conducted as a "snapshot," was designed to explore the use of a GIS project as an ongoing, analytical and management tool for commercial and community development. The snap-shot results are already in use for:

- Planning for neighborhood commercial services as part of NTI and other initiatives
- Capital programming
- Informing City applications for state and federal funding to support planning as well as program implementation on corridors

- Consideration of zoning policies, changes, and variances on corridors and districts

As our residential communities undergo a renaissance, it is imperative that the City provide support for the retail and commercial corridors that are the “front door” into neighborhoods. This additional focus for NTI remains consistent with the program’s long-term goals, which remain unchanged:

- **Goal 1: Neighborhood Planning.** Facilitate and support community-based planning and the development of area plans that reflect citywide and neighborhood visions.
- **Goal 2: Blight elimination.** Eradicate blight caused by dangerous buildings, debris-filled lots, abandoned cars, litter, and graffiti to improve the appearance of Philadelphia streetscapes.
- **Goal 3: Blight prevention.** Advance the quality of life in Philadelphia neighborhoods with a targeted and coordinated blight prevention program.
- **Goal 4: Land assembly.** Improve the City’s ability to assemble land for development.
- **Goal 5: Neighborhood investments.** Stimulate and attract investment in Philadelphia neighborhoods.
- **Goal 6: Leveraging resources.** Leverage resources to the fullest extent possible and invest them in neighborhoods strategically.

Sustaining program momentum, transitioning best practices throughout government, streamlining housing agency delivery systems, launching ReStore Commercial Corridors, and enhancing the Green City Strategy constitute the major challenges in the coming year.

While attention around NTI has focused on the elimination of blight and positive development activity, a no less critical NTI goal has been the implementation of a fundamental change in how the City does business to ensure that the multitude of services provided to Philadelphia’s residents are coordinated in a way that supports healthy neighborhoods and communities. To that end, NTI has made significant changes across government, including: fostering interagency cooperation, improving technology, and streamlining processes and systems. A true measure of NTI’s success during the initial part of its next phase will be whether the strategic changes that have occurred in the processes and systems of government during the early years of the initiative become “business as usual” for the City and the program, as part of a new best-practice driven culture.

Second, the Administration will further define and implement a program to revitalize or stabilize commercial corridors across the City, through the NTI ReStore Commercial Corridor Program. Healthy communities must be supported by vibrant commercial districts. To support this work in a more coordinated way, the Administration merged NTI and Empowerment Zone staff in FY06, and deployed Commerce Department staff working on neighborhood economic development to NTI.

Collaborating with other City agencies over the last six months, NTI has created the ReStore Commercial Corridor Initiative to revitalize neighborhood commercial corridors and re-establish their historic roles as central places to shop, to work, and to meet neighbors. ReStore Commercial Corridors will:

- **Focus planning and data analysis on strengthening corridors:** Utilizing “Philly Shops,” and the dozens of neighborhood and corridor plans inspired by NTI, ReStore will make investments based upon such plans, and will support additional planning when warranted.
- **Align and leverage resources:** NTI will align the expenditure of bond proceeds with Community Development Block Grant funds, Capital Program funds, and other state and federal resources. In FY 06, NTI issued a Request for Proposals that will make approximately \$4 million—of which \$1.95 of which is NTI bond proceeds—available to non-profit organizations, to support enhancements of their neighborhood commercial corridors.
- **Make neighborhood commercial corridors more welcoming places:** NTI will invest in commercial corridors to make these avenues easier and more pleasant for pedestrians to navigate, with improved connections to transportation, a greater sense of security, and more appealing storefronts for customers. Funding may be used for public lighting, signage, sidewalks, crosswalks, greening, public art, and security measures, as well as targeted demolition, to remove blighted properties, and acquisition to create parcels for commercial redevelopment.
- **Develop a system to attract and retain businesses in corridors:** NTI will help neighborhood groups and business associations understand, value, and market their assets to support and grow existing businesses, and attract regional and national chains to their corridors. Investments may include: Acquisition funding to acquire blighted properties for redevelopment; façade renovations to storefronts; technical assistance and rent rebates for businesses; marketing campaigns; neighborhood improvement districts; business association and Community Development Corporation support; pre-development and development funding for major commercial, institutional, and cultural facilities that will draw people to the neighborhood commercial corridor; and a small Business Loan Guarantee Pool, to improve the access of small businesses located on commercial corridors to mainstream lenders by providing a guarantee.

Vibrant commercial corridors provide the stable center of healthy neighborhoods. The commercial corridor strategy will result in improved corridors with less vacancies, new development, the creation of new jobs, and support of neighborhood entrepreneurs. These districts will offer necessary retail services, local employment opportunities, and a means for keeping dollars cycling through the community.

Third, in FY07, the Administration will step up its signature Green City Strategy. In early 2000, when Mayor Street announced his commitment to neighborhoods, the city had 31,000 vacant lots. Fewer than 1,000 were receiving regular attention. Since the launch of NTI, the Pennsylvania Horticultural Society’s Philadelphia Green Program has worked with the Mayor’s NTI staff to implement the Green City Strategy. The strategy calls for a targeted approach to maintenance of Philadelphia’s vacant land and green infrastructure from its parks, public spaces and gateways, to community gardens, tree lined streets, and vacant lots. As of December 2005, more than 20,000 vacant lots are receiving some form of stabilization or maintenance, an increase of more than 3000 lots since FY04.

The Green City Strategy has made major strides in transforming vacant, debris-strewn lots that fill neighborhoods with despair into managed open spaces that provide promise and opportunity. What were formerly forbidding vacant lots are now neighborhood assets in which children play and neighbors picnic. In coordination with this aggressive effort, ten community-based organizations have taken on the role of “caretaker” for vacant lots in their neighborhoods. In addition to improving the physical appearance of these lots, these organizations have been able to

employ neighborhood residents in the care of their community. Finally, the Managing Director’s Office routinely cleans other vacant lots in the City that do not yet enjoy this level of care and maintenance.

In FY07, NTI will stabilize an additional 500 lots, maintain the lots that have already been treated, and add an eleventh community-based organization to participate as a caretaker of neighborhood lots. NTI will also invest in tree planting to support the development of the portfolio of managed vacant land. The Green City Strategy will support the ReStore Commercial Corridors Initiative through its treatment of vacant land on neighborhood commercial corridors.

In the sections that follow, the investments NTI is making in the neighborhoods through the activities of several City departments and agencies, are described in detail. FY07 cost impacts are shown. FY07-FY11 costs are not shown, since these will need to be determined.

FY07 Cost

Department: Licenses & Inspections

- **Continue to reduce the number of dangerous vacant residential properties.** By the end of FY06, the City will have completed the demolition of approximately 6,000 residential properties, through the NTI targeted demolition program that works in selected areas, based on analysis of the condition of structures, level of vacancy, proximity to schools and other neighborhood characteristics. Under the targeted program, contractors are responsible for every aspect of the “demolition package,” which increases accountability and efficiency, while creating subcontracting opportunities for smaller firms. The Department of Licenses and Inspections (L&I) emergency curbside demolition program provides an important complement to the NTI targeted program, allowing the City to continue removing dangerous residential properties located outside of NTI demolition areas. . Funds identified are carry-forward bond proceeds. The total funding available for this project, including bond proceeds is \$25 million.

 - *Progress Measure:* Demolish up to 200 dangerous structures in FY07.

\$6,000,000
- **Incorporate best practices from the NTI targeted demolition program into emergency “curbside” demolitions.** In FY07 emergency demolition will be funded out of the General Fund. In addition, the City will continue to improve its systems for tracking dangerous buildings, scheduling re-inspections of vacant properties, and contracting for curbside demolitions by employing a project manager. The project manager will work with L&I staff to transfer best practices in project management to City employees.

 - *Progress Measure:* Staff training for participating staff completed by the end of the fiscal year.

\$2,000,000

- **Demolish large vacant buildings to provide public safety and foster redevelopment.** While the decaying industrial or commercial buildings are a threat to public safety and a blighting influence in many Philadelphia neighborhoods, their removal can represent a redevelopment opportunity. In FY03, the Commerce Department, with City Council input, researched and developed a list of 60 large vacant commercial and industrial properties for demolition over the next five years. Properties were prioritized for demolition based on dangerous condition level, existing Code violations, and potential for redevelopment. During FY03 and FY04, the City demolished 13 large vacant buildings and by the end of FY06, will use NTI funds to demolish between 20 and 25 more high-priority buildings. As a result of increasing neighborhood values other buildings have come off the original list as owners have come forward to remediate Code violations and, in some cases, convert previously abandoned properties to other commercial or residential use. More than \$1 million in grants funding will be targeted to this purpose in FY07.

- *Progress Measure:* Demolish up to 20 structures in FY07.

\$0

- **Retaining wall reconstruction.** Retaining walls are private property or “private infrastructure.” State and local laws require abutting property owners to cover the cost of maintenance and reconstruction of retaining walls and other private infrastructure. However, the expense of these repairs is a deterrent for some property owners, and when private retaining walls become public-safety hazards, the City intervenes. In FY03, the Streets Department surveyed and estimated repair costs of more than 60 retaining walls in need of repair citywide The City budgeted at total of \$2.2 million. In FY06, the City will complete the final retaining wall project, which will bring to eight the total number of walls repaired. By law, the City can assess the abutting property owners, depending on linear feet of frontage on the wall. There is \$664,000 in grants funding available for retaining wall work in FY07.

- *Progress Measure:* Initiate recycling program.

\$0

Office of Housing & Community Development (OHCD)

- **NTI will work with OHCD and the Office of Housing and Neighborhood Preservation (OHNP) to identify large parcels of land to be used for development and to identify developers.** The Redevelopment Authority (RDA) is using NTI bond funds to acquire land for currently identified and future projects. To ensure effective use of NTI resources, the Interagency Review Team, composed of representatives of City Planning, RDA, OHCD and the Commerce Department, was established in FY03 to review proposed acquisition requests and provide recommendations to Council members. City Council has approved acquisition of 5,678 parcels. The land is being acquired for land banking, affordable housing development, market rate housing development, open space, side yards, commercial development, or institutional use. In FY04, the City increased

\$0

the NTI acquisition budget from \$74 million to \$89 million to accommodate increased demand for acquisition. The additional \$15 million will be funded through a swap of NTI funds with Community Development Block Grant dollars. In FY06 to ensure that assembly for redevelopment activity continues, the City executed a recycling agreement with the OHCD that directs tax revenue recovered from condemned parcels into a fund that will support additional acquisitions. The total of \$37.5 million in grants funding is available for these projects.

- *Progress Measure:* Initiate recycling program.

- **Reorganize housing delivery.** In FY07 the City will absorb a 10+ percent reduction in its federal housing and community development funds forcing the City to reduce administrative costs in order to preserve to the extent possible direct assistance for community development activities. The City will develop and implement plans to create a less costly more efficient housing delivery system. \$0

- *Progress Measure:* Complete planned reorganization by deadline.

- **Housing Preservation.** Housing agencies expect to finance repair and rehabilitation of 4,500 existing homes by the end of FY07, with \$505,000 in grants funding. \$0

- *Progress Measure:* Complete 4,500 housing rehabilitations.

- **Implement the Affordable Housing Trust Fund.** In FY05, working with the Philadelphia Association of Community Development Corporations, the City successfully lobbied at the state and local level for passage of legislation enabling the establishment of an Affordable Housing Trust Fund- a dedicated revenue source to support the development of affordable housing—using revenues raised from increased local document recording fees. The Fund was established in FY06. It is projected to generate \$11 million in FY07. A total of \$11 million is expected to be available in FY07. \$0

- *Progress Measure:* Create Advisory Board and allocate \$11 million to support affordable housing.

Mayor’s Office of Information Services

- **Develop a Vacant Property Management Information System (VPMIS), a technology supported system for acquiring, assembling, and disposing of property.** To track the acquisition, assembly and disposition of property efficiently, the City is developing VPMIS. The City will expend approximately \$3.5 million in bond funds on this activity over five years. VPMIS will streamline land acquisition disposition processes by: (1) providing an online method for users to research, assemble, and request parcels for projects; (2) automating the RDA’s acquisition and disposition processes; (3) creating a electronic property inventory for marketing; (4) improving communication during all project phases by allowing property requesters to view project status and receive notifications \$0

about milestones and deadlines; (5) creating an electronic document repository for each project and enabling agency staff to track project progress electronically; and (6), empowering policymakers, administrators, and managers with enhanced decision-making tools. The VPMIS will utilize the core applications of the Unified Land Records System to access information critical to the land acquisition and disposition processes. A Phased deployment will begin in FY06 and be completed in the first quarter of FY07. Approximately \$1.4 million will be expended in this phase.

- *Progress Measure:* Complete implementation across all agencies and departments.

- **Implement the Unified Land Records System (ULRS) across City departments.** \$0
ULRS aggregates accurate and current land record data from independent databases used by departments and agencies, to facilitate community development and real estate transactions, eliminate bureaucracy, enhance revenue collection, and reduce personnel costs. Accurate street address information is critical to almost all data used by City agencies. In the past, separate agencies maintained “stand-alone” databases, which were unable to communicate or easily share information. Starting in FY03, the City committed \$3 million in NTI bond funds over five years to upgrade the City’s mapping and data sharing capabilities through a single system ULRS. Managed by the Mayor’s Office of Information Services (MOIS), ULRS will link property-specific data among the major City departments using a common address model and the City’s geographic information system (GIS). The principal components of the system include: An accurate and up-to-date parcel map developed from the property registry maps maintained by the Department of Records and an enterprise (citywide) address management system. In FY04, MOIS converted the 5,000 land registry maps maintained by the Department of Records to a GIS format. Additional implementation includes the ULRS Administration Site, Master Address Dataset, the Geocoding Dictionary Editor, enhanced web services, the ULRS Explorer, ULRS Editor for data administration, ULRS Desktop, mobile tools for integration into existing software, and a ULRS Raster Generator to enable decision-based analysis at multiple levels. A total of \$800,000 is to be expended in FY07.
- *Progress Measure:* Meet roll-out deadline.

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a pair of scales. The shield is surrounded by a decorative border with the words 'CITY OF PHILADELPHIA' and the date '1791'.

City of Philadelphia
Five-Year Financial Plan



Economic Development

Promoting Economic Development

Background

Major Industry Sectors

Philadelphia's economic outlook closely resembles the national economic outlook, and in some respects Philadelphia has performed comparatively better than similar U.S. cities. The employment base has undergone a gradual shift over the last decade, most notably marked by growth in leisure/hospitality and education/health services sector employment.

Cluster Employment Data: City of Philadelphia 1999-2005 (in thousands)								
Sector	1999	2000	2001	2002	2003	2004	2005 Estimated	% Change from 1999
Construction & Mining	12.2	12.5	13.4	12.8	12.1	11.2	11.3	-7.2%
Manufacturing	43.9	43.2	39.9	37.3	33.6	32.1	30.9	-29.7%
Trade, Transportation, & Utilities	102.9	102.9	98.8	97.6	94.9	90.4	89.1	-13.5%
Information	16.1	16.8	17.0	16.8	15.7	13.5	13.5	-16.2%
Financial Activities	52.4	53.0	52.2	51.8	50.2	48.3	47.7	-9.1%
Professional & Business Services	87.9	89.0	87.5	87.0	85.1	84.1	84.6	-3.8%
Education & Health Services	169.6	173.7	176.6	179.7	183.5	182.7	183.6	8.2%
Leisure & Hospitality	54.1	56.5	56.0	53.7	52.3	53.4	55.1	1.8%
Other Services	28.9	28.9	29.0	29.7	28.7	28.0	28.1	-2.7%
Government	117.2	119.6	118.0	117.1	114.7	112.2	111.4	-5.0%
Total	685.2	695.9	688.2	683.5	671.3	655.8	655.1	-4.4%

Source: Bureau of Labor Statistics

Despite the continued lack of a sustained national employment recovery following the 2001 recession, the national economy has shown signs of growth over the past year. The local economy has reflected this trend; between 2004 and 2005, jobs in 6 of the 10 employment sectors shown above remained stable or grew and overall job loss has leveled off. Over a longer term, employment in Philadelphia's Education and Health Services sector increased by 8.2 percent from 1999 to 2005. In addition, the Leisure and Hospitality sector captured more modest growth of 1.8 percent. The City anticipates a more positive direction moving forward and that these sectors, as well as Professional and Business Services and Information, will continue to play a large role in Philadelphia's future.

In the early 1990s, the City focused on capitalizing on its existing, yet underdeveloped, hospitality and tourism assets as a means of replacing some of the manufacturing jobs lost in previous decades. The completion of the Pennsylvania Convention Center in 1993 spurred a surge of hotel development and new

visitor destination developments. The City is in the midst of another substantial enhancement of its cultural assets, which already include such recent additions as the Kimmel Center for the Performing Arts, the Independence Visitor Center, the National Constitution Center, the new Lincoln Financial Field, and Citizens Bank Park. The pending relocation of the Barnes Foundation to Benjamin Franklin Parkway and the proposed development of an entertainment district at Broad and South Streets, coupled with the Free Library and Convention Center expansion projects, will enhance Philadelphia's position as a world-class city.

One sector of the economy that shows great promise is the "knowledge industry," also referred to as the "new economy" or "knowledge economy." In the knowledge industry, which relies on the supply of new college graduates, companies apply emerging technologies to deliver high-quality knowledge-based services. The knowledge industry includes sectors as diverse as financial services, engineering, health care, insurance, law, life sciences, printing, publishing and academia. The City is participating in, as well as continuing to strengthen the Knowledge Industry Partnership (KIP). KIP is a broad-based coalition of Greater Philadelphia civic, business, governmental, and higher education leaders working together to maximize the impact of the region's knowledge industry on Philadelphia's competitive future.

Within the knowledge economy is another sector of great importance to Philadelphia and the region, the life sciences, which includes health care, research, biotechnology and pharmaceuticals. The Innovation Philadelphia/Chamber of Commerce "Roadmap" report identified, among other things, the region's opportunity to become an incubator for research generated by life sciences and educational institutions. Several sites could foster new incubator opportunities in the future, including the Navy Yard, the former Civic Center site in West Philadelphia, and the site of the postal lands along the west bank of the Schuylkill River.

Philadelphia's Competitive Advantages

Philadelphia's competitive advantages as a business location are based on size, strategic location, relative affordability, cultural and recreational amenities, and its growing strength in key knowledge industries. The City of Philadelphia, the fifth-largest city in the nation with the third largest downtown population, is at the center of the sixth largest metropolitan region. Our region includes the fourth-largest retail sales market in the nation, as well as a diverse network of business suppliers and complementary industries.

The City's marketplace is at the center of a densely populated, affluent region along the Atlantic Coast, a region stretching from Boston through New York and Philadelphia to Baltimore and Washington, DC. Philadelphia is in a key position to access regional markets, due to the transportation infrastructure centered here, including Philadelphia International Airport, AMTRAK's Northeast Corridor service, major interstate highway access, and regional SEPTA service. The capacity of Philadelphia's transportation infrastructure is demonstrated by its median commuting time, which is 19 percent lower than the national metropolitan average. Center City is at the center of the region's transportation network, and downtown employers benefit from the large concentration of professional and business service firms located there. Recent analysis has shown that employees benefit too: Commuters to suburban firms, nearly all of whom drive to work, spend almost \$7,000 per year in vehicle expenses. By contrast, 70 percent of downtown office workers use public transit to get to work, and the annual cost of a SEPTA regional rail pass is just \$1,774. In addition, 37 percent of downtown residents walk to work, the highest percentage of any major American city.

As a major urban center with a rich historical legacy, Philadelphia is increasingly gaining national recognition for its cultural and recreational advantages. Most recently in October 2005, National

Geographic Traveler magazine named Philadelphia as America's "Next Great City." The article credits the City's efforts to connect citizens to the internet through Wireless Philadelphia, the thriving art and music scene, sustained restaurant and retail revitalization, a booming housing market in older neighborhoods, and a growing appeal to young adults as the reasons for this distinction. Not to be ignored are the many tourism assets of the region—overwhelmingly concentrated in Philadelphia itself—including Independence National Historical Park, the Philadelphia Art Museum, and the Franklin Institute. Recent developments, such as the construction of the stunning Kimmel Center for the Performing Arts and the National Constitution Center, are increasingly drawing national attention. The development of new first-class sports facilities, as well as continued access and development along the City's Delaware and Schuylkill River waterfronts, is also adding to this array.

Yet Philadelphia remains uniquely affordable when compared to its peers. The National Association of Realtors Affordability Index ranks the Philadelphia region as the 22nd most affordable housing market out of 180 sampled in the U.S. According to a study by The Reinvestment Fund, a household with median income can afford a home in 79 percent of the region, with this proportion even higher within the City limits. The 2005 third quarter ACCRA Cost of Living Index rates Philadelphia as significantly more affordable than its regional peers. New York City is approximately 60 percent more expensive, Washington, DC, is 16 percent more expensive, and Boston is approximately 11 percent more expensive.

These advantages equip Philadelphia to continue to build its knowledge industries. A January 2002 report by the Philadelphia Federal Reserve Bank found that Philadelphia ranked first among a comparison group of 14 major metropolitan areas (the nine largest metro areas and five others in the Northeast with populations above two million) in its concentration of Education sector employment, and third in life, physical, social sciences, and healthcare professionals. Philadelphia houses a predominant share of the regional educational employment and enrollment, based on its major colleges and universities. The Education sector not only provides stable support to the local economy, but also generates a steady supply of potential knowledge workers. While Philadelphia has a strong core of knowledge-based industries, the City must capitalize on these advantages to ensure future growth and dynamism.

The Philadelphia region retains a strong share of its graduates (64 percent) and an even greater share of graduates who are originally from the region (86 percent). There is room for improvement, however, as the region retains only 29 percent of non-native graduates.

On average, young adults in Philadelphia are better educated (with four-year college degrees) than those in other metropolitan areas across the U.S. (33 percent, compared to 30 percent). The number of Philadelphia's 18-24 year olds who are enrolled in college or university also exceeds the national average (37 percent, compared to 33 percent).

Since beginning the Office Retention Program in 2002, the City successfully retained 96 of 98 major commercial office tenants in the City of Philadelphia, while all targeted companies remained within the region. This remarkable record was the result of a concerted retention campaign involving the combined efforts of the City, the Philadelphia Industrial Development Corporation (PIDC), the Center City District, the Greater Philadelphia Chamber of Commerce, and the Commonwealth.

The Center City office market is witnessing an unprecedented boom, with 1.5 million square feet of net absorption in 2005. This is the first year of positive absorption since 2000, and the best absorption rate in 15 years. With Comcast committing to lease 830,000 square feet in its new headquarters building, as well as growth from law firms, professional services, and other Philadelphia-based Fortune 500 companies, such as Lincoln Financial, Center City is poised for continued growth. The Cira Centre alone has

attracted 900 new employees to the City of Philadelphia, with new company entrants such as McKinsey, SCA, and Brandywine Asset Management, among others. We can only anticipate these new employees will continue to contribute to the similarly healthy Center City residential market.

Mission

The goal of the City's economic development strategy is to create, maintain, and develop: (1) jobs by fostering an improved business environment; (2) increases in population; and (3), enhanced quality of life within the City of Philadelphia—all in order to grow the City's tax base.

The Role of the Economic Development Summit and Blueprint

In April 2004, the Department of Commerce initiated a planning process for the City of Philadelphia's economic development—a process that resulted in a strategic plan known as the "Economic Development Blueprint." At the two-day Economic Development Summit in September 2004, nearly 200 of the City's most involved, pragmatic, and resourceful citizens gathered to help think about, focus, and design the City's economic development goals and priorities. What resulted is a set of 10 Objectives that contain the Administration's broad agenda for Philadelphia's economic development future, as well as benchmarks, or outcomes, with which to measure success. The Objectives are:

- Expand the Knowledge Industry
- Support civic and cultural development
- Make Philadelphia a national model for MBE/WBE participation in the local economy
- Continue the successful development of Philadelphia's 38 miles of waterfront
- Sustain advances in neighborhood economic development
- Make City government incentive programs more predictable, objective and equitable
- Continue business attraction and expansion efforts
- Continue to reduce the cost of and barriers to doing business in Philadelphia
- Increase educational opportunity and access to literacy services
- Maintain fiscal responsibility through strategic tax allocation and tax reduction

While progress will certainly be made in additional ways, Philadelphia's economic development resources will be devoted to achieving these objectives and to benchmarking our activities in these areas. All of the City's objectives, and their corresponding outcomes, will be analyzed in greater depth as part of a Blueprint Progress Report to be released in the spring of 2006. However, some of the progress made and plans for FY07 are noted below. Only a small portion of the activities outlined are attributable to General Fund support. Nearly all of the staffing and other resources used to accomplish stated objectives are funded through the Economic Stimulus Program at PIDC. Staff resources that are not funded through Stimulus are provided through CDBG-based staffing. The Department of Commerce leverages its resources by working with other City agencies and community and business partners.

Objective: Expand the Knowledge Industry

The Administration's vision is to make Philadelphia a vibrant and competitive global city. To get there, Philadelphia will capitalize on the City's and the region's current market strengths in the Knowledge Industry, the new economy of the 21st century, and aggressively work to attract and retain our best and brightest young people, in order to capture a competitive edge in the jobs of the next decade. This sector of the economy includes education, health care, life sciences, technology, telecommunications, financial/professional services and occupations where creative service is key.

Strategies:

- Continue to attract/retain Philadelphia's best and brightest students and young professionals
- Provide knowledge economy skills to Philadelphia's existing workforce
- Attract, retain, and grow knowledge-based organizations and businesses

Tactics:

- **Increase the City's funding and commitment to the Knowledge Industry Partnership.** The City of Philadelphia's student retention initiative, established three years ago, KIP, works to: (1) attract new students to attend college here; (2) encourage the nearly 300,000 students attending colleges here to explore the rich quality of life of this great City; and (3), retain those students in our workforce after they graduate from our colleges and universities. KIP was the first such effort to organize regional student retention activities into a three-prong strategy corresponding to the college student life-cycle. The initiative has received much critical acclaim nationally and has been used as a model for several other student retention efforts across the country. Despite its accomplishments, the current KIP model faces several challenges, including funding stability and organizational inefficiencies. In FY06 the Department of Commerce commissioned an operational analysis of KIP to determine whether the initiative should be modified to better achieve the objective of growing a highly skilled workforce. The City made a financial commitment of \$1 million support student retention efforts over the next three years, as outlined in the Blueprint. Funding will be used to leverage additional public and private resources to enhance the KIP service delivery model. Through the remainder of FY06 and into FY07, the Department of Commerce will work with other KIP partners to identify and implement a modified student attraction and retention mechanism that builds upon the demonstrated success of the KIP model. The City will fund an additional position in the Commerce Department to support this work.
- **Broaden effort to retain and grow the young professional population.** The CareerPhilly initiative, currently coordinated by Innovation Philadelphia, hosted two internship fairs in FY06, including the Fall Annual Internship Fair on September 28, 2005, and an International Student Internship Fair on October 25, 2005. Combined, the fairs attracted 150 employers, 850 students, and offered 750 internship opportunities. CareerPhilly is planning the next internship fair for April 2006, targeting for college students seeking summer or fall internships. In addition, www.careerphilly.com had more than 2.5 million hits on its web site from college students and employers looking to offer and find internship and job opportunities, seeking career development events, or to view information on employers or business news. Other efforts to expand the young professional population include the development of new areas of vibrancy in underutilized neighborhoods, as well as working closely with nonprofit organizations to create new living/working spaces for the growing arts community. One example of vibrancy in an underutilized area is the potential mixed-use development at Broad Street and Washington Avenue. In FY06, a process to develop the publicly held parcel on the northwest corner of the intersection was initiated. Four development teams were short listed from a

pool of strong Request for Proposals (RFP) responses, and in December 2005 presented excellent proposals, including a required cultural component, for the site to a panel of City representatives. The City is in the process of evaluating the proposals based on design aesthetics, fit with the Avenue of the Arts and feasibility, and a preferred development will be selected and under contract by the end of FY06, with construction slated to begin in FY07.

- **Create a targeted program to attract and retain international knowledge workers.** Leveraging a seed grant from the Pennsylvania Department of Community and Economic Development (DCED), Philadelphia's Knowledge Industry Partnership has spearheaded Study Philadelphia, a 19-college attraction initiative to grow the region's international student population. In November 2005, a five-college delegation traveled to Japan and South Korea, the top two feeder countries for undergraduates coming to the United States, for a series of recruitment events. For the remainder of FY06, KIP partners will analyze the experience and recommend additional implementation strategies for FY07. In FY06 the International Visitors Council (IVC) began implementing the Discover Philadelphia program, a retention program targeting local international students at the Masters or Ph.D. level. The program coordinates with local businesses to place students in management job shadowing experiences within their discipline of study. Participants are also invited to experience the cultural aspects of Philadelphia through monthly social gatherings with their peers. Results of this inaugural year of programming are due in the first quarter of FY07.
- **Use Philadelphia's workforce readiness infrastructure to improve, update, and broaden existing workforce skills.** In 2005, approximately 36,000 jobseekers accessed Philadelphia's CareerLink services, receiving assistance in job searching, career counseling, literacy and skills assessment, referral to support services, labor market information, and access to training programs. Workforce Investment Act (WIA) Title I Adult and Dislocated Worker funds in the amount of \$ 2.3 million were used to support training in healthcare, information services, transportation, building trades, education, and manufacturing for 1,500 people. Over 850 employers benefited from public workforce services that included customized recruitment and other human resource support services in collaboration with the Mayor's Business Action Team.

In FY06, Philadelphia was awarded several substantial grants from the Commonwealth to support training for incumbent workers, including: \$400,000 for the Biotechnology Human Capital Project, to work with four companies and to build the educational infrastructure in that industry sector; \$50,000 to organize the mental health sector; \$40,000 to organize the industrial distribution/logistics sector; and \$10,000 to develop a financial services institute. In addition, Philadelphia received \$950,000 in funds to support reemployment for dislocated workers.

In FY07 the PWIB, in collaboration with several workforce partners, will work to develop training programs related to the sectors being organized through the above grants, as well as organize a regional hospitality program in preparation for the gaming industry. Also in FY07, PWIB will move closer to the development of articulated career ladders in the city's high-priority occupations, and assist residents in advancing along current career paths and/or make choices about education options. This information will help enhance the efficiency and outcomes for public (and private) dollars invested in employment and training activities.

Graduate Philadelphia is a joint initiative of PWIB and the Pennsylvania Economy League, and is dedicated to increasing the college completion rates of Philadelphia's workforce. Launched in FY06, the program engaged in a campaign to educate the public about the issue as well as held the first-ever "Returning to Learning Education Fair," where hundreds of "comebackers" attended and two dozen colleges and universities participated. In FY07, a more formal marketing campaign to raise awareness about the importance of degree completion will launch. The campaign will also include a business engagement component to increase higher education completion-friendly employment

policies. In addition, plans to establish a resource center for comebackers and the second annual Returning to Learning Education Fair are being developed for implementation in FY07.

- **Implement Wireless Philadelphia.** Incorporated as a non-profit in March 2005, Wireless Philadelphia is currently in final negotiations with service provider EarthLink to develop and build the nation's largest municipal Wi-Fi broadband network. Under their proposal, no city tax dollars will be used to fund the building of WiFi infrastructure. Once a contract is signed, EarthLink will implement a 135-square mile, city-wide Wi-Fi mesh network, the first 15 square-mile area expected to be operational in FY07. High-speed, low cost wireless access, with further discounts for qualifying households, is an essential element of a long-term strategy to invest in the City's workers, residents, and perhaps most importantly, the future of its children.
- **Develop greater access to venture capital and other forms of financing needed by emerging companies.** As part of the foundation for the city's venture capital objective, Innovation Philadelphia (IP) has helped to successfully launch the Mid-Atlantic Angel Group Fund (MAG). In FY06, MAG successfully held a second closing, adding over \$500,000 in committed capital. The fund now has 76 angel investors, and is planning a third and final close on January 13, 2006. The target size for the fund is \$4.5 million, from public and private sources. Throughout FY07, the fund will assist in bridging the gap between angel funding and institutional venture capital in the City and region. In FY 06 through the Intellectual Property Donation and Commercialization Initiative (IPDC), IP signed a memorandum of understanding with Phoenix IP Ventures (PIVP), a life sciences commercialization firm, to pursue the commercialization of intellectual property donated by Fortune 500 companies. IP also received a commitment from DCED to provide \$750,000 over a two-year period, to fund the development of an innovative economic development program commercializing intellectual property donated by Fortune 500 companies. IP is currently identifying intellectual property assets in the life sciences industry suitable for commercialization.

In FY07, IP and PIVP plan to acquire two donated intellectual property assets for commercialization. In addition, IP and PIVP will begin to commercialize two donated assets, through the creation of new companies or the licensing of the assets to existing companies, with the priority of placing them in the Greater Philadelphia Region. To help local early-stage technology companies obtain a greater share of federal grant dollars to support innovation and commercialization, IP has created and administered the Research Dollars Fund. In FY06, the fund provided 14 proposal concept evaluations and 8 awards to Greater Philadelphia Region early-stage technology companies, 5 to companies located in the City of Philadelphia. Moving forward, this federal funding program will be incorporated into the statewide Innovation Partnership (IPART) with IP serving as the fiscal intermediary and lead Philadelphia partner.

- **Develop and implement strategies for the Creative Economy.** In November 2005, IP hosted "Make the Campaign: Shape the Creative Economy" competition. The event provided an opportunity for four finalists, chosen from those who submitted proposals from the call for marketing campaigns for the Greater Philadelphia Region's Creative Economy, to present their ideas to a live audience. After seeing all four dynamic presentations, the audience voted using electronic keypads to select the winning campaign. The campaign will be presented at the Global Creative Economy Convergence Summit, which will be held from June 12-14, 2006. The Summit will attract technology leaders, entrepreneurs, economic development professionals, arts, and cultural leaders from around the world to Philadelphia to learn how best practices of other creative economies are generating wealth. The summit also showcases the Greater Philadelphia's Region's rich creative resources.

In FY07, IP plans to create a Creative Economy Convergence Center that will be a Regional creative business incubator where the arts and technology community can gather, network, access funds, use

resources, and share ideas with the goal of moving ideas to the marketplace. To benchmark and measure the growing Creative Economy in the Greater Philadelphia Region and create a virtual network to link members of the Creative Economy, IP will develop a Creative Economy Asset and Capabilities Mapping program. Additionally in FY07, IP will evaluate the need for and feasibility of a Creative Economy Angel Fund that will be an angel fund of accredited investors dedicated to investing in creative enterprises in the Greater Philadelphia Region.

- **Package financial incentive tools to assure that space is available and affordable for knowledge economy companies.** The redevelopment of the Philadelphia Navy Yard (PNY) is being fueled, in part, by the Keystone Innovation Zone (KIZ) program. In 2005, supported by more than two dozen private and University participants, the City of Philadelphia partnered with Penn State University, the United States Navy, Ben Franklin Technology Partners and PIDC, to establish the City's second KIZ. Approved by the Commonwealth in May 2005, the KIZ is positioned to generate job growth and innovation through the transfer of engineering and life sciences technologies in the region. The KIZ will encourage partnerships among the private sector, universities, and the Navy's substantial research assets. In FY06, Penn State University began to offer graduate level engineering courses at PNY, representing a key amenity for technology employers in the City, especially those located in or near PNY. In addition, in October 2005 the Navy Yard KIZ hosted a national summit on the application of laser technologies in industrial and manufacturing settings. More than 80 people from academia, industry and government around the country attended this session. For FY07, Penn State University, the City, and PIDC are evaluating the feasibility for establishing a Center for Defense Technology Transfer that will capitalize on the Navy and Penn State's 40-year research relationship, and convert Research and Development (R&D) activity occurring in Philadelphia into commercial ventures. In addition, PIDC and Drexel University are evaluating the feasibility of establishing an R&D facility focused on Drexel's military engineering and R&D- focused areas. KIZ partners are also evaluating concepts for a facility to house the incubation and acceleration of early-stage defense-related technologies and companies.

Objective: Support Civic and Cultural Development

With significant investments already made in tourism and hospitality sectors, and some exciting major developments immediately on the horizon, the City's job is to stimulate the prompt completion of projects that will further Philadelphia's strength as a destination of choice for residents and visitors alike.

Strategies

- Support the next generation of civic/cultural infrastructure such as the expansion of the Convention Center, the expansion of the assets on the Parkway and the creation of a new Entertainment District on the Avenue of the Arts
- Influence gaming options and coordinate retail expansion
- Assist in finding dedicated regional funding for Arts and Culture support

Tactics

- **Provide support and cooperation for all land acquisition activities related to Convention Center expansion.** Facilitation of land acquisition, permitting and other site preparatory work are important components of Philadelphia's commitment to the expansion project. The first major piece of land acquisition needed for the expansion, the sale to the State of 1301 Cherry Street by the Pennsylvania

Academy of Fine Arts (PAFA), was announced in January 2006. PAFA will use the sale proceeds from the Cherry Street building to fund fit-out and relocate facilities at PAFA's new Hamilton Building on Broad Street. Through the close of FY06 and into FY07, City departments will work closely with the Pennsylvania Convention Center Authority, as needed, to complete the project. Activities include: Relocating City functions located in the build path; initiating right-of-way closures; and facilitating communication and cooperation between all interested parties, when needed. In addition, the Department of Commerce is engaging in proactive outreach to business and non-profit tenants in buildings slated for acquisition.

- **Assist with planning, siting, and financing Parkway and Avenue of the Arts projects, and encourage vibrancy of public spaces.** The City is fully supporting the efforts of the Barnes Foundation, as plans are made to relocate to the Parkway. A site has been identified, and an internal working group has been formed to address operational and technical issues as they arise. The City is maintaining a site-control transfer timetable, so as not to impede development, and it is unlikely that the Youth Study Center will need to be relocated to a temporary location prior to the completion of a new facility. In FY07, the Department of Commerce plans to lead efforts to facilitate the Barnes Foundation relocation, Library expansion, as well as a study of possible reuse of the Family Court facility.

The first \$10 million of the City's \$30 million commitment to the Free Library expansion is in place, and the Library is actively engaged in detailed design efforts. A capital campaign for construction is also underway, with the goal of raising \$150 million. Library development efforts are expected to continue through FY07.

The City recognizes the international, national and local impact of the treasured Philadelphia Museum of Art and the importance of that institution to Philadelphia's quality of life, as well as Philadelphia's reputation. As a city-owned building, we provide support in the form of annual operating funding for utilities, maintenance, and security, as well as frequent capital support for projects needed to improve or sustain the facilities. In addition, at this time of a bold, far-reaching capital campaign unveiled last year by the Museum, the City proposes to commit direct support to this long-range vision for improving and expanding the facilities and programming available to residents and visitors alike.

With the proposed relocation of the Barnes, renovation and expansion of the Free Library, and proposed transformational changes at the Art Museum, along with multiple new residential projects and recent lighting, landscaping, and traffic improvements, the intended new vibrancy and creation of critical mass on the Parkway will make this five-star destination an even bigger draw. The development of Parkway institutions, however, raises concerns about parking. In June 2005, The Pew Charitable Trusts awarded the City a \$100,000 grant to fund a parking study for the Benjamin Franklin Parkway. The study, to be completed in FY06, will recommend a set of parking, access, and circulation improvements for the rapidly developing mixed-use Parkway area. Phase I of the study is concentrated in the area of Twentieth Street and the Parkway, the location of the parcel to be utilized by the relocated Barnes Foundation, while Phase II includes the entire Parkway area. Other Parkway vibrancy initiatives are being supported as well.

To enhance the safety, use, and appearance of the Swann Memorial Fountain landscape in Logan Square, the Fairmount Park Commission and the Pennsylvania Horticultural Society are implementing a needed landscape renovation and maintenance plan. With a \$750,000 grant from The Pew Charitable Trusts and \$450,000 from the city, a new landscape design has been prepared by renowned Philadelphia-based landscape architectural firm, the Olin Partnership, and work has begun. The large, decayed trees have been removed, and replacements will be installed in fall 2006. The project is expected to be complete by the end of 2006.

In addition, the city is working with the owner of the Three Parkway office building at Seventeenth and Cherry streets, to improve the park area immediately in front of the building. The City successfully negotiated a financial commitment from the building owner that fully funded the first phase of development for this triangular park. In addition to providing a new "front door" to the office building, the park establishes a new level of design that the City will begin to implement for the entire Parkway.

Improvements and progress also continue on the Avenue of the Arts. In the area of South Street, several milestones have been met with regard to the proposed entertainment district. With a \$100,000 grant from the City, Universal Companies completed a competitive analysis of music cities in FY06, which outlines best practices and provides recommendations for the proposed National Center for Rhythm and Blues. Universal also completed Phase I of an economic impact study examining the overall impact of the music industry in Philadelphia and the region. Phase II of the economic impact study, to be completed in FY07, will analyze the potential economic impact of the proposed National Center for Rhythm and Blues. In addition, Universal will begin to develop the physical planning and design, elements for the Center. With a grant from the City for \$300,000, the Rhythm and Blues Foundation successfully relocated to Philadelphia. The City is also providing city office space for the Foundation. The Foundation initiated the planning of several events and festivities, which will strengthen Philadelphia's visibility within the entertainment community. In FY07, the Rhythm and Blues Foundation will continue to shape educational programs, a media strategy, and other joint activities with Universal Companies and local marketing and tourism agencies, to help brand Philadelphia as the home of rhythm and blues.

On Avenue of the Arts North, progress continues at the intersection of Cecil B. Moore Avenue and Broad Street, where construction has begun on the new mixed use development, to include student housing, movie theaters, and other retail. The development of a new Fresh Grocer supermarket at Progress Plaza has begun, with the demolition of the existing building underway at the end of 2005. The final financial commitments are expected to be made in 2006, and the market is expected to open in FY07.

- **Creation of Gaming and Retail Advisory Boards.** Mayor Street created Philadelphia's Gaming Advisory Task Force in January 2005 as an opportunity to engage in public outreach for municipal influence on location decisions and short- and long-term gaming development plans. Participants were assigned to three committees: Economic Impact, Site Evaluation and Social Impact. The Task Force met throughout 2005, and after extensive analysis, issued its final report in October. In addition to the data compiled, the report included a list of recommendations to maximize potential benefits that derive from gaming and address negative impacts that could result from its implementation and operation. The Mayor's initiative succeeded in creating significant public engagement around the many complex issues introduced by gaming in Philadelphia.

In response to increases in residential population and improved market strength in housing, tourism and convention business, in May 2005 the City formed a Retail Advisory Board, to help improve the retail mix and quality of retail options in the central business district. The first of what will be several "retailer tours" is scheduled for March 2006, in conjunction with the International Council of Shopping Centers, the membership organization for retail businesses. Attendees have been targeted based on their ability to enhance the retail mix, and will receive tours of retail areas throughout Center City. Plans for FY07 include the further expansion of the initiative to neighborhood commercial corridors through Philadelphia, which began in FY06.

- **Enhance and support transportation infrastructure such as SEPTA and the Airport.** In FY06 the City's appointments to the SEPTA board voted against and then vetoed SEPTA's "doomsday" proposal that would have eliminated 25 percent of all service and raised fares by 40 percent. The City's consumer advocate, working in conjunction with the AFL-CIO, churches, and community groups, organized and led a large demonstration in Harrisburg, in support of adequate funding for mass transit. As a result of the Mayor's negotiations and the efforts of the City, the Governor was persuaded to fully fund SEPTA in 2005 and 2006, to establish a commission to recommend a permanent funding solution, and eliminate the need for any fare hikes and service cuts through 2006. In addition, the lease between SEPTA and the City for the Broad Street line, the El, and other properties will end in the next two years. Negotiations for renewing the leases, with the goal of improving services, signage and the stations themselves, has begun and will continue into FY07.

Philadelphia International Airport (PHL) remains an essential regional asset that contributes significantly to the City's perceived advantages locally and abroad. Passenger traffic continues to increase dramatically, from 28.5 million in CY04 to an estimated record 31.5 million in CY05. The Airport will commence construction in spring 2006 on the \$65 million Runway 17-35 project, extending its primary 5,000-foot commuter runway by 1,040 feet. This project is PHL's initial step in addressing airfield capacity issues. Completion of the extension, anticipated in December 2007, will provide airfield capacity for larger commuter aircraft and the new generation of regional jets. PHL has commenced a \$185 million capital improvement project to expand Terminals D and E. This 222,000 square foot project will provide PHL with an additional three jet gates, 23 ticket counter positions, at least 5 additional security-screening lanes, and 2 additional baggage claim carousels. Final completion of the project is expected in summer 2008.

- **Mayor's leadership of efforts to determine appropriate arts and culture funding models.** The Mayor's Arts and Culture Taskforce has been meeting regularly since December 2004 to discuss a variety of strategies and issues surrounding the creation of a regional funding source for arts and culture. In December 2005, a sustainable funding guide was published by the Department of Commerce in an effort to educate arts, cultural, business, civic and political leaders on funding issues and possible strategies. Currently, there are several community groups involved in multiple efforts to develop sustainable funding for arts and culture. The Department of Commerce has been facilitating an inclusive and collaborative approach and has been part of a working group that is researching the potential for a United Arts Fund in the region. In FY07, the Mayor's Arts and Culture Taskforce and the Department of Commerce will continue discussions with community groups to help strategize and assist in developing a regional funding source for the arts. There are several efforts underway, and the City will work in its capacity to nurture these developments and to garner support when appropriate.

All of this effort and all of these discussions have convinced the Mayor that it is essential for us to invest in these treasured institutions if we are to see our City continue to thrive and grow, if we are to nurture our quality of life, and ensure a bright future for future generations. In addition to enhancing the cultural life of the City, the City's cultural assets are economic engines for the region. They are not, however, self-sustaining. Without financial support from both the public and private sectors crucial organizations such as the African American Museum, the Art Museum and Freedom Theater will be crippled or, indeed, go out of business. Other organizations, such as the Please Touch Museum, have raised millions of dollars in private support, and with City support, can proceed with projects that will not only enrich the lives of residents, but also support the City's historic preservation goals. Others, such as the Zoo, have substantial private support, but need capital infrastructure funding that can not be generated from private sources. The City will continue General Fund support for the Arts and Culture Fund. In addition, the FY07 Operating Budget and Five Year

Financial Plan provides for debt service support for a \$150 million borrowing, approximately one-half of which will provide funding for critical needs of the City's cultural assets. There can be no doubt that investments such as these will have a positive and lasting impact on Philadelphia and the region, and if the City's investments leverage and spur increasing support for this powerful engine of our city's prosperity and vibrancy, we will have created an enduring legacy that will sustain Philadelphia for our children, our grandchildren, and their grandchildren.

Objective: Make Philadelphia a National Model for MBE/WBE Participation in the Local Economy

The success of MBE/WBE businesses is crucial for sustained economic growth in Philadelphia, a City where over half of the population is identified as minority. The City embraces the notion that economic integration is a vital component of broader social and civic integration, and will strive to bring the diverse buying needs of government to the attention of women and minority-owned businesses, as well as encourage meaningful participation of these businesses whenever possible.

Strategies

- Use the power of government to encourage minority business development and economic integration
- Enhance Minority Business Enterprise Council's (MBEC's) monitoring programs and capabilities
- Enhance access to capital by minority and women-owned businesses

Tactics

- Through Executive Order, enhance MBEC certification and monitoring programs, as well as the enforcement of City procurement policies. Since the Mayor's Executive Order was issued in February 2005, MBEC has created a new Enforcement, Compliance and Monitoring Unit that has, for MBEC-certified vendors, enforced contractual provisions, mediated contractual disputes, and assisted in non-payment issues. This unit also assists City departments in reporting their respective M/W/DS-BE contract participation statistics.
- Historically, the City's MBEC participation reports and data collection has been inaccurate. Efforts to monitor compliance have been inconsistent. At the end of 2005 MBEC completed the development of a new computer supported data collection and reporting system IMPACT. IMPACT links directly into the City's contract management system, tracks contracting opportunities, goals and actual payments received by MBEC certified businesses. Annual MBEC contracting plans monitored at quarterly meetings between MBEC and City Departments are expected to increase participation. MBEC's new streamlined certification process has reduced the application from 14 to three pages, eliminated the Personal Net Worth requirement, and offers reciprocal certification from governmental certifying agencies.
- **Create a Banker's Task Force to develop a Revolving Loan Fund for MBE/WBE programs.** Instead of forming an additional banker's group to address MBE/WBE programs and issues, the City and the Greater Philadelphia Urban Affairs Coalition's (GPUAC) existing Small Business Lending Task Force have agreed to work closely together to increase bank lending to small businesses in Philadelphia. While the need for a new Loan Fund remains a question, the City and GPUAC have agreed to form two public/private working groups. One will assist businesses to become more equipped for bank financing through pre-application credit and business counseling. The second will focus on the formation of a centralized information and referral system for the development and

financing of small businesses. Both of these groups are expected to begin meeting by the close of FY06, and will work toward productive results throughout FY07.

- Enhance efforts to provide targeted technical assistance and business plan support to minority firms, and improve access to City financing opportunities. The Department of Commerce is striving to coordinate services to meet the needs of new and emerging small businesses. In partnership with NTI, the Commerce Department is working to assess and better align the service organizations currently funded by the City to provide technical assistance to Philadelphia's small business community. An assessment of the various service contract requirements is currently underway, with the goal of implementing uniform reporting requirements among organizations by the close of FY06. In FY07, greater coordination among agencies will be encouraged through quarterly service provider meetings to address, among other things, marketing and future cross-promotion opportunities.

Objective: Continue the Successful Development of Philadelphia's 38 Miles of Waterfront

Since Mayor Street announced his visionary "New River City" initiative, the Administration's public investment in planning, site assemblage and infrastructure has helped to stimulate widespread private investment along our waterfront. The results, to date, have been impressive:

- **The Navy Yard:** Since 1,000 acres of the 1,200-acre Navy Yard property was conveyed to the City by the Department of Defense in 2000, public investment in infrastructure and utilities has helped to attract diverse employers like Kvaerner (shipbuilding), Liberty Property Trust (real estate), AppTec (biotechnology), Urban Outfitters (retailing), and fifty-five other private companies that employ over 6,000 people. During 2004, the Mayor and PIDC announced the completion of a Master Plan that envisions mixed use on the 500 acres east of Broad Street, with potential for \$2 billion of private investment and 25,000 new jobs.
- **Lower Schuylkill River:** The Mayor's focus on the Schuylkill River portion of the "New River City" initiative has been in partnership with the Schuylkill River Development Corporation (SRDC) and its stakeholders, including the University of Pennsylvania, Drexel University, Brandywine Realty Trust, and Amtrak. The SRDC Master Plan, a newly constructed River Park and Trail, and plans for soon-to-be-realized infrastructure improvements have been catalysts for a dynamic roster of development projects along the river. A host of new residential projects, the 700,000 square foot Cira Centre office tower that opened in December 2005, and redevelopment plans for the Civic Center and Post Office sites are all examples of the dramatic improvement slated for this corridor.
- **North Delaware:** This riverfront zone extends eleven miles north from the Betsy Ross Bridge and was the subject of a master plan by PCPC. The central vision is to convert up to 3,500 acres of decaying industrial land to residential, recreational and commercial uses at a total cost of \$1.5 billion. Public funding for environmental remediation and a riverfront trail/road/park system is in process. Brownfield reclamation is underway on several major sites and private developers are moving ahead with at least three important residential projects.
- **Central Delaware:** With limited public involvement, market driven residential and retail development is booming along the Delaware from Port Richmond to Packer Avenue. Numerous waterfront sites in this area are also under discussion as possible gaming locations. In addition, existing industrial infrastructure for our Ports and utilities are being strengthened, as evidenced by PGW's plans to expand a LNG facility at its Port Richmond operation and the proposed new Food Distribution Center in South Philadelphia.

Strategies

- Pursue the redevelopment of the Navy Yard in accordance with PIDC's mixed-use Master Plan
- Continue to support SRDC in the implementation of its mixed-use Master Plan
- Cooperate with the stakeholders in the North Delaware region and identify an appropriate City role in implementation of PCPC's Master Plan
- Coordinate development of the Central waterfront district as a residential, commercial and entertainment destination, and expand the infrastructure necessary to support industrial activities surrounding the port

Tactics

- **Assist in the acquisition of land to enhance waterfront open space and to facilitate land assemblage for market rate uses.** In FY06, the City partnered in a consent order with the State's Department of Environmental Protection and a private land owner to take under agreement a ten acre tank farm on the Schuylkill River waterfront directly to the north of Bartram's Garden. Pursuant to the consent order, the owner of the site has removed all above ground and underground petroleum storage tanks and the City intends on commencing an environmental investigation of the site by the end of January 2006. The City, using its economic development authority as a legal vehicle, will take title to the property following the investigation, thus establishing a vital link of the Schuylkill River trail from the Grays Ferry Bridge to Bartram's Garden. The establishment of this linkage realizes the vision of the Schuylkill River Trail's master plan to continue the Trail from the east to the west bank of the Schuylkill River, bringing the benefits of access to the river to Southwest Philadelphia.

Also in the remainder of FY06 and into FY07, the City intends to continue its pursuit of public control of the waterfront by taking under agreement an 18-acre former tank farm located on the west bank of the Schuylkill River, directly to the south of Bartram's Garden. In addition, the City will attempt to gain further control of the riverfront for continuation of the Schuylkill River Trail by leveraging its financial support of mixed use redevelopment projects in exchange for public control of the parcels at the water's edge. It is important to note that almost immediately after the Mayor announced the River City Initiative in 2005, private redevelopment entities expressed interest in mixed-use redevelopment of the areas described above. The City's ongoing implementation of the Mayor's River City Initiative has created a market where none previously existed.

- **Commit \$125 million to appropriate New River City infrastructure, which will leverage maximum private and other public funding.** The City will utilize \$125 million in Water and Sewer Bond Reserve funds to catalyze the development of New River City public water and sewer infrastructure. The City's financial commitment will be augmented by Commonwealth and federal resources, creating opportunities for private developers to commit significantly greater levels of capital, in anticipation of market rate returns. As the first step in this process, a working group—consisting of representatives from the Office of Housing and Neighborhood Preservation, PCPC, the Managing Director's Office (MDO), the Philadelphia Water Department (PWD), the Office of Neighborhood Transformation Initiative (NTI) and the Department of Commerce—was formed to gather information about potential projects and develop project funding guidelines. City Council legislation identifying the proposed infrastructure projects has been drafted, and introduction is anticipated in the third quarter of FY06. In the remainder of FY06 and through FY07, the Administration will work with City Council to specify how the funds will be spent. The Department of Commerce will contract with the PIDC to administer the New River City Program. Progress

reports on all projects funded under the New River City Initiative will be provided to City Council annually.

- **Oversee, coordinate, and manage the completion of infrastructural work to be funded with public resources through creation of the New River City Task Force.** Upon City Council approval of the use of New River City infrastructure funds, the Director of Commerce will convene the New River City Task Force. The Task Force will bring together the various entities that are managing waterfront development, and will be a forum for communication and strategic implementation. Members will include representatives from PIDC, SRDC, Penn's Landing Corporation, PCPC, the Philadelphia Water Department, and the Pennsylvania Environmental Council, among others.
- **Select strategic partners to develop City-owned properties.** As the Department of Commerce, in concert with PIDC, has selected private entities to develop the City's industrial parks and sections of the Navy Yard, similar processes will occur for all City-owned properties along the waterfronts. Selection criteria typically include the quality of the proposed development plan, overall experience, financial capacity, MBE/WBE participation and business terms.
- **Institutionalize waterfront development guidelines and controls to assure public access and responsible environmental stewardship.** In June 2005, the City added a new Waterfront Redevelopment District (14-216) to the zoning and planning code to encourage the orderly residential and mixed-use redevelopment of large, underutilized waterfront parcels. To further aid waterfront redevelopment and preserve the water's edge for public use, the Philadelphia City Planning Commission (PCPC) published the River Greenway Design Guidelines (available online at <http://www.philaplanning.org/plans/gwaydesign.pdf>) in August 2005. City agencies continue to collaborate with property owners and other local, Commonwealth, and federal partners on the planning, funding, and implementation of public open space and trails along the City's Schuylkill and Delaware waterfronts. In January 2006, updated stormwater management regulations took effect citywide to help improve Philadelphia's water quality, protect stream environments and wildlife, and bring the City into regulatory compliance. In addition, draft language for the City's zoning of gaming sites calls for significant public access to the water's edge for any riverfront site selected for a gaming license.

Plans for FY07 include a Riverfront Rail Urban Design Study, supported through a \$75,000 grant from the Delaware Valley Regional Planning Commission, focusing on land use, transportation linkages, and other physical improvements in the areas surrounding stations on SEPTA's R-7 Regional Rail Line. In addition, the PCPC will continue to support City Capital funding, as well as pursue additional state and federal resources for projects to improve public access, open space, trails, and other recreational opportunities along the City's riverfronts.

- **Promote the Development Services Committee to facilitate approval and permitting of waterfront development initiatives.** A valuable forum, the Committee was created by the Department of Commerce a number of years ago, and regularly convenes representatives of City departments and local agencies that impacted by development, to provide preliminary review of projects in their earliest stage. This practical tool will be adapted to address the variety of riverfront development opportunities.

Objective: Sustain Advances in Neighborhood Economic Development

NTI has gained national prominence as one of the most comprehensive neighborhood revitalization strategies a city has ever attempted. NTI has established a framework for making neighborhoods cleaner

and safer, investing in communities and transforming the business of government when it comes to housing, community, and economic development. NTI has stemmed the spread of blight and has been the essential vehicle that now enables all sections of Philadelphia to utilize many of the City's commercial corridor support programs. With the addition of non-city resources, the City's funding for commercial corridors can be greatly enhanced. Blight removal efforts are restoring confidence in Philadelphia neighborhoods and have contributed to a 30 percent appreciation in real estate values over the past five years.

The critical challenges going forward are to secure sufficient resources to sustain the positive changes that NTI has brought to our neighborhoods, to focus increased attention to neighborhood commercial centers and corridors, and to ensure that City services and housing and economic development resources are coordinated and delivered in a way that supports the continued growth of healthy neighborhoods, including the commercial districts associated with those neighborhoods.

Strategies

- Coordinate existing City resources and leverage other resources to improve delivery of neighborhood economic development services
- Increase attention to and investment in neighborhood commercial corridors
- Sustain the advances achieved under the Neighborhood Transformation Initiative
- Remain committed to the preservation of historic assets

Tactics

- **Review and align community and economic development resources.** In July, 2005 the Philadelphia Empowerment Zone and NTI staffs and resources were merged within the Mayor's Office. At the same time, NTI staff assumed responsibility for managing resources dedicated to neighborhood economic development, including the state-funded Main Street Program and the portion of federally funded CDBG resources that are dedicated community economic development. In January 2006, NTI issued a Commercial Corridor Support Program RFP to make resources available from NTI tax-exempt bond proceeds, Main Street funds, and CDBG funds, to improve health and safety along neighborhood commercial corridors. NTI and the Department of Commerce have increased coordination of economic development resources that can be used to support the revitalization of neighborhood corridors. One example is that both agencies are promoting the use of the Small Business Commercial Improvement Program (SBCIP), which matches business owners' investments in façade improvements, on corridors where the City has funded CDCs to create façade design guidelines. Another example is that the process for preparing City applications for state Home Town Streets and Redevelopment Assistance Capital Program funds, as well as for federal earmarks, now integrates needs identified in neighborhood commercial corridor plans.

Plans for FY07 include continued improvement of intra- and inter-governmental resource coordination. NTI and the Department of Commerce will work more closely with PCPC to ensure that capital program funds will address needs identified in neighborhood commercial corridor plans, and will leverage other City and private investments on corridors. NTI will seek to better leverage funding and coordinate programming with foundations, economic development intermediaries, and CDCs, with particular focus on increasing development opportunities on neighborhood commercial corridors. The City will also seek a stronger role in coordinating with state agencies on funding that impacts neighborhood commercial corridors.

- **Develop a system to attract and retain neighborhood businesses and build their capacity.** With assistance from the Department of Commerce and the Retail Advisory Board, NTI, PCDC and several CDCs were able to promote retail opportunities on neighborhood corridors at the International Council of Shopping Centers (ICSC) regional event in September 2005 at the Convention Center. As a next step in attracting retailers to neighborhood corridors, NTI has engaged a team of Wharton MBA students to develop a preliminary strategy for attracting regional and national retail chains to neighborhoods. At the same time, NTI is evaluating strategies for assisting successful indigenous retail businesses to expand to additional neighborhood commercial corridors. Through events like the annual Developers Breakfast and presentations to local business associations, the City continues to market the business tax incentives available through the Empowerment Zone, Renewal Community, and Keystone Opportunity Zone. These incentives reduce the cost of developing and operating businesses in targeted areas where the City seeks to promote business development and job creation.

For FY07, the City will develop an improved toolbox for CDCs, business associations, and others, to use to attract local, regional and national retailers to their neighborhoods. Prospective tools include: More rigorous market analysis to better match neighborhood demand with targeted retailers, improved marketing materials to attract targeted retailers to neighborhood, real estate assistance to identify—and develop, if necessary—suitable space for targeted retailer, and financial assistance to make storefront space affordable for local retailers.

- **Strengthen neighborhood commercial corridors and districts.** NTI has developed the ReStore Commercial Corridor Program to encourage CDCs and other community-based organizations to design and implement streetscape improvements, to plan and execute safety and cleanliness projects, develop space for and offer assistance to new and existing corridor businesses, and develop sustainable corridor management strategies. NTI issued an RFP in January, 2006, making more than \$3 million available in local, state, and federal funds for CCSP activities. NTI continues to fund vacant land cleaning and stabilization on neighborhood commercial corridors, to improve safety and cleanliness and support neighborhood beautification initiatives. Through the Mayor's Office of Information Services, the City has completed the Unified Land Records (ULRS) database and is building the Vacant Property Management Information System (VPMIS), to improve access to information about available land and development. These systems will allow NTI to better target future CCSP activities, and it will allow NTI and other City agencies to analyze land use, sales activity, and market activity on neighborhood commercial corridors.

In FY07 the City will take advantage of the new ULRS and VPMIS systems to use available data to develop strategies for strengthening commercial corridors by improving land use, facilitating the re-use of vacant parcels, and, where appropriate, consolidating corridors to the strongest remaining blocks. NTI will work with local foundations and community development intermediaries to use ULRS and VPMIS to develop new analytical tools for classifying corridors and measuring economic potential and performance. The City will use the newly available data and analysis to focus CCSP activities where they can have the greatest impact, while further expanding that impact by increasing state, federal and private resources leveraged through CCSP resources. In addition, NTI will continue to fund vacant land cleaning and stabilization activities on commercial corridors.

- **Improve delivery of services for commercial and residential development.** Through NTI, the City is streamlining its land acquisition and disposition processes, supporting development activity and creating conditions for reinvestment in neighborhoods. The City will reorganize housing and neighborhood activities to improve services to developers of commercial and housing projects. It will also complete the Unified Land Records database and Vacant Property Management Information System to improve public access to information about available land and development. These

improvements will support commercial and housing development projects, by both private sector and non-profit developers.

- **Continue to create a clean, safe, welcoming environment for new investments.** Under NTI, the City is making an unprecedented investment in the physical environment of Philadelphia neighborhoods. By demolishing dangerous buildings, removing graffiti, cleaning and greening debris-filled vacant lots, and assembling land for development, NTI has improved both the perception and the reality of safety and made the City more attractive for commercial and housing investments. The City will continue lot cleaning and greening, graffiti removal and mural arts programs; coordinate targeted code enforcement and sanitation activities with other neighborhood improvement activities; and carry out streetscape and lighting improvements along strategic commercial and transit corridors. As part of this strategy, the City will work with public and private sector partners to adapt older industrial and commercial buildings for reuse through brownfield remediation, strategic land assembly, and marketing. The City proposes to support this work through the NTI's ReStore Commercial Corridors Initiative. Activities will include:
 - **Corridor Planning and Design**, including, but not limited to: streetscapes, façade and signage designs, public art
 - **Streetscape Enhancements and Capital Improvements**, including, but not limited to: public lighting, public signage, sidewalks, crosswalks, greening and public art; may include up to 12 months of maintenance costs of improvements
 - **Corridor Investments**, including, but not limited to: marketing, business attraction, street cleaning and security measures; neighborhood improvement district, business association and Community Development Corporation support;
- **Remain committed to the principles of historic preservation.** Philadelphia has a rich cultural legacy expressed through an amazing variety of architectural assets in residential neighborhoods and in commercial districts. Well-preserved historic properties increase neighborhood and location desirability, and the Administration believes that careful consideration of historical assets should continue to guide neighborhood and commercial corridor redevelopment efforts. The ReStore Program proposes to provide acquisition and demolition funds targeted at commercial Corridors. Adopting the interagency approach that includes participation by Historic Commission staff, and guided by historic preservation principles developed under the NTI demolition program will enable the City to respect the rich legacy found in neighborhoods across the City.

Objective: Make City Government Incentive Programs More Predictable, Objective, and Equitable

Incentives are tools the City uses to encourage certain types of business activity, such as job creation, improvement to real property, or historic preservation. While the costs, usually in terms of foregone tax revenue, are relatively quantifiable, City government has been criticized for its record in measuring outcomes, such as job growth and tax revenues. To overcome this perception and improve the transparency of Philadelphia's economic development incentive delivery system, the City will work to strengthen performance measures and incentive information delivery.

Strategies:

- Institute change within City government to improve the implementation and measure the outcome of the City's incentive programs and other economic development activities.

- Use analysis of existing incentives to make government incentive programs more predictable, objective, and equitable to the business community.

Tactics:

- **Initiate an Economic Development Incentive Programs Study.** In FY07 the City will study current economic development incentive programs administered through the Department of Commerce, PIDC, and PCDC. The study will determine the effectiveness of available incentives, measure the outcomes of each program, and establish performance measures to evaluate City investments and incentives over time. The Department of Commerce will review and analyze the study, and will develop a series of recommendations to ensure that investment and incentive determinations are objective, transparent, fair and provide equal access.
- **Conduct an Organizational Analysis of City Economic Development Delivery.** The Department of Commerce will study the organizational structure of the City's economic development agencies to determine whether existing and future programs may be delivered in a more efficient manner.
- **Coordinate the creation of a centralized resource for information on public business incentive programs.** In order to ensure easy and reliable access to information, and to advise and educate the business community about financing tools available to them, the City will develop a web-based, centralized information delivery system for all available economic incentives.
- **Increase public access to a wider array of economic development performance measures.** In addition to those annually published in the 5-Year Plan, the Department of Commerce will address performance measures in a more comprehensive way. In FY07, consideration will be given to compiling and disseminating of an annual economic development performance report that addresses performance across public or quasi-public economic agencies to clarify the role and allocation of public funds.

Objective: Continue Business Attraction and Expansion Efforts

The City has successfully retained over 98 percent of the major commercial office tenants with office leases that expired over the past several years. This remarkable record was the result of a concerted approach to tenant retention involving the combined efforts of the Business Attraction and Retention (BAR) team: the Department of Commerce, PIDC, the Chamber of Commerce, the Center City District, Innovation Philadelphia, PECO and the Governor's Action Team. In order to build on the BAR team's retention success, the City will focus its efforts on helping local businesses remain here and grow. The City will also work with regional leaders to market Philadelphia's competitive advantages through an effective national and international attraction process. To succeed in capturing a competitive edge in the jobs of the next decade, the City must increase the number of opportunities to make its case, put together a responsive incentive package, and effectively compete for new business.

There are several other Objectives that contribute to business attraction and expansion efforts. Strategies and Tactics for small businesses, commercial corridors, knowledge-industry firms and MBE/WBE participation are located elsewhere in this Blueprint.

Strategies:

- Promote the region's economic and quality of life assets in order to grow current firms and attract new firms

- Collaborate with the business community in its effort toward business attraction
- Make Philadelphia the premier choice for conventions and tradeshows and use these events as marketing opportunities to bring businesses here
- Help local businesses expand to international markets

Tactics:

- **Continue the City's firm-retention effort.** Through the Center City office retention program, now in its fourth year, 96 of 98 targeted tenants have chosen to remain in Philadelphia. Several successes in FY06 came at the Cira Centre, where firms such as Dechert, Woodcock Washburn, Lubert Adler, and Cohen Brothers chose to lease space. This tremendously successful retention program, led by the BAR team, will continue to respond as needed to the needs of existing Philadelphia firms that are considering relocation in FY07.
- **Support the effort of Select Greater Philadelphia for business attraction.** The City has committed \$1 million to Select Greater Philadelphia over the next 4 years. Consistent with Select Greater Philadelphia's mission, the City will utilize Select as the City's primary point of contact for outbound marketing programs and inbound requests for marketing material. The City also will utilize Select as the City's clearinghouse for referrals.
- **Continue the City's team approach to business lead response.** The City has committed \$1 million to Select Greater Philadelphia over the next four years. Consistent with Select Greater Philadelphia's mission, the City will utilize Select as the primary point of contact for outbound marketing programs and inbound requests for marketing material. The City also will utilize Select as the clearinghouse for referrals.
- **Continue the City's team approach to business lead response.** The City's primary "sales executive" or "fulfillment center" after leads surface will continue to be the BAR team. This team approach will serve as the single point of contact for ongoing data dissemination to target companies and for organization of executive meetings and tours for those interested in growing or moving to Philadelphia.
- **Put Philadelphia "on the map" in the minds of business leaders.** In June 2005, Philadelphia hosted the annual Biotechnology Industry Organization (BIO) convention, an industry meeting attended by over 20,000 representatives of biotechnology companies across the globe. As part of the effort, Commerce organized an outreach program that paired chief executive officers (CEOs) in the Philadelphia region with top officials from target corporations. Local ambassadors contacted incoming CEOs to offer assistance and provide advice on the Philadelphia region. The city was well received as a showcase of local and regional sector strength, and is already in contention to host a future meeting of the group. In January 2006, Philadelphia was the site of the annual Professional Convention Management Association's (PCMA) annual convention. PCMA is the membership organization for convention and meeting planners. Over 1,500 meeting planners from across the country attended. The Philadelphia Convention and Visitors Bureau will track convention sales linked to leads garnered from this convention, which are expected to generate significant economic impact.
- **Increase international trade opportunities.** The International Division within the Department of Commerce continues to work with a strong team of export partners to help local businesses expand into global markets. In 2005, both exports and imports grew. As of October 2005, exports increased 12 percent from the previous year, totaling \$8.3 million, and imports increased 26.5 percent, to \$39.6 million. Additionally over the past year, the City has hosted more than 174 delegates and dignitaries.

In September 2005, delegates from the Commonwealth and the City traveled to China, on a trade mission with representatives from six local firms. Although measurable outcomes have not yet resulted, participants continue to pursue business opportunities explored during the mission. Plans continue for Splendor of China 2007, a series of events planned to enhance the relationship between the Greater Philadelphia Region and China. Events will include opportunities for trade, such as a business expo and a celebration of Chinese culture and artistic heritage. Fundraising efforts for this event will continue into FY07.

In 2004 a Global Plan was published, “Globalizing Greater Philadelphia – Assessment and Recommendations,” which offers recommendations on how to better position the region internationally. To implement various initiatives of the Global Plan, several task forces were formed in 2005 to focus on direct flights, visa and immigration issues, education, and trade. The report also affirms that the Greater Philadelphia Region should do more to employ and enhance the services offered by the Consular Corps Association (CCA), and asserts that the CCA in Philadelphia is currently underutilized. During 2005, new strategies to work more effectively with CCA were explored, including study of opening a Consular Facility that would allow the Corps to increase its profile and enlarge its contributions to the city. In September 2005, the City began exploring location options for the facility with the University of Pennsylvania. Penn has agreed to partner with the CCA, and a property owned by the University is being considered. The plan will be finalized during FY07. Fundraising for administration and programs will also be a priority for FY07.

- **Expand the use of financial tools that can have the greatest impact.** Of all the financial tools utilized to grow businesses in the City, the Economic Stimulus Fund (ESF) has proved to be one of the most valuable, in large part because it has the greatest flexibility to meet a broad array of business needs. The ESF has been a critical tool in the City’s successful efforts to retain not only major office tenants in the Central Business District, but also a wide variety of businesses throughout the city. As the City positions itself to capture much of the job growth in the expanding regional economy, it must have the tools necessary to respond to a dynamic and growing business community. The ESF has a proven record of leveraging significant private investment and job creation. It has also been used effectively to create technical capacity within numerous community development corporations, business associations, and other nonprofit organizations that directly support efforts to expand economic activity at the neighborhood level. The City proposes to increase the fund in FY07, to allow for additional support for all the tactics described above. In addition, the City will fund an additional position in the Commerce Department to support the business attraction and expansion efforts made possible by greater utilization of the ESF program.

Objective: Continue to Reduce the Cost of and Barriers to Doing Business in Philadelphia

In fall 2002, the MDO established a task force to study the City of Philadelphia’s business regulatory process and compile a list of recommendations for process improvement. The study encompassed all aspects of business regulation, but specifically focused on improving the City’s development climate for the construction of new single-family dwellings. In addition to an internal review, the MDO task force invited builders, engineers, architects, and other stakeholders to “focus group” meetings so that they could share with City officials their experiences, expectations, and ideas.

As a result of one of the focus group meetings, the homebuilders made a commitment to commission a professional study of the regulatory process as it pertains to the specific needs of the homebuilding community. BIA received a grant to hire a consultant who interviewed more than 60 building industry and government professionals, and extensively researched streamlining innovations of peer cities. The

Department of Licenses and Inspections participated extensively in the process and provided unprecedented access to internal documents and employees. To date, extensive progress has been made on many of the recommendations set forth in the March 2003 MDO task force report and in the October 2004 BIA final report, and the Administration will work to continue that progress.

Strategies

- Make it easier and less expensive to do business in the City
- Improve knowledge of and access to City regulations, programs, and assistance
- Streamline City processes for development and construction and create a greater level of transparency in these processes
- Improve communication and conflict resolution between the Administration, developers and the building trades

Tactics

- **Consolidate business start-up information delivery.** The City will create and give wide publicity to and dissemination of new publications, web sites, and other information outlets that explain clearly and in one place what needs to be done to begin or expand a business in the City, including permitting, licensing, and zoning. The ultimate goal is to consolidate City services related to business development into a simplified, more transparent process.
- **Initiate a business education campaign.** The Administration will train and deploy government service representatives to neighborhood organizations, civic groups, and trade associations to explain regulatory requirements and guide small entrepreneurs through new business start-up process.
- **Create “One-Stop Shopping” process for permitting major developments.** To address Philadelphia’s current residential building boom, the City has already begun to implement many of the recommendations of the 2004 BIA report. To facilitate the day-to-day needs of large development projects consisting of 50 units or more, the City formed a permitting committee under the direction of the MDO. This committee serves as a single point of contact for large developments, and is comprised of high-level representatives from operating departments. The committee serves to reduce the time, expense and redundancies that major builders encounter when seeking project reviews from City operating departments. Committee responsibilities include coordination and accountability when the permit and review process begins.
- **Continue to provide services online rather than inline.** Several departments are working with the Mayor’s Office of Information Services (MOIS) to provide permitting and payment services online. Phila.gov users are currently able to complete routine business transactions, such as paying water bills, certain wage and business taxes, and real estate taxes online. In FY07 MOIS will focus on further enhancing the customer service experience online and over the telephone. MOIS will launch an online interface that is better able to track payments, permits and eventually certifications. Integrated Voice System (IVR), a telephone interface enabling customer inquiries or payments on accounts, will also be introduced in FY07.
- **Address Zoning Simplification.** Utilize the City’s partnership with the Chamber of Commerce to assess the impact of the current zoning system and build support in the business community for needed adjustments.

Objective: Increase Educational Opportunity and Literacy Services

Quality schools are essential to the economic development of the City for their power to attract and retain families and prepare young people for college and the 21st century workforce. The Philadelphia region is home to a range of strong parochial and distinguished independent schools that are valued for the important pre-K-12 options they offer to city residents. With more than 70 percent of the city's school-age children enrolled in public schools, the Administration has made a major commitment to improving the quality of public education. City government will continue to work in partnership with the Commonwealth and the School District of Philadelphia to increase educational opportunity and achievement through enhanced academic standards and instruction, safety, community involvement, and financial stability.

Strategies

- Provide instruction, programming and facilities to enable students to raise performance levels
- Deliver support services that promote student achievement
- Offer choices that broaden the appeal of public schools and city living
- Maintain financial stability for the long-term
- Ensure Philadelphia's adults have the basic skills they need to compete in the Knowledge economy

Tactics

- **Implement education reforms designed to help students attain high standards.** Philadelphia public school students have made significant gains over the past few years, but achievement levels still lag Pennsylvania averages. The School District has identified and is in varying stages of planning and implementing a multitude of school and classroom improvements, consistent with state of the art reforms in urban public education, aimed at raising performance levels for educators and students. The list of reforms includes: extended day and summer instruction, standardized curriculum, new books and materials, more technology, training and support for teachers, leadership development for principals, smaller class sizes, expanded pre-school, eliminating middle schools in favor of K-8 configurations, educational enhancements for gifted and talented students, smaller high schools with more rigorous college and career preparation and selective use of private nonprofit and for-profit managers to operate low-performing schools. Through the City's representatives on the School Reform Commission (SRC), and regular interaction with the School District's management team, the Administration participates in shaping the policy and supporting the execution of these quality educational improvements.
- **Provide health and social services to children and families that remove barriers to learning and foster academic achievement.** City government is an active partner with the School District in meeting the physical and behavioral health needs of children, operating after school programs to keep children safe and supplement their education, and delivering other supports to facilitate school success. The City and School District will formalize these relationships, commit to joint planning, blend resources and streamline and upgrade services to help create the most cost-effective and conducive conditions in which students can learn.
- **Manage Operation Safe Schools to engage students, parents and community members in reducing violence in and around schools.** Achieving safe school environments is the first priority to promote learning and provide families with a sense of security and confidence in public schools. This new Police Department intelligence unit brings together City, School District and community resources in an effort to collect information and provide interventions to prevent violence in and

around schools. This work will be supplemented by regular police patrols in school neighborhoods, targeted initiatives to identify and support youth at-risk of being victims or perpetrators of violence, and use of alternative schools to place disruptive students in an educational environment where they may be more likely to succeed.

- **Align and coordinate School District capital investments with other public and private investments and developments in neighborhoods.** School facility improvements and new buildings should be designed and located to enhance educational opportunities, as well as to maximize their economic development potential. The City is collaborating with a master planning process initiated by the SRC to right-size the School District’s infrastructure for projected enrollment, explore options for utilizing its real estate resources, complement residential and economic development initiatives, and identify priority areas for capital investment. The Administration also supports development of a guiding policy for charter schools that balances educational, enrollment, economic development and financial factors to set priorities for their approval and siting.
- **Support marketing, community engagement, program improvements and school choice initiatives to enhance public school enrollment.** Quality improvements are being made in public schools throughout the city so that all children have the opportunity to achieve. Consistent with the economic development goal of growing the City’s population of 25-34 year olds—an age group that includes parents of young children—the City will support targeted efforts to raise awareness and enhance the attractiveness of public schools, especially where these schools are under-utilized by neighborhood residents. The initiative launched by the Center City District to market and strengthen public school options can serve as a model for other neighborhoods where the availability of quality public school choices can help sustain housing markets and encourage population growth.
- **Pursue long-term financial stability through public advocacy for adequate school funding, aggressive resource development, rigorous accountability and disciplined spending.** Through the partnership agreement reached between the City and the Commonwealth in 2001, additional state and local revenue and deficit financing enabled the School District to avoid bankruptcy and implement quality improvements needed to help students reach high performance standards. But the financial stability is temporary, as the School District continues to run operating deficits most years and deficit bond proceeds are projected to run out in FY 2009. The Administration will support the School Reform Commission in monitoring finances and in promoting Philadelphia’s interests through advocacy and action by a broad coalition of public school stakeholders to prevent a return to financial chaos and allow educational progress to continue.
- **Support the Knowledge Economy goal of raising educational attainment levels for the City’s population by successfully continuing the College Opportunity Resources for Education (CORE) Philly Scholarship program.** Mayor Street, School District CEO Paul Vallas, and Congressman Chaka Fattah launched the CORE Philly initiative in 2004, making Philadelphia the only city in the nation to offer every high school graduate a freshman year college scholarship. The CORE scholarship is both an incentive and a reward for high school students staying in school and pursuing higher education. The City and School District have committed to fund the program for its first four years of operation, including the graduating classes 2004-07. Congressman Fattah has pledged to lead a fundraising campaign for an endowment to support the program going forward. In its first semester of operation, 1,977 students were awarded CORE scholarships of up to \$3,000 to attend one of 19 public colleges and universities in Pennsylvania. Philadelphia lags other major cities with only 18 percent of adults holding a college degree. CORE Philly works to close this gap by expanding outreach and communication to prospective applicants, working to obtain permanent funding, and supporting retention of scholarship recipients in college until they earn their undergraduate degrees.

- **Create a targeted initiative to increase adult literacy.** Excel Philadelphia is designed to build skills for the new Philadelphia economy by connecting adult basic education and workforce literacy resources with employers and their employees. In October 2005, this program received a grant of \$25,000 from the Anne E. Casey foundation. The grant is funding research to prepare a report that will launch a community-wide summit in the fall of 2006 to engage all stakeholders—employers, traditional educators, adult literacy providers, government, adult learners, and others—in an effort to discuss the problem and necessary outcomes. This process will culminate in a mutually agreed upon five-year action plan to move 17 percent of Philadelphia adults out of the low literacy designation. In FY07, PWIB will move to implement Excel Philadelphia by further increasing the capacity of Philadelphia literacy service providers to provide enhanced services and placements to adults, as well as by engaging employers and the business community in addressing this critical workforce issue. In another workforce-related success, in FY06 Philadelphia was one of five cities selected to receive funding from the Commonwealth to serve as a pilot location for Career Gateway, a project designed to increase the capacity of the Adult Basic Literacy Education (ABLE) system to successfully transition adults and older youth from basic education into post-secondary education.

Objective: Maintain Fiscal Responsibility through Strategic Tax Allocation and Tax Reduction

The FY07 Budget and Five Year Financial Plan include \$25.8 million in business tax reduction in FY07 and \$12 million in wage tax reductions. Since 2000, the City has provided over \$1.1 billion in tax relief through wage and business privilege tax reductions. The Administration supports a program of responsible tax reform and manageable tax rate reductions. Committed to affordable tax cuts that allow the City to make strategic investments, maintain service levels and enable the full economic value of the cuts, the Administration has signed into law legislation providing wage tax rate reductions, gross receipts rate reductions, tax abatements for new construction, and Business Privilege Tax (BPT) credits. The City's program of incremental wage and BPT reductions was begun in 1996 on the premise that moderate tax reductions each year could be incorporated into a balanced City budget that maintains service levels by generating efficiencies and taking advantage of economic growth. The tax rate reductions were made on a year-to-year basis for the first seven years so that the Mayor and City Council had the flexibility to respond to changing circumstances.

The Administration supports further BPT reductions on a similar year-to-year basis for the upcoming FY07-FY11 Five-Year Plan period. Therefore, beginning in the first year of the Plan, the Administration also accelerates the pace of the reductions in the gross receipts portion of the Business Privilege, a tax structure change which will improve the City's tax competitiveness and spur job growth.

The Administration does not support the enactment of tax cuts beyond the FY07 period. As discussed more fully in the Fiscal Health Chapter, the Administration proposes to repeal the Wage Tax Credit program. The majority of respondents to the summer 2005 Citizens Survey indicated a preference for improved services over tax cuts, while economists have also cautioned that quality City services are as important to a city's success as a competitive tax structure. The City must attend to a host of legitimate competing demands on resources and address legitimate risks to the Plan, such as escalating pension fund costs, the fiscal health of PGW, the cost of labor agreements arrived at through binding arbitration, and the ability to continue to generate sizable future government efficiencies (or "target budget" reductions) with a dramatically reduced workforce. Tax reductions in isolation will not grow the City's economy.

Conclusion

The Administration has outlined ten objectives that we believe are critical to shaping the City's future over the next three years:

- Expand the Knowledge Industry.
- Support Civic and Cultural Development.
- Make Philadelphia a National Model for MBE/WBE Participation in the Local Economy.
- Continue the Successful Development of Philadelphia's 38 Miles of Waterfront
- Sustain advances in Neighborhood Economic Development.
- Make City government incentive programs more predictable, objective and equitable.
- Continue business attraction and expansion efforts.
- Continue to reduce the cost of and barriers to doing business in Philadelphia.
- Increase educational opportunity and achievement for elementary and secondary school students and access to literacy services for adults.
- Maintain fiscal responsibility through strategic tax allocation and tax reduction.

While progress will certainly be made in other ways, Philadelphia's economic development resources will be devoted to achieving these objectives and to benchmarking our activities in these areas. The document speaks to our assets, challenges, and goals in a way that recognizes the role of City government to positively impact economic growth in Philadelphia.

Taken together, these objectives are the Administration's strategic vision for the economic development of Philadelphia. This vision, in turn, provides the necessary framework to coordinate our efforts, both within City government and through public-private partnerships, for maximum impact. These policy priorities will contribute to Philadelphia's lasting viability as a location of choice for residents, businesses, students, and visitors.

Overall, the accomplishments and potential embodied in this section reflect a single overriding theme: Philadelphia is "hot." All sorts of media, from newspapers—such as the New York Times, USA Today, the Washington Post, Boston Globe, and LA Times—to magazines, including our own Philadelphia Magazine, as well as TV, radio, and blogs, are touting the fact that Philly is "hip and happening." National Geographic dubbed Philadelphia as the Next Great City! The media remark on Philadelphia's transforming neighborhoods, new communities, Center City renaissance, retail boom, improving jobs picture, turnaround in the office market, and surging Center City population growth, including a magnetic attraction for young people.

With this in mind, the Administration is proposing to invest \$2.5 million in each of the next two years to provide additional support for Philadelphia marketing and promotion efforts. Working with the Greater Philadelphia Tourism and Marketing Corporation and the Philadelphia Convention and Visitors Bureau, and all of their partners such as the hotels, the restaurants and retail establishments, transportation and parking operators, and the arts and cultural institutions, the Department of Commerce will build on the work that was done at the Hospitality Summit, and implement a promotional campaign designed to take advantage of this great and long overdue moment for Philadelphia. We know that for every dollar spent on promotion, Philadelphia will see \$185 in new visitor spending, not to mention new tax revenue and

new jobs for city residents. It is a moment we must seize, a moment we must invest in, a moment when Philadelphia can take advantage of its success and move up to the next level.

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a scale of justice. The shield is surrounded by a decorative border with the words 'CITY OF PHILADELPHIA' and the date '1791'.

City of Philadelphia
Five-Year Financial Plan



Education and Social Services

Education and Social Services

Overview

The Administration is committed to promoting long-term economic growth for the City and productive, fulfilled lives for all of our citizens. One of the most effective ways to achieve these connected goals is to provide our children with a first-rate education while ensuring that the health and social needs of our children, adults and families are being met at the same time.

It has been more than four years since the Administration took action to set the School District of Philadelphia on the right course, after years of financial and political turmoil. Those actions worked to establish an effective Commonwealth-City governing partnership, achieve financial stability with record new funding; and recruit an innovative chief executive, whose reform efforts have brought change to nearly every aspect of public education in Philadelphia. The Administration continues to work closely with the District to foster educational progress, while District finances remain stable.

Six years ago, the Street Administration created the Division of Social Services (DSS) within the Managing Director's Office to improve the quality of social services delivered to Philadelphia's children, adults and families. By integrating and coordinating the work of all City departments, agencies and commissions that deliver social services, the Division of Social Services can more effectively anticipate, plan for and respond to the health and social needs of our citizens.

An important DSS initiative launched in FY06 and proceeding in FY07, is the Mayor's Plan to End Homelessness. In June 2004, Mayor Street created a Task Force on Homeless Services to create a ten-year plan to end homelessness in the City of Philadelphia. The mayor's endorsement of the 10-Year Plan is the latest initiative by the Administration dedicated to improving the quality of life throughout Philadelphia. Objectives of the Ten-Year plan are:

- Open the "back door" out of homelessness and ensure that all Philadelphians have a decent, safe, affordable home.
- Close the "front door" to homelessness; implement successful prevention strategies.
- Ensure that no one in Philadelphia needs to live on the streets.
- Fully integrate all health and social services to aid in preventing and addressing homelessness.
- Generate the political will, civic support, and public and private resources to end homelessness.
- Build human capital through excellent employment preparation and training programs and jobs at a livable wage.
- Make shelters a dignified place for emergency assistance, not a destination.
- Support families and individuals to promote long-term independence and prevent their return to homelessness.

The Mayor has made a commitment, with the assistance of City department leadership, to provide \$10 million toward the first two years of the plan. This commitment includes \$5 million of reinvestment funds from DBH/MRS over two years for behavioral health services in shelter, \$1 million of NTI bond

proceeds for prevention, housing subsidies for 25 families per month for two years, and \$1 million of private funding to support the plan's implementation.

In addition to the Plan to End Homelessness, the main initiatives in FY07 for the Division of Social Services include:

- Continuation of the Children's Investment Strategy
- Implementation of DSS Cares
- Protecting the health of children and families through lead abatement of homes and outreach and education of parents
- Promoting healthier lifestyles with focus on reducing the incidence of asthma, diabetes, and obesity
- Improving outcomes for at-risk youth through targeted interventions, such as Adolescent Violence Reduction Partnership (discussed in chapter on Public Safety)
- Providing social services such a drug and alcohol treatment and job training to persons transitioning from prison to the community (See Public Safety chapter)

Goals

The goals that govern achievement of the Mayor's objective to "provide high-quality public education and comprehensive coordinated social services for children, adults, and families," include the following:

- Support the Philadelphia School District to provide high-quality public education
- Invest in programs that support family structures
- Invest in programs to support youth and maximize their potential to become self-sufficient adults
- Ensure that adults have the supports and tools to become and remain self-sufficient
- Ensure that Philadelphians have the earliest possible access to treatment

Examples of FY07 programming in support of these goals are discussed below. Unless otherwise noted, programs discussed do not have a net impact on the General Fund.

Support the Philadelphia School District to Provide High-Quality Public Education

Coordinated Oversight and Support of the School District of Philadelphia

<p>The Administration has maintained its steadfast commitment to provide opportunities for children by both financially and programmatically supporting the Philadelphia School District to create a first-rate system of public education. By improving the quality and performance of our schools, we improve the possibility for long-term economic growth for the City and productive, fulfilled lives for our citizens. Studies continue to demonstrate that families often make locational choices based on the quality school options, and to this end, having a city replete with first-class schools will help to ensure Philadelphia’s growing popularity among young people continues.</p>	<p>\$0</p>	<p>\$0</p>
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Four years have passed since the Commonwealth-City governing partnership was formed and tasked to restore the District’s debilitated finances and end political turmoil. Actions taken achieved financial stability, with record new funding and strategic borrowing. In addition, an innovative chief executive was recruited, whose reform efforts have brought change to nearly every aspect of public education in Philadelphia. Changes include improved test score and a phasing-out of middle schools; by 2008, most high schools will have approximately 800 students, down from 1,700 just a few year ago.

Through the Mayor’s two appointees to the five-member School Reform Commission (SRC), and through daily interaction between City and School District managers, the Street Administration continue to work closely with the District to support educational progress and financial stability. In order to continue the progress that we have made with the current governing structure, a serious discussion of state mandates and the lack of funding programs needs to occur if the growth our city has seen under this governance model is to continue. Among the priorities for the District are:

- **Setting Higher Goals in Education Quality & Performance.** Recognizing that the academic achievement of all students in the School District of Philadelphia must improve, in FY05 the SRC established comprehensive new goals to be achieved by June 2008. These new goals are embodied in the SRC’s “Declaration of Education,” which sets specific targets for improving early literacy, academic achievement, equity, safety, community involvement, school support services, and financial performance. Declaration goals augment the national performance targets set forth in the No Child Left Behind (NCLB) Act, which requires that all students meet or exceed proficiency testing standards by 2014. The District continues to budget for, and carry out a series of educational reforms designed to help students and schools meet the high standards.
- **Improved Test Scores.** District students showed continuing academic success on the Terra Nova test. In October 2005, District students in grades three through eight took the TerraNova test: 50 percent or more of the sixth-grade Reading, sixth-grade Language Arts, and fifth- and seventh-grade Math scores were at or above the national average. In addition, 25 percent or fewer of the fourth-, sixth-, and seventh-grade Reading, sixth- and eighth-grade Language Arts, and seventh-grade Math scores were in the bottom quartile.

The Pennsylvania System of School Assessment (PSSA) exam is taken by fifth, eighth, and eleventh graders in spring 2005. Overall, the percentage of students scoring at proficient and advanced levels in Reading increased 1.8 percentage points, from 33.6 percent to 34.5 percent. Math scores of students scoring at the proficient and advanced levels increased 8.5 percentage points, from 28.6 percent to 37.1 percent. While scores for Philadelphia students were still below Pennsylvania averages, the rate of improvement by District students, including those attending privately managed schools, outpaced state averages for gains in five of six categories.

Improved test results and other progress translate into Philadelphia’s public schools making significant advances on the Adequate Yearly Progress (AYP) measure used to monitor performance under NCLB. In Pennsylvania, the District is continuing to assess the condition of all school buildings to make capital allocation decisions. To provide further direction and support for the capital program, the SRC has initiated a master planning study to ensure that the School District makes maximum advantage of its real estate opportunities, right-sizes its infrastructure for expected enrollment, and uses its capital investments not only to enhance education opportunities but also to complement city and private economic development initiatives.

- **Financial Stability.** Since entering into the Partnership Agreement, the City has increased its annual contribution to public education by \$45 million annually. Our efforts, however, will go unrewarded, unless adequate state funding for public education becomes a legislation priority rather than an afterthought. The deficit borrowing proceeds supported by the City and used to balance the School District's finances in recent years will run out at the end of FY06. To avoid future surprises and disruptions, the School District must articulate its funding needs sooner rather than later.

While maintaining a strong commitment to funding public education, the City has always held that a substantially bigger state commitment would be needed to give Philadelphia schools the chance to succeed. The fruits of this investment are starting to flower with improved test scores; the momentum must be funded to continue.

- **Preparation for Work and Higher Education.** The College Opportunity Resources for Education (CORE Philly) Scholarship program promotes college attendance. Now in its second year, CORE Philly awarded 2,032 scholarships to Philadelphia High School seniors, totaling \$2.2 million in support. At the beginning of the 2004 school year, Mayor John F. Street, Congressman Chaka Fattah, and District CEO Paul Vallas launched CORE Philly as a program open to public, charter, parochial, and private high school students. This project provides incentives for young people to live in the Commonwealth and attend local universities.
 - *FY07 Progress Measure:* Improvements in achievement of NCLB yearly proficiency goals, and continued balanced budgets.

Invest in Programs that Support Family Structures

Division of Social Services

The Division of Social Services (DSS) integrates policy for Human Services, Health, Prisons, Behavioral Health, the Office of Adult Services, the Mayor's Office of Community Services, and Recreation. DSS is overseeing two key cross-department projects, the Children's Investment Strategy and DSS Cares.

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| <ul style="list-style-type: none"> - Continue unprecedented investments in after-school, youth development, and family support programs through the Children's Investment Strategy. The Children's Investment Strategy (CIS) is a broad initiative of Mayor Street to improve outcomes for the City's 370,000 children and youth, as indicated in the <i>Children's Report Card 2005</i>. The <i>Report Card</i> tracks childhood health, safety and positive development indicators so that progress can be measured ensuring that children achieve positive outcomes. Efforts to improve the outcomes for children and youth include expanding after school and other youth development opportunities during non-school hours, and redirecting more resources to DHS' prevention services to strengthen the relationship between parents and children. | <p>\$0</p> | <p>\$0</p> |
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- Youth development offerings include after school programs, Beacon schools, truancy-related programs, delinquency prevention programs, after school programs, teen centers, programs specifically targeted towards 12-18 year olds, and workforce development programs operated under the guidance of the Philadelphia Youth Network. Family support programs include DHS intensive home visiting, parent programs and school-based case management.
- From its inception in 2000 through FY06, the CIS has been instrumental in the following:
- Providing \$104.6 million of new funds annually for youth development and family support programs
 - Expanding these programs to serve an additional 46,689 children and their families, an increase of 2,399 from FY05.
 - Developing the Adolescent Violence Reduction Partnership (AVRP), this will be initiated in February 2006 in the 25th and 12th Police districts, to specifically address youth violence. (AVRP is more fully discussed in the chapter on Public Safety and Quality of Life.)

- The primary sources of CIS funding continue to be the Commonwealth—through Act 148 (which has a 20%, \$13 million city share), and the federal government—through Temporary Assistance for Needy Families (TANF). The City’s FY07 budget for CIS includes an additional \$17.6 million in DHS for the citywide implementation of AVRPP, expansion of 10 new Beacon Schools, and five new E3 centers targeted to youth returning from delinquent placement. The realization of this continued growth, however, is contingent upon appropriate levels of funding from federal and state sources. Further discussion of individual CIS programs follows within this chapter and within the Public Safety chapter.
- *FY07 Progress Measure: The Report Card* childhood health, safety and positive development indicators.

- **Facilitating the integration of social service departments through DSS CARES.** DSS’ Cross Agency Response for Effective Services (DSS CARES) is the fulcrum for providing seamless and comprehensive services across all social service agencies. This child-centered, family-focused, and community-integrated approach will weave timely information from all systems into one planning process that addresses family strengths and resiliency. By the end of calendar year 2006, the initiative will yield two end-products: (1) a common, or universal, family-based case management practice for all those providing services; and (2), a sophisticated customized technology tool, developed locally. The technology component of DSS CARES is currently in a limited-testing phase, and should be finalized for citywide implementation late in 2006. The web-based “dashboard” draws upon information and case histories of the different city departments’ source systems. Henceforth, case managers who have never worked across departments will learn to coordinate with colleagues to comprehensively assess clients. Case managers will be able to retrieve real-time data to manage streamlined, coordinated case planning that puts the client at the center, and gives clients an active voice in shaping services that support their movement towards recovery and self-sufficiency. The City’s FY07 capital plan budget includes \$1.5 million in FY06 and 1.0 million in FY07 for the continued development of the technology tool for DSS-CARES.
 - *Progress Measure:* Dashboard measures are still under development, but will include reports on integration of services by managers.

\$0	\$0
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Department of Human Services

DHS provides numerous services supporting families, including the following.

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| <ul style="list-style-type: none"> <p>▪ Support family reunification by providing comprehensive support services. DHS will continue operation of the Achieving Reunification Center (ARC) a one-stop service delivery model that supports parents and other caregivers in achieving self sufficiency and timely reunification with children. The Center uses DHS and Philadelphia Workforce Development Corporation (PWDC) resources to provide intensive support in obtaining housing and employment, a full range of health and social services, specialized child visitation programs, parenting programs, and other practical supports. Homeless families with behavioral health concerns are linked to services to address both needs.</p> <p>Fatherhood support is one of the primary ARC services. In partnership with Philadelphia Comprehensive Center for Fathers, ARC provides the following to fathers referred by DHS social workers via a Job Education Management Specialist (JEMS). Outreach, life skills training, educational programs, career exploration and development, job readiness and placement services, parenting skills programs, housing advocacy, and mentoring. In addition, ARC collaborates with the Mayor’s Office of Community Services’ (MOCS) Fatherhood Initiative Program to provide educational and counseling services to help fathers develop healthy relationships with their children, improve nurturing skills, understand the importance and impact of involvement in their children’s lives, and accept financial responsibility for their children.</p> <p>Future goals of ARC include educating DHS social workers about Philadelphia Fatherhood Practitioners Network agencies to increase referrals of fathers whose children are not in placement, and exploring the possibility of increased fatherhood conference events throughout the year.</p> <ul style="list-style-type: none"> - <i>FY07 Progress Measure:</i> In FY07, ARC will receive approximately 1,000 referrals and enroll approximately 700 families for on-site services; 505 of enrollees will complete their service schedules within 12 months; 24 homeless families will receive housing. | \$1,850,356 | \$9,590,062 |
| <ul style="list-style-type: none"> <p>▪ Target Parenting Collaborative services. DHS will continue support of The Parenting Collaborative, an organized effort to support and expand the existing network of parenting education and support programs in Philadelphia. These services reinforce supportive behaviors and change non-productive, harmful behaviors through parenting education support to at-risk families (parents seeking reunification, parents of delinquent and truant youth, kinship caregivers, parents of children with special needs, fathers, etc.). Parents are referred to the programs by DHS social workers, provider agency social workers, and Family Court. Other referrals come from the Division of Community-Based Prevention</p> | \$9,157,140 | \$47,459,808 |

Services (DCBPS) service network, calls to 215-PARENTS, and neighborhood outreach.

A major focus of the program has been promotion of fathers' engagement in their children's lives. During FY05, a workgroup of the major organizations serving fathers in Philadelphia met on a weekly basis. The focus this year was on developing events and activities focused on engaging fathers. "Behind the Closed Doors" is a monthly forum attended by DHS, community leaders, fathers and volunteers to discuss ways to foster engagement of fathers in their children's lives. Participants discuss concerns such as physical discipline of children and child support.

DHS supports a variety of other community-based parenting skills enhancement programs for fathers, including adolescent fathers, and has facilitated, in collaboration with the Philadelphia Fatherhood Practitioners Network, several citywide forums and conferences.

As a follow-up to the "Parenting After Violence" conference held June 2004, DHS and the Institute for Safe Families co-sponsored a "Parenting After Violence" conference, on December 7, 2005. This conference focused on ways parents, particularly fathers, can re-engage with their children after family violence has been identified as an issue. There are no additional general fund costs associated with this initiative.

- *FY07 Progress Measure:* For FY07, approximately 6,000 parents/caregivers will have been enrolled in parent education training and at least 300 fathers will have been enrolled in targeted training annually.

- **Implement a Placement Diversion Program for 13-17 year olds.** To reduce the number of adolescents entering dependent placement, particularly for the first time, DHS is using a crisis intervention model to target youth 13 -17 years of age who have behavioral problems too difficult for parents to correct. Older youth typically present with truancy and other incorrigible behavior, causing their parents to reach a point where they feel they can no longer cope with their child's behavior, and request placement for their child.

\$1,800,000	\$9,329,076
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An alternative is intensive crisis intervention at the family's homes, initiated within 3 to 24 hours from time of the report, with a focus on preserving the family and engaging parents/caregivers in services provided. A crisis intervention team, which will include master's level clinicians, experienced in a variety of therapeutic interventions, will be available 24 hours a day, seven days a week. Immediate response, intensive intervention, and de-escalation skills will provide the family, youth, and social worker with the support needed to safely maintain a youth in his/her home. The Community-based Prevention Services Division will contract for the crisis intervention service.

- *Progress Measure:* For FY07, the program will serve 250 youth and their families.

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| <ul style="list-style-type: none"> ▪ Implement the Rapid Service Response program (RSR). RSR provides immediate, short-term services to families whose needs can be met without involvement in the formal Child Welfare system. Typically, when a General Protective Service (GPS) report case is accepted for in-home services, the case will remain open for seven to nine months. DHS has seen the accept-for-service rate in GPS cases increase from 18 percent in FY03 to 21 percent in FY05. This level of intervention is not necessary in all cases, especially those where there is low risk to a child’s safety. RSR focuses on assessing a family’s needs and strengths, while providing short-term, immediate services and connection with community resources. The DHS social worker can refer a family to RSR after making an assessment of the family situation, and after consultation with a supervisor. Within three business days from referral, the RSR provider will dispatch a social worker to meet with the family and begin the RSR process. The social worker sees the family a minimum of two to three times per week, to ensure the services needed and secured will be used by the family. RSR will be provided to the family for 15 to 60 days, with the understanding that the work between the family and provider will be intense, and if successful in satisfying the need for service, no additional DHS services will be necessary. <ul style="list-style-type: none"> - <i>Progress Measure:</i> For FY07, the program will serve 450 families. | \$1,272,950 | \$6,597,471 |
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Invest in programs to support youth and maximize their potential to become self-sufficient adults

Department of Human Services

DHS provides services implementing the goal that supports youth potential and self-sufficiency. DHS’ FY07 plans are as follows.

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| <ul style="list-style-type: none"> ▪ Reduce barriers to educational achievement. DHS will direct School-based Case Management (SBCM) at truancy, through on-site consultation and educational specialists located at Philadelphia public schools. Families with children exhibiting behavioral problems in school, truancy, and high absenteeism will be provided short-term intensive case management, resources, and linkages to other needed services. School/community collaboration is aimed at ensuring that the | \$6,526,059 | \$33,823,389 |
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provision of family supports to address the barriers related to overcoming truancy will result in improved school attendance and participation. The service is available to DHS-involved and at-risk youth and their families, on a full- or part-time basis. Services are provided at Philadelphia public elementary and middle schools, by referral from the DHS or provider case manager, and through the individual school's Comprehensive Student Assistance Program. SBCM services are also coordinated with the Department of Behavioral Health's School-Based Behavioral Health Initiative in those schools where both services are available.

- *Progress Measure:* In FY07, approximately 3,000 families will have received services.

- **Address truancy by improving tutoring and mentoring services to public school children.** DHS will link chronically truant youth to neighborhood-based services that offer tutoring, literacy enhancement, case management, and mentoring. DHS, the Philadelphia School District, Family Court, and a network of community-based agencies and individuals are working together to develop and implement a comprehensive strategy to address truancy. These collaborative partners focus on resolving issues before they evolve into situations requiring placement of children in foster care or delinquent facilities. The program:

	\$0	\$0
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- At an early stage, engages the array of community-based youth and family services available to DHS and others, in support of families of younger children (6-13 years old).
- Directs intensive services, including the Regional Truancy Courts, to support older children (13-16 years old) whose truancy, and individual and family challenges, is likely to be more severe.

The new approach aims to decrease the number of children referred to DHS for formal child welfare services, and involves changes to the truancy identification process, truancy first response, and the Regional Truancy Courts. The project requires changes in the utilization of DHS' contracted providers and the network of community-based services, which have not traditionally been mobilized specifically for chronically truant youth and their families.

Redesign is being accomplished in a four-step process. The first step in the redesign was to review all of the resources and determine where on the continuum they may be most effective. The second step was to revise the thresholds at which varying services could be made available, and determine how many days of unexcused absence triggered a formal response and what that response should be. The third step involves how to engage families and communities through prevention programs, court services and the Patch and Equal Partners in Change (EPIC)

stakeholders' conferences. The fourth step is to track outcomes via DHS and the School District of Philadelphia databases.

- *Progress Measure:* In FY07, approximately 3,100 youth will benefit from these services.

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| <ul style="list-style-type: none"> ▪ Enhance housing social service supports for aging-out youth. DHS will provide social services and transitional housing to targeted youth. DHS is working to develop a continuum of housing options for youth aging-out of DHS care, as well as supportive housing services for youth who are no longer committed to DHS, but who may require some support as they begin to live independently. | \$0 | \$0 |
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Through a partnership between DHS, the Philadelphia Youth Network (PYN), the Philadelphia Housing Authority (PHA), Office of Emergency and Shelter Services (OESS) and providers, and with funding through the U.S. Department of Housing and Urban Development (HUD), a Transitional Living Program has been established in FY06 to serve 70 aging-out youth who do not have a stable housing arrangement, as individuals and/or mother/baby housing. While HUD funding has been identified for the scattered-site housing, DHS is responsible for providing ongoing case management and social service supports to these youth while they are participating in the program, to assist them in reaching a level of self-sufficiency. Participants will receive ongoing health and social support services, as well as life skills training, rental subsidies, and other supports.

- *Progress Measure:* By mid-year FY07, DHS targets to have connected approximately 50 youth to transitional housing.

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| <ul style="list-style-type: none"> ▪ Augment employment and training services for aging-out youth. DHS will provide youth aging out of foster care with skills training and job placement at area employers, through the PYN via referrals from Achieving Independence Center (AIC). | \$1,248,107 | \$6,468,714 |
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Employment that provides a sufficient income for sustainable independence is a critical factor in the ability of aging-out foster youth to succeed after discharge from the child welfare system. Provision of dedicated job readiness and employment training programs designed specifically for aging-out youth, along with appropriate social service supports and aggressive job placement efforts will help them obtain and sustain full-time employment.

In collaboration with the PYN, DHS will expand job placement options for youth in care, and develop new skills training programs with area employers. As a result of an enhanced relationship between DHS and PYN, increased numbers of youth will be placed in various internships. Closer relationships with various employers will result in improved job

placement for youth who complete the Hospitality Training Program at the AIC.

- *Progress Measure:* In FY07, 240 youth will be connected to employment and training opportunities.

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| <ul style="list-style-type: none"> ▪ Implement an integrated and multi-pronged strategy focused on adolescents. The strategy will include: <ul style="list-style-type: none"> - High quality placement diversion programming that strengthens families with youth at high risk of entering the foster care system - Strong and well defined partnerships with other service systems such as Behavioral Health and the School District of Philadelphia that recognize and attempt to creatively address together the unique needs and circumstances of this population - Enhanced Treatment Foster Care programming designed for adolescents - Policy guidance and practice standards that blend customized permanency outcomes and comprehensive preparation for adulthood - Elevated standards and expectations of group home and supervised independent living (SIL) programs which also clarify where they fit along a best practice service continuum model - <i>Progress Measure:</i> In FY07, the initiative will be well underway with the group home and SIL components in place. | \$0 | \$0 |
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Ensure that adults have the supports and tools to become and remain self-sufficient

Office of Adult Services

Office of Adult Services (OAS) supports the adult self-sufficiency goal through the following projects.

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| <ul style="list-style-type: none"> ▪ Implement a “Housing First” Program for families in emergency shelter with high levels of behavioral health needs. Housing First is an innovative strategy to address homelessness which helps people to move directly from the streets or emergency shelter into permanent housing that is attached to supportive services. Housing first is funded by federal and state sources <ul style="list-style-type: none"> - <i>Progress Measure:</i> House 60 families in permanent supportive housing. | \$0 | \$0 |
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	FY07 Cost	FY07- FY11 Cost
<ul style="list-style-type: none"> ▪ Open and Maintain the Housing Support Center. OAS uses the Center to ensure accessibility and the appropriate use of placements into supportive transitional housing programs. The Housing Support Center, whose permanent location is to be determined but will be accessible to clients from all city neighborhoods, will manage entry into supportive transitional and permanent housing programs and the distribution of other resources that currently are spread between DSS/Adult Services and DSS/Department of Human Services. While these two sources alone account for 1,000 slots in various types of housing programs, a future goal for the Center is to expand this number by including programs that are independently managed by Philadelphia nonprofits. By combining the housing resources of two City agencies, the Center will be able to speed up the process of making residential placements, reducing the need for emergency shelter and the stress experienced by adults and children with prolonged waits for housing. <ul style="list-style-type: none"> - <i>Progress Measure:</i> Open the Housing Support Center and institutionalize the center into a permanent component of the service system. 	\$637,798	\$3,189,990

Ensure that Philadelphians have the earliest possible access to treatment

Department of Behavioral Health and Mental Retardation Services

The Department of Behavioral Health and Mental Retardation Services (DBH/MRS) provides numerous services in support of the adult access goal.

<ul style="list-style-type: none"> ▪ Implement Medicaid-funded intensive residential services. DBH/MRS will create five new service-intensive, Medicaid funded residences for people with co-occurring mental health and substance abuse issues. Services will cost approximately \$6.6 million annually, and will provide 62 beds for underserved populations. The new beds will be established in community- based, group homes. Programs will target behavioral health populations, for which very few resources currently exist, including young adults who are transitioning out of the children’s service system, and women with children. Costs related to the operation of these programs will be covered by Medicaid and funding from the Commonwealth of Pennsylvania Department of Public Welfare. The resources are expected to become fully operational during FY 07. 	\$0	\$0
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	FY07 Cost	FY07- FY11 Cost
<ul style="list-style-type: none"> - <i>Progress Measure:</i> Establish the new residences and achieve 90 percent occupancy by June 2007. 		
<ul style="list-style-type: none"> ▪ Transform day services. DBH/MRS will convert all maintenance-level Partial Hospital Programs (PHPs) to alternative day services that more effectively address the needs of people with behavioral health issues. The Pennsylvania Department of Public Welfare (DPW) has indicated the possibility that maintenance PHPs be eliminated within the next several years. Traditional PHPs emphasized symptom reduction and maintenance of psychiatric stability. The new alternative services will be designed to help people move beyond basic stability and pursue genuine recovery from their illness, via a combination of treatment and community-based interventions. The operation of new services will be supported by \$22.6 million in Medicaid reimbursement and additional funding provided to DBH by DPW. <ul style="list-style-type: none"> - <i>Progress Measure:</i> Conversion of 500 maintenance level Partial Hospital program slots to more varied, culturally competent, recovery-oriented, evidence-based day services, by the conclusion of FY07. 	\$0	\$0
<ul style="list-style-type: none"> ▪ Expansion of Early Intervention Program for children with mental retardation. DBH/MRS will increase the number of children served in birth-to-three early intervention program, through greater collaboration with DHS and expansion of services in each of the City's eight healthcare centers. New initiatives and expansion are projected to cost \$1.7 million, and are dictated and funded entirely by DPW's Office of Mental Retardation. <ul style="list-style-type: none"> - <i>Progress Measure:</i> Increase the number of children served by 10 percent, from 4,000 to 4,400. 	\$0	\$0
<ul style="list-style-type: none"> ▪ Create 60 additional low demand, entry-level, behavioral health residential beds for homeless adults. Sixty HUD/McKinney grant-funded beds, recently awarded to Philadelphia, are expected to become operational in FY07. Services are designed to gradually engage persons who have been living on the street, by offering support and housing while imposing limited expectations concerning participation in structured treatment activities. The initiative will contribute to the goal established by the Ten Year Plan to End Homelessness, which includes the need to develop additional homeless beds by FY08. Operations will be supported by federal grant funds and supplemental funding allocated to DBH/MRS by DPW, totaling \$1.5 million per year. <ul style="list-style-type: none"> - <i>Progress Measure:</i> This 60 bed program will be implemented and 	\$0	\$0

fully operational by the conclusion of FY07.

Department of Public Health

The Department of Public Health (DPH) contributes to the achievement of the family support goal as follows.

<p>Prevent children in Philadelphia from becoming lead poisoned before exposure. “Lead Safe Babies” is a primary prevention program, funded entirely through federal grants, that provides outreach and education to new and expectant mothers for lead hazards in the home that could expose young children to lead poisoning. The program also provides lead hazard reduction work, where needed. DPH receives \$550,000 from The Centers for Disease Control and Prevention (CDC) for identification of lead hazards in the home, and \$500,000 from HUD for lead hazard reduction work. Overall, The Department will spend \$10.9 million on programs to prevent lead poisoning—\$10 million in the Grants Fund and \$.9 million in the General Fund.</p>	\$0	\$0
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- *Progress Measure:* Number of children with confirmed elevated blood lead levels.

<ul style="list-style-type: none"> ▪ Promote healthier lifestyles and reduce the incidence of asthma, diabetes, and obesity. In 2005, DPH incorporated the Steps and Tobacco Control programs into a new division, Chronic Disease Prevention. DPH is responsible for the development, fiscal administration, and monitoring of the City’s Steps Program. Additionally, DPH responsibility includes the development of a coordinated system of health and community resources links dedicated to reducing the risk factors of physical inactivity, poor nutrition, and tobacco use in targeted high-risk areas. Programs funded by Steps target both children and adults throughout the community and in schools. 	\$0	\$0
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Some of the many Steps programs implemented in FY06 include: Educational programs for diabetes and asthma self-management, taught in English and other languages; after-school health clubs for students with asthma, diabetes, and obesity; student-run gardens and produce stands in schools; and expansion of the Philadelphia Fun, Fit and Free program to now include community sites. Steps is currently revising its community action plan for FY07, to include the following: offer asthma and diabetes self-management education programs at new sites, implement after-school health clubs in 25 additional schools, develop school health councils in these schools, expand student-run gardens and produce stands to three additional schools, offer the Health Journey to faculty and staff of Steps schools expand the youth bicycle program to a new Steps neighborhood.

Through a state grant, the Division of Chronic Disease Prevention plans to implement the following actions in FY07: Assessment and promotion of walking and biking trails in STEPS communities; development and promotion of a community garden project; development of healthy food choices at two community-based organizations; assessment of a healthcare system for cultural competency; development of Keystone Healthy Zones in a minimum of two schools; implementation of a 12-week after-school physical activity program that promotes non-competitive activities; development of a worksite wellness policy; and a pilot program to promote healthy lifestyles in a worksite setting. DPH has allocated \$4.7 million in FY07 for the above activity in the Grants Fund.

– *Progress Measure:* Initiation of programs as planned.

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| <ul style="list-style-type: none"> ▪ Establish a health leadership partnership working to ensure that all Philadelphians have access to high-quality, comprehensive health care. As a result of a November 2003 voters’ mandate, DPH has been working toward the goal of creating a realistic and practical plan to provide quality healthcare services for every Philadelphian. In a series of community meetings and information gathering sessions, DPH has sought the participation and involvement of a variety of stakeholders, and assess the full universe of the public’s concerns with the current system. DPH released “Decent Health Care for All in Philadelphia: Local Leadership and Action” in May 2005. The principle recommendation was the establishment of a “Health Leadership Partnership.” The partnership represents a new non-profit organization that mobilizes and assists public and private sector leaders to develop their strategic plans; and to better coordinate and integrate health services in Philadelphia. The Department intends to take a leadership role in pursuing private sources to fund this work in future years. | \$150,000 | \$750,000 |
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- *Progress Measure:* Initially, success in establishing the Health Leadership Partnership



City of Philadelphia
Five-Year Financial Plan



Public Safety and Quality of Life

Public Safety and Quality of Life

Overview

Since 2000, unprecedented commitments have been made to improve public safety and enhance quality of life for all Philadelphia citizens. Improvements in public safety have resulted in a significant reduction in serious crimes since the beginning of this Administration. Part One offenses, the most serious crimes as defined by the Federal Bureau of Investigation, have declined by 17 percent from 2000 through 2005. Despite the drop in overall crime there has been a spike in the number of homicides. The City is faced with a challenge to respond to reverse this trend. The perception that crime is resurging can be enough to destroy the sense of security that a vibrant and progressive city requires. The City is responding to this challenge through a combination of targeted police strategies focusing on crime “hot spots” and gun violence, youth violence initiatives, and prevention programs.

Moreover, the threat of terrorism, natural disasters, and public health emergencies remain an ever present reality. The City is conducting a thorough analysis of its emergency response plans and capacity and will continue to leverage federal funds to improve and enhance emergency preparedness and response efforts to ensure that its citizens are protected and adequately prepared in the event of any catastrophic event.

The City is also intensifying a variety of programs to deter youth violence and improve experiences for children under the City’s care. Research has demonstrated that effective after-school and youth development programs contribute to higher educational achievement and school attendance, reduced exposure to risk behaviors, juvenile crime, and victimization. In addition, formal dependency and/or delinquency services, which often lead to out-of-home placements, are expected to be reduced.

Several programs address quality of life issues through a focus on developing healthy lifestyles. Programs are targeted at youth as well as adults. In addition, lead abatement continues to be a key element of the City’s health focus.

Goals

The Administration’s public safety and quality of life goals include:

- Ensure safe streets
- Invest in programs to address and prevent further delinquency in youth
- Invest in programs that reduce recidivism
- Enhance quality of life
- Use technology to address public-safety issues

FY07 plans, as well as accomplishments to date for each goal, are discussed in the sections following. Amounts shown for FY07 and FY07-FY11 are project costs using resources funded from sources other than the General Fund, or are already budgeted with no new net impact on the budget or Plan.

Ensure safe streets

Philadelphia Police Department

The Philadelphia Police Department (PPD) has plans to ensure safe streets through a number of programs in FY07.

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| <ul style="list-style-type: none"> <p>▪ Create a Major Crimes Gun Violence Special Deployment to combat gun violence in high-drug areas. Working in conjunction with local, state, and federal law enforcement, the Department has targeted areas with high levels of gun violence for intensified warrant service and plainclothes response and is increasing efforts to put pressure on the most persistent and violent offenders.</p> <ul style="list-style-type: none"> – <i>Progress Measure:</i> Number of debriefings. | <p>\$863,808 \$4,457,252</p> |
| <ul style="list-style-type: none"> <p>▪ Continue to patrol high-crime areas by implementing the Priority Corners Strategy. The goal of the Priority Corners strategy is to prevent ensuing gun violence and restore order. Priority Corners are street intersections where drug-related shootings or other violent crimes are reoccurring. By increasing police presence at these chronic crime-related corners, potential for additional crime is greatly reduced. The corner is turned over to the community or a community group when conditions and quality of life have improved. With grant funding, the Department is currently examining ways to intensify surveillance with a video camera pilot in Fairmount Park. In FY07, the City will also initiate additional video camera pilot in three locations, using non-General Fund sources, to be determined, to invest \$400,000 in conducting a pilot in neighborhoods.</p> <ul style="list-style-type: none"> – <i>Progress Measure:</i> Crimes within 500 feet of the designated corner are tracked after the priority corner designation has been made, and are compared to the crime statistics prior to the designation. | <p>\$2,328,763 \$12,016,417</p> |
| <ul style="list-style-type: none"> <p>▪ Continue implementation of Operation Safe Schools. The Department will increase presence along corridors adjacent to schools during arrival and dismissal times. Sixty-five officers assigned to Patrol are utilized daily, as well as officers responding to specific incidents from Neighborhood Services, Highway, Narcotics Strike Force, and others units as necessary. Assigned officers patrol the immediate neighborhood to ensure the peaceful return of students to their homes, while protecting homes and businesses along the exit routes from school.</p> <ul style="list-style-type: none"> – <i>Progress Measure:</i> Positive feedback from citizens regarding perceptions of safety in the school corridor zones. | <p>\$3,363,769 \$17,357,049</p> |

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| <ul style="list-style-type: none"> ▪ Ensure emergency preparedness. The Department will conduct ongoing training for and equip 10 percent of the department with special emergency response capabilities to respond to terrorist attacks and hazardous materials incidents by employing the Major Incident Response Team. The source of funding (training costs/salaries and protective equipment) for this unit is the Department of Homeland Security. <ul style="list-style-type: none"> – <i>Progress Measure:</i> Conduct on-going training of 600 officers each year. Conduct drills and exercises with other City agencies and regional emergency services. Add new members to account for attrition in team. Upgrade equipment as needed. | \$0 | \$0 |
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Department of Public Health

The Department of Public Health (DPH) public safety by providing response capability for catastrophic events with plans as shown below.

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| <ul style="list-style-type: none"> ▪ Improve Philadelphia’s bioterrorism and public health emergency response plans. DPH receives federal funding annually to support public preparedness for public health emergencies, such as bioterrorism and naturally occurring outbreaks of communicable diseases. DPH develops emergency response plans in collaboration with other City departments, federal and state government, hospitals, and local agencies. Funding originates with federal bioterrorism grants, which totaled \$3.0 million in FY06, and is expected to be at the same annual level through FY11. Funding is used to enhance staffing and improve surveillance, develop a network of emergency communications, and provide emergency preparedness/bioterrorism-related staff training. <p>In the event of a large-scale public health emergency requiring mass prophylaxis, the DPH is responsible for providing oral antibiotics or vaccinations to the entire Philadelphia population within 48 hours. Public health officials will determine the extent and magnitude of the event, and plan the needed response. Philadelphia has developed a written plan for implementing mass medication dispensing throughout the City. Two large-scale field exercises were conducted in FY06 to evaluate and practice the Plan. In FY07, and in subsequent years, additional tabletop and field exercises will be held to test various phases of the City’s Emergency Preparedness Plan.</p> <ul style="list-style-type: none"> – <i>Progress Measure:</i> Successful completion of exercises and sharing of lessons learned. | \$0 | \$0 |
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Fire Department

The Fire Department has plans to help ensure public safety through intensified prevention efforts.

Reduce the number of fires through education and prevention programs.	\$0	\$0
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From FY05 to FY06, there was a 6 percent reduction in structural fires, which is consistent with the continued decline in structural fires over the past ten years, resulting from the Department’s emphasis on fire safety education. The Fire Department will continue to pursue an aggressive education regimen throughout the City. “Operation Stand Down for Fire Prevention” is the Department’s new approach that targets the areas of the City with the most at-risk populations in a proactive manner in order to prevent fires and the devastating effects associated with fire. The program will involve periodic suspension of training at the Fire Training Academy to deploy personnel to work in areas of the City experiencing a spike in fires, fire fatalities, or injuries. Operation Stand Down complements the ongoing program to educate the public about arson fires and ways to assist the Department in apprehending and prosecuting people who engage in this kind of behavior. The Department implemented the program on January 16, 2006, and will continue to target resources at those areas most at risk. This program will be evaluated weekly, to ensure that appropriate results are being achieved. The installation of smoke alarms in those homes that lack this vital protection will also be a component of this program. By continually reviewing the data regarding fires and the related deaths and injuries we believe that a targeted program will help to continue the incremental progress in reduction of fires that has become an annual goal of the Department.

– *Progress Measure:* Continued reduction in structural fires.

Mayor’s Office of Information Services

The Mayor’s Office of Information Services (MOIS) supports public safety by ensuring continuity and back-up of the City’s key IT infrastructure.

<ul style="list-style-type: none"> ▪ Ensure the safety and viability of the City’s Information Technology infrastructure in the event of an emergency or disaster. MOIS has in place plans to relocate the mainframe data center to a commercially provided disaster recovery site. The City has initiated a program to strengthen its ability to recover from a disaster and provide continuity of critical business services. First, the City made an initial investment of approximately \$500,000 in FY05 Capital Program funds to begin to provide some disaster recovery support for a portion of the City’s critical applications. The investment provides back-up support for high priority applications, now hosted at the MOIS data center, at an alternative 	\$0	\$0
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location within Center City. This initial stop-gap measure does not provide for disaster recovery in the event of a large scale Center City event.

Second, the City has begun a planning effort designed to develop comprehensive business continuity and disaster recovery plan covering all of the City’s departments and agencies. The City will be adding additional recovery capacity for high-priority applications. The City has budgeted \$1million for the initiative in the FY06 Capital Program, and MOIS has requested an additional \$1.5 million from the FY07 Capital Program.

- *Progress Measure:* Complete the comprehensive disaster recovery and business continuity plan in FY07, and implement procedures to provide for recovery of the initial set of critical server-based applications, using the business continuity servers recently acquired.

Streets Department

The Streets Department helps to ensure public safety through a variety of efforts.

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| <ul style="list-style-type: none"> ▪ Upgrade traffic signals. In FY05, the Streets Department upgraded traffic signals at 80 intersections for a total of 980 intersections replaced as part of a program begun in 1992 to upgrade the oldest traffic signals in Center City and along arterial streets. Once a signal has been modernized, it is linked to a centralized control center allowing the department to remotely modify signals, receive automatic repair alerts, and improve traffic flow. In FY06, the Streets Department expects to complete an additional 34 intersections. Phase 2 of the Center City Traffic Signal Improvement includes an additional 100 intersections in the area bounded by Broad Street, South Street, Front Street, and Callowhill Street. Construction is scheduled to start in late fall 2006. This project utilizes \$11.7 million in Capital funding. – <i>Progress Measure:</i> Traffic signals replaced at planned rates. | <p>\$0</p> | <p>\$0</p> |
| <ul style="list-style-type: none"> ▪ Improve safety for school children by installing traffic control devices around schools. Using \$200,000 in City Capital funds, the Department expects to complete 50 traffic device installations at school sites over the next 5 years. Additionally, a \$1 million grant from the federal/state Safe Route to School program is currently in design, and the Department expects to complete the installation of flashers, signs, and markings around 40 schools. – <i>Progress Measure:</i> Number of schools with devices installed. | <p>\$51,500</p> | <p>\$257,500</p> |

	FY07 Cost	FY07- FY11 Cost
<ul style="list-style-type: none"> <p>▪ Replace South Street Bridge. The Streets Department is managing engineering for the replacement of the South Street Bridge, a vital link between Center City and West Philadelphia. The bridge spans I-76 and the Schuylkill River. Total project cost is \$41 million, of which the City’s match is \$4.1 million in Capital funds. The expected timeline is for construction to begin spring 2007 and to end in winter 2008.</p> <p>– <i>Progress Measure:</i> Project completion.</p> 	\$0	\$0
<ul style="list-style-type: none"> <p>▪ Implement Slow Down Philadelphia program. As part of a strategic traffic calming plan, the Department has conducted speed studies that have identified various locations where vehicles exceed the legal speed limit. The program stresses the “3 Es” of traffic safety: Education, engineering, and enforcement.</p> <p>In FY07, the department will make various street modifications such as speed humps, soft rumble strips, and signage to create a safer motoring and pedestrian environment. Capital funding is planned at \$75,000 per year.</p> <p>– <i>Progress Measure:</i> A safer environment, and a reduction in the number of traffic accidents caused by drivers speeding.</p> 	\$52,200	\$261,000

Invest in programs to address and prevent delinquency in youth

Department of Human Services

The Department of Human Services (DHS) supports the delinquency prevention goal through several programs.

<ul style="list-style-type: none"> <p>▪ Provide intensive intervention to youth at high risk of violence by implementing the Adolescent Violence Reduction Partnership (AVRP). AVRP aims to prevent repeat offenses by high-risk adolescents, and divert them from placement, victimization, and delinquent and criminal conduct. The Partnership will work closely with the Police Department, Human Services agencies, Juvenile Probation, schools, and community organizations to identify youth at high risk for violence, and provide intensive intervention.</p> <p>Community and agency partners will refer youth aged 10 to 15 years who are at risk of delinquency to the AVRP. The AVRP will include a youth worker who will provide ongoing 24-hour monitoring/crisis intervention support for designated youth, conduct community outreach in both formal and informal community settings, establish partnerships with key community groups for identifying youth at high-risk of delinquency of violence, and work with faith-based</p> 	\$8,500,000	\$44,053,970
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groups and community organizations to assist in responding to critical situations impacting on youth, school, family, and community. The intensive supportive services will also include specialized life skills training, family counseling, and parenting education. By training designated providers of after school and positive youth development programs AVRPs will also enable an expansion of the number of positive youth development programs that will be capable of working with older youth.

- *Progress Measure:* In FY07, 2,300 youth and their families will have been engaged in services and been supported by community-based programs

- **Establish ten new Beacons in neighborhoods with high risk indicators for child abuse, neglect, out-of-home placement, school failure and behavioral health problems.** Beacons (school-based community centers providing after-school, youth development and family support activities) will serve at-risk youth who have not yet shown chronic behavioral or delinquent problems but live in neighborhoods with high risk indicators. Services will address child abuse, neglect, out-of-home placement, school failure, violence and other behavioral health problems.

\$4,200,000	\$21,767,844
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For FY07, the Department is allocating an additional \$4.2 million to expand our network of youth development programs targeting at-risk populations. Opportunities provide focused attention to dependency and/or delinquency prevention services, with the goals of deterring the need for placement, and providing step-down services and community supports to assist youth to leave placement and return home successfully. Expanded services are considerably less expensive than out-of-home placement, which averages \$18,250 a year; and are a cost-effective means of reducing risk behaviors leading to dependency, delinquency, and placements.

The Department expects that as a result of these interventions, fewer older youth in the target populations will require formal dependency and/or delinquency services, which often lead to out-of-home placements. Research has demonstrated that effective after school and youth development programs contribute to higher educational achievement and school attendance, reduced exposure to risk behaviors, juvenile crime and victimization.

- *Progress Measure:* For FY07, 2,700 youth and their families will be served in the new Beacons.

Invest in programs that reduce recidivism

Department of Human Services

DHS support recidivism reduction in several ways, one of which is highlighted in FY07 below.

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| <ul style="list-style-type: none"> ▪ Consistent with FY05 planning, DHS and Juvenile Probation will implement a revised aftercare services model for all delinquent youth returning home from court-ordered, residential placement.
The Aftercare Services model began in February 2005 under the auspices of Juvenile Probation and DHS, in collaboration with other juvenile justice system stakeholders. The model emphasizes reintegration planning at the point of disposition, a three-tiered level service array based upon assessed needs of the youth, strong community supports for returning youth, and intensive work with the families. A unique component of the model is the inclusion of opportunities for some delinquents to attend the E3 Centers (Education/ Employment/Empowerment) managed by the Philadelphia Youth Network. Through E-3 Centers, delinquent youth returning from out-of-home placement will receive education, counseling, employment assistance, life skills, etc., to reduce recidivism. In addition, E3 Centers will target other at-risk children and youth for the first time. The Aftercare services model will be evaluated with funds provided by the MacArthur Foundation as part of its Models for Change efforts in Pennsylvania. So far, early results are favorable. Juvenile Probation data show that youth completing six months at home post-placement are being remanded back to court at a rate 10 percent lower than in previous years. <ul style="list-style-type: none"> – <i>Progress Measure:</i> For FY07, 2,500 at-risk and delinquent youth will be linked to E-3 Centers. | <table border="0"> <tr> <td style="text-align: right; vertical-align: top;">\$5,000,000</td> <td style="text-align: right; vertical-align: top;">\$25,914,100</td> </tr> </table> | \$5,000,000 | \$25,914,100 |
| \$5,000,000 | \$25,914,100 | | |

Philadelphia Prison System

The Prison System support recidivism reduction in several ways, two of which are highlighted in FY07 below.

	FY07 Cost	FY07- FY11 Cost
<ul style="list-style-type: none"> <p>▪ Provide reentry services for ex-offenders through the Ex-offender Re-entry Program. The Ex-offender Re-entry Program targets a sub-population of the more than 32,000 inmates released from incarceration each year in Philadelphia. While incarcerated, inmates are being made aware of the services and programs available to ex-offenders. Ex-offenders will be able to take advantage of a web site managed by the Reentry Office (www.phila.gov/reentry) that informs them of the many services that may aid them and their families such as medical/mental health services, housing, educational and vocational training programs, and employment opportunities. Further, because of the work by the Reentry Office staff and its growing number of community partners, many of which are faith-based, individuals being released from prison back to our community will have a place to approach and seek assistance, group supports and referral assistance. In FY06, social service departments provided \$23 million in services including vocational training, drug and alcohol treatment, and education programs to improve the prospects for inmates reentering the community. In one program, a minimum of 180 ex-offenders are offered a combination of intensive career assistance, skills training, and financial information, funded with \$358,000 from the Community Services Block Grant within the Mayor’s Office of Community Services.</p> <ul style="list-style-type: none"> – <i>Progress Measure:</i> Lower rates of recidivism, combined with job retention. 	\$0	\$0
<ul style="list-style-type: none"> <p>▪ Continue to provide substance-abuse treatment for inmates through the Forensic Intensive Recovery (FIR) program. FIR is an early parole and re-parole program designed to provide community-based drug and alcohol treatment as an alternative to incarceration. The goals of the program are threefold—to reduce prison overcrowding, decrease recidivism, and enhance community safety. The initiative, which began in 1993, consists of more than 70 drug and alcohol programs providing clinical evaluation, residential treatment, or intensive outpatient treatment services, as well as case management, family therapy, and recovery housing. Each client is assessed individually and progresses through a continuum of care ranging from inpatient to outpatient treatment. The program includes intensive group counseling, individual counseling, educational and vocational programming, job placement, and a variety of social service interventions. A total of 2,478 clients were diverted to FIR in FY05, saving 438,606 prison days, a 6 percent increase over the number of prison days saved in FY04. The number of clients is expected to increase to 2,500 during FY06, saving 441,232 days. Reductions in re-arrests and re-convictions, based on crimes prevented, saved millions more in costs associated with criminal proceedings and incarceration. FIR is funded through HealthChoices reinvestment at \$3.6 million per year and through a grant from the Pennsylvania Commission on Crime</p> 	\$0	\$0

and Delinquency (PCCD). Associated treatment costs are covered by a combination of grants and Medical Assistance through DBH MRS.

- *Progress Measure: Prison days saved/number of clients served*

Use technology to address public safety issues

Philadelphia Police Department

The Philadelphia Police Department supports public safety through technology, through several infrastructure solutions.

- | | | |
|---|-----|-----|
| <ul style="list-style-type: none"> <p>▪ Continue implementation of “Alert Phila” in Center City. In January 2005, PPD and the Center City District (CCD) launched a pilot program to test AlertPhila, a first-alert program with Center City businesses. Using Remote Secure Alert Network (RSAN) technology, PPD is able to communicate with participating businesses regarding crime patterns, traffic congestion, and terrorist alerts, utilizing text messaging through cellular phones, pagers, and the Internet. Businesses relay PPD information to their respective employees, who can translate the announcements into positive actions. The “AlertPhila” project is funded equally through a Local Law Enforcement Block Grant (LLEBG) and CCD at a total cost of \$50,000. The pilot consists of approximately 200 Center City businesses.</p> <ul style="list-style-type: none"> – <i>Progress Measure: Number of businesses participating under the “Alert Philadelphia” Project.</i> | \$0 | \$0 |
| <ul style="list-style-type: none"> <p>▪ Implement Phase One/Phase Two wireless technologies. Phase I technology has been installed within the Department’s 911 system. The Phase I technology allows dispatchers to receive the call back number of wireless callers, the address of the tower that delivered the call, and the name of the wireless company. Installation of Phase I was completed in February 2005. However, the function cannot be utilized until implemented by each cell phone provider. T-Mobile has completed their implementation; others, such as Nextel and AT&T, are pending.</p> <p>Phase II will provide information on the tower location from which the call is being transmitted. The cost of Phase I wireless technology is estimated to be under \$100,000. Phase I completion is expected at the end of calendar year 2006. Phase II costs will range from \$400,000 to \$500,000. Police Radio will hire an additional person for the day tour to take live calls while others are assigned to work on the testing phase. Phase II is expected to be completed by winter 2007. The costs associated with this technology are covered under 911 funds.</p> | \$0 | \$0 |

	FY07 Cost	FY07- FY11 Cost
<ul style="list-style-type: none"> – <i>Progress Measure:</i> Completion of tower testing by each wireless provider as they come on board to Phase I of the wireless project. 		
<ul style="list-style-type: none"> ▪ Implement the Police Integrated Information Network (PIIN). PIIN resulted from a 1996 federal consent decree that directed the Department to develop a Records Management System facilitating easier access to information on investigations and officer conduct, while also tracking statistical data and generating reports. The system, which was funded by an \$8.5 million Productivity Bank loan in FY00, consists of two integrated, automated case-management subsystems: The Incident Reporting System, for use throughout the entire Department, and the Internal Affairs Bureau (IAB) System. The \$1.2 million IAB case management system was successfully implemented in April 2004. In June 2004, the South Police Division was chosen to pilot the base version of the RMS system. Additional functionality needs identified through the pilot are currently being developed and tested. The remainder of the Department is being added incrementally, beginning February 2005 and extending to July 2006. When fully implemented, the system will support PPD’s efforts to reduce crime through more efficient deployment of officers and a principled police force that upholds the highest standard of conduct. 	\$253,400	\$1,307,544
<ul style="list-style-type: none"> – <i>Progress Measure:</i> More efficient deployment of officers contributing to the reduction of crime. 		

Philadelphia Fire Department

The Fire Department supports public safety through technology with a variety of approaches.

<ul style="list-style-type: none"> ▪ Implement a new Computer Aided Design (CAD) system. In partnership with PPD and the Department of Public Property, the Department will implement a new CAD system, which includes installing GIS mapping capability out in field. The new PLANT 911 Phone system will provide both wire and wireless phone location information. There will be a 911 Wireless Data System Upgrade to new equipment using Evolution Data Optimized (EVDO) protocols. Firehouse software will bring modern, computerized National Fire Incident Reporting System (NFIRS) to the Department. NFIRS conforms to state and federal standards, and interfaces with the new CAD system. The \$1.2 million cost of system enhancement is funded through the Capital Fund. The creation of a 911 Backup Center is in the design-planning phase. The FY07 figure is the combined known cost of these projects. 	\$0	\$0
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– *Progress Measure:* Implementation and successful completion of functional acceptance testing.

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|---|------------------|--------------------|
| <ul style="list-style-type: none"> ▪ Continue to modify and upgrade the training curriculum to ensure that new technologies are utilized effectively. The Department continues to upgrade the apparatus fleet whenever possible with modern state of the art equipment. New apparatus will include items used in hazardous material incidents, as well as day-to-day fire and rescue services. The Department will continue to modify and upgrade the training curriculum, to ensure that new technologies are utilized to deal with emergent issues, such as weapons of mass destruction and chemical/biological/ radiological/nuclear threats. The Department recently upgraded the speaker microphones on all portable 800MHz radios in its inventory. The upgrade will enhance the capability of all members to communicate under difficult circumstances. The Fire Academy continues to implement Department-wide training programs that address the needs of personnel through skills enhancement. An example of specific equipment that better equips firefighters to serve the public is the dosimeter, which measure responders’ radiation exposure level. Such specialized equipment is issued only after extensive training for users. | <p>\$253,400</p> | <p>\$1,307,544</p> |
|---|------------------|--------------------|
- *Progress Measure:* Firefighters trained and meeting standards of state and national certification programs.



City of Philadelphia
Five-Year Financial Plan



Departmental Overviews

FY07 Departmental Overviews

The proposed FY07 budgets of principal operating departments are shown below. Discussion includes service levels and an illustrative management challenge for each department. Representative measures are shown for each department’s principal objectives. Additional information on performance measures, as well as classes of expenditures for all departments, are contained in Appendices I and II, respectively.

Adult Services

\$27,881,005

The mission of the Office of Adult Services is to help individuals and families move toward independent living and self-sufficiency, with the end goal that households thrive in safe and stable housing located in supportive communities. The agency is responsible for planning and implementing the City’s response to homelessness and planning for the use of federal funds for HIV/AIDS. The various units of Adult Services together provide homeless and eviction prevention services, emergency shelter intake and shelter, transitional and permanent housing, case management, adult protective services, emergency food distribution, emergency response and relocation, and street outreach. In FY05, Adult Services maintained an average of approximately 2,500 emergency shelter beds and placed nearly 600 households in transitional housing units and over 300 in permanent housing units. For FY07, a challenge to Adult Services is to meet the growing demand for emergency shelter beds. Departmental objectives include:

<ul style="list-style-type: none"> ▪ End chronic homelessness in ten years 	Point in Time Count of Homeless Living on Street
<ul style="list-style-type: none"> ▪ Prevent homelessness and divert households from emergency shelter 	Number of Households Receiving Prevention Services
<ul style="list-style-type: none"> ▪ Shorten the length of stay in emergency housing while providing quality shelter and services 	Number of Placements into Transitional, Permanent Subsidized, and Unsubsidized Housing

<ul style="list-style-type: none"> ▪ Provide permanent and transitional housing opportunities, so households can return to supportive communities 	Number of Placements into Transitional, Permanent Subsidized, and Unsubsidized Housing
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Fairmount Park

\$12,700,000

The mission of Fairmount Park is to preserve, protect and maintain the open space, street trees, natural, and cultural resources of Philadelphia parks for the recreation and enjoyment of citizens and visitors. Annually, the Park maintains approximately 24,000 acres of lawn and 630 ball fields. The Park removes 3,500, prunes 13,000 and plants nearly 1,000 street trees each year. In addition, the Park removes 1,800 and prunes 1,900 park trees. In FY07 a challenge to the Park is securing resources to generate and manage revenue for the Park and City. Departmental objectives include:

<ul style="list-style-type: none"> ▪ Improve services for park and recreation users 	Ball fields maintained
<ul style="list-style-type: none"> ▪ Preserve and maintain park landscapes 	Acres mowed
<ul style="list-style-type: none"> ▪ Develop and restore park facilities 	Trees pruned

Department of Public Health

\$112,119,379

The Department of Public Health protects and promotes the health of Philadelphia’s citizens and provides a safety net for those most at risk by using public health data to better target neighborhood services, by assuring conditions in which persons can lead healthier lives, by strengthening the City's public health emergency response system, and by improving the Department’s ability to deliver culturally competent services to diverse communities. In FY05 there were 337,770 patient visits to the district health centers, and the Department issued 625,379 prescriptions. For FY07 among the challenges facing the Department are the uncertainty of federal grants and changes in Medicaid that may impact the level of funding and the demand for service. Departmental objectives include:

**FY07
Representative
Key Performance
Indicator or
Service Level**

FY07 Costs

<ul style="list-style-type: none"> ▪ Provide preventive programs and intervention to pregnant women, children and families 	<p>Infant Mortality Rate: Deaths per 1,000</p>
<ul style="list-style-type: none"> ▪ Reduce exposure of children under six years of age to lead hazards in homes, schools and childcare centers 	<p>Number of Children with Confirmed Elevated Blood Lead Level</p>
<ul style="list-style-type: none"> ▪ Reduce the burden of chronic disease 	<p>Evaluation to be based on numbers of persons served by chronic disease training activities</p>
<ul style="list-style-type: none"> ▪ Provide high-quality comprehensive medical care to residents regardless insurance status or ability to pay 	<p>Total Patient Visits</p>
<ul style="list-style-type: none"> ▪ Assist uninsured health center users to obtain health insurance 	<p>Percent of Patient Visits Uninsured</p>
<ul style="list-style-type: none"> ▪ Ensure safe and healthy environmental conditions for persons living and working in, or visiting Philadelphia 	<p>Percent of Days with Good Air Quality</p>
<ul style="list-style-type: none"> ▪ Enhance bioterrorism/public health emergency response capability 	<p>Evaluation based on refinements of the department's Emergency Response Plans</p>
<ul style="list-style-type: none"> ▪ Control diseases and conditions that are contagious or affect the public health 	<p>Various Disease Surveillance and Control Activities/ Communicable Disease Reports</p>

Fire Department

\$162,598,000

The mission of the Fire Department is to provide efficient and effective fire protection and emergency medical services to the citizens of Philadelphia. Annually, the Fire Department fights approximately 10,000 fires, of which 2,500 are structural and 7,500 are nonstructural. The Emergency Medical Services (EMS) teams respond to approximately 200,000 medical incidents. The Department is reimbursed \$22 million for these services. The Department conducts 1,000 youth fire prevention programs each year. For FY07, the challenge to the Department is meeting the level of demand with the appropriate type of EMS response team. Based on field

experience, the FY07 plan for staffing EMS runs is 80 percent basic life support teams and 20 percent advanced life support teams. The Department does not expect the ladder and engine company deployment issue to be resolved until FY07. \$3.5 million of funding has been restored for this plan in FY06, but the savings are assumed in FY07. Departmental objectives include:

<ul style="list-style-type: none"> ▪ Bolster capacity to respond to fires and hazardous materials (HazMat) incidents, through fire prevention, safety education, and emergency preparedness activities 	<p>Numbers of prevention programs presented</p>
<ul style="list-style-type: none"> ▪ Effectively respond to emergency fire-suppression and emergency-medical incidents 	<p>Numbers of emergency medical services responses</p>
<ul style="list-style-type: none"> ▪ Maintain a high level of organizational and technical readiness to respond quickly to emergencies 	<p>Length of response time</p>

Free Library of Philadelphia

\$39,448,568

The mission of the Free Library is to provide all segments of Philadelphia's diverse population a comprehensive collection of recorded knowledge, ideas, artistic expression and information in a variety of media, including current technology; to assure ease of access to these materials; and to provide programs to stimulate the awareness and use of these resources. Annually, the Free Library of Philadelphia serves 6.2 million visitors; however, in FY05, the number shrank to 5.9 million visitors due to Library closings. In FY06, the Library opened the branches and regional libraries that were closed for repairs, restored hours, prioritized hiring, and as a result expect the FY07 visitor numbers to climb to previous levels of service. Over 6.9 million items are loaned annually and 2.96 million reference questions are answered. There were more than 66.7 million hits on the Library's website in FY05. In FY07 one challenge for the Library is to continue efforts to increase levels of service. Departmental objectives include:

<ul style="list-style-type: none"> ▪ Provide citizens of Philadelphia with timely accurate information and reference services 	<p>Citizen satisfaction with responses to reference questions</p>
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▪	Provide learning environment in support of a wide range of educational goals	Reference questions answered
▪	Promote literacy and a love of reading	Citizen satisfaction with services
▪	Free access to computer technology and the Internet	Website hits
▪	Free resource for current and historical materials in print, video, audio and electronic format	Items borrowed
▪	Programming that supports cultural enrichment, artistic expression, community awareness and economic development for all Philadelphia citizens	Number of programs presented

Department of Licenses and Inspections

\$28,587,801

The mission of the Department of Licenses and Inspections (L&I) is to administer and enforce the City’s code requirements for the enhancement of public safety, including building, fire, housing, business, and zoning regulations. The Department is responsible for regulating the conduct of businesses and persons by issuing licenses, conducting inspections, and enforcing applicable codes and regulations. Annually, L&I conducts approximately 105,000 permit inspections and issues 36,000 permits. L&I also conducts approximately 45,000 business compliance inspections and issues 140,000 licenses. With the backlog of dangerous buildings reduced through the NTI targeted demolition program, 276 buildings were demolished in FY05, down from 1,700 in FY01. In FY05, L&I cleaned and sealed approximately 1,400 structures and cleaned over 140 lots. The Department issued over 5,400 tickets in FY05.

For FY07, the challenges facing the Department are to continue recent efforts to improve efficiencies and streamline the permitting processes for business and individuals. L&I will meet these challenges by expanding the use of technology to allow individuals and businesses to conduct business with the Department on line as opposed to inline and automating inspections and code enforcement activity. Departmental objectives include:

▪	Improve safeguards for the public’s health	Number of housing inspections
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and welfare	
<ul style="list-style-type: none"> ▪ Reengineer service delivery by streamlining processes and incorporating technology to increase efficiencies 	Number of licenses granted
<ul style="list-style-type: none"> ▪ Promote the revitalization of neighborhoods 	Number of building cleaned and sealed

Department of Behavioral Health and Mental Retardation Services (BDH/MRS)

\$14,474,736

The Department of Behavioral Health and Mental Retardation Services (DBH/MRS) is an integrated behavioral health system that is comprised of the Office of Mental Health (OMH), the Coordinating Office for Drug and Alcohol Abuse Programs (CODAAP), and Community Behavioral Health (CBH), and also includes Mental Retardation Services (MRS). DBH/MRS serves people with mental health, substance abuse, and/or co-occurring conditions who are eligible for medical assistance as well as those who are uninsured or underinsured. It also provides life long support for people with mental retardation through various federal and state funding streams. DBH/MRS has an annual budget of approximately \$1.3 billion that is provided largely by Health Choices and other funding received from the Commonwealth of Pennsylvania. The \$14.4 million in General Funds is used largely as match for state funding. The total budget is used to provide a number of core services to the citizens of Philadelphia, including 3,500 behavioral health residential beds; early intervention services for 4,000 children with mental retardation; 2,300 behavioral health day program slots serving 5,000 adults; and 2,400 treatment admissions to behavioral health forensic. 29,000 people access behavioral health crisis/emergency services annually.

In FY07, one challenge for DBH/MRS is to reconfigure services to help clients pursue recovery from their illnesses as addressed in the Education and Social Services chapter of the Plan. Departmental objectives include:

**FY07
Representative
Key Performance
Indicator or
Service Level**

FY07 Costs

Ensure high service quality and greater provider accountability - Crisis evaluation and triage	Recidivism rate for Crisis Response Centers within 30 days of discharge
Ensure high service quality and greater provider accountability – Psychiatric Inpatient Services	% of consumers readmitted to a psychiatric inpatient within 30 days of discharge
Improve access to health care - Early Intervention (ages 0-3):	Number of children with mental retardation served annually

Department of Human Services

\$611,079,164

The Department of Human Services (DHS) works to protect children from abuse, neglect, and delinquency; to ensure their safety and permanency in nurturing home environments; and to strengthen and preserve families by enhancing community-based prevention services. Annually DHS investigates nearly 17,000 reports of abuse and neglect, provides foster care services to about 8,000 dependent & delinquent children and youth and serves 30,000 children and their families.

In FY07, one challenge for DHS is to maintain and expand prevention programs in order to improve outcomes for children and youth in the face of state and federal funding constraints. Departmental objectives include:

Protect and prevent the abuse, neglect, and delinquency of children and youths in Philadelphia	# of Child Protective Service and General Protective Service Reports
Provide children with permanent living situations	# of Adoptions finalized and number of subsidized legal guardians
Strengthen and preserve families in their own communities and in their own homes	# of Families Diverted to Community-based Case management Services
Ensure public safety, and provide youthful offenders with	# of Number of Delinquent youth in

opportunities for constructive change	placement and served in-home
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Police Department

\$485,509,034

The mission of the Philadelphia Police Department (PPD) is to enhance the quality of life for all Philadelphians by reducing the fear and incidence of crime, enforcing the law, and maintaining public order. Annually, PPD handles approximately 80,000 major crimes, makes approximately 68,000 arrests, and confiscates 5,000 firearms. The Department also tows 20,000 abandoned vehicles and recovers 10,000 stolen vehicles.

A challenge for PPD is to continue to adapt policing strategies to address crime trends in FY07. PPD will continue a violence prevention and reduction strategy implemented in FY06 in response to an increase in the level of gun violence. This comprehensive, citywide crime prevention and reduction plan is addressed in the introduction of chapter of the FY07 plan. Departmental objectives include:

▪	Reduce fear and the incidence of crime	Reduction in violent incidents
▪	Increase efficiency and effectiveness through utilization of advanced technology	Response Time
▪	Reduce the occurrence of gun-related crime and associated violence	Number of fire arm confiscations/ Number of gun – related arrests

Philadelphia Prison System

\$193,237,652

The mission of the Philadelphia Prison System (PPS) is to provide a secure correctional environment that adequately detains persons accused or convicted of illegal acts; to provide programs, services, and supervision in a safe, lawful, clean, humane environment; and to prepare incarcerated persons for reentry into society. PPS operates five major correctional facilities—the Curran-Fromhold Correctional Facility, the Detention Center, the House of Correction, Philadelphia Industrial Correctional Center and the Riverside Correctional Facility—on State Road in Northeast Philadelphia as well as several smaller Alternative and Special Detention facilities in various locations of the City and housed over 8,000 inmates in FY05. For FY07, a challenge to the Department is to manage the prison census by coordinating with other law enforcement agencies and by partnering with agencies on programs to lower inmate recidivism. Departmental objectives include:

<ul style="list-style-type: none"> ▪ Provide secure correctional facilities that promote community safety 	<p style="text-align: center;">Number of Escapes; Number of walk-aways</p>
<ul style="list-style-type: none"> ▪ Provide a safe and orderly environment for inmates and staff 	<p style="text-align: center;">Use of Force Incidents; Staff Injured on Duty</p>
<ul style="list-style-type: none"> ▪ Reduce recidivism through in-house and community programs 	<p style="text-align: center;"># Inmates participating in Substance abuse, educational, and vocational programs</p>

Department of Recreation

\$35,218,738

The Department of Recreation maintains, coordinates, and operates recreational programs and activities at 160 staffed recreation facilities, 81 pools, four spraygrounds, five older adult centers, five ice rinks, Camp William Penn, Carousel House recreation facility for the mentally and physically challenged, the Robin Hood Dell East, 75 neighborhood parks, and 275 other outdoor spaces. On weekday evenings and weekends, the department also conducts sports and cultural programs at 121 elementary, junior high, and high schools, in conjunction with 274 community groups. In FY07, a challenge to the Department is to maintain facilities and programs under

budgetary constraints. The Department will explore appropriate opportunities to convert pools to spraygrounds as highlighted in the introduction of the Plan. Departmental objectives include:

▪	Ensure that recreation and park facilities are fully operational and well maintained	% of Centers Providing Programmed Usage in at Least 60% of Operating Hours
▪	Provide programs to develop the physical, cultural, artistic and life skills of community participants	Attendance at Cultural and Athletic Programs
▪	Provide safe and supportive out-of-school environments for children	Citizen Survey: Percent Satisfied with Neighborhood Recreation Services

Streets Department – Sanitation

\$95,805,528

The Sanitation Division of the Streets Department is responsible for strategic and operational planning, and service delivery for the city’s integrated waste management program. Over one-half million households are serviced with weekly trash collection and bi-weekly recycling. The street cleaning program schedules arterial and commercial corridors as well as neighborhood cleaning. The Division also manages community outreach and educational initiatives that encourage recycling, lot cleaning and litter reduction. Departmental objectives include:

▪	Ensure that trash collection is reliable and efficient	Tons of refuse disposed
▪	Keep streets and lots clean and free of debris	Miles of streets cleaned, number of lots cleaned
▪	Promote waste diversion through recycling	Tons of material recycled

Streets Department – Transportation

\$28,981,892

The Highway Division constructs, repairs, and maintains approximately 2,400 miles of city streets. The Engineering unit plans and designs city streets and bridges, and performs all surveying functions. The Street Lighting unit is responsible for the design and maintenance of the city’s 100,000 streetlights and 18,000 alley lights. Traffic Engineering determines the type and location of all signs, signals, markings, and devices for regulating and controlling vehicular and pedestrian traffic. In FY07, a challenge for the Department is to continue the aggressive street repair and maintenance program started in FY06. The plan, Operation Smooth Streets, is discussed in the introduction of the Plan. Departmental objectives include:

<ul style="list-style-type: none"> ▪ Maintain the City’s roadway infrastructure 	<p style="text-align: center;">Street resurfacing, crack sealing, repair of potholes, ditches, and cave-ins</p>
<ul style="list-style-type: none"> ▪ Maintain safe and efficient traffic flow 	<p style="text-align: center;">Number of traffic signs and signals, and street light luminaires repaired</p>
<ul style="list-style-type: none"> ▪ Maintain and manage the public rights-of-way 	<p style="text-align: center;">Coordinate utility construction and street maintenance to efficiently manage street openings</p>



City of Philadelphia
Five-Year Financial Plan



Enterprise Funds & Assets

Enterprise Funds & Assets

Enterprise funds account for the finances of self-supporting City functions, such as the Philadelphia Water Department. The principal enterprise funds that pertain to City services include the Aviation Fund, accounting for Philadelphia Airport finances, and the Water Fund, accounting for Philadelphia Water Department finances. The Philadelphia Gas Works, a unique legal entity, encompasses assets belonging to the City of Philadelphia that are used to supply natural gas within its boundaries, and is operated through a management contract with a special purpose corporation established by the City for this purpose.

Aviation Fund

Several functions reside in the Aviation Fund, including police, fire, fleet, and other services that support the aviation operations of the City. The principal component of the fund is the Division of Aviation of the Department of Commerce, discussed below.

Division of Aviation

Mission

The mission of the Division of Aviation (DOA) is threefold: Develop and operate premier air transportation facilities; maintain superior standards of customer service and convenience; and achieve the highest levels of safety, security, cleanliness, and efficiency. Philadelphia International Airport (PHL) and Northeast Philadelphia Airport (PNE) comprise the Philadelphia Airport System (the Airport), which is owned by the City of Philadelphia and operated by the DOA of the City's Department of Commerce. Both airports are self-sustaining. Revenue sources that fund airport operations include terminal building space rentals, landing fees, net parking revenue, and concession fees.

Service at Philadelphia International Airport

Philadelphia International Airport, the nation's seventeenth busiest airport in terms of passenger traffic, experienced continued growth in air service in 2005. In the fiscal year ending June 30, PHL processed a record 31.1 million passengers—a mark that eclipses the FY04 total by 18.7 percent. In addition, in FY05, a record 4.1 million international passengers passed through PHL, up 6.5 percent from FY04. PHL's passenger volume has soared 28 percent above Since FY03's 24.2 million passengers. In October 2005, the U.S. Department of Transportation's Bureau of Transportation Statistics reported that airfares at PHL decreased 3.2 percent from April to June 2005, compared with the same period in 2004, which is the tenth best savings achieved in the nation's 85 largest airline markets. For the ten year period 1995 - 2005, the Air Travel Price Index report that PHL airfares decreased 5.0 percent, 4th among the nation's 85 largest airline markets and best among the nation's top 20 airports. During this same period, airfares at the nation's 85 largest airlines increased 7 percent.

Organizational Objectives and Targeted Initiatives

Create positive experiences by providing world-class amenities and competitive air service options that attract and retain customers

- **Continue to promote the Airport to low fare carriers.** The surge in passenger traffic at the only major airport serving the country's fifth largest metropolitan area was buoyed by the arrival of two new low-cost carriers, Southwest Airlines and Frontier Airlines, which began serving the region in 2004. During FY05, Southwest Airlines increased the number of daily departures from 41 to 51. The addition of Southwest and Frontier expanded PHL's family of low-cost carriers to six, with Air Tran Airways, American West Airlines, ATA, and USA3000 also flying from PHL. In response to the influx of low-cost carriers, US Airways, the dominant carrier at PHL, reduced fares on many routes. Low-fare competition is expected to save the region's travelers more than \$200 million annually.
- **Increase the number of destination options.** In 2004, US Airways began the first non-stop service between Philadelphia and Scotland, inaugurating daily flights to Glasgow on May 10. Glasgow became the eleventh European destination served non-stop from Philadelphia, joining London, Manchester, Shannon, Dublin, Rome, Madrid, Paris, Amsterdam, Frankfurt and Munich. US Airways added its twelfth and thirteenth European destinations in early 2005, with service to Barcelona, Spain and Venice, Italy.
- **Develop a new Airport – Airline use and lease agreement.** The Airport has operated under a lease agreement with its major airline tenants since 1974. The agreement, which expires in June 2006, does not reflect the current economic conditions of the aviation industry, because it provides airlines with "exclusive-use" of their leased gates, whether they are being fully utilized or not. As new gates open, the Airport has eliminated granting exclusive-use rights; instead, leases provide for a "preferential-use" or "common use" basis. These provisions protect the Airport from situations in which one carrier monopolizes a gate or gates, but does not achieve maximum utilization of the gate, thereby blocking access to competitors and generating less revenue for the Airport. The Airport initiated negotiations with airline representatives during the summer of 2004, and expects to have a new agreement in place by June 2006.

Continue to provide a safe and secure environment to inspire passenger and community confidence

- **Implement new security measures.** PHL is currently in the design process for an expanded Terminal D/E screening facility, which will include 12 to 14 new high-tech passenger screening lanes. The new facility will provide for up to 10 integrated high-speed in-line Explosive Detection System (EDS) machines to process passenger baggage in a safe and more expeditious manner. An additional screening lane was opened at Terminal D in fall 2005, in preparation for the Terminal D/E checkpoint expansion project.

One hundred percent in-line checked baggage systems are currently in place at International Terminal A-West, with design underway for Terminals A-East, B/C, and D/E. The A-West system includes a centralized baggage screening control room for the operation of up to 15 CTX 9000 EDS machines. PHL currently has more than 1,300 CCTV cameras throughout the Airport facility that work in conjunction with the Security Access Control System to maintain a safe and secure environment for passengers and employees. The Transportation

Safety Administration (TSA) has also enhanced its passenger screening policy to require the removal of the passenger's outermost garment before passing through the magnetometer. In addition, the TSA is authorized to increase hand searches or pat-downs when screeners identify passengers wearing loose or baggy clothing.

- **Americans with Disability Act (ADA) Compliance Enhancements.** The Americans with Disabilities Act, signed into law in 1990, prohibits discrimination on the basis of disability in numerous areas, including transportation. Philadelphia International Airport has worked diligently to comply with the federal mandate, including the formation of an ADA Committee, consisting of Airport representatives and advocates for the disabled. These endeavors complement the many initiatives undertaken in recent years to make the Airport accessible to all travelers. PHL has completed or continued several initiatives to enhance the Airport experience for travelers with disabilities:
 - Designated Handicap Loading Zone spaces along the Arrivals Roadway for vehicles with proper license tags or placards.
 - Installed 14-voice output Automated Teller Machines, to guide visually impaired users through transactions using voice prompts.
 - Posted messages on electronic signs and stepped up public address announcements communicating the Airport's mobility assistance hotline number.
 - Conducted ADA Awareness Training Seminars, which enlighten Airport employees on the challenges confronting some travelers and provide guidance on ways to interact with, and assist individuals with disabilities.
 - Enhanced access to Airport marketing materials. The Airport's *Getting Around Guide*, which provides information to assist travelers with disabilities in navigating the Airport and locating services and facilities, was updated. The *Guide* is available in alternate formats, including Braille.
 - Explored development of a system for visual paging at the Airport.

Expand Airport facilities to ensure adequate capacity to meet demand for air travel

- **Terminal A East upgrade.** After the completion of the \$550 million Terminal A West in May 2003, the Airport upgraded and modified existing Terminal A East, and improved operations space and concession areas. The second phase of the project is a \$10 million improvement package to upgrade Terminal A East leasehold areas, such as hold-rooms, ticketing pavilion, and bag claim facilities. PHL projects completion of the second phase in the fall of 2006.
- **Runway 17-35 Extension.** The Airport will commence construction in the Spring 2006 on the \$65 million Runway (RW) 17-35 Project. The Airport will extend its primary 5,000-foot commuter runway by 1,040 feet. The project is the Airport's initial step in addressing PHL's airfield capacity issue. Completion of the RW 17-35 extension will provide airfield capacity for larger commuter aircraft and the new generation of regional jets. Anticipated completion date is December 2007.
- **Expand Terminal D/E.** Philadelphia International Airport has commenced a major capital improvement project consisting of the expansion of Terminals D and E. The project includes approximately 222,000 square feet of expansion, which will provide PHL with an additional three jet gates, 23 ticket counter positions, at least five additional security screening lanes, and two additional baggage claim carousels. The scope of the project includes:

- New Terminal E hammerhead
- Apron work on the E hammerhead
- Renovation of Terminals D and E baggage claim buildings
- New baggage-handling system at the ground level
- Terminal D and E security building connections
- Construction of a third level to accommodate Division of Aviation offices
- New airline club on the third level
- Additional airline holdroom, clubroom, office, and operations space
- Additional concession space
- Renovation of the existing terminal

Construction on the first phase will commence early in 2006. Final completion of the project will be in summer 2008. Total cost is estimated at \$185 million.

- **Master Plan: Expedite Environmental Impact Study (EIS).** The Federal Aviation Administration (FAA) has identified the Philadelphia International Airport (PHL) as one of the airports contributing to delays throughout the national airport system. Delays at PHL are occurring partly because the primary runways are congested, while the secondary runways are underused. To provide relief from the existing delays as soon as feasible, two separate projects proposed by the City are undergoing EIS scrutiny concurrently. These projects include the Runway 17-35 Extension Project, which will reduce delays in the short-term (2007), and the Capacity Enhancement Program, which will reduce delays in the long-term (2015).

Water Fund

The Water Fund includes a host of support services to water services, including fleet, indemnity, public property. The principal component of the fund is the Philadelphia Water Department, whose operations are discussed below.

Philadelphia Water Department and Water Revenue Bureau

Mission

The Philadelphia Water Department (PWD) and Water Revenue Bureau serve the greater Philadelphia region by providing integrated water, wastewater, and storm water services. The utility's primary mission is to plan for, operate, and maintain both the infrastructure and the organization necessary to purvey high-quality drinking water, to provide an adequate and reliable water supply for all household, commercial, and community needs, and to sustain and enhance the region's watersheds and quality of life by managing wastewater and storm water effectively. The PWD operates three water plants treating an average of nearly 300 million gallons of Delaware and Schuylkill river water each day, three wastewater plants cleaning over 450 million gallons per day of sewage, a 73-acre biosolids recycling facility, a sophisticated testing laboratory, and a range of technical and administrative support services. In addition, the Department maintains 3,300 miles of water mains, 3,000 miles of sewers, 75,000 storm water inlets, over 27,500 fire hydrants, and extensive related infrastructure. The Water Revenue Bureau (WRB) of the Department of Revenue manages water and sewer billings and collections for the Water Department.

Provide high-quality drinking water to promote public health and achieve all regulatory standards, while ensuring a reliable and cost-effective water supply

- **Participate in the EPA's voluntary Partnership for Safe Water program** Philadelphia's drinking water meets or surpasses the requirements of state and federal standards 100 percent of the time. Since voluntarily joining the U.S. Environmental Protection Agency's (EPA) Partnership for Safe Water (PfSW) in 1998 (a joint program of the EPA and the water industry), the PWD has committed itself to reduced "turbidity," an industry standard measure of water purity. In FY06, the turbidity of Philadelphia's water (.05 ntu) is 83 percent less than the amount required by state and federal regulations and 50 percent less than the Partnership's turbidity goal of 0.1 ntu. In FY05, PWD received a national award for maintaining an elite status of five consecutive years in the PfSW. The Directors Award is presented to water systems who have completed a successful review in the Partnership's Self-Assessment and Peer Review phase, a phase in which utilities examine the capabilities of their treatment plant operation and administration and then create a plan for implementing improvements. PWD's receipt of the Directors Award for five consecutive years, was an honor achieved by only 37 water utilities across the country, as of September 2004.

Going forward, from FY07 to FY11, the challenge will be to document compliance with new EPA water quality requirements, the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2ESWTR) released on December 15, 2005 and published in the Federal Register in January 2006. The PWD water quality program, instituted to

achieve the PfSW goals, is now well positioned to achieve compliance with the requirements of the new rule. PWD staff will continue to utilize the self-assessment tools formulated to meet the PfSW program goals to optimize and refine water plant performance and to focus available resources to comply with the requirements of the rule.

- **Conduct pilot plant research.** PWD has been able to stay one step ahead of drinking water regulations through the operation of a pilot plant research program initiated in FY98. The pilot plants are essentially miniature water treatment plants that allow the Department to study and test the impact of modifications to water treatment procedures prior to moving forward with system-wide changes. In FY06 and FY07, pilot plant studies will focus on the effectiveness of coagulants other than ferric chloride, which PWD has used as a coagulant in the water treatment process. Coagulants are used to treat the water to make it more filterable and also to bind to organic particles in the source water and cause these particles to fall out of the water treatment process by virtue of the coagulant's weight. Due to changes in the coagulant marketplace, it has become important for the PWD to evaluate alternative coagulants and determine their suitability in comparison to ferric chloride on the basis of performance and cost. In FY07 PWD will experiment with a pretreatment process called MIEX (Magnetically Induced Ion-Exchange). This process removes a significant portion of the dissolved organic component of water prior to coagulation. This technology may offer PWD the freedom to use non-iron based coagulants. The pilot plant study is helping the PWD optimize coagulant use in the face of increased regulatory requirements and increasing coagulant costs. The annual cost for operation of the pilot plant is \$970,000.
- **Implement on-line drinking water quality monitoring** To further ensure the safety and quality of the City's drinking water, the PWD will assess the need to expand its existing "Water Quality Monitoring Network." This system provides the Department with the ability to track real-time water quality conditions at selected locations throughout the City's water distribution system and to monitor any variations should they occur. Data is transmitted from each site to PWD's central laboratory where technicians check for early warning signs of water quality deterioration and document any unforeseen changes. As of the start of FY06, equipment was installed at ten critical points in the water distribution system, including the: East Park reservoir - inlet and outlets, Oak Lane reservoir outlet, Somerton tank, Fox Chase tank, Roxborough tanks, Central Lab, Queen Lane raw water pumping station, Roxborough high service pumping station and the Queen Lane raw water basin inlet. From FY07 to FY11, the Department will track the performance of the monitoring system at current locations while continuing to investigate alternative technology for further installations at remote sites in the distribution system, at wholesale customer interconnects, pumping stations and the Naval Business Center. The monitoring system costs approximately \$30,000 for each location.

Help preserve and enhance the water quality in the region's watersheds through effective wastewater and storm water services, planning and acting in partnership with other stakeholders to achieve a sensible balance between cost and environmental benefit

- **Develop and implement regional source water protection (SWP) plans** In FY05, PWD completed a source water protection plan for the Schuylkill River. The Schuylkill plan is being integrated with that of the Schuylkill Action Network (SAN), a larger group of state

and federal regulators, water suppliers, conservation districts, and watershed groups. SAN is working to coordinate regulatory and restoration efforts to protect the Schuylkill River as the premier drinking water resource for the region. In FY05, PWD, the Partnership for the Delaware Estuary, and SAN received a \$1.15 million Targeted Watershed Initiative Grant from the US EPA. More than 70 proposed projects will be implemented with these grant funds. Projects include controlling storm water and agricultural impacts, removing acid mine drainage impacts, and developing market-based incentives for pollution trading. In FY06, projects are addressing abandoned mine drainage (AMD) in the headwaters of the Schuylkill River. Projects are being designed and implemented for three major AMD discharges. Funds in FY07-FY11 will also be dedicated to addressing contamination from agriculture through the installation of vegetated buffers and fencing along impaired streams to reduce runoff and keep livestock out of the streams. Urban and suburban storm water runoff will be addressed through a series of projects aimed at reducing runoff at sensitive locations through the installation of swales, retention basins and buffers and outfall retrofits. Finally, a significant portion of the grant will be dedicated toward educating the public on source water protection issues and their role in protecting our region's drinking water supply. Since its inception in FY00, PWD's Office of Watersheds has received over \$4 million in grant funds to work in Philadelphia and the region to improve the quality of watersheds.

- **Expand Early Warning System (EWS)** In FY04, the PWD began operation of an early warning system for regional water supplies on the Schuylkill and Delaware Rivers (the Delaware Valley EWS). The purpose of the system is to improve communication and notification between water suppliers and emergency agencies as well as to provide tools and information to aid and enhance decision making during source water contamination events. FY05 saw the development of the "RiverCast" System to predict the recreational safety of water quality in the Schuylkill River from Boathouse Row to Manayunk. In FY06 RiverCast was fully deployed and significant enhancements were made to the EWS website and telephony systems, including the integration of email notifications with the phone call feature, the creation of a new home page with accessible information on recent water quality events and water quality trends in the Delaware and Schuylkill Rivers. Usage of the EWS has dramatically increased in FY06 and a user fee structure was developed by the EWS Steering Committee for system users to contribute annually to the operation and maintenance of the system starting January, 2006.

The role of the EWS in the Delaware and Schuylkill Rivers will further expand in FY06 and FY07 as DEP emergency responders in the Southcentral and Northeast regional offices receive training and are incorporated into the system. Continued system enhancements during this period will include the incorporation of a historical data user interface and query feature for viewing historical water quality data in association with historical events reported to the system, a revamped website with improved graphics and user friendliness, and the improved audio clarity and usability of the telephony system. Between FY07 and FY11 the scope and function of the EWS will be greatly expanded through the incorporation industrial users in both watersheds and the addition of new water quality monitoring stations at several locations. User fees associated with the incorporation of industrial users is expected to fuel significant technological enhancements to the system, some of which may include the incorporation of biological monitors and other advanced monitoring technologies at various watershed locations.

- **Implement a local Waterways Restoration Program** In FY04, the PWD created the Waterways Restoration Team, which consists of a crew devoted to removing trash and large debris from the streams and tributaries that define our neighborhoods. The team also

performs restoration work around PWD's storm and combined sewer outfalls. In FY'05, the team removed over 700 tons of debris from Philadelphia's streams. In addition, in FY '05, the WRT participated in a number of training sessions and workshops that focused on Natural Stream Channel Design (NSCD) sponsored by the FPC, the U.S. Army Corps of Engineers, and the engineering firm of Skelly and Loy. A large component of the team's mission is to work in partnership with the FPC to restore tributaries and streams that have been significantly damaged over decades by the volume and velocity of flows from sewer outfalls and from the forces of stormwater runoff. NSCD is the preferred stream restoration methodology of regulatory agencies and citizens as it results in streams that have the potential for supporting habitat and that meet the aesthetic desires of park users. In FY'05, the team tackled two restoration projects, providing interim stabilization to sites challenged by stormwater runoff that resulted in projects that were well received by FPC, regulatory agencies and citizens. From FY07 to FY11, the team will work in partnership with the Fairmount Park Commission and related Friends' groups to bolster a public/private partnership that is essential to sustaining the effectiveness of this project. The cost for this program in FY07 will be \$800,000 and is expected to remain in this range through FY11.

Responsibly maintain, renew, and replace the public's investment in water, wastewater, and storm water infrastructure, optimizing useful life and system integrity

- **Develop Sewer Infrastructure Assessment Program.** Completed in FY05, a \$6 million pilot sewer assessment program evaluates the condition of sewer system infrastructure using video technology to inspect many miles of sewers, and populating a database and ranking system to prioritize needed improvements. Trained PWD personnel will continue the sewer assessment surveys from FY07 to FY11. In FY07, the Department will begin to use data collected through the sewer assessment to prioritize needed sewer reconstruction and repair, and will schedule this work in the capital and operating budgets. This project has already helped to identify sewers that were in immediate need of repair, and it is anticipated that over time this project will result in a reduction of costly and disruptive emergency sewer repairs, such as those that occur when a sewer collapses. In FY07, \$4.1 million has been budgeted to continue the video inspections and to perform additional excavations and repairs.
- **Implement a Geographic Information System (GIS).** Completed in FY05 at a cost of \$7 million, the full-scale conversion of citywide water and sewer assets into its GIS database will progress into the maintenance phase in FY06. PWD's trained GIS staff will maintain and manage data changes. The GIS system will spatially display PWD infrastructure, and link it to operations, maintenance, engineering, and construction data, providing a fully integrated asset management system. Quick access to utility infrastructure data through the GIS system will allow timely management decisions, thereby increasing productivity and reducing risk. Through the GIS, the Department has converted all of its existing plans and specifications for all citywide water and sewer assets into a much more manageable electronic information management system. For the first time in its history, the PWD has a comprehensive database of water and wastewater assets. Engineering data for over 6,620 miles of water, wastewater, storm water, and high-pressure fire infrastructure, as well as data from over 250,000 engineering documents are contained in the GIS system. In FY07 through FY11 the GIS system will be linked with operations, maintenance, engineering, and construction data, providing a fully integrated asset management system. Quick access to

utility infrastructure data through the GIS system will allow timely management decisions, thereby increasing productivity and reducing risk.

- **Optimize water and sewer main replacement.** From FY07 to FY11, the Department intends to replace 22 miles of water main per year. PWD closely monitors water main conditions to ensure that adequate capital investment is made, the integrity of the water supply system is sustained, and the occurrences of disruptive and costly water main breaks is reduced. The effectiveness of this effort is illustrated by the 15-year average for main breaks, which tends to smooth out the effect of yearly weather variations: The current PWD level of 227.5 breaks per 1,000 miles is better than the national average of 270 breaks per 1,000 miles.

Finance the critical operations of the department through the development of an increasingly strong and reliable revenue base, effectively and consistently collecting fees and charges in a timely manner, under a fair, equitable and community-sensitive rate structure, while relentlessly pursuing both outstanding receivables and appropriate new sources of revenue

- **Revise rates to maintain fiscal stability.** In July of 2005 the Water Department announced a revision to rates. The new rates and charges were the result of a careful review and hearing process resulting from a rate filing that was originally announced in January 2004. For the typical PWD residential customer, the rate revision means an increase of 1.9 percent, or a \$0.88 monthly increase starting August 1, 2005; 6.7 percent or a \$3.20 monthly increase starting July 1, 2006; 4.2 percent or a \$2.14 monthly increase starting July 1, 2007. The increase for a typical senior citizen household is an average of 4.2 percent annually for three years. Rate relief was needed due to seven major cost factors that will impact the Department from FY05 to FY08: Increased debt service (\$72.25 million); coverage-based required contributions to the Residual Fund (\$67.6 million); loss of state subsidy for wastewater operations (\$32.0 million); increased personnel costs (\$28.37 million); decreased interest earnings (\$25.4 million); inflation on material, supplies, equipment and contracted costs (\$19.5 million); and additional security and related costs (\$8.9 million). The new rates and charges will enable the Philadelphia Water Department (PWD) to meet its obligations under the City Charter of having a balanced budget through FY08. In FY08 the Department will assess the need for additional rate revisions to cover the FY09 to FY11 period.
- **Implement revenue recovery program.** In FY07 through FY011 the Water Department will continue operation of the highly successful Revenue Protection Program. Now in its fifth year of operation, this program addresses billing discrepancies uncovered, in part, as a result of the implementation of the Department's Automatic Meter Reading (AMR) program. Through FY05 this proactive revenue enhancement program has recovered billings of \$16.8 million. Projections for revenue recovery during the FY07 to FY011 period are \$2 million annually.

Reduce Unit Costs and Improve Productivity to Remain Competitive with Industry Leaders by Embracing Financial, Organizational, and Operational Best Practices

- **Investigate operations efficiency and cost savings at the Biosolids Recycling Center (BRC)** In FY06 the Department intends to finalize negotiations with a vendor to design, build, own and operate a new biosolids processing facility at the City's current location and

to take over current operations during the interim period. Based upon Council action in FY06, the vendor may take over operation of the BRC in the beginning of FY07. To the greatest extent possible the current City workforce at the BRC will be reassigned to fill vacant position within the Department. There may also be some transfers to other City Departments. The project will result in the construction of a facility that will use new technology to produce Class A biosolids. The new facility is expected to also achieve long-term operations efficiency, to improve the overall aesthetics, and to reduce odors associated with the current operation.

Philadelphia Gas Works

As the largest municipally owned natural gas utility in the nation, Philadelphia Gas Works (PGW) maintains a distribution system of approximately 6,000 miles of service lines and distribution mains, and serves approximately 497,000 customers. The utility also operates facilities for the liquefaction, storage, and vaporization of natural gas, which supplement gas supply taken directly from interstate pipeline and storage companies.

Founded in 1835, and owned and operated by the City since 1841, PGW is not a corporation or legal entity in the usual sense. Rather, it is the collective name of a group of real and personal City assets used to supply natural gas within the city limits. PGW currently operates under a management agreement with the nonprofit Philadelphia Facilities Management Corporation (PFMC), established in 1972 by the City for the purpose of operating the utility. Under the agreement, PFMC, which is governed by a board appointed by the Mayor, manages PGW through a cadre of up to three senior corporate officers and other personnel it considers necessary. The agreement also vests the Philadelphia Gas Commission (PGC)—composed of the independently elected City Controller, two mayoral appointees, and two appointees of City Council—with the responsibility for approval of PFMC senior personnel appointments, PGW's operating budget, and any short-term loans, as well as review of the company's gas supply contracts and capital budgets with recommendations to City Council, which must review and approve, disapprove, or modify them. Ratemaking and general regulatory authority over the adequacy, reliability and quality of service were transferred by statute to the Pennsylvania Public Utility Commission, effective July 1, 2000.

Addressing the Challenges at PGW

Since 1998, PGW has been buffeted by an almost overwhelming array of managerial, operational, regulatory, and financial challenges. As Philadelphia's population shrank from 1.9 million in 1970 to 1.5 million in 2000, the residential base became poorer and more elderly. During that same period, many of PGW's large industrial and commercial customers closed or left the city. As a result, a large proportion of customers routinely have difficulty paying PGW bills. Meanwhile, others who can pay enter into, and later routinely break payment arrangements—a *de facto* regulatory moratorium on shut-offs during the winter season which historically provided them with protection. Collection problems were exacerbated by a massive failure of a computerized billing system in 1999, the subsequent related collapse of the company's call center operations; and historically high natural-gas prices, passed partially on to customers during the winter of 2000-2001. Yet the company had not been allowed to raise its base rates in ten years, even as several warm winters eroded the utility's operating margins, and unpaid customer bills mounted.

By August 2001, PGW was left with \$933.4 million in long-term debt and \$204.5 million in equity, an 84.8 percent to 15.2 percent allocation between debt and equity, as compared to an industry best practice of 70 percent to 30 percent. The utility was also carrying \$78 million in short-term borrowing originally intended only to meet seasonal cash flow requirements, and had taken a \$45 million working-capital loan from the City in December 2000. This precarious financial situation raised concern that PGW might be unable to repay the City's loan or even make its annual, legally required \$18 million payment to the City's General Fund. Compounding this bleak picture were an expensive, constraining labor contract that covered three-quarters of the

company's workforce, and fiduciary practices inconsistent with sound and efficient management principles.

With new management, the company made substantial progress with efforts to reform operations and come into compliance with PUC regulations, as it moved completely under the purview of the PUC on September 1, 2003. Starting in FY02, the company was confronted with a new and critical problem: The unprecedented increase in the commodity costs of natural gas. The annual bill for the average customer per year has increased from approximately \$900 in FY02, to \$1,400 in FY04, \$1,600 in FY05, and a projected \$2,100 in FY06. Such increases have placed an almost overwhelming burden on many of PGW's customers. One consequence has been a marked increase in the provision for uncollectible accounts. Progress in containing operations costs has been overtaken by increases in bad debt expense, employee healthcare costs, and annual pension expenses of \$14.7 million in FY05, up from \$2.5 million in FY01, as a result of changes in the financial markets. In FY04, the City forgave the \$18 million payment, enabling PGW to utilize the cash for working capital purpose, and improve overall liquidity. The City also committed to forgo the annual \$18 million payment from FY05 through FY08, allowing PGW to build sufficient liquidity to satisfy requirements of rating agencies and prevent further downgrading of PGW's bond ratings. In order to avoid creating additional financial pressure on PGW's customers the City's FY07-FY11 Five Year Plan does not anticipate the collection of the \$18 million payment for the duration of the Plan. PGW, does, however, expect to repay the outstanding \$45 million City loan in August 2008.

Although progress has been steady and, as indicated above, often subject to forces outside the utility's control, PGW's management team, headed by a permanent chief executive officer since 2002, has achieved a dramatic turnaround. Among the highlights of PGW's achievements in financial and operational stability:

- **Cost-Saving Initiatives.** As a result of substantial changes to the collective-bargaining agreement with Local 686 of the Gas Works Employees' Union in 2001, increased management flexibility is on track to save \$76.5 million over five years, beginning in FY02, including \$9.5 million the first year. During FY02, PGW was able to reduce its annual non-gas operating expenses by 2.4 percent, or \$6.1 million (\$254.2 million, up from \$248.1 million).
- **Operational Improvements.** PGW has achieved ongoing savings from operations while addressing a number of major challenges. Management repaired the billing, collections, and customer-service (BCCS) system, the July 1999 implementation of which had initially resulted in 55,000 processing errors and 70,000 estimated or unbilled accounts. Today, BCCS operations are well within industry standards, and the company is meeting industry norms of customer satisfaction. The company expanded collection operations and reduced net receivables. Currently, the company has lowered bad debt as a percentage from 11.2 percent in FY03, to 8.3 percent in FY05. PGW's net receivable at the end of FY05 declined by \$5.5 million, from \$93.1 million in FY04. For the fiscal year ending August 2005, PGW's fiscal outlook improved, with collections of 94.7 percent of billed revenues.

PGW has also made significant strides in customer service. In 1999, customers who called PGW waited an average of 12 minutes to talk with a service representative. With the implementation of a customer service initiative in June 2001, PGW was successful in managing and training call center personnel, who now have the expertise to answer 80 percent of all non-emergency calls

within 30 seconds, moving PGW's performance from last place in the Commonwealth to a position of desired compliance. Dramatic improvement, sustained throughout FY02, prevented a potential PUC order to compel PGW to contract out its call center operations. In December 2002, PGW resumed its guarantee of a 48-hour response time to service calls from customers enrolled in its parts-and-labor repair program. PGW has continued to provide this high standard of service to its customers. The Call Center operation has worked in close conjunction with Field Operations to complete the implementation of the Automatic Meter Reading (AMR) program. PGW now bills over 99.8 percent of the residential customers based on actual readings. As a result, the number of complaints PGW has received through the PUC has reduced substantially.

During FY03, the company undertook efforts to complete re-engineering of three areas: Human resources, information technology, and its 1,000-person field force department. The company successfully implemented a payroll system, along with its first automated human resources information system. The Information Technology Department was reorganized to support individual departments directly, while cutting costs. Most important, management has undertaken a three-year full restructuring of distribution and field services functions, to increase productivity, address additional requirements of PUC compliance, and reduce costs. As of October 2005, PGW implemented the first phase of the field force automation project by rolling out a replacement for the mobile dispatching application used by service technicians. PGW is currently in the design stage for the application to assist construction and maintenance crews. The final phase anticipated for fiscal year 2007 will link the two applications, and will serve as a foundation for a Work Management System.

During FY04, management undertook a reorganization of the Collections Department. Confronted with a 2003 collection rate of only 87 percent, due to an unprecedented increase in gas costs, the company returned to its customary performance level of collecting 92 percent in FY04. As noted, in FY05, PGW attained a collection factor of nearly 95 percent, a record high in the face of escalating gas costs. The challenge moving forward is to collect 95 percent of still higher gas costs. PGW's billings will be well over \$1 billion in FY 2006.

Regulatory Relief. After ten years without a rate increase, PGW was awarded \$69.6 million in permanent base-rate relief from the PUC, in 2001 and 2002. Of that amount, \$36 million was emergency relief for preservation of the utility's overall liquidity and access to capital markets, following an historically warm winter, which cut the projected annual "contribution margin." In August 2002, PGW was allowed by the PUC to implement a "weather-normalization adjustment," which raises customer charges in warmer-than-normal winters and lowers them in colder ones. This adjustment, which is unprecedented in Pennsylvania but implemented in 18 other states, benefits PGW and its customers by helping to stabilize the utility's finances and billing charges against the vagaries of winter weather. In fall 2005, the company sought and was granted an emergency increase in the Gas Cost Rate, to recognize the unprecedented changes in commodity charges following the hurricanes.

Legislative Action. Facing increasing resistance from customers, who in turn are faced with overwhelming bills, PGW sought the help of the Pennsylvania Legislature to allow more flexibility to gas, electric, and water utilities in securing payment. The change in law took effect in December 2004, and grants PGW enhanced rights in the areas of deposits, payment agreements, terminations, and winter shut-offs. These legislative changes have been a significant factor in providing PGW with tools to improve collections.

Mitigated Financial Risk. The \$36 million in emergency rate relief, along with City Council's approval of PGW's request to defer repayment of the \$45 million City loan, resulted in Standard and Poor's May 2002 removal of PGW's bonds from "CreditWatch with negative implications," after nearly two years. In August 2002, the company also negotiated the removal of a commercial-paper "ratings-trigger" that would have caused the entire debt balance (currently \$79.8 million) to become due if two of the three major bond rating agencies lowered PGW's ratings to below investment grade for a period of six months. Any such sudden termination of the commercial-paper program would almost certainly have required new financing from ratepayers, the City's General Fund, or both. With the increase in gas costs and consequent effects on both the customers' ability to pay and the company's liquidity in FY06, management anticipates the need for further legislative and regulatory proposals and operational changes to increase PGW's cash flow so as to maintain its financial rating.

Capital Enhancements. Since FY01, even in the face of extreme financial uncertainty, PGW has met policy requirements for replacing or abandoning its inventory of cast-iron main. Over the last three years, the utility also completed \$20 million in improvements to its Port Richmond liquefied natural gas (LNG) facility, one of the largest in the United States. PGW now has on stream a facility to liquefy and store natural gas year-round, allowing it to better serve its customers and market liquefaction and related services to other companies.

PGW's Challenges Ahead

Real progress has been made by the City Administration and PGW managers in reforming an organization whose liquidity constraints and financial uncertainties had put the City's General Fund at risk. Also essential—and implemented in FY 2005—was a strategic effort driven by clear operational and fiscal goals that, in part, balance PGW's continued financial viability with its responsibilities to customers, many of whom face severe financial challenges of their own.

With past crises under control, permanent management in place, a working relationship with the PUC established, and PGW's financial condition and statutory responsibilities to citizens having been addressed, PGW is turning its attention toward long-term strategic concerns. Senior PGW managers are looking beyond the company's day-to-day operations for strategic opportunities to better serve customers, further lower costs and raise new revenues to ensure the company's fiscal health. The recent law addressing PGW's credit and collections policies is indicative of this change of focus. In addition, in late November 2004, PGW issued an RFP to expand the Richmond LNG facility into an LNG terminal. PGW anticipates partnering with a major, multi-national energy company to receive LNG tankers from around the world, vaporize the fuel, and inject it into the interstate pipeline system. With no capital investment of its own, PGW would nonetheless receive substantial revenues for performing this "tolling" function.

PGW's shift in orientation from crisis management to strategic management better positions it to meet its most imminent challenges:

- **Financial Stability.** PGW will continue to contend with a relatively old and impoverished customer base, with 153,700 of the 491,500 residential customers living at or below the federal poverty level. PGW leads Pennsylvania in the number of customers receiving cash assistance through the federal Low Income Home Energy Assistance Program (LIHEAP) and similar grants for the payment of gas bills. Already successful in generating this federal aid, PGW went a step further and reenergized LIHEAP outreach efforts over the last few years.

As a result, between FY00 and FY05, the number of households receiving assistance grew from approximately 58,000 to about 74,000, a 28 percent increase (as compared with only a 20 percent increase for the entire Commonwealth). In September 2004, the PAPUC voted to discontinue the Senior Citizen Discount Program for all customers reaching the age of 65 after September 1, 2003.

As a result of the dramatic increase in gas prices over the past year, last year PGW began an aggressive legislative effort to increase assistance resources at both the state and federal level. In late 2005, the Commonwealth enacted legislation to provide \$21 million in state funded LIHEAP assistance. PGW anticipates receiving approximately \$4 million of the state LIHEAP funds appropriated. PGW, in collaboration with the City and social service providers, has undertaken a massive outreach campaign to promote conservation, increase the number of LIHEAP Cash and Crisis grants, and increase enrollment in the Customer Responsibility Program (CRP). It is imperative, if PGW is to assist low income customers to maintain gas service while maximizing revenue from these customers, that PGW continue to outreach to increase enrollment in the CRP program. Additionally, the City has appropriated \$2 million to fund the purchase of weatherization supplies for families participating in weatherization workshops. Through careful coordination with the City, \$400,000 in Social Service Block Grant funds and DHS Family preservation funds have been used to restore service to families, avoid shut-offs, and the impact on shelter services and foster care, without threatening PGW's fiscal stability.

- **Capital Investments.** PGW had embarked on a comprehensive capital-improvement plan. In June 2005, City Council approved PGW's six-year (FY06-FY11), \$384.9 million capital program, which emphasizes the safety and reliability of the gas system, and was financed in part by the issuance of \$150 million of new bonds in October 2004.

PGW has accelerated the reduction of cast-iron pipelines, and is replacing them with polyurethane or steel pipe. The utility reduced the inventory by 21.4 miles in FY02, 22.6 miles in FY03, and 18 miles in FY04 and FY05. Additionally, the capital program will finance certain restructuring costs, such as BCCS/mobile dispatch system modifications and meter shop renovations, as well as security enhancements.

While the outlook for PGW has improved considerably, its financial future depends on several key assumptions. For example, paying down short-term debt, as planned, and fully funding anticipated capital expenditures will require \$35 million per year in new cost savings, added revenues, or both, from FY08 to FY11. Forecasts also assume that annual FY06-FY11 bad debt levels stabilize at between \$55 million and \$45 million annually, down from the \$85 million high in FY03. Achieving these levels will probably require a slight decline in gas costs, consistent with current gas price projections, as well as even more aggressive bill collection efforts. Should PGW's financial forecasts prove accurate, the 6 percent ratio of bad debt to billed gas revenues will still be much higher than industry standards of 1 percent to 3 percent.

The seal of the City of Philadelphia, featuring a central shield with a ship, flanked by two female figures holding scales and a sword, with a banner below.

City of Philadelphia
Five-Year Financial Plan



Appendices



City of Philadelphia
Five-Year Financial Plan



Appendix I
Key Performance Measures

Key Performance Measures

The City's performance measurement program, which began in late FY94, has become an increasingly important part of the City's resource allocation process. By helping focus attention on the services departments provide and how well the services are provided, the performance measurement program helps broaden discussion about departments beyond departmental spending. The measures have been used by departments to justify requests for increased funding as well as a way to ensure that departments are able to sustain or increase services with the same or decreasing amounts of resources.

Adult Services						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Homeless Services/OESS						
Average Daily Number of Emergency Shelter Beds	2,109	2,412	2,479	2,500	2,763	2,853
% of Beds Occupied	123%	110%	113%	110%	100%	100%
Number of Households Receiving Prevention Services	2,526	1,179	1,712	882	882	1,700
Number of Placements into Transitional Housing	458	489	597	490	500	500
Number of Placements into Permanent Housing (Subsidized or Unsubsidized)	67	399	329	584	584	629
Point in Time Count of Homeless Living on Street ²	421	280	429	258	258	250
Riverview						
Average Daily Census	225	231	187	145	145	148
Admissions	254	79	61	50	50	48
Readmissions w/in One Year of Discharge	17	8	7	5	5	1
Readmissions as a % of Total Admissions	7%	10%	11%	10%	10%	2%
Discharges	187	125	91	125	125	48

¹ Average Daily Number of Emergency Shelter Beds. Because OESS does not turn away any eligible person or family that requests emergency shelter, supply of beds equals the demand.

² Point-in-Time Count of Homeless Living on Street. The FY05 actual number is the count as of 11/29/2005

Division of Aviation						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
# of Enplaning (departing) Passengers	12,265,194	13,088,041	15,490,569	14,500,000	15,800,000	15,900,000
Total # of Aircraft Operations ¹ (PHL)	454,428	459,627	522,030	475,000	560,000	490,000
Air Cargo ² Activity (in tons)	622,593	576,265	589,691	624,000	624,000	570,000
Number of Aircraft Gates ³	120	120	120	120	120	123

¹ Total # of Aircraft Operations. An aircraft operation is either a takeoff or landing.

² Air Cargo Activity. Airfreight and mail combined

³ Number of Aircraft Gates. In FY03, the new International Terminal complex provided 13 new gates, and the expansion of Terminal D provided four new gates for the Airport.

Fairmount Park Commission						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Total Acres of Grass Cut ¹	17,980	24,420	24,098	22,345	26,468	28,504
Weeks between Cuts-Frequency	3.26	2	2	2	2	2.00
Street Trees Removed - Contractual Services and Park Crews ²	5,548	4,610	3,519	3,200	3,150	3,100
Street Trees Pruned - Contractual Services and Park Crews	14,311	11,839	12,782	12,800	12,800	12,500
Street Trees Planted	999	741	950	800	650	800
Park Trees Removed	2,858	1,643	1,776	1,600	1,550	1,500
Park Trees Pruned	2,523	2,471	1,977	2,300	2,200	2,000
Volunteer Park Cleanups	414	442	296	425	360	360
Number of Ballfields Maintained ³	599	509	637	440	400	400
Number of Ballfields Renovated ³	109	116	100	105	90	80
Citizen Survey: Percent Satisfied with Fairmount Park	78%	77%	82%	82%	82%	82%
Citizen Survey: Percent Satisfied with Neighborhood Park	71.60%	71.30%	73.60%	76%	76%	76%

¹ Total Acres of Grass Cut. Fairmount Park mows approximately 2,000 acres, generally 15 times each season. During FY05, total acres of grass cut includes a portion of Department of Recreation mowing responsibilities during September and October 2004.

² Street Trees Removed. Street tree removals include operating and capital dollars. Fewer prunings and removals in FY06 are due to budget reductions for these services.

³ Ballfields Maintained and Renovated. The reduction in the FY06 estimate for ballfields maintained and renovated is directly related to reductions in available staff to perform this work.

Fire Department						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Number of Fires	10,077	9,832	9,326	9,350	9,350	8,940
Structural	2,465	2,330	2,191	2,180	2,180	2,050
Non-Structural ¹	7,416	7,310	6,905	6,960	6,960	6,700
Vacant Buildings	196	192	230	210	210	190
Average Response Time (minutes: seconds)	4:28	4:32	4:29	4:30	4:30	4:30
Fire Deaths (Civilians)	33	40	60	45	45	41
Fire Prevention Activities	17,007	22,028	19,679	12,000	12,000	12,000
EMS Runs	195,504	200,849	206,670	224,000	224,000	224,000
EMS Average Response Time (minutes: seconds) ²	6:35	6:41	6:53	6:53	6:53	6:53
Citizen Survey: Percent Satisfied with Fire Protection	88%	87%	88%	90%	90%	90%
Citizen Survey: Percent Satisfied with EMS Response	89%	87%	88%	89%	89%	89%

¹ Non-Structural Fires. In FY03, the Department modified its method for counting non-structural fires, making the counts more precise.

² EMS Average Response Time. FY06 projection assumes addition of eight additional medic units beginning 7/1/05.

Fleet Management						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Target Projected
Total Number of Vehicles in the Fleet	6,440	6,200	6,013	5,855	5,999	5,855
Percent of Patrol Cars Req Actually Provided	100%	100%	100%	100%	100%	100%
Percent of Compactors Req Actually Provided	100%	100%	100%	100%	100%	100%
Fleet Downtime – Citywide	10%	10%	11%	11%	11%	10%
Fleet Downtime – District Radio Patrol Cars	11%	10%	10%	10%	12%	11%
Fleet Downtime – Curbside Compactors	21%	22%	21%	20%	22%	22%
Fleet Downtime – Medic Units	13%	13%	12%	10%	12%	11%
Fuel Cost per Gallon – Unleaded	\$0.86	\$1.08	\$1.47	\$1.43	\$1.98	\$1.60
Fuel Cost per Gallon – Diesel	\$0.80	\$1.10	\$1.44	\$1.41	\$2.06	\$1.65

¹ Total Number of Vehicles in the Fleet. The City's fleet reduction initiative successfully reduced the number of City cars beginning in FY04.

Free Library						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Visits to Library ¹	6,440,990	6,216,973	5,517,569	5,642,364	6,100,000	5,900,000
Items Borrowed ²	7,056,608	6,963,935	6,294,315	6,429,463	6,350,000	6,150,000
Library Hours ³	110,852	107,874	85,918	95,380	92,800	100,800
Number of Volunteer Hours	102,192	100,874	95,489	88,314	86,000	97,750
Worldwide Web Hits ⁴	59,996,052	67,784,632	59,968,564	52,000,000	59,000,000	64,000,000
Citizen Survey: Percent Satisfied with Library Services	76.9%	81.4%	72.0%	80.0%	80.0%	80.0%
Citizen Survey: Percent Satisfied with Hours of Operation	80.6%	78.8%		78.0%		
Citizen Survey: Availability of Recently Released/New Materials	76.4%	78.5%	81.0%	78.0%	81.0%	81.0%
Citizen Survey: Percent Satisfied with Availability of Computers	74.6%	76.8%	87.0%	76.0%	87.0%	87.0%

¹ Visits to Library. Beginning in FY03, the Library had fewer visitors due to emergency closings caused by staffing shortages.

² Items Borrowed. The number of items borrowed dropped in FY04 and in FY05 due to the number of emergency branch closings resulting from staffing shortages and less funds available to purchase new materials.

³ Volunteer Hours. The number of volunteer hours declined in FY05 and FY06 due to emergency branch closures, long-term closing of one regional and two branch libraries for HVAC replacement, and fewer branch Saturday hours throughout the system.

⁴ Worldwide Web Hits. Each WebPage can receive multiple "hits" depending on the design of the various page sections. Although actual Free Library website use continues to increase, the number of "hits" is dropping due to design changes to the actual page layout.

Human Services						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Children & Youth						
Child Protective Services (Abuse) Reports	4,643	4,661	4,326	4,500	4,500	4,500
General Protective Services (Neglect) Reports	11,354	12,151	11,442	13,000	11,904	12,500
General Reports	637	729	786	950	852	900
Total Children Receiving Services	23,543	25,087	25,787	26,000	26,483	26,500
Total Children Receiving Non-Placement Services	11,544	12,845	13,721	12,300	14,441	14,107
Total Children in Placement	7,895	7,668	7,087	7,200	6,871	6,434
# of Children in Institutional Placements	1,422	1,487	1,397	1,400	1,350	1,400
Children in Care More than Two Years	3,922	3,548	3,032	3,200	2,972	2,800
# of Adoptions Finalized	654	759	618	750	700	625
Adoption Subsidies	4,104	4,574	4,979	5,500	5,459	5,959
Subsidized Legal Guardians	6	330	767	1,000	1,000	1,350
Community-based Prevention Services						
Children Enrolled in DHS Afterschool and Positive Youth Development Programs	7,210	7,089	7,943	7,000	7,000	7,700
Parents/Caregivers Participating in Parenting Education/Support Groups	5,808	5,385	6,350	6,000	6,400	6,958
First-time Mothers Receiving Intensive Home Visiting Services	282	392	504	500	550	600
Families Diverted by DHS to Community-based Case Management Services	1,587	1,679	2,681	2,500	2,750	3,025
Families Diverted by DHS to Other Community-based Services	1,384	1,631	1,417	1,400	1,900	2,560
Families Receiving Diversion Case Management Services (Non-DHS Referred)	3,131	2,477	2,343	2,000	2,900	3,200
Chronic Truants and First-time Offenders Diverted from Placement at Truancy/Delinquency Courts	N/A	760	987	1,100	1,100	1,300
Participants in SCOP Youth Development Activities	79,058	74,609	76,638	75,000	75,200	76,500
Pre-hearing Home Visits to Families of Youth Scheduled for Truancy Court	2,269	2,888	2,842	2,500	2,500	2,750
Youth Referred to Community-based Services by Truancy Court	2,992	2,942	2,480	4,000	5,000	5,400
Community School Attendance Stakeholder Meetings Convened	95	94	146	120	120	132
Unduplicated Youth Receiving School-based Case-management Services	3,225	3,093	4,220	4,000	4,000	4,300
Youth Serviced in Crisis Nursery Programs	701	748	755	750	750	825
Youth Participating in Teen Court Prevention Program	282	432	739	750	750	825
Family Services Provided to Children of Women in Substance-abuse Treatment	N/A	455	792	650	680	748
Juvenile Justice Services						
Youth Study Center Admissions ²	5,944	5,875	5,377	5,600	5,600	5,775
Youth Study Center (YSC) Average Daily Population	91	101	101.5	95	101.8	99
Average Number of Delinquent Youth in Placement	1,295	1,369	1,461	1,450	1,478	1,511
Average Number of Delinquent Youth Served in Home	1,550	1,583	1,678	1,805	1,678	1,714
Average Number of Delinquent Youth Placed out of State	109	120	145	125	115	120

¹ Total Children Receiving Non-Placement Services. The method of calculating the number of children receiving non-placement services was altered starting in FY05 causing a variance between the target and current projections.

² Youth Study Center Admissions. Arrests of juveniles declined by nearly 7 percent from 12,015 in calendar year 2003 to 11,222 in calendar year 2004.

Law						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Open Cases, All Litigation Units	1,621	1,500	1,634	1,600	1,600	1,600
New Suits Filed during the FY	1,545	1,496	1,438	1,600	1,600	1,600
Number of Cases Closed	1,624	1,510	1,397	1,634	1,634	1,600
Number Closed, No Payment	981	806	790.9814	915	915.04	896
Percent Closed, No Payment	60%	53%	57%	56%	56%	56%
Indemnities Cost (\$ million)	28.2	27.6	28.9	32.0	29.0	29.0
Average Cost of Closed Cases *	\$14,869	\$14,437	\$20,681	N/A	\$17,748	\$18,125
# of Contracts Conformed	909	849	798	800	800	800
Average Days to Conformance	119	109	100	120	120	120
Average Days in Law Department	28	25	26	25	30	30
Regulatory Affairs Collections	\$1,422,055	\$1,446,680	\$13,707,64	\$10,500,000	\$10,500,000	\$1,600,000
Revenue Collected (\$ million) ¹	\$120.60	\$102.56	\$119.85	\$109.00	\$109.00	\$109.00

¹ Revenue Collected. Revenues projected to be collected in FY05 exclude approximately \$12 million in collections for the Gas Liens project, which was discontinued as of 7/1/04. PGW will collect those revenues, and will report them separately. The Law Department projects an increase of more than \$10 million over FY04 levels for all other revenues that it collects.

* Average Cost of Closed Cases was unusually high in FY05 due to one unusually large settlement.

Licenses and Inspections						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Permits Issued	35,409	34,437	40,974	33,650	35,850	36,000
Business Compliance Inspections	41,690	46,126	39,868	44,780	42,500	43,737
Housing	n/a	159,229	139,857	110,750	125,000	115,000
Licenses Issued	116,473	120,992	140,580	120,000	130,000	143,262
Clean and Seal – Buildings Treated	1,475	1,514	1,456	1,240	1,300	1,350
Clean and Seal – Lots Treated ¹	792	213	148	100	300	180
Tickets Issued ²	4,103	4,811	5,414	7,250	3,760	5,260

¹ Clean and Seal - Lots Treated. Prior to FY04, workers from a first offender program supplemented the City's efforts to clean vacant lots. The Courts eliminated funding for this program, and the projected number of vacant lots cleaned is expected to decrease. In addition, the MDO also administers a vacant lot program, and the numbers are not included in L&I's numbers. For more information on the MDO program, please see NTI chapter.

² Tickets Issued. Legislation allowing the issuance of tickets for multiple types of violations was passed in 1999, thus increasing the number of tickets written.

MOIS						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Number of Helpdesk Queued Calls ¹	27,859	34,243	20,256	35,000	35,000	22,500
Number of E-Mails for Service (Trouble ticketed & service requests)	n/a	20,833	25,000	25,000	25,000	25,000
Number of Trouble Tickets Created	12,029	10,838	10,634	17,000	17,000	17,000
Number of Calls Resolved Immediately	3,560	1,640	1,210	3,000	3,000	3,000
Percent of Trouble Tickets Closed within 5 Days ²	99.0%	76.0%	86.7%	64.7%	76.5%	76.5%
Number of Service Requests Created	2,040	2,974	4,607	3,000	3,000	4,300
Number of Service Requests Completed within 10 Days ³	55.0%	87.0%	54.3%	83.3%	83.3%	79.5%
Number of IT Outage Hours across Departments	1,937	2,492	1,127	2,100	2,100	2,100
Number of IT Outages	578	277	193	280	280	280

¹ Helpdesk Queued Calls. In FY06, MOIS will begin providing service and tracking application incidents from MOCS, BRT, Prisons, and Personnel, which will increase the number of calls to the MOIS helpdesk.

² Percent of Trouble Tickets Closed within 5 Days. Lower staffing levels have affected MOIS' ability to close trouble tickets within 5 days. This trend is expected to continue in FY06.

³ Number of Service Requests Completed within 10 Days. Lower staffing levels have affected MOIS' ability to close service requests within 10 days.

Department of Behavioral Health/Mental Retardation Services (1)						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Residential Rehabilitation						
Transition Planning to Facilitate Continuing Care - % of Consumers who Keep Appointments within 30 Days of Discharge	32.0%	41.00%	46.4%	47.4%	46.4%	47.9%
Psychiatric Inpatient						
Transition Planning to Facilitate Continuing Care - % of Consumers Who Keep Appointments for Continuing Care within 30 Days of Discharge	60.6%	61.0%	57.7%	61.0%	59.8%	61.0%
Crisis Evaluation and Triage						
Recidivism - % of Consumers with a CRC Visit within 30 Days of Discharge from a CRC	19.0%	18.0%	16.0%	16.1%	16.0%	15.5%
Forensic Intensive Recovery (FIR)						
# of Treatment Admissions	2,474	2,799	2,478	2,527	2,408	2,478
# of Prison Days Saved by Having Clients in Treatment	480,189	486,545	511,377	455,155	455,155	455,155
CODAAP Housing Initiative (CHI)						
% of Available Housing Slots Filled	86%	87.5%	88.2%	88.0%	88.0%	88.0%
Mental Retardation Services						
Early Intervention - # Served in Year	3,851	3,806	4,226	4,000	4,226	4,400
# Receiving Community Integrated Employment services	1,016	1,009	1,062	1,077	1,077	1,100

¹ Data used for these indicators is taken from administrative data sets that have a six-month time lag due to a 180 day service billing window.

Personnel						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Number of Hiring Lists Due	520	494	410	390	390	405
Percent of Hiring Lists Produced on Time or Early ²	96%	93%	91%	93%	93%	93%
Number of Job Design Recommendations Due	384	355	288	300	300	300
Job Design Recommendations Produced on Time or Early	98%	96%	95%	95%	95%	95%
Percent of Critical Job Classes with Active Hiring Lists	93%	89%	100%	100%	100%	100%
Average Number of Days between Exam Announcement and Hiring List Establishment	81	86	76	75	77	76

¹ Number of Hiring Lists Due. The availability of layoff lists and other staff-reduction activities caused a reduction in the number of eligible lists produced.

² Percent of Hiring Lists Produced on Time or Early. Internal staff reductions and the lack of workforce planning impacted

³ Average Number of Days between Exam Announcement and Hiring List Establishment. Additional appeal periods were introduced with the new application processing fee, causing delays in list establishment.

Police						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Number of Homicides	308	344	352	324	350	345
Avg. No of Police in On-Street Bureaus	5,898	5,855	5,859	5,564	5,582	5,660
Percent of Police in On-Street Bureaus	87.0%	86.9%	87.5%	87.0%	87.4%	87.5
Priority Response Time (in min:sec)	6:15	6:19	6:20	6:21	6:25	6:23
Number of Abandoned Vehicles Towed*	38,810	27,398	21,626	24,400	20,415	21000
Number of Recovered Stolen Vehicles	11,797	11,172	9,989	11,000	9,217	9500
Number of Arrests	66,083	68,486	67,795	67,600	66,953	68500
Major Crimes Statistics	80,998	83,066	81,464	80,840	81,789	81400
Citizen Survey: % Satisfied with Police Protection	61.1%	71.5%		73%		
Citizen Survey: % Reporting Police Visibly Patrol My Neighborhood	65.2%	67.3%		70%		

* The FY04 figure for Number of Abandoned Vehicles Towed has been changed to reflect the correct value 27,398.

Prisons						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Average Daily Inmate Census	7,631	7,738	8,141	8,635	8,548	8,899
Escapes/Walk-aways¹						
From Confinement (including Erroneous Discharges)	2	3	3	0	0	0
From Trustee Status	1	0	0	0	0	0
From Work-release Program	63	68	64	61	55	55
Inmates Participating in Work-release Program (Average Monthly Total)	336	316	249	325	274	274
Inmates Participating in Vocational Training¹						
Jewish Employment & Vocational Service	1,833	1,553	2,634	735	848	850
JOBS Project	N/A	203	734	586	695	700
Inmates Receiving GED/High School Diplomas ²	261	319	250	225	276	280
Inmates Participating in Substance-abuse Treatment						
In-house OPTIONS Program (Average monthly total)	855	855	817	900	878	885
Community-based Forensic Intensive Recovery Program	2,474	2,799	2,478	2,527	2,492	2,492
Inmate Days Saved						
Forensic Intensive Recovery (FIR) ³	480,189	465,975	438,606	441,232	441,232	441,232
Earned Time/Good Time	42,339	28,195	28,888	38,000	29,800	29,800
Earned Time/Good Time	51,783	42,339	28,195	43,000	35,000	38,000

¹ Inmates Participating in Vocational Training. Effective July 1, 2003, in an effort to foster post-release job placement and to reduce inmate recidivism, most JEVS programs were expanded from 2 – 2.5 hours per day for 4 or 5 weeks to 5 – 6 hours per day for 6 or 12 weeks. Due to a reduction in the Cambria Employment Project contract, the aftercare and creative arts programs were eliminated, causing a reduction in the number of inmates participating.

² Inmates Receiving GED/High School Diplomas. In January 2004, the PPS began implementing CORESTAR (Correctional Outcomes Reentry Ethics Security Treatment and Accountability Review), a performance measurement system for the collection of timely and accurate data to evaluate the quality and effectiveness of programs and services. One of the primary goals of the CORESTAR program is to improve inmate participation in the Pennypack House School. With the implementation of CORESTAR, there was a renewed focus by security staff on increasing attendance rates at the school. As a result of that focus, attendance of GED classes has improved beginning in FY04 and continuing in FY05, and the number of GEDs and high-school diplomas awarded to students has risen by nearly one quarter.

³ A different method of counting days saved was used starting in FY05.

Procurement						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Supplies & Equipment						
Number of Services, Supplies and Equipment (SSE) Contracts Completed ¹	503	375	291	320	320	320
Total Dollar Amount of Contracts	110,953,354	107,682,972	97,713,874	110,000,000	110,000,000	110,000,000
Processing Time (Days) from Receipt of Requisition to Bid Award ²	103	131	123	112	112	125
Processing Time (Days) from Request to Posting of Purchase Order (Existing Requirements Contract)	5	4	6	5	5	5
Processing Time (Days) from Bid Award to Contract Conformance	56	57		55		
Number of Small-order Purchases	934	948	793	810	810	810
Total Dollar Amount of Small-order Purchases	3,935,914	5,181,833	4,143,924	4,200,000	4,200,000	4,200,000
% of Bids Completed Within Established Timelines	67.9%	70.7%	28.9%	60.0%	60.0%	60.0%
Average # of Bids Received Per Award	4	3	4	3	3	3
% of Awards with 1 Bid Received (Not Sole Source)	22.4%	20.8%	21.3%	21.0%	21.0%	21.0%
Public Works						
Number of Public-works Awards Made	240	211	155	175	175	175
Total Dollar Amount of Public-works Contracts	173,506,366	131,391,427	#####	130,000,000	130,000,000	160,000,000
Processing Time (Days) from Bid Initiation to Award ³	84	103	118	85	85	85
Average # of Bids Received Per Award	6	5	4	5	5	5
% of Awards with 1 Bid Received (Not Sole	1.3%	3.3%	4.5%	3.0%	3.0%	3.0%

Public Health						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Infant Mortality Rate: Deaths/1,000 ¹	10.4	9.7	10.7	10.3	10.3	10.3
% of Women Who Receive Inadequate Prenatal Care ²	6.6%	6.4%	N/A	N/A	N/A	N/A
# of Children with Confirmed Elevated Blood Levels	578	406	476	400	400	400
Incidence of Vaccine-Preventable Disease among Children < 15 ³	61	75	110	4	4	4
New Cases of Infectious Gonorrhea Surveillance, Evaluation, Follow-Up-New TB Cases/Suspects (3a)	6,923	4,921	5,250	5,500	5,500	5,500
	208	202	693	800	850	850
New Reported AIDS Cases ⁴	1,126	1,022	758	1,062	768	768
Food Complaints Investigated	3,298	2,766	2,606	2,500	2,400	2,400
Average Interval Between Food Establishment Inspections (Months) ⁵	18.2	14.6	15.4	15.1	15.5	15.5
% of All Homicides Having Final Examiner's Report Completed within 8 Weeks	74%	62%	52%	85%	85%	85%
Nursing Home Census (Average)	433	429	432	437	437	437
Air Quality ⁶						
Percent of Days with Good Air Quality	78%	58%	58%	55%	55%	56%
Percent of Days with Moderate Air Quality	17%	40%	40%	42%	42%	41%
Percent of Days with Unhealthful Air Quality	5%	2%	2%	3%	3%	3%
District Health Centers						
Total Patient Visits ⁷	320,833	317,184	337,770	330,000	330,000	325,000
Uninsured Visits	193,783	170,327	172,445	169,295	168,630	166,630
Percent of Visits Uninsured	60%	54%	51%	51%	51%	51%
Pharmacy Prescriptions	572,965	588,616	625,379	650,400	650,400	650,400
Percent of Appointments Made within 3 Weeks of Request (7a)	76%	62%	76%	75%	75%	70%
Percent of Evening Sessions Available	81%	98%	100%	100%	100%	100%
Citizen Survey: Percent Satisfied with Services Received at Health Center	69.4%	80.7%	N/A	80.0%	80.0%	80.0%
Citizen Survey: Percent of Health Center Clients Reporting a Wait of Three Weeks or More between Request for Appointment and Date of Appointment	53.0%	36.3%	N/A	25.0%	25.0%	25.0%

¹ Infant Mortality. This data is provided by the State Department of Health and is collected on a calendar year basis, up to 12 months after the end of each calendar year. Therefore, the statistic presented here for FY03 covers 2001, FY04 covers 2002, etc.

² Inadequate Prenatal Care. In FY05, missing data associated with birth records in Philadelphia caused problems with accurately reporting this measure. Therefore, final number for FY05 was incomplete and measure was done away with in FY06.

³ Vaccine preventable disease incorporates Hep B & Pertussis figures. In FY06, the Pertussis number is no longer a part of this measure.

^{3a} Surveillance, Evaluation, Follow-Up-New TB Cases/Suspects. Beginning in FY05, measure will include all investigations opened by TB.

⁴ New Reported AIDS Cases. The FY05 number was due to the backlog of Aids case reports.

⁵ Interval between Food Establishment Inspections. The increase in interval time for FY06 and F707 is due to possible cutbacks of personnel in the Operating Budget..

⁶ Air Quality. In FY04, Air Management incorporated a more stringent ozone standard that includes fine particulate measurement, adopted by the U.S. EPA. The use of this new standard affects the data but does not necessarily represent deterioration in Philadelphia's air quality.

⁷ Health Center Visits. The decrease in visits for FY07 is due to cutbacks of personnel in the Operating Budget..

^{7a} % of Appointments Made within 3 weeks of Request. The decrease in visits for FY07 is due to cutbacks of personnel in the Operating Budget..

Public Property						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Target Projection
Building Services Division						
Work Order Requests Generated	9,733	9,594	10,410	11,000	11,000	11,000
Work Order Requests Completed	7,636	9,072	10,503	9,352	9,352	9,000
Contracted Services						
Work Order Requests Generated	22,757	24,091	26,094	26,094	26,094	27,440
Work Order Requests Completed	19,849	23,414	24,647	24,647	24,647	25,994
Communications Division						
Constituent Call Center: Calls Received	1,392,997	1,512,702	1,288,493	1,288,493	1,288,493	1,281,737
Constituent Call Center: Calls Answered	1,155,270	1,134,527	1,012,811	1,012,811	1,012,811	1,005,133
Percent of Calls Answered	83%	75%	79%	79%	79%	79%
# Communications Work Orders Requested	12,991	12,439	8,851	8,440	8,440	8,680
# Communication Work Orders Completed	12,491	11,380	8,332	8,875	8,875	8,880

¹ Work Order Requests Generated. The number of work order requests generated in the building service division increased in FY05 because the division assumed responsibility for additional facilities.

Records						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Target Projection
Number of Documents Recorded	217,591	258,126	251,146	266,668	279,436	251,492
Number of Scanned Images of Recorded Documents ¹	1,689,347	2,144,669	1,903,997	2,145,672	2,116,840	1,905,156
Turnaround Time on Recorded Documents (Days)	2	2	2	2	2	2
Document Recording Fees/Taxes Collected (\$000's) ²	\$ 150,076	\$ 205,804	\$ 240,025	\$ 235,406	\$ 326,029	\$ 293,995
# of Archives/Records Center Reference Services	18,432	23,091	18,707	18,816	16,508	16,508
Records Center Materials Handled (Cubic Feet)	13,055	6,070	7,716	9,612	13,348	11,000
Police Accident Reports Copied	59,553	60,516	59,051	59,052	67,536	67,536
# Central Duplicating Services Provided	30,483,114	29,652,148	#####	26,975,268	25,501,640	25,400,000

¹ Number of Scanned Images of Recorded Documents. The number of documents recorded and scanned, as well as tax and fee revenues collected, is affected by broad local and national economic factors, such as interest rates and general real-estate market conditions.

² Document Recording Fees/Taxes Collected. Fees collected increased in FY04, FY05 & FY06 due to an increasing number of documents recorded as well as higher fees.

Recreation						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Athletic Program Attendance	578,957	592,890	572,540	570,000	570,000	553,000
Cultural Program Attendance	79,246	85,506	88,573	85,000	85,000	88,000
Afterschool Program Attendance	2,457	2,176	2,454	2,411	2,411	2,500
Ice-rink Attendance	52,787	51,189	28,505	32,000	32,000	35,000
Special Events Participants	89,977	83,945	101,518	100,000	100,000	96,000
Percent of Centers in Compliance with Recreation Standards	66%	68%	65%	65%	65%	65%
Percent of Centers Providing Programmed Usage in at Least 60% of Operating Hours	73%	71%	73%	70%	70%	73%
Percent of Programs that Maintain Monthly Participation Rates of at Least 70% of Registered Participants	84%	85%	79%	91%	91%	91%
Citizen Survey: Percent Satisfied with Neighborhood Recreation Services	47.4%	51.0%	55.4%	51%	55%	55%
Citizen Survey: Percent Satisfied with Neighborhood Recreation Center (of Those Who Visited)	78.9%	73.0%	81.2%	80%	80%	80%
Citizen Survey: Percent Satisfied with Afterschool Programs (of those who Participated)	94.9%	86.0%	90.1%	96%	90%	90%
Citizen Survey: Percent Satisfied with Physical Condition	66.4%	67.2%	66.1%	74%	65%	65%

Revenue						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Number of Incoming Calls ¹	500,943	510,228	591,590	700,000	600,000	750,000
Response Rate for Incoming Calls (Percent of Calls Answered) ¹	67%	55%	38%	30%	40%	35%
Number of Walk-in Taxpayers Served ²	43,832	42,241	45,604	60,000	50,000	60,000
Average Waiting Time for Walk-In Customers (minutes:seconds) ²	13:35	16:23	27:31	40:00	35:00	40:00
Ratio of Returned Mail to Outgoing Mail	5.6%	6.4%	6.4%	6.0%	7.5%	8.1%
Value of Audit Assessments (in Thousands of Dollars)	\$22,762	\$13,661	\$23,823	\$12,000	\$15,000	\$15,000

¹ Incoming Calls. The lower percentage of incoming calls answered in FY05 and FY06 is attributed to both the decrease in the number of calls that could be answered and the increase in the number of incoming calls. The loss of customer representatives without replacement in the call center limited the number of calls that could be answered. Moreover, recent legislative tax reforms increased the number of taxpayers calling with inquiries. The longer hold times made some taxpayers abandon the call and then call back, which also increases the number of incoming calls.

² Walk-in Taxpayers. The increase in the number of walk-in taxpayers served in FY05 and FY06 can be attributed to the legislative tax reforms and the difficulties in getting questions answered via phone. The longer waiting time for walk-in taxpayers can be attributed to the increase in the number of walk-in taxpayers and the decrease in the number of customer representatives available.

Risk Management						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Estimate	FY07 Target Projection
Workers' Compensation Recipients: Number of Employees Receiving Total Disability Benefits ¹	465	553	642	500	620	600
Average Number of Employees on "Limited Duty" Injured-on-Duty Status ²	295	205	295	280	321	321
Number of No-Duty Days Lost	18,887	24,646	20,000	38,486	76,030	76,030
Workers' Compensation-related Revenues: Subrogation/ Supersedeas ³	861,129	515,750	1,031,776	500,000	568,408	500,000
New Service-connected Disability Pensions Granted	26	43	37	50	35	43
Third-party Recovery ⁴	\$ 333,097	\$ 577,954	\$ 957,827	\$ 640,000	\$ 886,332	\$ 600,000

¹ Workers' Compensation Recipients: Number of Employees Receiving Total Disability Benefits. The Heart and Lung benefit increased the number of recipients in FY05 and FY06.

² Average Number of Employees on "Limited Duty" Injured-on-Duty Status. The Heart and Lung benefit increased the number of limited duty employees in FY05 and FY06.

³ Workers' Compensation-related Revenues Subrogation/ Supersedeas. Subrogation refers to recovery from third parties that negligently cause injury to City employees. Supersedeas refers to collections made from a state fund if the City wins a case on appeal or successfully files to stop ongoing benefits. Supersedeas reimbursements fluctuate annually based on judges' rulings and total funds available annually by the state to replenish this fund.

⁴ Third-Party Recovery. Third-party recovery refers to dollars recovered from insurance companies when citizens damage city property. Beginning in FY05, Risk Management worked with the Traffic Engineering Division of the Streets and Police Departments to increase documentation of these damages with the hopes of recovering a larger amount of money.

Streets						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Original Projection	FY06 Current Projection	FY07 Target Projection
Street Resurfacing by City Crews (sq. yards)	1,616,842	1,942,180	1,366,589	1,800,000	1,800,000	1,800,000
Potholes - Number Repaired	24,182	23,179	20,862	25,000	25,000	25,000
Response Time-Peak (Days) - February, March, April	4.0	4.0	4.0	4.0	4.0	4.0
Response Time-Off Peak (days)	4.0	4.0	4.0	4.0	4.0	4.0
Ditch Restorations - Number Closed	4,830	6,647	7,413	7,500	7,500	7,000
Ditch Restoration Backlog	2,165	2,113	1,465	1,465	1,465	2,165
Percent Closed on Time	85%	83%	89%	90%	90%	90%
Tons of Refuse Disposed	755,293	787,670	785,125	815,000	803,726	762,868
Percent of Refuse Collected by End of Shift	94%	94%	97%	96%	96%	96%
Household Recycling Collected (Tons)	45,697	44,261	41,023	44,766	42,558	50,972
Percent of Recycling Collected on Time	93%	94%	98%	97%	97%	97%
Street Cleaning-Mechanical (Miles) ¹	77,491	90,466	87,569	83,000	83,000	83,000
Street Cleaning-Manual (Miles) ¹	2,199	2,320	4,966	3,780	3,780	3,780
Tons of Refuse per Sanitation Crew	14.3	14.64	14.09	15.35	14.98	15.35
Line Striping (Sq. Ft.)	634,103	540,280	660,084	750,000	750,000	750,000
Street Crack Sealing (linear Ft.) ²	130,778	189,376	104,912	250,000	250,000	250,000
Citizen Survey: Percent Satisfied with Street Repair on City Roads	29.2%	36.1%	37%	37%	37%	37%
Citizen Survey: Percent Satisfied with Trash Collection	67.9%	77.0%	77%	77%	77%	77%
Citizen Survey: Percent Satisfied with Recycling Collection	81.2%	84.8%	75%	75%	75%	75%
Citizen Survey: Percent Satisfied with Street Cleaning	33.4%	45.7%	46%	46%	46%	46%

¹ Street Cleaning. As a result of reductions in staffing, the miles of streets cleaned in FY05 and FY06 is less than in previous years.

² Street Crack Sealing (sq. ft.). Crack sealing measures decreased in FY03 and FY04 due to a combination of severe winter weather, the Department's focus on pothole repairs, and faulty, outdated equipment. However, in FY05, staffing shortages have caused a reprioritization in work, resulting in fewer street cracks being repaired.

Water Department						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Original	FY06 Current	FY07 Target
Millions of Gallons of Treated Water	100,505	97,993	96,800	99,280	100,010	98,550
Percent of Time Philadelphia's Drinking Water Met or Surpassed State & Federal Standards	100%	100%	100%	100%	100%	100%
Miles of Pipeline Surveyed for Leakage ¹	1,420	1,168	1,279	1,301	1,430	1,430
Water Main Breaks Repaired ²	988	794	706	750	745	745
Avg. Time to Repair a Water Main Break upon Crew Arrival at Site (Hrs.)	7.6	7.3	7.8	7.6	8.0	8.0
Percent of Hydrants Available	98.90%	97.50%	96.20%	97.80%	99.00%	99.00%
Number of Storm Drains Cleaned	92,457	86,975	76,865	95,805	74,805	97,271
Citizen Survey: Percent Satisfied with Overall PWD Services	74.80%	79.00%	80%	80%	80%	80%
Citizen Survey: Percent Satisfied with Water Overall Quality	72.80%	80.00%	80.20%	80.50%	80.50%	81.00%

¹ Miles of Pipeline Surveyed for Leakage. Miles of pipeline surveyed has decreased due to vacancies in staffing.

² Water Main Breaks Repaired. Yearly variations in main breaks are due primarily to the severity of winter weather conditions.

Water Revenue Bureau						
Measurement	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Target Projection	FY06 Current Projection	FY07 Projected
Percent of Customers Who Pay on Time (within 31 Days)	60.4%	60.8%	60.0%	60.0%	59.6%	60.9%
Number of Incoming Calls ¹	512,299	567,860	598,457	550,000	555,649	597,346
Response Rate for Incoming Calls (Percent of Calls Answered) ¹	75.2%	50.7%	46.6%	55.0%	60.8%	48.0%
Number of Walk-in Customers Served ²	71,320	80,447	85,898	80,000	84,000	83,476
Average Waiting Time for Walk-in Customers (minutes:seconds) ²	4:44	4:08	5:34	5:16	4:25	4:15
Citizen Survey: Percent Satisfied Water and Sewer Billings and Collections	67.3%	72.0%	75%	75%	75%	75%
Percent of Bills Based on Actual Reads	88.8%	88.7%	90.0%	88.0%	86.0%	88.2%

¹ Incoming Calls. The lower percentage of incoming calls answered in FY05 and FY06 is attributed to both the decrease in number of calls that could be answered and the increase in the number of incoming calls. The loss of customer representatives without replacement in the call center limited the number of calls that could be answered. In addition to that, the longer hold time made some water customers abandon the call and then call back, which also increases the number of incoming calls.

² Walk-in Customers. The increase in the number of walk-in customers served in FY05 and FY06 can be attributed to the difficulties in getting questions answered via phone. The longer waiting time for walk-in taxpayers can be attributed to the increase in the number of walk-in taxpayers and the decrease in the number of customer representatives available.



City of Philadelphia
Five-Year Financial Plan



Appendix II

**Departmental Five Year Obligations
Summary**

Departmental Five Year Obligations Summary

City Treasurer

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	503,135	577,134	577,134	719,339	748,113	748,113	748,113	748,113
Class 200 - Contracts / Leases	57,847	79,901	73,088	73,088	73,088	73,088	73,088	73,088
Class 300/400 - Supplies, Equipment	16,000	24,224	24,224	24,224	24,224	24,224	24,224	24,224
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	576,982	681,259	674,446	816,651	845,425	845,425	845,425	845,425

Fairmount Park

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	9,465,641	8,917,919	8,476,827	8,671,102	8,810,775	8,777,762	8,777,762	8,777,762
Class 200 - Contracts / Leases	2,745,208	2,742,509	2,620,233	2,692,509	2,692,509	2,692,509	2,692,509	2,692,509
Class 300/400 - Supplies, Equipment	614,825	618,621	610,046	668,621	668,621	668,621	668,621	668,621
Class 500 - Indemnities / Contributions	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	13,675,674	13,129,049	12,557,106	12,882,232	13,021,905	12,988,892	12,988,892	12,988,892

Fire

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	152,199,383	151,638,881	154,638,881	157,627,648	163,928,587	163,928,587	163,928,587	163,928,587
Class 200 - Contracts / Leases	5,185,129	5,274,583	5,649,583	5,546,083	5,546,083	5,546,083	5,546,083	5,546,083
Class 300/400 - Supplies, Equipment	7,811,965	5,428,819	5,547,415	5,777,415	5,777,415	5,777,415	5,777,415	5,777,415
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	7,567,200	7,579,000	7,579,000	7,010,000	7,020,000	7,020,000	7,020,000	7,020,000
Class 900 - Advances / Misc. Payments								
Total	172,763,677	169,921,283	173,414,879	175,961,146	182,272,085	182,272,085	182,272,085	182,272,085

Fleet Management

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	16,510,174	15,653,328	16,181,414	16,666,856	17,224,640	17,111,506	16,261,387	16,261,387
Class 200 - Contracts / Leases	4,823,846	4,819,000	4,219,000	4,219,000	4,219,000	4,219,000	4,219,000	4,219,000
Class 300/400 - Supplies, Equipment	20,915,676	18,277,272	23,387,980	21,687,980	21,687,980	21,687,980	21,687,980	21,687,980
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	42,249,696	38,749,600	43,788,394	42,573,836	43,131,620	43,018,486	42,168,367	42,168,367

Fleet Management – Vehicle Purchases

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases								
Class 300/400 - Supplies, Equipment	2,176,478	6,480,000	13,633,000	12,600,000	13,280,000	14,600,000	14,600,000	14,600,000
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	2,176,478	6,480,000	13,633,000	12,600,000	13,280,000	14,600,000	14,600,000	14,600,000

Free Library

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	30,765,441	33,534,607	33,534,607	34,137,564	34,696,644	34,456,710	34,456,710	34,456,710
Class 200 - Contracts / Leases	1,417,236	1,352,202	1,352,202	1,352,202	1,352,202	1,352,202	1,352,202	1,352,202
Class 300/400 - Supplies, Equipment	3,752,302	3,880,808	3,880,808	3,958,802	3,958,802	3,958,802	3,958,802	3,958,802
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	35,934,979	38,767,617	38,767,617	39,448,568	40,007,648	39,767,714	39,767,714	39,767,714

Human Services

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	84,567,438	85,357,763	85,749,823	88,690,277	92,237,887	92,237,887	92,237,887	92,237,887
Class 200 - Contracts / Leases	511,773,104	564,997,893	469,031,680	516,276,600	523,078,774	531,846,677	538,641,045	538,641,045
Class 300/400 - Supplies, Equipment	4,305,854	5,219,435	4,451,030	4,482,961	4,482,961	4,482,961	4,482,961	4,482,961
Class 500 - Indemnities / Contributions	556	29,326	28,751	29,326	29,326	29,326	29,326	29,326
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	600,646,952	655,604,417	559,261,284	609,479,164	619,828,948	628,596,851	635,391,219	635,391,219

Law

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	9,434,053	9,394,567	9,566,567	10,374,648	10,583,489	10,565,173	10,565,173	10,565,173
Class 200 - Contracts / Leases	5,602,048	4,202,947	4,196,152	4,496,152	4,496,152	4,496,152	4,496,152	4,496,152
Class 300/400 - Supplies, Equipment	186,943	250,024	285,024	285,024	285,024	285,024	285,024	285,024
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	15,223,044	13,847,538	14,047,743	15,155,824	15,364,665	15,346,349	15,346,349	15,346,349

Licenses & Inspections

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	16,396,204	16,726,117	16,437,564	16,658,569	16,989,155	16,716,208	16,716,208	16,716,208
Class 200 - Contracts / Leases	3,109,128	3,506,034	3,506,034	3,506,034	3,506,034	3,506,034	3,506,034	3,506,034
Class 300/400 - Supplies, Equipment	763,329	623,198	623,198	623,198	623,198	623,198	623,198	623,198
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	20,268,661	20,855,349	20,566,796	20,787,801	21,118,387	20,845,440	20,845,440	20,845,440

Licenses & Inspections – Demolitions

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases	0	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Class 300/400 - Supplies, Equipment								
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	0	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000

Mayor's Office of Information Services

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	6,305,036	6,450,291	6,230,841	7,428,278	7,438,796	7,264,756	7,264,756	7,264,756
Class 200 - Contracts / Leases	5,045,949	4,750,853	5,400,853	5,172,955	5,172,955	5,172,955	5,172,955	5,172,955
Class 300/400 - Supplies, Equipment	162,920	162,634	162,634	187,634	162,634	162,634	162,634	162,634
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds				287,791	287,791	287,791	287,791	287,791
Class 900 - Advances / Misc. Payments								
Total	11,513,905	11,363,778	11,794,328	13,076,658	13,062,176	12,888,136	12,888,136	12,888,136

Department of Behavioral Health and Mental Retardation Services

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	2,553,233	2,483,123	2,277,575	2,345,902	2,439,738	2,439,738	2,439,738	2,439,738
Class 200 - Contracts / Leases	12,128,834	12,128,834	12,089,307	12,128,834	12,128,834	12,128,834	12,128,834	12,128,834
Class 300/400 - Supplies, Equipment								
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	14,682,067	14,611,957	14,366,882	14,474,736	14,568,572	14,568,572	14,568,572	14,568,572

Office of Emergency Shelter and Services

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	7,272,056	6,534,818	6,505,133	6,657,211	6,816,363	6,816,363	6,816,363	6,816,363
Class 200 - Contracts / Leases	22,103,342	10,952,222	22,357,175	22,357,175	22,357,175	22,357,175	22,357,175	22,357,175
Class 300/400 - Supplies, Equipment	428,850	387,060	431,569	431,569	431,569	431,569	431,569	431,569
Class 500 - Indemnities / Contributions	21,741	35,050	35,050	35,050	35,050	35,050	35,050	35,050
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	29,825,989	17,909,150	29,328,927	29,481,005	29,640,157	29,640,157	29,640,157	29,640,157

Personnel

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	3,908,410	3,972,817	3,972,817	4,092,002	4,255,682	4,255,682	4,255,682	4,255,682
Class 200 - Contracts / Leases	291,558	362,530	508,530	862,530	362,530	362,530	362,530	362,530
Class 300/400 - Supplies, Equipment	76,479	55,609	55,609	55,609	55,609	55,609	55,609	55,609
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	4,276,447	4,390,956	4,536,956	5,010,141	4,673,821	4,673,821	4,673,821	4,673,821

Police

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	450,697,679	465,097,585	459,746,476	483,147,601	491,506,732	491,341,484	491,341,484	491,341,484
Class 200 - Contracts / Leases	7,276,514	7,425,445	7,425,445	7,425,445	7,425,445	7,425,445	7,425,445	7,425,445
Class 300/400 - Supplies, Equipment	7,554,370	7,432,070	7,584,765	7,584,765	7,584,765	7,584,765	7,584,765	7,584,765
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	2,196,056	275,653	275,653	339,330	215,489	215,489	215,489	215,489
Class 900 - Advances / Misc. Payments								
Total	467,724,619	480,230,753	475,032,339	498,497,141	506,732,431	506,567,183	506,567,183	506,567,183

Prisons

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	102,686,806	102,682,824	104,681,688	106,716,560	109,421,197	108,475,649	108,475,649	108,475,649
Class 200 - Contracts / Leases	84,908,427	79,273,591	80,773,591	81,973,591	82,333,591	81,633,591	81,633,591	80,133,591
Class 300/400 - Supplies, Equipment	3,931,671	3,630,209	4,520,744	4,520,744	4,520,744	4,520,744	4,520,744	4,520,744
Class 500 - Indemnities / Contributions	1,009,048	1,026,757	1,026,757	1,026,757	1,026,757	1,026,757	1,026,757	1,026,757
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	192,535,952	186,613,381	191,002,780	194,237,652	197,302,289	195,656,741	195,656,741	194,156,741

Procurement

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	2,790,321	2,814,617	2,814,617	2,898,075	2,843,812	2,843,812	2,843,812	2,843,812
Class 200 - Contracts / Leases	2,251,262	1,458,787	2,084,309	2,369,309	2,369,309	2,369,309	2,369,309	2,369,309
Class 300/400 - Supplies, Equipment	71,255	74,443	74,443	74,443	74,443	74,443	74,443	74,443
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	5,112,838	4,347,847	4,973,369	5,341,827	5,287,564	5,287,564	5,287,564	5,287,564

Public Health

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	38,048,911	39,117,575	39,278,147	40,428,231	41,820,385	41,530,405	41,530,405	41,530,405
Class 200 - Contracts / Leases	60,737,891	63,850,309	63,823,309	67,071,153	67,071,153	67,071,153	67,071,153	67,071,153
Class 300/400 - Supplies, Equipment	4,205,323	4,072,244	4,105,985	4,119,995	4,086,060	4,056,060	4,026,060	4,026,060
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	2,100,000			500,000	500,000	500,000	500,000	500,000
Class 900 - Advances / Misc. Payments								
Total	105,092,125	107,040,128	107,207,441	112,119,379	113,477,598	113,157,618	113,127,618	113,127,618

Public Property

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	8,470,038	8,079,493	8,049,171	9,211,006	9,372,350	9,326,758	9,326,758	9,326,758
Class 200 - Contracts / Leases	23,170,753	23,143,592	22,541,758	24,120,096	24,103,119	24,085,718	24,085,718	24,085,718
Class 300/400 - Supplies, Equipment	914,911	909,177	928,856	998,856	998,856	998,856	998,856	998,856
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	23,092,810	14,000,000	17,000,000	18,255,130	18,049,130	18,049,130	18,049,130	18,049,130
Class 900 - Advances / Misc. Payments								
Total	55,648,512	46,132,262	48,519,785	52,585,088	52,523,455	52,460,462	52,460,462	52,460,462

Public Property – SEPTA Subsidy

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases	56,509,711	59,216,000	58,623,840	60,263,000	61,601,000	63,066,000	64,717,000	64,717,000
Class 300/400 - Supplies, Equipment								
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	56,509,711	59,216,000	58,623,840	60,263,000	61,601,000	63,066,000	64,717,000	64,717,000

Public Property – Space Rentals

<u>Expenditure Class</u>	<u>FY 05 Actual</u>	<u>FY 06 Adopted Budget</u>	<u>FY 06 Current Target</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases	14,063,610	14,462,759	14,402,336	15,484,000	15,737,000	16,083,000	16,312,000	16,825,000
Class 300/400 - Supplies, Equipment								
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	<u>14,063,610</u>	<u>14,462,759</u>	<u>14,402,336</u>	<u>15,484,000</u>	<u>15,737,000</u>	<u>16,083,000</u>	<u>16,312,000</u>	<u>16,825,000</u>

Public Property – Telecommunications

<u>Expenditure Class</u>	<u>FY 05 Actual</u>	<u>FY 06 Adopted Budget</u>	<u>FY 06 Current Target</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases	12,220,672	12,982,098	12,681,835	13,400,000	13,450,000	13,730,000	13,200,000	13,170,000
Class 300/400 - Supplies, Equipment				300,000	300,000	300,000	300,000	300,000
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	<u>12,220,672</u>	<u>12,982,098</u>	<u>12,681,835</u>	<u>13,700,000</u>	<u>13,750,000</u>	<u>14,030,000</u>	<u>13,500,000</u>	<u>13,470,000</u>

Public Property – Utilities

<u>Expenditure Class</u>	<u>FY 05 Actual</u>	<u>FY 06 Adopted Budget</u>	<u>FY 06 Current Target</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Class 100 - Wages / Benefits								
Class 200 - Contracts / Leases	27,377,013	26,468,000	30,980,000	30,620,000	31,410,000	31,860,000	32,190,000	31,560,000
Class 300/400 - Supplies, Equipment								
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	<u>27,377,013</u>	<u>26,468,000</u>	<u>30,980,000</u>	<u>30,620,000</u>	<u>31,410,000</u>	<u>31,860,000</u>	<u>32,190,000</u>	<u>31,560,000</u>

Records

<u>Expenditure Class</u>	<u>FY 05 Actual</u>	<u>FY 06 Adopted Budget</u>	<u>FY 06 Current Target</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Class 100 - Wages / Benefits	3,395,171	3,535,248	3,535,248	3,742,831	3,589,241	3,573,516	3,573,516	3,573,516
Class 200 - Contracts / Leases	3,377,301	3,779,714	3,702,024	3,680,425	4,016,919	4,016,919	4,016,919	4,016,919
Class 300/400 - Supplies, Equipment	452,576	452,607	452,607	498,607	162,607	162,607	162,607	162,607
Class 500 - Indemnities / Contributions	786	1,456	1,456	1,456	1,456	1,456	1,456	1,456
Class 700 - Debt Service								
Class 800 - Payments to Other Funds				212,896	283,861	283,861	283,861	283,861
Class 900 - Advances / Misc. Payments								
Total	<u>7,225,834</u>	<u>7,769,025</u>	<u>7,691,335</u>	<u>8,136,215</u>	<u>8,054,084</u>	<u>8,038,359</u>	<u>8,038,359</u>	<u>8,038,359</u>

Recreation

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	28,676,210	27,339,616	28,007,431	29,466,869	28,981,312	28,749,432	28,749,432	28,749,432
Class 200 - Contracts / Leases	2,053,524	2,706,201	2,453,226	2,453,226	2,453,226	2,453,226	2,453,226	2,453,226
Class 300/400 - Supplies, Equipment	1,367,732	1,390,069	1,398,643	1,398,643	1,398,643	1,398,643	1,398,643	1,398,643
Class 500 - Indemnities / Contributions	1,800,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	33,897,466	33,335,886	33,759,300	35,218,738	34,733,181	34,501,301	34,501,301	34,501,301

Revenue

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	11,992,134	13,347,531	12,770,949	12,962,937	12,658,872	12,465,613	12,465,613	12,465,613
Class 200 - Contracts / Leases	3,566,356	3,575,774	3,825,774	3,943,014	3,943,014	3,943,014	3,943,014	3,943,014
Class 300/400 - Supplies, Equipment	677,992	689,971	839,971	689,971	689,971	689,971	689,971	689,971
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	44,883	44,883	44,883	106,315	106,315	106,315	61,432	61,432
Class 900 - Advances / Misc. Payments								
Total	16,281,365	17,658,159	17,481,577	17,702,237	17,398,172	17,204,913	17,160,030	17,160,030

Streets

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	13,866,317	13,218,721	18,730,721	21,484,511	21,421,321	21,421,321	21,421,321	21,421,321
Class 200 - Contracts / Leases	12,086,877	12,158,606	7,769,606	8,364,606	8,364,606	8,364,606	8,364,606	8,364,606
Class 300/400 - Supplies, Equipment	2,185,625	2,392,721	3,295,015	2,635,015	2,635,015	2,635,015	2,635,015	2,635,015
Class 500 - Indemnities / Contributions	2,793	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	28,141,612	27,800,048	29,825,342	32,514,132	32,450,942	32,450,942	32,450,942	32,450,942

Streets – Sanitation

Expenditure Class	FY 05 Actual	FY 06 Adopted Budget	FY 06 Current Target	FY 07	FY 08	FY 09	FY 10	FY 11
Class 100 - Wages / Benefits	46,095,894	45,325,821	44,364,388	44,798,248	45,445,974	44,998,019	44,998,019	44,998,019
Class 200 - Contracts / Leases	42,571,763	47,935,286	47,935,286	49,518,081	50,982,820	52,578,661	54,305,639	56,025,241
Class 300/400 - Supplies, Equipment	1,333,687	1,333,929	1,363,406	1,363,406	1,363,406	1,363,406	1,363,406	1,363,406
Class 500 - Indemnities / Contributions	48,171	48,171	48,171	48,171	48,171	48,171	48,171	48,171
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	90,049,515	94,643,207	93,711,251	95,727,906	97,840,371	98,988,257	100,715,235	102,434,837

The seal of the City of Philadelphia, featuring a central shield with a ship, flanked by two female figures holding scales and a sword, with a banner below.

City of Philadelphia
Five-Year Financial Plan



Appendix III
Enterprise Funds

**AVIATION FUND
FIVE YEAR FINANCIAL PLAN
FISCAL YEARS 2007- 2011
ALL DEPARTMENTS**

	FY 2006 <u>Estimate</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<u>Revenues</u>						
<u>Category</u>						
Locally Generated Non-Tax	\$256,900,000	\$284,575,000	\$290,267,000	\$296,072,000	\$301,993,000	\$308,033,000
Passenger Facility Charges	33,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Revenue from Other Governments	2,300,000	2,500,000	2,550,000	2,601,000	2,653,000	2,706,000
Revenue from Other Funds of the City	500,000	1,000,000	1,020,000	1,040,000	1,061,000	1,082,000
Total Revenue, All Sources	\$292,700,000	\$323,075,000	\$328,837,000	\$334,713,000	\$340,707,000	\$346,821,000
<u>Obligations</u>						
100 Personal Services	\$84,504,000	\$92,117,000	\$93,959,000	\$95,838,000	\$97,755,000	\$99,710,000
200 Purchase of Services	90,988,000	98,635,000	100,608,000	102,620,000	104,672,000	106,765,000
300 Materials and Supplies	9,571,000	10,219,000	10,423,000	10,631,000	10,844,000	11,061,000
400 Equipment	7,243,000	7,544,000	7,695,000	7,849,000	8,006,000	8,166,000
500 Contributions, Indemnities and Taxes	4,012,000	4,787,000	4,883,000	4,981,000	5,081,000	5,183,000
700 Debt Service	90,012,000	99,487,000	104,581,000	96,671,000	96,676,000	100,928,000
800 Payments to Other Funds:						
Payments to General Fund	3,426,000	3,526,000	3,597,000	3,669,000	3,742,000	3,817,000
Payments to Water Fund	775,000	855,000	776,000	792,000	808,000	824,000
Payments to Capital Fund	3,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Payments to Other Funds	7,201,000	24,381,000	24,373,000	24,461,000	24,550,000	24,641,000
900 Advances and Other Misc. Payments	---	---	---	---	---	---
Total Obligations, All Departments	\$293,531,000	\$337,170,000	\$346,522,000	\$343,051,000	\$347,584,000	\$356,454,000
Fund Balance from Prior Year	26,537,000	37,706,000	35,611,000	29,926,000	33,588,000	38,711,000
Commitments Canceled - Net	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Ending Fund Balance	\$37,706,000	\$35,611,000	\$29,926,000	\$33,588,000	\$38,711,000	\$41,078,000

The seal of the City of Philadelphia, featuring a central shield with a ship, flanked by two female figures (Liberty and Justice), and topped with a scale of justice. The shield is surrounded by a banner with the motto "1776".

City of Philadelphia
Five-Year Financial Plan



Appendix IV
Long-term Obligations

**Sinking Fund Commission
General Fund Operating Budget Estimates
FY 2007-2011 Five Year Financial Plan**

Description	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
200 Purchase of Services					
200 <u>Long Term Leases</u>	<u>94,107,024</u>	<u>92,506,864</u>	<u>97,024,029</u>	<u>97,493,763</u>	<u>97,528,420</u>
700 Debt Service					
701 Total Interest on City Debt LT	57,715,577	56,649,783	64,937,907	62,977,801	60,999,089
702 Total Principal on City Debt LT	26,055,000	30,655,000	37,865,000	39,705,000	42,085,000
703 Interest on City Debt ST	17,575,000	17,500,000	17,500,000	16,500,000	16,500,000
704 Sinking Fund Reserve Payments	2,518,766	2,522,791	2,533,706	2,542,659	3,404,300
705 Commitment Fee Expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
706 Arbitrage Payments	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Total Class 700	<u>105,214,343</u>	<u>108,677,574</u>	<u>124,186,613</u>	<u>123,075,460</u>	<u>124,338,389</u>
Total All Classes	<u>199,321,367</u>	<u>201,184,438</u>	<u>221,210,642</u>	<u>220,569,223</u>	<u>221,866,809</u>

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a scale of justice. The shield is surrounded by a banner with the motto "1776".

City of Philadelphia
Five-Year Financial Plan



Appendix V
Other Statutory Requirements
General Fund

CITY OF PHILADELPHIA FY2007-2011 Five Year Financial Plan		SUMMARY OF OPERATIONS FISCAL YEARS 2005 TO 2011 (Amounts in Thousands)						
FUND								
General								
NO.	ITEM	F.Y. 2005 Actual	F.Y. 2006 Estimate	F.Y. 2007 Estimate	F.Y. 2008 Estimate	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(9)
OPERATIONS OF FISCAL YEAR								
REVENUES								
1	Taxes	2,230,313	2,266,507	2,287,548	2,344,581	2,396,052	2,429,541	2,449,532
2	Locally Generated Non-Tax Revenues	200,882	239,934	234,008	233,875	263,198	262,694	262,904
3	Revenue from Other Governments	1,054,598	960,201	1,002,786	1,035,940	1,093,554	1,075,517	1,094,557
4	Sub-Total (1) + (2) + (3)	3,485,793	3,466,642	3,524,342	3,614,396	3,752,803	3,767,753	3,806,993
5	Revenue from Other Funds of City	26,333	28,229	27,574	27,578	26,992	27,414	27,845
6	Total - Revenue (4) + (5)	3,512,126	3,494,871	3,551,916	3,641,974	3,779,795	3,795,167	3,834,838
7	Revenues Forgone	0	0	0	0	0	0	0
8	Total Revenue and Other Sources (6)+(7)	3,512,126	3,494,871	3,551,916	3,641,974	3,779,795	3,795,167	3,834,838
OBLIGATIONS/APPROPRIATIONS								
9	Personal Services	1,243,504	1,256,982	1,304,339	1,335,447	1,331,064	1,330,214	1,330,214
10	Personal Services-Employee Benefits	704,733	766,367	845,498	891,549	936,373	989,791	1,032,451
11	Sub-Total Employee Compensation	1,948,237	2,023,349	2,149,837	2,226,996	2,267,437	2,320,005	2,362,665
12	Purchase of Services	1,090,149	1,072,492	1,147,062	1,151,556	1,161,761	1,172,432	1,172,539
13	Materials, Supplies and Equipment	71,507	85,051	82,212	82,197	83,487	83,457	83,457
14	Contributions, Indemnities, and Taxes	113,457	111,081	109,333	109,333	90,220	90,220	90,220
15	Debt Service	89,660	83,433	105,214	108,677	124,187	123,075	124,338
16	Capital Budget Financing	0	0	0	0	0	0	0
17	Advances and Miscellaneous Payments	36,740	38,604	31,200	31,909	0	0	0
18	Sub-Total (11 thru 17)	3,349,750	3,414,010	3,624,858	3,710,668	3,727,092	3,789,189	3,833,219
19	Payments to Other Funds	36,588	26,419	29,345	29,294	29,371	29,404	28,754
20	Future Government Efficiencies	0	0	0	0	0	(12,000)	(12,000)
21	Total - Obligations (18+19+20)	3,386,338	3,440,429	3,654,203	3,739,962	3,756,463	3,806,593	3,849,973
22	Oper.Surplus (Deficit) for Fiscal Year (8-23)	125,788	54,442	(102,287)	(97,988)	23,332	(11,426)	(15,135)
23	Prior Year Adjustments:							
24	Revenue Adjustments	0	0	0	0	0	0	0
25	Other Adjustments	17,168	18,000	18,000	18,000	18,000	18,000	18,000
26	Funding For Future Obligations	0	0	0	0	0	0	0
27	Total Prior Year Adjustments	17,168	18,000	18,000	18,000	18,000	18,000	18,000
28	Adjusted Oper. Surplus/ (Deficit) (24+29)	142,956	72,442	(84,287)	(79,988)	41,332	6,574	2,865
OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS								
Fund Balance Available for Appropriation								
29	June 30 of Prior Fiscal Year	(46,788)	96,168	168,610	84,323	4,335	45,667	52,241
30	Residual Equity Transfer	0	0	0	0	0	0	0
31	Fund Balance Available for Appropriation June 30 (30)+(31) + (33)	96,168	168,610	84,323	4,335	45,667	52,241	55,106

**City of Philadelphia
General Fund
FY 2007 - 2011 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>Actual FY 05</u>	<u>Budgeted FY 06</u>	<u>Projected FY 06</u>	<u>Projected FY 07</u>	<u>Projected FY 08</u>	<u>Projected FY 09</u>	<u>Projected FY 10</u>	<u>Projected FY 11</u>
Class 100 - Wages	1,243,503,776	1,249,862,503	1,256,981,991	1,304,338,760	1,335,447,268	1,331,064,250	1,330,214,132	1,330,214,132
Class 100 - Benefits	704,732,847	754,499,000	766,367,010	845,498,338	891,548,986	936,372,810	989,790,764	1,032,450,796
Class 200 - Contracts / Leases	1,090,149,183	1,154,232,811	1,072,492,067	1,147,062,848	1,151,556,197	1,161,761,130	1,172,432,210	1,172,539,469
Class 300/400 - Supplies, Equipment	71,507,043	71,191,726	85,051,178	82,212,288	82,197,353	83,487,353	83,457,353	83,457,353
Class 500 - Indemnities / Contributions	113,456,326	109,332,432	111,080,718	109,332,432	109,332,432	90,218,517	90,218,517	90,218,517
Class 700 - Debt Service	89,659,766	80,284,956	83,432,833	105,214,343	108,677,574	124,186,613	123,075,460	124,338,389
Class 800 - Payments to Other Funds	36,588,395	24,267,565	26,418,766	29,344,453	29,294,035	29,371,544	29,404,170	28,753,832
Class 900 - Advances / Misc. Payments	36,740,403	38,604,007	38,604,007	31,199,538	31,908,579	0	0	0
Total	<u>3,386,337,739</u>	<u>3,482,275,000</u>	<u>3,440,428,570</u>	<u>3,654,203,000</u>	<u>3,739,962,423</u>	<u>3,756,462,216</u>	<u>3,818,592,606</u>	<u>3,861,972,487</u>

City of Philadelphia
FY 2007 - 2011 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 05	Budgeted FY 06	Projected FY 06	Projected FY 07	Projected FY 08	Projected FY 09	Projected FY 10	Projected FY 11
Art Museum Subsidy	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Atwater Kent Museum Subsidy	284,933	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Auditing Department (City Controller's Office)	7,136,565	7,101,333	7,624,594	7,835,345	8,124,776	8,124,776	8,124,776	8,124,776
Board of Building Standards	98,065	117,277	116,104	109,552	114,288	114,288	114,288	114,288
Board of L & I Review	175,630	206,082	204,021	219,278	226,497	226,497	226,497	226,497
Board of Revision of Taxes	7,616,339	9,522,901	8,578,873	9,594,239	9,696,637	9,652,435	9,729,944	9,372,601
Camp William Penn	278,614	278,889	278,889	283,040	288,739	288,739	288,739	288,739
Capital Program Office	1,862,866	1,903,917	1,891,378	1,917,797	1,954,079	1,954,079	1,954,079	1,954,079
City Commissioners	9,020,882	8,026,191	8,026,191	8,126,115	8,356,376	8,356,376	8,356,376	8,356,376
City Council	12,540,862	14,514,074	14,614,074	14,790,246	15,251,921	15,251,921	15,251,921	15,251,921
City Planning Commission	3,353,548	3,294,081	3,261,140	3,353,708	3,480,834	3,480,834	3,480,834	3,480,834
Commerce Department	4,640,812	4,682,511	4,682,511	10,018,224	7,567,269	4,767,269	4,767,269	4,767,269
Commerce Department-Economic Stimulus	4,131,250	4,000,000	4,000,000	6,000,000	4,000,000	4,000,000	4,000,000	4,000,000
City Treasurer	576,982	681,259	674,446	816,651	845,425	845,425	845,425	845,425
Civil Service Commission	142,866	159,728	159,728	163,723	169,209	169,209	169,209	169,209
Clerk of Quarter Sessions	4,413,031	4,347,650	4,522,209	4,655,293	4,838,062	4,838,062	4,838,062	4,838,062
Community College Subsidy	22,467,924	22,467,924	22,467,924	22,467,924	22,467,924	22,467,924	22,467,924	22,467,924
Convention Center Subsidy	36,740,403	38,604,007	38,604,007	31,199,538	31,908,579	0	0	0
Debt Service (Sinking Fund)	160,398,370	166,121,744	169,269,621	199,321,367	201,184,438	221,210,642	220,569,223	221,866,809
District Attorney	30,284,574	29,109,242	29,109,242	30,046,035	31,008,813	31,008,813	31,008,813	30,786,783
Fairmount Park Commission	13,675,674	13,129,049	12,557,106	12,882,232	13,021,905	12,988,892	12,988,892	12,988,892
Finance Department	24,287,441	18,239,315	19,396,282	19,634,222	19,821,378	15,821,803	15,821,803	15,821,803
Finance - Contib. School Dist./Tax Cuts	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Finance - Employee Benefits	704,732,847	754,499,000	766,367,010	845,498,338	891,548,986	936,372,810	989,790,764	1,032,450,796
Finance - PGW Rental Reimbursement	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	0	0	0
Fire Department	172,763,677	169,921,283	173,414,879	175,961,146	182,272,085	182,272,085	182,272,085	182,272,085
First Judicial District	120,999,581	108,800,245	110,746,888	110,892,641	113,945,171	113,449,013	113,449,013	113,449,013
Fleet Management Office	42,249,696	38,749,600	43,788,394	42,573,836	43,131,620	43,018,486	42,168,367	42,168,367
Fleet Mgmt. - Vehicle Purchase	2,176,478	6,480,000	13,633,000	12,600,000	13,280,000	14,600,000	14,600,000	14,600,000
Free Library	35,934,979	38,767,617	38,767,617	39,448,568	40,007,648	39,767,714	39,767,714	39,767,714
Hero Scholarship Awards	14,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Historical Commission	294,130	316,325	313,162	321,743	333,528	333,528	333,528	333,528
Human Relations Commission	2,162,727	2,055,637	2,035,081	2,156,825	2,183,699	2,111,588	2,111,588	2,111,588
Human Services Department	600,646,952	655,604,417	559,261,284	609,479,164	619,828,948	628,596,851	635,391,219	635,391,219
Indemnities	27,523,492	25,113,915	24,862,776	25,113,915	25,113,915	24,000,000	24,000,000	24,000,000
Labor Relations, Mayor's Office of	472,548	490,025	490,025	586,265	559,157	559,157	559,157	559,157
Law Department	15,223,044	13,847,538	14,047,743	15,155,824	15,364,665	15,346,349	15,346,349	15,346,349
Legal Services (incl. Defenders Assoc.)	33,483,015	33,606,562	33,609,195	34,268,833	35,174,737	35,174,737	35,174,737	35,174,737

**FY 2007 - 2011 Five Year Financial Plan
General Fund
Summary by Department**

Department	Actual FY 05	Budgeted FY 06	Projected FY 06	Projected FY 07	Projected FY 08	Projected FY 09	Projected FY 010	Projected FY 11
Licenses and Inspections Department	20,268,661	20,855,349	20,566,796	20,787,801	21,118,387	20,845,440	20,845,440	20,845,440
Licenses and Inspections - Demolitions	0	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Managing Director's Office	12,883,782	12,688,032	13,561,152	12,753,638	12,918,101	12,821,063	12,821,063	12,821,063
Mayor's Office	3,528,149	4,176,236	4,529,489	4,929,104	4,851,510	4,801,510	4,801,510	4,801,510
Mayor - Mural Arts Program	786,545	849,211	840,719	856,746	878,756	878,756	878,756	878,756
Mayor's Office of Community Services	690,677	692,606	0	0	0	0	0	0
Mayor - Scholarships	199,516	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Mayor's Office of Information Services	11,513,905	11,363,778	11,794,328	13,076,658	13,062,176	12,888,136	12,888,136	12,888,136
Off. of Behavioral Health/Mental Retardation Svcs	14,682,067	14,611,957	14,366,882	14,474,736	14,568,572	14,568,572	14,568,572	14,568,572
Office of Housing & Community Development	387,846	380,148	2,380,148	1,387,256	397,016	397,016	397,016	397,016
Office of Emergency Services	29,825,989	17,909,150	29,328,927	29,481,005	29,640,157	29,640,157	29,640,157	29,640,157
Personnel Department	4,276,447	4,390,956	4,536,956	5,010,141	4,673,821	4,673,821	4,673,821	4,673,821
Police Department	467,724,619	480,230,753	475,032,339	498,497,141	506,732,431	506,567,183	506,567,183	506,567,183
Prisons System	192,535,952	186,613,381	191,002,780	194,237,652	197,302,289	195,656,741	195,656,741	194,156,741
Procurement Department	5,112,838	4,347,847	4,973,369	5,341,827	5,287,564	5,287,564	5,287,564	5,287,564
Public Health Department	105,092,125	107,040,128	107,207,441	112,119,379	113,477,598	113,157,618	113,127,618	113,127,618
Public Property Department	55,648,512	46,132,262	48,519,785	52,585,088	52,523,455	52,460,462	52,460,462	52,460,462
Public Property - SEPTA Subsidy	56,509,711	59,216,000	58,623,840	60,263,000	61,601,000	63,066,000	64,717,000	64,717,000
Public Property - Space Rentals	14,063,610	14,462,759	14,402,336	15,484,000	15,737,000	16,083,000	16,312,000	16,825,000
Public Property - Utilities	27,377,013	26,468,000	30,980,000	30,620,000	31,410,000	31,860,000	32,190,000	31,560,000
Public Property - Telecommunications	12,220,672	12,982,098	12,681,835	13,700,000	13,750,000	14,030,000	13,500,000	13,470,000
Records	7,225,834	7,769,025	7,691,335	8,136,215	8,054,084	8,038,359	8,038,359	8,038,359
Recreation Department	33,897,466	33,335,886	33,759,300	35,218,738	34,733,181	34,501,301	34,501,301	34,501,301
Refunds	13,505	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Register of Wills	3,112,752	3,304,493	3,304,493	3,456,663	3,589,452	3,530,023	3,530,023	3,459,058
Revenue Department	16,281,365	17,658,159	17,481,577	17,702,237	17,398,172	17,204,913	17,160,030	17,160,030
Sheriff's Office	13,956,705	12,982,075	13,344,809	13,732,810	14,261,708	14,261,708	14,261,708	14,261,708
Streets Department	28,141,612	27,800,048	29,825,342	32,514,132	32,450,942	32,450,942	32,450,942	32,450,942
Streets - Sanitation Division	90,049,515	94,643,207	93,711,251	95,727,906	97,840,371	98,988,257	100,715,235	102,434,837
Witness Fees	106,304	175,000	173,250	173,250	173,250	173,250	173,250	173,250
Zoning Board of Adjustment	418,748	442,118	437,697	449,252	465,121	465,121	465,121	465,121
Total	3,386,337,739	3,482,275,000	3,440,428,570	3,654,203,000	3,739,962,423	3,756,462,216	3,818,592,606	3,861,972,487

City of Philadelphia
FY 2007 - 2011 Five Year Financial Plan
General Fund
Estimated Fringe Benefit Allocation

	Actual FY 05	Budgeted FY 06	Projected FY06	Budgeted FY 07	Budgeted FY 08	Budgeted FY 09	Budgeted FY 10	Budgeted FY 11
Unemployment Compensation	3,641,327	5,487,820	5,487,820	2,525,288	2,525,288	2,525,288	2,525,288	2,525,288
Employee Disability	39,757,411	40,947,710	45,947,710	43,947,710	43,947,710	43,947,710	43,947,710	43,947,710
Pension	249,113,502	279,273,000	271,728,010	325,478,000	350,693,000	360,388,000	369,060,000	370,884,000
Pension Obligation Bonds	66,375,134	70,506,305	70,506,305	74,670,321	78,762,083	83,138,660	94,356,908	98,656,740
FICA	59,946,795	62,606,571	61,606,571	62,288,940	62,102,899	62,087,526	62,087,526	62,087,526
Health / Medical	273,576,045	283,210,925	298,623,925	323,921,410	340,751,337	371,418,957	404,846,663	441,282,863
Group Life	7,440,888	7,093,105	7,093,105	7,193,105	7,293,105	7,393,105	7,493,105	7,593,105
Group Legal	4,084,741	4,273,564	4,273,564	4,373,564	4,373,564	4,373,564	4,373,564	4,373,564
Tool Allowance	52,200	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Flex Cash Payments	744,804	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL	<u>704,732,847</u>	<u>754,499,000</u>	<u>766,367,010</u>	<u>845,498,338</u>	<u>891,548,986</u>	<u>936,372,810</u>	<u>989,790,764</u>	<u>1,032,450,796</u>

City of Philadelphia
Fiscal Year 2007 Operating Budget
FY 2007-2011 Five Year Plan
General Fund Full-Time Positions

Department	FY 2005 6/30/05 Filled	FY 2006 Adopted Budget	FY 2007 Proposed	FY 2008 Proposed	FY 2009 Proposed	FY 2010 Proposed	FY 2011 Proposed
Atwater Kent Museum	5	5	5	5	5	5	5
Auditing	125	116	132	132	132	132	132
Board of Building Standards	2	2	2	2	2	2	2
Board of L & I Review	3	3	3	3	3	3	3
Bd. of Revision of Taxes	130	160	144	142	140	140	140
Camp William Penn	4	4	4	4	4	4	4
Capital Program Office	13	14	14	14	14	14	14
City Commissioners	90	91	91	91	91	91	91
City Council	195	195	195	195	195	195	195
City Planning Commission	49	49	49	49	49	49	49
City Rep. / Commerce	17	16	19	19	16	16	16
City Treasurer	10	11	13	13	13	13	13
Civil Service Commission	2	2	2	2	2	2	2
Clerk of Quarter Sessions	110	118	118	118	118	118	118
District Attorney - Total	434	416	431	431	431	431	431
<i>Civilian</i>	419	400	417	417	417	417	417
<i>Uniformed</i>	15	16	14	14	14	14	14
Fairmount Park	182	179	169	169	169	169	169
Finance	152	154	175	175	175	175	175
Fire	2,251	2,345	2,337	2,334	2,334	2,334	2,334
<i>Civilian</i>	112	121	113	110	110	110	110
<i>Uniformed</i>	2,139	2,224	2,224	2,224	2,224	2,224	2,224
First Judicial District	2,004	1,953	1,965	1,958	1,948	1,948	1,948
Fleet Management	313	322	322	322	322	315	315
Free Library	640	739	739	731	727	727	727
Historical Commission	6	5	6	6	6	6	6
Human Relations Commission	34	35	35	34	32	32	32
Human Services	1,693	1,718	1,758	1,758	1,758	1,758	1,758
Labor Relations	7	7	7	7	7	7	7
Law	177	185	197	194	194	194	194
Licenses & Inspections	364	369	362	354	348	348	348
Managing Director	79	73	74	74	74	74	74
Mayor	40	47	47	47	47	47	47
Mayor's Office of Community Serv.	17	17	0	0	0	0	0
Mayor's Office of Information Serv.	98	103	113	109	107	107	107
Mural Arts Program	16	17	16	16	16	16	16
Office of Behavioral Health/MR Sv	43	43	38	38	38	38	38
Office of Emergency Shelter Serv.	133	138	137	137	137	137	137
Office of Housing & Comm. Dev.	5	5	5	5	5	5	5
Personnel	76	77	75	75	75	75	75
Police	7,368	7,308	7,308	7,308	7,308	7,308	7,308
<i>Civilian</i>	856	884	884	884	884	884	884
<i>Uniformed</i>	6,512	6,424	6,424	6,424	6,424	6,424	6,424
Prisons	2,152	2,058	2,300	2,300	2,300	2,300	2,300
Procurement	58	64	64	64	64	64	64
Public Health	671	680	698	698	698	698	698
Public Property	168	170	193	193	193	193	193
Records	75	78	77	77	77	77	77
Recreation	480	494	502	502	502	502	502
Register of Wills	66	68	70	70	70	70	70
Revenue	267	267	274	267	263	263	263
Sheriff	247	247	247	247	247	247	247
Streets	1,813	1,848	1,939	1,891	1,879	1,879	1,879
Zoning Board of Adjustment	5	5	5	5	5	5	5
TOTAL GENERAL FUND	22,889	23,020	23,476	23,385	23,340	23,333	23,333



City of Philadelphia
Five-Year Financial Plan



Appendix VI
Other Statutory Requirements
Cash Flows

CASH FLOW PROJECTIONS OFFICE OF THE DIRECTOR OF FINANCE

EQUITY IN CON CASH GENERAL FUND FY2006

FY 2006

Actuals through December 31

	(Amounts in \$millions)												Total	Accrued	Under (Over)	Budget Revenues	
	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	April 30	May 31	June 30					
REVENUES																	
Property Taxes	5.7	7.7	6.9	6.2	5.6	13.2	27.6	176.0	104.6	18.4	8.6	14.3	394.8			(0.5)	394.3
Wage, Earnings, NP Tax	89.1	99.7	79.1	94.3	98.2	73.2	112.1	87.4	92.6	86.0	101.0	90.1	1,102.8			(2.4)	1,100.5
Realty Transfer Tax	17.9	20.9	23.6	18.7	16.2	18.0	15.9	12.6	17.0	15.3	16.7	17.1	210.0			(62.5)	147.5
Sales Tax	9.6	11.2	10.4	9.5	10.9	9.9	10.0	10.9	10.1	9.8	10.4	10.1	122.9			(8.1)	114.8
Business Privilege Tax	1.9	4.8	13.4	2.8	1.4	3.5	9.0	3.2	24.7	250.2	47.2	9.0	371.3			(55.1)	316.2
Other Taxes	4.8	6.5	4.7	6.1	5.7	4.7	4.2	8.2	3.3	6.7	4.4	5.3	64.7			5.7	70.4
Locally Generated Non-tax	20.9	23.7	17.6	14.6	17.6	20.3	17.7	17.4	26.3	18.5	24.1	21.2	239.9			3.8	243.7
Other Governments	0.0	56.0	51.8	79.0	73.0	7.6	80.6	80.0	27.3	35.4	21.0	61.3	573.0	160.6		93.7	827.3
Other Governments-PICA	8.3	26.3	12.7	13.4	27.4	0.0	33.4	22.0	17.4	19.1	17.8	23.5	221.2	5.3		(1.9)	224.6
Interfund Transfers	0.0	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.8	0.5	0.5	22.6	28.2			(0.6)	27.6
Total Current Revenue	158.2	257.3	220.7	245.1	256.5	151.0	311.1	418.2	324.2	460.0	251.8	274.6	3,328.7	165.9		(27.9)	3,466.9
Collection of 6-30-03/Govt.	123.3	29.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	152.3	0.0			
Other Fund Balance Adj.	8.3											(4.0)	4.3				
Non-revenue receipts													0.0				
Non-budget items													0.0				
TOTAL CASH RECEIPTS	289.8	286.3	220.7	245.1	256.5	151.0	311.1	418.2	324.2	460.0	251.8	270.6	3,485.3				
EXPENSES AND OBLIGATIONS																	
Payroll	61.3	134.0	96.8	94.6	103.6	93.2	103.2	96.1	135.0	94.0	92.8	104.1	1,208.7	45.4	2.9	(7.1)	1,249.9
Employee Benefits	36.6	32.7	33.8	36.2	35.4	31.7	40.0	34.9	37.6	33.5	32.1	34.1	418.6	0.1	5.4	(19.4)	404.7
Pension	3.7	3.8	(1.6)	18.7	266.7	(1.6)	3.8	(1.7)	(1.6)	50.9	(1.9)	2.9	342.2	0.0		7.6	349.8
Purchase of Services	8.1	42.3	100.1	76.5	124.4	56.1	85.2	82.1	97.2	71.3	72.8	67.4	883.4	33.1	156.0	81.7	1,154.2
Materials, Equipment	1.2	2.2	6.3	3.8	7.4	3.7	5.0	5.9	6.7	7.4	6.5	6.8	62.9	3.2	19.0	(14.0)	71.1
Contributions, Indemnities	10.5	3.8	0.8	0.7	7.5	9.5	3.2	4.8	5.0	1.8	4.3	56.2	108.1	1.8	1.2	(1.8)	109.3
Debt Service-Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	11.8	12.4			0.0	12.4
Debt Service-Long Term	0.0	2.1	18.2	0.8	0.6	8.4	1.3	0.9	13.8	0.0	24.1	0.8	71.0			(3.1)	67.9
Interfund Charges	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.2	26.4	0.0	0.0	(2.1)	24.3
Advances, Subsidies		38.6						0.0					38.6				38.6
Current Year Appropriation	122.0	260.1	254.4	231.3	545.6	201.0	241.8	222.9	293.6	259.0	231.2	309.3	3,172.3	83.5	184.6	41.8	3,482.2
Prior Year Encumbrances	25.9	54.9	10.3	9.5	6.4	7.1	11.5	4.1	3.8	1.7	7.2	1.9	144.3	0.0	21.7	18.0	184.0
Prior Year Vouchers Payable	66.5	11.1	3.4	1.5	0.6								83.1	83.5	206.2		
TOTAL DISBURSEMENTS	214.4	326.1	268.1	242.3	552.6	208.1	253.3	227.1	297.4	260.6	238.5	311.2	3,399.7				
Excess (Def) of Receipts over Disbursements	75.4	(39.8)	(47.4)	2.8	(296.1)	(57.1)	57.8	191.1	26.8	199.4	13.3	(40.6)	85.6				
Opening Balance	235.4	680.8	641.0	593.6	596.4	300.3	243.2	301.0	492.1	518.9	718.3	731.6	235.4				
TRANS	370.0												(370.0)	0.0			
CLOSING BALANCE	680.8	641.0	593.6	596.4	300.3	243.2	301.0	492.1	518.9	718.3	731.6	321.0	321.0				

OFFICE OF THE DIRECTOR OF FINANCE
 CASH FLOW PROJECTIONS
 CONSOLIDATED CASH--ALL FUNDS--FY2006

FY 2006

(Amounts in \$millions)

	Actual						Estimate					
	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	March 31	April 30	May 31	June 30
General	680.8	641.0	593.6	596.4	300.3	243.2	301.0	492.1	518.9	718.3	731.6	321.0
Grants Revenue	134.7	95.1	62.9	121.9	65.2	55.8	20.0	20.0	20.0	20.0	20.0	20.0
Community Development	(7.0)	5.2	7.0	2.9	6.2	0.4	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	0.0
Vehicle Rental Tax	6.4	6.9	4.1	4.5	4.9	5.4	5.8	6.2	3.8	4.2	4.6	5.0
Other Funds	25.6	10.4	19.1	9.3	10.1	14.7	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL OPERATING FUNDS	840.5	758.6	686.7	735.0	386.7	319.5	331.8	523.3	547.7	747.5	761.2	355.0
Capital Improvement	61.6	55.3	43.7	38.8	32.1	27.7	19.7	11.7	203.7	195.7	187.7	179.7
Industrial & Commercial Dev.	3.7	3.7	3.6	4.0	4.0	4.0	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL CAPITAL FUNDS	65.3	59.0	47.3	42.8	36.1	31.7	26.2	18.2	210.2	202.2	194.2	186.2
TOTAL FUND EQUITY	905.8	817.6	734.0	777.8	422.8	351.2	358.0	541.5	757.9	949.7	955.4	541.2

CASH FLOW PROJECTIONS: OFFICE OF THE DIRECTOR OF FINANCE

EQUITY IN CON CASH GENERAL FUND FY2007

FY 2007

(Amounts in \$millions)														Under	Budget		
	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	April 30	May 31	June 30	Total	Accrued	(Over)	Revenues	
REVENUES																	
Property Taxes	5.9	7.9	7.1	6.4	5.8	13.6	28.4	181.2	107.7	19.0	8.8	14.8	406.6		0.0	406.6	
Wage, Earnings, NP Tax	91.4	102.3	81.2	96.8	100.8	75.1	115.1	89.7	95.0	88.2	103.6	92.4	1,131.7		0.0	1,131.8	
Realty Transfer Tax	15.8	18.4	20.8	16.5	14.3	15.9	14.0	11.1	15.0	13.5	14.7	15.1	185.0		0.0	185.0	
Sales Tax	9.8	11.5	10.7	9.7	11.2	10.1	10.2	11.2	10.4	10.0	10.7	10.4	126.0		0.0	126.0	
Business Privilege Tax	1.9	4.8	13.4	2.8	1.4	3.5	9.1	3.2	24.8	250.6	47.3	9.1	371.9		0.0	371.9	
Other Taxes	4.9	6.7	4.8	6.3	5.8	4.8	4.3	8.4	3.4	6.9	4.5	5.5	66.3		0.0	66.3	
Locally Generated Non-tax	20.4	23.1	17.2	14.2	17.2	19.8	17.2	16.9	25.7	18.1	23.5	20.7	234.0		0.0	234.0	
Other Governments	0.0	58.4	24.0	82.3	76.0	7.9	84.0	113.4	28.5	36.9	21.9	63.9	597.1	167.5	0.0	764.6	
Other Governments-PICA	14.1	19.8	15.4	19.5	21.4	14.4	23.6	18.3	21.3	20.2	25.2	21.2	234.3	3.9	0.0	238.2	
Interfund Transfers	0.0	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.8	0.5	0.5	22.1	27.6		0.0	27.6	
Total Current Revenue	164.2	253.4	195.1	255.0	254.3	165.7	306.5	453.9	332.6	463.9	260.8	275.1	3,380.4	171.4	0.0	3,551.9	
Collection of 6-30-03/Govt.	130.1	30.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	160.7	0.0			
Other Fund Balance Adj.	4.0											(4.0)	0.0				
Non-revenue receipts													0.0				
Non-budget items													0.0				
TOTAL CASH RECEIPTS	298.3	284.0	195.1	255.0	254.3	165.7	306.5	453.9	332.6	463.9	260.8	271.1	3,541.1				
														V. P.	Encumbrances	Mergers	Budget Obligations
EXPENSES AND OBLIGATIONS																	
Payroll	63.6	139.0	100.4	98.2	107.5	96.7	107.1	99.7	140.0	97.5	96.3	108.0	1,254.1	47.1	3.0	0.0	1,304.3
Employee Benefits	38.4	34.3	35.5	38.0	37.2	33.3	42.0	36.6	39.5	35.2	33.7	35.8	439.5	0.1	5.7	0.0	445.3
Pension	4.3	4.4	(1.9)	21.9	311.9	(1.9)	4.4	(1.9)	(1.8)	59.6	(2.2)	3.4	400.2	0.0	0.0	0.0	400.2
Purchase of Services	8.7	45.2	107.1	81.8	133.1	60.0	91.1	87.8	103.9	76.2	77.9	72.1	944.9	35.4	166.9	0.0	1,147.1
Materials, Equipment	1.2	2.1	6.1	3.7	7.1	3.6	4.8	5.7	6.4	7.2	6.3	6.6	60.7	3.1	18.4	0.0	82.2
Contributions, Indemnities	10.3	3.7	0.8	0.7	7.4	9.3	3.2	4.7	4.9	1.8	4.3	55.3	106.4	1.7	1.2	0.0	109.3
Debt Service-Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	13.4	14.1			0.0	14.1
Debt Service-Long Term	0.0	2.7	23.4	1.0	0.8	10.8	1.7	1.2	17.7	0.0	30.9	1.0	91.1			0.0	91.1
Interfund Charges	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.0	29.4	0.0	0.0	0.0	29.4
Advances, Subsidies		31.2						0.0					31.2				31.2
Current Year Appropriations	127.2	263.5	271.3	245.2	604.9	211.8	254.4	233.7	310.7	277.5	247.7	323.6	3,371.5	87.4	195.2	0.0	3,654.1
Prior Year Encumbrances	24.1	51.0	9.6	8.8	5.9	6.6	10.7	3.8	3.5	2.5	7.3	1.7	135.5	0.0	20.1	18.0	173.6
														<u>87.4</u>	<u>215.3</u>		
Prior Year Vouchers Payable	66.8	11.2	3.4	1.5	0.6								83.5				
TOTAL DISBURSEMENTS	218.1	325.6	284.3	255.6	611.5	218.4	265.0	237.5	314.2	279.9	255.0	325.4	3,590.6				
Excess (Def) of Receipts over Disbursements																	
Opening Balance	321.0	711.2	669.6	580.3	579.7	222.5	169.8	211.3	427.7	446.0	630.0	635.8	321.0				
TRANS	310.0											(310.0)	0.0				
CLOSING BALANCE	711.2	669.6	580.3	579.7	222.5	169.8	211.3	427.7	446.0	630.0	635.8	271.6	271.6				

OFFICE OF THE DIRECTOR OF FINANCE
 CASH FLOW PROJECTIONS
 CONSOLIDATED CASH--ALL FUNDS--FY2007

FY 2007

(Amounts in \$millions)

	Estimate											
	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	March 31	April 30	May 31	June 30
General	711.2	669.6	580.3	579.7	222.5	169.8	211.3	427.7	446.0	630.0	635.8	271.6
Grants Revenue	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Community Development	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
Vehicle Rental Tax	9.4	9.8	5.4	5.8	6.2	6.6	7.0	7.4	5.7	6.1	6.5	6.9
Other Funds	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL OPERATING FUNDS	745.6	704.4	610.7	610.5	253.7	201.4	243.3	460.1	476.7	661.1	667.3	303.5
Capital Improvement	172.7	165.7	158.7	151.7	144.7	137.7	130.7	123.7	116.7	109.7	102.7	95.7
Industrial & Commercial De	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL CAPITAL FUNDS	179.2	172.2	165.2	158.2	151.2	144.2	137.2	130.2	123.2	116.2	109.2	102.2
TOTAL FUND EQUITY	924.8	876.6	775.9	768.7	404.9	345.6	380.5	590.3	599.9	777.3	776.5	405.7

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a scale of justice. The shield is surrounded by a decorative border with the motto '1776' and 'ANNO' visible.

City of Philadelphia
Five-Year Financial Plan



Appendix VII
Base Obligation Methodology

**City of Philadelphia
Principal General Fund Obligation Growth Assumptions
FY 2007-2011 Five Year Financial Plan**

		<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Class 100	Personal Services					
	<i>Civilian Wages</i>	3.0%	4.0%	0.0%	0.0%	0.0%
	<i>Uniform Wages (a)</i>	3.0%	4.0%	0.0%	0.0%	0.0%
	Employee Benefits					
	<i>Unemployment Comp.</i>	-54.0%	0.0%	0.0%	0.0%	0.0%
	<i>Employee Disability</i>	-4.3%	0.0%	0.0%	0.0%	0.0%
	<i>Pension</i>	19.8%	7.7%	2.8%	2.4%	0.5%
	<i>Pension Obligation Bond:</i>	5.9%	5.5%	5.6%	13.5%	4.6%
	<i>FICA</i>	1.1%	-0.3%	0.0%	0.0%	0.0%
	<i>Health/Medical</i>	8.5%	5.2%	9.0%	9.0%	9.0%
	<i>Group Life</i>	1.4%	1.4%	1.4%	1.4%	1.3%
	<i>Group Legal</i>	2.3%	0.0%	0.0%	0.0%	0.0%
	<i>Tool Allowance</i>	0.0%	0.0%	0.0%	0.0%	0.0%
	<i>Flex Cash Payments</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Class 200	Purchase of Services	0.0%	0.0%	0.0%	0.0%	0.0%
Class 3/400	Materials, Supplies & Equipment	0.0%	0.0%	0.0%	0.0%	0.0%
Class 500	Contributions, Indemnities & Taxes	0.0%	0.0%	0.0%	0.0%	0.0%
Class 700	Debt Service	See Schedule of Long Term Obligations (Appendix II)				
Class 800	Payments to Other Funds	5.9%	0.0%	0.0%	0.0%	0.0%
Class 900	Advances & Misc. Payments	N.A.	N.A.	N.A.	N.A.	N.A.

(a) FOP raise effective 7/1/06. IAFF currently in arbitration.

Note:

Obligation levels in the current plan have been established for most departments and cost centers based upon specific issues concerning desired service levels, management and productivity initiatives underway, anticipated competitive contracting issues, existing and anticipated contractual obligations, and a host of other factors. The growth assumptions set forth above provide only the underlying foundations for the specific proposed obligation levels which have been established for departments in the current plan.

The seal of the City of Philadelphia is centered in the background. It features a shield with a ship, flanked by two female figures representing Liberty and Justice. Above the shield is a scale of justice. The shield is surrounded by a banner with the motto "E PLURIBUS UNUM".

City of Philadelphia
Five-Year Financial Plan



Appendix VIII
Capital Program and
FY06 Capital Budget

2007

\$x000

ART MUSEUM

ART MUSEUM COMPLEX - CAPITAL

1	Philadelphia Museum of Art - Building Rehabilitation	585
		585 CN

ART MUSEUM COMPLEX - CAPITAL 585

585 CN

ART MUSEUM 585

585 CN

2007

\$x000

AVIATION

NORTHEAST PHILADELPHIA AIRPORT

2	Airfield Lighting Improvements	1,000
		950 FB
		25 SB
		25 XN

3	Perimeter Sidewalk & Landscaping	250
		250 XN

NORTHEAST PHILADELPHIA AIRPORT

	1,250
	950 FB
	25 SB
	275 XN

PHILADELPHIA INTERNATIONAL AIRPORT

6	Terminal Expansion & Modernization Program	46,500
		20,000 PB
		26,500 XN

7	Runway 9R Safety Area	2,500
		1,800 FB
		700 XN

8	Terminal D-E Apron Reconstruction	10,000
		4,700 FB
		5,300 PB

9	Employee Parking Lot Expansion	3,000
		3,000 XN

		2007
		\$x000
10	Noise Compatibility Program	3,000 2,400 FB 600 XR
11	Taxiway Improvement Program	6,000 6,000 XN
12	Airport Roadway System Modifications	2,000 2,000 XN
<i>PHILADELPHIA INTERNATIONAL AIRPORT</i>		73,000 8,900 FB 25,300 PB 38,200 XN 600 XR
AVIATION		74,250 9,850 FB 25,300 PB 25 SB 38,475 XN 600 XR

2007

\$x000

CAPITAL PROGRAM OFFICE

CAPITAL PROGRAM ADMINISTRATION

20	Capital Program Administration Design and Engineering	6,251
		6,251 CN

CAPITAL PROGRAM ADMINISTRATION 6,251
6,251 CN

CAPITAL PROJECTS

21	Citywide Environmental Remediation	300
		300 CN

22	Improvements to Facilities	1,650
		1,000 CA
		650 CR

CAPITAL PROJECTS 1,950
1,000 CA
300 CN
650 CR

CAPITAL PROGRAM OFFICE 8,201
1,000 CA
6,551 CN
650 CR

		2007
		\$x000
COMMERCE		
<i>COMMERCIAL DEVELOPMENT</i>		
23	Neighborhood Commercial Centers - Site Improvements	2,000 2,000 SB
<i>COMMERCIAL DEVELOPMENT</i>		2,000 2,000 SB
<i>INDUSTRIAL DEVELOPMENT</i>		
26	Grading and Paving - New and Existing Streets	100 100 CN
27	Sound Stage Development	500 250 CN 250 SB
28	Navy Yard Infrastructure Improvements	9,000 1,000 CN 4,000 FB 4,000 SB
29	PIDC Landbank Acquisition & Improvements	20,000 20,000 Z
30	PIDC Landbank Improvements, Engineering and Administration	6,000 6,000 Z
<i>INDUSTRIAL DEVELOPMENT</i>		35,600 1,350 CN 4,000 FB 4,250 SB 26,000 Z

		2007
		\$x000
<i>PENN'S LANDING / WATERFRONT IMPS</i>		
31	Penn's Landing Improvements	1,500 1,500 CN
32	Schuylkill Riverfront Improvements	850 350 CN 500 SB
<i>PENN'S LANDING / WATERFRONT IMPS</i>		2,350 1,850 CN 500 SB
COMMERCE		39,950 3,200 CN 4,000 FB 6,750 SB 26,000 Z

2007

\$x000

EMERGENCY SHELTER AND SERVICES

FAMILY CARE FACILITIES - CAPITAL

34 OESS Facility Renovations

425

425 CN

FAMILY CARE FACILITIES - CAPITAL

425

425 CN

EMERGENCY SHELTER AND SERVICES

425

425 CN

2007

\$x000

FAIRMOUNT PARK COMMISSION

FAIRMOUNT PARK - CAPITAL

36	Athletic and Play Area Improvements	200 200 CN
37	Building Improvements	490 490 CN
38	Facility Improvements	755 755 CN
39	Historic Building Improvements	330 330 CN
40	Park and Street Trees	300 300 CN
41	Parkland - Site Improvements	200 200 CN
42	Roadways, Footways, and Parking	450 450 CN

	2007
	\$x000
<i>FAIRMOUNT PARK - CAPITAL</i>	2,725 2,725 CN
FAIRMOUNT PARK COMMISSION	2,725 2,725 CN

		2007
		\$x000
FIRE		
<i>FIRE FACILITIES</i>		
44	Fire Department Computer System Improvements	2,000 2,000 CR
45	Fire Department Interior and Exterior Renovations	1,150 1,150 CN
<i>FIRE FACILITIES</i>		3,150 1,150 CN 2,000 CR
FIRE		3,150 1,150 CN 2,000 CR

2007

\$x000

FLEET MANAGEMENT

CAPITAL PROJECTS

46	Fleet Management Facilities	150
		150 CN

47	Fuel Tank Replacement	800
		400 CN
		400 SB

CAPITAL PROJECTS

	950
	550 CN
	400 SB

FLEET MANAGEMENT

	950
	550 CN
	400 SB

		2007
		\$x000
FREE LIBRARY		
 <i>LIBRARY FACILITIES - CAPITAL</i>		
48	Branch Libraries - Improvements	750 750 CN
 <i>LIBRARY FACILITIES - CAPITAL</i>		 750 750 CN
 FREE LIBRARY		 750 750 CN

		2007
		\$x000
HEALTH		
<i>HEALTH FACILITIES</i>		
49	Health Department Equipment and Repairs	1,000 1,000 CR
50	Health Facility Renovations	250 250 CN
<i>HEALTH FACILITIES</i>		1,250 250 CN 1,000 CR
<i>PHILADELPHIA NURSING HOME</i>		
51	Equipment and Renovations - Philadelphia Nursing Home	1,900 1,900 CR
<i>PHILADELPHIA NURSING HOME</i>		1,900 1,900 CR
HEALTH		3,150 250 CN 2,900 CR

2007

\$x000

MANAGING DIRECTOR'S OFFICE

CAPITAL PROJECTS - VARIOUS

54	Citywide Facilities	2,000
		2,000 CN

55	Energy Efficiency Improvement	500
		500 CN

CAPITAL PROJECTS - VARIOUS 2,500

2,500 CN

MANAGING DIRECTOR'S OFFICE 2,500

2,500 CN

		2007
		\$x000
MOIS		
 <i>CAPITAL PROJECTS</i>		
57	Integrated Case Management System	1,000 1,000 CN
<hr/>		
<i>CAPITAL PROJECTS</i>		1,000 1,000 CN
<hr/>		
MOIS		1,000 1,000 CN

		2007
		\$x000
POLICE		
<i>POLICE FACILITIES</i>		
58	Computer and Communication System Improvements	2,000 2,000 CR
59	Police Department Interior and Exterior Improvements	360 360 CN
<i>POLICE FACILITIES</i>		2,360 360 CN 2,000 CR
POLICE		2,360 360 CN 2,000 CR

		2007
		\$x000
PRISONS		
<i>CORRECTIONAL INSTITUTIONS - CAPITAL</i>		
60	Prison System - Renovations	500 500 CN
<i>CORRECTIONAL INSTITUTIONS - CAPITAL</i>		500 500 CN
PRISONS		500 500 CN

2007

\$x000

PUBLIC PROPERTY

BUILDINGS AND FACILITIES - OTHER

61	Improvements to Municipal Facilities	700
		500 CN
		200 PB

62	Triplex Facility Improvements	200
		200 CN

BUILDINGS AND FACILITIES - OTHER

		900
		700 CN
		200 PB

CITY HALL COMPLEX

63	City Hall	4,000
		4,000 CN

CITY HALL COMPLEX

		4,000
		4,000 CN

COMMUNICATIONS PROJECTS

64	Communications Systems Improvements	13,000
		13,000 CR

COMMUNICATIONS PROJECTS

		13,000
		13,000 CR

PUBLIC PROPERTY

		17,900
		4,700 CN
		13,000 CR
		200 PB

		2007
		\$x000
RECREATION		
<i>CULTURAL FACILITIES</i>		
66	Cultural Facility Improvements	40 40 CN
<i>CULTURAL FACILITIES</i>		40 40 CN
<i>ITEF - VARIOUS FACILITIES</i>		
67	Improvements to Existing Recreation Facilities	4,000 4,000 CN
68	Improvements to Existing Recreation Facilities - Infrastructure	100 100 CN
69	Improvements to Existing Recreation Facilities - Swimming Pools	500 500 CN
70	Improvements to Existing Recreation Facilities - Life Safety Systems	300 300 CN
71	Grant Funded Recreation Improvements	4,876 1,188 CN 3,688 SB
<i>ITEF - VARIOUS FACILITIES</i>		9,776 6,088 CN 3,688 SB
RECREATION		9,816 6,128 CN 3,688 SB

2007

\$x000

STREETS

BRIDGES

72	Bridge Reconstruction & Improvements	39,200
		3,870 CN
		29,832 FB
		5,498 SB

BRIDGES

39,200
3,870 CN
29,832 FB
5,498 SB

GRADING & PAVING

73	Reconstruction/Resurfacing of Streets	8,000
		8,000 CN

74	Historic Streets	200
		200 CN

GRADING & PAVING

8,200
8,200 CN

		2007
		\$x000

IMPROVEMENTS TO CITY HIGHWAYS

75	Federal Aid Highway Program	10,160
		2,295 CN
		6,865 FB
		500 PB
		500 SB

76	Center City Traffic Signals	3,510
		10 CN
		3,500 FB

77	"Forever Green" Program	40
		40 CN

		IMPROVEMENTS TO CITY HIGHWAYS
		13,710
		2,345 CN
		10,365 FB
		500 PB
		500 SB

SANITATION

78	Modernization of Sanitation Facilities	140
		140 CN

		SANITATION
		140
		140 CN

STREET LIGHTING

79	Street Lighting Improvements	1,250
		250 CN
		1,000 FB

		STREET LIGHTING
		1,250
		250 CN
		1,000 FB

		2007
		\$x000
<i>STREETS DEPARTMENT FACILITIES</i>		
80	Streets Department Support Facilities	50 50 CN
<i>STREETS DEPARTMENT FACILITIES</i>		
		50 50 CN
<i>TRAFFIC ENGINEERING IMPS</i>		
81	Traffic Control	750 750 CN
82	Traffic Engineering Improvements	260 260 CN
<i>TRAFFIC ENGINEERING IMPS</i>		
		1,010 1,010 CN
STREETS		
		63,560 15,865 CN 41,197 FB 500 PB 5,998 SB

2007

\$x000

TRANSIT

TRANSIT IMPROVEMENTS - SEPTA

83	SEPTA Bridge, Track, Signal, and Infrastructure Improvements	3,271 3,271 CN
84	SEPTA Station and Parking Improvements	539 539 CN
85	SEPTA Vehicle/Equipment Acquisition and Improvement Program	814 814 CN

		2007
		\$x000
86	SEPTA Passenger Information, Communications, and System Controls	37 37 CN
<i>TRANSIT IMPROVEMENTS - SEPTA</i>		4,661 4,661 CN
TRANSIT		4,661 4,661 CN

2007

\$x000

WATER

COLLECTOR SYSTEMS - CAPITAL

87	Improvements to Collector System	23,010
		10 PB
		22,500 XN
		500 XR

88	Storm Flood Relief / Combined Sewer Overflow	10,000
		10,000 XN

COLLECTOR SYSTEMS - CAPITAL

		33,010
		10 PB
		32,500 XN
		500 XR

CONVEYANCE SYSTEMS - CAPITAL

89	Improvements to Conveyance System	21,980
		10 PB
		21,470 XN
		500 XR

CONVEYANCE SYSTEMS - CAPITAL

		21,980
		10 PB
		21,470 XN
		500 XR

GENERAL - CAPITAL

90	Engineering and Administration	19,899
		18,276 XN
		1,623 XR

		2007
		\$x000
91	Vehicles	4,000 4,000 XR
GENERAL - CAPITAL		23,899 18,276 XN 5,623 XR
TREATMENT FACILITIES - CAPITAL		
92	Improvements to Treatment Facilities	42,000 31,355 XN 10,645 XR
TREATMENT FACILITIES - CAPITAL		42,000 31,355 XN 10,645 XR
WATER		120,889 20 PB 103,601 XN 17,268 XR

2007

\$x000

ZOOLOGICAL GARDENS

PHILADELPHIA ZOO - CAPITAL

93	Philadelphia Zoo Facility and Infrastructure Improvements	100
		100 CN

PHILADELPHIA ZOO - CAPITAL

100
100 CN

ZOOLOGICAL GARDENS

100
100 CN



City of Philadelphia
Five-Year Financial Plan



Appendix IX
Acronym Dictionary

Acronym Dictionary

Acronym	Definition
ACIS	Automated Contracts Information System
ADA	Americans with Disability Act
ADP	Average Daily Population
AFSCME	American Federation of State, County, and Municipal Employees
AIC	Achieving Independence Center
AMD	Abandoned mine drainage
AMR	Automatic Meter Reading
ARC	Achieving Reunification Center
AS	Adult Services
ASC	Administrative Service Cluster
AVRP	Adolescent Violence Reduction Partnership
AYP	Adequate Yearly Progress
BAR	Business Attraction and Retention
BCCS	Billing, collections and customer service
BHRS	Behavior Health Rehabilitative Services
BHS	Behavior Health Systems
BIA	Building Industry Association of Philadelphia
BIO	Biotechnology Industry Organization
BLS	US Bureau of Labor Statistics
BPT	Business privilege tax
BRC	Biosolids Recycling Center
BRT	Board of Revision of Taxes
BSRP	Basic Systems Repair Program
CAD	Computer Aided Dispatch
CANS	Child and Adolescent Needs and Strengths
CANS-JJ	Child and Adolescent Needs and Strengths Assessment for Juvenile Justice
CBH	Community Behavioral Health
CCA	Consular Corps Association
CCD	Center City District
CCMS	Court Case Management System
CCSP	Commercial Corridor Support Program
CCTV	Closed Circuit Television
CDBG	Community Development Block Grant
CDC	The Centers for Disease Control and Prevention

Acronym	Definition
CDCs	Community Development Corporations
CEOs	Chief executive officers
CEP	Capacity Enhancement Program
CEP	Community Employment Project
CIS	Children Investment Strategy
CJRC	Temple University's Crime and Justice Research Center
CLIP	Community Life Improvement Program
CLPPP	Childhood Lead Poisoning Prevention Program
CODAAP	Coordinating Office of Drug and Alcohol Abuse Programs
CORE	College Opportunity Resource for Education
CORESTAR	Correctional Outcomes Reentry Ethics Security Treatment and Accountability Review
CPCMS	Common Pleas Case Management System
CPI –U	Consumer price index for urban consumers
CPO	Capital Program Office
CRD	Commercial Revitalization Deductions
CRI	Cities Readiness Initiative
CRP	Customer Responsibility Program
CSBG	Community Service Block Grant
DBH/MRS	Community Behavioral Health and the Office of Mental Retardation Services
DCBPS	Division of Community-Based Prevention Services
DCED	Pennsylvania Department of Community and Economic Development
DHHS	Federal Department of Health and Human Services
DHS	Department of Human Services
DOA	Division of Aviation of the City's Department of Commerce
DOA	Pennsylvania Department of Aging
DPH	Department of Public Health
DPP	Department of Public Property
DPW	Pennsylvania Department of Public Welfare
DROP	Deferred Retirement Option Program
DRPA	Delaware River Port Authority
DSS	Division of Social Services
DVRPC	Delaware Valley Regional Planning Commission
ECI	Employment Cost Index

Acronym	Definition
EDS	Explosive Detection System
EIS	Expedite Environmental Impact Study
EMOs	Education Management Organizations
EMS	Emergency Medical Services
EPA	U. S. Environmental Protection Agency
EPIC	Equal Partners in Change
EPRC	Philadelphia Emergency Preparedness Review Committee
EVDO	Evolution Data Optimized
EWS	Early Warning System
EZ	Empowerment Zone
EZ/RC	Empowerment Zone / Renewal Community
FAA	Federal Aviation Administration
FaSST	Family Shelter Support Team
FIR	Forensic Intensive Recovery
FJD	First Judicial District
FOP	Fraternal Order of Police
GIS	Geographic Information System
GPIS	Guaranteed Pavement Information System
GPS	General Protective Service
GPTMC	Greater Philadelphia Tourism Marketing Corporation
GPUAC	Greater Philadelphia Urban Affairs Coalition
GRIPP	Gun Recovery Reward Information Program
HELPP	Home Equity Loan Preservation Program
HIDTA	High Intensity Drug Trafficking Areas
HIPAA	Health Insurance Portability and Accountability Act
HMIS	Homeless Management Information System
HMO	Health Maintenance Organization
HRIS	Personnel Human Resources Information System
HRP	Homeownership Rehabilitation Program
HUD	U. S. Department of Housing and Urban Development
IAB	Internal Affairs Bureau
IAFF	International Association of Firefighters
ICC	International Code Council's

Acronym	Definition
ICSC	International Council of Shopping Centers
IDP	Intensive Delinquency Prevention
IOD	City Injured-On-Duty
IP	Innovation Philadelphia
IPDC	Intellectual Property Donation and Commercialization Initiative
ITGB	Information Technology Governing Board
ITS	Intelligent Transportation Systems
IVC	International Visitors Council
IVR	Integrated Voice System
JEMS	Job Education Management Specialist
JVIS	Juvenile Violence Intelligence Section
KIP	Knowledge Industry Partnership
KIZ	Keystone Innovation Zone
KOZ	Keystone Opportunity Zones
L&I	Department of Licenses and Inspection
LARP	Lead Abatement Relocation Program
LAST	Lead Abatement Strike Team
LBE	Local business entities
LICA	Licenses and Inspections Concerted Automation Project
LIHEAP	Low Income Home Energy Assistance Program
LLEBG	Local Law Enforcement Block Grant
LNG	Liquefied Natural Gas
LT2ESWTR	Long-Term 2 Enhanced Surface Water Treatment Rule
LTSRs	Long-Term Structured Residential programs
M/W/DSBE	Minority-owned, women owned, and/or disabled-owned business enterprise
MA	Medical Assistance
MAG	Mid-Atlantic Angel Group Fund
MBAT	Mayor's Business Action Team
MBE/WBE	Minority Business Enterprise/ Woman Business Enterprise
MBEC	Minority Business Enterprise Council
MCOL	Mayor's Office of Commission on Literacy
MDO	Managing Director's Office
MIEX	Magnetically Induced Ion-Exchange

Acronym	Definition
MMO	Minimum Municipal Obligation
MOCS	Mayor's Office of Community Services
MOIS	Mayor's Office of Information Services
MRS	Mental Retardation Services
NCCHC	National Commission on Correctional health Care
NCLB	No Child Left Behind
NFIRS	National Fire Incident Reporting System
NSCD	Natural Stream Channel Design
NTI	Neighborhood Transformation Initiative
OAS	Office of Adult Services
OBH/MRS	Office of Behavior Health and Mental Retardation Services
OBPE	Philadelphia Office of Budget and Program Evaluation
OESS	Office of Emergency Shelter and Services
OHCD	Office of Housing and Community Development
OHDC	Philadelphia Housing Development Corporation
OHNP	Office of Housing and Neighborhood Preservation
OMH	Office of Mental Health
Operation KICK	Keep It Code Klean
OPIS	Oil Price Information Service
OSS	Operation Safe Streets
PAFA	Pennsylvania Academy of Fine Arts
PBC	Performance-based Contracting
PCA	Philadelphia Corporation of Aging
PCMA	Professional Convention Management Association
PCPC	Philadelphia City Planning Commission
PFMC	Philadelphia Facilities Management Corporation
PfSW	Partnership for Safe Water
PGATF	Philadelphia Gaming Advisory Task Force
PGC	Philadelphia Gas Commission
PGW	Philadelphia Gas Works
PHA	Philadelphia Housing Authority
PHDC	Philadelphia Housing Development Corporation
PHIL	Philadelphia Home Improvement Loans

Acronym	Definition
PHL	Philadelphia International Airport
PHPs	Partial Hospitalization Programs
PHS	Philadelphia Horticultural Society
PICA	Pennsylvania Intergovernmental Cooperation Authority
PIDC	Pennsylvania Industrial Development Corporation
PIIN	Police Integrated Information Network
PIVP	Phoenix IP Ventures
PNE	Northeast Philadelphia Airport
PNY	Philadelphia Navy Yard
PODs	Points of Distribution
PPA	Philadelphia Parking Authority
PPD	Philadelphia Police Department
PPO	Preferred Provider Organization
PPS	Philadelphia Prison System
PRIMIS	Philadelphia Regional Integrated Multimodal Information
PSW	Philadelphia Suburban Water Company
PUC	Pennsylvania Public Utility Commission
PWD	Philadelphia Water Department
PWDC	Philadelphia Workforce Development Corporation
PWIB	Philadelphia Workforce Investment Board
PYN	Philadelphia Youth Network
RC	Renewal Community
RCF	Riverside Correctional Facility
RDA	Redevelopment Authority
RDP	Reader Development Program
REMI	Regional Economic Models, Inc.
RET	Real Estate Tax
RFP	Request for Proposals
RMS	Record Management System
ROW	Right-of-Way
RPC	Radio Patrol Cars
RPTT	Real Property Transfer Tax
RSAN	Remote Secure Alert Network

Acronym	Definition
RTT	Realty transfer tax
SAMHSA	Federal Substance Abuse and Mental Health Services
SAN	Schuylkill Action Network
SBCIP	Small Business Commercial Improvement Program
SBCM	School-based Case Management
SEPTA	Southeastern Pennsylvania Transportation Authority
SIL	supervised independent living
SRC	School Reform Commission
SRDC	Schuylkill River Development Corporation
SVM	Schuylkill Valley Metro
SWP	Source water protection
TANF	Temporary Assistance for Needy Families
TBSRP	Targeted Basic Systems Repair Program
TOP	Technology Opportunity Program
TRC	Tax Reform Commission
TSA	Transportation Safety Administration
TWIS	Town Watch Integrated Services
UII	Urban Industry Initiative
ULRS	Unified Land Records System
VPMIS	Vacant Property Information Management System
WIA	Workforce Investment Act
WPIP	West Philadelphia Improvement Program
WRB	Water Revenue Bureau
WRT	Waterways Restoration Team
YSC	Youth Study Center
YVRP	The Youth Violence Reduction Partnership