City of Philadelphia

Five-Year Financial Plan

Fiscal Year 2008 - Fiscal Year 2012
(including Fiscal Year 2007)

Sixteenth Five-Year Plan for the City of Philadelphia pursuant to the Pennsylvania Intergovernmental Cooperation Act

Presented by the Mayor, February 22, 2007

CITY OF PHILADELPHIA

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John F. Street

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CITY OF PHILADELPHIA
FIVE-YEAR FINANCIAL PLAN

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City of Philadelphia
Five-Year Financial Plan

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Introduction

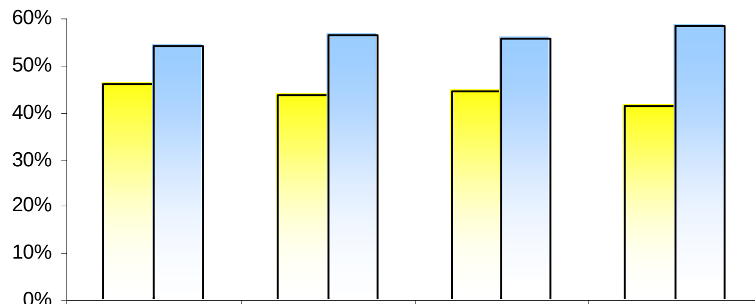
Introduction

Overview

The FY08-FY12 Five Year Financial Plan is Philadelphia's sixteenth, and the final such blueprint for City government to be presented by Mayor John F. Street. Over the last seven years, Philadelphia has been a City in transition: Neighborhoods long abandoned are experiencing a renaissance; contaminated industrial sites along the river are being redeveloped as mixed-use communities with waterfront amenities; and population loss has stemmed, as long-term residents remain and suburbanites reverse the exodus. Philadelphia has transitioned from being an Amtrak stop between New York and Washington, to a premier national and international destination known for its bold wireless vision, its commitment to bridge the digital divide, and its willingness to address the need to change. The local economy is transforming from industrial to knowledge based. Over the last seven years, the Street Administration—through strategic investments in neighborhoods, education, tax reductions, social services, economic development, and more efficient and strategic government operations—has sought to initiate and or sustain this transformation. If Philadelphia, its residents, and businesses are to continue the momentum, government in the coming years must renew the commitment to transformation. This Five Year Financial Plan and the strategic investments it continues to support allow for the change to continue. However, without continuing change in the way the City organizes itself and conducts its affairs and without changes in state support for education and other crucial City services for our children and families in distress, the progress made in the past cannot be sustained.

One of the greatest testaments to the value of the Street Administration's strategy of strategic investments in improved services, streamlining government, and the quality of life for all Philadelphians has been steadily increasing citizen satisfaction with the quality of City services across government functions. The citizen satisfaction survey, conducted annually since 1997, shows continuing improved satisfaction with the four most important services—law enforcement, trash collection, fire protection, and street repair. Satisfaction with Police and Street services in Philadelphia exceed national norms. Health, water, parks, library, and recreation services have also been rated more highly each year. Seventeen specific service areas—from the taste of "Philly Tap" to the helpfulness of Library personnel and the quality of after-school programs—hit new all-time highs in 2006. At the same time, with a continued commitment to tax reductions, citizens have increasingly turned their attention toward improved City services, as shown in the graph below.

Tax Reduction v. Improved City Services, FY03-FY06



	FY03	FY04	FY05	FY06
Tax Reduction	45.9%	43.6%	44.4%	41.4%
Improved City Services	54.1%	56.4%	55.6%	58.6%

Working from a foundation of strategic investments, the Administration remains steadfast in tackling core 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. Examples of the successes of Administration investments in these strategic areas are illustrated below.

Transforming Philadelphia's neglected neighborhoods. In April 2001, Mayor Street unveiled the Neighborhood Transformation Initiative (NTI), a strategy to revitalize Philadelphia's neighborhoods as thriving communities. While low mortgage interest rates, real estate tax abatements, wage and business tax cuts, and increased buyer confidence in the city have contributed to increased property values citywide since 2000, NTI's strategically targeted investments have helped boost property values that stagnated during prior real estate booms. Since 2000, nearly 2,800 new housing units have been created, 275,000 abandoned cars removed, 500,000 graffiti defacements abated, nearly 80,000 vacant lots rehabilitated, and 5,000 abandoned and dangerous properties demolished. For perhaps the first time in decades, neighborhoods with properties customarily below market value have been commanding prices competitive with more traditionally market-rate locations. The success of the NTI effort is also demonstrated by growth in Real Estate Transfer Tax revenue, which tripled, from $77 million in FY01, to $236 million in FY06.

Developing financial solutions to affordable housing development challenges. Two novel financial solutions were created by the Administration to increase the pool of funds available for the development of affordable housing—the Housing Trust Fund (HTF) and the Redevelopment Authority (RDA) Recycling program. In July 2005, the City created a Housing Trust Fund, with the approval of Council and support of Commonwealth enabling legislation. The Housing Trust Fund resulted from a partnership between the Administration, City Council, affordable housing advocates and state legislators. The HTF receives 50 percent of fees paid on deed recording and related activity, yielding approximately $14 million annually, at today's level of real estate sales activity. To hold the General Fund harmless, the City doubled the recording fee. HTF funds, which earn interest and reside in a special revenue fund, administered by Finance, may be rolled over from one fiscal year to the next. The Office of Housing and Community Development

(OHCD) manages expenditure of the funds, to assist families with incomes up to 115 percent of the Area Median Income. Funds have been used to provide grants to low-income homeowners for basic systems repairs; support adaptive modifications to assist people with disabilities to remain in their homes; provide rental assistance payments for formerly homeless families; and create 465 units of affordable housing, both rental and homeownership. Developments that will use HTF earnings in the near term include Pradera Homes Phase II, a new 53-unit construction homeownership venture in Eastern North Philadelphia, being developed by Mantua Presbyterian Apartments, and providing 66 units of affordable rental housing for seniors; and St. Elizabeth's Homeownership, a "Project Housing, Opportunities for Employment, Medical Care, and Education" (Project HOME) rehabilitation project providing 15 units of homeownership housing.

Also in July 2005, the City reached an agreement with the RDA—subsequently authorized by Ordinance—that permits "recycling" of accrued taxes and fees paid to the City when abandoned properties condemned under eminent domain are sold. Under the agreement, the City foregoes lien revenues owed, in favor of investing these sums through the RDA in the acquisition of additional properties proposed for redevelopment, resulting in their restoration to City tax rolls. A maximum of $3 million is made available through a year-end transfer ordinance from the General Fund. The FY06 year-end transfer ordinance provided $783,000 as a first year's installment. These "recycled funds" will be used to support additional acquisitions identified through the NTI planning process. FY07 funding, to be determined late in the year, is estimated at $1 million.

Consolidating the City's housing agencies into a single cohesive agency. When the Administration came into office in 2001, a $7.8 million Community Development Block Grant (CDBG) cut was looming, and there were three agencies with overlapping responsibility for housing development: The Redevelopment Authority (RDA), with eminent domain powers; the Philadelphia Office of Housing and Community Development (OHCD); and the Philadelphia Housing Development Corporation (PHDC). To streamline services to the public and bring spending within revenue limits, the Administration initiated a consolidation of these agencies under the auspices of a new Office of Housing and Neighborhood Preservation (OHNP), which was to be the primary point of accountability for designing, articulating and implementing an overall housing and neighborhood preservation strategy for the City. During FY05 and FY06, the Secretary of Housing led department heads in an assessment of skills and functions necessary to the mission of the new housing organization. Through reorganization of the City's housing agencies, significant reductions in administrative and program delivery costs were achieved, enabling successful absorption of the CDBG cuts. Today, residential developers of both affordable and market-rate housing are receiving development services that include coordinated project review, support for residential rezoning efforts, and assistance in assembling parcels.

Waterfront investments bringing formerly underutilized riverbank land to vibrant economic life. In September 2001, the Administration issued a plan for the North Delaware, articulating the City's land use and development plans for a portion of the Delaware riverfront from Center City to Bucks County. This effort, the Comprehensive Redevelopment Plan for the North Delaware Riverfront, reflects the Administration's vision for all 38 miles of the City's riverfront, as an "opportunity for the City of Philadelphia to present a new face to the world—the face of a contemporary riverfront city of both traditional and modern neighborhoods, all linked to a huge recreational corridor, replete with new cultural amenities, institutions and facilities." Reclaiming the riverfront provides the City with the opportunity to address derelict and environmentally contaminated land, reconnect neighborhoods separated from the river by I-95, and attract new residents to the City.

The Administration's vision and public investment in planning, site assemblage, and infrastructure has helped to stimulate widespread private investment along the waterfront. The results are impressive. Exciting residential towers have risen on the Delaware River, and the City is focused on ensuring that the two new casino sites recently selected by the Pennsylvania Gaming Board will be embellishments to the riverscape and good neighbors to adjacent communities. In the Philadelphia Navy Yard, at the southern end of the Delaware River, investment has helped to attract diverse employers like Kvaerner (shipbuilding), Liberty Property Trust (real estate), AppTec (biotechnology), Urban Outfitters (retailing), Frog at the Yard (restaurant), and numerous other private companies employing over 6,000 people. On the North Delaware, a $600,000 EPA loan was made to a former arsenal, for environmental remediation to help facilitate a shopping center, and a $5.5 million loan was approved for a large-scale residential redevelopment on the site of a former steel manufacturing facility. On the Schuylkill River, the Cira Centre made its sparkling east bank debut in December 2005, Schuylkill Banks has added 28 acres of landscaped public space on the east bank, and the University of Pennsylvania has developed a master plan for enhancing its connection to Center City, through development of a newly acquired 42 acre parcel on the west bank.

Strengthening participation rates for minority- and women-owned businesses, since FY00. In FY99, City contract participation for minority business enterprises (MBEs) was 6 percent, and 3 percent for women business enterprises (WBEs). In FY06, MBEs earned 13.6 percent, which is $76.5 million out of a total of $562.8 million in City contracts; and WBEs earned 6.5 percent, out of $36.3 million in contracts. The City's participation rate far exceeds that of the region, as shown by a 2004 Disparity Study completed by D.J. Miler & Associates. The study found that less than 2 percent of contracting dollars was spent with eligible companies in the Philadelphia region. In 2006, Mayor Street reauthorized Executive Order 02-05, to increase the meaningful participation of eligible businesses in City contracting and strengthened compliance mechanisms. The goal is to keep improving City performance. To better enforce timely contract payments, the City now utilizes Invoicing Minority Participation and Compliance Tracking, a web-based system that tracks payments from prime contractors to subcontracts, many of which are minority-owned, women-owned, and/or disabled-owned business enterprises. The City has also established an automatic clearinghouse with the capability to process payments to contractors within 10-15 days of departmental processing, in contrast to the 45-60 days required to process checks. Drawing on lessons learned from MBEC and NTI, the City is seeking ways to increase neighborhood employment opportunities on City public works or City financed projects as well.

Committing City resources to support public school education. In September 2006, in announcing the creation of the Education Advisory Task Force, the latest in a series of efforts by the Administration to improve Philadelphia's public schools, the Mayor said, "investing in our children and improving their educational opportunities is among the most important actions we can take as a City." In 2002, pursuant to the 2001 Partnership Agreement between the Commonwealth and the City that averted a complete state takeover of City Schools, the City approved a real estate millage transfer from the City to the School District for the FY03 budget that provided the District with additional real estate tax revenue of $25 million annually. The City also approved an increase of the City's annual General Fund grant to the School District from $15 million annually to $35 million, thereby meeting the obligation under the Partnership Agreement of $45 million in increased funds, for a total of $60 million. The District now benefits from a 58 percent share of Real Estate Tax millage, worth $546 million in FY06. The proposed Full Valuation project, thus, is critically important to the School District. In addition, an FY06 City analysis showed that the District receives another $143 million of in-kind services from the

City, including funding of school crossing guards ($13.6 million), conducting building inspections, and providing a water services discount.

The City is gratified that Philadelphia's public school system has made substantial progress since FY02. The 2005-06 Pennsylvania System of School Assessment test results show a record fourth consecutive year of growth in math and reading scores for all District students whose scores are used to measure Adequate Yearly Progress under No Child Left Behind. Other signs of progress include a longer school day; the mandate that every high school student take African American history; and the opening of technologically and academically advanced schools, such as the Science Leadership Academy at the Franklin Institute, the National Constitution Center Partnership High School, and the School of the Future. The City understands that additional funds will be being needed, and is working with the Commonwealth and School District to determine the appropriate level of need and explore funding strategies.

Investing in children's welfare. The investment in education is reinforced by the City's investment in after-school and youth development programs through the Children's Investment Strategy. Since FY00, over $100 million in cumulative investment has been provided to serve over 50,000 children, youth, and families, many through Beacon Centers. Beacon Centers, which are strategically located across the city in 22 public schools, employ a widely acclaimed model for youth development and community outreach. Key components of the Beacon School model include after-school programs and activities that promote family preservation. In September 2006, an unprecedented new partnership between the Archdiocese and the City was formed to implement additional Beacon Programs at five Catholic schools across the city. Beacons help build supportive communities and academic success for children, youth, and families in urban communities. The combination of City funding and support obtained through leveraging other government funds has enabled significant additional investment in children, as categorized in the *Children's Budget 2006: Prevention services, education and training, general support services, intervention and crisis services, and corrective services.* Investments include:

- Increasing funding for Philadelphia's children from $3.7 billion in FY99 to $5.2 billion in FY06, an average increase of more than 5 percent annually.
- Concentrating resources in two key categories. The fastest growing categories from FY99 to FY06 were prevention services, with 65 percent growth, and intervention and crisis services, with 60 percent growth.
- Ensuring that even the lowest rate of increase was substantial. Corrective Services grew by 24 percent from FY99 to FY06.

Creating the first wireless city in the nation. In March 2005, the City organized Wireless Philadelphia, Inc. Through a competitively bid process, the internet firm, EarthLink, was awarded the opportunity to construct and manage a citywide wireless internet access system. The goal of having wireless internet access network throughout Philadelphia took a big step forward in December 2006, when EarthLink Inc. completed a 15-square-mile test area, known as the "Proof of Concept," which stretches from North Philadelphia south to the edge of Chinatown and from the Delaware River west to parts of Strawberry Mansion and Hunting Park. The project will cover all of Philadelphia's 135 square miles, and require up to 5,000 signal boxes. The build-out is expected to be completed in the first quarter of FY08. The speed of wireless broadband will be at least 20 times faster than a dial-up connection. The City has incurred a total of $0.43 million of General Fund expenses to initiate the project, and will be repaid by Wireless Philadelphia for an additional $1.45 million in Economic Stimulus Fund loans, starting late in FY07. This modest investment has catapulted the City to international prominence as the nation's first fully wired city and a digital inclusion trend-setter.

Wireless Philadelphia is focusing its fundraising and program efforts on making digital inclusion a reality for Philadelphia residents in every neighborhood. In FY07, Wireless Philadelphia has entered into wireless internet partnerships with People for People and Impact Services Corporation, and is exploring relationships with other community based entities, such as JEVS, Human Services, Philadelphia Parent Child Center, Campaign for Working Families, and the Philadelphia Senior Center. The intent is for these and other Employment Advancement Retention Network centers to provide computers, training, and internet access to people who qualify for the Digital Inclusion Program, as recipients of services from the organizations.

Making the government work leaner and smarter through transformational information technology solutions. By FY00, five years of sustained tax cuts had already made the City's manually driven business practices cost prohibitive. Starting with the earliest days of the Administration in FY01, cutting-edge information technology (IT) solutions were developed to transform the way government operates delivering on Mayor Street's commitment to allowing residents and businesses to access government "online, not in line," The results are truly exciting. For example:

- An FY99 lawsuit challenging the City's deplorable nine-month turn-around time for recording deeds spurred the Records Department to improve services, starting with an automated document recording system in FY00. Records then converted previously microfilmed land records into an online system available "24 /7," implementing E-recording and, in FY06, initiating an E-notarization project that has the potential to complete deed recording in hours, not days. About 14 percent of documents are now submitted in electronic form, and are returned to the filer within one hour, on average. A Parcel Explorer application is now available on the City's website, www.phila.gov, enabling users to view vital parcel records information, including scanned versions of paper-based registry maps.
- In support of NTI, a multi-year project to create a unified land records system and develop a seamless electronic map of city parcels was completed in 2006. Data warehouse software enables entities across the enterprise—such as the Board of Revision of Taxes (BRT), RDA, and OHCD—to manage land-related information, resulting in more informed decision-making. Through "Building Uniformity in Land Development" (BUILD), a browser application resident on the City's website, the public can access information about any property in the City of Philadelphia, regardless of ownership status. The version of BUILD now available only permits users to see property data. A Virtual Property Information System (VPMIS) was also developed, to streamline the land acquisition and disposition activities of the City's housing agencies. VPMIS automates RDA's previously manual, paper-based redevelopment business processes. In FY08, the next version of BUILD will enable community development corporations, private developers, and the public to explore purchasing City property on line. To explore the City's property database, select the BUILD icon on the City's website, www.phila.gov.
- The Water Department can swiftly pinpoint the likely location of watermain breaks by reviewing on-line streaming video footage of pipeline conditions.
- Licenses and Inspections inspectors can complete and file field inspections by means of handheld devices, while administrative back-end applications process these communications and generate fees, permits, and reports.

- The City is at the forefront in using technology to better serve its social service clients. Social service agencies now have access to a new web-based application called DSS CARES, which stands for Department of Social Services Cross Agency Response for Effective Services. DSS CARES enables case managers and decision-makers across social services departments—Department of Human Services (DHS), Office of Behavioral Health (OBH), Office of Supportive Housing (OSH), Department of Public Health (DPH), and the Philadelphia Prisons System (PPS)—to immediately view and analyze individual and aggregate client contact with the City's various social service agencies, data, and collaborate in comprehensive reviews with various social service departments and agencies. At the individual level, the availability of comprehensive, accurate information and increased coordination among case workers should start to improve outcomes for individuals and families, including improved indicators of child safety and well-being, and lower rates of recidivism to prisons, homeless shelters, and high-end behavioral health services. Aggregate information on targeted populations served by several departments—teen mothers of small children, persons in the homeless system with addictions, at-risk youth—will enable more effective programming and more efficient use of funding.

  Over 1,200 caseworkers have been trained to use the DSS Dashboard, which focuses on individual clients. By the end of FY07, another 1,800 will be trained, including users at provider agencies. By the end of FY08, both the individual and aggregate tools will become standard elements of practice. During FY08, pending the availability of outside funding, project leaders hope to integrate data from the courts and the School District, and provide access to the Public Defender, to avoid creation of a duplicative client tracking database. Testing of the aggregate data analysis tool will be completed by the end of FY07.

- Users of the City's website, www.phila.gov, are currently able to complete routine business transactions, such as paying water bills, wage and business taxes, and real estate taxes online. Contractors can apply for certain building permits online, citizens can obtain copies of accident reports, and businesses can review contracting opportunities and submit proposals online. The advances in online services have put Philadelphia in the forefront of cities providing government services online. The motto "online, not in line" is guiding our efforts to use digital technologies, and our goal for digital government efforts is to simultaneously cut costs and improve services. After more than a two-fold increase in transactions, from 30,335 in FY05 to 78,200 in FY06, the number of unique visitors to the City's website is expected to more than quadruple, to 4 million users in FY07. For more information on doing business "online, not in line," select epayphilly.com on the City's website.

  A key component of success in managing this multiplicity of investment was creation of the Information Technology Governing Board (ITGB) in FY02. ITGB coordinates decisionmaking among internal stakeholders across the enterprise, at the Cabinet level. Guided by the expertise of the Mayor's Office of Information Services (MOIS), the ITGB strategically evaluates department needs, software options, and priorities for the use of scarce resources each year. Progress is monitored on a quarterly basis.

Growing the City's economy. Following on extensive planning and development since enabling legislation was passed in 2004, gaming is becoming a reality in the City's economy. In late 2008, SugarHouse Casino, and, shortly thereafter, Foxwoods Casino Philadelphia will join history, theater, arts, nightlife, sporting events, conventions, shopping, and other hospitality offerings as another thing to do for tourists visiting Philadelphia. The construction of two gaming sites is expected to generate employment of about 1,000 construction workers, expected to earn up to $34 million in wages. The creation of approximately 9,000 permanent new jobs potentially will increase wage tax receipts by up to $16 million. Philadelphia's two casinos will pay 4 percent of gross revenues to the City as "host fees," generating up to $20 million annually. The Governor's FY08 budget plan includes a statewide 1 percent increase in the sales tax, enabling an additional $58 million decrease in the wage tax in FY08.

As we have increasingly become a destination city and the region grows, passenger traffic at Philadelphia International Airport (PHL) continues to rise dramatically, with a record projected 31.6 million passengers in 2006. To accommodate increased demand, PHL is extending its commuter runway, providing capacity for larger commuter aircraft and the new generation of regional jets. An additional three jet gates, 23 ticket counter positions, six security-screening lanes (total of 14), and two baggage claim carousels will help make air travel to Philadelphia more convenient for residents and visitors. Final completion of the project is expected in summer 2009.

Sustaining the pledge to reduce City tax burden, unique among US cities. Convinced by the evidence that Philadelphia's high tax burden impeded job growth and encouraged flight to the suburbs from the 1970s to the 1990s, the Administration has supported moderate tax cuts every fiscal year, carrying forward the approach to enhancing competitiveness begun in the 1990s. FY07 is the twelfth consecutive fiscal year of wage tax and Business Privilege tax (BPT) rate reductions. From FY92-FY00, $319 million was removed from the tax base. From FY01-FY06, the first six years of the present Administration, $1 billion was removed. In FY06 alone, $19 million was removed, as the wage tax decreased to 4.301 percent, and the gross receipts portion of the BPT dropped to 0.1665 percent. Another $1.9 billion will be removed from FY07-FY12. While this commitment, unique among the nation's cities, will improve the city's competitiveness, the City also works leaner and smarter than it did in 2000, and the promise of renewed interest in City living and employment is being realized.

Challenges

Despite significant successes, the Administration recognizes that there are equally significant challenges to the progress that has been made in improving the quality of life in Philadelphia over the FY08-FY12 timeframe, particularly the increased social, emotional, and financial costs of poverty, drugs, and crime. The cost of Prison operations, fueled by overcrowding and the rising cost of inmate health care, consume an ever-larger share of City resources, as do the costs associated with an increasing number of homeless persons on Philadelphia's streets and in its shelters. Perhaps most challenging is the rise of gun-related violence and homicides over the past two years, which threatens the progress we have made in making our neighborhoods safe and livable communities.

Strategies

The Administration understands that worldclass cities must be safe cities. We remain steadfast in our efforts to reduce crime and make Philadelphia the nation's safest city. In February 2006, the City launched Operation Safer Streets, a comprehensive effort to reduce violence by targeting crime "hotspots" and reducing the availability of guns on City streets. The City's Division of Social Services is building support networks for those who need them—most notably through expansion of youth violence reduction programs, improved re-entry services for inmates released from prison, implementation of the Ten Year Plan to End Homelessness, as well as newer initiatives of more aggressive truancy and curfew enforcement. Targeted objectives in FY08 include.

Implementing a citywide truancy and curfew initiative. There are approximately 176,000 children in Philadelphia public schools. On an average day during the 2005-06 school year, 9.6 percent of students (16,800 children) were absent without an excuse. Truancy rates begin increasing in sixth grade, and continue rising through the 10th grade, with the highest drop-out rates occurring in the ninth and tenth grades. According to Philadelphia Safe and Sound's *Report Card 2006*, dropouts attend school less than 60 percent of the time in the year before they drop out. Truancy is considered to be among the most powerful of indicators for identifying children at risk for delinquency and violence. In September 2006, the Mayor announced a citywide anti-truancy initiative designed to ensure that school-aged children and youth attend school, parents are aware of truancy laws, and the City, SDP, and Family Court hold parents accountable. The City is supporting expansion of the number of Parent Truant Officers from 100 to 500, with $3 million of funding in FY07. In February 9, 2007, the Mayor signed Bill 060441, which requires children under 13 years of age to be off the streets several hours earlier than was previously required.

In perhaps the most sweeping initiative in many decades, the City also submitted a request for $280 million more in Needs Based Budget funding from the state, in support of expansion of prevention services to children and families, keying off curfew and truancy programs as a way to make sure all at-risk youth were being reached. The Governor's FY08 budget message, however, indicates a $5 million cut in support for DHS programs ($689 million), compared to FY07 ($695 million), providing none of the additional funding requested to support the truancy-curfew enabled spectrum of prevention services. The City's proposed anti-truancy efforts include:

- Expanding after-school programs to serve 27,000 more truant children and curfew violators, and providing more conflict resolution education and Violence Prevention programs
- Increasing in the number of "Families in School Together" parent education programs
- Expanding the Intensive Violence and Delinquency Prevention Program to serve 30,000 youth needing more intensive services
- Tripling of the number of children and their families receiving school-based case management services, from 5,000 to 15,000
- Expanding programs targeted to youth, ages 10-15, who are considered to be most at risk of becoming perpetrators or victims of violence, such as the Adolescent Violence Reduction Partnership

With the support of community volunteers, the City opened the first Youth Curfew Center at the Dixon House in South Philadelphia in July 2006, in the area where two-thirds of shootings involving juveniles were occurring. Successful reduction in the number of incidents prompted the City to propose to extend the curfew center approach to serve the estimated 25,000 youths throughout the city who violate curfew laws each year. Services will be extended from four to seven days per week. As appropriate, centers will connect youths and their families with supportive social and behavioral health services. Community volunteer participation is expected to help empower communities to address youth violence in their area. However, without additional state aid, the City will only be able to extend services to a fraction of the potential number of youth who need and would benefit from targeted services programs.

Continuing to strengthen the Safer Streets program. Operation Safer Streets, the City's four-pronged violence reduction strategy, involves targeted policing, community engagement, increased city and social services, and removing guns from the streets. Although homicide numbers have increased since FY05, major crime has declined by 16 percent since FY00. Following on FY07 initiatives—hiring 200 additional police officers, continuing youth and adolescent violence prevention programs, and cracking down on truancy—Operation Safer Streets plans include:

- Additional video surveillance cameras
- Training 1,000 volunteers to teach conflict resolution in churches and places of worship and schools
- Recruitment of block captains and town watch members
- City-sponsored job fairs
- Support for ex-offenders through creation of additional "one-stop shops"
- Stepped-up state and federal lobbying for stricter gun laws
- Best and innovative practices

At numerous community meetings over the past year, residents told Administration officials that a lack of jobs and economic opportunity was a key factor in increasing feelings of hopelessness, which can lead to violence. The Administration has sponsored two jobs fairs as part of its Operation Safer Streets violence reduction and prevention program in FY07. The first Jobs Fair in South Philadelphia last fall attracted more than 800 people and dozens of prospective employers. The second Jobs Fair, held at Philadelphia Community College on February 8, 2007, attracted 2,000 people and 80 employers. The Administration is committed to addressing unemployment as a critical issue in its ongoing campaign to reduce and prevent violence and keep City neighborhoods safe.

Managing the prison population. With the cost of housing one prisoner averaging $88 per day, the City must find ways to stem an increasing inmate census. The Prisons budget has burgeoned from $131.4 million in FY00, to $194.3 million in FY06, a 48 percent increase ($63 million). The January 2007 census hovered around 8,700, which is a 1,950 increase over the January 2000 population (29 percent), adding approximately $172,000 per day to the cost of Prisons operations. Since spring 2006, the City has been exploring more than 20 options to curb census growth. Of the options, the City's investment in two additional paralegals has resulted in 100 more petitions for early release monthly, starting in December 2006. A November 2006 study by the Temple University Crime and Justice Research Center, under the direction of Dr. John Goldkamp, called "Confinement and the Justice Process in Philadelphia: Its Features and Implications for Planning," has provided additional insight into the factors driving increases in the census. For example, the study notes an ever-increasing use of bail a way of ensuring that those arraigned appear at court dates, a choice that swells the inmate census. A promising investment is an extension of the use of electronic monitors to the detentioner population, which should keep accused persons out of Prisons facilities but accessible to criminal justice officials when needed. Subsequent to the City's initial formulation of preliminary census reduction options, a lawsuit challenging the constitutionality of conditions at police detention facilities during summer 2006 was filed. The Court's January 2007 decision orders the City to eliminate fire safety hazards at Police facilities (estimated at $1.3 million), provide additional hygiene items to prisoners, and develop a mitigation plan. The City will continue to work with criminal justice officials to develop ways to manage the inmate census.

Advancing the fourth year of the Mayor's Ten-point Plan to End Homelessness. In June 2004, Mayor Street created a Task Force to End Homelessness, with the goal of enhancing social services and improving the quality of life for the most at-risk Philadelphians. In FY08, OSH will continue to move the Plan forward with several priorities. OSH will decrease the emergency housing census and the average length of stay by implementing a successful intervention strategy, modeled on the nationally recognized Hennepin County, Minnesota, Rapid Exit program. In addition, with an FY07 $1 million allocation from the Housing Trust Fund as a base, OSH will seek to expand its rent subsidy program, aimed at maintaining families in their own housing in the community, by partnering with the Philadelphia Housing Authority to create 65 additional housing opportunities for families that were formerly residing at area hotels or poised to exit transitional housing. In FY08, OSH will also implement Breaking Bread, a partnership with the Mayor's Office of Faith Based Initiatives, to move food distribution indoors. To meet demands in FY07, the City increased General Fund support to OSH by $4 million, and an additional $3.9 million has been added for expansion programs in FY08.

Creating an Office of Emergency Preparedness. In September 2005, the Mayor appointed an Emergency Preparedness Review Committee to conduct a thorough evaluation of the City's capability to respond to and recover from a catastrophic disaster, such as was experienced by cities on the Gulf during Hurricane Katrina. In July 2006, the Committee released more than 200 recommendations for enhancing preparedness. In September 2006, the City launched an extensive outreach campaign urging the public to prepare and protect themselves and their families in the event of an emergency. Additionally, the City included questions in the 2006 annual Citizen Survey to gauge citizen readiness and provide guidance to emergency management personnel on where to target future preparedness efforts. Since fall 2006, executives and managers throughout the city have completed federally required National Incident Management System training. A Deputy Managing Director for Emergency Management has been hired to implement a comprehensive emergency management program that will enable the City to manage large and small emergencies by partnering with the community, effectively coordinating agencies, and efficiently using resources. To adequately staff the Office of Emergency Management, $1.0 million in General Funds will initially be required in FY08 to develop detailed operational disaster response plans, continue to implement the public education and outreach campaign, conduct training exercises for first responders, and build partnerships within the community and private sector. Additional positions will be funded through enterprise funds, such as Aviation and Water, due to their importance in the City's overall preparedness effort. For information on preparing for emergencies, select the Ready Philadelphia icon on the City's website, www.phila.gov.

Investment in the ReStore Commercial Corridor program. In October 2006, the Mayor signed an ordinance authoring issuance of $150 million in bonds to support the ReStore Philadelphia Corridors and the Cultural Corridors programs. A significant new investment for neighborhood economic development, Restore Philly Corridor is being enhanced through alignment with funding from other sources, including the Community Development Block Grant, other federal and state resources, and NTI bond proceeds. In FY07, the City approved funding for 29 Commercial Corridor Support Program projects, two Main Street programs, and six Neighborhood Commercial Area Transformation awards. In FY08, funding will be made available for such purposes as street lighting, pedestrian lighting, street paving, public signage, sidewalks, crosswalks, curbs and curb cuts, bump-outs, greening and trees, public art, as well as planning, design, architecture, and engineering studies. The debt service cost for the Commercial Corridors program in FY08 is $4.5 million.

Strengthening the economic impact of Philadelphia's cultural organizations through the Cultural Corridors program. The Cultural Corridors program is a comprehensive strategy to position arts and culture as a central part of Philadelphia's identity. Investment in infrastructure projects will enhance the physical fabric of the city's major cultural corridors, preserve and strengthen arts and culture organizations, and leverage private and other public resources of support. A $65 million fund will support capital projects in five cultural corridors: The Avenue of the Arts, Benjamin Franklin Parkway, Historic District, Centennial District, El Centro de Oro, and other emerging corridors. Additionally, a $5 million Capital Grants Fund will be available to eligible organizations citywide for capital projects under $250,000 that are necessary, yet traditionally more difficult to fund. There can be no doubt that investments such as these will have a positive and lasting impact on Philadelphia and the region. The debt service cost for the Cultural Corridors program in FY08 is $4.5 million.

Putting New River City funds to work spurring water-infrastructure and watershed-related development. With a surety bond expected to be obtained in July 2007, the City is fashioning a process for disseminating $125 million of water bond reserve funds in FY08, and has selected PIDC to administer the program. Eligible expenditure categories include sewer infrastructure and watershed-related spending throughout city neighborhoods. City funding will leverage Commonwealth and federal resources, creating opportunities for private developers to commit significantly greater levels of capital, in anticipation of market rate returns.

Investing in the expansion of the Convention Center as an economic engine. The City embraces the expansion of the Convention Center as a strategic addition to the City's suite of destination attractions. Through the close of FY07 and into FY08, the City will work closely with the Pennsylvania Convention Center Authority (PCCA) to relocate businesses in the build path, initiate right-of-way closures, and facilitate communication and cooperation among all interested parties. Construction is expected to generate over 3,700 construction and permanent jobs. Departing from previous Plans, this Plan reflects $15 million in annual support for the Convention Center, starting in FY10.

Stepping up programming for inmate reentry into the community. More than 32,000 inmates are released from the Philadelphia Prison System (PPS) each year. Many 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. Created in FY06, the Mayor's Office of Reentry coordinates a range of programs that focus on the needs of returning inmates. Services focus on parole and probation support; education, employment, and training; physical and behavioral health; housing; and strengthening individuals and families. The City is investing $1.3 million per year in services for ex-offenders, $1 million from the City's General Fund and $.3 million from the Community Services Block Grant. The funding is targeted to the opening of three "one-stop" centers to serve ex-offenders in their communities across the city. The first center opened in southwest Philadelphia in February 2007.

Sustaining the NTI mission. With the waning of the era of bond funding for NTI, the City is moving in FY08 to sustain NTI mandates and expertise, through a number of avenues. In addition to the new task of managing the commercial corridors program as an extension of mission, NTI will continue to assist in neighborhood stabilization with $2 million in additional funding for demolition, in the Licenses and Inspections (L&I) budget. An additional $400,000 will go to transitioning the NTI best practices to the L&I professional staff. The Greening program will be consolidated at OHCD, with the augmentation of $2 million in General Fund support, for a total of $4 million. Tree work will be sustained in the Managing Director's Office at the $1 million level, as in FY07.

Proposing capital projects for PICA funding. Early in 2007, the Administration will propose $40.5 million in critical capital projects to the Philadelphia Intergovernmental Cooperation Authority, to spend down unused PICA bond proceeds, and supplement the constrained capital spending permitted by the $54.3 million capital budget, half the size of FY01. Proposed investments include projects for the Fire and Police departments, Free Library, Department of Public Property, and Philadelphia Prison System.

Investing in developing the next generation of government professionals. In response to the Mayor's expressed commitment to attracting and retaining talent to Philadelphia government, the Administration created the Destination Fellowship program for recent college graduates in 2006. The program will begin in July 2007 with an inaugural class of five Fellows who will serve for one year in a single department, working on significant projects and reporting to a senior City official. Information can be found on the website: www.phila.gov/destinationfellowship. The City is investing $200,000 in FY08 in this innovative program.

In addition to major strategies to improve Philadelphia quality of life, the City also will pursue several management improvements to continue to improve the provision of government services, and streamline their delivery.

The City is strengthening its ability to work leaner and smarter into FY08. Key projects include the following:

Completing implementation of a water billing system in early 2008. Before the Administration leaves in January 2008, Project Ocean will be a fully functional water billing system. After evolving over a five-year period from a work order system to an Oracle-compatible billing system, Project Ocean will be completed within the year, due to the advent of a governance accountability structure, bridging the involvement of MOIS, Water, and Revenue, a dedicated internal project manager; and a proven off-the-shelf application tool that accommodates 80 percent of business requirements "out of the box." Proof of concept is expected to be completed in May 2007, which includes producing billings with accurate customer account information for 80 percent of the City's half-million customers. User training is planned for the fall. The project will be budget-neutral in FY07, and require modest database and contingency funding in FY08, to be funded from the Water Fund.

Completing initial implementation of the Personnel Human Resources Information System (HRIS) by the end of 2007. With Council approval of a $5.9 million Productivity Bank loan in October 2006, the Personnel Department and MOIS have begun replacing the City's 30-year old personnel database and paper-based manual employee transaction system with a new enterprise-wide HRIS system. The first phase of the project has been initiated in FY07 with a dedicated project manager and a governance structure ultimately accountable to the ITGB, to ensure project completion on time and on budget. Completed modules will include an employee database; a position management system, featuring job descriptions and improved budget controls; and advanced benefits management, which includes flex benefit plan administration. A total of $1.2 million is estimated for FY07 spending, and $3.2 million is projected for FY08. Efficiencies achieved by the new program will enable savings in the future through position attrition. A future phase of the project will allow employees to view their personal data and make on-line benefits elections.

Exploring the best path for implementing a new enterprise-wide communications system. Today, the City's telephone service is provided by a vendor at a significant annual cost. Through the use of the "voice over internet protocol" (VOIP) technology—which can route spoken conversations over the internet and City Net—the City will reduce its dependency on conventional vendor-provided telephone service, and replace much of its "old tech" internal and external voice communication infrastructure. The City has estimated that $5.4 million could be saved annually through VOIP. Savings are made possible by the City's migration to a single integrated data and communications network. Evaluating new technologies, exploring partnership with other organizations with similar networking needs, and developing a roadmap to guide the City in this area will be the charge of the Mayor's Broadband Partnership, discussed below.

- **Establishing the Mayor's Broadband Partnership.** The City has begun development of the next generation of networking to support technology needs. In February 2007, the Mayor is establishing the Broadband Partnership, with the goal of exploring new networking solutions to meet the growing demands of the City. Migration to a single, integrated data and communications network, providing integrated interoperability that can be shared among City users, and other public service organizations, is both operationally critical and fiscally necessary. The City must greatly expand networking capabilities to meet the growing demands of new enterprise functions, such as work order management systems, new web-based applications that provide citizens and employees with access to more information and powerful productivity tools, and the new Charter mandate to deploy surveillance cameras across the city, to fight crime and violence.
- **Coordinating work order systems across departments**. The City has begun efforts to develop an enterprise solution to automate the work order process in the Streets Department, DPP, Water Department, and Fairmount Park. Developing a robust enterprise work order system to meet the needs of these large service departments will significantly reduce costs, improve departmental efficiency and coordination among departments, and allow for faster, more responsive service delivery.
- **Incorporating a project management technology into project implementation**. The City will soon deploy a comprehensive project management system called Mercury, which is designed to improve decision-making and project tracking, to ensure that new initiatives are completed on time and deliver the intended benefits. By linking work effort (reported project hours) to outputs and deadlines, the program enables better management of critical path steps and staffing resources. Other project management tools, such as legal case management, are also being explored for Productivity Bank loan funding. Deployment of an imaging and document management solution is being coordinated with these business process solutions.
- **Providing a shared environment for deployment of departmental and enterprise applications**. MOIS is now making infrastructure repairs and needed improvements to the City's data center to accommodate the additional servers and networking equipment needed to support new and expanding enterprise services. Through consolidation of servers and other computer equipment at MOIS, the City can obtain greater economies of scale, provide greater back-up redundancy and reliability, and provide the technical environment that new multi departmental initiatives need to be successful. MOIS will seek Productivity Bank funds for a feasibility study, in conjunction with the development of emergency preparedness and disaster recovery strategies.
- **Preparing the technology infrastructure for business continuity in case of a disaster**. As the City increasingly relies on technology, to protect data and systems the City must prepare for business continuity in the event of a disaster. Planning for disaster recovery capability is

an ongoing initiative. A comprehensive information security plan to protect the privacy of the City's data and to harden the City's network infrastructure is being developed.

- **Coordinating responsibilities of Recreation and Fairmount Park.** Early in FY07, the Recreation Department and Fairmount Park Commission worked to coordinate shared responsibilities across the city. Two significant consolidation services that will improve efficiency and effectiveness are also underway. Each department will pick up trash at all sites along established routes, whether Recreation or Fairmount Park administered. The two departments are also implementing shared volunteer coordination.
- **Consolidation of telecommunications into information technology**. To effectively manage the integration of the City's data and communication needs, the communications and network responsibilities of the DPP are being transferred to MOIS, along with the personnel and resources now devoted to these activities. This reorganization of responsibilities and resources will eliminate the divided responsibility for planning, developing, and maintaining the City's communication and data networks. Consolidation of telecommunications into MOIS will provide a much stronger technical organization, eliminate duplication of effort, improve coordination and service delivery and allow for the successful migration toward to an integrated voice and data network capable of meeting the growing demands of the City. By combining the networking strengths of telecommunications and MOIS in a single organization, the City will be in a far better position to leverage emerging technologies that the City must embrace to meet future demands cost effectively. The proposal, which entails the transfer of 26 positions to MOIS, is budget neutral.
- **Integrating consolidation of facilities maintenance with a work order system.** Over 300 City employees perform facility maintenance, with approximately one-third in DPP. In late FY06, DPP initiated consolidation of facilities maintenance functions with absorption of six positions from the Fire Department. In FY07, consolidation of Riverview staff is proceeding. The consolidation will produce economies of scale in the purchase of materials and supplies, as the Department makes larger purchases and the City needs fewer storage facilities. Integration of a work order system will enable timely deployment of maintenance to assignments across departments.
- **Migrating Capital Program Office Salaries to the Operating Budget.** In FY96, when City finances were severely challenged, Capital Program Office (CPO) salaries were transferred to the General Obligation (GO)-funded portion capital budget, which stood at $165 million at that time. In FY01, when the GO-funded portion of the capital budget was at its highest during this Administration, capital salaries totaled $5.3 million, which accounted for 3.3 percent of the $157.4 million GO-funded portion of the capital budget. Capital salaries have grown to $6.4 million, and in FY08, would represent 12.6 percent of the total GO-funded portion of the capital budget, a modest $54.3 million. Like other departments, the CPO staff has been steadily reduced since FY01, and is about 20 percent smaller today. The capital budget, however, is one-third its FY01 size. With the goal of keeping the CPO staffing level aligned with project scope and also respecting the constraints on the operating budget, the City is initiating a phased approach to shifting CPO's capital-funded salaries to the operating budget, starting with one team in FY08 at $988,000, which has a $4.9 million impact on the Plan. We will also expand the mandate of the Capital Recreation Team to cover other capital-eligible General Fund projects, at no additional expense to the operating budget ($0.5 million), compared to FY07. Expanding the mandate of the Capital Team will further reduce the scope of CPO, ensure that projects not requiring full architectural drawings and four-part bidding are completed on an expedited basis, and permit further streamlining of CPO in the future.

- **Implementing Insurance Reform**: Like other area health plans, the City-administered Plan (CAP) projects health insurance costs growing at 7 percent annually over the next three years, then trending upward to 10 percent thereafter. The City plans to reduce out-year costs through several initiatives. First, the City will continue to negotiate aggressively with its medical insurance provider at each annual renewal, and bid out coverage, as appropriate. In 2006, the CAP realized over $4 million in savings through bid process negotiations, and in 2007, the CAP achieved $800,000 in savings through renewal negotiations. In the bid process for 2006 coverage, self-insurance was explored and rejected, due to difficulty in accurately budgeting costs and a cost-prohibitive pre-funded reserve requirement. The City will also bid out prescription drug coverage for 2008. The current medical carrier has developed a prescription drug plan that has the potential to achieve CAP savings. Additionally, so-called "Consumer Driven Health Plans," which consist of health savings accounts paired with high deductible health plans, will be investigated for potential savings.

  Enhanced employee health management will also be investigated for potential future savings in FY09 and after. Approaches could include improved Disease Management programs for employees with certain health issues, such as diabetes or asthma, and "Wellness" Programs, such as smoking cessation and weight management programs. Financial incentives for improved health behaviors may also be investigated.

  Long-term savings (FY09 and after) will also be explored through assessment of an employee consumerism education program. Such programs promote better personal health management by educating employees about questions to ask their doctor, providing information on generic drugs and mail-order pharmacy programs, and encouraging completion of health risk assessments to guide positive behavioral changes.

  The most significant savings can be achieved through cost shifting to employees through a reduction in medical plan options for new hires, higher premium contributions, and/or increases in co-payments for medical services. Under the terms of the City's contracts with its four unions, the City pays each union a monthly contribution per member for health insurance coverage. Each union administers its own health plan. The amount the City will contribute to the health plans maintained by the police and fire unions is arbitrated. The amounts currently arbitrated permit these “uniformed” unions to offer active employee health plans that are more generous than the CAP. The health plans maintained by the two "non-uniformed" unions (AFSCME District Councils 33 and 47) are richer than those provided to police and fire plans in other large cities, and to most plans provided by other Philadelphia employers. Substantial costs could be saved if the City can come to agreement with all its unions, but particularly the police and fire unions, concerning revising the plan design to be more consistent with typical market practice.   Estimated cost savings from such efforts range from $7,530,000 up to $23,571,000.   A total of $30 million in savings from insurance reform is assumed in the FY08-FY12 Plan. The Commonwealth Court decision in the City’s appeal in connection with the Fraternal Order of Police Health and Welfare benefits reopener, discussed in the Fiscal Health chapter, may provide the City with an opportunity to better manage these costs.

- **Pursuing cost avoidance strategies for burgeoning inmate healthcare costs**. The cost of providing health care at PPS has increased by just over 10 percent per year for the last four years from $38 million in FY03 to a projected $50 million in FY07. The City is in the process of awarding a contract to a Third Party Administrator for provision of inmate healthcare, and significant savings are expected from new contracts. Managing inmate healthcare costs will be a major step forward in cost containment.

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

- **The Coordinated Street Furniture Program**. The program is an outgrowth of recommendations contained in the 2005 strategic marketing plan and a subsequent study of revenue generating programs in Boston, Chicago, and Washington, DC. In December 2006, the City issued an RFP for proposals for the design, installation, and maintenance of street furniture amenities including transit shelters, pay toilets, newsstands, honor box corrals, and advertising panels. Proposals are due in April 2007. Street furniture amenities will be provided and maintained at no cost to the City, in exchange for the exclusive right to advertising. The program goals include improving the appearance of the City's streetscapes, creating a signature Philadelphia look and reducing clutter. The Plan assumes $1 million from the program in FY08.
- **Generating revenue from surplus City properties**. The City will continue the surplus property sales initiative in FY08. Properties considered for sale include those where the City has received expressions of interest, buildings housing City operations that could be moved, and buildings and parcels owned by the City which are not currently utilized. As part of this initiative, three Requests for Proposals were recently issued for large parcels of land near the airport, as well as a long term lease for the LOVE Park Garage. Sales of City surplus properties are expected to generate $6 million in FY07 and an additional $8 million in FY08.

Organization of the FY08-FY12 Five Year Fiscal Plan

This year, the Five Year Plan returns to a format that dedicates a chapter to each department. Combining the strategic approach of the last two years with this focus, the 15 chapters dedicated to departments that directly serve the public present departmental plans organized under the following over-arching Administration goals, as appropriate:

- Implementing neighborhood transformation and blight elimination
- Promoting economic development
- Providing high-quality public education and comprehensive, coordinated social services
- Enhancing public safety and quality of life

Since the fiscal chapter, which follows, is entirely dedicated to one of the Administration's goals, maintaining fiscal health, the discussion is organized into the customary categories—demographic background, revenue history and projections, and fiscal challenges and strategies. The Economic Development chapter, likewise exclusively devoted to a single Administration goal—promoting economic development—is organized according to the strategic focus of the economic blueprint, as in the last two plans. In this year of transition in strategic focus, reflecting the end of NTI bond funding and the advent of Commercial Corridor bond funding, the Neighborhood Transformation chapter includes strategies not only for neighborhood transformation and blight elimination, but also promotion of economic development, with a neighborhood focus. The enterprise funds—encompassing Aviation, Water, and PGW—present the customary discussion of accountability and benefit to the public, as do the internal services department chapters—Law, MOIS, Risk Management, Personnel, and Fleet. The City Workforce chapter presents the customary status report on labor negotiations, arbitration panel awards, court actions, and contract components. Appendices include the standard data required by the PICA statute, as well as an acronym glossary.

City of Philadelphia
Five-Year Financial Plan

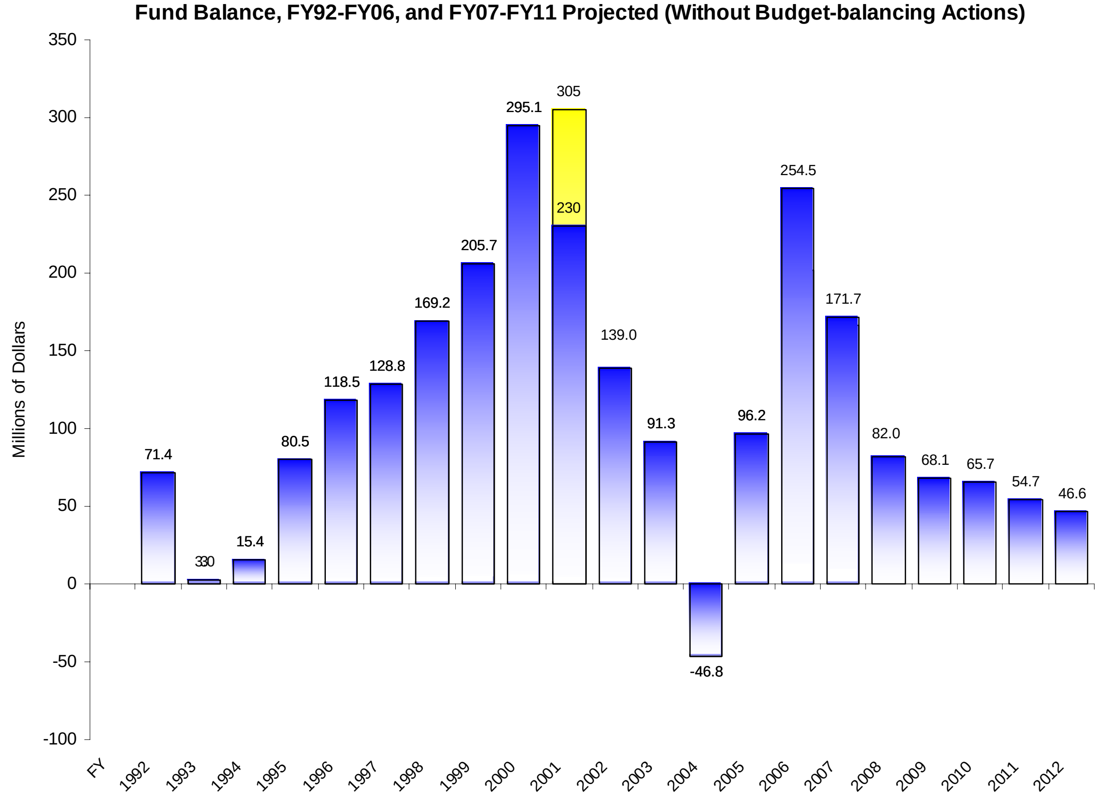
Fiscal Health

Maintaining Fiscal Health

Overview

With the realization of a $96 million fund balance in FY05 and $254 million in FY06, Philadelphia has experienced a dramatic recovery from the fiscal reversals of the 1990s and the recession in the early part of this decade. The recession culminated in the negative $46 million fund balance in FY04. The City's commendable recovery is the result of a combination of many factors, notably strategic investments, tough cost reduction decisions, and the fruition of the promise of eleven years of sustained cuts to wage and business taxes, long seen as impediments to economic growth. However, the basic structural financial challenges will continue to present obstacles to sustained fiscal health in the future, and require vigilant fiscal prudence: A weak tax base, high tax burden, escalating costs, high service responsibilities, and low state financial support.

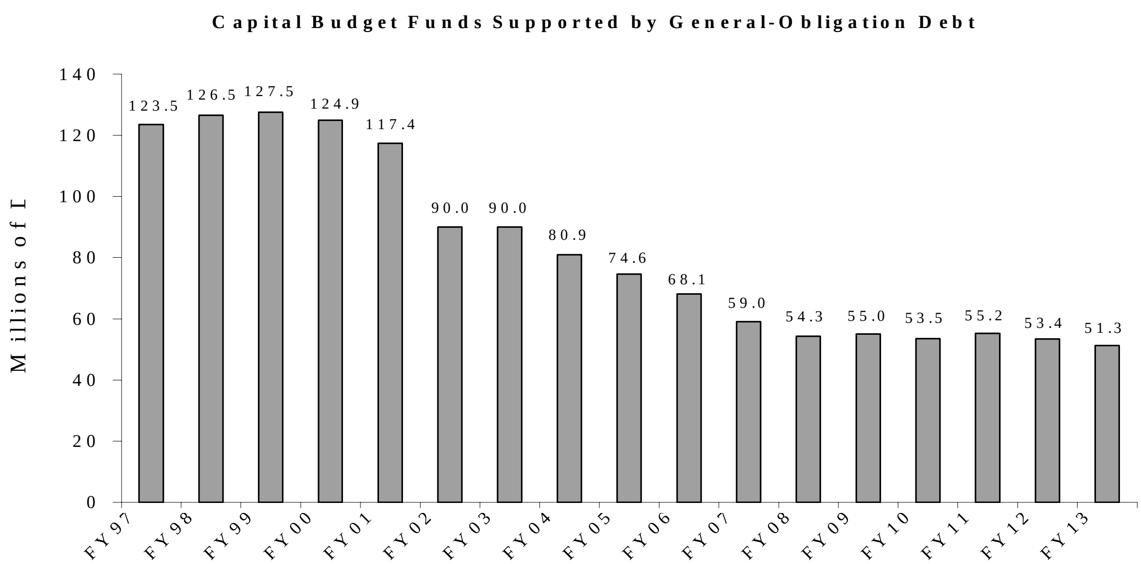
Fund Balance, FY92-FY06, and FY07-FY11 Projected (Without Budget-balancing Actions)



Source: Office of Budget and Program Evaluation.

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 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 $171.7 million at the end of FY07. The FY08-FY12 Five Year Financial Plan (the Plan) projects fund balances exceeding $45 million at the end of each fiscal year, in line with thresholds required by the Pennsylvania Intergovernmental Cooperation Authority (PICA). However, balances have generally decreased in recent years evidencing sequential years of operating deficits and are small in comparison to the large surpluses achieved during the economic boom of the late 1990s. Although tax revenues have been strong since FY04, growth has been centered in the volatile realty transfer and business privilege taxes. At the same time, the wage tax, representing half of all tax collections, is slated for significant state-mandated tax reductions in the out-years of the Plan: While the value of combined business privilege (BPT) and wage tax cuts totaled $19 million in FY06, and are projected to be $25 million in FY07, they are projected to be over $50 million in FY11 and FY12. These cuts are projected to cause wage tax revenues to dip below FY10 levels. Creative cost-cutting initiatives, tight spending controls, and alternative tax revenue will be needed to maintain a balanced budget in the out-years of the Plan.

The City's aggressive tax reduction strategy and the absence of a citywide property reassessment also constrain the City's capital budget to one-third its FY96 level throughout the years of the Plan, as shown in the graph below.



Source: Office of Budget and Program Evaluation.

While less than $60 million will be available per year through FY12, the Philadelphia City Planning Commission has estimated $180 million per year in capital needs. Absent full valuation of property by the Board of Revision of Taxes, capital investment decisions have become, and will continue to be increasingly difficult, resulting in a focus on the life-safety end of the project spectrum In addition, the City's debt to expenditure ratio also constrains our ability to borrow.

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

- Demographic and economic and trends
- An analysis of each of the City's major tax revenue sources, with revenue projections for each source from FY08 through FY12
- Analysis of the structural roots of the City's financial challenges and factors that pose a risk to the City's ability to achieve budgetary balance over the life of the Plan
- FY08 financial strategies

The second section, Capital Budget, addresses the capital budget and program.

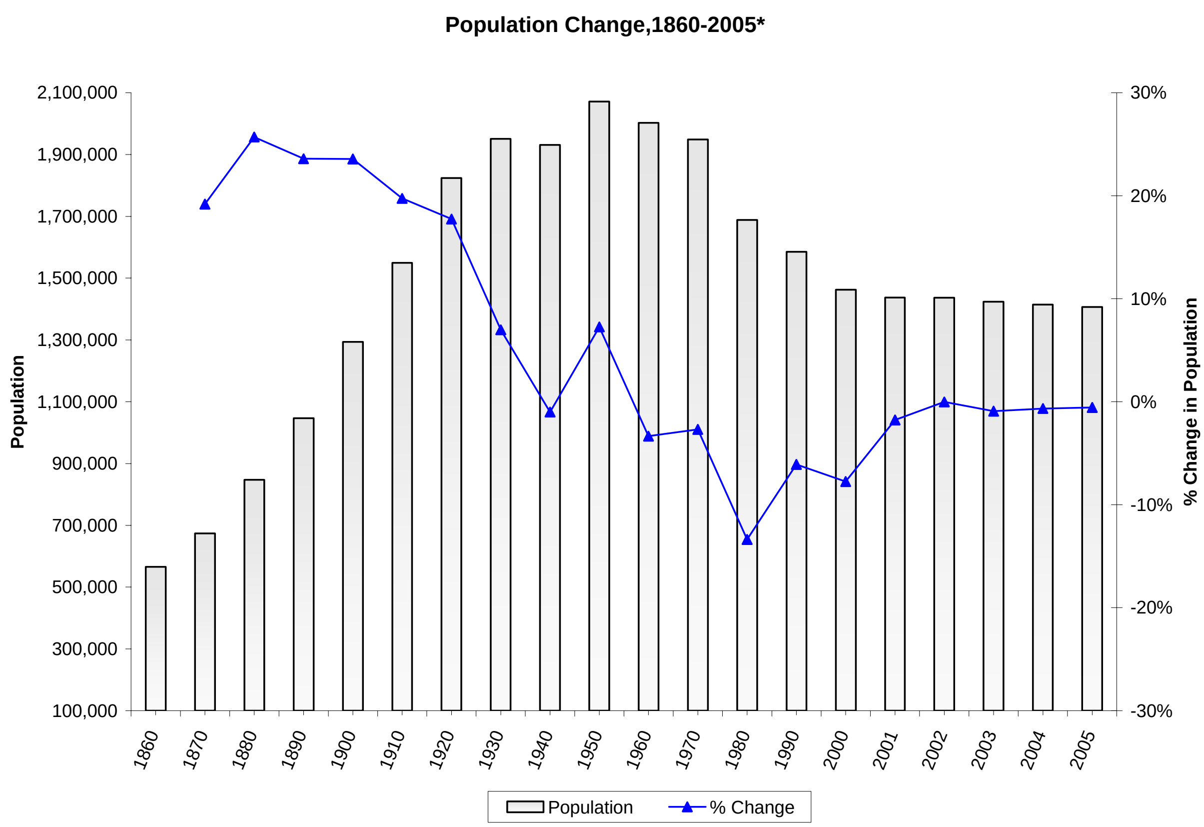
General Fund

Demographic and Economic Trends

The Demographic and Economic Trends section discusses population, employment, and the relationship of demographics to intergovernmental aid. 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.

Population

The population of Philadelphia soared during the Industrial Revolution and the world wars, peaking at 2.1 million in 1950. The population dropped thereafter, consistent with national demographic trends that saw growth concentrated in suburban areas rather than central cities as well as in the south and west rather than the northeast and Midwest. Wage and real estate tax increases in the 1970s exacerbated these trends. Population has been relatively stable since 2000 according to Census estimates, as shown in the graph below.



Source: US Department of Labor, Bureau of Labor Statistics, 2007

Since 2002, population declines have been negligible (less than 1 percent), signifying continued stability.

While population loss has largely been on the decline, a large portion of Philadelphians remains economically disadvantaged. The city's 2004 poverty rate of 24.5 percent has increased 17 percent from the 1989 level (20.9 percent), and remains well above state and national rates as shown in the table below.

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

Jurisdiction	1990 Population	2005 Population	% Change	1989 Median Household Income (2004 dollars)	2005 Median Household Income (2004 dollars)	% Change	1989 Poverty Rate	2005 Poverty Rate	% Change
Philadelphia	1,585,577	1,406,415	-11.3%	35,952	32,573	-9.4%	20.9%	24.5%	17.2%
Bucks County	541,174	621,210	14.8%	67,781	64,346	-5.1%	4.0%	5.8%	45.0%
Chester County	376,396	458,141	21.7%	65,344	72,690	11.2%	5.2%	5.9%	13.5%
Delaware County	547,651	531,609	-2.9%	57,149	55,630	-2.7%	6.6%	9.7%	47.0%
Montgomery County	678,111	753,046	11.1%	64,642	68,210	5.5%	4.0%	4.9%	22.5%
Pennsylvania	11,881,643	12,429,616	4.6%	45,877	44,537	-2.9%	10.4%	11.9%	14.4%
United States	248,709,873	296,410,404	19.2%	45,527	46,242	1.6%	12.8%	13.3%	3.9%

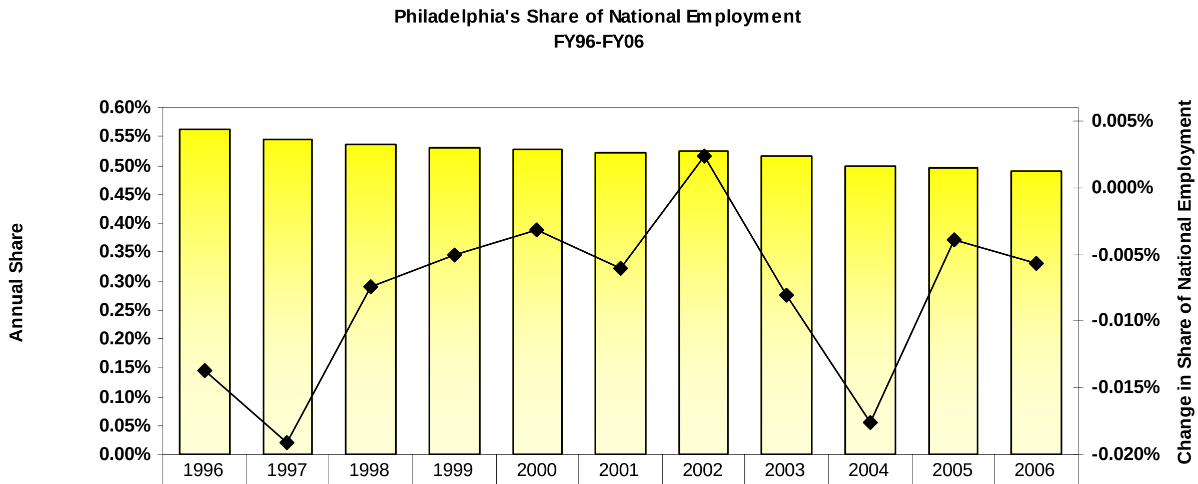
Source: US Census, American Community Survey, 2005 data, the most recent data available.

As shown in the table above, the median household income in Philadelphia declined, after adjusting for inflation, by 11 percent since 1989, and remained below the levels in nearby suburban counties, the state, and the nation. A high poverty rate, 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 increased need for a variety of social services mandated by the state. Low household income levels result in a weak tax base.

While Philadelphia's continuing economic disadvantages, compared to the state and the nation, continue to pose challenges for the City's fiscal stability, there are indications that may mitigate the impact of these stressors. For example, even though median family income is down from 1989 levels, it is estimated to have increased by 9.4 percent more recently, (from 2000 to 2005), according to the US Census Bureau. This trend reflects not only the recovery from the post-September 11, 2001 recession but also the City becoming increasingly attractive to young professionals with families.

Employment

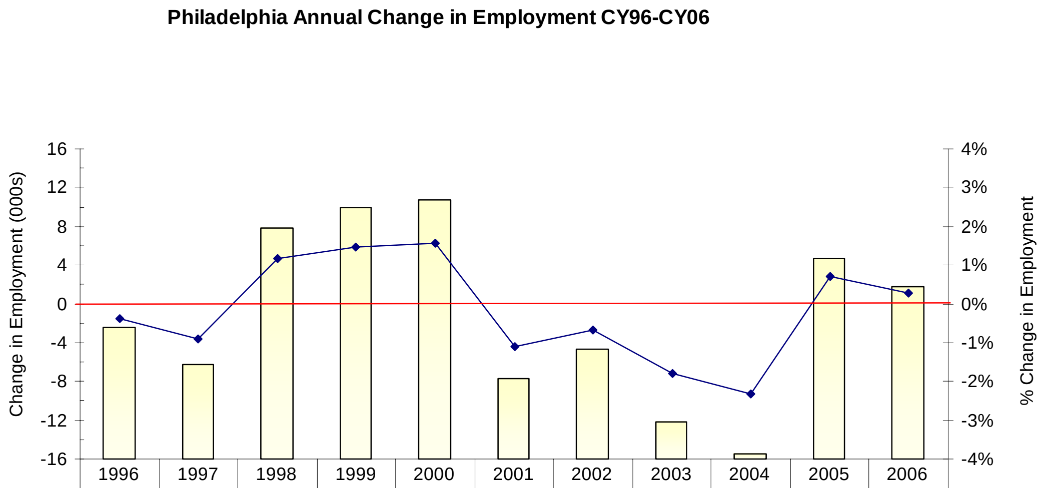
Philadelphia employment has experienced gradual improvement since the severe losses of three decades ago. Bureau of Labor Statistics (BLS) data indicate that, after declining by 15.1 percent in the 1970s, Philadelphia-based employment declined by only 4.5 percent in the 1980s, and 6.8 percent in the 1990s. Loss in share of national employment after 2002 is likely due to the recessionary trends of the period, and is not a reversal of the moderating trend over the past three decades toward lower annual rates of population and employment decline. As a result, Philadelphia's share of national employment has stabilized in recent years with only minor year-to-year changes as shown in the graph below.



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Annual	0.56%	0.54%	0.54%	0.53%	0.53%	0.52%	0.52%	0.52%	0.50%	0.49%	0.49%
Change	-0.014%	-0.019%	-0.007%	-0.005%	-0.003%	-0.006%	0.002%	-0.008%	-0.018%	-0.004%	-0.006%

Source: US Department of Labor, Bureau of Labor Statistics, 2007.

From FY03 to FY06, for example, the City has maintained a 0.5 percent share of national employment, which shows a sustained degree of stability. As shown in the chart below, the annual percentage change in employment increased from 0.7 percent in FY05, to 2.7 percent by FY06.



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Change in Employment	-2.5	-6.2	7.8	9.9	10.7	-7.7	-4.7	-12.2	-15.5	4.7	1.8
% Change in Employment	-0.4%	-0.9%	1.2%	1.5%	1.6%	-1.1%	-0.7%	-1.8%	-2.3%	0.7%	0.3%

Source: US Bureau of Labor Statistics, 2006, November and December classified as preliminary.

Improving trends suggest that Philadelphia is arriving at a period of employment stability. The long-term trend suggests that Philadelphia is regaining its competitiveness as a residential and business location.

Intergovernmental Support

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, service responsibilities, and intergovernmental financial aid. For example, in 1985 the State Supreme Court ordered the Commonwealth to fund the First Judicial District. Except for early attempts at implementation resulting in $2 million in savings, the Commonwealth has refused to comply with the Supreme Court's order, leaving the City to absorb $100 million or more annually. With $100 million in additional tax reductions, the City could abolish the gross receipts tax or reduce wage rates by almost an additional 7 percent.

Comparing Philadelphia, a combined city and county government, to other large cities and their overlapping county governments illustrates that Philadelphia is challenged by both its socioeconomic condition and its fiscal structure, including the challenges posed by high service needs and low state fiscal support. A 2004 Brookings Institution report noted, "Both the revenue-raising capacity and the expenditure needs of cities are powerfully shaped by state policies." Analysis of the financial reports of the 20 largest cities and their overlapping county governments, conducted in 2004, illustrated that Philadelphia had the widest range of service mandates by state government and the lowest general revenue sharing support among its peers. Among Philadelphia's peers, Pennsylvania and Texas were the only states that failed to 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 the city of Chicago.

Philadelphia's local service responsibilities are broader than the average of peer cities in other states. Pennsylvania is one of only 12 states to have county-administered child welfare programs. Although the cost of programs in Philadelphia is primarily reimbursed by the state, the City carried $41 million in local expenditures for these services in FY06. Fifteen of Philadelphia's peer cities do not bear these costs at all at the local level. By contrast, Pennsylvania's legislature continues to ignore the directive of the Pennsylvania Supreme Court that the court system should be state-administered and state-funded, costing Philadelphia over $114 million in FY06 in net local expenditures, including fringe benefits. New York City and Boston, by contrast, operate under state-administered and state-funded unified court systems, and avoid court expenditures. Baltimore and Boston are also fortunate to have their local prisons systems state funded, which would save Philadelphia roughly $194 million in FY06, including fringe benefits.

The state-local fiscal structure in Pennsylvania works to the detriment of urban areas across the state. However, the impact is greatest by far in the largest urban center, the City of Philadelphia. As the only city-county in the Commonwealth, Philadelphia 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. As shown in the table below, City spending on county functions is high compared to other Pennsylvania counties, and can be attributed to the city's high poverty rate.

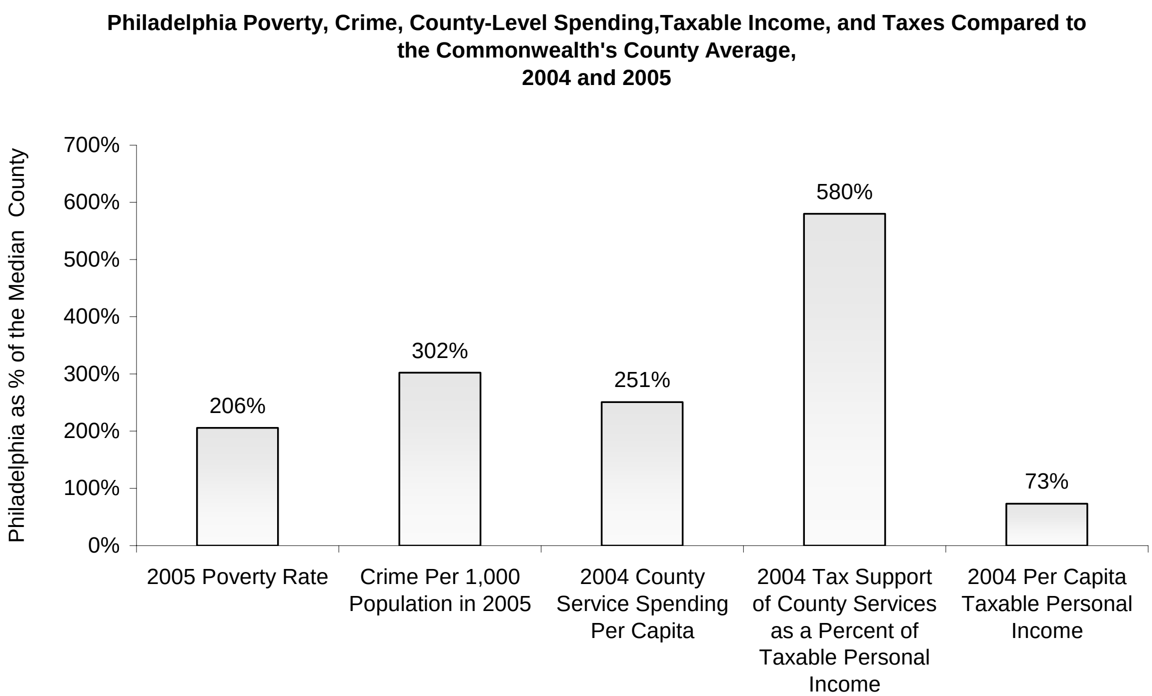
Philadelphia Compared to Other Pennsylvania Counties

	2005 Poverty Rate	Crime Per 1,000 Population in 2005	2004 County Service Spending Per Capita	2004 Tax Support of County Services as a Percent of Taxable Personal Income	2004 Per Capita Taxable Personal Income
Philadelphia	24.50%	55.6	$1,673	6.60%	$11,209
Pennsylvania Counties Other than Philadelphia					
Minimum	n/a	9.2	$262	0.60%	$11,771
Median	11.90%	18.4	$667	1.10%	$15,274
Maximum	n/a	33.7	$1,364	2.70%	$35,581

Source: Commonwealth of Pennsylvania, Department of Community and Economic Development.

According to the Census Bureau, Philadelphia's 2005 family poverty rate of 24.5 percent is 188 percent of the state median. Pennsylvania State Police uniform crime reports indicate that there were 55.6 Part I crimes per 1,000 residents in Philadelphia in 2005, nearly three times the level of the median Pennsylvania county.

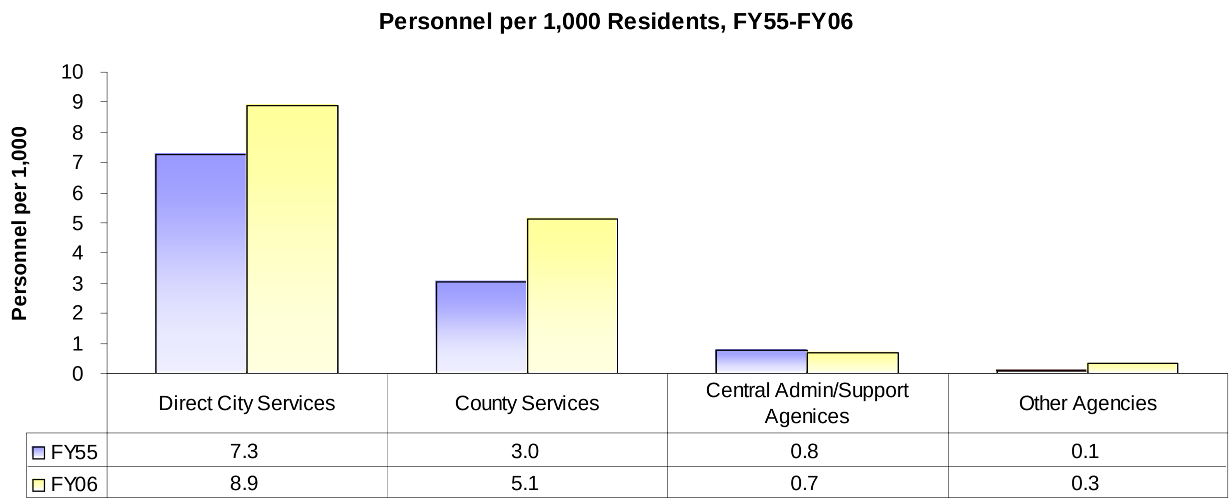
Philadelphia's high poverty and crime rates translate into a higher need for county level services. Based on county expenditure data compiled by the state Department of Community, Economic Development (DCED), and an analysis by the Philadelphia Office of Budget and Program Evaluation (OBPE), the City spending per resident in FY04 for county level services, was 251 percent of the median Pennsylvania County, as shown in the chart below.



Source: PA Department of Economic Development, PA State Police Uniform Crime Report, and Office of Budget and Program and Evaluation.

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 Pennsylvania Department of Revenue data on taxable personal income in FY04, Philadelphia tax collections supporting county services were 6.6 percent of personal income, nearly six times (580 percent) that of the Pennsylvania county median. Philadelphia's relatively weak tax base also serves to increase the effective tax rate required to support county-level services. According to Pennsylvania Department of Revenue data, Philadelphia's taxable personal income per capita in 2003 was only 73 percent of the median Pennsylvania county. The combination of low income and high tax burden for county services is an impediment to competitiveness with peer cities across the nation.

Staffing and expenditures for county functions, less discretionary than municipal functions—due to federal and state mandates and contractual ratios of staff to client—have been more difficult to control than those in the non-county expenditures as shown in the chart below.



Source: Office of Budget and Program Evaluation.

The number of full-time county employees increased from 3.0 positions per 1,000 residents in FY55, to 5.1 positions per 1,000 residents in FY06, a 70 percent increase. In contrast, direct City services personnel per resident increased by only 22 percent during the same period. The number of full-time positions in all other agencies (including central administrative services) decreased by 23 percent from FY55 to FY06.

The implications of Philadelphia's high tax burden to support county level services are significant. As reflected in the table below, the services in highest demand, criminal justice (excluding Police), and human services made up the highest percentage of unfunded state mandates in FY06.

Unfunded State Mandates by Agency, FY06 (Thousands)					
Agency	**Total Obligations**	**Revenue from Other Governments**	**Non-Tax Revenue**	**Un-reimbursed Obligations**	**% of Agency Total Un-reimbursed**
County Services					
Human Services	596,554	493,290	4,239	99,025	16.6%
Behavioral Health	15,532	0	0	15,531	100.0%
Subtotal	612,086	493,290	4,239	114,556	18.7%
Criminal Justice Services					
Prisons	$244,099	331	408	243,360	99.7%
First Judicial District	$154,991	24,251	28,559	102,181	65.9%
District Attorney	$40,931	0	12	40,919	100.0%
Legal Services	$33,609	0	0	33,609	100.0%
Sheriff	$19,751	0	7,372	12,379	62.7%
Clerk of Quarter Sessions	$6,276	0	6,994	(718)	-11.4%
Witness Fees	$104	0	0	104	100.0%
Subtotal	$499,761	24,582	43,345	431,834	86.4%
Total	$1,799,775	$519,495	$49,010	$1,231,269	68.4%

Source: Office of Budget and Program Evaluation. The Register of Wills ($3.1 million) not included with court-related functions. Total first Judicial District obligations include expenditures lowered by non-general fund sources.

In FY06, criminal justice functions totaled $1.2 billion, but the City received reimbursements for less than 3 percent of those obligations. The City also shouldered 99.7 percent of the burden of Prisons obligations, and 16.6 percent of Human Services obligations for the same period. In peer cities, as mentioned earlier, these services are provided by or fully funded by the state. With an additional $520 million in state funding, Philadelphia would have been able to reduce overall taxes by nearly 22 percent. In this case, the City could have waived the business privilege tax or cut the wage tax in half. Relief from these unfair local obligations would enable the City to adopt a tax structure that is significantly more competitive even than that recommended by the Tax Reform Commission.

Reductions in federal funding to the Commonwealth and resulting pressures on the Commonwealth budget represent a risk to the FY08-FY12 Plan. The Commonwealth attributes the need for tax increases to $750 million in proposed cuts to Pennsylvania's share of federal funding. According to a 2007 Center on Budget and Policy Priorities study, federal discretionary grants to state and local governments would decline by $3.9 billion from 2006 to 2008. By 2012, these programs would be cut by $34 billion. Cuts in education, training, employment, and social services reach a 38 percent by 2012. With the new Congress, final impacts are uncertain.

Included in the FY08 Plan is $86 million in additional services for the child welfare system, to remedy and prevent abuse, neglect, and juvenile delinquency, with additional City share of $10 million, or 23 percent compared with FY07. The FY08 Needs Based Budget (NBB) request targeted at-risk children and youth through expansion of the Adolescent Violence Reduction Project, curfew centers across the city, and enhanced programming aimed at children who are truant with eight or more unexcused absences. The total amount of the NBB represented in the Plan is $797 million. The Commonwealth has certified $108 million less ($689 million), $22 million less than the City projects to spend in FY07 ($711 million) for its child welfare system. The purpose of the NBB process under Act 30 is to ensure that child welfare systems across the Commonwealth are fully funded for needed services. Counties submit plans to the Pennsylvania Department of Public Welfare, which in turn submits a letter to the Governor's Office, certifying amounts for each county. It is now up to the legislature to evaluate the level of child welfare need across the Commonwealth through the state budgetary process. The City will engage in a vigorous public debate with the Administration in Harrisburg, with the Philadelphia Delegation, and with other interested parties on the need for funding from the Commonwealth, and will pursue all remedies available under Act 30 in order to close the $108 million gap between what the City has determined it needs and what has been included in the Governor's FY08 budget

The City's ability to continue 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 Plan assumes support for the state for prevention programs through FY12. If the Commonwealth does not continue to support vital prevention programs, the City will be forced to discontinue them.

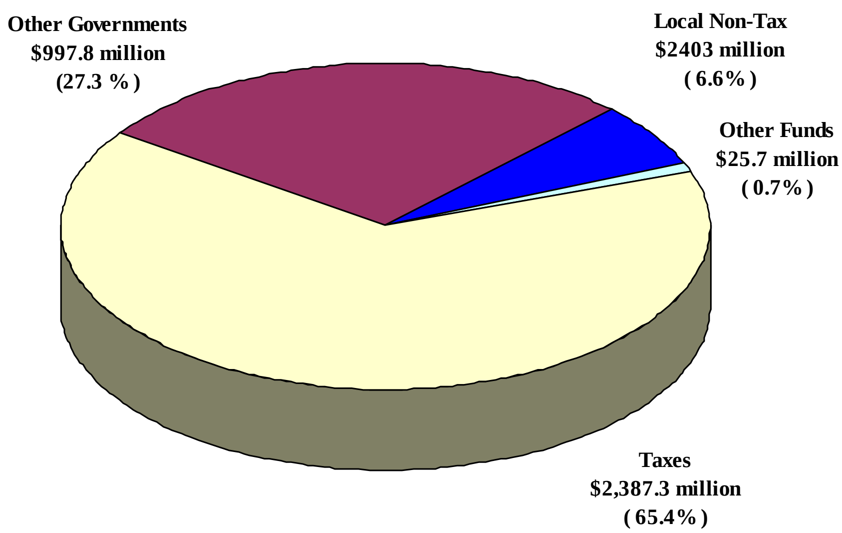
Revenues

The Revenue section presents a snapshot of FY07 revenues, discusses overall tax history and projections, describes the performance and projection of principal taxes in detail, and gives an overview of locally generated non-tax revenue.

FY07 Revenues

General Fund budgeted FY07 revenues of $3.65 billion are divided into four major categories, as show in the chart below.

Sources of FY07 General Fund Revenues
$3,651.1 million



Source: Office of Budget and Program Evaluation.

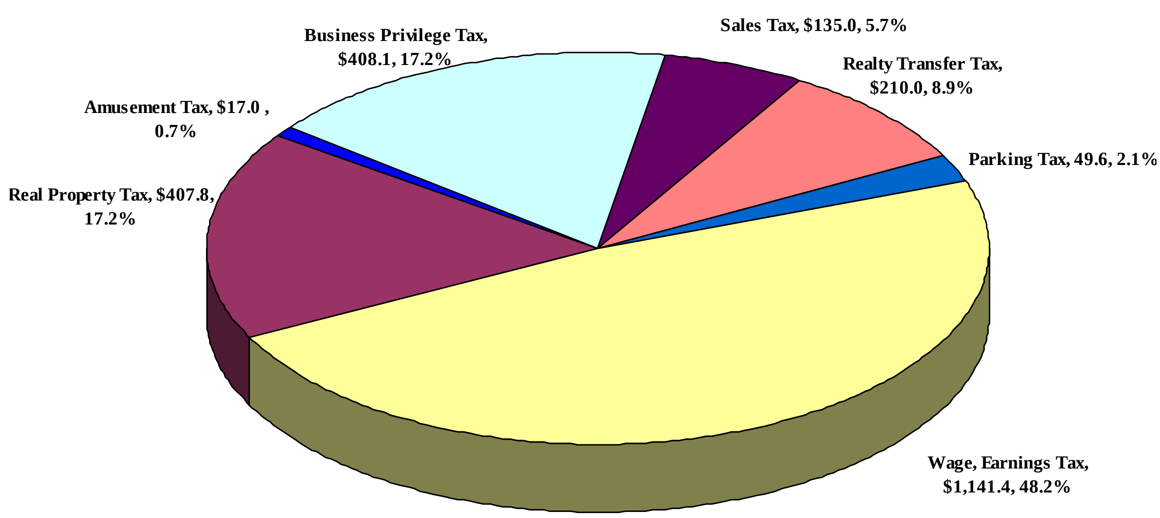
Revenues from other governments comprise 27.3 percent of total revenue. Intergovernmental revenues consist primarily of federal and state reimbursements for the costs of social service programs and the PICA City account revenues collected from the PICA wage, earnings, and net profits taxes, after deductions for PICA debt service and expenses. The revenues of the PICA tax secure the debt incurred when PICA 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.

Locally generated non-tax proceeds comprised 6.6 percent of FY07 total revenues. Locally generated revenues include various fees, fines, and charges assessed by the City. Revenues from other funds, which primarily consists of payments to the General Fund by the Water and Aviation funds, for services performed by other City agencies, total less than 1 percent.

General Fund revenue growth exceeded inflation in eight of eleven fiscal years from FY96 to FY06, after adjusting for the effects of deductions for PICA debt service and non-recurring revenues. [1] Revenues are expected to increase by an average of 4.6 percent from FY97 through FY08, well above the average regional inflation rate of 2.6 percent over the same period. A major reason that revenue growth exceeded inflation was a significant increase in revenue from other governments, mainly from the federal Temporary Assistance for Needy Families (TANF) Block Grant and state and federal child welfare funding programs.

Taxes make up 65.4 percent of estimated total FY07 revenue. The City's seven taxes include the wage tax, real estate tax (RET), realty transfer tax (RTT), business privilege tax (BPT), sales tax, amusement tax, and the parking tax, as shown in the chart below.

Percentage Distribution of FY07 Primary General Fund Tax Revenues
$2,387.3 million



Source: Office of Budget and Program Evaluation.

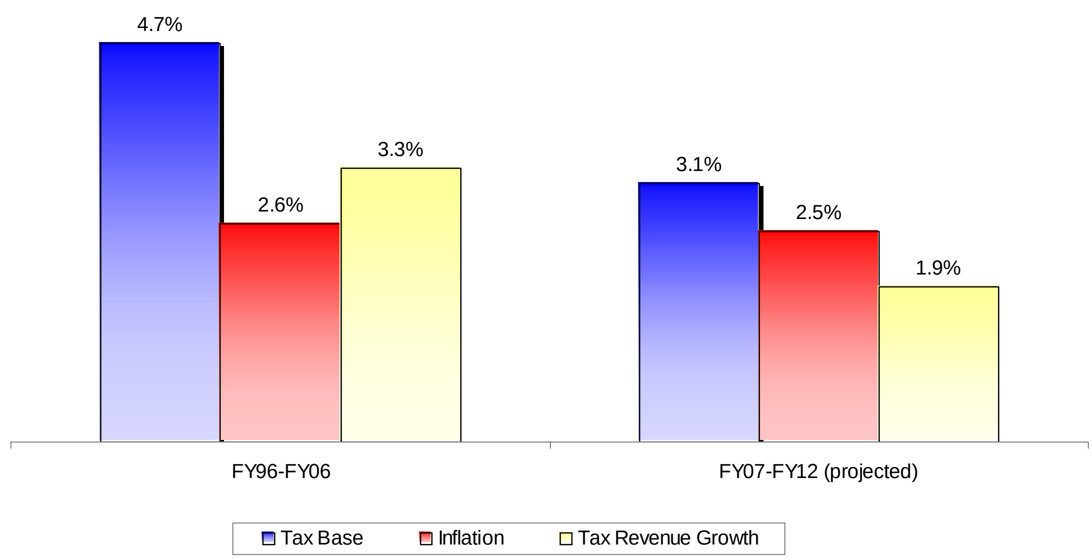
[1] All revenues, unless noted otherwise, exclude PICA debt service and non-recurring revenue effects.

Of these taxes, all but the amusement tax (a modest source, at $17 million) are discussed in detail later in this section. Principal taxes provide $2.38 billion of FY07 City revenue. The wage tax, estimated at $1.14 billion in FY07, provides nearly half the tax revenue, followed by the business privilege tax, which has surpassed the real property tax out of second place in FY07.

Tax Base History and Forecast

Philadelphia's tax base, with tax revenues adjusted for rate and tax changes and non-recurring amounts grew from FY96 to FY06 at an average annual rate of 4.7 percent, exceeding the 2.6 percent regional rate of inflation, as well as the growth of overall revenue collected (3.25 percent). As the following chart shows, the FY08-FY12 Plan assumes that the tax base will grow slightly better than the regional inflation rate (2.5 percent), averaging 3.1 percent from FY07 to FY12, which the City uses for projection purposes.

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 tax and BPT rates were reduced in FY07, the twelfth consecutive fiscal year of reductions. When the tax reduction program was initiated in FY96, the intention was annual, incremental tax cuts that were not threatening to service levels or the City's hard-won fiscal stability. Since that time, 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. However, over the Mayor's veto, City Council locked in tax cuts through 2015, and projected revenue reflects the cumulative effect of increasingly large locked-in cuts in the out-years.

From FY92-FY00, $319.8 million in cumulative tax cuts for were removed from the tax base and $612 million in cuts were removed from FY01-FY04. From FY05 to FY08, $954 million in cuts will be removed. These cuts represent a total of $1.6 billion in cuts through FY08. From FY09 to FY12, an additional $1.45 billion is slated for removal, making the total tax reduction $3.3 billion since FY96. In FY10 and after tax cuts are much larger than in the preceding decade. For example, annual wage tax cuts will be $51 million in FY11 and $52 million in FY12, compared to $12 million in FY07. In light of rapid growth in fixed obligations, such as debt service and health and pension obligations, large annual rate cuts make the City's fiscal stability vulnerable to unforeseen factors that may increase expenditures or decrease revenues. The City believes that, as financial circumstances permit, it is prudent to continue to adjust business taxes that will improve Philadelphia's economic outlook.

Wage and Earnings and Net Profits Tax

The Wage and Earnings and Net Profits Tax (the wage tax) is the City's largest source of tax revenue, projected to account for almost half (49.7 percent) of total tax revenue in FY07. The tax imposes 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 4.26 percent—and a 3.7557 percent tax on non-residents working in Philadelphia. Actual wage tax collections for FY02 through FY06, as well as projections through FY12, are presented in the table below.

Wage Tax Collection History and Forecast
($ in millions)

	History				Forecast					
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
PICA wage tax	273.41	276.8	291.4	300	311.2	323.7	337.4	351.8	367.6	384.1
City wage tax	1,013.4	1,049.6	1,073.6	1,111.2	1,141.4	1,174.2	1,223.1	1,239.8	1,243.4	1245.8
Total wage tax	1,286.8	1,326.4	1,365.0	1,411.2	1,452.6	1,497.9	1,560.5	1,591.6	1,611.0	1,629.9
Growth	0.00%	4.10%	2.90%	3.40%	2.85%	3.02%	4.01%	1.95%	1.20%	1.16%
Tax Rates										
Resident	4.50%	4.46%	4.33%	4.30%	4.26%	4.22%	4.17%	4.02%	3.86%	3.71%
Non-resident	3.91%	3.88%	3.82%	3.77%	3.76%	3.72%	3.69%	3.60%	3.53%	3.47%

Source: Office of Budget and Program Evaluation.

From FY04-FY06, actual wage tax revenue exceeded budget projections by a total of $58.6 million. FY06 proceeds were 38 percent higher than those of FY92 were and 25 percent more than FY02.

The wage tax has a PICA and a City component, and with different levies for residents and nonresidents. Since the passage of the PICA statute in 1992, when the Authority helped to remedy financial difficulties in the City with bond funds, PICA has been entitled to a "first dollar" claim on wage tax proceeds, to satisfy bond covenants. In FY06, the City received $300 million from the PICA tax, which is a portion of tax collections equaling 1.5 percent of wages and net profits earned by city residents. Due to a lawsuit in the 1970s, the court ordered the nonresident rate be set 13 percent below the resident rate.

Local Wage Tax Legislation

The FY08 plan takes into account the continuation of Ordinance 040607's incremental wage tax reductions through FY12. 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 rate for residents is 4.26 percent and 3.7557 for non-residents in FY07, a 14 percent and 13 percent cut, respectively, from 1995 rates.

Wage tax rates were reduced on January 1, in FY96, and FY05 to FY12. During FY97 through FY04, the reductions were made each July 1, as the first twelve steps in the City's incremental tax reduction program took effect. Local legislation required that the resident wage tax rate be further reduced to 4.219 percent, and the non-resident rate be reduced to 3.7242 percent, effective January 1, 2007. The rate will be further reduced to 3.7094 percent for residents and 3.4659 percent for non-residents by FY12, as reflected in the chart below.

Wage Tax Rate Reductions[1]

	Residents		Non-Residents	
Fiscal Year[2]	**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%
2012	**3.7094**	**-25.21**	**3.4659**	**--19.63**
Total Reduction, 1995-2012	**3.7094**	**-25.21**	**3.4659**	**--19.63**

Projected rates for 2006-2012 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.

Source: Office of Budget and Program Evaluation.

In conjunction with the passage of the FY05 budget, however, Bill 040607 prescribes specific wage tax reductions for each year through FY15. The following table shows the bill's projected impact on wage tax growth.

Impact of Bill 040607						
	FY07	**FY08**	**FY09**	**FY10**	**FY11**	**FY12**
Avg. Wage/Employee Growth	3.75%	4.00%	4.00%	4.00%	4.00%	4.00%
Employment Change	0.00%	0.00%	0.25%	0.25%	0.50%	0.50%
Gross Growth Forecast	3.75%	4.00%	4.25%	4.25%	4.50%	4.50%
Effect of Tax Cut	-1.10%	-1.12%	-1.37%	-1.25%	-4.18%	-4.28
Net Growth Forecast	**2.65%**	**2.88%**	**2.88%**	**3.00%**	**0.32%**	**-4.24%**

Source: Office of Budget and Program Evaluation.

Beginning with a net growth of 2.65 percent in FY07, the wage tax's rate of growth decelerates along with the acceleration of the tax cut by FY11 and FY12.

State Legislation

On July 4, 2004, the Governor approved HB2330 and SB100, legislation that will provide funding for the implementation of statewide tax reform when casino proceeds begin to flow. The bills enable additional reductions in the City's wage tax rate, helping Philadelphia become more competitive. The majority of state tax revenues from gaming, 34 percent of all gaming revenues, will be earmarked for state-level tax reductions. Tax cuts will be phased in as soon as proceeds from the Commonwealth's tax on Philadelphia's casino gross revenues reaches $500 million.

Since it is estimated that casinos will not make an impact on lowering tax rates in jurisdictions until 2009, the Governor's FY08 budget proposes a 1 percent increase in the sales tax, which enables a $58 million reduction in the wage tax, starting in FY08. Tax reform receipts of $58 million should enable the wage tax rate to be cut by about 58 percent of the $100 million proposed by 2004 legislation, approximately 4.035 percent for residents, and 3.625 for nonresident rates.

The following table shows the projected rate reductions, assuming $101.1 million in annual funding to the City for tax reduction purposes from gaming proceeds beginning in 2009, from NB 2330 and SB100.

Wage Tax Rate Reductions - State Tax Reform				
	Residents		Non-Residents	
Fiscal Year	**Rate (Proposed FY08-FY12)**	**Change from FY95 Rate**	**Rate (Proposed FY08-FY12)**	**Change from FY95 Rate**
2009	3.7653%	-24.09%	3.5714%	-17.18%
2010	3.6269%	-26.88%	3.4935%	-18.99%
2011	3.4885%	-29.67%	3.4249	-20.58%
2012	3.3501%	-32.46%	3.3591%	-22.11%
Total Reduction, 1995-2012		**-32.46%**		**-22.11%**

Source: Office of Budget and Program Evaluation.

By FY12, the wage tax will reach levels 32.5 percent below those of FY96. Yet, due to uncertainty surrounding the timing of state tax reform aid, and delays in the gaming implementation process, the FY08-FY12 Plan assumes no revenues from gaming until late in FY09. Because any state tax reform aid received by the City for wage tax reduction is to be budget neutral, this assumption does not affect total Plan revenue projections.

Gaming Task Force analysis maintained that gaming-funded wage tax cuts are expected to create increases in the wage, property, and sales tax bases, because a high wage tax will no longer be a disincentive to living and working in the City.[2] Thus, the funding provided by the Commonwealth is essential to the City's overall tax reform strategy.

However, while providing for relief from the wage tax burden, the state legislation also reinforced City Council Bill 040607, by locking in Philadelphia wage tax reductions at the same rate set by City Council, but only through FY09. Locked-rates severely constrain the City's ability to respond to fiscal emergencies, such as the present high trends in Prisons costs and arbitration- and court-mandated hikes in City contribution to union health and welfare funds. The FY11 and FY12 Bill 040607-mandated cuts of $50 million or more per year pose a particularly high risk to the stability of the out-years of the Plan.

Wage Tax Growth Indicators

The following table illustrates how employment and average wages per employee—the two key variables considered in formulating the City's wage tax revenue forecasts—changed from FY05 to FY06, from FY01 through FY06, and from FY96-FY06.

[2] Philadelphia Gaming Advisory Task Force, Executive Summary. Data reflects available date covering FY98-FY06, contrasted with the FY96-FY06 period referenced in the wage tax Forecast Variable table.

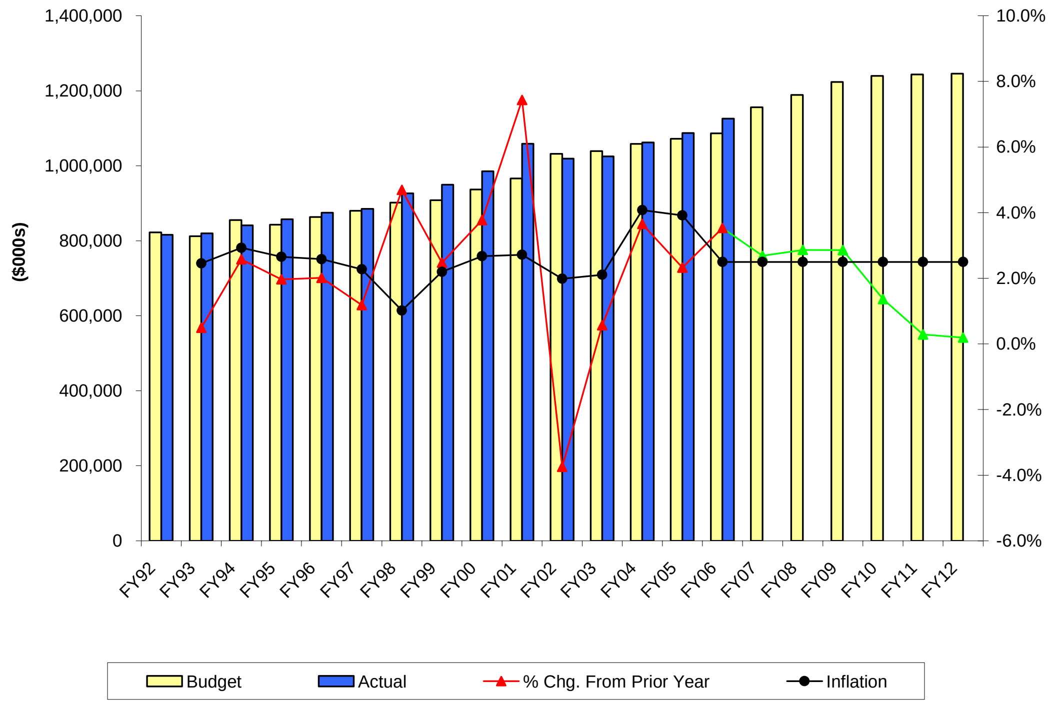
Wage Tax Forecast Variables - Historical Average Annual Growth Rates			
	FY05-06	**FY01-06**	**FY96-06**
Wage and Earnings Tax Base (1)	3.56%	3.13%	3.87%
Non-agricultural Payroll Employment (Philadelphia City)	-1.7%	-0.4%	-0.04%
Average Wage/Employee (Phila. city)	2.5%	3.8%	3.68%[3]
Consumer Price Index (Phila. region)	3.6%	3.0%	2.6%

Source: U.S. Bureau of Labor Statistics and Pennsylvania Department of Labor and Industry (1) Includes PICA Tax.

From FY96-FY06, payroll employment declined by an average of 0.04 percent annually. This minimal decrease had no impact on the wage tax base. In fact, the wage tax base increased at an average annual rate of 3.9 percent over the same period, and the average wage per employee growth rate increased 3.8 percent. The growing wage tax base has helped to reduce the revenue impact of the incremental wage tax cuts over the period. Consistent with these growth trends, the base of the wage tax—wages and salaries of Philadelphia residents and Philadelphia-based employees—are projected to grow by between 3.75 percent and 4.0 percent annually over the life of the Plan. An additional reason for the estimated quarter percent growth is the addition of casino construction and permanent jobs made possible through Bill 040607.

Wage tax projections for FY07 increase by only 1.2 percent from the previous year, an indication of continued impact of tax cuts on the revenue stream. As reflected in the graph below, the FY08-FY12 Plan projects growth at the regional inflation rate from FY08 to FY09, but declines thereafter.

Wage Earnings and Net Profits Tax History & Projection, FY92-FY12



Note: The green portion of the "% Change from Prior Year" line indicates the transition from tax history to tax projection.
Source: Office of Budget and Program Evaluation.

Collections are projected to slow down after FY08, reflecting the impact of particularly large impact of tax cuts in those years. From FY92-FY00, $224 million was removed from the wage tax. The few exceptions to this growth pattern can be attributed to two notable events. Philadelphia did not escape the national recession that followed the 9/11 disaster. In FY02 and FY03, revenues came in under budgeted amounts, as shown in the above graph. Thereafter, the wage tax consistently performed above inflation, and increased annually from FY03 to the present, reflecting recovery of the business sector after a recessionary period.

Real Estate Tax

Formerly the second largest tax source, the real estate tax (RET) slipped to third place in FY06 behind the business privilege tax, accounting for an estimated $395.9 million, or 17.3 percent of total tax revenue. The tax is levied on behalf of both the School District of Philadelphia and the City's General Fund at a combined rate of 8.264 percent of the assessed value of residential and commercial property.

For FY02 and prior years, the General Fund's share was 3.745 percent and the School District's was 4.519 percent. Since FY03, the General Fund share is 3.474 percent and the School District's is 4.79 percent. The FY03 millage shift was made to provide the School District with $25 million of the $45 million in additional annual funding the City pledged as part of a Partnership Agreement with the state.

The table below presents real property tax collections from FY03 to FY06, and projected revenue through FY12.

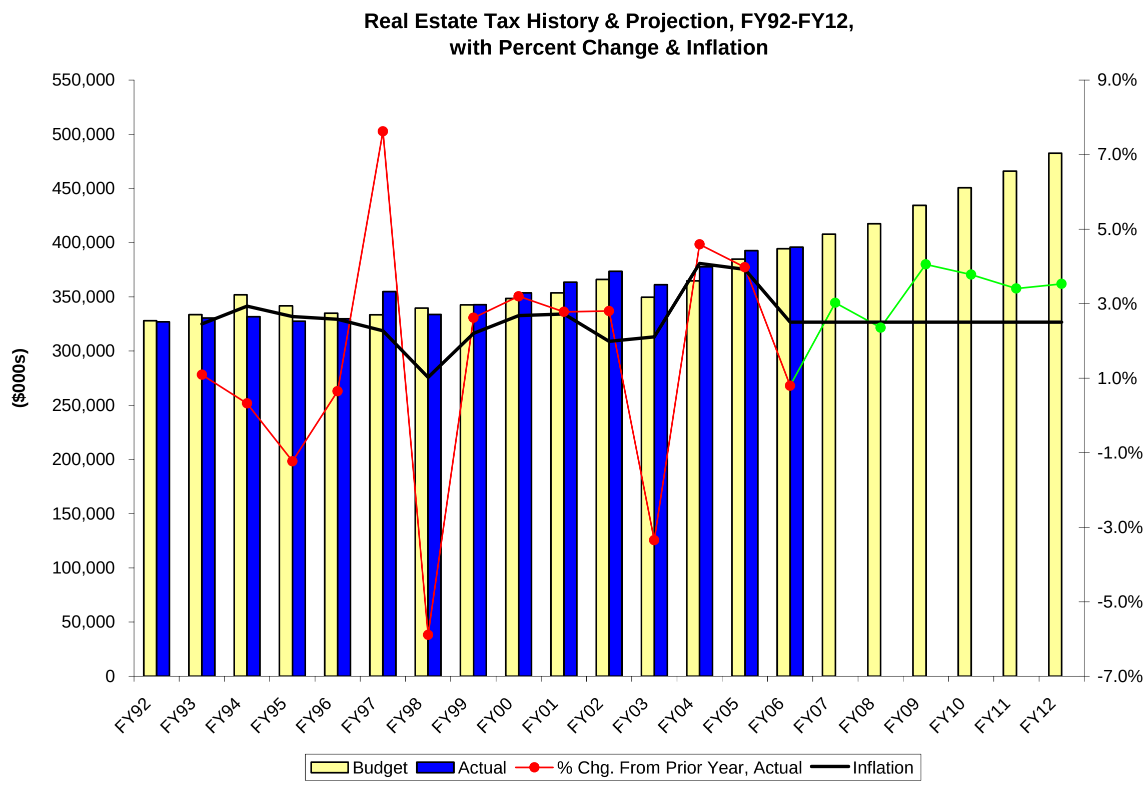
Real Property Tax Revenue History and Forecast ($ in millions)											
	History					Forecast					
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Current [1]	333.2	329.4	332.6	353.2	354.1	366.8	376.4	393.3	410.7	426	442.5
Prior [2]	40.4	31.7	45.1	39.5	41.8	41	41	41	40	40	40
Total	373.6	361.1	377.7	392.7	395.9	407.8	423.8	439	448.3	458.9	469.2
Growth	2.80%	-3.35%	4.60%	4.00%	0.80%	3.00%	3.92%	3.59%	2.12%	2.36%	2.24%

[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.

As shown in the graph below, real estate tax revenues returned to growth from FY04 to FY06, after the decline in collections from FY02 to FY03, due to the School District millage transfer.



Note: The green portion of the "% Change from Prior Year" line indicates the transition from tax history to tax projection.

Source: Office of Budget and Program Evaluation.

Average growth from the FY93 to FY01 was 1.2 percent annually, and after the transfer of millage to the School District in FY03, grew by 2.1 percent annually from FY03 to FY06. Projected average annual growth over the FY07-FY12 period is 3 percent.

In addition, the City's strategically targeted investments—NTI bond financing and tax abatement—in neighborhoods throughout Philadelphia, including those passed over in prior booms, has created a marked increase in home sale prices. Nearly 2,800 new housing units have been created, 275,000 abandoned cars removed, 500,000 graffiti defacements abated, nearly 80,000 vacant lots rehabilitated, and 5,000 abandoned and dangerous properties demolished. For perhaps the first time in decades, neighborhoods with properties customarily below market value were commanding prices competitive with more traditionally fashionable locations. The table below shows the five-year trend of median housing price increases.

Philadelphia Media Home Sale Prices 2001-2005

Year	Existing Home Price	Price Growth
2001	$ 131,700	8.8%
2002	$ 145,700	10.6%
2003	$ 167,200	14.8%
2004	$ 183,800	9.9%
2005	$ 212,000	15.3%
Average	**$ 168,080**	**11.9%**

Source: National Association of Realtors, 2006.

Mortgage rates reaching a 45-year low, property tax abatements, wage and business tax cuts, and greater investor confidence in the city have all contributed to increased property demand and value. Since 1999, the real estate market has seen dramatic increases in value in many locations throughout Philadelphia. In 2005, the median home prices increased by 15.3 percent, nearly twice the rate of increase in FY01.[4] The sales price of existing homes increased by more than 60 percent over the period, averaging 11.9 percent per year, with the strongest growth occurring in 2003 and 2005. However, there are several indicators that Philadelphia's growth in property values is not evidence of a precarious real estate bubble but rather reflects a stable, strong real estate market. A housing bubble occurs when speculative increases in property valuations reach unusustainable levels relative to income, followed by property value decreases or a housing market crash In Philadelphia ratios were sustainable For example, in late FY06, the ratio of median mortgage serving costs to median income was near its local historical average, which indicates an absence of widespread financial overreaching in home purchases in the region. The number of sub-prime loans is also below the national average. The low 12 percent rate of new loans with a loan-to-value ratio of greater than 90 percent further indicates that the risk of foreclosures in the region is low.

However, Board of Revision of Taxes (BRT) property assessments have not kept pace with this trend as shown in the chart below, as the BRT has worked to implement its complete re-assessment of properties and improved assessment process with the assistance of Productivity Bank funding.

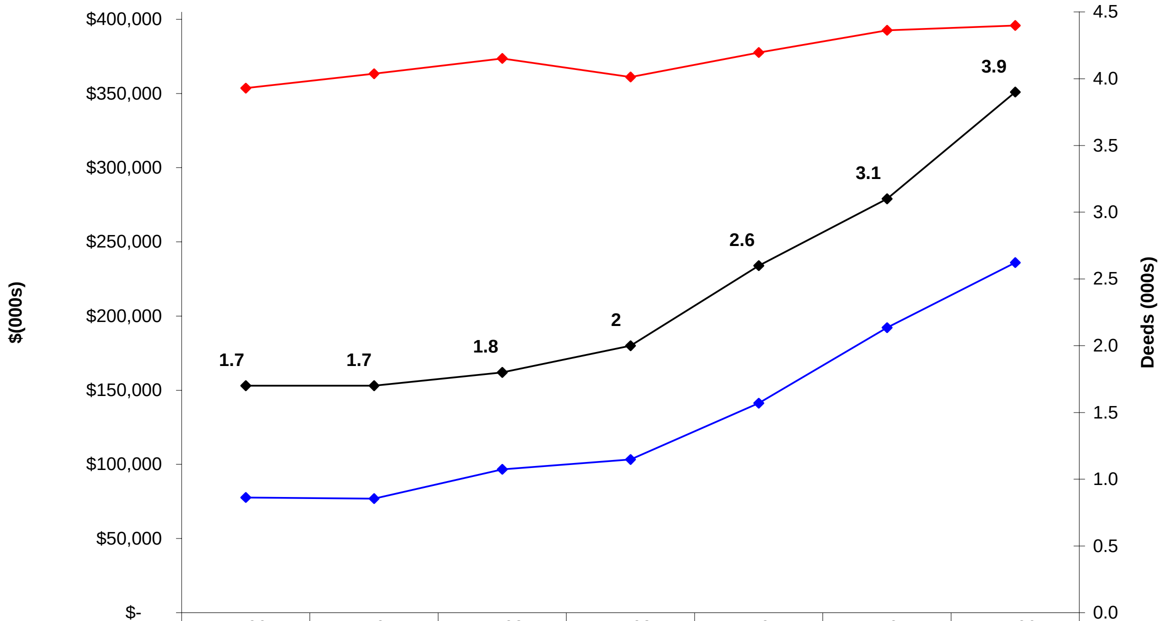
4 Freddie Mac, Federal Reserve, 2005.

Growth in Real Estate Tax Assessments, 2000-2007 ($ in millions)								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Certified Assessments	9,452	9,741	10,159	10,621	10,946	11,031	11,417	11,615
Growth Over Prior Year	2.30%	3.10%	4.30%	4.50%	3.10%	0.80%	3.50%	1.73%
Adjustments	-70	-62	-160	-235	-250	-57	-141	N/A
Net Billings	9,382	9,679	9,999	10,386	10,696	10,974	11,276	N/A
Growth Over Prior Year	2.20%	3.20%	3.30%	3.90%	3.00%	2.6%	2.8%	N/A

Source: Board of Revision of Taxes.

The RET grew by only 13 percent growth during the 2001-2005 period, which includes a modest 4.5 percent increase as a reflection of the 14.8 percent homes price growth spike in 2003. The success of the Philadelphia housing market, by contrast, is better demonstrated by rapid escalation in the number of taxable deeds recorded and the growth rate of the realty transfer tax (RTT), compared to the RET. RTT revenue grew far more dramatically from FY00 to FY06, compared to the RET, as shown in the chart below.

RTT & RET Compared to Taxable Deeds, FY00-FY05



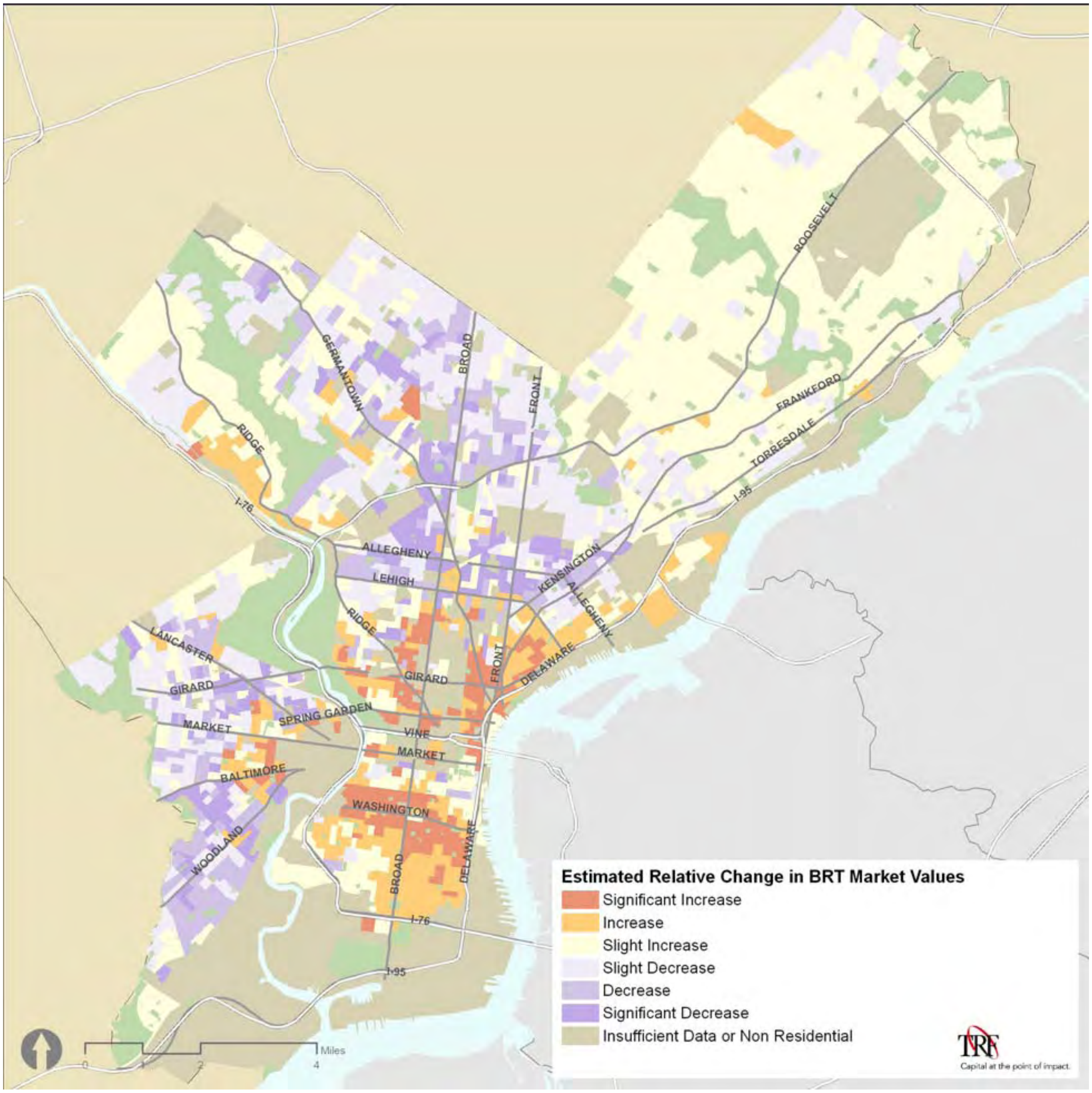
	FY00	FY01	FY02	FY03	FY04	FY05	FY06
RET Total	$353,584	$363,413	$373,600	$361,086	$377,668	$392,681	$395,817
RTT Total	$77,709	$77,025	$96,733	$103,359	$141,345	$192,266	$236,061
Taxable Deed ***	1.7	1.7	1.8	2	2.6	3.1	3.9

Source: Board of Revenues and Taxes and Philadelphia Department of Records.
**** Only deed revenue that is taxable excluding deeds of condemnation or sheriff's deeds.*

While RTT proceeds tripled from $78 million in FY00, to $236 million in FY06 and the number of deeds increased 130 percent over the same period, real estate tax proceeds, appearing relatively flat in the chart above, only grew by 12 percent. This increase in the number of transactions reflects an increase in demand in the Philadelphia's real estate market. If re-assessment had occurred prior to the FY03 housing boom, the RET growth rate would have better reflected the real growth in demand and the resulting value increase of property during the current housing boom.

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 BRT certifies aggregate assessments estimates for the upcoming tax year. As the year progresses BRT adjusts assessments because of additions to the tax rolls, reduction in assessments that it granted in response to requests from commercial and residential property owners, and changes resulting from Court of Common Pleas decisions on assessment appeals. The Revenue Department's net billings for each year reflect these adjustments. BRT plans to assess properties at 100 percent of market value in FY09. Full valuation will result in a more transparent system in which assessment growth closely tracks trends in actual real estate market values. BRT expects to have full valuation estimates developed in late summer 2008.

Research suggests that, for more than three decades, high value properties in some areas of the city have been under-assessed, while lower value properties have been over-assessed in many low- and moderate-income areas. As shown in the map below, market value changes after full valuation assessment will occur across the city, according to The Reinvestment Fund (TRF).



Source: The Reinvestment Fund.

As shown in the map above, over one third of residential properties may experience a decrease in market value under full valuation. TRF estimates that approximately 38 percent of all residential properties citywide will experience a tax decrease, as a result of valuation decreases, if City Council changes the property tax rate to be budget-neutral in conjunction with new "full market value" valuations by BRT. Final market valuations will be the result of BRT analysis and deliberation.

The Administration supports the move toward full valuation. Full valuation represents an important new element in the City's overall tax policy strategy, recognizing that tax reform must address structural inequities, as well as rate reductions. Full valuation will increase the accuracy of property assessments in Philadelphia improving the fairness of the real estate tax for city taxpayer and reducing the regressivity of the current system.

The Administration is also committed to working closely with BRT, City Council, and the Commonwealth to ensure strategies are in place to mitigate the effects of gentrification or undue financial hardship as a result of full valuation. Therefore, in addition to a policy of lowering the real estate tax millage, which will mainly address the change in assessment ratio and the closing of the traditional 30 percent gap between BRT market value and full market value, the Administration also is willing to consider the following options as a means of mitigating the impact of:

- Equalization of valuations across neighborhoods and properties
- Rapid rises in property values over a several-year period that will suddenly be reflected in assessments in tax year 2009
- Increases in real estate taxes for low- and fixed-income homeowners.

Mitigation techniques would include buffering, deferrals, exemptions, caps or freezes, and rebates. A system of buffering or temporarily deferring increases in real estate tax would smooth the impact of the sudden, one-year increase in real estate tax payments for some homeowners that may result following implementation of full valuation. Under this system, the BRT would conduct reassessments annually as planned, and the annual assessment would be recorded, but the tax due upon a property would be based on several years' worth of assessments.

A buffering or temporary deferral program should be modeled in order to determine the city-wide taxable assessed value simultaneous with identifying new millage rates, not afterwards. Buffering would probably also require that the millage rate be adjusted downward each year for several years until the full impact of the 2009 revaluation were incorporated.

The Mayor and City Council have authority to defer real estate tax due. Real estate taxes due can be deferred on a city-wide basis, with discretion for the length of deferral and the amount that can be deferred. Due to the uniformity clause and other laws, the ability to defer for specific classes of properties or property owners is limited, although the City has the ability to defer taxes for low-income residents based on poverty guidelines used by the state. A deferral could be for one year, several years, or until sale or transfer.

The City could make use of a state law (Act 146-88) authorizing an exception to the uniformity clause by allowing deferrals or exemptions of a portion of real estate tax increases due to gentrification. The deferrals or exemptions can be granted to long-time owner-occupants (at least 10 years, five years if a recipient of public assistance) in neighborhoods designated by Council. The state law would have to be changed to implement such guidelines and thus avoid granting relief to property owners who are not experiencing extraordinary hardship.

An exemption of some portion of residential assessed value would provide a progressive tax benefit to homeowners. An amendment to the state constitution approved by voters in 1997 provided an exception to the uniformity clause for "homestead exclusion," making Pennsylvania one of 40 states to authorize a homestead exclusion or exemption, according to the Institute on Taxation and Economic Policy. This amendment and its enabling act provide taxing bodies—including counties, municipalities, and school districts—the ability to provide a homestead exclusion of up to one-half of the median assessed value of homes in the taxing district. The exclusion is required to be a flat dollar amount that applies uniformly to all owner-occupied residential properties in the taxing district, regardless of income, age, or other factors. The flat exclusion is a progressive benefit—it represents a greater proportional tax benefit to properties at or below the median property value than for those above the median. Unfortunately, this enabling act also specifically excluded Philadelphia. The General Assembly would have to change the law in order for the City to provide an exclusion. Even if the City had the legal authority, there are conditions attached to the exclusion in the enabling act, which have discouraged most taxing districts in the Commonwealth from providing homestead exclusion. If the state provided the City with the ability to grant some form of a homestead exclusion in time for tax year 2009, it could make an effective tool for mitigating spikes in real estate tax bills and the impacts of gentrification, especially for low--and fixed-income homeowners. The sudden increase in assessments provides an opportunity to provide a homestead exclusion in a budget-neutral way, by providing every owner-occupied household (over 348,000 households, according to a BRT estimate) the exclusion, and not reducing the tax rate quite as much as we otherwise would, following full valuation.

The City's Forgiveness of Real Estate Tax or "senior freeze" program freezes the real estate tax due on a property at the last level before the homeowner successfully applies for the program. The Revenue Department implements the program pursuant to state law. The current program provides a freeze on increases in the tax due for homeowners over 65 years of age who fall within the income guidelines of the state's PACE program. In 2004, 16,000 homeowners received credits or rebates of over $3 million through this program.

A general cap on real estate tax due would place a cap on the maximum allowable increase in tax liability from one year to the next. Regardless of the rate of assessment increase, a homeowner's tax due could not increase by more than a certain percentage in any one year. A cap could be imposed for one year, multiple years with a sunset, or permanently.

The State Property Tax/Rent Rebate program provides real estate tax relief to low-income senior citizens, widows and widowers, and the disabled. This program provided over $20 million in rebates to over 50,000 Philadelphia residents in 2003. If the Commonwealth expanded the maximum income eligibility for this program, this would provide relief for more homeowners that may be impacted by real estate tax increases.

Tax Abatements

Real estate properties whose tax rates have been frozen under a tax abatement program are beginning to appear in the City's tax rolls during the FY08 Plan. The abatements in the chart below, enacted in the 1990s, will bring a total of $11.9 million back to the tax rolls by FY12 and $82.1 million by FY17.

Abatement Revenue Returning FY07-FY17

Year	City
2007	163,265
2008	599,714
2009	1,467,682
2010	2,118,749
2011	3,096,245
2012	4,450,252
2013	7,485,982
2014	9,825,209
2015	14,421,311
2016	18,581,463
2017	19,881,704
Through 2015	**43,628,409**
Total	**82,091,576**

Source: Office of Budget and Program Evaluation.

Anecdotal evidence suggests that real estate tax abatements above spurred a rise in development, based on perceived savings to developers and buyers.

Realty Transfer Tax

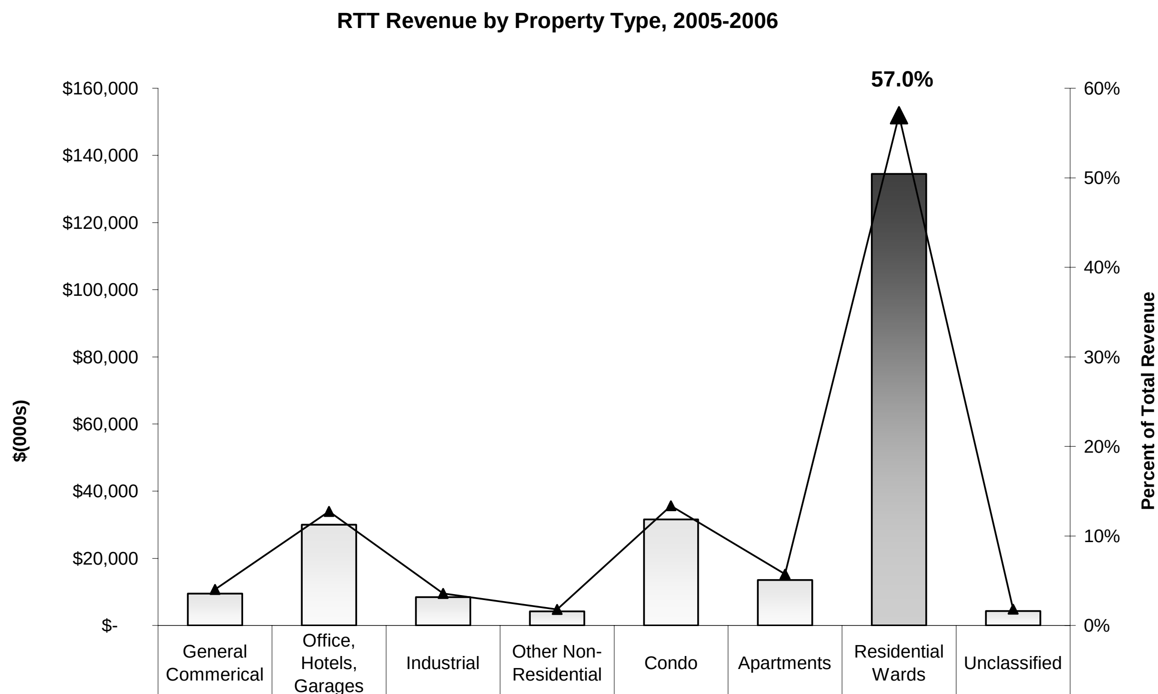
The realty transfer tax (RTT) is a tax on the sale of real property in the city. In FY07, the RTT is projected to generate 8.4 percent of General Fund tax revenue. The current rate is 3.0 percent on the value of property transferred. In response to a recommendation by the Tax Reform Commission, City Council passed Bill 040019 in June 2004 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 table below presents actual RTT collections from FY03 to FY06, and projections through FY12.

Realty Transfer Tax History and Forecast
($ in millions)

	History					Forecast					
	FY02	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**	**FY12**
Collections	96.7	103.4	141.3	192.3	236	210.0	205.0	205.0	210.1	215.4	220.8
Growth	25.6%	6.9%	36.7%	36.1%	22.9%	-11.2%	-2.4%	0.0%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation.

A revenue source with considerable volatility, the RTT has skyrocketed over the past few years, driven by increasing property values, the City's strategic investments, and a higher volume of transactions. As noted in the chart below, a majority of RTT revenue came from residential sales.



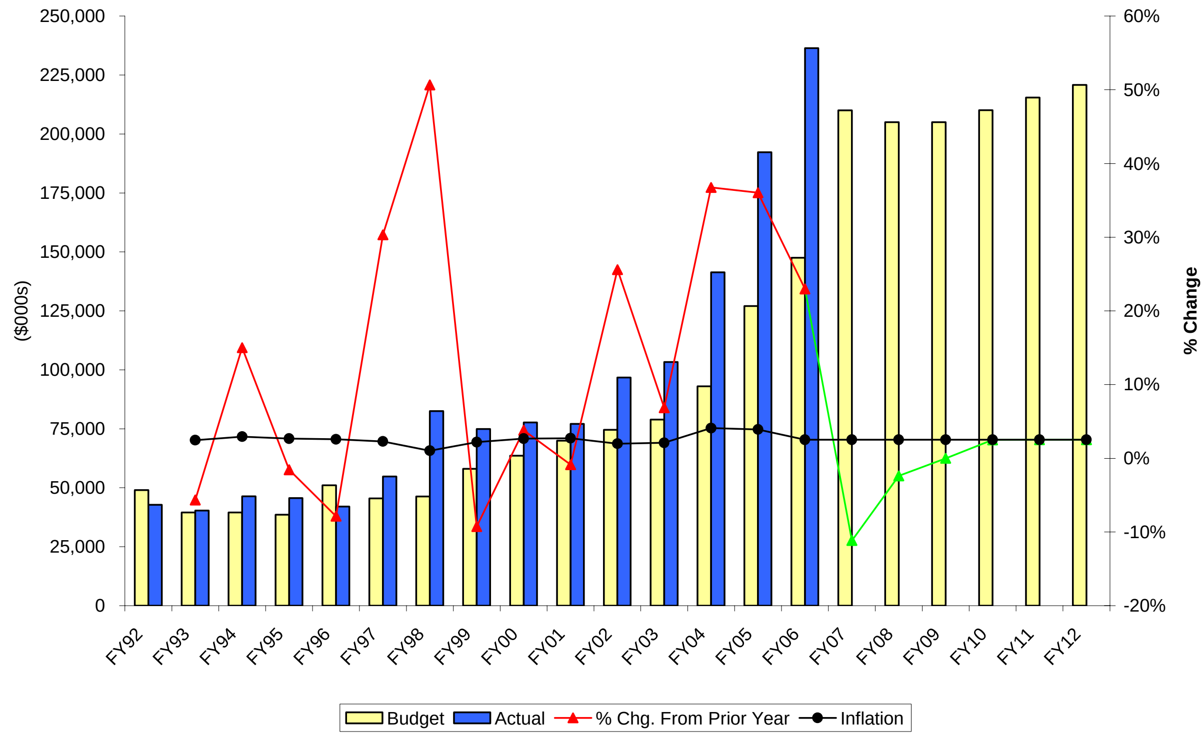
	General Commerical	Office, Hotels, Garages	Industrial	Other Non-Residential	Condo	Apartments	Residential Wards	Unclassified
Local Tax	$9,452	$30,055	$8,420	$4,195	$31,565	$13,497	$134,465	$4,297
% of Tax Total	4.0%	12.7%	3.6%	1.8%	13.4%	5.7%	57.0%	1.8%

Source: Office of Budget and Program Evaluation.

Following residential property, which provides 57 percent of RTT revenue, are properties categorized as “Offices, Hotels, and Garages,” which produces 12.7 percent of the revenue.

To ensure that the City does not overstate revenues based on sales activity in only one year, RTT revenue is customarily reset 15 percent below the level of proceeds in the prior year, as shown for the FY07 budget year in the chart below.

Realty Transfer Tax History & Projection Compared to Inflation, FY92-FY12*



Note: The green portion of the "% Change from Prior Year" line indicates the transition from tax history to tax projection.
Source: Office of Budget and Program Evaluation.

Based on the strength of growth since FY04, the FY08-FY12 Plan projects flat growth in FY08 and FY09, and trending upward to the regional inflation rate (2.5 percent) thereafter.

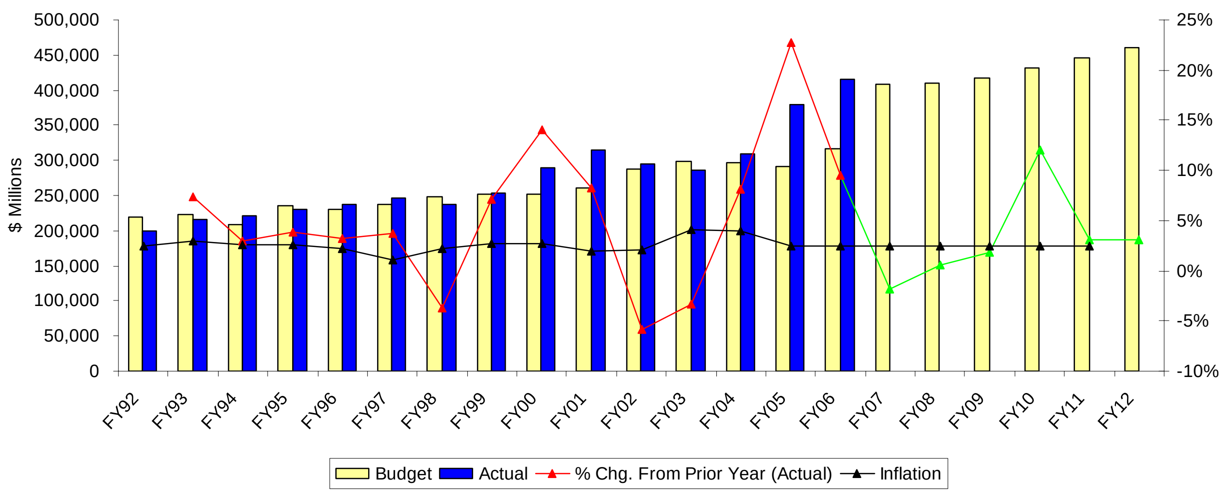
Business Privilege Tax

The BPT is now the General Fund's second largest tax revenue source, eclipsing the RET and contributing $415.5 million in FY06, or 17.6 percent of tax revenues. The BPT is a composite tax imposed on business net income and gross receipts. FY08 rates will be 0.1540 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. The table below presents actual BPT collections from FY03 to FY06, and projected collections through FY12.

Business Privilege Tax Revenue History and Forecast ($ in millions)										
	History				Forecast					
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Current	238.7	269.9	326.6	390.5	383.1	385.2	392.9	407.3	420.9	435
Prior	47.4	39.2	52.8	25	25	25	25	25	25	25
Total	286.1	309.2	379.5	415.5	408.1	410.2	417.9	432.3	445.9	460
Growth	-3.3%	8.1%	22.7%	9.5%	-1.8%	0.5%	1.9%	3.4%	3.1%	3.2%

Source: Office of Budget and Program Evaluation.

Examination of the growth row in the table reveals the volatility of the tax, dropping 3.3 percent in FY03 and jumping 22.7 percent in FY05. The decline in BPT collections in FY03 reflected recessionary business receipts and earnings, while growth of 9.5 percent in FY06 reflected improved economic trends. The following graph demonstrates the historical growth in the BPT, and illustrates its volatility from year to year.



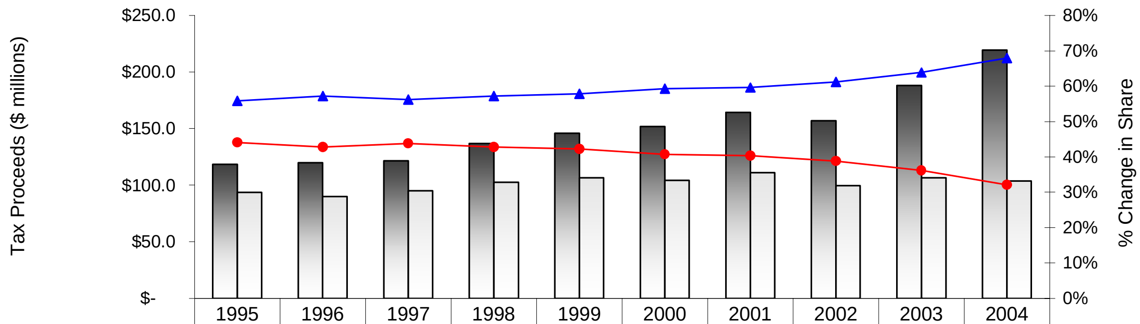
Note: The green portion of the "% Change from Prior Year" line indicates the transition from tax history to tax projection.
Source: Office of Budget and Program Evaluation.

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 70 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 from FY04 to FY06, the Plan projects the BPT base will grow slowly to FY09, above 3 percent in FY10, and return to the 2.5 percent regional inflation rate in FY11.

As part of the first twelve 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 0.1540 percent rate planned for TY08. In addition, in 1996 the methodology for calculating a firm's tax liability was changed by double-weighting the gross receipts factor in the BPT's net income calculation, which 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.

As a result of twelve years of reductions in the gross receipts portion of the BPT, the net income portion has assumed an increasingly greater share, as indicated in the chart below.

Net Income and Gross Receipts Portions of the Business Privilege Tax (BPT): Proceeds and Share of Total BPT, 1995-2004



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net Income (NI)	$118.4	$120.1	$121.8	$137.0	$145.9	$151.8	$164.3	$157.0	$188.2	$219.5
Gross Receipts (GR)	$93.6	$89.9	$95.0	$102.5	$106.6	$104.3	$111.2	$99.6	$106.6	$103.8
NI %	55.9%	57.2%	56.2%	57.2%	57.8%	59.3%	59.6%	61.2%	63.8%	67.9%
GR %	44.1%	42.8%	43.8%	42.8%	42.2%	40.7%	40.4%	38.8%	36.2%	32.1%

Source: Office of Budget and Program Evaluation.

The Net Income share of the BPT total has increased from 55.9 percent in FY96 to 74.3 percent in FY06. The overall BPT rate declined 21.2 percent from FY95 to FY06, while the Gross Receipts share, which has some resilience during inflation, has declined by 41.7 percent.

The City's Regional Economic Models, Inc. (REMI) model, a survey conducted by the Commerce Departments, and discussions with economists have shown that the gross receipts portion of the Business privilege 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 customers, since they can always purchase goods or services from a non-Philadelphia business, with the exception of some retail and service businesses that can shift the tax to consumers with relatively little mobility, such as low-income and senior citizen residents. High-volume, low-margin businesses are particularly penalized, as the tax can represent a significant portion of pre-tax profit margin in larger proportions than the rate imposed by the net income portion of the tax. In recognition of this hindrance, the Administration and City Council embraced the plan to reduce the gross receipts portion of the BPT, while reserving the option to reconsider the rate each year, in response to immediate financial conditions. Changes in the gross receipts portion of the BPT tax rate from FY95-FY12 are shown in the table below.

Business Privilege Tax (BPT) Rate Reductions* – Actual & Proposed			
Tax Year	**Gross Receipts Rate (TY95-TY10)**	**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	0.1395%	-57.07%	-29.03%
2010	0.1355%	-58.30%	-29.66%
2011	0.1315%	-59.53%	-30.29%
Total Reduction 1995-2011		**-59.53%**	**-30.29%**

* 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 the statutory $7.7 million BPT cut in FY08, half FY07's accelerated $13.4 million reduction. The Plan also assumes annual BPT rate reductions beyond FY08 that are not currently in ordinance. The total assumed FY08-FY12 BPT rate reductions have an additional $83 million impact on revenues in the Plan. 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.

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 FY03-FY06 trend in actual sales tax collections, as well as projections through FY12.

Sales Tax Collections History and Forecast ($ in millions)										
	History				Forecast					
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Collections	103	141	119.9	127.8	135	138.4	141.8	145.4	149	152.7
Growth	0.1%	0.0%	11.0%	6.6%	5.6%	2.5%	2.5%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation..

Sales tax collections and were essentially flat from FY03 to FY04. Trends in the early part of the decade reflect 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 as a number of major retail developments opened in the city, and remained strong in FY06 and FY07. The Plan projects sales tax collections growing by 2.5 percent annually from FY08 to FY12, a growth rate equal to the regional inflation.

Parking Tax

The parking tax is a tax on the gross receipts from all parking transactions. Generating $48.4 million in FY06, the tax is projected to generate $49.6 million, or 2.1 percent of total tax revenue, in FY07. Since its inception in 1987, the parking tax rate has been 15 percent of gross parking receipts.

The adopted FY06 budget reflected 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 included valet parking transactions in the base of the tax in the same manner as all other, non-metered paid parking in the city. Valet parking is estimated to generate an additional $1.5 million in parking tax revenue annually. The table below presents actual parking tax collections from FY03 to FY06, and projections through FY12.

Parking Tax History and Forecast ($ in millions)										
	History				Forecast					
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Collections	38.7	42.5	45	48.4	49.6	50.8	52.1	53.4	54.7	56
Growth	2.1%	9.8%	5.9%	7.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Source: Office of Budget and Program Evaluation.

From FY04 to FY06, collections increased strongly. In FY06, collections grew 7.6 percent, with valet parking receipts included. The City is projecting growth at the regional inflations rate (2.5 percent) from FY08-FY12.

Outdoor Advertising Tax

In FY05, City Council passed Bill 050451, which instituted a 7 percent excise tax on the transaction price paid for billboard advertising, effective July 1, 2005. The table below presents projected revenue from this tax over the life of the Plan.

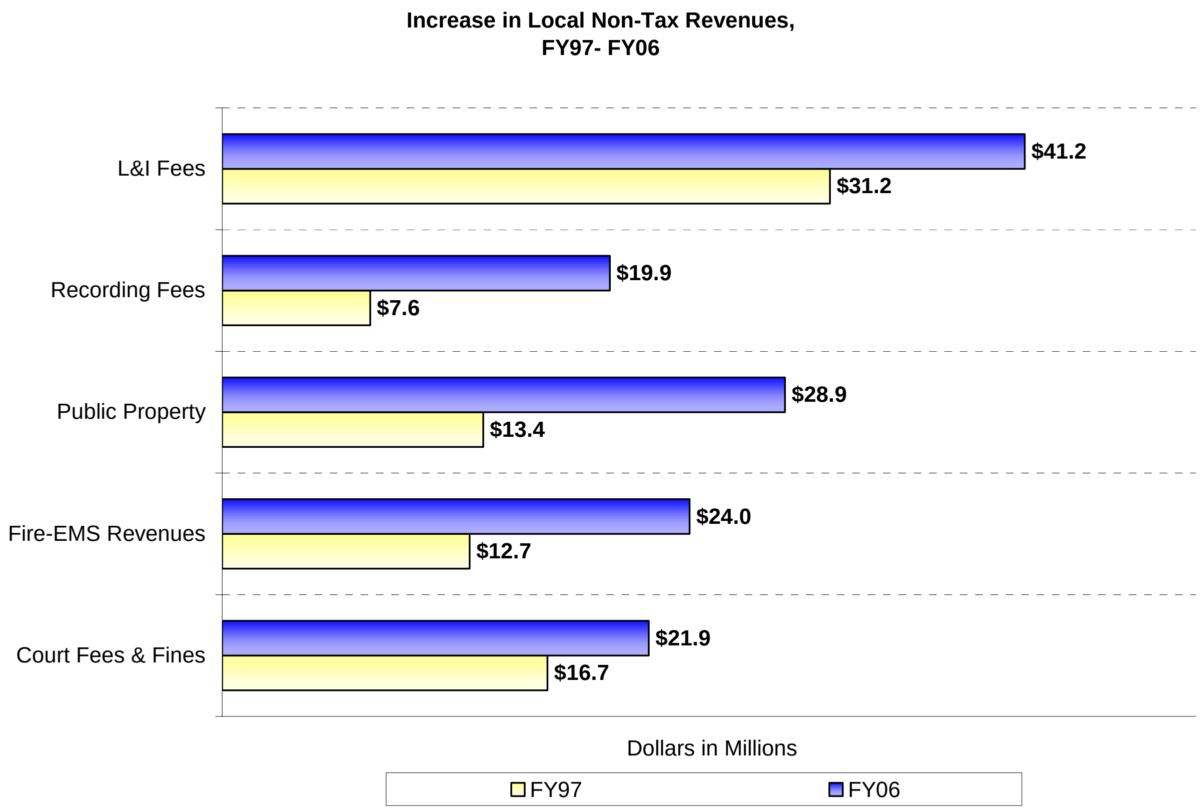
Outdoor Advertising Tax Forecast ($ in millions)										
	History				Forecast					
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Collections	N/A	N/A	N/A	2.0	2.5	2.6	2.6	2.7	2.8	2.8
Growth	N/A	N/A	N/A	N/A	2.5%	2.5%	2.5%	2.5%	2.8%	2.8%

Source: Office of Budget and Program Evaluation.

The outdoor advertising tax generated $2.0 million in FY06 and projections indicate growth at the regional rate of inflation (2.5 percent) from FY07 through FY12, based on results to date.

Local Non-Tax Revenues

Local non-tax revenue collection initiatives have played an increasingly important role in increasing the City's revenues and diversifying the tax base since FY97. Local non-tax revenues include innovative approaches to funding growing service needs or closing budgets gaps, for example, those resulting from unfunded mandates. In the context of more than a decade of tax cuts supporting services of benefit to all citizens, newly introduced fees appropriately impose the burden of paying for a specialized service on those who specifically benefit. Fee initiatives have included the Department of Licenses and Inspections' one-stop-shopping premium fees, the Department of Public Property's cable television franchise fee, the Department of Records' deed recording fees, and Fire's improved EMS fee collections efforts. The revenue history of these initiatives is shown in the chart below.

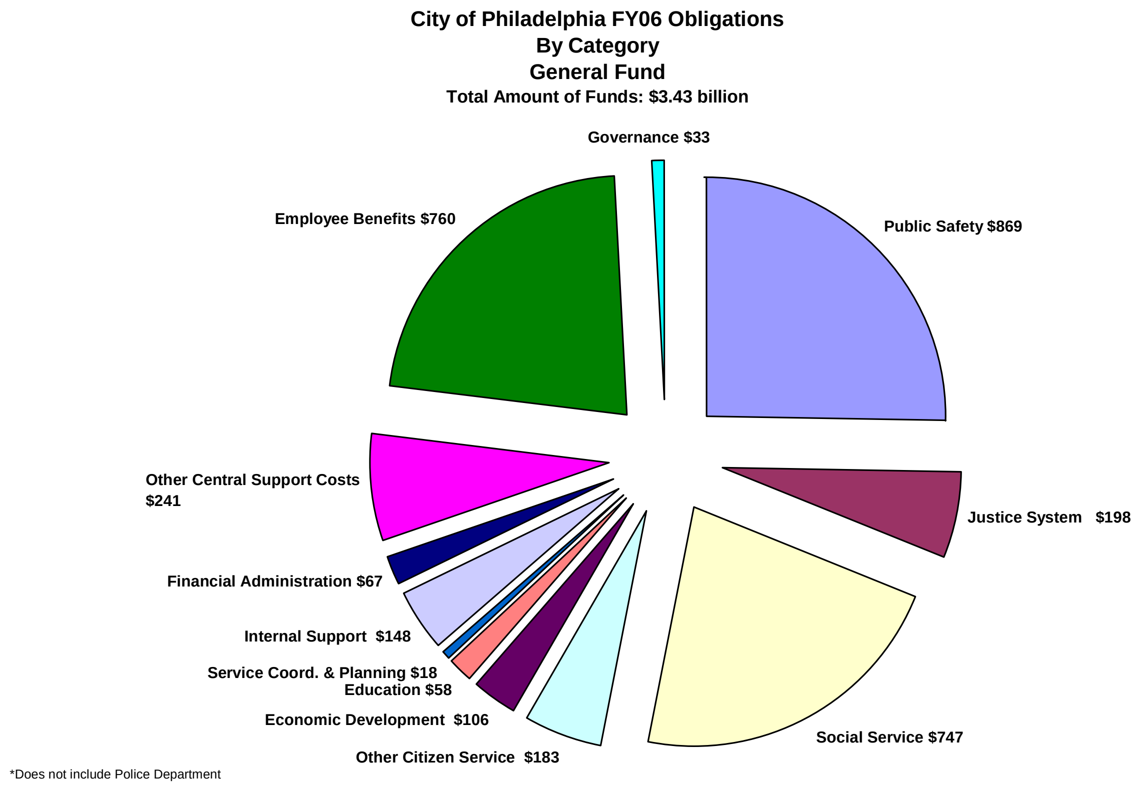


Source: Office of Budget and Program Evaluation.

In part because of these initiatives, total local non-tax revenues have increased by one-third, from $178.7 million in FY97, to $235.9 million in FY06. However, this $57 million gain in non-tax revenues pales in comparison to the BPT and wage tax cuts over the same period, totaling $1.4 billion.

Structural Roots of the City's Fiscal Challenge

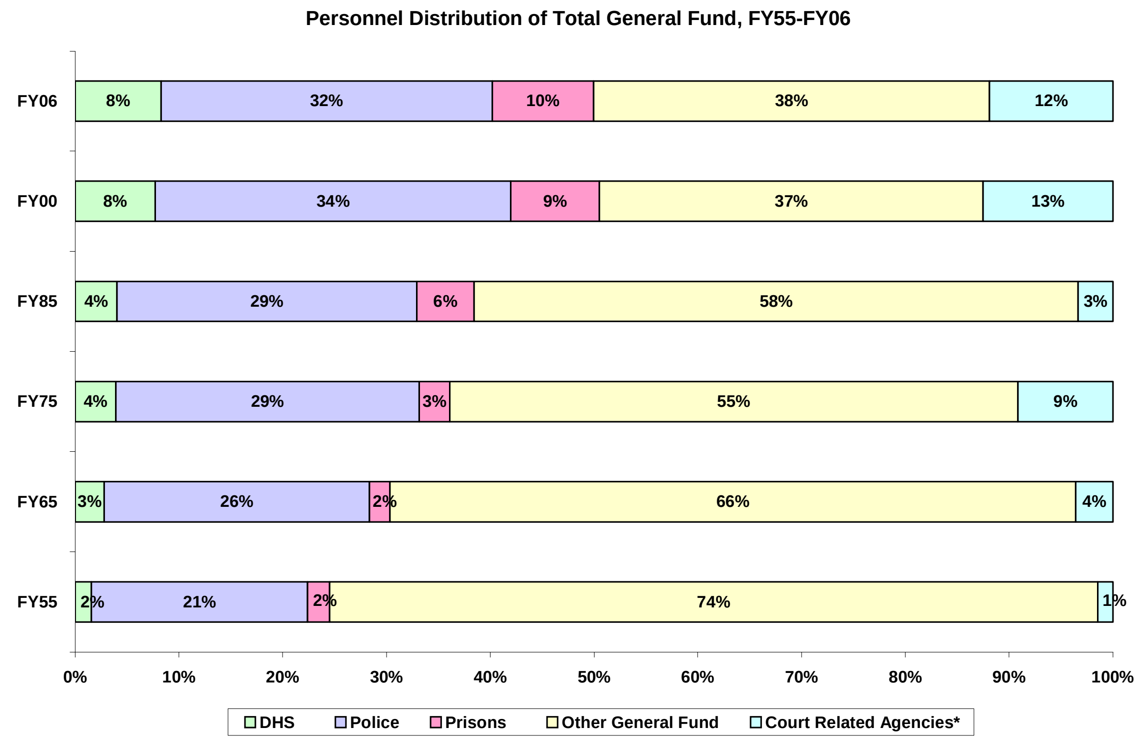
This section is an overview of the factors that pose a risk to the City's ability to achieve budgetary balance over the life of the Plan. The principal causes of the City's fiscal challenges include not only certain structural obligations—such as labor health and welfare costs, and pension costs—but also service and funding obligations related to human services and criminal justice services. The pie chart below provides a snapshot that shows areas of concern in relation to all major spending categories.



Source: Office of Budget and Program Evaluation.

Many of the City's budget priorities reflect not only public demand, but also a continuous effort to address basic structural challenges unparalleled among other cities or counties in Pennsylvania and across the nation. As mentioned in the demographics section, the City not only provides basic local government services, but also a significant array of social services that are typically the responsibility of state or county government elsewhere in the nation. For example, social services—encompassing Human Services, Recreation, Behavioral Health Public Health services, and the Emergency Preparedness Office— comprised 22 percent of General Fund obligations in FY06. Public Safety—including the Police Department, Fire Department, Licenses and Inspections, and Prisons—and related criminal justice system services—including the Courts, District Attorney, Sheriff, Clerk of Quarter Sessions, Legal Services, Register of Wills, and Witness fees—comprised 31 percent of the total. Reflecting the labor-intensive nature of providing government services, employee benefits were the third largest segment of obligations, representing 22 percent.

Social services and criminal justice staffing has become an increasingly larger share of the General Fund workforce over the decades. The graph below shows DHS, Prisons, Police, and related criminal justice personnel as share of General Fund workforce from FY55-FY06.



Source: Office of Budget and Program Evaluation. Court-related agencies include the Courts, Clerk of Quarter Sessions, District Attorney, Legal Services, and Sheriff.

DHS personnel have expanded from 2 percent of the General Fund workforce in FY55, to 8 percent in FY06. Police personnel increased from 21 percent in FY55, to 32 percent in FY06. Prisons personnel increased from 2 percent in FY55, to 10 percent in FY06. Court-related personnel, representing 12 percent of the General Fund workforce in FY06, were only 1 percent in FY55. In addition, the City now spends $33.6 million on public defender services through Class 200 contracts, up from $2 million at the program's inception in FY73. All other General Fund employees declined from 74 percent of the workforce in FY55, to 38 percent in FY06.

Disproportionate spending increases for law enforcement services were 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. Obligations for the District Attorney, Juvenile Justice Services, the Police Department, the Philadelphia Prisons System, and the Sheriff's Office have increased by 61.5 percent, from $516.8 million in FY96 to an estimated $839.7 million in FY06.

The average Prisons census increased 36 percent from FY99 to FY06. Much of the growth is due to increased narcotics arrests stemming from a focus on policing in crime hot spots. While admissions have not significantly changed since FY98, arrests are again on the rise in the most recent quarters, and the Prisons census has continued to swell. The Prisons budget has likewise burgeoned, from $155.4 million in FY02, to $194.4 million in FY06, a 25 percent increase ($39 million). The January 2007 census hovered around 8,700, which is 1,950 more inmates per day than for the same in January 2000, adding approximately $172,000 per day to the cost of Prisons operations. According to Professor Goldkamp's

November 2006 study, "Confinement and the Judicial Process in Philadelphia; Its Features and Implications for Planning," 5,000 of the approximately 8,500 inmates are incarcerated for pre-trial reasons. These and other trends will be used to inform joint efforts of the Administration and its criminal justice partners' efforts to reduce the census. The City is also working to reduce criminal justice costs by curbing Police overtime through better shift management and an electronic courtroom identification system, to be fully implemented by late FY07.

Increasing Labor Costs

Personnel costs accounted for 57.6 percent of the FY06 General Fund budget. In addition to wage increases from FY05 through FY08, increasing per-employee benefit costs in recent years have presented a serious problem for City finances. These growing expenses significantly affect 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.

Wages

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). The FY05-FY08 contract awarded to the FOP included a 3 percent salary increase in each year from FY05 to FY07, and a 4 percent increase in FY08. For the same period, District Councils 33 and 47 of the American Federation of State, County, and Municipal Employees (AFSCME) were awarded a $750 bonus in FY05, and salary increases of 2 percent in FY06, 3 percent in FY07, and 4 percent in FY08. Having previously been awarded a 3 percent increase for FY05 in the 2002 round of negotiations, the International Association of Firefighters (IAFF) was awarded a three-year series of wage increases, including 3 percent in FY06 and FY07, and 4 percent in FY08. Given the FY04 carry-over deficit of $46 million and the prospect of a substantial $66 million impact on the FY05-FY09 Plan, PICA forced the City to rebalance the Plan in December 2004. The City swiftly moved to eliminate 563 positions in January 2005, including initiation of a layoff of 166 personnel, to eliminate a looming $30 million deficit for FY06. To keep expenditures in line with revenue, 765 positions (3 percent) were eliminated from FY04 to FY07 (as budgeted). Nonetheless, and despite a $34 million drop in wage expense in FY05 as a result of the position elimination, the City's wage cost increased by $79 million (6.2 percent) from FY03 ($1.278 billion) to FY07 ($1.358 billion).

Benefits

Labor contract awards for employee benefits have resulted in even more marked growth in per-employee compensation as a result of the last round of labor negotiations. Even with 3 percent fewer General Fund employees in FY07 than in FY03, health insurance costs increased by 52 percent from FY03 ($226.6 million) to FY07 ($345.2 million). Yearly increases averaged $29.7 million per year over the period. By contrast, wages decreased $34 million in FY05, and a 2.5 percent Class 100 cut, a savings of $10 million, is necessary to help balance FY08. In fact, wages were budgeted to grow at $50.4 million in FY07, while health benefits were slated at a $53.4 million increase in the same year.

Interest arbitration panel awards, in disregard of the City's ability to pay, have pushed awards beyond levels that the Five Year Plan can accommodate without workforce cuts and incremental decreases in service levels. The 2005 FOP award provides increases of 15.7 percent in the FY06 and 10 percent in

FY07. The City has appealed these awards, which would boost the City's per-member-per-month contributions to the FOP Health and Welfare fund from FY05's $898, to $1,039 in FY06. IAFF was awarded $996 per member per month in FY05, a 10 percent increase. The 2006 IAFF award gives increases of 11 percent in the first year and 14 percent in the second and third years. The City has also appealed IAFF awards for FY06-FY08. AFSCME unions received a 10 percent increase in FY05, to $682 per member per month, and another 10 percent in FY06, to $751 per member per month. The City is currently in discussion with AFSCME locals DC33 and DC47 regarding contributions to union health and welfare funds in FY07 and FY08. The FY08 Plan conservatively projects that health insurance costs will increase by 9 percent each year for all four unions, and assumes a successful appeal of arbitration awards for the FOP and the IAFF.

In January 2007, after the Common Pleas Court had affirmed the re-issued award, the Commonwealth Court vacated the FOP decision and remanded the matter back to Common Pleas Court to re-consider the City's appeal. Commonwealth Court ordered that substantial weight be given to the City and substantial deference to PICA's determination of the extent of the city's ability to pay for awards granted by the arbitration panels. On remand, Common Pleas once again affirmed the award, finding on February 7, 2007 that the arbitration panel did give substantial weight to the Five Year Plan. The City is reviewing the decision for a likely appeal. Without further intervention, new health care contributions will cost $56.7 million over estimates in the FY06 plan.

Future Labor Costs

As in past plans, the FY08-FY12 Plan does not reflect wage increases beyond those previously negotiated, any wage increase must be funded through decisions made by the Mayor and City Council in response to settlement agreements and awards. In FY05, the Mayor's decision involved a lay-off. In FY06 and FY07, the City has appealed decisions of Act 111 Interest arbitration panels. No salary increases are reflected from FY09-FY12, because financial conditions in the future will need to govern decisions at that time. As of early 2007, all four major City bargaining units are covered by contracts that are set to expire on June 30, 2008. Although the next mayoral administration will ultimately negotiate the new contracts, initial contract proposals will likely be made before the end of 2007.

The lack of conclusion in contract re-opener negotiations or resolution of award appeals issues interjects 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. The pressure for parity among union benefits could push City contributions above $2,000 per member per month in the next mayoral administration, if the City cannot get relief from interest arbitration panel awards in the courts. The potential for union healthcare costs and arbitration awards to exceed projections are estimated at well over $100 million, including $56.7 million over FY06 Plan estimates for FOP Health and Welfare costs, and $52 million above FY06 Plan estimates for IAFF Health and Welfare costs. Even with a conservation assumption of 9 percent growth in health insurance costs from FY08 to FY12, costs are projected to grow by $153 million (40.8 percent).

Rapidly Escalating Pension Costs

The City has considerably more legal constraints on its post-employment compensation design than that of the private sector. Changes and modifications in pension plan design such as changing from a defined benefit to a defined contribution plan are not management prerogatives, but rather require negotiation with retranslated labor. As a result, modifying plans in order to constrain escalating pension costs is particularly challenging in the public sector and Philadelphia's efforts in this regard have been no exception. The City has been unsuccessful in attempts to negotiate defined contribution programs for represented employees.

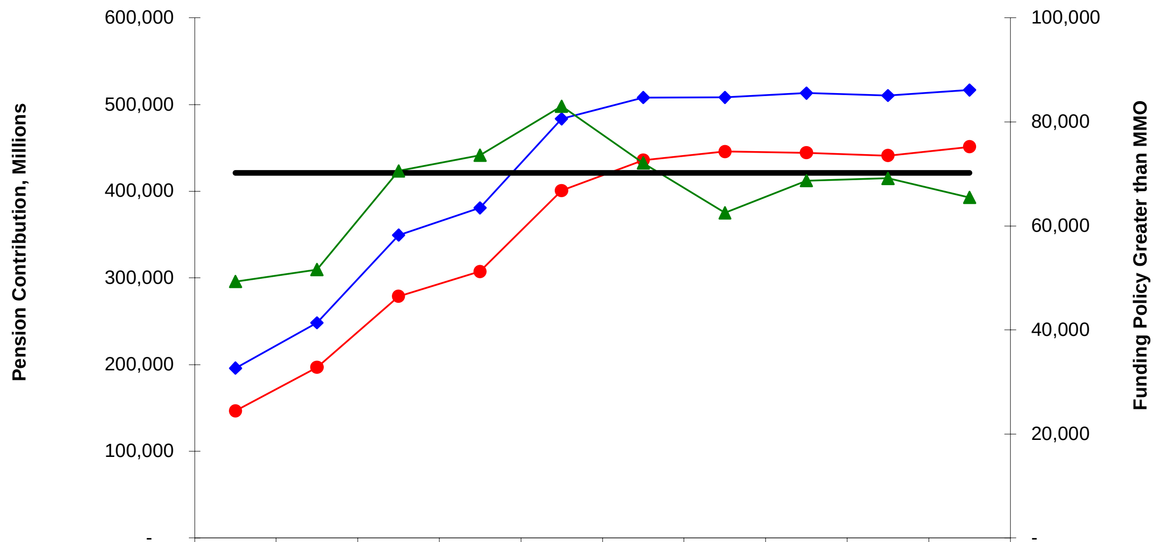
The proportion of General Fund revenues allocated to pension bonds, pension and health and medical obligations is projected to increase from $432 million in FY03 to more than $1 billion in FY12. The rapid growth in employee benefit costs, which is largely outside the control of City policymakers, due to the prescriptive role of interest arbitration panels, represents a significant fiscal constraint. FY12's $56.3 million increase in employee benefit costs significantly outpaces revenue growth, reducing the proportion of resources available for other spending.

Philadelphia's pension plan, like many defined benefit pension plans across the country over the past five years, has experienced a perfect storm—one formed by lagging economic performance, poor stock market returns, record low interest rates, and the fact that employees enter retirement status earlier and live longer. However, policy adjustments, such as decreasing the fund earnings assumptions and moving to the FY03, MMO contribution level, will mitigate future risk.

The post-September 11 downturn in the stock market prevented the City from attaining on earnings assumptions of 9 percent from FY01 to FY03. The New York Stock Exchange Index dropped by 33 percent from September 2000 to March 2003, when a sustained recovery began. The loss in equity values forced the City to contribute significantly more from its General Fund to the Pension Fund, to meet pension obligations. The market value of the City's pension fund dropped 6 percent in FY01 and another 5.2 percent in FY02, before earnings rose 2.9 percent in FY03, a level of growth still well below the 9 percent goal. For FY04 and FY05 the Pension Fund had a 16.6 percent and 10.1 percent return on market value of assets, respectively. 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. The City reduced the assumed investment return from 9 percent to 8.75 percent in last year's Plan; however, actual FY06 earnings were 11 percent.

The City shifted its funding policy for the FY04 Plan to the MMO required by state law to meet future unfunded pension liabilities. At that time, the shift to the MMO policy reduced the actuarial projection of the City's contribution to the pension fund by $49.3 million. The graph below shows the increase in projected pension obligations that has occurred between 2003 and 2006, as well as projections through 2012.

City Funding Policy & Minimum Municipal Obligation Compared, FY03-FY12

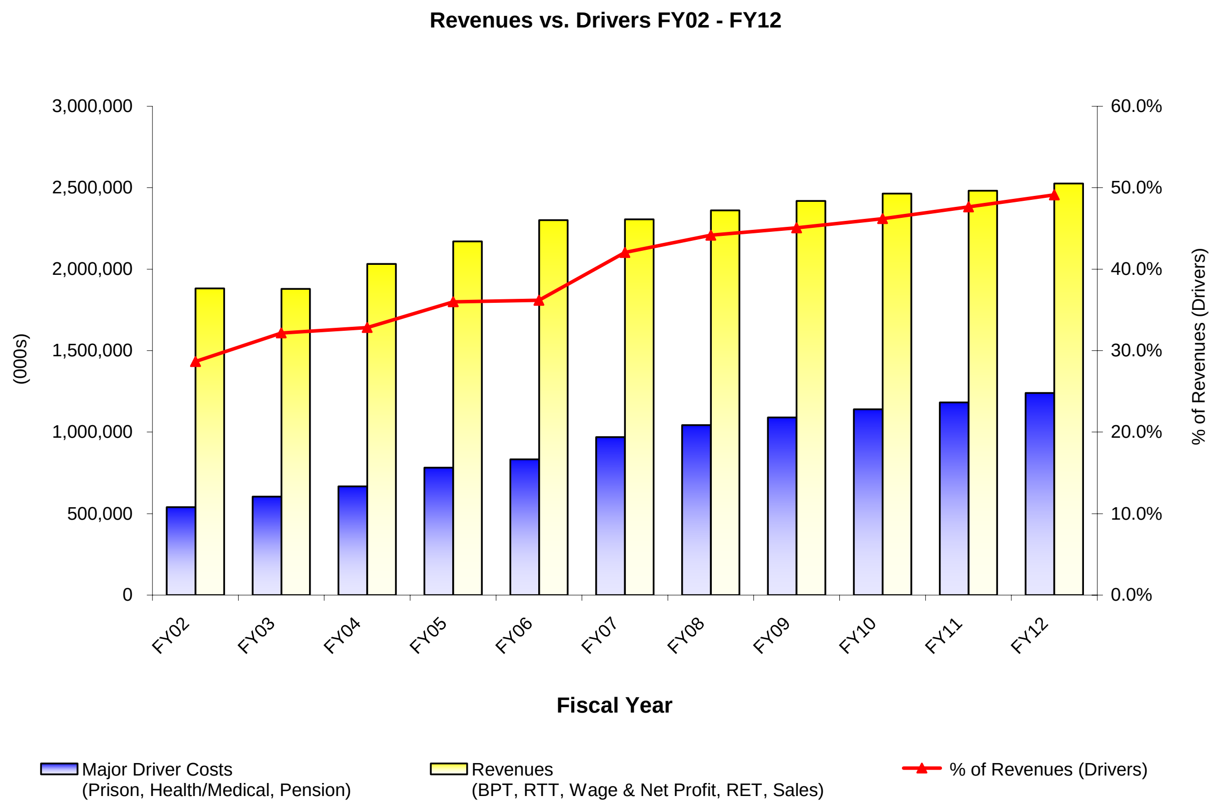


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Funding Policy	195,900	248,218	349,151	380,738	483,531	507,799	508,046	512,871	510,318	516,680
MMO	146,600	196,602	278,624	307,165	400,534	435,686	445,548	444,211	441,175	451,227
Funding Policy Greater than MMO	49,300	51,616	70,527	73,573	82,997	72,113	62,498	68,660	69,143	65,453
Average Avoided Cost	70,144	70,144	70,144	70,144	70,144	70,144	70,144	70,144	70,144	70,144

Source: Office of Budget and Program Evaluation.

Even with continuation of the MMO funding policy, the City is projecting $300 million more in pension obligations in the 2012 than was seen in 2003, a tripling of costs. By moving to the MMO funding policy in FY03, the City avoided $245 million in spending from FY02-FY06, and will avoid $421 million from FY09-FY12. As shown on the graph, avoided costs (the amount by which the funding policy basis exceeds the MMO) are projected to be below the average for FY07-FY12. Dramatic increase in pension obligations weakens the City's ability to provide funding for other services while maintaining a tax reduction program. For example, if the City were to more fully fund the pension fund, moving from 53 percent funded to 70 percent funding of the liability, the City's actuary estimates that the contribution would have to be $90 million higher than the current MMO payment in FY08. Pension obligations represented 7 percent of total obligations in FY03. By FY12, even with the transition to MMO spending, pension obligations will represent 10 percent of total obligations.

Increasing labor costs, an increasing prisons census and growing pension obligation pose a risk to the future of the plan. The relationship between revenue projections and the primary cost drivers in the plan are demonstrated in the graph below.



Source: Office of Budget and Program Evaluation.

By 2012, major deficit drivers (pension, medical and prisons costs) will comprise nearly half (49.1 percent) of revenues.

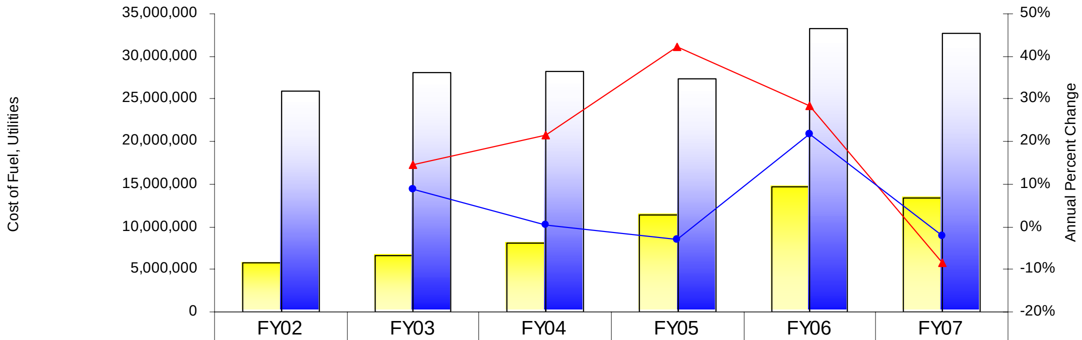
Additional Risks to the Plan

Other significant risks to the plan include a growing homeless census, ongoing Convention Center obligations, the Southeastern Pennsylvania Transportation Authority (SEPTA) funding crisis, the success of PGW operations, and an unbudgeted transfer of $30 million to City Council. Risks that are more recent result from fiscal pressures exerted by long-term obligations such as volatile fuel and utility costs.

Fuel and Utility Costs

As shown in the graph below, fuel costs more than doubled from FY01-FY06.

Fuel & Utilities Costs and Annual Percent Change Compared, FY02-FY07



	FY02	FY03	FY04	FY05	FY06	FY07
Fuel Costs	5,765,885	6,598,759	8,024,307	11,419,634	14,659,736	13,401,296
Utilities	25,859,388	28,112,884	28,223,837	27,377,013	33,299,186	32,633,904
% Change, Fuel		14.4%	21.6%	42.3%	28.4%	-8.6%
% Change, Utilities		8.7%	0.4%	-3.0%	21.6%	-2.0%

Source: Office of Budget and Program Evaluation.

Utilities costs grew 28.8 percent from FY02-FY06. Though lower costs are conservatively projected for FY07-FY12, the budget must still account for a substantially different rate of increase than was the basis for the FY07 Plan projection.

Difficulties of the Philadelphia Gas Works (PGW)

PICA requires that FY09, FY10, FY11, and FY12 fund balances all equal or exceed $45 million. The Authority questions PGW's ability to repay its $45 million loan from the City, due in FY09. PGW, the largest municipally owned gas utility in the nation, experienced cash flow problems and long-term financial uncertainty earlier in the decade, because 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, the owner of the assets, was forced to loan PGW $45 million in FY01, to provide sufficient cash for operations until PUC rate relief took effect. In 2005, the City also agreed to release PGW from its legal obligation to pay the General Fund $18 million per year, to help improve the company's finances, and is continuing this policy through the end of the Plan.

Since the time of the loan, 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. The FY08-FY12 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.

SEPTA's Financial Crisis

Recurring financial problems at SEPTA present a risk to Philadelphia and the region'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. 70 percent of the City's workforce commutes to work via public transportation. 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 its FY05 operating budget through drastic service cuts and fare increases. These measures would have weakened not only SEPTA's revenue base but also 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, by flexing capital funding because of unanticipated higher federal appropriations and additional state funding. SEPTA is expected to receive an additional $265.7 million though the end of this fiscal year. This new funding allowed SEPTA to avoid service cuts and fare increases in FY05. SEPTA has been funding operations by borrowing from capital budget trends, but this is a stopgap solution at best. A permanent funding solution encompassing statewide transit needs is imperative. The Governor's proposed FY08 budget includes $760 million in increased funding for transit, including capital and operating support. As of this writing, the impact on the City's match is not known, and no General Fund increase is reflected in the Plan.

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 to SEPTA. Research on SEPTA's regional rail system by economist Richard Voith suggests that 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.

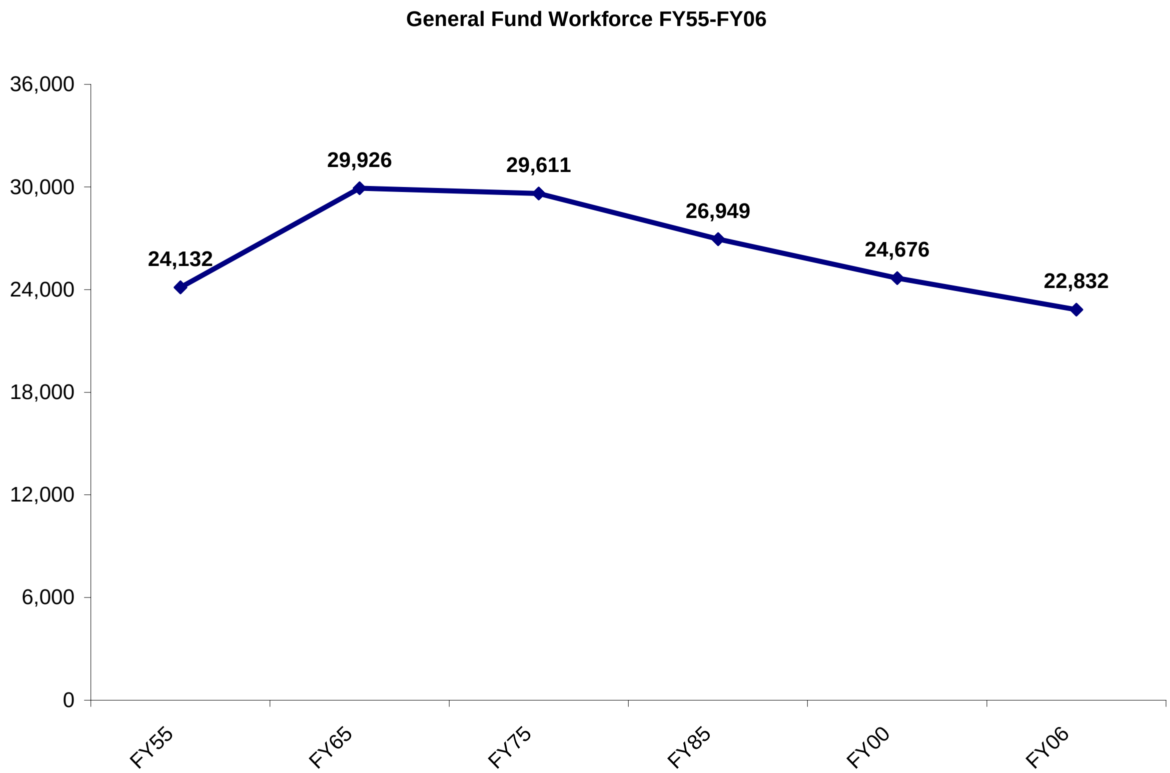
Unless the state acts to address the long-term funding problems at SEPTA, the potential for reductions in service and increases in fares remains a risk to the economy of Philadelphia and the financial stability of City government. The City is committed to work with state legislators to enact a new, dedicated funding source 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. At the same time, the City will urge changes in SEPTA governance to address the current lack of accountability and the City's diminimus role, particularly vis-a-vis its funding burden.

The Challenge of Continuing to Identify Target Budget Reductions

Two primary challenges to identifying targeted budget reductions are balancing the increasing demand for quality service while keeping personnel levels low and large unbudgeted transfers.

Keeping Staffing Levels Low

Spending reductions have been successfully implemented for eleven years without appreciable reductions in service levels. The recent series of departmental targeted personnel budget reductions—3.5 percent in FY05 and 0.3 percent in FY06—have reduced department staffing levels to forty-year lows, as indicated in the graph below.



Source: Office of Budget and Program Evaluation.

The City workforce has shrunk by over 1,300 since FY55, a 5 percent decrease. The City workforce peaked in FY65 with 29,611 workers. As a result of the hiring freeze in place since 2001 and the lay-off in 2005, the workforce remains at historic lows—22,832 on June 30, 2006, compared to 24,676 in 2000. Reflected by departmental responses to the FY08 budget call —$95 million and 725 positions above the budget limit—departments are feeling the pinch of substantially reduced ranks. The next administration will be hard pressed to continue to economize through staff cuts while maintaining planned tax reductions. Additions to the workforce in FY07 reflect the need to response to growing crime, prison, and social services responsibilities, as noted in the Personnel Distributions chart earlier in the chapter.

$30 million Capital Transfer (Bill 060833)

City Council unanimously approved Bill 060833 in December 2006, which the Mayor returned without his signature. The Bill transfers $30 million from the General Fund to a newly created City Council spending class, class 800, "Payments to Other Funds." In companion Bills 060832 and 060834, three departments—Police, Fire, and Recreation— each receive $10 million of the funding for capital projects. The Administration does not believe such an unbudgeted transfer from the General Fund is legal or fiscally prudent, and will not spend the money, which will enable its return to the General Fund in FY08, alleviating detrimental consequences to the Plan. FY12 will not be balanced at the desired $45 million fund balance level without these funds.

FY08 Spending Strategies and Management Initiatives

In FY07, increased costs for pensions, benefits, and fuel, energy, and criminal justice and social services have further reduced opportunities to contain overall costs. As a result, the FY08 budget includes a 2.5 percent position reduction in most General Fund departments, as well as continuation of the hiring freeze and DROP, 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. For FY08, cost constraint categories focus on technology based and health benefits management savings.

FY08 Budget-Balancing Initiatives

Position elimination. The largest planned savings in FY08 is 2.5 percent reduction in positions, saving $10 million per year, for a total Plan impact of $39 million.

VOIP implementation. Today, the City's telephone service is provided by a vendor at a significant annual cost. Through the use of the "voice over internet protocol" (VOIP) technology—which can route spoken conversations over the internet and City Net—the City will reduce its dependency on conventional vendor-provided telephone service, and replace much of its "old tech" internal and external voice communication infrastructure. The City has estimated that $5 million could be saved annually through VOIP, starting in FY10, for a total Plan impact of $15 million.

Health Benefits Savings. The City has achieved savings through health benefits management strategies such as aggressive negotiation with medical insurance providers. In FY06, the City saved over $4 million in the City-administered Plan, through bid process negotiations. Other options for savings include bidding out prescription drug coverage, offering consumer-driven health care plans, and disaster management programs. The most significant savings can come from reduced medical plan options for new employees, higher premium contributions, and/or higher co pays. The FY08-FY12 Plan assumes $30 million in savings through pursuit of health benefit management; starting in FY10.

Revenue Generating Initiatives

Among the local non-tax initiatives in the FY08 plan are strategic marketing partnerships, revenue from surplus city properties, special event fees at Fairmount Park, introducing fees for Licenses and Inspections map imagining services, and new professional licensure requirements**.**

Strategic marketing partnerships. The City is currently soliciting bids due in the Spring of 2007 for a contract for advertising on street furniture. In exchange for a providing ongoing maintenance, businesses and organizations will receive the exclusive right to advertising on the street furniture. In addition, the City will receive a portion of the advertising revenues on an annual basis. Washington, D.C., Boston, and Chicago have begun similar initiatives, and a preliminary estimate by the City's consulting team supports an estimate of $9 million in new revenue over the FY08-FY12 period, starting with $1 million in FY08.

Revenue from surplus city properties. In FY08, the City will continue the surplus property sales initiative. Properties considered for sale include those for which the City has received expressions of interest, buildings housing City operations that could be moved, and those not currently utilized. As part of this initiative, three Requests for Proposals were recently issued for large parcels of land near the airport, as well as a long-term lease for the LOVE Park Garage. Responses are due in the spring of 2007

Sales of City surplus properties are expected to generate $6 million in FY07 and an additional $8 million in FY08.

Imaging of Zoning Plans. The Department of Licenses and Inspection has begun imaging copies of zoning plans throughout the city for easier access for developers and all citizens. To fund this endeavor, a fee will be assessed to those requesting copies. Projected revenues in the first year total $145,000.

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, and maintain the City's fiscal stability through measures to enhance government efficiency, ensure public health and safety, support major civic assets for residents and visitors, improve the quality of life in Philadelphia, and positively impact the City's neighborhoods.

The Process of the Capital Program

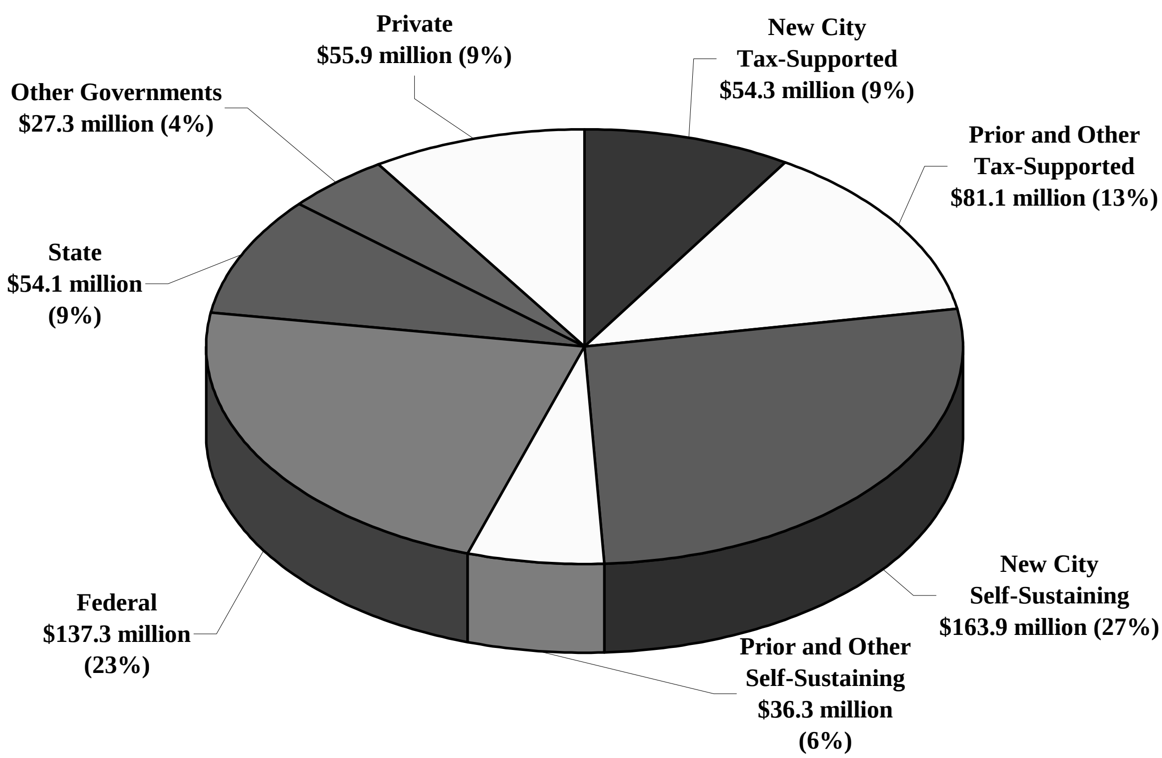
While the development of the Capital Budget each year follows a course similar to the preparation of the City's operating budget, there are several notable differences. The City Planning Commission, working in concert with the Capital Program Office (CPO) and the Office of Budget and Program Evaluation, presents the Recommended Capital Budget and Program to the Mayor. The Mayor proposes a Capital Budget to City Council as part of his annual budget message. As with the operating budget, City Council must provide its approval, and, once the Capital Budget is approved, a loan authorization for General Obligation (GO) bonds to finance the City-funded portion of the Capital Budget is submitted for public referendum. GO bonds cannot be issued, nor funds spent, unless the voters approve the borrowing.

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 a project, the process can take months or even years to complete. For that reason, the management of capital projects is critical to ensuring quality and timeliness, 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 FY08 Capital Budget, the first year of the Capital Program, totals $610.1 million. Of the total, $54.3 million, or 9 percent, is to be funded through new GO bonds issued by the City. GO bonds are repaid from the City's General Fund tax revenues. Prior-year and other tax-supported funds equal $81.1 million, or 13 percent. The largest single source of FY08 funding is "self-sustaining" loan funds. Self-sustaining loans, issued as Philadelphia Airport and Water Department revenue bonds, account for 26 percent of proposed spending ($163.9 million). Self-sustaining operating revenue ($36.3 million) accounts for another 6 percent of the total. Federal, state, and other government sources supply $218.7 million in funds (36 percent), and lastly, private sources provide $55.9 million, or 9 percent. Sources of funds are shown in the chart below.

FY08 Capital Budget Sources of Funds



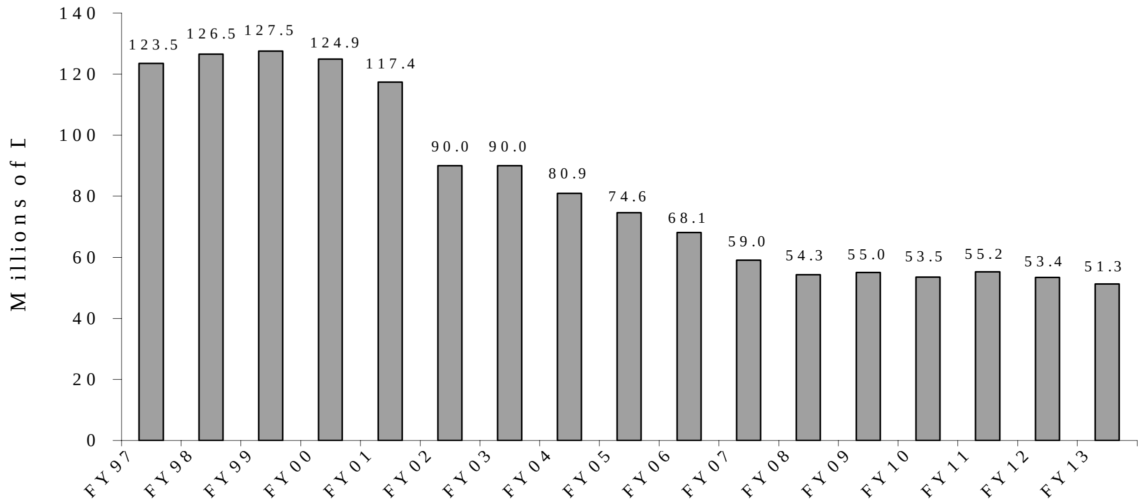
Source: Philadelphia City Planning Commission

The City's ability to issue new debt is restricted by its legal debt capacity. Under the Pennsylvania Constitution, the City's debt is limited to 13.5 percent of the ten-year average of the annual assessed valuations of taxable realty in the City. The City's outstanding tax-supported debt is subtracted from adjusted assessed value, to derive the City's legal debt margin. As of February 1, 2007, the City's remaining debt capacity was $208 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 in FY09. 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 obligations will continue to restrict its ability to issue General Obligation debt. A relatively high ratio of debt service to obligations 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 GO debt from FY97 through FY13, the final year of the proposed program.

Capital Budget Funds Supported by General-Obligation Debt

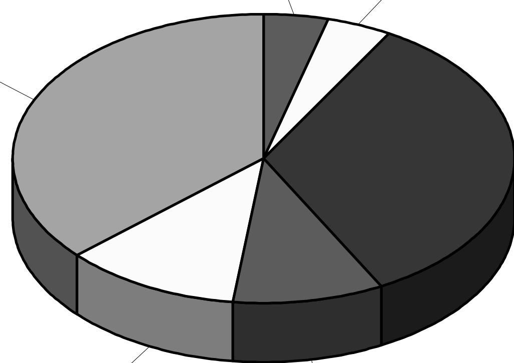


Source: Philadelphia City Planning Commission

Capital Budget Uses of Funds

The projects in the FY08-FY13 Capital Program are categorized by the following six priorities: Neighborhood infrastructure, economic development, health and safety, governmental efficiency, quality of life/community facilities, and civic assets. Respective shares for these spending categories are shown in the following chart:

FY08 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. Replacements of water and sewer mains are also included as Neighborhood Infrastructure projects, as they are essential services to neighborhoods and their residents. For FY08, major projects include $7.7`` million for reconstruction and resurfacing of streets and more than $1.7 million for the Market Elevated 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 in 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 FY08 Capital Budget requests $695,000 for waterfront infrastructure-improvement projects along the Delaware and Schuylkill rivers, as well as $1.25 million for infrastructure improvements and sound-stage development at the Philadelphia Navy Yard.

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 in public buildings (fire alarm and suppression systems), environmental remediation, and structural improvements at City shelters and prison facilities. Americans with Disabilities Act accessibility modifications are also considered to be Health and Safety projects. For the FY08-FY13 program, more than $4.6 million is requested to replace Fleet Management's fuel tanks citywide, avoiding fines from the Pennsylvania Environmental Protection Agency. The Water Department is committing $42.0 million annually in self-sustaining funds for improvements to water and wastewater-treatment facilities.

Government Efficiency projects promote governmental operating efficiencies and more effective service delivery. Projects in this category include communication systems improvements, database and computer-related initiatives, and energy conservation programs. The Government Efficiency category also includes facility assessment studies, most improvements to administrative and departmental headquarters (e.g., Police, Fire, Health, the 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 FY08, $4.0 million in operating revenue funding is requested for computer and communications systems improvements for Police and Fire, and $500,000 of GO funding is for energy-efficiency projects managed by the Municipal Energy Office.

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 FY08, nearly $10.0 million is requested for Recreation Department facilities, and $1.2 million for Police and Fire facility improvements.

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 the Philadelphia 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 FY08 budget request includes $4.3 million for improvements to City Hall, with an additional $15 million programmed through FY12, and $3.5 million for the Art Museum over the life of the six-year program.

PICA Funding Requests

In the early 1990s, at the City's request, the Pennsylvania Intergovernmental Cooperation Authority (PICA) borrowed funds that were used, in part, to invest in infrastructure, including libraries, police and fire stations, recreational facilities, and health centers. From the original borrowing, approximately $9.4 million is left over from projects that had been completed, terminated, or abandoned. Another $31.2 million in interest earnings is available, for a total of about $40.6 million to devote to capital projects. The City recommends utilizing the funds as follows:

Fire Department

The Philadelphia Fire Department occupies 68 facilities, most providing critical public safety services 24/7. PFD buildings and infrastructure must be maintained in habitable/safe condition to allow firefighters and other personnel to provide uninterrupted service:

- $1.4 million is requested for mechanical, electrical, and plumbing improvements at fire stations throughout the City.
- $3.6 million is requested for interior and exterior renovations, including roofing projects, installation of windows and doors, structural improvements, fire safety renovations, site work, and general renovations at fire stations throughout the City.

Free Library

- $9 million is requested for Central Library renovations, which would include various improvements to the interior, exterior, roof, mechanical, electrical, and plumbing systems of the 368,000-square-foot Beau Arts Building.

Philadelphia Prison System (PPS)

- $11.02 million is requested to construct a 47,325-square-foot, 224-bed certified juvenile detention facility on the PPS campus. Not only would the proposed facility alleviate adult overcrowding within the PPS, while the City is under Federal Court oversight in the *Bowers v. City* case, but also would add appropriate space for juvenile housing and would eliminate operational problems caused by having to maintain sight and sound separation of certified juveniles from adults. The balance of the project cost would be funded through Act 71 funds.

Police Department

The Philadelphia Police Department occupies 20 facilities, most providing critical public-safety services 24/7. Buildings and infrastructure must be maintained in habitable/safe condition to allow officers and other personnel to provide uninterrupted services:

- $1.8 million is requested for mechanical, electrical, and plumbing improvements at police stations throughout the City.
- $3.2 million is requested for interior and exterior renovations, including roofing projects, installation of windows and doors, structural improvements, fire safety renovations, site work, and general renovations at police stations throughout the City.
- $3.5 million is requested for warehouse and tactical improvements needed to correct numerous code violation and life-safety issues at the 660 East Erie Avenue facility, which currently houses personnel from several Police divisions.
- $5 million is requested for the SWAT/Bomb Squad facility. Both the Police SWAT facility at 660 East Erie Avenue and the Bomb Squad facility at the Police Academy require substantial renovations to correct Code violations and life-safety issues. A new combined SWAT/Bomb Squad facility, with the capacity for in-house training for county, state, and federal agencies, is proposed for construction on the Police Academy grounds. Homeland Security funds of $2.5 million would fund fit-out.

Public Property

- $2.03 million is requested for the emergency standby power project (phase 2)**,** which would provide backup power at many critical service facilities, including police and fire stations, health centers, and fleet fueling and service centers. The project would leverage $1 million in Homeland Security funds.

City of Philadelphia
Five-Year Financial Plan

Neighborhood Transformation

Neighborhood Transformation

Implementing NTI

In April 2001, Mayor Street unveiled the Neighborhood Transformation Initiative (NTI), 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 has taken a multi-faceted, comprehensive approach to neighborhood development.

NTI has also increased opportunities for government and citizens to work together, restoring civic pride and building community spirit. A no less critical NTI goal has been the implementation of a fundamental change in how the City's departments coordinate to support healthy neighborhoods and communities. Between FY02 and FY06, NTI supported community-based planning that reflects citywide and neighborhood visions, improved streetscapes, by abating debris-filled lots and removing abandoned cars, litter, and graffiti, assisting in land assembly, stimulated investment in Philadelphia neighborhoods, and leveraged resources to the fullest extent possible, investing them in neighborhoods strategically.

Like any long-term, comprehensive strategy, NTI was designed to be resilient and adapt to changing conditions. The success of NTI's implementation has increased expectations in neighborhoods and among City departments as they work together. NTI's ability to adapt to change and new expectations will be characterized by the strategies that will be prominent going forward, including:

Improving commercial corridors. The creation of new housing opportunities in many communities has stimulated a demand for increased investment in neighborhood commercial corridors to provide retail and other services. NTI began to address the need for commercial corridor investment by funding the Commercial Corridor Support Program in FY06. During FY07 more than $1.8 million dollars was awarded to 29 projects across the City. More than $65 million dollars from the Cultural and Commercial Corridor Bond funds the ReStore Philadelphia Corridors Program (ReStore) beginning in FY07.

Transitioning demolitions to Licenses and Inspections (L&I). NTI's early forecast of the number of demolitions has been reduced. This unanticipated outcome has resulted from increased property values which have created additional wealth for property owners. A consequence of the creation of new wealth is an increasing interest on the part of property owners to improve their properties. Many homes that could have been targeted for demolition and/or redevelopment were retained by the owners for rehabilitation. While one of NTI's premier goals is to stimulate the private market throughout Philadelphia's economy, attainment of this goal has far exceeded forecasts. To ensure that the City does not build a backlog of demolitions that could impair property values, $2 million will be added to L&I's demolition budget.

Fostering mixed-income communities. Increased property values have created concern for long-term residents about increased tax liability and loss of mixed-income neighborhoods. The Equitable Development Strategy facilitates mixed-income residential communities in neighborhoods where rapid appreciation of housing is the by-product of successful NTI investment.

Consolidating and augmenting greening programs. Cleaning and greening is critical to the development of communities and commercial corridors, increasing property values, public safety and creating hope by removing blight and introducing beauty. While the City aggressively removed abandoned cars from city streets, cleaned vacant lots that had been abandoned for years, issued code violations to property owners for property neglect and removed graffiti, the Pennsylvania Horticultural Society through the Green City Strategy "greened" neighborhoods. The City has invested more than $7 million in the Green City Strategy, which has enhanced treatment of vacant land including planting grass, trees and installing wood fencing on the equivalent of 6,200 row house parcels. More than 2,000 Green City parcels are maintained by nine community land care groups. Improvement and beautification projects have been completed in 55 neighborhood parks, 21 community gardens, and 12 commercial corridors. In FY07, the Green City Strategy includes a tree component with a goal of planting 900 trees. In FY08, $2 million of General Fund support will be added to the program, for a total of $5 million. The Office of Housing and Community Development will assume management of the project.

Going Forward: Being Resilient and Adapting to New Markets

NTI has created a new framework, building upon earlier achievements and lessons learned. The new framework includes supporting sustainable community development to ensure that Philadelphia's neighborhoods are economically diverse, culturally rich, and desirable places in which to live, work, learn, shop and play. NTI will also continue to help the City "work smarter**"** by improving business practices.

Sustainable Community Development

Sustainable community development will be achieved through strategies such as strengthening neighborhood markets, planning and developing open space, managing neighborhood change, and propelling transit oriented development. NTI will focus on creating sustainable community development through the ReStore Philadelphia Corridors program (ReStore), GreenPlan Philadelphia, the New River City Initiative, and the implementation of the Equitable Development Strategy.

Restore Philadelphia Corridors

ReStore weaves together the principles of NTI and the recommendations in the City's Economic Development Blueprint. Blueprint recommendations include sustaining the positive changes that NTI has brought to neighborhoods and extending them to commercial corridors, increasing awareness of the importance of neighborhood commercial corridors, and ensuring that City resources support vibrant neighborhood commercial corridors and districts. ReStore will help revitalize neighborhood commercial corridors and re-establish their historic roles as central places to work and meet neighbors. Strategies to achieve these goals include the following:

- During FY07 and FY08, the Cultural and Commercial Corridor Bond will make $65 million available to support infrastructure improvements that make corridors more welcoming places in which to spend time and money. Treatments will include sidewalks, crosswalks, lighting, signage, greening, and furniture. The bond will also fund programmatic resources, such as two property acquisition pools—for non-profit and the other for profit-making developers—targeted redevelopment grants and business support programs.
- ReStore will leverage private and public community economic development resources including federal, state, local, and private resources. By aligning these resources, the impact of investments is broadened. During FY07, the City made more than $2 million available to invest in neighborhood commercial corridors, through NTI funding and the state's Main Street program. Additional Community Services Block Grant funds will support development projects, façade programs, technical assistance to businesses, and revolving loan pools.
- ReStore will be carried out through emphasis on technology improvements, planning and data analysis—includes conducting community and corridor analysis—tracking corridor data such as

sales, crime, and business statistics. Technology improvements to existing City systems will improve the City's ability to collect and manage data to inform decision-making and evaluate the benefit of investments on corridors.

GreenPlan Philadelphia

Launched during FY06, GreenPlan Philadelphia is the City's open-space planning process. During FY07, GreenPlan facilitated community input sessions in each of the twelve planning areas of the Philadelphia City Planning Commission. During this early stage of community input, residents discussed the open space needs for their communities. GreenPlan Philadelphia will guide decision-making about open space development, acquisition, use, funding, and management. Build on the Green City Strategy, in particular GreenPlan Philadelphia will also inventory the City's natural resources, develop a funding strategy for the plan's implementation, assess the costs and benefits of quality open space, and create tools to evaluate the plan.

In FY08, a first draft of GreenPlan Philadelphia will be made available. Early action steps will include on-going Green City strategy signature projects, the stabilization of another 800 parcels, maintenance of the equivalent of more than 3,200 row house parcels stabilized in prior years, the training of another three community groups to act as Community Land Care stewards, selection of four corridor and gateway projects, and through coordination with the state's TreeVitalize Program, the planting of 600 trees.

New River City Initiative

Effective FY08, the New River City Initiative will enhance the development of Philadelphia's waterfronts and neighborhoods, facilitating protection and public enjoyment of the City's water resources. The New River City initiative focuses on redefining the City's relationship to its rivers, waterfronts, and surrounding communities. The City will utilize $125 million in Water and Sewer Bond Reserve funds to catalyze the development of public water and sewer infrastructure. The City's financial commitment will leverage state and federal resources, and will create additional opportunity by private developers for investment, in anticipation of market rate returns. By establishing goals for advancing Philadelphia's waterfronts as desirable locations, the City anticipates the redevelopment of thousands of acres of presently vacant waterfront land.

The reuse of vacant land along the rivers will create communities of new urban housing, modern retail, office, and manufacturing space, and waterfront recreational amenities that will attract residents and jobs, and improve public access to the waterfront. A total of $25 million of New River City resources will fund stormwater management features on publicly owned vacant lot parcels, publicly subsidized housing, city parking lots, public facilities, and public schools. Projects need not be located along riverfronts, but must be designed to manage stormwater runoff from adjacent blocks, in addition to the runoff generated by the site itself. Stormwater management components may include a combination of greening and stormwater retention structures that will also serve as public amenities. NTI will work with other City agencies to identify appropriate projects for New River City funding. All projects will be completed by July 2009.

Equitable Development Strategy

NTI investments, combined with other factors such as low interest rates and the ten-year real estate tax abatement have stimulated the real estate market across more areas of the city than at any other time in recent history. While the appreciating real estate market is creating new wealth in communities, there is a growing concern about the impact of these changes in many traditionally low-investment neighborhoods. Long-time neighborhood residents have expressed concern about rising real estate taxes, real estate speculation, and displacement. In order to address these concerns, the City is implementing the Equitable Development Strategy (EDS).

Two workgroups comprised of representatives from City departments including the Office of Housing and Community Development (OHCD), Philadelphia City Planning Commission (PCPC), NTI and the Board of Revision of Taxes are examining data to improve current policies, program delivery and provide other measures that foster mixed-income neighborhoods. One workgroup has examined how real estate taxes are effecting long term residents in rapidly appreciating neighborhoods and what, if any, programs should be pursued to help mitigate any potentially negative effects of increased property values. A second workgroup has examined various programs offered by the City such as the Basic Systems Repair Program, PHIL Loans and housing counseling to determine how they can better serve residents of neighborhoods that have experienced rapid housing value appreciation.

One tool designed to address equitable development and to facilitate mixed-income neighborhoods is the FirstHome program. FirstHome is designed to assist families with maximum incomes at 115 percent of median income to purchase homes in rapidly appreciating neighborhoods. Developers of market-rate housing will subsidize a portion of the sales prices of a percentage of units in the project. The City will loan the homebuyer up to $25,000, which the developer must match, dollar for dollar. The homebuyer will not be required to pay the debt service on a FirstHome loan, but may do so if they choose to reduce the amortization period of 30 years.

Additionally, the City has begun to offer community housing forums to provide information about tax assessment changes and market existing programs and products. Forums provide information on housing counseling services, home repair assistance such as Plus Home Improvement Loans and Basic Systems Repair, state and City programs that can assist homeowners with rising housing costs, and new mixed-income and affordable housing opportunities in the community.

Working Smarter

NTI will focus on "working smarter" by continuing to use planning as an investment tool, incorporating the "best practices" of NTI into the demolition strategy of the City's Department of Licenses and Inspections (L&I), reorganizing the City's' housing agencies to create efficiencies, instituting land banking principles to facilitate new development, and improving City practices to build opportunities for disadvantaged firms and workers.

Planning as an Investment Tool

The City will continue to use planning as an investment tool to inform community and economic development in Philadelphia. During the initial phase of NTI, the City began the development of area plans that reflect citywide and neighborhood visions. Under the leadership of the PCPC, the City committed to a community planning effort that would provide a foundation for NTI revitalization activities. The neighborhood planning process operates within the following principles.

- A transparent process for community-based planning and land use review
- Community-wide meetings and feedback systems to ensure that residents have an opportunity to review and comment on any proposed plan
- Contexts for community planning that encourage a larger framework for decision-making other than simple neighborhood boundaries

PCPC has produced an “Existing Conditions Report” for thirty-four targeted neighborhoods and/or corridors. The PCPC has also completed six community plans, including Strawberry Mansion, South of South, Mantua, Parkwood, the North Broad Corridor, and the Lancaster Avenue commercial corridor, and participated in three additional plans funded by the Delaware Valley Regional Planning Commission (DVRPC) for Chinatown, Mt. Airy, and West Powelton. Additionally, local Community Development Corporations and non-profits have created new plans with PCPC participation. PCPC intends to complete three additional community plans during 2007.

GreenPlan Philadelphia is a citywide planning initiative that reinforces other NTI revitalization community input efforts. GreenPlan Philadelphia will create a comprehensive plan for city-wide open space and has completed initial citywide community input. GreenPlan Philadelphia has been recognized as a national model for strengthening the relationship between government and local greening and environmental organizations, as well as neighborhood groups, citywide.

As part of NTI’s effort to revitalize neighborhoods, much attention has been given to the economic health of commercial corridors. Working with private foundations and community groups, the City will invest substantially in commercial revitalization through its ReStore Philadelphia Corridors program.

The DVRPC has awarded the Commerce Department two Transportation and Community Development Initiative (TCDI) grants totaling $150,000 to conduct community-oriented transportation planning. NTI is leading these planning efforts through FY08. One plan will create an economic development strategy in support of the Centennial District, another will develop crime prevention models that are suitable for various types of commercial corridors and transit hubs. PCPC was also awarded a TCDI grant to plan development in these areas: near the Wayne Junction Station in the Lower Germantown area, for transportation and parking on a substantial portion of North Broad Street, and for safer streets in the South of South Street neighborhoods. Generally, TCDI funding will support the creation of transit-oriented plans in key commercial areas, fund streetscape improvements, facade improvement programs and the study and adjustment of zoning regulations in selected commercial areas.

Revising City Demolition Practices

Focusing on the best practices honed during the NTI demolition program**,** L&I will assume management of both planned and emergency “curbside” demolition. L&I will focus on the use of decision maps to direct efforts to the highest, most densely concentrated areas of blight, improve its systems for tracking dangerous buildings, and schedule re-inspections of vacant properties. L&I will require additional resources in FY08 if the Department is expected to carry forward NTI best practices which include a planned demolition program a strong quality of life program, and project management duties for both planned and emergency demolition operations.

Creating Efficiencies among the City’s Housing Agencies

The City’s housing agencies include the OHCD, the Redevelopment Authority (RDA) and the Philadelphia Housing Development Corporation (PHDC). During FY05 and FY06, the Secretary of Housing led department heads in an assessment of skills and functions necessary to the mission of the new housing organization. In FY05, OHCD selected, through a competitive bidding process, a consultant team to manage the reorganization planning and implementation strategy. OHCD is now implementing the reorganization. AFSCME Local 1971 of District Council 33, represents bargaining union employees of all three agencies. While each agency contracts separately with the union, contract negotiations are separate from the reorganization process. However, the new labor contracts will be overlaid on the final reorganization plan. The reorganization and renegotiation of the union contract is scheduled for completion by the close of FY07.

The reorganization facilitates more efficiency for developers and other consumers. For instance, residential developers are receiving development services that include coordinated project review, support for residential rezoning efforts, and assistance in assembling parcels. OHCD has become the single point of accountability for designing, articulating and implementing an overall housing and community development strategy for the City.

Creating a Landbank to Facilitate Development

OHCD has instituted land banking principles to facilitate new development in Philadelphia. Philadelphia's real estate values have grown more than 30 percent since the creation of NTI in 2001, spurring a surge in development activities for both market-rate and affordable housing. OHCD receives numerous requests from businesses and private residential developers to purchase publicly owned property for fair market appraised value. Disposing of land at fair market value will increase development activity by generating substantial sale proceeds to fund additional acquisition activities and create additional subsidy for affordable housing, as federal funding for housing and community development decreases. OHCD continues to work with the RDA, PHDC and Department of Public Property, to review the inventory of publicly owned property and determine sites to be assembled for the development community. The City is beginning the process of conveying properties during FY07. The landbank will greatly simplify the City's property disposition process.

The Recycling Agreement between OHCD and RDA is another tool that supports landbanking and other property acquisition by the City. A Recycling Agreement directs delinquent tax revenue recovered from condemned parcels into a fund supporting additional acquisitions. During FY07, $784,000 was recycled. It is anticipated that another $346,000 will be recycled by the beginning of FY08.

In 2006, NTI, OHCD and the Mayor's Office of Information Services (MOIS) launched Building Uniformity in Land Development (BUILD), an interactive website that enables developers to obtain property information including ownership, tax delinquency status, building code violation status and property tax assessments. The BUILD system allows users to search for property information by a variety of criteria and will be updated to allow developers to make online requests for acquisition assistance for publicly owned property.

Improve City Practices to Build Opportunities for Disadvantaged Firms and Workers.

The primary objective of the NTI demolition program is to eliminate dangerous buildings from Philadelphia neighborhoods. However, the infusion of City resources into demolition work has created numerous business and employment opportunities. NTI established goals for participation of disadvantaged businesses in demolition contract work. The goals for contracting participation opportunities include 35 percent minority-owned firms, 12 percent women-owned firms and 2 percent disabled-owned firms. The City also asks contractors to employ a workforce of whom 80 percent are Philadelphia residents, and ensure that work hours for each trade are performed by at least 75 percent minority, and 10 percent female employees. The policy has been successful. As of December 2006, minority-owned firms were awarded 48.7 percent of the demolition contracts under NTI, minority workers account for 73 percent of the 177,657 hours worked on NTI demolition sites, and Philadelphia residents account for 79 percent hours worked. The City has worked with the African-American Chamber of Commerce's Technical Assistance Center on the Emerging Contractor Program, which prepares disadvantaged businesses for participating in the NTI demolition program. The City also has worked with the Diversity Apprenticeship Program, to prepare workers to work on NTI and other construction/demolition related jobs.

The success of meeting participation and employment goals on NTI projects has raised expectations and confidence that the City can realize aggressive goals consistently. As a result, both the Cultural and Commercial Corridor Bond Program, which funds the ReStore Philadelphia Corridor Program and the New River City Initiative, feature Economic Opportunity Plans that require high participation goals for disadvantaged businesses and high employment goals for Philadelphians, minorities, and females.

Conclusion

NTI has successfully removed and prevented blight, developed and preserved housing, invigorated commercial corridors, institutionalized planning and data informed decision-making, improved technology, facilitated coordinated operations among City departments, and leveraged resources.

As NTI realizes its primary goal—to stimulate market forces within all neighborhoods in the City of Philadelphia—NTI continues to build on early successes, including coordinated programming for the revitalization of neighborhood commercial corridors; transit-oriented development; the implementation of GreenPlan Philadelphia; the creation and use of equitable development tools, and greater opportunity for disadvantaged businesses, minority people and Philadelphia residents. NTI continues to bring about fundamental change in the way the City does business, to ensure that the multitude of services provided to residents are coordinated in a way that supports healthy neighborhoods and communities.

NTI's ultimate success will occur when strategic changes in the processes and systems of government during the initiative become "business as usual" for the City.

Summary of Accomplishments

	2000	2001	2002	2003	2004	2005	2006	Total
Quality of Life Programs								
Abandoned Cars Removed	62,762	53,033	53,813	38,540	27,403	21,626	17,835	275,012
Graffiti Abated	34,464	54,533	74,720	90,876	91,100	92,375	93,272	531,340
Cleanings of Vacant Lots			35,787	12,186	11,270	9,367	10,014	78,624
Buildings Demolished			1,040	573	1,380	984	1,056	5,033
Buildings Cleaned and Sealed			1,76	1,475	1,515	1,456		6,215
Affordable Housing Programs								
Special Needs Rental Units Completed		71	122	136	74	115	66	584
Rental Units Completed		781	324	143	302	492	371	2,413
Homeownership Units Completed		192	166	125	116	92	140	831
Total Affordable Housing Completed		1044	612	404	492	699	577	3828
Housing Preservation Programs								
Basic Systems Repair Program					14673	7503	3364	25,540
Homeownership Rehab Program (HRP)					154	37	18	209
Settlement Grants					3,545	954	995	5,494
HELPP Loans					13	7	1	21
Phil-Plus and Mini -Phil					70	41	48	159
PHIL-Loans closed			77	80	207	168	141	673
Total PHIL-Loan Amount in Millions			$1.30	$1.60	$4.10	$3.50	$2.90	$13
Other Housing								
Large-Scale Market Rate Planned & Underway					8,731	4,374	3,144	16,249

City of Philadelphia
Five-Year Financial Plan

Economic Development

Promoting Economic Development

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.

Background

Philadelphia's economic outlook closely resembles the national economic outlook, and in some ways 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.

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.

Accessibility

Philadelphia is in a key position to access regional and international markets, due to the transportation infrastructure centered here, including Philadelphia International Airport, AMTRAK's Northeast Corridor service, major interstate highway access, regional SEPTA service and the port. The capacity of Philadelphia's transportation infrastructure is demonstrated by its median commuting time, which is 19 percent lower than the national metropolitan average. Recent analysis has shown that employees also benefit: 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.

Culture

As a major urban center with a rich historical legacy, Philadelphia is increasingly gaining national recognition for its cultural and recreational advantages, which include the many tourism assets concentrated within city limits. Independence National Historical Park, the Philadelphia Art Museum, and the Franklin Institute, as well as 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 rich historic mix, and sometimes clash, of cultures is evident in contemporary Philadelphia as well. Within months the City and Independence Historical Park will break ground on the President's House, the site of the nation's first Executive Mansion where George Washington resided with nine enslaved Africans. The development of new first-class sports facilities, as well as continued access and development along the City's Delaware and Schuylkill River waterfronts, adds to this array.

Affordability

Philadelphia remains uniquely affordable when compared to its peers, as noted in the chart below.

Housing Affordability 2006		
Metro Area	**National Rank**	**Regional rank**
Philadelphia, PA*	**104**	**21**
Boston-Quincy, MA*	143	30
Washington-Arlington-Alexandria, DC-VA-MD-WV*	145	49
New York-White Plains-Wayne, NY-NJ*	172	34

*Source: National Association of Homebuilders. * Metropolitan Statistical Areas.*

Nationally, Philadelphia housing affordability ranking, which the National Association of Homebuilders determines by comparing the percentage of homes sold each quarter to those possessing the median household income for a given metro area, is 104, placing it in the top 60 percent of the 182 cities surveyed. Boston, Washington, DC, and New York City rank significantly lower than Philadelphia, nationally and regionally.

Educational Opportunity

Philadelphia houses a predominant share of the regions educational employment and enrollment, because of its major colleges and universities. 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).

Strong Office Market

Since beginning the Office Retention Program in 2002, the City successfully retained 111 of 113 major commercial office tenants in the City of Philadelphia, while all targeted companies remained within the region. The Center City office market is witnessing an unprecedented boom, with 1 million square feet of net absorption in 2006. This second year in a row of positive absorption since 2000 has left the Center City vacancy rate at 10.2 percent, down from 1 percent in 2005. With Comcast committing to lease 870,000 square feet in its new headquarters building, as well as growth from law firms, professional services, and other Philadelphia companies, such as CBS Broadcasting, Arkema, Wachovia and Children's Hospital of Philadelphia, Center City is poised for continued growth. 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 has sustained these market conditions.

Major Industry Sectors

As noted in the chart below, Philadelphia has a higher concentration of employment in six sectors, when compared to the average sector concentration in Pennsylvania counties.

Philadelphia Industry Concentrations Compared to Pennsylvania

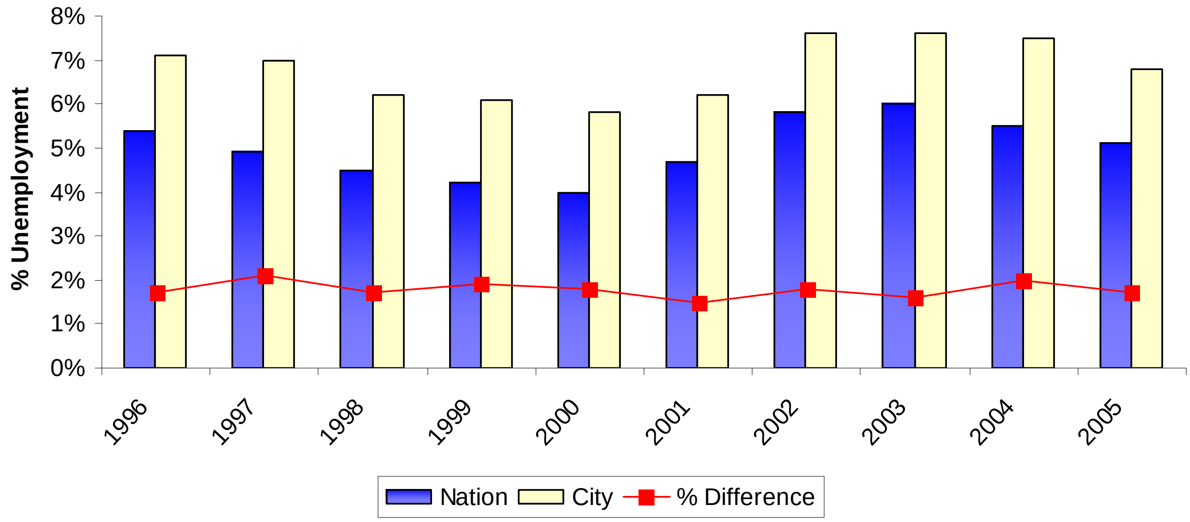
Industry	Pennsylvania	Philadelphia County
Education and Health Services	1.34	2.23
Financial Activities	0.95	1.25
Other Services	1.02	1.12
Professional and Business Services	0.89	0.99
Leisure and Hospitality	0.87	0.93
Information	0.82	0.9
Trade, Transportation, and Utilities	0.99	0.72
Manufacturing	1.1	0.47
Construction	0.8	0.34
Unclassified	0.03	0.04
Natural Resources and Mining	0.56	0.01

Source BLS: 2005 Location Quotient, 2005 Quarterly Census of Employment and Wages Data. Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.

Philadelphia has maintained an above-average concentration of employment in Education and Health Services, Financial Activities, Other Services, Professional Business Services, Leisure and Hospitality as well as Information Services. 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.

The overall unemployment rate, however, has continued to surpass that of the nation. Despite the sluggish national employment recovery following the 2001 recession, the national economy has shown signs of growth over the past year, as reflected in a decline in the gap between the national and local unemployment rate in the chart below.

Unemployment Rate Comparison, 1996-2005



Source: Bureau of Labor Statistics, 2007

As indicated in the chart below, the city has consistently had an employment rate between 1.6 to 2.2 percent higher than the national average.

Year	Nation	City	% Difference
1996	5.4%	7.1%	1.7%
1997	4.9%	7.0%	2.1%
1998	4.5%	6.2%	1.7%
1999	4.2%	6.1%	1.9%
2000	4.0%	5.8%	1.8%
2001	4.7%	6.2%	1.5%
2002	5.8%	7.6%	1.8%
2003	6.0%	7.6%	1.6%
2004	5.5%	7.5%	2.0%
2005	5.1%	6.8%	1.7%

Source: Bureau of Labor Statistics, 2007.

However, as shown in the chart below, the local economy has reflected a trend toward growth in particular sectors. Between 2005 and 2006, jobs in all employment sectors shown below remained stable or grew, and the total number of jobs has increased.

Cluster Employment Data: City of Philadelphia 2001-2006 (in thousands)							
Sector	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**% Change from 2001**
Construction & Mining	13.4	12.8	12.1	11.2	12.0	12.3	-8.2%
Manufacturing	39.9	37.3	33.6	32.1	31.2	30.0	-24.8%
Trade, Transportation, & Utilities	98.8	97.6	94.9	90.4	91.2	89.8	-9.1%
Information	17.0	16.8	15.7	13.5	13.3	13.2	-22.4%
Financial Activities	52.2	51.8	50.2	48.3	48.3	47.8	-8.4%
Professional & Business Services	87.5	87.0	85.1	84.1	82.1	83.1	-5.0%
Education & Health Services	176.6	179.7	183.5	182.7	186.0	190.2	7.7%
Leisure & Hospitality	56.0	53.7	52.3	53.4	56.3	57.1	2.0%
Other Services	29.0	29.7	28.7	28.0	28.6	28.4	-2.1%
Government	118.0	117.1	114.7	112.2	111.7	110.4	-6.4%
Total	688.2	683.5	671.3	655.8	660.5	662.4	-3.7%

Source: Bureau of Labor Statistics.

From 2001 to 2006, employment in Philadelphia's Education and Health Services sector increased by 7.7 percent. In addition, the Leisure and Hospitality sector captured more modest growth at 2 percent. The City anticipates growth in the information and other knowledge industry oriented sectors, as well as Professional and Business Services and Information, all of which will continue to play a large role in Philadelphia's future.

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. A January 2002 report by the Philadelphia Federal Reserve Bank found that Philadelphia ranked first among a comparison group of 14 major metropolitan areas in its concentration of Education sector employment, and third in life, physical, social sciences, and healthcare professionals.[1] These advantages equip Philadelphia to continue to build its knowledge industries. 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. Within the knowledge economy is another sector of great importance to Philadelphia and the region, the life sciences, which includes health care, research,

[1] The nine largest metro areas and five others in the Northeast with populations above two million)

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 Philadelphia Navy Yard (PNY), the former Civic Center site in West Philadelphia, and the site of the postal lands along the west bank of the Schuylkill River being developed y the University of Pennsylvania.

Direct interventions have been undertaken to address barriers to employment for those who have yet to take advantage of Philadelphia's educational and cultural opportunities. High unemployment or underemployment often coincides with high concentrations of poverty in Philadelphia's neighborhoods. Career Links, neighborhood based one-stop centers connecting Philadelphians' to gainful employment make resources available that break down barriers to employment. The Spring Garden CareerLink location is in close proximity to North Philadelphia and is on a major transportation route. The Administration has supported for example, culturally targeted Career Links, such Congreso de Latinos Unidos and Nueva Esperanza, which tailor services to the city's growing Hispanic community. The City also funds a number of organizations that provide entrepreneurial development training and micro-loans, which prepare young people to enter the workforce.

Economic Development 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 a 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. The result was a set of priorities that contain the Administration's broad agenda for Philadelphia's economic development future. Benchmarks were set for priorities including expansion of the knowledge industry, supporting civic and cultural development efforts, increasing Minority Business Enterprise/Women Business Enterprise (MBE/WBE) participation, waterfront development, neighborhood economic revitalization, and workforce development--with a focus on educational opportunity. Increasing the impact and efficacy of City inventive programs and using strategic tax allocation and reduction equipped the Blueprint with a strong emphasis on results and accountability.

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 Community Development Block Grant (CDBG)-based staffing. The Department of Commerce leverages its resources by working with other City agencies and community and business partners. 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 at the close of 2008, however, some of the progress made and plans for FY08 follow.

Priority: Expand the Knowledge Industry

The Administration's vision is to make Philadelphia a vibrant and competitive global city. This sector of the economy includes education, health care, life sciences, technology, telecommunications, financial/professional services, and occupations where creative service is essential.

Objectives

- 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

Activities

- **Increase the City's funding and commitment to the Knowledge Industry Partnership through Campus Philly.** The City of Philadelphia's student attraction and retention initiative established four years ago as the Knowledge Industry Partnership (KIP) and now organized as the nonprofit organization Campus Philly, attracts new students to attend college here, encourages them to remain in our workforce after they graduate from our colleges and universities. Following a strategic review in FY06 and the consolidation of services in FY07, Campus Philly is leveraging the Mayor's $1 million funding commitment by attracting additional private and public sector funds to expand the region's base of young knowledge workers. In FY08 funds will assist Campus Philly with strategic policy development and program expansion, including programs focusing on international student recruitment, increasing student-community engagement, connecting graduate students with personal and professional opportunities in the region, and significantly expanding the CareerPhilly internship and job linkage program.

- **Broaden effort to retain and grow the young professional population.** In FY07 and FY08, the City of Philadelphia has committed $5 million to a first-of-its-kind marketing initiative that uses new media to promote the region as a tourist destination and great place to live. The Greater Philadelphia Tourism Marketing Corporation has developed the http://www.uwishunu.com/ web portal as a kick of for the uwishunu campaign, in which visitors and prospective residents can learn from Philadelphians about the region's hidden treasures via blogs, podcasts, video, and other new media. The campaign targets young tech-savvy travelers who are more prone to gather information from the Internet and non-traditional media sources and place a high value on "insider" and local knowledge industry.
- Innovation Philadelphia, under new leadership in FY 07, has made growing the region's young professional population one of its top strategic priorities. In FY08, Innovation Philadelphia will target the young professional population, 25-34 years of age, via events and Web resources promoting job opportunities in Philadelphia, outreach to alumni of Philadelphia-area colleges who have moved elsewhere, and activities that showcase Philadelphia's young professionals and entrepreneurs. Innovation Philadelphia has developed a database of approximately 200 local organizations whose membership consists primarily of young professionals, alumni groups, web sites, and blogs used by 25-34 year old professionals. The database will be used to maximize the impact of Innovation Philadelphia's young professional attraction and retention efforts.

- **Create a targeted program to attract and retain international knowledge workers.** 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. In FY07, Campus Philly's Study Philadelphia initiative honed its strategy to increase international student enrollments at area colleges. For the remainder of FY07, Study Philadelphia will conduct an education mission to Korea and Taiwan – two of the top feeder countries for undergraduates coming to the United States. The IVC will hold a two-day event in May for Philadelphia- and DC-based consular officials to promote the region as a top education destination for international students, and expand its print- and Web-based outreach. The program coordinates with local businesses to place students in management job shadowing experiences within their discipline of study. The program had more than 850 participants at its events in 2006 and the IVC anticipates the trend to continue through the balance of FY07 and into FY08.

- **Use Philadelphia's workforce readiness infrastructure to improve, update, and broaden existing workforce skills.** In 2006, the Philadelphia CareerLink system played a direct role in the employment of 7,056 customers and had more than 30,000 registered online job seekers. Clients received assistance in job searching, career counseling, literacy and skills assessment, referral to support services, labor market information, and access to training programs. Approximately $2.3 million in Workforce Investment Act (WIA) Title I Adult and Dislocated Worker funds were used in 2006 to support training of 527 people in health care, business and financial services, telecommunications, hospitality, transportation, building trades, education, and manufacturing. Three months after completing customized job training programs, 90 percent of participants in various programs were placed in jobs. Wages averaged over $10.50 per hour.

  To date in FY07, Philadelphia was awarded $1.4 million from the Commonwealth to support industry partnerships and training for incumbent workers. Industry Partnership Grants in Printing, Healthcare, Utilities, Manufacturing, Maintenance and Hospitality will fund a variety of programs supporting training and early career access to these industries.

  Additionally, in November 2006, the Philadelphia Workforce Investment Board, acting as the corporate entity for the Life Science Career Alliance, was awarded a $1.5 million grant from the U.S. Department of Labor to support bio-pharmaceutical manufacturing in Southeastern Pennsylvania, Southern New Jersey, and Northern Delaware. This grant is connected to the Mid-Atlantic Innovation Network, a virtual regional network of workforce and economic development agencies funded by the United States Department of Labor and convened by Innovation Philadelphia. This three-year grant will support the development of skill-based, industry-validated certificates to be developed at the local community and four-year colleges.

  To optimize the impact of industry partnerships and related training initiatives and ensure alignment with workforce development strategies and economic priorities, the PWIB formed the Industry Partnership Advisory Committee with representatives from the Philadelphia Workforce Development Corporation (PWDC), PA Department of Labor and Industry, Greater Philadelphia Chamber of Commerce, and the local PA CareerLink system.

  Finally, Graduate! Philadelphia, an initiative of the Philadelphia Workforce Investment Board in partnership with United Way of Southeastern Pennsylvania, has remained dedicated to increasing the college completion rates of Philadelphia's workforce. This past year, Graduate! Philadelphia launched a formal marketing campaign to raise public awareness about the importance of degree completion and to educate the public about the issue. As one component of this campaign, Graduate! Philadelphia participated in this summer's Unity Day activities, which drew over one million visitors. Additionally, building upon the success of the first-ever "Returning to Learning Education Fair," held in November 2005, Graduate! Philadelphia has planned four education fairs for working adults for winter, spring, and summer 2007, in North, Northeast, Northwest, and West Philadelphia.

- **Implement Wireless Philadelphia**. Incorporated as a non-profit in March 2005, Wireless Philadelphia has partnered with service provider EarthLink to develop and build the nation's largest municipal Wi-Fi broadband network. The goal of improving Philadelphian's lives through Digital Inclusion, no city tax dollars will be used to fund the building of WiFi infrastructure. The first 15 square-mile 'proof of concept' area, stretching from Brewerytown and Logan Circle in the south to Feltonville and Juniata at the north and between Hunting Park and the Delaware River, became operational in FY07. The 135-square mile, citywide Wi-Fi mesh network will be operational in the Fall of FY08. MAP?

- **Make venture capital more accessible to start ups.** In FY07, Innovation Philadelphia (IP) divested itself of its successful venture capital and investment programs to two area technology-based economic development organizations. IP's Economic Stimulus Fund and Mid-Atlantic Angel Group Fund both transferred to the Science Center. The City has committed $500,000 toward Economic Stimulus Fund (ESF) investments, with at least one investment in a minority-owned and -controlled business and one in a business that is part of the Creative Economy. IP's first-of-its-kind Intellectual Property Donation program, which stimulates commercialization of intellectual property donated by Fortune 500 companies, has been moved to Ben Franklin Technology Partners of Southeastern Pennsylvania (BFTP/SEP), along with management of the Innovation Partnership, which offers technical assistance and funding to start-up companies seeking federal research grants.

- Strengthen networks and infrastructure essential to a thriving Creative Economy. In June 2006, IP hosted the Global Creative Economy Convergence Summit. The three-day event attracted more than 400 entrepreneurs, business leaders, artists, and technology professionals from around the world to Philadelphia to exchange ideas while highlighting the region's rich creative resources. Creative professionals representing design, architecture, engineering, textiles, fashion, music and film production, communications, software development, the performing and fine arts, and web design shared best practices and strategies for successful creative economies. The conference led to the creation of a local Creative Leadership Council, convened by IP, to guide future Creative Economy growth strategies for Philadelphia. In FY08, IP will pursue several Creative Economy initiatives, including a study of the size and economic impact of the region's for-profit Creative Economy, print and online tools to assist creative businesses to start and grow in Philadelphia, and development of new funding sources to support creative economy entrepreneurs. The University of the Arts' new Center for the Creative Economy was established in FY07 to help further coordinate these efforts.

- **Package financial incentive tools to assure that space is available and affordable for knowledge economy companies.** The redevelopment of the PNY is being fueled, in part, by the Keystone Innovation Zone (KIZ) program. 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. In fall 2007, PIDC closed the sale of a 30,000 square-foot former Marine barracks to a Philadelphia-based developer who will renovate and master lease the building to a joint venture partnership between the BFTP/SEP and the Delaware Valley Industrial Resource Center. The partnership will occupy and operate the building as a Keystone Innovation Center, a new home for technology commercialization at PNY with the goal of fostering new enterprises in the region. The project is part of a multi-year, multi-pronged effort to establish a regional hub for research and development and commercialization of physical and engineering science. McKean Defense Group, a growing engineering and Information Technology company founded in 2006 by veterans of the defense-related engineering sector, located its corporate headquarters at PNY KIZ in FY07. The company plans to double in size at PNY in 2007. In FY08, PIDC will continue efforts to develop the Penn State Energy Research and Commercialization Center at the PNY, designed to build upon high-priority research and technology development programs of the U.S. Navy.

Priority: 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 will follow through on its commitment to prompt completion of projects that make Philadelphia a destination of choice for residents and visitors alike.

Objectives

- 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
- Influence gaming options and coordinate retail expansion
- Assist in finding dedicated regional funding for Arts and Culture support

Activities

- **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, sale of a Cherry Street property by the Pennsylvania Academy of Fine Arts (PAFA) to the Commonwealth, was announced in January 2006, and land acquisition has continued through FY07. Also in FY07, City Council approved three ordinances to strike certain streets within the build path, transfer a fire house located on 1328 Race Street, and approve building on the air rights over Thirteenth Street. By June 2007, the City will have relocated the Office of Supportive Housing's intake center, which is currently located within the build path. Through the close of FY07 and into FY08, 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. In addition, this FY08 – 12 Plan provides $15 million in annual support for Convention Center expansion, beginning in FY10.

- **Assist with planning, siting, and financing Parkway and Avenue of the Arts projects, and cultivate the vibrancy of public spaces.** The Parkway represents an important iconic destination and thoroughfare for Philadelphia. In FY06 and FY07 the City took steps to make sure that the Parkway is adequately prepared for the future developments discussed, including:

  - **Barnes Foundation.** In FY08, the Department of Commerce plans to lead efforts to facilitate the Barnes Foundation's relocation 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, or necessitate Youth Study Center will relocation of to a temporary location prior to the completion of a new facility.
  - **Free Library Expansion.** The preliminary phase of the expansion of the Free Library of Philadelphia is slated to continue through FY08. The first $10 million of the City's $30 million commitment to the 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. The Administration is proposing $10 million of additional City investment from PICA to address critical renovation needs at the Central Library.
  - **Parking upgrades.** With support from the Pew Charitable Trusts, the City hired consultants to study parking, circulation, and transit along the Parkway from Twentieth Street to the west side of the Philadelphia Museum of Art. Potential sites for new parking structures to accommodate the new Barnes Foundation and Library expansion were also identified.

- **New Entertainment District.** Improvements and progress also continue on the Avenue of the Arts. In the area of Broad and South Street, several Entertainment District Development milestones have been met. With a $100,000 grant from the City, Universal Companies completed a competitive analysis of music cities in FY06, outlining best practices and recommendations for the proposed National Center for Rhythm and Blues. Working closely with Universal, and funded by a three-year grant from the City for $300,000, the Rhythm and Blues Foundation successfully relocated to Philadelphia. The City is also providing office space for the Foundation. The Foundation initiated planning for several events and festivities that will strengthen Philadelphia's visibility within the entertainment community. A highlight was the Pioneer Awards gala held in Philadelphia in June 2006. In FY08, the 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. Universal also completed an economic impact study examining the overall impact of the music industry in Philadelphia and the region. Phase II of the project, to be completed by the close of FY07, will be a retail market analysis of South Street and further development of the interpretation plan for the National Center for Rhythm and Blues In addition, Universal will begin to develop the physical planning and design elements for the Center.
- **Avenue North Complex opens.** Signifying a new day for North Philadelphia, the $100 million Avenue North complex opened in 2006 and features the seven-screen Pearl Theatre movie house, an 800-room housing facility for 1,200 Temple University students, and 20 retail shops with café seating. Fresh Grocer supermarket has agreed to expand to Progress Plaza as part of the complete redevelopment of the site, with construction expected in FY08.

▪ **Enhance and support transportation infrastructure.** Philadelphia International Airport (PHL) contributes significantly to the City's perceived advantages locally and abroad. Passenger traffic continues to increase dramatically, with a record projected 31.6 million passengers in 2006, a 0.5 percent increase over 2005. The Airport commenced site preparation for the $65 million Runway 17-35 project in summer 2006, and began construction in January 2007. The project will extend PHL's primary 5,000-foot commuter runway by 1,040 feet. Completion of the extension, anticipated in December 2008, will provide airfield capacity for larger commuter aircraft and the new generation of regional jets. PHL has commenced a $220 million capital improvement project to expand Terminals D and E. The 222,000 square-foot project will provide PHL with an additional three jet gates, an additional 23 ticket counter positions, an increase from eight to 14 security-screening lanes, and two additional baggage claim carousels. Final completion of the project is expected in summer 2009.

▪ **Determine appropriate arts and culture funding models.** Philadelphia's cultural assets are economic engines for the region. The Mayor's Arts and Culture Taskforce began meeting in December 2004 to discuss a variety of strategies for the creation of a regional funding source for arts and culture. In December 2005, the Department of Commerce published a sustainable funding guide to educate arts, cultural, business, civic, and political leaders on funding issues and possible strategies. To advance the effort to develop sustainable funding for arts and culture, the City initiated a joint effort with the William Penn Foundation, the Pew Charitable Trusts, Wachovia Bank, the Arts and Business Council, and the Greater Philadelphia Cultural Alliance. The goal is to position arts and culture as a larger part of Philadelphia's identity. Investment in infrastructure projects will increase both the visibility and accessibility of the city's major cultural corridors, preserve and strengthen the city's arts and culture organizations, and leverage funding to support these efforts.

In FY08, the Mayor's Arts and Culture Taskforce and the Department of Commerce will work in their respective capacities to nurture the project and garner support. The City will continue annual support for arts and culture organizations through the Philadelphia Cultural Fund. The FY08 operating budget and Five Year Financial Plan also provides for debt service support for up to $150 million in bond proceeds through the City's Cultural and Commercial Corridors Bond Ordinance. Approximately one-half of the borrowing will provide funding for critical needs of the City's cultural assets. A $60 million Cultural Corridors fund will support capital projects for City-owned institutions, public amenities and other organizations that promote City objectives. Targeted investments will be made within five cultural corridors: Avenue of the Arts, Ben Franklin Parkway, Historic District; Centennial District, and El Centro de Oro. Additionally, a $5 million Capital Grants Fund will be available to eligible organizations citywide for capital projects. Funding supports capital projects under $250,000 that are necessary, yet traditionally more difficult to fund.

Priority: 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 the waterfront. Results, include:

- **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 Aker (shipbuilding), Liberty Property Trust (real estate), AppTec (biotechnology), Urban Outfitters (retailing), and seventy other private companies that employ over 7,000 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, as well as infrastructure improvements have been catalysts for a dynamic roster of development projects. 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 the corridor.

- **North Delaware**: North Delaware riverfront zone extends eleven miles north from the Betsy Ross Bridge, and is the subject of a PCPC master plan. 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 River from Port Richmond to Packer Avenue. Both gaming sites will be developed in this zone, and existing industrial infrastructure for our ports and utilities are being strengthened. The Philadelphia City Planning Commission is leading an effort to plan for the growth of the area.

Objectives

- Pursue redevelopment of the PYN in accordance with PIDC's mixed-use master plan
- 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 infrastructure to support industrial activities surrounding the port

Activities

- **Assist in the acquisition of land to enhance waterfront open space and facilitate land assemblage for market-rate uses.** In FY05, the City partnered with the Pennsylvania'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. Following completion of environmental due diligence, the City took title to the property in January 2007, through the Philadelphia Authority for Industrial Development (PAID). Site control along the west bank of the Schuylkill River between the Grays Ferry Bridge and Bartram's Garden is now uninterrupted and aligns with the Tidal Schuylkill River Master Plan. In the fall of 2006, the City completed environmental due diligence activities on an eight-acre waterfront parcel on the east bank, which is scheduled for transfer to public ownership in spring 2007. When the transfer is complete, the east bank of the Schuylkill River between the Thirty-fourth Street Bridge and the Grays Ferry Bridge will be under public control. SRDC has advertised for construction services to commence in early FY08.

  In October 2006, a $5.5 million loan was approved for a large-scale residential redevelopment on the site of a former steel manufacturing facility on the North Delaware. A $600,000 EPA loan was made to a former arsenal on the North Delaware River for environmental remediation to help facilitate a shopping center. In an area of the North Delaware identified for industrial users, the Department of Commerce is marketing a former scrap yard acquired and environmentally investigated by the City. Commerce anticipates that settlement with an industrial user will occur in the spring of 2007, and construction of an industrial facility will begin in FY08.

  Leverage funding with a $125 million commitment to appropriate New River City infrastructure. 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. Creating opportunities for private developers to commit significantly greater levels of capital, in anticipation of market rate returns, Commonwealth and federal resources will augment the City's financial commitment. City Council legislation outlining the proposed infrastructure project funding categories and award criteria has been approved, with funding to be released in FY08. In the remainder of FY07 and through FY08, the Administration will determine how the funds will be spent. The City 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.

  One area that is likely to receive funding is the Philadelphia Navy Yard, where significant improvements are already in progress. Construction is underway on a $20 million upgrade to the street grid within PNY's Historic Core District, creating development sites with capacity to accommodate over 2 million square feet of new office and laboratory space. Phase One of the project will be completed by spring 2007, and will include the construction of a new street, Normandy Place, and the completion of League Island Boulevard's extensive streetscape package. Additional improvements are currently in design with construction of other phases to be completed during the next two years. Funding for the project will be provided largely by an $18.3 million loan from the Commonwealth Financing Authority's "Business in Our Sites," a program which has provided $300 million to address development site improvements acquisition, demolition, and infrastructure. The Philadelphia city Capital Program will also fund a portion of the project.

- **Institutionalize waterfront development guidelines to ensure public access and responsible environmental stewardship.** City agencies continue to collaborate with 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 fall 2006, Mayor Street signed an Executive Order creating the Central Delaware Advisory Group. This 45-member group, chaired by the Philadelphia City Planning Commission, is charged with developing a comprehensive plan for a seven-mile stretch of the Delaware waterfront extending from Allegheny Avenue to the Philadelphia Navy Yard, and westward to 6th Street, an area that has not been planned for in 24 years. In a process led by consultant PennPraxis that will continue in FY08, a civic vision balancing the public good, access to the waterfront extending, open space, and quality mixed use development, and strategies for traffic and parking will be fashioned.

Priority: Expand Business Attraction and Expansion

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 GPCC, the Center City District, IP, PECO, and the Governor's Action Team. In order to build on the BAR team's retention success, the City will focus on helping local businesses remain and grow. The City will also work with regional leaders to market Philadelphia's competitive advantages through an 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, assemble a responsive incentive package, and effectively compete for new business.

Objectives:

- Promote the region's economy and quality of life to grow current firms and attract new firms
- Collaborate with the business community in its business attraction efforts toward
- 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

Activities:

- **Continue the City's firm-retention effort.** Through the Center City office retention program, now in its fourth year, 111 out of 113 targeted tenants have chosen to remain in Philadelphia. Successes in FY07 include the Wachovia lease renewal for 375,000 square feet on South Broad Street, and Children's Hospital of Philadelphia's leasing of new space in the Wanamaker Building. This tremendously successful retention program, led by the BAR team, will continue to respond to the needs of existing Philadelphia firms considering intra-city relocation in FY08.

- **Support the effort of Select Greater Philadelphia for business attraction.** The City continues to support Select Greater Philadelphia with its $1 million commitment disbursed over four years. Consistent with Select Greater Philadelphia's mission, the City will utilize Select as the City's primary point of contact for marketing programs.

- **Continue the City's team approach to responding to business leads.** The City's primary "sales executive" force will continue to be the BAR team. The team will serve as the single point of contact for data dissemination, 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.** Philadelphia continues to build upon the recognition it has received from being named "America's Next Great City" by National Geographic Traveler magazine. In 2006, the United States Olympic Committee asked Philadelphia to be one of five cities considered to host the 2016 Summer Olympics. Although Philadelphia was subsequently not chosen as a host, the city received international exposure. In FY08, Philadelphia will continue to pursue hosting high-profile events such as the US Olympic Gymnastic Team trials slated for June 19-22, 2008.

- **Increase international trade opportunities.** The International Division of the Department of Commerce helps local businesses expand into global markets. In 2006, both exports and imports markets grew. As of October 2006, exports increased 72 percent from the previous year, totaling $174 million; imports increased 21 percent, to $2.34 billion. Over the past year, the City has hosted more than 300 dignitaries, and trade missions have shown results, including:
    - In-sourcing new jobs. Rotem, a railway vehicle manufacturer based in Korea, opened a new assembly plant at the Navy Yard in April 2006. A relationship borne of a trade mission to Korea in 2001, this direct foreign investment will generate up to 250 jobs.
    - International Exposure. In November 2006, Hillier Architecture announced it has secured a commission for a mixed-use project to rise over Tianjin, China, site of a 2005 trade mission in which they were a participating firm. With a retail anchor, the 3.2-million-square-foot project includes a 60-story office tower, two residential towers, and a museum dedicated to former President Herbert Hoover.
    - African and Caribbean immigrant business community. In 2006, the City established the Mayors Commission on African and Caribbean Immigrant Affairs to offer a forum for referrals and assistance to the African and Caribbean immigrant business community. In cooperation with the African and Caribbean Business Council, also formed in 2006, the Business and Trade Committee of the Commission will host a series of workshops throughout 2007.

- **Expand the use of high impact financial tools**. Of all the financial tools utilized to grow businesses in the City, the ESF has proved to be one of the most valuable, in large part because of its flexibility. The ESF has helped 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, and as other funding sources decline, the ESF is a funding mechanism with a proven record of leveraging significant private investment, spurring job creation, and increasing technical capacity within numerous community development corporations, business associations, and other nonprofit organizations committed to expanding economic activity at the neighborhood level.

Conclusion

The Administration has outlined several objectives that we believe are critical to shaping the City's future in years to come

- Expand the knowledge industry
- Support civic and cultural development
- 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

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

Taken together, Blueprint 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.

City of Philadelphia
Five-Year Financial Plan

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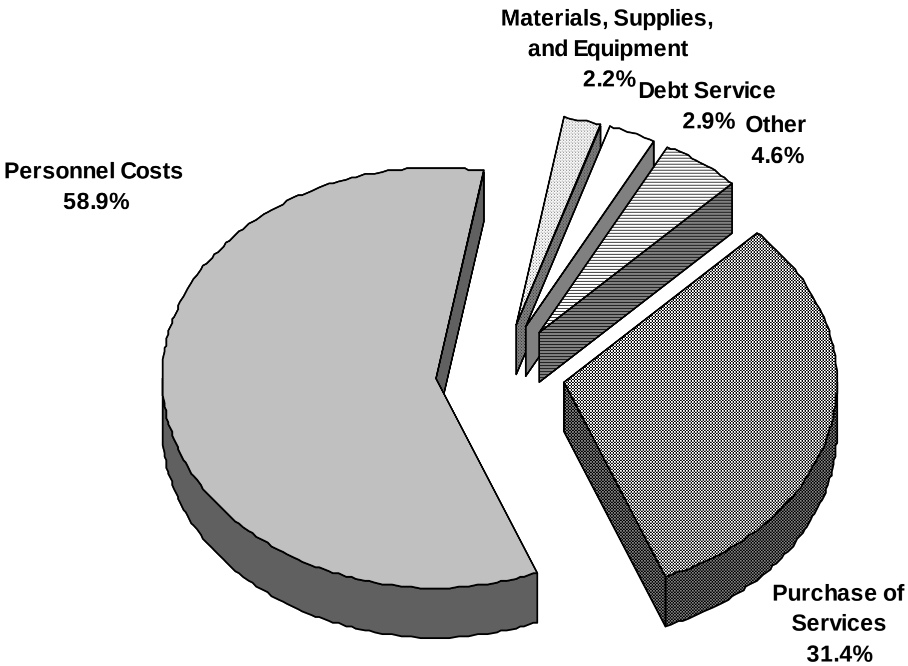
City Workforce

City Workforce

Overview

As a labor-intensive enterprise, City government's single largest expense is employee wages and benefits, representing $2.1 billion or 58.9 percent or of the FY06 General Fund budget, as shown in the chart below.

Personnel Costs Account For More Than Half of the City FY06 General Fund Budget



Source: Office of Budget and Program Evaluation

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 is best addressed through contract negotiations and effective labor-management relations.

City Workforce as of October 2006[1] (All Funds, Excluding Court Employees)		
Union	**Description**	**# of City Employees**
American Federation of State County, and Municipal Employees (AFSCME) District Council 33 (DC 33)	Labor, trades, and clerical employees, including first-line supervisors	10,000
AFSCME District Council 47 (DC 47)	Professional and technical employees such as engineers, accountants, and social workers, including first-line supervisors	3,360
International Association of Fire Fighters, Local 22 (IAFF)	Uniformed fire fighters and paramedics, all ranks up to Deputy Commissioner	2,270
Fraternal Order of Police, Lodge 5 (FOP)	Sworn police officers, including prosecution detectives, all ranks up to Deputy Commissioner	6,638
Fraternal Order of Police, Lodge 5 (Sheriffs)	Uniformed deputy sheriffs and clerical employees of the Register of Wills	213
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 23,476 employees included in the FY07 General Fund Budget do not report to the Mayor. These 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, the award required a health and welfare rate increase only in the first year, and ordered the panel to reconvene to determine the City's health and welfare contribution level for FY05. Four-year contracts were negotiated with AFSCME District Councils 33 and 47 later in 2004, and the AFSCME contracts contain a 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 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. 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 and currently earn 15-20 sick days a year accruable up to 200 days, may enroll in the program at their option.

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, increasing the City's payments to $1,039 per employee per month. The City appealed the award as inconsistent with its ability to pay, as outlined in the FY06-FY10 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 appealed that decision to Commonwealth Court and, in January 2007, Commonwealth Court vacated the Common Pleas Court order and remanded the case to them for "consideration of the merits so that the trial court can apply the proper standard of review under PICA." While this issue remains unresolved, the City continues to contribute the monthly amount prescribed in the 2002-2004 award.

During the latter half of calendar 2005, the City engaged in interest arbitration proceedings with Local 22 of the IAFF for an award that was to 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 were of primary concern to the parties were 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. In June 2006, an arbitration panel issued a three year award covering the period from July 1, 2005 to June 30, 2008. From the City's perspective, several provisions in the award violate the City's management rights under the collective bargaining agreement and state law, and as a result, the City has appealed the award to Common Pleas Court. In September 2006, the City proceeded to implement those aspects of the award that are not under appeal.

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

	AFSCME	IAFF	FOP
Term	4 Years (2004 – 2008)	3 Years (2005 – 2008)	4 Years (2004 – 2008)
Wages	FY05: $750 one-time bonus (2.3%) FY06: 2% FY07: 3% FY08: 4%	FY05: 3% (2002 – 2005 award) FY06: 3% FY07: 3% FY08: 4%	FY05: 3% FY06: 3% FY07: 3% FY08: 4%
Longevity	Unchanged.	Changed to a percentage of salary ranging from 2.3% in third year to 5.8% after thirty years.	Changed to a percentage of salary ranging from 2.3% in third year to 5.8% after thirty years.
Health Benefits	City contribution rates increased by 10% in first two years of four-year term: ▪ FY05 - $682.56 (10% incr.) ▪ FY06 - $750.82 (10% incr.) Contributions to be determined by bargaining for the period of FY07 through FY08. Negotiations had not concluded as of this printing. Post-retirement City contribution lasts for 5 years, and now coverage may be deferred. Permit employees to trade sick leave at retirement for additional post-retirement health insurance coverage on a dollar for dollar basis.	City contribution set at: ▪ FY05 - $996.27 (10% increase) Contribution levels awarded in 2005 for FY06, FY07, and FY08 have been appealed by the City. . Increase post-retirement City contribution from 4 to 5 years Permit employees to trade sick leave at retirement for additional post-retirement health insurance coverage.	City contribution increased to $898 per month in FY05 (a 6% increase). Contribution amounts for FY 06-FY07awarded in 2005 have been appealed by the City and remanded to Common Pleas Court. Future contributions to be determined by reopening bargaining for FY08. Post-retirement City contribution remains 5 years. Employees permitted to trade sick leave at retirement for additional post-retirement health insurance coverage based on pay level at retirement.
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. FY06 through FY08 amounts have been appealed	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 FY05. The program initiated reductions through 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 increasing the number of Emergency Medical Services units to meet a growing demand. The 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. City Council funded a restoration to prior engine and ladder staffing levels.

Contract Negotiations 2008

All four major City bargaining units are now covered by contracts that are set to expire on June 30, 2008. Consequently, in 2007, the primary labor relations challenge facing the City is the commencement of the next round of collective bargaining. Although the City's next mayoral administration will ultimately negotiate the new contracts, initial contract proposals will likely be made before the end of calendar year 2007.

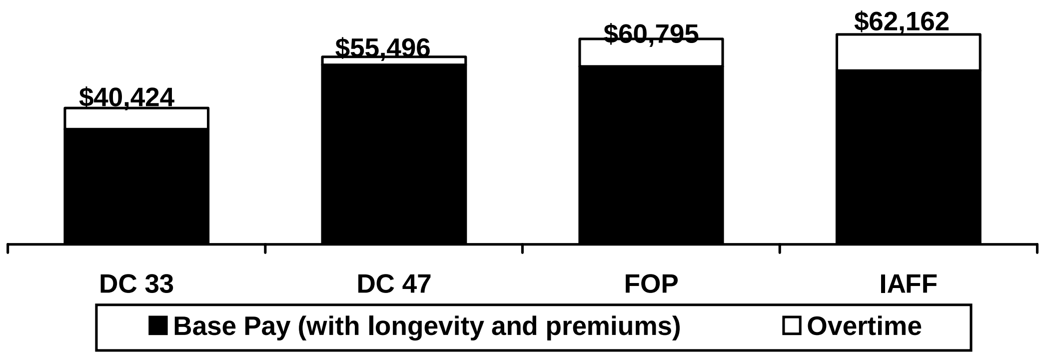
A Review of the Current City Compensation Package

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 that 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 FY06, the average District Council 33 member earned more than $40,000, the average District Council 47 member earned over $55,000, the average police officer earned over $60,000, and the average firefighter earned over $62,000. Compensation each union is compared in the graph below.

Average FY06 City Employee Earnings by Union



Source: Office of Labor Relations

Health Benefits

Non-represented 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 (POS) plan providing full family medical coverage for a small employee contribution, and a more expensive Preferred Provider Organization (PPO) 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. An overview of nonunion benefits is shown in the table below.

Benefits under the City-Administered 2005 Flex Plan
• Three Independence Blue Cross-managed care health plans: Keystone Health Plan East HMO; and the Keystone POS Plan, which require small employee contributions: and Personal Choice Option 210, which is a PPO plan requiring a larger employee contribution.
• 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.
• 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.
• A Vision Benefit Plan that covers eye examinations and lenses (annually) and frames (biennially).
• Free life insurance coverage totaling $15,000, with options to increase coverage at employee cost.
• Free accidental death and dismemberment coverage of $15,000, with options to increase coverage at employee cost.
• 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 health benefits through plans designed and administered by their union, but largely financed by monthly contributions for each covered employee from the City. Although Joint Boards ostensibly administer the plans, the City has only minority 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. The arbitration panel awarded the FOP monthly contribution amounts for FY05-FY06 in August 2005, and the City has appealed the award as excessive. The 2005-2008 award to the IAFF also contained health and welfare contribution amounts that are part of the City’s appeal of the award. The City has been in negotiations with the AFSCME unions during the latter half of calendar 2006 for contribution amounts for Fiscal 2007 and 2008. Those negotiations have not yet concluded as of the writing.

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 type of preferred provider plan 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 offered.

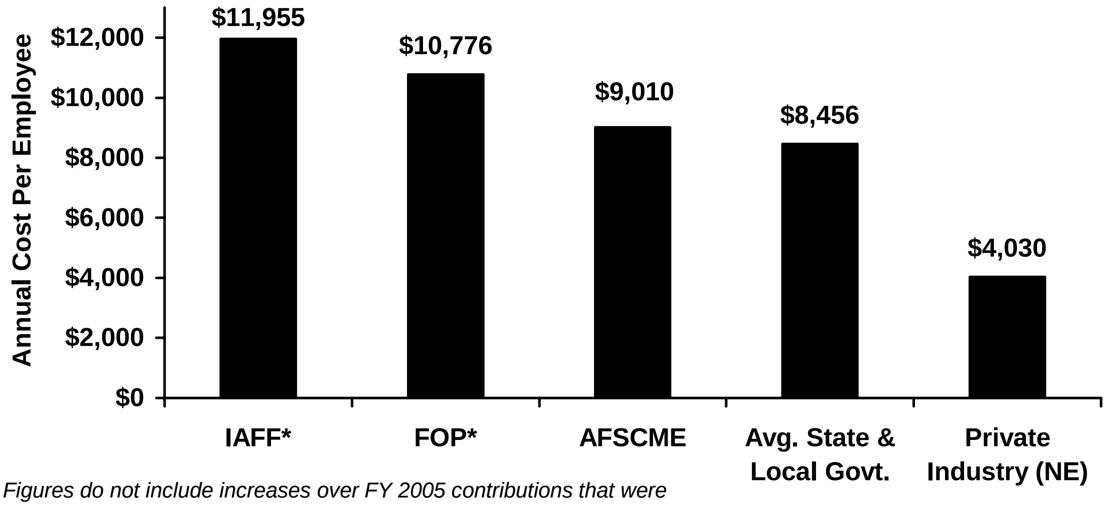
The small number of City employees making a contribution toward their own health coverage premiums contrasts sharply with national trends. According to Kaiser/HRET, overall health care premium costs for 2005 increased 9.2 percent over 2004, outpacing both overall inflation and increases in workers' wages 6 percentage points, and were projected to reach 12 percent by 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 percent, employers responded with an unprecedented flurry of plan design changes. Increases have slowed each year since then, with employer costs rising just 6.1 percent in 2005 to an average of $7,089 per employee. A similar increase of 6.7 percent 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, employers increasingly requiring cost sharing with employees. Segal reported "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 "National Compensation Survey: Employee Benefits in the United States, March 2006" conducted by the Bureau of Labor Statistics (BLS), for Mid-Atlantic employers who required an employee contribution averaged $886 annually for individual health coverage, and $3,394 annually for family coverage. The average contribution paid by employees for family coverage nationwide is 30 percent of the total per-employee cost.

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 BLS, the City contribution level for FY04 for FOP and IAFF members is well in excess of an average government benefit for FY06, 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 FY06, but at printing time, those increases are yet to be determined, as both awards are still under appeal to the courts.

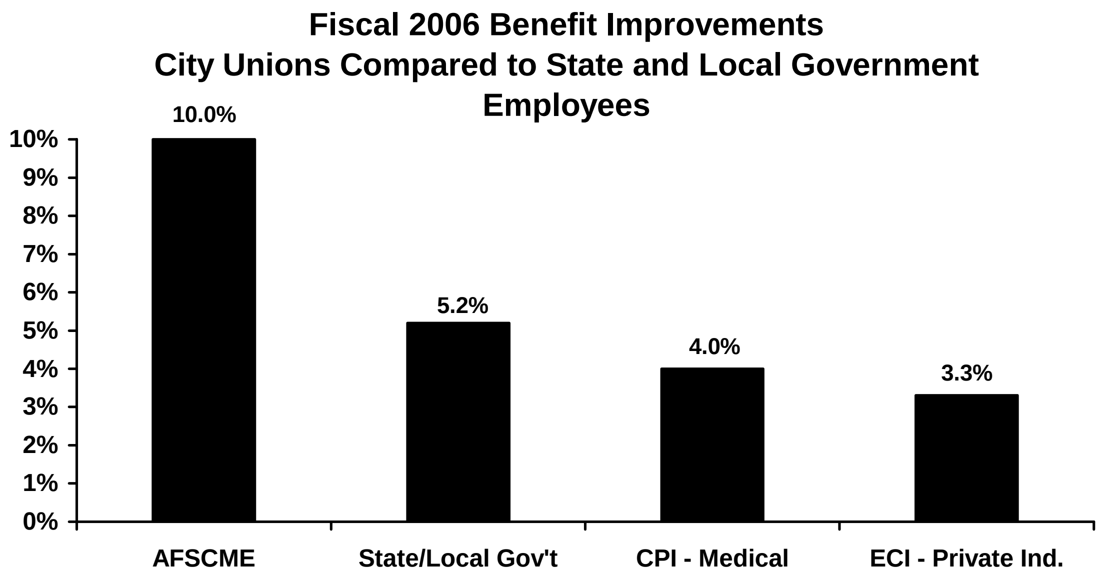
FY 2006 Annual Employer Cost For Health Insurance
City Compared to Other Governments and Private Industry



** Figures do not include increases over FY 2005 contributions that were awarded in interest arbitration proceedings, but are under appeal by the City.*
Source: Bureau of Labor Statistics, 3rd Quarter 2006 ECEC, Office of Labor Relations

Not only does the City contribute a relatively high amount towards health benefits, the funding level is also higher than the average full cost of health insurance in this region. According to BLS, the 2006 employer's benefit cost per-employee averaged $4,082 for employers in the Mid-Atlantic region, and $4,223 nationally. In FY06, the City contribution to its four unions averaged more than $10,119, not including lump sum payments. Unless uniformed unions undertake serious reforms and introduce cost containment measures, the gap of more than $6,000 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. FOP and IAFF benefit changes have yet to be resolved through appeals of interest arbitration awards as of print time, but even FY05 rates, the contributions the unions receive are 19.6 percent and 32.6 percent larger than the AFSCME contribution rate.



Source: Bureau of National Affairs, Bureau of Labor Statistics, Office of Labor Relations. The CPI-U Medical figure is percent change from December 2005 to November 2006. FOP and IAFF actual percentage change is under appeal at time of report.

Few markets have been more volatile in recent years than the health care and insurance markets, and as illustrated by the delayed redesign of health and welfare plans over the past ten years, the unions typically have had difficulty responding to changing market conditions. 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, (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, safe, and positive work environment. The City, however, provides high levels of leave in almost every category, resulting in an overall paid leave package and 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. The most recent arbitration awards for the FOP and IAFF confer an additional holiday for the employee's birthday, beginning in calendar year 2007. According to the BLS, the average number of paid holidays provided by Middle Atlantic employers is nine. 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 15-20 sick days per year, an extraordinary benefit that drives high leave usage and overtime replacement costs. By contrast, a 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 FY2006 earnings of $40,424 for DC 33 and $55,496 for DC 47.	Average FY2006 earnings of $60,795.	Average FY2006 earnings of $62,162.	Average earnings for full time City unionized employees in FY06 were $51,368, compared to calendar year 2003 per capita income in Philadelphia of $29,755, according to Bureau of Economic Analysis (BEA).
	FY06 earnings do not reflect 3 percent general increase received after July 1, 2006.	FY06 earnings do not reflect 3 percent general increase received after July 1, 2006.	FY06 earnings do not reflect 3 percent general increase received after July 1, 2006.	Average wage increases nationally for state and local government through first three quarters of 2006 are 3.0 percent (based on the Employment Cost Index published October 2006).
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 2006 of $4,030 (based on Employer Costs for Employee Compensation, September 2006).
Retiree health	The City provides five years of free post-retirement coverage to all pension-eligible employees.	The City provides five years of free post-retirement coverage to all pension-eligible employees.	The City provides five years of free post-retirement coverage to all pension-eligible employees.	According to the most recent BLS national survey (2003 data), only 15 percent of large 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.
	Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	Employees can use accumulated sick leave to purchase additional retiree healthcare at retirement.	
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 IOD system pays 100 percent of pre-injury pay, tax-free, and continues family medical coverage, sick leave accrual, and pension credits.	City 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 .66 percent of pre-injury pay, tax-free: and does not continue general medical benefits, sick leave accrual, or pension credits.

City of Philadelphia Compensation Package By Bargaining Units				
	AFSCME	**FOP**	**IAFF**	**Comparisons**
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 age 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 $3.25 million in FY05, $3.75 million in FY06, and $4 million in FY07, to a union fund for supplemental retiree benefits.	Under the current 1987 City plan, firefighters can retire at age 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. Contributions in the most recent award are under appeal to the Commonwealth Court.	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 -20 sick days per year, 10-25 vacation days, plus paid funeral and military leave.	Eleven paid holidays (increasing to twelve in calendar 2007), four annual personal days, 15-20 sick days per year, 10-25 vacation days, plus paid funeral and military leave.	Eleven paid holidays (increasing to twelve in calendar 2007), four annual personal days, 15-20 sick days per year, 96-192 vacation hours, plus paid funeral and military leave.	Combined 15 paid holidays and personal days exceed the 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 employee per month.	Free legal coverage funded by the City at a cost of $24 per employee per month.	Free legal coverage funded by the City at a cost of $19 per employee per month.	Legal benefits rarely provided in either the public or private sectors.
Miscellaneous	Uniform and tool allowances are provided were 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

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Citizen Services:

Public Safety and Quality of Life Standards

Fairmount Park

Mission

The mission of Fairmount Park is to preserve, protect, and maintain the open space, trees, natural and cultural resources of Philadelphia's parks, for the recreation and enjoyment of citizens and visitors. Fairmount Park educates the public on the environment, history, and use of the Fairmount Park system; and promotes, celebrates, and enhances the uniqueness and value of the system and its economic impact on the City, region, and Commonwealth. Fairmount Park offers numerous and diverse facilities and activities, including athletic fields and courts for virtually every sport, historic sites, public art, golf courses, picnic sites, and recreational trails. Additionally, Fairmount Park is responsible for maintaining the City's street trees and a dozen public-display fountains.

Implement Neighborhood Transformation and Blight Elimination

Participate in preparation of GreenPlan Philadelphia, the City's blueprint for sustainable open-space. Preparing an open-space plan is essential to ensure a balanced provision of open-space resources throughout our city, better coordinate efforts among agencies and organizations responsible for open space, and develop continued support for projects from key funders like the PA Department of Conservation and Natural Resources (DCNR). As GreenPlan Philadelphia is completed in late 2007, participants will be assigned clearly defined responsibilities for implementing the capital and operating recommendations of the plan. The expectation is that GreenPlan Philadelphia's recommendations will be institutionalized through the funding and management of parks, recreation, and open-space resources.

Promote regional greening efforts through the "Tree-Vitalize" program. DCNR, the School District of Philadelphia, the Philadelphia Eagles, and Fairmount Park have teamed up in this public-private partnership to restore the greenscape in parks and on streets in Philadelphia and the surrounding suburbs. This program targets neighborhoods in cities and towns where the tree cover (percentage of land shaded by trees and shrubs) is less than 25 percent. Tree-Vitalize is designed to revitalize older communities, improve the air and water quality in those communities, and enhance the quality of life for citizens living in urbanized areas. Ultimately, the program will plant more than 20,000 shade trees and create 1,000 acres of forested riparian buffers in the five-county Philadelphia region. In FY07, over $1 million will be spent on riparian buffers and planting 1,136 trees; in FY08, $625,000 will be spent, as the program concludes, on more riparian buffer and the planting of an additional 568 trees. The FY08 budget also includes $2 million for "greening" programs.

Promote Economic Development

Develop long-range plan for golf facilities management. Fairmount Park's six golf courses and sports center have been privatized since 1985. Long-term concession agreements have passed through several operators since that time, with each successive company having difficulty remaining profitable. From 1985-2005, the concession agreement required $0.7 million-$1.1 million each year in City funding, in addition to funding capital improvements. The reverse obligation made it difficult for the various operators to be profitable. The agreement was ultimately terminated in early 2005. Golf facilities have been run on a management-fee basis, paid by the City, since then. A Request for Proposal (RFP) process will be completed in summer 2007, targeted to experienced municipal golf course management companies, in an effort to determine the best method of operation for the golf facilities from FY08 on. This effort implements a Strategic Plan recommendation that calls for improved contract monitoring, compliance, and management of golf assets. The goal of the RFP is budget neutrality in FY08, with the potential to return the courses to profitability in FY09.

Pursue food and beverage service opportunities in Center City. Beginning in FY08, two different café operations are anticipated at prominent Fairmount Park sites in Center City. The first is slated for the triangular park between the One Parkway and Three Parkway buildings. An RFP process for café operations at this site has been completed. The second opportunity is re-use of the Fairmount Park Welcome Center in JFK Plaza. Since re-opening as the Welcome Center in spring 2006, the site has attracted much interest as a location for a food and beverage operation. An RFP to provide this service will be completed in FY08. Both enterprises will provide for the distribution of Park-related materials. The projects follow recommendations of the Strategic Plan suggesting enhanced business and revenue opportunities in Fairmount Park. Another Fairmount Park café, at Lloyd Hall on Boathouse Row, has been in operation successfully since September 2005.

Complete Cliff Path and South Garden restoration. Rehabilitation of the Water Works began in 1982. Completed projects include the restoration of all the structures, decks, accent and site lighting, balustrades, terrace paving, landscaping and related infrastructure. The Water Works restoration is scheduled for completion in FY10. The remaining improvements include replacement of the New Mill House gates and windows in FY07, and the restoration of the Mercury Pavilion and North and South Cliffs Paths in FY08, at a total cost of nearly $1 million. These final projects are funded by the Fairmount Park Commission, the City of Philadelphia, the Pew Charitable Trust, the Fund for the Water Works, and the Fairmount Park Conservancy. The FY08 costs are being funded by carry forward, in-kind support, and inspection and contract management.

Enhancing Public Safety and Quality of Life

Implement the North Delaware Riverfront Greenway (NDRG) project. The NDRG project is entering the first of three phases to be completed over the next dozen years, to create a Delaware River waterfront greenway along the 11-mile stretch from Penn Treaty Park to the Bucks County line. The NDRG initiative fulfills a goal of the Strategic Plan by enhancing Mayor Street's "New River City" vision. The project connects the residential community with the river by developing trails, gateways, and new parkland through old railroad and industrial properties at the river's edge. City, state, and federal funding will be used throughout the project. To date, $600,000 has been invested in the acquisition of the Lardner's Point Park parcel and a section of the Kensington and Tacony trails. In FY07 and FY08, construction of the recreational trail through the Pennypack wetlands will take place, along with the design of portions of the trail from the Frankford Creek to Tyson Avenue, and from the Pennypack wetlands to Pleasant Hill Park. In FY08, the city will contribute over $1.2 million to design and construction costs combined with an additional $5.6 million in state and federal funding.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Grass						
Acres maintained[1]	24,420	24,144	24,727	26,603	24,603	24,603
Weeks between cuttings	2.0	2.4	2.0	2.0	2.0	2.0
Street, alley and vacant lot trees						
Removed[2]	4,610	4,164	4,061	3,875	3,875	3,720
Pruned[2]	11,839	13,325	11,160	12,140	12,140	11,654
Planted[3]	741	950	1,812	1,825	1,825	1,600
Park trees						
Removed	1,643	1,776	1,642	1,650	1,650	1,584
Pruned	2,471	1,977	1,964	2,000	2,000	1,920
Ball fields						
Renovated	116	100	104	117	117	112
Maintained	509	637	641	490	490	365
Volunteer park cleanups[4]	442	296	399	380	380	365
Citizen satisfaction survey						
Satisfied with Fairmount Park	77%	82%	84%	85%	N/A	85%
Satisfied with neighborhood park	71%	74%	77%	80%	N/A	80%

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

[1]Throughout the growing season, 2,200 acres are maintained by FPC and contractor crews.

[2]Includes trees removed and pruned by FPC, Neighborhood Transformation Initiative, and Community Life Improvement Program crews.

[3]The number of street trees planted doubled from FY05 to FY06 as a result of Tree-Vitalize, a partnership between FPC and the Pennsylvania Department of Conservation and Natural Resources.

[4]The increase in volunteer park cleanups from FY05 to FY06 was the result of increased participation by individual volunteers in Friends group activities, more corporate involvement in community service projects, and exceptional weather during the busy park cleanup months in the fall and spring.

Five Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	8,429,422	8,671,102	8,800,858	9,170,838	9,137,825	9,137,825	9,137,825	9,137,825
Class 200 - Contracts / Leases	2,733,256	2,692,509	2,581,687	2,451,359	2,451,359	2,451,359	2,451,359	2,451,359
Class 300/400 - Supplies, Equipment	609,034	668,621	668,621	668,621	668,621	668,621	668,621	668,621
Class 500 - Indemnities / Contributions	850,000	850,000	1,850,000	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	12,621,712	12,882,232	13,901,166	13,140,818	13,107,805	13,107,805	13,107,805	13,107,805

Fire Department

Mission

The Philadelphia Fire Department's (PFD, the Department) mission is to ensure public safety through quick and professional responses to fire and medical emergencies. The Department is dedicated to minimizing the loss of life and property through fire prevention, fire suppression, rescue, fire investigation efforts, and the provision of emergency medical services (EMS).

Improving Public Safety and Quality of Life Standards

Reduce the number of fires and fire deaths though education and prevention programs. In FY06, the PFD responded to 9,523 fires, 427 more fires than in FY05. However, the increase was due exclusively to non-structural fires, which increased to 7,382 in FY06, from 6,905 in FY05. Meanwhile, the number of structural fires dropped to 2,141 in FY06 from 2,191 in FY05, marking the fourth consecutive year that the number has declined. Unfortunately, the PFD faces serious challenges in stemming the rise in the number of fire deaths. In 2006, there were 52 fire fatalities, including 10 arson deaths. In 2007, the number of deaths is 16, through mid-February. Many of these deaths are preventable and while the causes of the fire are varied, the common theme among all deaths so far has been the absence of working smoke alarms. In light of these tragedies, the Fire Department will continue to pursue an aggressive prevention and education regimen throughout the City. Through its prevention and education programs, the PFD's Fire Prevention Division proactively targets fire resources to areas of the City with the most at-risk populations, in order to prevent fires and the devastating effects associated with fire. The installation of smoke alarms in homes that lack them is a vital component of this program. Firefighters disseminated 8,125 smoke detectors in FY06, a 30 percent increase from 6,248 in FY05. In FY07 and FY08, the Department expects to distribute approximately 10,000 smoke detectors, and possibly more, if necessary. The PFD also will continue its educational programs to promote awareness of electrical fire safety among a targeted audience of seniors and school children, in addition to its primary message of smoke alarms, fire escape planning and practicing for maximum safety for all citizens and businesses.

Improve EMS deployment. Between FY01 and FY06, the number of EMS runs grew by 14 percent or an average of 5,000 more runs each year. Per-unit call volume increased from 4,500 in FY01, to near 6,000 in FY06. As demand has grown, response time has slowed by one minute and 18 seconds despite a 60 percent increase in the number of EMS units (from 28 to 45). As the population ages, and the state of the healthcare industry remains uncertain, the upward trend in EMS use is likely to continue, which will require efficient use of resources in the future. This past year, the Special Event Response Bicycle Team operated at several large events, with excellent results. The bicycles allow faster responses at crowded events. Previously, PFD hired paramedics on overtime and used them in less mobile medic units to deliver the same services. The bicycle teams reduce response times and keep all medic units working in the dynamic EMS system as opposed to just standing by. Currently, EMS coordinates billing with Affiliated Computer Services for treatment and transport.

Implement Emergency Preparedness Review Committee (EPRC) recommendations. The PFD plays a major role in the City's emergency response capability:

- Fire Suppression: The Technical Support Unit is working in conjunction with the Southeastern Pennsylvania Regional Task Force of the Department of Homeland Security to develop a fire suppression Task Force Deployment agreement in which surrounding counties will commit mutual aid to neighboring jurisdictions. The initiative unifies regional emergency response for mass disaster events, like Hurricane Katrina. To lay the groundwork for the project, PFD has committed a Deputy Chief (Sub-committee Chair), two Captains, and a Lieutenant at $69,000 per year for five years, to contribute six hours a month per uniformed staff member.

- **Expand preparedness training.** PFD must provide a broad menu of response services shaped by today's threat of international terrorism and other catastrophic events. As first responders, the Department will now focus on training and technology applicable to emergency preparedness. Through its work in hazardous material response, the Department has developed valuable expertise in the field of emergency preparedness. The department will share this knowledge with other organizations to support the practice of community-based emergency preparedness.
- **Interagency communication.** One of the highest priorities noted in the EPRC's July 2006 report is the ability for agencies to communicate during an emergency event. A five-county task force with representatives from Police, Fire and Health departments will address critical problems surrounding radio communications in SEPTA tunnels. As an interim solution, SEPTA has lent radios to PFD and Philadelphia Police Department (PPD) at no additional cost to the City. To improve regional communications and develop interoperability solutions, the Department is working closely with the Southeastern Pennsylvania Regional Counter-terrorism Task Force Communications Committee, and continues to participate in regional meetings and exercises.
- **E-Team and RSAN Implementation.** PFD has begun implementation of an E-Team and the Roam Secure Alerting Network (RSAN). The addition of these resources, gives the Federal Communications Commission (FCC) the ability to improve some interoperability communication issues. The E-Team software allows communication of vital incident information to key personnel within PFD, and to other agencies that provide emergency response. The RSAN program allows PFD to send mass notifications simultaneously, thereby allowing the FCC supervisor to handle other responsibilities within the Center during the emergency.
- **Technical Rescue Operations.** The Technical Rescue Operations Unit works to improve the City's capability to respond to all varieties of challenging rescue incidents, and continues to be an integral part of local and regional response systems.

Mutual Aid Task Force. The Philadelphia Fire Department provides mutual aid to our surrounding neighbors on an as-needed basis at no cost. The Department has had a Technical Rescue Unit since March 1991. This unit was established because of the many challenges the Department was facing with extrications, collapses, and specialized rescue events. The events of September 11, 2001, showed that the Department needed greater capacity in this area, and Special Operations Command was expanded to include two firefighting companies.

Provide new Fire Code training for city employees. The City adopted a new Fire Code effective January 1, 2007, based on a national model. Adoption of the code involves a review of the national fire code and preparations to address unique fire safety problems in Philadelphia. The Fire Code Unit will need training on the City's new Fire and Building codes, current fire protection systems, and proper fire safety inspection procedures. Training will begin in the latter part of FY07 and will continue into FY08. The cost of the training is estimated to be less than $0.1 million per year. For effective use across City government, other city employees will need to be trained in the new Fire Code as well. Training will be provided to fire safety inspectors in the Fire Department and the Department of Licenses and Inspections. There will be no added FY08 costs for this aspect of the training, other than employee salaries already assumed in the FY08 budget.

Expand the wireless data communications platform. In FY07 the Department began implementing a new wireless data dispatch platform. Using Verizon's wireless Evaluation Data Optimized (EvDO) platform, the system supplements the verbal assignment dispatch by sending a wireless transmission to each station, which prints out a hard copy detailing information relevant to the assignment. When received at a fire station, the message prompts an audible alert. An automatic alert is much faster than the previous system, thereby allowing faster response. The EvDO platform also supports wireless data dispatches to mobile data terminals located in the medic units. In late FY07, the Department will install the same technology in battalion and deputy chiefs' vehicles, as well as designated supervisory staff vehicles. The installation of terminals provides incident commanders access to vital information such as hazardous materials information, Pictometry, and other software resources. The costs to expand this technology are covered entirely by state 9-1-1 telephone surcharge funding.

Fully implement the National Fire Incident Reporting System (NFIRS). After a successful pilot, the Department is moving forward with a plan to deploy the Firehouse NFIRS software. The statement of work (SOW) has been drafted and is awaiting approval for $99,305 to roll out Incident Reporting, First Responder, Staff, Arson/Investigation, and Journal modules. The SOW includes train-the-trainer instruction for key PFD staff, an interface with the new Command Point dispatch system that populates databases with firehouse basic incident data, and report generation capability. The Department will expand use of the NFIRS to include VBI information, a fire inspection database, and a fire hydrant database. The cost is estimated at $0.3 million per year, over the next five fiscal years.

Key Performance Measurements

MEASUREMENT	FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Structural Fires	2,330	2,191	2,141	2,100	2,100	2,100
Non-Structural Fires	7,310	6,905	7,382	6,900	6,900	6,900
Vacant Building Fires	192	230	177	200	200	200
Average Response Time (minutes: seconds)	4:32	4:29	4:37	4:30	4:30	4:30
Fire Deaths (Civilians)	40	60	50	46	60	46
EMS Runs	200,849	206,670	209,654	210,000	210,000	216,000
EMS Average Response Time (minutes: seconds)	6:41	6:53	7:09	6:53	6:53	6:53
Citizen Survey: Percent Satisfied with Fire Protection	87%	88%	90%	90%	N/A	90%
Citizen Survey: Percent Satisfied with EMS Response	87%	88%	90%	90%	N/A	90%

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	153,483,021	162,127,648	169,177,648	170,848,769	170,473,769	170,473,769	170,473,769	170,473,769
Class 200 - Contracts / Leases	5,773,824	5,546,083	5,932,279	6,071,083	6,071,083	6,071,083	6,071,083	6,071,083
Class 300/400 - Supplies, Equipment	5,550,493	5,777,415	6,570,415	5,897,415	5,897,415	5,897,415	5,897,415	5,897,415
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	6,977,938	7,010,000	7,010,000	7,290,400	7,582,016	7,885,297	8,200,709	8,528,737
Class 900 - Advances / Misc. Payments								
Total	171,785,276	180,461,146	188,690,342	190,107,667	190,024,283	190,327,564	190,642,976	190,971,004

FREE LIBRARY OF PHILADELPHIA

Mission

The mission of the Free Library of Philadelphia (FLP) 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 ensure ease of access to these materials; and to provide programs to stimulate the awareness and use of these resources.

Promoting Economic Development

Break ground for the new Central Library. The Free Library is working diligently towards a FY08 groundbreaking for the much needed expansion of the Central Library. This thoughtfully planned project will replace cramped and inadequate current quarters, permit better service to branch library locations, make possible the inclusion of state-of-the-art technology, and provide more space for people and library materials. Internationally known architect Moshe Safdie has designed a building that will provide a significant increase in public access to library resources. It will also embrace the new role central libraries play in cities across the country as great civic spaces and centers of public discourse. Nearly 1 million people currently visit the Central Library each year. With the excitement and energy that a new central library will generate, the number of visitors is projected to double to 2 million. This attendance level will be sustained year after year, a phenomenon that has occurred with new central library buildings in other cities.

Serve as an anchor for the revitalized Benjamin Franklin Parkway by creating a Visitors Center for area institutions. The new Central Library along with the site for the Barnes Foundation and the expansion of the Philadelphia Museum of Art is a key component in the revitalization of the Parkway, which includes. Parks and other exterior spaces are being renovated, new parking is planned, and before long, Philadelphia's own Museum Mile will become a reality--all working to draw more people to the area. The Free Library is well positioned to house Visitors Center providing information and resources for visitors to the Parkway. The Center will be located in the Library's new lobby, and will include printed materials, detailed maps, signage, and information on the Parkway including institutions, including programming and event schedules related to the Visitor's Center. Also under consideration is an interactive public information kiosk with links to neighboring institutions' websites.

Enhancing Public Safety and Quality of Life for All Communities

Keep library branches open and staffed. During FY07, the Free Library was able to open every branch for six days a week during the school year— a standard not achieved since 2002. Services restoration was enabled by new city funds and completion of capital construction work on several branches. Survey show that customers are delighted and statistics on usage are beginning to climb. Because of a nationwide shortage of professional librarians, the Free Library is challenged to recruit and retain personnel. To address shortages, the Library has secured close to $2.5 million in federal funds to introduce young people to library science as a profession, assist them with completion of their Bachelor of Arts and Master of Library Science degrees, and attract them to Philadelphia. A particular focus of these efforts has been minority professionals. A grant application has been submitted to continue recruitment outreach in FY08.

Establish a new role for the Central Library as a magnet for discussion, debate, and informal gatherings. In becoming the Library of the 21st Century, the Free Library will be fulfilling new roles and meeting new needs. The Central Library is envisioned as a gathering place-- for discussion and debate, and an embodiment of civic spirit and pride. While the new central library will accomplish these goals in physical ways – with additional meeting rooms, spaces to sit and read, and retail outlets – the Library is beginning transformation of programming now. “Talk About It!” is a series that provides citizens with the opportunity to come together to discuss current events and issues. During FY07, discussion topics included the challenges of religious diversity, gaming in the city, and addressing youth violence. Planned for January 2007 is a session on immigration; FY08 sessions will be scheduled as appropriate topics of interest arise.

Provide meaningful programming for young people. The Free Library conducts numerous programs to engage young people, including LEAP, a drop-in afterschool program; Books Aloud, training parents and caregivers on preparing pre-schoolers for school; and a variety of special summer programs, such as Summer Reading, Science in the Summer, the Unlimited Writing Project, and the Reading Olympics. More than one-half of the 20,000 educational, technology, and cultural enrichment programs offered by the Library are targeted to children and teens. The Free Library also recognizes that it can play a role in stemming the escalation in youth violence. A section has been added to the Free Library’s webpage that lists violence prevention resource materials, and one of the best-attended FY07 Talk About It! sessions addressed the topic of violence. A more recent initiative that will continue through FY08 is the Philadelphia Partnership for Peace: A Multifaceted Approach to the Crisis of Youth Violence. The Free Library is collaborating with the House of Umoja, Atwater Kent Museum, and WXPN radio to engage youth in thinking about the impact of violence, and to encourage them to resolve conflicts in peaceful ways. The program will educate youth about the history of antiviolence movements and cultures known for their commitment to nonviolence; offer positive youth development activities; and encourage action through programs, workshops, and a nonviolence pledge. An educational DVD highlighting the House of Umoja’s successful history of antiviolence initiatives will be created; an expanded curriculum for Free Library LEAP after school programs will address nonviolence and alternative strategies; exhibition kiosks will be installed at five Free Library branches and the Atwater Kent Museum; and WXPN FM’s Kids Corner will produce a radio series. In addition, every branch in the Free Library system will develop an individualized nonviolence program appropriate to their community, and 10 libraries will have nonviolence resource collections.

Expand services to non-English speaking patrons. Recognizing the growing diversity in the city, the Free Library is committed to ensuring that materials and programs are relevant to all citizens. A system wide survey indicated that the greatest need is for Spanish materials. In FY08, the Free Library will offer “Ten Magic Phrases Library Personnel Need to Know in Spanish,” a workshop which provides library staff with basic vocabulary and cultural information. Staff are also surveying and evaluating other non-English language needs, including Polish, Arabic, Chinese, Russian, Vietnamese, and Khmer. There is a high demand for popular materials, so non-English books, DVDs and CDs have been incorporated into the budget.

Enhance customer orientation. The Free Library is testing self-checkout for book borrowers. The Andorra, Independence, Walnut Street West, and Widener branches staff are examining whether the service should be expanded to others. In addition, the Free Library is using private funds to make 5,000 flash drives available to ensure that customers have the latest technology. In FY08, the Free Library will install new cash registers that post payments immediately to customer’s accounts for late fees, copying, disks, used books, book bags, and gifts. The system allows payments by credit card, debit card, and by deposit account, a significant convenience for users. This should also cut down on the amount of cash at the branches and the frequency of trips to the bank. Additionally, the reports can be generated to analyze the effects of policy changes, special programs, and fund drives on revenues.

Improve technological capabilities. The FLP takes great pride in its role of striving to bridge the digital divide. There are currently 750 public access PCs throughout the library system. In FY06, there were 844,000 users; in FY07 that number is projected to access to the internet. All 54 branches of the FLP will have wireless capability early in FY08. The Free Library began to offer introductory classes in computer usage during FY07. Space limitations force restrictions on the number that can participate at any one time; as a result people are lining up 30 minutes before sign-up time. These classes will be offered through FY08.

eRate Program. The FLP participates in the Federal eRate subsidy program for telecommunications services. Since FY05, the FLP and the Foundation have allocated a half-time equivalent to the annual task of developing and managing the necessary paperwork to generate annual subsidy revenue in the range of $500,000 to $1,000,000. The FLP will receive 90 percent subsidy on this improved service to the public, and effectively will only pay a net 10 percent for a significantly improved service to the public. Additionally, FLP receives appropriations for its internet service, and will also receive a subsidy of approximately $65,000 and may generate additional revenue that will be provided to the City.

Key Performance Measures

PERFORMANCE MEASURE / INDICATOR	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ORIGINAL GOAL	FY 2007 CURRENT ESTIMATE	FY 2008 PROJECTED
Visitors to Library	6,216,973	5,517,569	6,103,354	6,331,038	6,331,038	6,225,000
Items borrowed	6,963,935	6,294,315	6,188,637	6,507,932	6,300,000	6,200,000
Library Hours						
Central	5,426	5,180	5,124	7,148	7,148	7,148
Regional	7,657	4,952	6,449	7,106	7,049	7,049
Branch	94,791	85,918	91,493	97,525	96,125	94,725
World Wide Web hits	67,784,632	56,968,564	79,387,219	85,062,419	85,062,419	91,000,000
Electronic virtual visitors	1,661,794	2,044,518	2,594,527	2,633,248	2,633,248	2,675,000

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	31,984,257	34,137,564	34,099,714	34,871,631	34,631,697	34,631,697	34,631,697	34,631,697
Class 200 - Contracts / Leases	1,333,297	1,352,202	1,352,202	1,844,502	1,844,502	1,844,502	1,844,502	1,844,502
Class 300/400 - Supplies, Equipment	3,965,544	3,958,802	3,931,643	3,931,643	3,931,643	3,931,643	3,931,643	3,931,643
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	37,283,098	39,448,568	39,383,559	40,647,776	40,407,842	40,407,842	40,407,842	40,407,842

Department of Licenses and Inspections

Mission

The mission of Licenses and Inspections (L&I) is to enforce the City's code requirements for the enhancement of public safety, including building, plumbing, electrical, mechanical, fire, property maintenance, business, and zoning regulations. L&I is responsible for regulating the conduct of businesses and persons by issuing licenses, conducting inspections, and enforcing applicable codes and regulations. L&I is empowered to take lawful actions necessary to correct dangerous and unlawful conditions, including making emergency repairs to properties, cleaning and sealing abandoned buildings, and demolishing vacant buildings that pose a threat to public safety. L&I seeks to generate revenue sufficient to cover the cost of its activities through the sale of permits and licenses, and the collection of costs incurred in demolition activity.

Enhancing Public Safety and Quality of Life for All Communities

Expand the imaging of permit applications, including all zoning and mechanical permits. Since June 2006, documents associated with building permit applications have been scanned for future electronic access. Scanning allows employees, as well as property owners, to more easily access plans and more readily address problems and modifications. Other agencies, such as the Fire and Police departments and the Board of Revision of Taxes, can also review floor layouts and system features electronically. L&I plans to expand electronic scanning to include the imaging of all plumbing, electrical, and zoning plans in FY08. The revenue generated in the first six months of FY07 was $120,000, which offset the cost of imaging and storing the plans. L&I anticipates that costs related to imaging the additional plans will also be offset by the fees assessed to customers for the imaging service.

Develop a Saturday homeowner service in the construction services division. In FY08, L&I plans to offer weekend homeowner service to educate homeowners unfamiliar with the permit and inspection process. L&I anticipates a higher level of compliance with construction codes through improved services and public education about the permitting and inspection processes. L&I Plans Examiners will meet with applicants in neighborhood district offices on an appointment basis to review plans and provide direction on obtaining permits at a minimal additional overtime cost of $10,000-$21,000 per year.

Reconfigure the L&I section of the Municipal Services Building's (MSB) public area concourse. In cooperation with L&I, the Building Industry Association has recommended that the City more efficiently design L&I's section of the public area concourse in MSB. L&I has broken the project into small phases, with a projected completion date in FY09. In FY07, L&I completed the installation of an electronic ticket queuing system, creation of a dedicated customer service help area, and provision of easier access to zoning records information. FY08 costs are approximately $45,000.

Develop "EZ Permit" standards for smaller permits. L&I will develop a set of published standards to expand the current list of "EZ Permits." "EZ Permits" are currently issued for simple projects for single family dwellings that do not require design plans. L&I staff will re-evaluate current permitting requirements and increase the number and type of permits that can be submitted as "EZ Permits." Typical examples of uses include decks, interior alterations, in-ground pools, replacing a non-bearing wall, and replacing a brick veneer. L&I will issue permits without plans as long as the applicant is willing to conduct the construction within those limitations. Upon completion of the project, the homeowner contacts L&I for an inspection to ensure that all standards are met. Failure to meet the standards will result in appropriate enforcement.

Develop a residential permit application. Homeowners typically are unfamiliar with the processes of L&I, as they do not utilize services on a frequent basis. Most homeowners are unaware that a zoning, as well as a building permit, is required to do home improvement work. In FY08, L&I will develop a single residential permit application to make the entry point seamless to the customer while still issuing two permits to the applicant.

Increase access to permit applications and inspections via electronic methods. L&I is committed to researching the use of web and phone-based applications to allow customers to schedule permit inspections via the web and telephone and allow our customers to obtain specific information about permit application status. L&I currently averages 22,000 customer calls per year. Direct service will significantly cut down on the large volume of calls. L&I is in the preliminary stages of obtaining selection criteria to create a Request for Information to integrate a scheduling system with our Hansen permit and inspection software solution.

Create an International Code Council (ICC) chapter. L&I staff will lead the effort to create an ICC chapter in the City of Philadelphia. L&I will be responsible for developing a chapter charter, creating rules and regulations, and coordinating training programs that offer code compliance services on a fee basis to stakeholders in the City, such as architects and engineers. The chapter would support the mission of promoting life safety by giving L&I employees direct access to ICC code updates and training materials, as well as providing L&I employees with training and continuing education credit opportunity at greatly reduced rates. The cost to the City to create this ICC Chapter would be limited to the work hours of those involved with the initial start-up of the program.

Improve access and understanding of the Building Construction and Occupancy Code. L&I will enter into an agreement with the ICC to publish the complete Philadelphia Code in electronic and paper formats. In addition, the ICC will provide free public access to the Fire and Property Maintenance portions of the codes on the L&I's website.

Enhance the L&I website. Based on feedback from our stakeholders in FY07, L&I has entered into a contract to make its website more user-friendly. Future features will include direct links to forms, the ability to complete forms electronically, special links for specialized fields (i.e., contractors, business owners, homeowners), and the ability to purchase real estate certifications online. Additional online services will be offered throughout the lifetime of the plan.

Implementing Neighborhood Transformation and Blight Elimination

Implement a planned demolition program. As the Neighborhood Transformation Initiative (NTI) program phases out in FY07, L&I's Neighborhood Services Division is formulating a plan to integrate many of the functions and strategic considerations and procedures that NTI presently employs. L&I will construct package demolitions of a smaller scale with a 30 property per package maximum.

Initiate a Clean Sweeps Operation. L&I will coordinate departmental staff to initiate a Clean Sweeps program in targeted neighborhoods. L&I will use housing inspectors, building inspectors, and clean and seal teams working in tandem to inspect and seal properties as necessary. These operations will take place throughout the city creating code safe corridors in some of the cities most blighted neighborhoods.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Permits Issued	34,437	40,974	41,399	35,750	36,450	40,200
Business Compliance Inspections	46,126	39,868	43,302	43,767	38,840	46,200
Housing	159,229	139,857	77,338	64,787	41,850	40,958
Licenses Issued	120,992	140,580	94,127	113,375	114,000	114,000
Clean and Seal – Buildings Treated	1,514	1,456	1,218	1,350	1,084	1,200
Clean and Seal – Lots Treated	213	148	296	150	484	200

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	16,439,330	16,658,569	16,658,569	17,204,191	16,931,244	16,931,244	16,931,244	16,931,244
Class 200 - Contracts / Leases	3,170,862	3,506,034	3,361,856	1,506,856	1,506,856	1,506,856	1,506,856	1,506,856
Class 300/400 - Supplies, Equipment	632,058	623,198	584,498	584,498	584,498	584,498	584,498	584,498
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	20,242,250	20,787,801	20,604,923	19,295,545	19,022,598	19,022,598	19,022,598	19,022,598

Mayor's Office of Information Services

Mission

The mission of the Mayor's Office of Information Services (MOIS) is to work in partnership with City agencies to manage information systems, and enhance governmental operations.

A City Online- not in line

- Mayor envisioned investment in technology as integral to City operations
- Required overhaul of a department to support growing demand for Departmental and enterprise applications.
- Creation of the Information Technology Governing Board (ITGB) to govern the City's technology strategy and investment.
- New protocols developed that coupled the subject matter expertise in departments with the advantages of a more disciplined IT project management approach
- Also, explored the opportunities of a more coordinated approach to managing the telecommunications responsibilities of Public Property with the networking needs the City. This resulted in moving the telecommunications assets of Public Property to MOIS where the City's voice and data needs can be jointly planned for and managed.

Meeting the Internal Service Needs of City Departments

Leverage the City's investment in the Unified Land Records System (ULRS) across departments. ULRS aggregates and facilitates integration of land record data from independent databases used by City departments to facilitate community development and real estate transactions, reduce bureaucracy, enhance revenue collection, and reduce personnel and operating costs. Starting in FY03, the City committed $3 million in NTI bond funds over five years to upgrade mapping and data sharing capabilities through a single system, ULRS. Managed by MOIS, ULRS links property-specific data among the major City departments using a common address model and the City's geographic information system (GIS). The newly formed Land Records Committee is now working to improve business processes and workflow among City agencies that will further facilitate exchange of current and accurate information among departments.

Develop a Virtual Property Management Information System (VPMIS). VPMIS is a technology-supported system for searching property information as well as tracking, acquiring, and disposing of property. The City will have spent approximately $5.1 million in bond funds on this activity over five years. VPMIS will streamline land acquisition and disposition by: Providing an online method for users to research, assemble, and request parcels for development projects; automating the RDA's acquisition and disposition processes; creating an electronic inventory of city properties for marketing; improving communication during all project phases by allowing property requesters to view project status and receive notifications about milestones and deadlines; creating an electronic document repository for each project and enabling agency staff to track project progress electronically; and empowering policymakers, administrators, and managers with enhanced decision-making tools. VPMIS will leverage the core applications of the ULRS. Phase I included automating the workflow for the Redevelopment Authority's acquisition process and creation of an online search capability for property information. Phase II includes property disposition workflow automation and online property and project request capability. Phase II is expected to be completed in the first quarter of FY08, approximately $1.6 million will be expended in this phase.

Complete Project Ocean. Before the Administration leaves in January 2008, Project Ocean will be a fully functional water billing system. After evolving over a five-year period from a work order system to an Oracle-compatible billing system, Project Ocean can be completed within the year, due to the advent of a governance accountability structure, to bridge the involvement of MOIS, Water, and Revenue; a dedicated internal project manager; and a proven off-the-shelf application tool that accommodates 80 percent of business requirements "out of the box." Proof of concept is expected to be completed in May 2007, which includes producing billings with accurate customer account information and demonstrating the capacity to handle the City's half-million customer volume. User training is planned for the fall. The project will be budget-neutral in FY07, and require modest database and contingency funding in FY08, to be funded from the Water Fund.

Implement a Human Resources Information System (HRIS). By FY08 the City will implement HRIS automating the administrative tasks associated with human resource management using the Oracle E-Business Suite that the City has adopted for enterprise applications. Because today these tasks are largely un-automated the City employs over 100 support staff to complete and route paper forms used to establish and maintain employee information and spends over $3.5 million every year to support the current system. The objectives of the HRIS project include decreasing data duplication, improving data integrity, accessing information, and reducing duplicative efforts among the workforce. In FY07, the City will implement a modern commercial off-the-shelf system for Position Management and employee benefits.

Deploy wireless solutions by leveraging Wireless Philadelphia. MOIS and departments are actively planning to take advantage wireless technologies that will give City workers in the field access to the needed systems and data that they need to do their job. The new wireless infrastructure now being rolled out by Wireless Philadelphia provides a new opportunity for this effort. Leveraging this new asset will significantly accelerate the adoption of wireless technology within City government. The Wireless Philadelphia proof of concept area was completed in December 2006 and is now being tested and evaluated. The full deployment of Wireless Philadelphia citywide is scheduled for completion by November 2007 and the Digital Inclusion Program is now being developed.

Develop citywide video surveillance capacity. The public safety video surveillance camera initiative began in the summer of 2006 shortly after the overwhelming approval of a voter referendum in May 2006 to support Mayor Street's Safe Streets initiative. After a tactical pilot involving the deployment of eighteen cameras, the process of planning a robust, scalable, repeatable, and cost-effective citywide system began. A system design is expected to be completed in the fourth quarter FY07, with camera deployment beginning immediately.

Invest in infrastructure to the City's data center at 1234 Market Street. A data center upgrade will be needed to support enterprise services delivered by MOIS, and provide space for departmental servers located there and managed by MOIS on behalf of those agencies. The project is designed to provide a 2 to 5 year capacity to accommodate the City's immediate needs. Repairs and improvements total approximately $1 million, and will be completed in the first quarter of FY08.

Deploy a new project management tool. To better manage internal operations, the City has acquired the Mercury IT Governance Center, the leading IT management tool in the market today. MOIS has requested $635,000 for professional services in FY08 to implement the tool. Mercury will provide an IT project management capability, assist in tracking project requests, provide a framework for standard procedures and protocols, establish a web-based portal to help manage the technical interface between MOIS and departments, and provide comprehensive metrics to track service delivery.

Ensure the safety and viability of the City's information technology infrastructure. MOIS has plans in place to relocate the mainframe data center to a commercially provided disaster recovery site in the event. 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 disaster recovery support for critical applications. The investment provides back-up support for high priority applications—now hosted at the MOIS data center—at an alternative location within Center City. The City has begun to plan for the creation of an alternative disaster recovery site outside of Center City for server-based applications and data. In FY08, planning will be funded with $350,000 from previously approved Capital Program funds.

Establish standards and expand enterprise capabilities in support of common departmental business needs. The City has a significant investment in enterprise and departmental applications and systems that support day-to-day work. Many of these applications represent aging technology and require scarce programming skills that are disappearing from the workforce. MOIS is requesting $200,000 in additional FY08 funding, to continue to grow the server infrastructure supporting these enterprise capabilities, and to begin to replace aging servers and other hardware that is no longer under warranty or maintenance agreements.

Implement a comprehensive IT security strategy. In FY07, MOIS created a five-person IT security unit that is responsible for the development of a comprehensive information security program to protect the City's IT infrastructure. A Chief Information Security Officer was hired in December 2006, and the remaining positions of the security unit are now being hired. Protecting the privacy of City data is mandated by the requirements the Health Insurance Portability and Accountability Act (HIPPA). Using comprehensive security plan completed in September 2006, MOIS and departmental IT staff will begin to implement the necessary strategies to protect the City's IT infrastructure in FY08. The FY08 cost for implementation is $1.45 million.

Develop the next generation of networking. To support the City's information technology needs, it is both operationally critical and fiscally necessary for the City to migrate towards a single, integrated data and communications network. Toward that end, the Mayor is establishing the Broadband Innovation Executive Committee. The goals of the committee will be to develop a solution that will meet the growing networking demands of the City, maximize the City's existing investment, take advantage of other networking initiatives such as Wireless Philadelphia, and propose solutions contributing to the overall economic health and social well being of the City and its residents. The Broadband Innovation Committee will have representation from four core groups – City agencies, MOIS, Wireless Philadelphia, and Innovation Philadelphia. Additional members from the technology sector, universities, community leadership and the private sector will be also asked to participate. The Committee will not have an FY08 cost impact.

Key Performance Measurements*

Measure	FY04	FY05	FY06	FY07 Target Projection	FY07 Current Projection	FY08 Projected
Mainframe Service Availability	NA	99.98%	99.98%	99.98%	99.98%	99.98%
CityNet Outage Hours	NA	1,127	2,778	2,100	1,500	1,500
Support Requests by Telephone	34,243	20,256	15,595	22,500	16,500	17,325
Support requests by E-mail	20,833	28,978	28,793	18,200	25,000	25,000
Incident Tickets: Trouble Tickets *Events/Interruptions*	10,838	10,634	8,718	12,000	12,500	13,000
Incident Tickets: Service Requests	2,974	4,607	8,161	4,300	8,000	8,000
Incident Tickets: Total	13,812	15,241	16,879	16,300	16,300	21,000
Incident Tickets: Percent of closed within service level		77%	96%	98%	98%	98%
E-mail: Messages Received	NA	NA	NA	15,375,500	30,000,000	33,000,000
E-mail: Spam Messages Blocked	NA	NA	NA	6,004,812	12,000,000	16,960,000
ePayPhilly Transactions	NA	30,355	78,201	83,000	83,000	116,200
ePayPhilly Revenue Collected	NA	$4,142,544	$7,420,675	$12,400,000	$12,400,000	$17,360,000
Number of Unique Visitors to **www.phila.gov**	1,648,608	1,728,000	2,472,912	2,700,000	3,400,000	3,740,000

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five-Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	6,140,711	7,428,278	7,132,223	9,541,592	9,367,552	9,367,552	9,367,552	9,367,552
Class 200 - Contracts / Leases	5,413,457	5,172,955	6,507,680	19,062,792	17,562,792	12,562,792	12,562,792	12,562,792
Class 300/400 - Supplies, Equipment	163,014	187,634	187,634	337,634	337,634	337,634	337,634	337,634
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	0	287,791	287,791	287,791	287,791	287,791	287,791	
Class 900 - Advances / Misc. Payments								
Total	11,717,182	13,076,658	14,115,328	29,229,809	27,555,769	22,555,769	22,555,769	22,267,978

Police Department

Mission

The mission of the Philadelphia Police Department 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.

Enhancing Public Safety and the Quality of Life

Reduce the incidence and fear of crime through Operation Safer Streets. In February 2006, the City began a comprehensive, multi-pronged initiative focused on reducing the number of violent assaults committed in our communities. After nearly a full year, Operation Safer Streets has successfully contributed to higher arrests statistics and increased gun and narcotics confiscations. Operation Safer Streets rests on a foundation of targeted policing, and utilization of tactical forces such as the Highway Patrol, Narcotics Strike Force, and Strategic Intervention Tactical Enforcement (SITE). In June 2006, the Department deployed an elite SITE Unit of experienced officers working at nights and weekends to battle gun violence in Philadelphia's most violent neighborhoods when shootings most frequently occur. In calendar year 2006, total arrests increased by 7.5 percent, to 73,862 from 68,702 in FY05, and violent crime arrests increased by 10 percent to 10,245, from 9,323 in FY05. The Department's focus on gun violence and illegal guns has led to a 6.5 percent increase in arrests for Violation of the Uniformed Firearms Act (VUFA) in 2006 and a 7 percent increase in the number of gun confiscations.

Increase the number of police officers. In addition to the 100 police officers being added to the force, as part of an FY07 budget agreement with City Council, the Department has been awarded a state Police on Patrol grant that provides up to $5 million per year for three years, towards the salary and benefits costs for 100 additional police officers. Police on Patrol will increase the sworn strength of the Department from 6,524 to 6,624 in FY08. The Police Department will use these program funds as part of a multifaceted strategy to address the problems of increasing gun violence and victim/witness intimidation that plague many neighborhoods. Additional officers will help provide an even stronger police presence in violent crime areas, and bolster the City's ability to reduce the use of illegal firearms. A community policing approach will build added confidence in affected communities through direct interaction with officers, reducing fear of retaliation, which discourages victims and witnesses to cooperate with the criminal justice system. The Police on Patrol grant will provide a maximum of $15 million from November 2006 to October 2009.

Establish a Gang Intelligence Unit. Concentrating on local gangs that are newly forming in Philadelphia, the Department established the Gang Intelligence Unit as a component of the Criminal Intelligence Unit. Working with the School District of Philadelphia, families, and neighborhood leaders, the unit's primary focus will be gathering intelligence at the street level. Through interaction with informants, students, and neighborhood leaders, police officers will assemble background information on gang affiliations, gang leaders, and gather information regarding disputes. The unit's goal is to reduce street violence by using this vital information strategically. The unit will forward information to applicable bureaus, such as Narcotics and Detective Bureaus, depending on the nature of the intelligence. Additionally, the Gang unit can, and will act in coordination with these other units and bureaus.
The Gang Intelligence Unit consists of 12 experienced police officers, two in each detective division. Officers will be in plainclothes, and establish rapport with residents to gain their trust in this effort. It is important for the community to trust that the police effort to address youth gangs is aimed only at youth involved in gang activity. More important, community members must feel confident that they can share information with police without fear of reprisal. The unit began operations early in January 2007.

Employ surveillance cameras in high crime areas. The public safety video surveillance camera initiative began in the summer of 2006 shortly after the overwhelming approval of the voter referendum on May 16, 2006. The initial response was to deploy a limited tactical pilot project of 18 cameras in several parts of the city over a five-month period at a cost of approximately $815,000. This was accomplished in three phases:

- Phase 1 launched cameras at 7th and Girard Avenue;
- Phase 2 installed four cameras around the Barratt Middle School and two cameras at both Broad and Girard and Broad and Susquehanna;
- Phase 3 installed eight Portable Overt Digital Surveillance System (PODSS) cameras at Broad and Erie, Germantown and Venango, Germantown and Lehigh Avenue, Broad and Butler, Wayne Avenue and Logan Street, Wayne Avenue and Seymour Street, and Chew and Chelten Avenue.

So far, the cameras have resulted in a limited number of arrests. However, the pilot has generated a huge amount of important data to utilize in formulating a citywide strategic video surveillance plan.

Going forward, three teams will be created to lead this initiative with the goal of creating a reliable, scalable, repeatable, and cost-effective citywide system: 1) an executive team to provide project direction and address policy questions, 2) an operations committee to support the existing pilot network, and 3) a project team to complete the overall project.

The funds that were appropriated by City Council ordinance in February 2007 will support the costs to acquire the staff augmentation team (consultants and engineers) and much needed hardware to better support the network for the existing cameras; increase the video storage hardware; and implement maintenance and support contracts for the existing pilot cameras. The use of wireless technology to transport the video signals from cameras in locations that are prohibitively expensive to connect by wire is being explored to meet the goal of citywide deployment. The design concept under consideration consists of wired and wireless backhaul, with most cameras transmitting their signals over a citywide wireless video network.

Several proof-of-concept pilots will provide technical information for the proposed design while demonstrating to the Police Department that the wireless signals meet needs:

- IBM: Creation of a wireless connection from two PODSS to the monitoring station; this will demonstrate the possibility of tying the PODSS into the City's existing network.
- Unisys: Installation of a 10-camera network, some wired and some wireless. The project includes the cameras, video network and monitoring facility.
- Earthlink: Installation of up to 10 cameras that all transmit over the wireless network back to an Earthlink Point of Presence (POP). The City will get the signal from the POP onto Citynet, and from there to the monitoring facility in Police Headquarters.

Increase effective operations through the acquisition of new physical plant and buildings. In October 2006, the Police Department filed two applications to acquire surplus federal properties. The extensive application process will continue over the next year, with a decision to be made by October 2007. The facilities would provide the Department additional classroom space, storage space, and ample garage space. If acquired, the Department plans to use the facilities for multiple purposes, such as recruitment and advanced training, emergency operations, and police operations. The Police Training Bureau, currently located on State Road, would be relocated to the Woodhaven location, which provides ample classroom space. The Woodhaven Road location would also house the City's Emergency

Operations Center (EOC), as well as a backup 911 call taking center. Equipment costs for the EOC are estimated at $300,000. The Backup 911 Center is estimated at $6 million due to the need to hire dispatchers, E-911 equipment, computers, and other technology. The cost of the Center will be funded through 911 funding, a revenue-based account funded through the City's telephone surcharge.

Consolidate the Special Weapons and Tactics (SWAT) and Ordinance Disposal units. The Police Department is pursuing various funding sources to consolidate the operations of the SWAT and Ordinance Disposal units. Both units operate emergency response teams, and since September 11, 2001, their missions have become increasingly similar. In addition, a new facility would enable the Police Department to provide training to county, state, and federal agencies enabling them to serve as well prepared first responders if called upon to respond to a regional terrorist threat. In return for the training, the Department receives state and federal funding to procure high-tech equipment. The City currently has no facility to conduct this training, which takes place in off-site facilities. The Department is hoping to obtain state and federal funding, which will provide for the necessary furniture, fixtures, and equipment associated with the project. The design includes approximately 9,000 square feet of space for a combined tactical headquarters facility operations. The facility will also include a 7,000 square foot Regional Training Complex, which will comprise classrooms conference/briefing area, and locker/gymnasium areas. A detached 8,000 square foot enclosed, climate control parking facility will be constructed to secure SWAT vehicles, which contain weapons and munitions. The project is expected to take 26 months to complete at a total cost of $7.5 million, with $5 million of reprogramming/interest earnings funds requested from PICA and fit-out costs of $2.5 million funded using Homeland Security funds. The base reallocations are expected to occur between 2010 and 2012, but the decision from the Defense Department regarding the reuse of the facilities is expected by the end of 2007. Should the Department acquire the facilities, the established timeline affords the Police sufficient time to plan the move financially and operationally.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Number of Homicides	344	352	386	372	411	387
Avg No. of Police in On-Street Bureaus	5,855	5,859	5,574	5,495	5,467	5,530
Percent of Police in On-Street Bureaus	86.9%	87.5%	87.1%	87.0%	87.1%	87.2%
Priority Response Time (in min:sec)	6:19	6:20	6:38	6:40	6:41	6:39
Number of Abandoned Vehicles Towed	27,398	21,626	17,835	16,051	14,135	15,000
Number of Recovered Stolen Vehicles	11,172	9,989	9,178	8,443	8,839	9,000
Number of Arrests	68,486	67,795	69,166	70,549	73,491	72,370
Major Crimes Offenses	83,066	81,464	83,268	81,847	84,650	83,069

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	457,990,628	478,147,601	480,464,085	498,865,287	495,861,339	496,182,039	496,182,039	496,182,039
Class 200 - Contracts / Leases	7,296,730	7,425,445	7,425,445	7,342,029	7,342,029	7,342,029	7,342,029	7,342,029
Class 300/400 - Supplies, Equipment	7,567,697	7,584,765	7,823,765	7,627,265	7,627,265	7,627,265	7,627,265	7,627,265
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	275,653	339,330	181,133	181,133	181,133	181,133	181,133	0
Class 900 - Advances / Misc. Payments								
Total	473,130,708	493,497,141	495,894,428	514,015,714	511,011,766	511,332,466	511,332,466	511,151,333

Streets Department

Mission

The mission of the Streets Department is to provide clean and safe streets.

Enhancing Public Safety and Quality of Life for All Communities

Improve the cleanliness of Philadelphia's streets. The Streets Department implements a number of litter reduction programs and services designed to improve the conditions in local neighborhoods. The Streets Department administers the Philadelphia More Beautiful Committee and partners with the Keep Philadelphia Beautiful Program. These programs focus on strategies to reduce litter throughout the city. In addition to the efforts of the Philadelphia More Beautiful Committee, the Sanitation Division directly provides a variety of services designed to reduce litter including the mechanical street cleaning program. In FY06 the Streets Department cleaned more than 87,000 miles of streets throughout the city. The Streets Department also provides and services litter baskets. There are more than 2,000 litter baskets placed throughout the city along commercial corridors. The Streets Department also cleaned over 20,000 tons of illegally dumped material from local neighborhoods. The Streets Department will also work with NTI and the Managing Director's Office to coordinate anti-litter campaigns and block beautification campaigns with vacant lot cleaning activities. The Department will reach out to neighborhoods to inform and engage them in coordinated anti- litter and beautification activities.

Beautify commercial corridors. The Streets Department is an integral partner in the implementation of NTI's ReStore Philadelphia Corridors program (ReStore). One of ReStore's primary goals is to make neighborhood commercial corridors more welcoming places, with improved sidewalks, crosswalks, signage and lighting, enhanced by greenery, trees, public art, and attractive facades. Beginning in FY 07 and continuing through FY 09, the Streets Department will work with NTI to manage the design, engineering, and construction of streetscape and other capital improvements**.**

Improve quality of roads through Operation Smooth Streets. In April 2006, the Streets Department launched Operation Smooth Streets, an intensive maintenance operation with the goal of improving the timeliness and quality of street repairs. During the first one hundred days, the Department eliminated approximately 10,000 potholes and 3,200 ditches formed during the winter season. In July 2006, the focus shifted to completing pothole repairs within one business day and restoring ditches within thirty days. Goals have all been met, and this higher level of service continued throughout the construction season. As the Highway operation transitions to off-season activities, the goal is to maintain all ditches in a safe condition until permanent restoration can resume in the spring. During the off-season, Highway employees will also focus on other preventive maintenance schedules, including expansion of the crack-sealing program, which will reduce the formation of street defects. Experience indicates that improved maintenance will reduce street surface degradation, as well as the City's liability exposure.

Improve the flow of traffic by upgrading traffic signals. The Streets Department continues to upgrade traffic signals as part of a program begun in 1992. Once a signal has been modernized, it is linked to a centralized control center that allows the Department to remotely modify signals and receive automatic repair alerts. In FY06, the Department upgraded traffic signals at 21 intersections, for a total of 990 intersections replaced. In FY07, the Department expects to complete an additional 10 intersections. Phase 2 of the Center City Traffic Signal Improvement includes an additional 72 intersections in the area bounded north to south, from Market Street to South Street; and east to west, from Front Street to Broad Street. The project utilizes $17 million in Capital funding $4 million from Commerce Department for streetscapes. Construction is scheduled to start in FY08.

Ensure the safety of children traveling to and from school. The City's effort to ensure the safety of school children is a high priority of the Department. In FY08, the Department will install school flashers, school crossing signs, and pavement markings around City schools. During FY05 and FY06, the Department installed flashers at 88 schools, using $1 million in funds from the School District of Philadelphia and $0.2 million in City Capital budget funds. To date, flashers have been installed at 277 schools. In FY07, flashers, electronic speed display signs, school crossing signs, and pavement markings are planned for installation at schools throughout the city. A $1 million grant from the state Department of Transportation Department has expanded the school flasher program. Design work has started, and construction is expected to begin in late FY07.

Expand the camera-enforced traffic signal safety program. In order to reduce the number of traffic accidents caused by drivers running red lights, the Pennsylvania General Assembly enacted a law permitting Philadelphia to pilot a program utilizing red light traffic signal camera enforcement in 2002. In cooperation with the Philadelphia Parking Authority, the Streets Department continued the photo camera enforcement program. The state legislation and City ordinance defined ten of the most dangerous intersections for the pilot. Cameras at these intersections photograph the license plate of vehicles that enter the intersection during a red light. The photos include the elapsed time of the red signal indication. The violation is confirmed first by technicians and then by the Police Department, who issue the ticket. Cameras are in operation at three intersections along the Roosevelt Boulevard—at Grant Avenue, Red Lion Road, and Cottman Avenue—and at Broad Street and Oregon Avenue, and at 34th Street and Grays Ferry Avenue. Six additional locations on the Roosevelt Boulevard are being considered for red light enforcement cameras. They are: Ninth Street, Mascher Street, Levick Street, Rhawn Street, Welsh Road, and Southampton Road.

Leverage federal and state funding to maximize infrastructure improvements. The Department continues to work with its regional transportation partners—the Pennsylvania Department of Transportation, SEPTA, and the Delaware Valley Regional Planning Commission—to maximize the use of federal and state funding for infrastructure upgrades in the City. The Capital Programs table below summarizes some of the Department's major projects through FY10. With an investment of $14 million, the City will be able to leverage $132.1 million in federal and state funds. Of special note is the replacement of the South Street Bridge. The bridge spans I-76 and the Schuylkill River, and is a vital link between Center City and West Philadelphia. The Streets Department is managing the engineering for the reconstruction project. Detour construction is scheduled for FY07, final bridge design has started, and construction is scheduled to start in FY08 and last for 18 months.

Project	Description	Total Project Cost	City Share	Expected Completion Date
Market Street Elevated Train Reconstruction and Streetscape	Partnering with SEPTA, the Streets Department has designed streetscape improvements along the Market Frankford Elevated Train line as part of the larger SEPTA construction project. Streetscape improvements will include sidewalk redesign/repair, improved street lighting, and more modern traffic signals.	$6 Million	$200,000	Construction is scheduled to start in FY09 and will take 10 months.
Center City Signals	The project is bounded by Market Street to the north, Broad Street to the west, South Street to the south and Front Street to the east. The scope includes the modernization of traffic signal equipment at 75 intersections and a streetscape improvement to South Street from Front Street to 8th Street.	$18.6 Million	$1.5 Million	Construction is scheduled to start in FY07, and will take 18 months.
South Street Bridge over Schuylkill River	Final Design started in November 2003, and will take three years. The completed bridge will provide a vital link between Center City and West Philadelphia.	$54 Million	$2.7 Million	Construction is scheduled to start in FY08, and will take 18 months.
Bells Mill Road	Reconstruction of Bells Mill Road from Germantown Avenue to Stenton Avenue.	$5.5 Million	$1.1 Million	Construction will begin in FY08, and will take 1 year.
Westbank Greenway	The project will create a greenway on the west side of the Schuylkill River and including improvements for pedestrian and bicycle access to the Spring Garden Street Bridge. A ramp will be installed on the east side to connect with existing bikeways along Kelly and West River.	$2.9 Million	$580,000	Construction will begin in FY07, and will take 10 months.
Lancaster Avenue	The project will modernize traffic signals from 40th Street to City Avenue. A second phase will address streetscape, sidewalks, and landscaping.	$5 Million	$1 Million	Construction on the first phase is scheduled to start in FY08, and will take 10 months.
41st Street Bridge	The Bridge is currently closed. Bridge construction will follow completion of the 40th Street Bridge.	$8 Million	$800,000	Design started in FY04. Construction is scheduled to start after 40th Street is done, and will take 20 months.

Project	Description	Total Project Cost	City Share	Expected Completion Date
40th Street Bridge	The Bridge will be used as a detour route while the 42nd St. Bridge is constructed. Construction will follow the completion of that structure.	$8.5 Million	$850,000	Construction is scheduled to start in the spring of 2008, and will take 2 years.
Krewstown Road Bridge (over Pennypack Creek)	Consultant to resolve environmental and public concerns. Construction will follow this evaluation, and will widen the currently substandard bridge.	$6.3 Million	$315,000	Consultant work is scheduled to start in the FY08, and will take 1 year. Construction is scheduled to start in FY09, and will take 1 year.
Willow Grove Ave. Bridge (over SEPTA)	Railroad Electrification Modification design by SEPTA. Construction will follow this design work. This bridge is currently closed to one lane of traffic due to deterioration.	$3.1 Million	$155,000	SEPTA work is scheduled to start in FY07, and will take 2 years. Construction is scheduled to start in FY10, and will take 1 year.
Montgomery Ave (over AMTRAK)	Currently posted for 10 tons, the Department is performing the engineering for the replacement of this vital link in North Philadelphia.	$8 Million	$800,000	Construction is scheduled to start in FY09, and will take 16 months.
Tyson Avenue	New traffic signals will be installed along Tyson Avenue from Rising Sun Avenue to Torresdale Avenue.	$6.6 Million	$1.3 Million	Construction is scheduled to start in FY08, and will take 10 months.
South Street Bridge Detour	New traffic signals at 24 intersections along the South Street Bridge detour route as new controllers at 7 intersections will be installed.	$5 Million	$1 Million	Construction is scheduled to start in FY07, and will take 5-6 months.
Citywide 3R 101	Resurfacing of approximately 84,950 linear feet of roadway, drainage improvements, replacement of guide rail and installation of concrete curb and concrete barrier along Cresheim Valley Drive, and installation of bicycle racks.	$8.6 Million	$1.7 Million	Construction is scheduled to start in FY08, and will take 10 months.

Provide environmental leadership through single stream recycling. Single stream recycling is an innovation that allows residents to place different recyclable materials into the same container. The recyclables are collected by a compactor vehicle, and are delivered to a processor that separates the recyclable materials by commodity type. As a result, more materials collected per truck, thereby reducing the total labor and equipment costs and creating an overall reduction in the City's recycling costs. Single stream collections realized an increase of approximately 2,000 tons of recyclable materials collected thus far in FY07 over the same period for FY06. In July 2006, the Streets Department introduced single stream recycling to approximately 125,000 households in Northeast Philadelphia. Single stream recycling will be available to an additional 82,000 households in West Philadelphia by June 2007. The Department will engage in community outreach, advertising, direct mail, door-to door canvassing, community meetings, the City Web site, and newspaper ads to educate residents about the recycling process.

Ensure safe disposal of household hazardous waste. In the event that hazardous materials, such as gasoline or flammables, react in a trash collection truck, the loss of the crew and vehicle for the day are costly. The household hazardous waste program provides residents with an environmentally responsible way to dispose or recycle household hazardous waste, and remove hazards that could potentially harm sanitation workers. During FY06, 3,886 residents dropped off approximately 187 tons of hazardous material during six hazardous household-waste drop-off events. Since FY00, participation has increased by more than 50 percent. However, actual household hazardous waste disposal costs have remained the same, ranging from $130,000 to $150,000 per year, depending on the amount and type of materials dropped off and the level of participation. The Department plans to continue to build on the regional program efforts to reduce costs and improve overall public education initiatives.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 TARGET PROJECTION
Street Resurfacing by City Crews (Sq. yards)	1,942,180	1,366,589	1,200,633	1,200,000	1,386,636	1,200,000
Potholes Repaired	23,179	20,862	18,203	25,000	25,000	25,000
Potholes- Response Time-Peak [Feb, Mar, Apr] (days)	4	4	3.0	1	1	1
Ditch Restorations - Number Closed	6,647	7,413	8,956	7,797	7,797	7,800
Tons of Refuse Disposed	787,670	785,125	783,018	793,225	780,838	787,300
Household Recycling Collected (tons)	44,261	41,023	40,568	44,766	45,189	44,766
Percent of Recycling Collected on Time	94%	98.4%	98.4%	97.0%	97.0%	97.0%
Street Cleaning - Mechanical (miles)	90,466	87,569	92,009	83,000	83,000	83,000
Street Cleaning - Block (miles)	2,320	4,966	2,541	3,780	3,780	3,780
Tons of Refuse per Sanitation Crew	14.6	14.1	14.19	15.35	14.90	15.35
Line-striping (sq. ft.)	540,280	660,084	846,772	500,000	778,308	390,000
Citizen Survey: Percent Satisfied with Street Repair on City Roads	36%	37%	38%	NA	NA	NA
Citizen Survey: Percent Satisfied with Trash Collection	77%	77%	78%	NA	NA	NA
Citizen Survey: Percent Satisfied with Recycling Collection	76%	75%	74%	NA	NA	NA
Citizen Survey: Percent Satisfied with Street Cleaning	46%	46%	39%	NA	NA	NA

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Streets

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	17,443,518	21,484,511	20,386,573	20,486,564	20,486,564	20,486,564	20,486,564	20,486,564
Class 200 - Contracts / Leases	8,829,067	8,464,606	9,934,606	8,934,606	8,934,606	8,934,606	8,934,606	8,934,606
Class 300/400 - Supplies, Equipment	3,364,531	2,635,015	4,477,215	2,735,015	2,735,015	2,735,015	2,735,015	2,735,015
Class 500 - Indemnities / Contributions	29,200	30,000	5,000	5,000	5,000	5,000	5,000	5,000
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	29,666,316	32,614,132	34,803,394	32,161,185	32,161,185	32,161,185	32,161,185	32,161,185

Streets Sanitation

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	44,638,454	44,798,248	44,798,248	46,449,179	46,001,224	46,001,224	46,001,224	46,001,224
Class 200 - Contracts / Leases	46,037,337	49,518,081	48,234,661	49,345,622	51,136,917	52,809,461	54,474,275	56,186,893
Class 300/400 - Supplies, Equipment	1,288,250	1,363,406	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	92,012,212	95,727,906	94,444,486	97,206,378	98,549,718	100,222,262	101,887,076	103,599,694

City of Philadelphia

Five-Year Financial Plan

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Citizen Services:

Comprehensive and Coordinated Social Services

Office of Behavioral Health and Mental Retardation Services

Mission

The mission of the Office of Behavioral Health and Mental Retardation Services (OBH/MRS) is to support people in an environment of recovery focused on prevention, wellness, self-determination and the realization of personal goals leading to improved quality of life. OBH/MRS will work with consumer/clients, families, and providers to ensure that services are accessible, effective, appropriate, and of high quality. OBH/MRS is committed to developing a system of care that is data driven, employs evidenced-based practices, increases cultural competence, and eliminates health care disparities. This integrated system of care will attend to individual needs and preferences, and function in collaboration with a broad range of stakeholders. OBH overall budget is in excess of $1.4 billion for FY08 with approximately $14.3 million coming from the City's General Fund. Over 90 percent of the General Fund share goes to mental health, addiction, and mental retardation programs.

Providing comprehensive, coordinated social services for children, adults, and families

Implement the recommendations of the Children's' Blue Ribbon Commission. In February 2006, the Mayor commissioned a Blue Ribbon Commission (BRC) of citizens, child advocates, and child service professionals. The BRC was charged with developing a set of recommendations for improving the behavioral health of the City's children. During FY08, the commission will transition from the strategic planning phase to initial implementation activities that include the following:

- Development of transition supports for youth aged sixteen to twenty-one, who are aging out of foster care or returning from either residential behavioral health treatment facilities or residential juvenile justice settings. The goal is to assist adolescents to become healthy, productive citizens and to decrease their risk of requiring restrictive levels of treatment or entering the prison system. Specific activities will include the creation of multi-service system transition teams to coordinate and develop a range of resources including supervised, independent living, and group homes for young adults. Behavioral health outpatient and day treatment services will also be developed, in addition to non-Medicaid reimbursed services such as educational tutoring, vocational services, mentoring, peer support, and case management.
- Early provision of interventions to prevent youth from becoming involved in substance abuse. Interventions will begin with systematic screenings in settings where youth are at high risk for substance abuse, such as mental health, juvenile justice, and child welfare residential settings. Additional methods include training residential staff to properly screen for substance abuse problems and provide critical early intervention supports.

More than $1 million in Health Choices reinvestment funding will be used for these initiatives during FY08. An additional $2 million-$3 million is required to maintain services and carry out additional recommendations of the commission after FY08.

Implement the Community Coalition Initiative. The Community Coalition Initiative involves building working relationships among OBH/MRS, community groups, faith-based organizations and behavioral health providers. The initiative's goal is to identify community factors that make children and adults vulnerable to developing serious behavioral health issues. In addition, the initiative intends to raise community awareness about behavioral health problems, and seek innovative, proactive solutions to problems before they compromise the functioning of community members. OBH/MRS issued a Request for Applications for community-based prevention, and has awarded planning grants to fund community planning of seven coalitions through the end of FY07. Beginning in FY08, coalitions will begin to operationalize their plans. Coalitions will focus their efforts on different geographic areas of the city. In FY08, coalitions will receive up to $100,000 for two years. The total cost of all awards for two years is $1.4 million. HealthChoices reinvestment funds totaling $350,000 will cover costs for the first six months of the initiative. The balance, $1 million, is pending approval from the Pennsylvania Department of Public Welfare. Each coalition is expected become financially self sufficient by the conclusion of FY09.

Transform the behavioral health day service system. Transforming the day services system involves the conversion of maintenance-level Partial Hospital Programs (PHP) to alternative day treatment and rehabilitation services (site-based and mobile) that more effectively promote the recovery of people with behavioral health issues. This transformation initiative is consistent with federal, state, and local priorities promoting the concept that recovery is possible and should be pursued for everyone in need of mental health and/or addictions services. A request for Transformation Plans was issued in August 2006, to 16 agencies that currently provide PHP services, to 5,000 adults. The agencies were invited to submit budget-neutral plans detailing proposals to transform current services into programming that decreases dependence upon the traditional site-based PHP model. Three pilot agencies were selected, and will begin to implement plans; effective March 2007 lessons learned from the pilots will be shared with non-pilot agencies. Non-pilot providers will be expected to start implementing transformation plans sometime after January 2008. OBH/MRS expects the effort to lead to reconfiguration of 400 PHP slots by the conclusion of FY08. Moreover, the change to alternative day treatment is expected to help gradually reduce utilization of Crisis Response Centers (CRC), by lowering the recidivism rate for patients discharged from acute psychiatric facilities, thorough the use of flexible facility services and mobile treatment teams. Medicaid reimbursement funds totaling $22.6 million will fund the initiative.

Expand behavioral health residential services. OBH/MRS will begin operating several new residential services in FY08, with a combined capacity of 122 slots. OBH/MRS will expand its Housing First capacity with 60 new slots beginning in FY07. The new program, called Welcome Home, will serve chronically homeless adults in scattered site apartments, and provide them with intensive mobile treatment and case management. Sixty people will be assigned to the support service team by October 2007, and each will be housed by the end of FY08. The program is funded $871,510 from HUD McKinney grant, $586,584 from Health Choices Reinvestment funds. In FY08, OBH/MRS will expand the provision of specialized residential services with four new congregate housing and treatment programs. New services include 10 beds for persons with behavioral health and medical needs, 28 beds for adolescent girls with addiction disorders, 12 beds for young men with co-occurring mental health and addiction issues, and units for families in which the mother suffers from both mental illness and substance abuse. All are expected to be fully operational in FY08. The annualized cost for these services is $7,502,524. Health Choices reinvestment funds will be used to cover costs through December 2007 Medicaid dollars will fund services beginning January 2008.

Increase the number of children served by Mental Retardation Services Early Intervention Program. In FY08, OBH/MRS plans to serve an additional 141 children in birth-to-three Early Intervention Program (EIP). The EIP includes outreach, referral, evaluation, and therapeutic services designed to address developmental delays. The expansion of EIP will allow OBH/MRS to serve additional children referred from the Department of Human Services and Department of Public Health. In addition, OBH/MRS, will partially fund a position to work with OSH, and provide early intervention services at the Woodstock and Kirkbride family shelters. The new initiatives and increases in children served are part of the state's ChildFind initiative. There is no cost to the General Fund for the expansion, as EIP receives a per child reimbursement from the Pennsylvania Department of Public Welfare, Office of Mental Retardation.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTION
Crisis response center recidivism rate 1	18%	18%	17%	17%	16.95%	16.85 %
D&a fir treatment admissions [2-3]	2,799	2,478	2.531	2.531	2,500	2,500
D&a fir treatment completions[2-3]	1,672	1,524	1,463	1,463	1,460	1,460
D&a prison days saved [2-3]	465,975	438,606	432,355	432,355	411,972	411,972
Mental retardation early intervention program	3,806	4,226	4,583	4,583	4,700	4,841
Mental retardation employment job support	700	719	731	731	748	760

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

[1]Beginning in the first quarter of FY07, Crisis Response Center (CRC) rates will reflect recidivism from an acute inpatient setting, i.e., a psychiatric hospital unit, to a CRC within 30 days of discharge. FY05 and FY06 actual figures have been adjusted to reflect this revised method of measurement.

[2] Beginning July 2005, FIR admissions, completions, and prison days saved were modified to reflect only direct prison release and diversion programs. The Coordinating Office for Drug and Alcohol Abuse Programs (CODAAP) measures no longer reflect services associated with minor summary offenses.

[3] FY06 reporting included other program activity, which explains higher FY06 achievement than FY07 and FY08 projections.

Five-Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	2,316,329	2,345,902	2,306,469	2,258,245	2,258,245	2,258,245	2,258,245	2,258,245
Class 200 - Contracts / Leases	12,128,834	12,128,834	11,923,192	12,003,707	12,003,707	12,003,707	12,003,707	12,003,707
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	14,445,163	14,474,736	14,229,661	14,261,952	14,261,952	14,261,952	14,261,952	14,261,952

Department of Human Services

Mission

The mission of the Department of Human Services (DHS) is to protect children from abuse, neglect, and delinquency; ensure children's safety and permanency in nurturing home environments; and strengthen and preserve families by enhancing community-based prevention services.

Providing Comprehensive, Coordinated Social Services

Cooperate with the Child Welfare Review Panel. The Department of Human Services (DHS) serves over 25,500 children every year who are either victims or at-risk of child abuse and neglect. DHS is mandated to carry out this daunting task, and does this with approximately 1,100 trained social workers serving children, and contracts with agencies that employ thousands more workers providing services to families. Child welfare represents the most complex set of services and mandates the human services system faces. In the wake of recent child fatalities due to child abuse, Mayor John F. Street issued an Executive Order in November 2006 creating the Child Welfare Review Panel, which is charged with conducting a comprehensive review of the Department of Human Services, including a systemic case record review of abuse and neglect fatalities in Philadelphia since the beginning of 2002. The Review Panel will also recommend a series of "permanent reforms" in the way DHS operates, including its procedures for investigating child-protection cases. It will also propose improvements in how DHS selects and monitors private agencies contracted to provide services and ensure child safety. Made up of nationally recognized experts in the field of child-welfare, the Review Panel will deliver its final report in May 2007.

Ensure that children and youth programs are fully funded. City's Five-Year Plan for FY08 is $86 million in additional services for the child welfare system, to remedy and prevent abuse, neglect and juvenile delinquency with additional city share of $10 million or 23% compared with FY07. The FY08 NBB request targeted at-risk children and youth through expansion of the Adolescent Violence Reduction Project, curfew centers across the City, and enhanced programming aimed at children who are truant with eight or more unexcused absences. Many of the program activities planned by DHS in FY08, and described later in this chapter, assume support from the Commonwealth through FY12. If the Commonwealth does not continue to support these vital programs, the City will be forced not to implement some as proposed, cut others dramatically, or discontinue them.

Develop new supportive programs in compliance with the Child Abuse and Prevention Treatment Act (CAPTA). In order to comply with the requirements of CAPTA, DHS will be required to provide or arrange for services for all infants born affected by illegal substance abuse or who suffer from withdrawal symptoms as a result of prenatal drug exposure. Current estimates indicate that about 25 percent of the children reported to the Pennsylvania Health Department by Philadelphia hospitals are served by DHS. DHS is requesting funding for the additional 75 percent of the children reported to the Pennsylvania Health Department for whom the City is not currently providing services. The full impact may be even greater. Current hospital statistics on infants born affected by substance abuse are not completely reliable, because not all infants are tested, and not all infants who would meet CAPTA substance abuse reporting requirements are reported to the Pennsylvania Health Department, HIP or DHS. In addition to greater utilization of existing programs, the DHS anticipates a need for new and/or expanded programs to cover gaps in services and to provide outreach to area hospitals regarding changed criteria for reporting children who are affected by illegal substance abuse or experiencing withdrawal symptoms. DHS will work with the Philadelphia Department of Public Health (DPH) to address these issues. The increased FY08 costs to comply with the CAPTA requirements are estimated to be $1.8 million.

Expand housing resources to achieve reunification. In an effort to identify resources for parents/caregivers facing housing barriers, the Achieving Reunification Center (ARC) will host the Family Support Shelter Team (FaSST) Program. FaSST is a cooperative project that includes the DHS, the Office of Supportive Housing (OSH), Episcopal Community Services (ECS), and 1260 Housing Development Corporation (1260 HDC) as sponsors. In FY07, ARC will be able to provide permanent supportive housing to 14 families in scattered-site locations throughout Philadelphia. Priority placement for FaSST is given to chronically homeless families whose multiple social services needs include behavioral health, child welfare, and health related services.

Close the "front door" to homelessness by providing housing and social service supports for youth aging out of foster care. Each year, approximately, 1,500 youth age 17 and older exit foster care in Philadelphia. National statistics show that youth leaving foster care face daunting challenges upon discharge:

- Approximately 25 percent - 40 percent of foster care youth become homeless after emancipation, most citing lack of a job and independent living skills as a major contributing factor.[1]
- 60 percent – 80 percent of adolescents found in shelters and in transitional living facilities have been physically or sexually abused at some time in their life.[2]
- Additionally, 20 percent have experienced years of family violence.[3]
- Youth, aged 16-21, comprise approximately 12 percent of the homeless population nationwide.[4]

These statistics highlight that youth exiting foster care are at increased risk for future homelessness, often due to a lack of independent living or supportive services to help them maintain stable housing. In FY08, working with the Office of Supportive Housing (OSH), and consistent with the Mayor's Ten Year plan to End Homelessness by preventing homelessness, DHS is expanding its continuum of services by adding transitional housing support for youth who are aging out of foster care. Support services will include case management, parenting and child care programs (for teen parents), educational and vocational training programs, and assistance transitioning to permanent housing. DHS planned to serve 119 youth will be served in FY08 at a cost of $900,000, of which just under $200,000 will be General Fund costs. Housing resources will be funded through the McKinney-Vento Homeless Assistance grant.

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[1] Qt in Kate Durham and the Corporation for Supportive Housing, "Housing Youth: Key issues in Supportive Housing." September 2003.
[2] National Network for Youth website (http://www.nn4youth.org), August 2000.
[3] Ibid. (August 2000).
[4] National Alliance to End Homelessness website, (http://www.naeh.org/back/YouthFacts.pdf), January 2005.

Augment employment and training services for aging-out youth. In FY08, DHS proposes to provide supplemental employment training services for youth who are aging out of placement, to help them successfully transition to adulthood. Many older youth are in group homes outside of Philadelphia that are not within easy reach of public transportation to Center City, where the Achieving Independence Center (AIC) is located. The Mobile Outreach Training Institute (MOTI) is a program designed to train Group Home care providers how to help youth develop the skills to find and maintain a job. MOTI will integrate a 10-week curriculum developed by the Youth Advocacy Center (YAC) into its service delivery model. The YAC curriculum helps youth focus on the fundamentals of self-advocacy and career planning. DHS will work with providers to provide effective job readiness and career planning programs for youth. DHS is working with several key partners around the development of program standards and performance measures, which will be used to demonstrate program outcomes and success. The cost to implement MOTI in FY08 is $500,000.

Collocate DHS Sexual Abuse Unit with the Police Department's Special Victims Unit (SVU). Collocation of DHS staff with the SVU and the Philadelphia Children's Alliance is a significant step toward full integration of resources for investigating child sex abuse cases. During child sex abuse investigations, child victims and their families undergo multiple interviews at various times and in various places. Collocation will allow each of the three partners to perform their roles in a coordinated manner, with minimum additional trauma to the child victim. Approximately 500 children per year are currently served through a coordinated intervention, which is less than a quarter of the over 2,000 eligible cases. Additional funding in the amount of $876,616 will be needed in FY08 to cover the associated costs of purchasing and furnishing the new facility, and for additional staffing. The building costs are covered in capital expenditures.

Expand the Adolescent Violence Reduction Partnership (AVRP). Initiated in FY06, the AVRP is a program that seeks to serve youth ages 10-15 who are considered the most at risk of becoming perpetrators or victims of violence. A key component of AVRP is the provision of intensive supervision through youth outreach workers assigned to monitor specific youth. Intensive supervision is complemented by support from the center-based Intensive Violence Delinquency Prevention (IVDP) programs. The center-based programs include services such as Aggression Replacement Therapy, case management, and academic support. In addition, AVRP has a community engagement function aimed at helping neighborhoods and communities provide safer environments for children and families. In the first phase of operation, through June 26, 2006 AVRP targeted youth residing in the Twelfth police district in Southwest Philadelphia and the Twenty-fifth police district in North Philadelphia/Kensington. In FY07, the AVRP program is meeting its goal of serving nearly 3,000 youth. In FY08, DHS expects the number of adolescent referrals for this service to increase, because of the City's focus on truancy and curfew violators.

Expand curfew centers to all areas of the city. In July 2006, the City opened the first curfew center at the Dixon House in South Philadelphia. The site was chosen after the Mayor and community leaders met to seek solutions to a rash of shootings involving juveniles. Police data had revealed that nearly one-third of all shootings involving juveniles during the first six months of 2006 had occurred in South Philadelphia's First and Seventeenth police districts. With the support and involvement of community volunteers, a curfew center opened in July 2006. The success of that center in reducing juvenile shootings and in fostering community empowerment to intervener and solve a dangerous problem, prompted the City to provide additional curfew centers citywide to serve the estimated 25,000 youth who violate curfew laws each year. The key component in establishing a new center is the willingness of the community to be a partner in the effort by providing volunteers and sharing their knowledge of the area. In addition, curfew center operations will expand from the current four days to seven days. The curfew centers will facilitate the connection of youth and families to supportive social services provided through

DHS and OBH/MRS if such a need is determined. Community volunteers will assist in outreach activities and provide support for operation of the Youth Curfew Center. Youth whose parents cannot be reached will be taken to DHS the following morning for further outreach to a responsible family member. DHS will initiate temporary placement in foster care if parents or guardians cannot be located. The City expects that the centers will help empower communities to gain control of the problem of unsupervised youth, and prevent youth from becoming victims of street violence. In addition, the City hopes the presence of the centers conveys to youth their obligation to adhere to City's curfew laws, and to parents their responsibility to actively work to address the issue of their child's behavior.

Expand after-school programs. To serve children, youth, and families identified through the truancy and curfew initiatives, Philadelphia plans an expansion of after-school programming by adding 4,580 slots in FY08. This expansion includes adding ten new Beacon programs in communities where the need is most compelling, based on analysis of truancy, curfew, and juvenile crime data. After-school programs are the major program components of Philadelphia's Children's Investment Strategy (CIS). After-school programs generally offer homework help, academic and cultural enrichment, and health and fitness development during the crucial hours of 3:00 p.m. and 6:00 p.m. However, there are several different models of after-school programs available that either offer specialized programs or target different age groups and offer longer hours, such as:

- 21st Century Community Learning Centers (21 CCLC), which are enhanced after-school programs that provide expanded academic enrichment and resiliency building programming, and strive to increase parent involvement in after-school activities. 21 CCLC programming focuses on students in grades K through 8, and is available in 24 schools through a partnership between the School District of Philadelphia and DHS.
- Beacon Centers, which are strategically located across the city in 22 public schools, employ a widely acclaimed model for youth development and community outreach. Key components of the Beacon School model include after-school programs and activities that promote family preservation. Beacons are generally open from 3:00 p.m. to 8:30 p.m., five or six days each week during the school year, and conduct full day programs during the summer.

Since the inception of CIS programs, crimes committed by juveniles immediately after school hours (3:00 p.m. to 6:00 p.m.) have fallen by more than 19 percent, while the number of crimes committed by juveniles during all other hours of the day declined by only 8 percent. Child abuse and neglect rates decreased by almost 20 percent between 2000 and 2005, which is the same period of CIS program growth. Research conducted by Philadelphia Safe and Sound in 2006 found that while the number of gunshot-wound victims increased for youth throughout the City by 30 percent in 2006, the vast majority of violence occurred outside the areas served by Beacon programs. Beacon programs were placed strategically in areas identified as violence hot-spots, as defined by homicides and gunshot incidents. Beyond being safe and out of trouble, children develop more meaningful ties with responsible adults, which research shows is a major factor in resiliency and success for young people.

Expand capacity of the Intensive Violence Delinquency Prevention Programs.. DHS plans to increase the number of IVDP slots by 15,000, serving an additional 30,000 youth. IVDP programs are for adolescents who are identified as needing services more intensive than those provided through after-school programs. Currently, IVDP programs are used by the Family Court as an alternative to placement for chronically truant youth, first time juvenile offenders, and incorrigible youth. In FY06 IVDPs became a major component of AVRP, and with good reason. Evaluations of their effectiveness have shown positive results. The First Judicial District's Juvenile Probation Office (JPO) conducted an evaluation in 2005, and found that first-time offenders and chronically truant youth, diverted to IVDP programs by

Family Court, had additional contact with the delinquent system at a rate of 12 percent in FY03 and 5 percent in FY04, rates that were significantly lower than the 32 percent among first-time offenders for the same period who did not receive alternative services. John S. Lyons, Ph.D. conducted an analysis of data collected through the Child and Adolescent Needs and Strengths assessment instrument and found that IVDP programs significantly improve school functioning, as 72.4 percent of youth began attending school regularly, 66.5 percent were improving academically, and only 15.6 percent continued to have serious behavior problems at school. IVDP programs have since become a major component of AVRP, and will be a major component in the City's efforts to reduce truancy and curfew violations.

Provide conflict resolution and mediation services to at-risk children, youth, and families. In FY08, the City will make available conflict resolution and mediation services to give children and youth the skills needed to resolve conflicts through non-violent techniques. Conflict resolution will be provided through two programs: the Resolving Conflict Creatively Program and Get Real About Violence. Both programs work to change the mental processes and interpersonal behavioral strategies that lead children to engage in aggression and violence, by teaching them constructive conflict resolution strategies, and promoting positive intergroup relations. Mediation services will be provided for dispute resolution, to bring people in conflict together to work out solutions to their differences. Each of the three components of the conflict resolution intervention will be evaluated for its impact on youth behaviors and attitudes toward violence, using the pre-post measures used by each curriculum. In addition, school and police data will analyzed for changes in trends for assaults in schools and school suspensions.

Target services for older juveniles on Probation to reduce youth violence. The recent spate of youth violence that has afflicted Philadelphia led DHS to review intensively all of the data available about both the perpetrators and the victims. In reviewing data on gunshot victims, it is apparent that a large number are older adolescents, 18 years to 21 years old, and many of them are still on juvenile probation. In analyzing JPO data, we have determined that there are approximately 1,952 youth, 18-21 years old, in juvenile probation at this time. Most are currently receiving services, either in residential programs, aftercare, or other community services. With the approval and direction of the Court, we plan to target specialized services to this group of youth who are on probation and at risk. The projected cost to proceed with these programs is $795,000.

Expand E^3 Power Centers. DHS and JPO continue to provide programming that meets the requirements of Juvenile Acts Balanced and Restorative Justice principles. JPO will continue to focus on reducing the re-entry rate of youth returning to the community from delinquent placements. Welcome Home Centers are an integral part of the City's revamped reintegration services program. The centers are located within the three Youth Opportunity Power Centers managed by the Philadelphia Youth Network. These community-based programs are open six days a week for four hours a day, and provide structured educational, life-skills, and occupational development for delinquent youth. The current E3 Power Centers are located in lower Kensington, Parkside, and North Philadelphia. To address the needs of delinquent youth in other areas of the city where the rates of juvenile delinquency are high, five new centers are needed. During FY07, DHS will open two additional E3 Centers in strategically placed communities. In FY08, DHS plans to open three additional centers. The E^3 power centers are an integral component of the reintegration program, which has shown promising results. The re-arrest rate for youth returning from placement during the FY04-FY05 period, before the implementation of the initiative, was 28 percent; the comparable re-arrest rate for FY05-FY06 dropped to 20 percent. Additionally, the rate at which juveniles were re-committed to placement in FY04-FY05 was 34 percent, while the re-commit rate for FY05-FY06 fell to 18 percent. While these data are impressive, Family Court's Administrative Judge has directed the Reintegration Collaborative to delve even further into data collection and to begin including any adult arrest data, which has not always been available in the past. DHS fully supports this and is working with technical assistance provided by the MacArthur Foundation, to include all of the key data elements to more accurately measure reintegration outcomes.

Relocate the Youth Study Center. For more than a decade the City has acknowledged the need to provide a better youth detention facility. Quality programming is not possible at the current site. The Barnes Foundation's impending move to the site of the current YSC is scheduled to occur sometime before the newly projected occupancy date for the relocated YSC (September 2008), therefore DHS is in the process of seeking an interim site for the YSC, to be available by October 2007. The previous plan to relocate on an interim basis to the Cambria Center is one option, but DHS is continuing to explore alternative options as this plan is prepared. Whatever interim site is identified, it must provide for sufficient space for education, social, and recreational activities, as well as typical juvenile justice operations, such as collocated probation intake and court operations. There will be additional funds needed in FY08 associated with the interim move.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 CURRENT TARGET	FY07 CURRENT PROJECTED	FY08 PROJECTED
Children & Youth						
Child protective services (abuse) reports	4,661	4,326	4,500	4,500	4,500	4,500
General protective services (neglect) reports	12,151	11,442	13,000	12,500	12,500	12,500
Total children receiving services	25,087	25,787	26,000	26,500	26,500	26,500
Total children receiving non-placement services	12,845	13,721	12,300	14,107	14,107	14,107
Total Children in Placement	7,668	7,087	7,200	6,434	6,434	6,434
# of Children in Institutional Placements	1,487	1,397	1,400	1,400	1,400	1,400
Children in Care More than Two Years	3,548	3,032	3,200	2,800	2,800	2,800
# of Adoptions Finalized	759	618	750	625	625	625
Adoption subsidies	4,574	4,979	5,500	5,959	5,959	5,959
Subsidized legal guardians	330	767	1,000	1,350	1,350	1,350
Community-based Prevention Services						
Children Enrolled in DHS Afterschool and Positive Youth Development Programs	7,089	7,943	7,000	7,700	7,700	7,700
Parents/Caregivers Participating in Parenting Groups	5,385	6,350	6,000	6,958	6,958	6,958
Families Diverted by DHS to Community-based Case Management Services	1,679	2,681	2,500	3,025	3,025	3,025
Youth Referred to Community-based Services by Truancy Court	2,942	2,480	4,000	4,400	4,400	4,400
Juvenile Justice Services						
YSC admissions	5,875	5,377	5,600	5,775	5,775	5,775
YSC average daily population	101	101.5	95	99	99	99
Youth in Placement (Avg)	1,369	1,461	1,450	1,511	1,511	1,511
Youth Placed out of State (Avg)	120	145	125	120	120	120

Five Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	85,263,449	88,690,277	90,465,785	95,733,041	95,733,041	95,733,041	95,733,041	95,733,041
Class 200 - Contracts / Leases	467,917,604	516,276,600	497,511,421	577,400,162	586,061,164	594,852,081	594,852,081	594,852,081
Class 300/400 - Supplies, Equipment	3,383,809	4,482,961	4,482,961	4,514,731	4,514,731	4,514,731	4,514,731	4,514,731
Class 500 - Indemnities / Contributions	410	29,326	0	0	0	0	0	0
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	556,565,272	609,479,164	592,460,167	677,647,934	686,308,936	695,099,853	695,099,853	695,099,853

The Philadelphia Prisons System

Mission

The mission of the Philadelphia Prisons System (PPS) is to ensure public safety by providing a secure correctional environment that adequately detains people accused or convicted of illegal acts. PPS provides programs, services and supervision in a safe, lawful, clean, and humane environment, and prepares incarcerated people for reentry into society in a frame of mind that facilitates their becoming law-abiding citizens.

Control inmate population growth. In July 2006, individuals that were in the custody of the Philadelphia Police Department and the Prison System, post-arraignment, claimed that the conditions of confinement at the local police districts, the CCTV locations, the Police Detention Unit and the Intake/admissions area of CFCF were unconstitutional. These Individuals brought a class action lawsuit against the City in federal court alleging that growth in the Prison population caused the unconstitutional conditions of confinement**.** At the time the suit was filed, the PPS average census in June and July 2006 was over 8,600 inmates per day, a figure that does not include inmates held in alternative housing facilities. Throughout FY07, even beyond the typically high-population summer months, the PPS census has remained at record levels. The inmate population is expected to exceed 8,900 by the end of FY07, which is more than 400 inmates above the census assumed in the FY07 budget. Despite considerable efforts in the past at population reduction, which were spurred by federal litigation in *Harris v City of Philadelphia,* the Prisons population has increased by approximately 4 percent a year over the last ten years. In response to the suit, the Criminal Justice Coordinating Commission (CJCC) has been developing long lasting, cost effective strategies to help the City alleviate the current overcrowding crisis, and sustain the reduction into the future. At the request of PPS, the CJCC retained the services of Professor John Goldkamp of the Temple School of Criminology; to study the Prisons population and the City's criminal justice system, to help CJCC better understand the underlying systemic factors contributing to overcrowding. The final report, completed in November 2006, produced findings and recommendations that are now being considered by the CJCC and the City to reduce the Prison population. The report explored the many factors contributing to overcrowding, such as:

- The PPS population spike has more to do with length of stay than it does with police arrests and admissions. The median number of days stayed has increased to 90 days from 50 in 1995.
- Court processing of criminal cases through the legal system has slowed considerably, leading to an accumulated backlog of cases, which have tripled from 8,000 in FY96 to nearly 26,000 in FY05. The court backlog increases the prison population because many defendants are incarcerated pending trial.
- An increasing number of inmates have multiple holds, or more than one offense, which makes release more difficult.

Recidivism is also a major factor contributing to overcrowding. Offenders entering the PPS are not strangers to it. A 2006 Urban Institute study of reentry in Philadelphia found that, of 106,000 offenders entering prison, half had prior admissions. Moreover, 80 percent of the nearly 8,800 sentenced inmates released in 2003 had at least one prior release since 1996.

Expand alternatives to incarceration. Over the last several years, Philadelphia has developed a number of programs as alternatives to incarceration. A common thread among the various alternatives is that some criminal offenders, especially non-violent and first-time offenders with underlying issues that lead to criminal behavior, can be more effectively supervised in community-based treatment programs than in prisons.

- **Ensure continuation of the Forensic Intensive Recovery (FIR) program**. In FY08, the City will leverage $3.6 million of HealthChoices reinvestment money to fund the FIR program. FIR is a prison-deferral program that offers eligible offenders substance abuse treatment in lieu of incarceration through the Defenders Association of Philadelphia. Philadelphia Health Management Corporation operates the Clinical Evaluation Unit, which evaluates offenders for chemical dependency and makes referrals to community-based providers for residential, intensive outpatient, and regular outpatient treatment services. The Coordinating Office for Drug and Alcohol Abuse Programs of the Office of Behavioral Health funds FIR. In FY05, 2,478 clients were diverted to FIR, saving 438,606 PPS days. The number of participants increased to 2,520 in FY06, saving 446,040 days, a 2 percent increase. In FY07, FIR is projected to serve 2,520 inmates**.**
- **Expand OPTIONS substance-abuse treatment program.** Through the Opportunities for Prevention and Treatment Interventions for Offenders Needing Support (OPTIONS) program, the PPS provides addiction treatment services to inmates in intensive residential units, called therapeutic communities, and in moderate "outpatient" units. The OPTIONS program, which is the first step in the Forensic Intensive Recovery program, served an average monthly total of 638 inmates in FY06.

Provide re-entry services for ex-offenders. In FY05, roughly 25,000 ex-offenders from Philadelphia were released from federal, state, and local correctional facilities, 20,000 from PPS. Assisting them in reintegrating into the community has been a priority and a challenge for the City, given the following statistics: 54 percent of inmates in PPS had not completed high school according to an FY02 survey; 64 percent of PPS inmates believe that they will need help finding employment; 20 percent of the PPS population was on the mental health caseload at PPS, of which 13 percent had a diagnosis of serious mental illness in an October 2006 snapshot; drug charges were the most severe holding charges for 41 percent of PPS inmate in FY05. National trends indicate that 57 percent of ex-offenders will be re-arrested, 35 percent re-convicted, and 31 percent re-incarcerated within three years of release (according to a February 2003 Department of Education study). The City has responded by investing $1.3 million per year in services for ex-offenders, $1 million from the City's General Fund and $.3 million from the Community Services Block Grant. The funding is targeted to the opening of three "one-stop" centers to serve ex-offenders in their communities across the City. The first center opened in southwest Philadelphia in February 2007. The goals of the centers are: to assist people recently released from jail or prison to re-establish identification, such as drivers' licenses, to link up with their parole officers, and to find housing and employment; and to provide referrals to addictions treatment and other health services as needed.

Increase alternative housing to alleviate overcrowding in PPS facilities along State Road. In January 2006, Delaware County ended its contract with Philadelphia to house 350 inmates. In response, the Prisons posted an RFP in June 2006 for alternative inmate housing, and selected two contractors: Community Education Centers and Liberty Management Services, which will house 200 and 110 inmates, respectively, under a one-year contract term with three renewal options. In September 2006, the PPS successfully negotiated a contract with Monmouth County, New Jersey, to house up to 200 inmates. In FY08**,** $15.3 million is budgeted to pay the full year's costs of alternative housing for over 950 inmates. The FY08 figure is $3.8 million more than the estimated costs for FY07 through December 2006. PPS continues to seek additional alternative housing sites due to the overcrowding in prison facilities.

Improve delivery and contain health care costs. In 2006, PPS embarked on a comprehensive review of its clinical services to improve the efficacy, and control the costs of health care provided to PPS inmates. The cost of providing health care at PPS has increased by 9.3 percent per year for the last four years from $39 million in FY03 to a projected $55 million in FY07. Over the past year, PPS has implemented the following initiatives:

- Brought a highly qualified and experienced heath care professional from the outside as Deputy Commissioner for Clinical and Behavioral Health Care Services to better manage PPS' health care.
- Issued a solicitation for a third party administrator (TPA) to manage hospital and other off-site services. All the respondents to the solicitation have submitted proposals with contractual rates for their provider networks that will produce savings for the City. The City will conclude the selection process in February 2007.

PPS' goals for the next twelve to eighteen months are:

- Integration of medical services behind the walls with services in the community after discharge, including academic medical centers, community hospitals, City healthcare centers, federally qualified health centers, and private physicians. One promising approach is implementation of an electronic medical record system that would link community resources, PPS based services, and other City agencies. PPS and the City's Department of Public Health are in a joint planning process to determine the feasibility and the funding sources for the system.
- Streamlining intake, sick-call, and specialty care arrangements and enhancing services at PPS' infirmary to improve service delivery, avoid unnecessary hospitalizations, and lower costs.

Key Performance Measures*

Measurement	FY04	FY05	FY06	FY07 Target Projection	FY07 Current estimate	FY08 Projected
Average Daily Inmate Census	7,738	8,141	8,425	8,920	8,850	9,138
Escapes/Walk-away: from Work-Release Program (average monthly total)	68	64	56	48	45	46
Inmates participating in Jewish Employment & Vocational Service (Vocational Training)	1,533	2,634	1,729	1,720	1,775	1,828
Inmates participating in JOBS (Vocational Training)	154	400	361	355	395	408
Inmates receiving GED/High School Diplomas	319	250	226	224	188	194
Inmates participating in OPTIONS program (average monthly total)	855	817	638	565	513	597
Inmates diverted to Forensic Intensive Recovery program	2,799	2,4784	2,531	2,531	2,500	2,500
Inmate days saved via Forensic Intensive Recovery program	465,975	438,606	432,355	432,355	411,972	411,972
Inmate days saved via Earned Time/Good Time	28,195	27,863	26,509	27,304	28,000	28,840

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	106,084,275	106,716,560	113,506,728	117,006,997	116,561,449	116,561,449	116,561,449	116,561,449
Class 200 - Contracts / Leases	82,767,467	81,973,591	87,504,591	95,504,591	97,354,683	99,241,776	101,166,612	103,129,944
Class 300/400 - Supplies, Equipment	4,467,665	4,520,744	4,520,744	4,520,744	4,520,744	4,520,744	4,520,744	4,520,744
Class 500 - Indemnities / Contributions	1,026,490	1,026,757	1,201,757	1,201,757	1,201,757	1,201,757	1,201,757	1,201,757
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	194,345,897	194,237,652	206,733,820	218,234,089	219,638,633	221,525,726	223,450,562	225,413,894

Department of Public Health

Mission

The mission of the Philadelphia Department of Public Health (DPH) is to promote the health and well-being of Philadelphia residents, and provide a safety net for those most at risk.

The Department faces a broad range of new challenges that include disparities in the health care system, growing numbers of uninsured persons, identification of violence as a public health issue, and the need for being prepared for emerging infectious diseases, the threat of bioterrorism, and other public health emergencies.

Enhancing Public Safety and Quality of Life for All Communities

Improve Philadelphia's bioterrorism and public health emergency response capabilities. DPH continuously develops plans and trains staff on implementation of mass prophylaxis plans, and conducts field exercises. In FY07, DPH has played a major role in implementation of the Emergency Preparedness Review Committee's (EPRC) recommendations to improve the City's ability to handle a major emergency. For example, one of the major gaps identified by the EPRC was the absence of a citywide mass fatality plan. The Department convened a working group to develop the plan and gain input from community stakeholders, such as funeral homes, hospital morgues, and cemeteries. Other major FY07 DPH efforts include enhancement of the pandemic influenza plan; development of large-scale isolation and quarantine strategies for control of pandemics; and completion of mandatory staff education, which included training all required staff in the Incident Command System and National Incident Management System. Starting in FY07, the Department's emergency preparedness activities will include working with: the Office of Behavioral Health and Mental Retardation Services, to develop a citywide behavioral health plan; the Office of Emergency Management, to define and support the needs of vulnerable populations in emergencies; and the Office of Adult Services, to develop a mass care and shelter plan.

The Department receives federal funding annually to support public preparedness for emergencies relating to terrorism, and for outbreaks of communicable diseases. Funding is used to enhance staff skills; improve surveillance; develop emergency communications networks, such as the Health Alert Network; and preparedness training for staff. Between FY04 and FY06, the Department received about $3 million in federal funds annually for these projects. In FY07, the amount decreased to $1.9 million, and it is expected that funding will continue at this level in FY08 and beyond. The FY07 funding decrease will be largely offset by a one-time grant award of $0.8 million to facilitate pandemic influenza planning. The Department is working with state and federal funding agencies to augment grant support for emergency preparedness activities in future years.

Maintain a safety net for the uninsured. Of the 100,000 patients at the City's eight health care centers, 50 percent are uninsured, despite the presence of benefits counselors in the healthcare centers and other initiatives aimed at decreasing this number over the past five years. The Governor's "*Cover all Pennsylvanians*" and "*Cover all Kids*", recently announced initiatives to make affordable health insurance available to adults and children, hold great promise for the City's health care centers. Up to 29,000 adults and children who are currently uninsured may qualify for care. Other aspects of the Governor's Program, such as requiring hospitals to open clinics in addition to emergency rooms, may change the configuration of health care resources in the eight heath districts causing the department to look at how it deploys its own staff. The department will closely monitor developments in Harrisburg and will advocate for implementation of these initiatives in a manner that will benefit the City and its citizens.

Promote healthier lifestyles. In FY05, DPH combined the Steps to a Healthier Philadelphia and the Tobacco Control programs into two units of a new division, Chronic Disease Prevention. The Tobacco Control Unit is funded entirely by state tobacco grant funds, and the Steps Unit is funded entirely by Federal Center for Disease Control (CDC) grant and other smaller grants. The Division is managing new programs to address several health issues such as: community-based fitness programs for the obese and overweight, and extensive classroom educational programs in nutrition and on prevention of asthma and diabetes. There are also regular checks of merchants to ensure compliance with regulations on sales of tobacco to minors. Steps program funding is slated to cease with the close of the federal fiscal year in September 2008. The Department is seeking alternate sources of funding to continue the Steps programs in FY09. DPH is proactively developing a sustainability plan with members of the Philadelphia Steps Consortium. The plan includes hiring a Steps Sustainability Assistant, to help strengthen grant applications and identify alternative sources of funding for the program.

Implement an infection control plan for use in DSS departments. The DPH infection control committee has established a new infection control program that involves Social Services departments. FY07 is the first full year of the program's operation, which includes conducting infection surveillance in DSS departments; monitoring employee infection control and risk management policies; advising on environmental controls, such as cleaning and disinfecting; provide training in prevention guidelines; planning for pandemics in the prison population; establishing a basic infection control training program for all newly hired DPH employees; and formulating an infection control training course for Department of Recreation employees. FY07 state grant funding is $70,000, which is expected annually through FY11.

Develop an Electronic Medical Record for use throughout the City. Use of patient medical records is an important part of daily activity at City's health care centers, the Medical Evaluation Unit, Riverview, PNH and the Philadelphia Prisons System. However, managing patient records has become more burdensome over the years, as more patients choose us as their source of care and more items are required to be stored in records. The solution has already been adopted by many health care providers— the electronic medical record (EMR). DPH, in cooperation with the Philadelphia Prison System, has contracted with an outside consultant at a cost of $.3 million to conduct a business process analysis to determine a scope of work for the EMR project, to provide project management, to prepare the RFP for the EMR system, to assist in evaluating proposal submissions, and to help pursue grant opportunities for the project. A cost estimate for the project will be provided at the completion the assessment period in early FY08.

Improve services at Health Center pharmacies. A major benefit to patients at the health centers is the presence of an on-site pharmacy at each center. The volume of health center prescriptions, over 600,000 in total, can lead to backlogs in processing of prescriptions and extended waiting times. In March 2007, DPH will pilot a "Central Fill" process at Health Center 9, one of the busiest pharmacies in the system. Central Fill involves refilling prescriptions from the remote location via an automated process, and delivering them to the health center ready for distribution. As patient volume continues to grow, DPH is looking to the Central Fill process as a way to streamline pharmacy operations, with the goals of improving turn around time for prescriptions to 24 hours or less, improving patient safety, and reducing costs. The cost of the pilot is estimated at $130,000 in FY07. Expansion of Central Fill will be contingent on the results of the pilot. Success will be determined by measuring turn-around time for filling prescriptions, current at about 48 hours at Health Center 9 with a goal of 24 hours or less.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Total # of patient visits (Health Care Centers)	317,184	337,770	324,014	328,400	328,400	328,400
# Uninsured visits	170,327	172,445	162,311	168,500	165,700	165,700
Uninsured-%	54%	51%	50%	51%	50%	50%
Total # of children's blood screened for lead	37,863	38,013	43,038	42,000	42,000	42,000
Total # of children's screening tests > 10ug/dL **(New Measure)**	N/A	N/A	N/A	2,700	2,700	2,700
End of Month Resident Census (PNH)	437	428	428	435	435	435
% of food establishments that have critical violations	44%	25%	26%	24%	24%	24%
Interval between routine food establishment inspections (months)	14.6	15.4	16.6	12.0	12.0	12.0
% of unhealthy days as determined using Air Quality Index (AQI)	2%	2%	3%	3%	2%	2%
# of facility closures of 4 hours or more due to maintenance	1	1	0	1	1	1
# of postmortem examinations performed	2,232	2,232	2,254	2,280	2,640	2,640
% of all homicides having final report completed within 8 weeks	62%	52%	77%	85%	56%	85%
Total # of newly reported AIDS cases	1,022	785	972	900	828	900
Total # of newly diagnosed HIV Case Reports **(New Measure)**	N/A	N/A	N/A	1,000	1,148	1,000
% of children 19-35 months w/complete immunizations 4:3:1	81%	81%	81%	80%	81%	81%
# of patient visits to STD Clinic	22,708	22,302	23,005	22,000	20,923	22,000
# of women 15-24 years of age reported with Chlamydia	8,026	8,323	8,307	7,840	8,152	8,152
Surveillance, evaluation & follow-up of new Tuberculosis	202	693	1,283	1,200	1,200	1,200
% of tobacco sales by vendors to minors during the Pennsylvania	N/A	N/A	8.1%	10.0%	4.8%	4.8%

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	37,598,247	42,048,231	41,561,596	40,563,958	40,273,978	40,273,978	40,273,978	40,273,978
Class 200 - Contracts / Leases	61,078,274	67,371,153	67,371,153	68,371,153	68,371,153	68,371,153	68,371,153	68,371,153
Class 300/400 - Supplies, Equipment	3,797,463	4,419,995	4,419,995	4,386,060	4,356,060	4,326,060	4,326,060	4,326,060
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	2,577,422	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class 900 - Advances / Misc. Payments								
Total	105,051,406	114,339,379	114,352,744	114,321,171	114,001,191	113,971,191	113,971,191	113,971,191

Department of Recreation

Mission

The mission of the Department of Recreation is to develop the physical, cultural, artistic, and life skills of Philadelphia residents by providing community recreation programs at safe, attractive, well-maintained facilities.

Enhancing Public Safety and Quality of Life

Expand teen center programs. From FY02 to FY07, Recreation has opened 12 teen centers. Teen centers provide recreational and social programming opportunities such as dances, movie nights, and photography, as well as cultural events that include attending performances of the Philadelphia Opera Company. In FY08, Recreation is also exploring funding opportunities to provide General Education Development at the teen centers. The Department projects more than 3,800 teens will be registered at teen centers in FY08.

Diversify recreation programs for children and youth. Canoeing will be added to the aquatic program at various pools throughout the city at a minimal cost for equipment. Capital funds have been identified to build a recording studio and a culinary arts program at the Waterview recreation center, to teach teens non-traditional job skills, as well as personal development skills. FY08 costs for the recording studio are estimated at $100,000, and a state-of-the-art kitchen that will be built by Recreation's Maintenance Division will cost approximately $90,000. Grants and sponsorships are being explored to cover the costs of instructors for the programs.

Increase health and fitness awareness for after-school participants. In FY08, Recreation will expand the After-School Program's nutrition, health, and fitness component. The Food Trust, through its partnership with Recreation, will increase the nutritional programs now offered at 22 after-school sites to 33 sites in FY08. The nutrition program will provide participants with nutrition information to assist them with making healthy food choices including "kid friendly" snacks. An interactive online physical activity program for children that was introduced to the After-School Program in FY07 will be expanded to more after-school sites in FY08.

Improve the quality maintenance services at playgrounds and parks. Recreation began contracting out for turf maintenance in FY05, to provide more frequent mowing and conserve resources. With the Fairmount Park Commission (FPC), Recreation developed a plan to coordinate more efficient trash pickups at parks and playgrounds, including the establishment of a trash information phone line for reporting trash collection issues. In FY08, the Maintenance Division projects that it will rehab more than 50 ball fields in city neighborhoods, and install new security lighting at recreation facilities to help increase public safety.

Key Performance Measurements*

MEASUREMENT	FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 TARGET PROJECTION
Athletic program attendance	592,890	572,540	566,594	566,000	566,000	570,000
Cultural program attendance	85,506	88,573	97,819	92,000	92,000	95,000
After-school program attendance	2,176	2,454	2,235	2,165	2,165	2,300
Ice-rink attendance	51,189	28,505	20,491	29,000	29,000	40,000
Special events participants	83,945	101,518	83,444	90,000	90,000	90,000
Percent of centers in compliance with recreation standards	68%	65%	69%	67%	67%	68%
Percent of centers providing programmed usage in at least 60% of operating hours	71%	73%	77%	75%	75%	77%
Percent of programs that maintain monthly participation rates of at least 70% of registered participants	85%	79%	78%	88%	88%	87%
Citizen survey: percent satisfied with neighborhood recreation services	51%	55.4%	55%	55%	53.5%	55%
Citizen survey: percent satisfied with the city's summer day camp program	73%	81.2%	80%	80%	92.7%	94%
Citizen survey: percent satisfied with after-school programs (of those who participated)	86%	90.1%	90%	90%	95%	96%
Citizen survey: percent satisfied with physical condition	67.2%	66.1%	65%	65%	64.2%	65%

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	27,838,493	30,216,869	31,111,857	31,428,211	31,196,331	31,196,331	31,196,331	31,196,331
Class 200 - Contracts / Leases	2,434,504	2,453,226	2,388,226	2,377,865	2,377,865	2,377,865	2,377,865	2,377,865
Class 300/400 - Supplies, Equipment	1,373,393	1,648,643	1,890,172	1,690,172	1,690,172	1,690,172	1,690,172	1,690,172
Class 500 - Indemnities / Contributions	1,900,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	33,546,390	36,318,738	37,390,255	37,496,248	37,264,368	37,264,368	37,264,368	37,264,368

Office of Supportive Housing

Mission

The mission of the Office of Supportive Housing (OSH), formerly the Office of Emergency Shelter Services, is to assist people and families to move toward independent living and self-sufficiency.

Overview

In emergency housing, and on the streets of Philadelphia, OSH faces the impact of increasing poverty, low wages, and rising housing costs. The number of individuals requesting housing help at OSH intake sites has risen every year, with a 15 percent increase from FY05 to FY06. In FY06, this resulted in 10,700 unduplicated households placed in emergency shelter.

On the streets, outreach teams report a rise in number of contacts and in the number of unduplicated individuals contacted. In 2005, the most recent year with complete data, there were 25,684 total contacts made by outreach workers. There were 2,600 unique individuals contacted, a 15 percent increase over the prior year.

Against this backdrop of continuing demand, the City is entering the third year of the "Creating Homes, Strengthening Communities, and Improving Systems: Philadelphia's Ten Year Plan to End Homelessness 2005-2015" and continuing to reform the way services are delivered to homeless individuals and families. In particular, efforts are focused on strengthening partnerships across DSS and in the faith-based community to engage individuals and connect them to appropriate services and affordable, long-term housing. This budget commits $3.9 million in addition resources towards this initiative.

Providing Comprehensive, Coordinated Social Services for Children, Adults, and Families

Create Homes, Strengthen Communities, and Improve Systems: Philadelphia's Ten Year Plan to End Homelessness 2005-2015." In June 2004, Mayor Street charged the Task Force to End Homelessness—a distinguished group of government officials, service providers, private sector stakeholders, and homeless and formerly homeless people—to create specific and tangible goals for enhancing social services. The goals of the Ten Year Plan to end Homelessness were established in 2005, and include:

- Opening the "back door" out of homelessness and ensuring that all Philadelphians have a decent, safe, and affordable home
- Closing the "front door" to homelessness; and implementing successful prevention strategies
- Ensuring that no one in Philadelphia needs to live on the streets
- Fully integrating all health and social services to aid in preventing and addressing homelessness
- Generating the political will, civic support, and public and private resources to end homelessness
- Building human capital through training preparation and training programs and jobs at a livable wage
- Making shelters a dignified place for emergency assistance, not a destination
- Supporting families and people to promote long-term independence and prevent their return to homelessness

In FY08, the OSH will move the Ten Year Plan forward and support the Administration's priority of providing comprehensive, coordinated social services to children, adults, and families faced with homelessness, through the following objectives:

Develop a new emergency housing program model that supports people and fosters community collaboration. In response to community concerns, OSH renewed its commitment to convert larger shelter sites into smaller emergency housing facilities throughout Philadelphia. Site conversions will better serve the homeless, and foster community collaboration. The redesign of shelter facilities will now house up to 75 people in sites housing either single males or females, and up to 30 families at family facilities. Other changes include on-site security, community service programs for residents, jobs and volunteer opportunities to be made available to community residents, and the creation of an advisory group to quickly address neighborhood concerns. The FY08 budget includes approximately $35 million to support emergency shelter and case management services for a projected daily average of 2,830 shelter beds.

Engage the homeless and convince them to accept needed services. Ensuring that no one needs to live on the streets is one of the goals of the Ten Year Plan. Essential to meeting this goal is to engage the homeless and convince them that living on the streets is neither their only option nor a viable option. Once a person living on the street develops trust in an outreach worker, treatment and housing stability are likely to follow. Working with Office of Behavioral Health and Mental Retardation Services (OBH/MRS), OSH is bolstering its outreach efforts by teaming addiction services case managers with outreach workers, to more assertively bring homeless people into treatment. Street outreach teams and addiction services are funded through OBH/MRS. OSH has launched several initiatives to successfully persuade homeless people to seek help and find permanent housing:

- **Breaking Bread.** The Administration has taken the position that receiving food on the streets provides neither dignity to those who are hungry, nor a controlled environment in which health and safety measures can be taken. To encourage the continued generosity of those who provide food, OSH is working with the Mayor's Office of Faith-based Initiatives to implement Breaking Bread, an initiative to partner with faith-based organizations and congregations to move outdoor food distribution to the homeless, indoors. Relocating the provision of food indoors facilitates outreach and case management services, especially to those who are hard-to-reach and the chronically homeless. In FY08, the Breaking Bread initiative will provide small, one-time grants to congregations wishing to participate.
- **315 South Café.** In FY07, OSH opened the 315 South Café, the third low-demand overnight setting for people experiencing chronic homelessness. Operated by the Bethesda Project, the Café employs outreach staff who can provide an intensive level of engagement and more effectively work to assist the severely mentally ill and those who are resistant in obtaining long-term placements.
- **Operation Quality of Life.** Through Operation Quality of Life, OSH will continue to work the with the Police Department's Homeless Detail, OBH/MRS, Fairmount Park Commission, Streets Department, and Project HOME to conduct routine street sweeps to reduce and ultimately eliminate the numerous encampments that have been erected by homeless people during the past year. The team seeks to treat people with respect while encouraging them to move indoors to receive shelter and services. With an aggressive schedule of sweeps planned, OSH anticipates that people experiencing homelessness will have the opportunity to connect to services more rapidly.

Divert families from emergency shelter. The City's emergency shelter system is overburdened with admissions outpacing the availability of shelter space each year. OSH's homeless prevention strategy is the implementation of two programs aimed at keeping at-risk families out of the shelter system, by providing them with rental and utility assistance and support services; they are:

- **The Housing Retention Program** provides funding for delinquent rent, mortgage, or utilities payments, to over 300 households with children who are at risk of eviction from their homes. The program is targeted to specific neighborhoods that have high rates of foreclosures and evictions. Community-based providers are assigned to serve specific zip codes. The program is supported by $0.4 million Neighborhood Transformation Initiative (NTI) bond funds and from the Philadelphia Housing Trust Fund.
- **The Strengthening Communities pilot program** provides housing, a housing subsidy, and social services support to 75 families for up to one year. With the annual cost to house one family in the Strengthening Communities program at $21,000, compared to $35,000 in shelter, the program is a low-cost alternative to the shelter system. University of Pennsylvania researchers will evaluate the program's long-term effectiveness, and help determine the program components and family dynamics that are likely lead to success in the program. NTI bond funds supported the pilot in FY07, and in FY08 the program will be funded through the Housing Trust Fund.

Provide transitional and permanent housing opportunities, so households can return to supportive communities. An effective preventative measure in the fight against homelessness is increasing the availability of affordable housing. During FY07 and FY08, OSH will develop additional transitional and permanent housing opportunities to decrease the use of emergency shelter through the following activities:

- Centralize operations of the Housing Assistance Unit to better manage more than 550 units in the existing inventory, and transfer 680 Shelter Plus Care permanent supportive housing units from the Office of Housing and Community Development in FY07.
- Use $1 million from the Housing Trust Fund to provide a housing subsidy for 40 families to move from transitional to permanent housing provided through the Low-Income Housing Tax Credit.
- Add 36 new housing units to the Housing First initiative, to help disabled, long-term homeless people move directly from the streets or emergency shelter into permanent housing supplemented by supportive services. To date, 190 Housing First units have been made available to long-term homeless single adults. Outcomes for this initiative have shown promising results. Of the 152 people enrolled by July 2006, 84 percent have been successfully housed; there has been a 50 percent decrease in hospitalizations for this population. Continued collaboration with 1260 Housing Development Corporation, Horizon House, and OBH/MRS will ensure sustained success in serving those experiencing chronic homelessness. Funding for the additional 36 units is included in the OSH application for Housing and Urban Development's (HUD), McKinney-Vento funding, and OSH has committed $300,000 in FY08 for the service match.

In FY08, OSH will continue to maximize federal funding. In May 2006, OSH submitted Philadelphia's 2006 Continuum of Care Homeless Assistance Programs Consolidated Application for McKinney-Vento funding to HUD. The requested $23.7 million will fund 58 separate projects, support the current housing inventory, and provide 107 new housing units.

OSH has responsibility for overseeing Riverview Home, a personal care boarding home for elderly and disabled people. Riverview Home has steadily reduced its census, in an effort to support residents in returning to supportive communities. The total licensed capacity of the site has been reduced from 214 to 148.

Enhancing Public Safety and Quality of Life for All Communities

Strengthen the City's response to incidents of domestic violence. In FY04, Mayor Street created the Task Force on Domestic Violence, to help coordinate social services and law-enforcement efforts to combat domestic violence; and identify key areas where additional services were needed. In FY05, the City created a single citywide hotline and doubled the number of emergency shelter beds for victims of domestic violence and their children. Philadelphia's 24 hours a day, seven days a week Domestic Violence Hotline, 1-866-SAFE-014, answered over 6,400 calls in 2006, 81 percent of which came from the primary victim. In FY07, OSH built on its partnership with Women Against Abuse, and expanded available slots for survivors of domestic violence from 46 to 65. Expansion in a new site will bring the number of beds to 100 in FY07.

In 2005, Philadelphia was awarded a $950,000 United States Department of Justice grant to encourage arresting the perpetrators of domestic violence, and to more vigorously enforce protection-from-abuse orders. The Mayor's Task Force on Domestic Violence, chaired by Police Commissioner Sylvester Johnson and Carol Tracy, Executive Director of the Women's Law Project, oversees the work of the grant which includes: strengthening technology improvements and communication among partners, collecting and reviewing data, developing policies and procedures, expanding training for law enforcement personnel, increasing victim safety, strengthening legal advocacy, and reviewing cases to assess and improve the provision of services. In FY07, four staff were hired and more than 200 attorneys and case workers trained. By the end of FY07, 771 Police Department sergeants and lieutenants will be trained by the National Center for Victims of Crime, to better support victims of domestic violence who request law enforcement assistance. OSH, as the lead department on the grant, has requested renewal funding through FY09.

Five Year Obligation Summary

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Homeless Services / OSH						
Average Daily Number of Emergency Shelter Beds	2,412	2,479	2,781	2,800	2,800	2,830
Percent of beds occupied	110%	113%	101%	105%	105%	100%
Number of households receiving Prevention Services (1)	1,179	1,712	1,777	1,730	1,730	1,800
Number of Placements into Transitional Housing	489	597	448	450	450	450
Number of Placements into Permanent Housing (Subsidized or Unsubsidized) (2)	399	329	359	960	960	984
Point in Time Count of Homeless Living on Street (3)	280	429	430	475	475	517
Riverview						
Average Daily Census (4)	231	187	149	138	138	140
Admissions	79	61	14	21	21	39
Readmissions w/in one year of discharge	8	7	3	4	4	4
Readmissions as a % of Total Admissions	10%	11%	21%	13.3%	21%	10%
Discharges	125	91	56	125	56	34

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

1. Prevention Services. The FY05/06 projections are based on prevention activities performed solely by OSH's Relocation Unit. Prior fiscal year's data included activities from the Relocation Unit, as well as contracted Prevention providers. Prevention activities have been redefined to include any intervention that prevents clients from becoming homeless. Activities can include interventions with landlords or families, special needs Transitional Housing placements, or referrals to community agencies.

2. Placements into permanent housing. The FY07 projection for this measure has been increased due to the transfer of the Shelter Plus Care Program from OHCD to OSH. The projection has been increased by 600 based on the number of occupied units at the end of the second quarter FY07.

3. Point-in-Time count of Homeless Individuals Living on the Streets. This number consists of an average of four (quarterly seasonal) counts. Counts include Center City and parts of West Philadelphia and Kensington.

4. Riverview Average Daily Census. Riverview seeks to utilize the 148 licensed slots (number of state-approved slots was reduced from 214 to 148 in FY07).

Five Year Obligation Summary

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	6,591,611	6,657,211	6,851,267	6,995,905	6,995,905	6,995,905	6,995,905	6,995,905
Class 200 - Contracts / Leases	28,549,244	22,357,175	26,445,249	30,448,809	30,448,809	30,448,809	30,448,809	30,448,809
Class 300/400 - Supplies, Equipment	391,376	431,569	431,569	431,569	431,569	431,569	431,569	431,569
Class 500 - Indemnities / Contributions	30,773	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	35,563,004	29,481,005	33,763,135	37,911,333	37,911,333	37,911,333	37,911,333	37,911,333

City of Philadelphia
Five-Year Financial Plan

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Internal Support Departments

Office of Fleet Management

MISSION

The mission of the Office of Fleet Management (OFM) is to provide operating departments with vehicles and equipment that enable cost-effective service delivery. OFM is responsible for acquiring, maintaining, assigning, and disposing the City's motorized equipment. The objectives of OFM are to provide the City's operating departments with the necessary supply of vehicles through planned acquisition, to improve effectiveness in maintaining safe and reliable vehicles, and to enhance workplace safety and productivity.

Continue to reduce emissions. In FY05, OFM reduced the city fleet by 329 vehicles, with a resultant environmental impact that continues today. A further reduction in the vehicle fleet is planned for FY07 and FY08. To date, the City has replaced approximately 50 vehicles with more fuel-efficient hybrids, and an additional 100 hybrid vehicles (including 50 for the Water and Aviation departments) will be acquired in FY08 to replace vehicles that are less fuel efficient. In addition, 75 sedans will be replaced with smaller, less expensive, and more fuel-efficient vehicles. The City will continue to identify opportunities for use of hybrid vehicles, while striving to maintain its goal of one-for-one vehicle replacement.

In FY07, three aluminum transfer trailers used to haul garbage to transfer sites were purchased to replace steel transfer trailers. The aluminum trailers, which are 7,000 pounds lighter than their steel counterparts, can haul an additional 7,000 pounds of garbage. As a result, seven fewer trips to the transfer station are being made per week resulting in lower emissions and less fuel usage.

Through a $1.2 million settlement with Sunoco and a $100,000 grant from the Mid-Atlantic Diesel Collaborative with a match of $50,000 from the City, diesel retrofits will be installed on 70 PFD vehicles, reducing the amount of diesel particulate released into the air.

Continue to purchase lower-cost, more fuel-efficient patrol cars. Historically, radio patrol cars were produced only by Ford Motor Company, in the form of the rear-wheel-drive V8 Crown Victoria, offered at a price of $30,500. Chevrolet now offers a comparable V6 Impala patrol car, which is front-wheel drive, at a price of $25,000. OFM, with the cooperation of the Police Department, researched the Impala, and found that many other jurisdictions, including New York City, Boston, Pennsylvania, and New Jersey, have been quite satisfied with the performance of the Impala patrol car. By purchasing lower-priced Impalas, using the same dollars, OFM was able to acquire 55 more patrol cars from FY04 to FY07. In addition to their lower price, Impalas consume 1,000 fewer gallons of fuel annually, which has significantly reduced fuel usage and emissions. In FY08, Fleet plans to add 100 additional Impalas to the vehicle fleet.

Control fuel prices and costs. The City's fuel prices were fixed until March—$2.02 for unleaded gasoline and $2.18 for diesel. These prices are composite numbers, based on varying delivery costs, and the purchase saved the City $500,000. Such savings are vital because fuel costs for FY06 exceeded $13 million—compared to $5 million four years ago.

By fixing prices by contract for several months, the City has saved over $2.5 million since FY04. Because the market is now so difficult to predict, savings are becoming more difficult to achieve. However, Fleet fixed prices for January and February, due to a compelling analysis of the market suggesting prices would rise during the winter. This contract strategy has the potential to save over

$100,000 in fuel costs. The FY08 budget projects an 8.6 percent savings with the expectation of lower fuel prices in the future.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Total Number Of Vehicles In The Fleet	6,200	6,013	6,004	5,941	5,941	5,800
Percent of Patrol Cars Required Actually Provided	100%	100%	100%	100%	100%	100%
Percent of Compactors Required Actually Provided	100%	100%	100%	100%	100%	!00%
Fleet Downtime – Citywide	10%	11%	11%	10%	10%	10%
Fleet Downtime – District Radio Patrol Cars	10%	10%	10%	10%	10%	10%
Fleet Downtime – Curbside Compactors	22%	21%	21%	22%	22%	20%
Fleet Downtime – Medic Units	13%	12%	12%	10%	10%	10%
Fuel Cost Per Gallon – Unleaded	$1.08	$1.43	$2.04	$2.08	$2.08	$2.08
Fuel Cost Per Gallon – Diesel	$1.10	$1.41	$2.11	$2.15	$2.15	$2.15

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary – Fleet Management

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	16,060,639	16,666,856	17,166,856	17,687,192	17,574,058	17,574,058	17,574,058	17,574,058
Class 200 - Contracts / Leases	4,209,391	4,219,000	4,219,000	4,208,252	4,208,252	4,208,252	4,208,252	4,208,252
Class 300/400 - Supplies, Equipment	23,383,240	21,687,980	24,687,980	22,687,980	22,687,980	22,687,980	22,687,980	22,687,980
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	43,653,270	42,573,836	46,073,836	44,583,424	44,470,290	44,470,290	44,470,290	44,470,290

Law Department

Mission

Provide legal advice to all officers, departments, boards, and commissions within the City concerning any matter arising in connection with the exercise of their official powers.

Assure complete and timely payment of license fees and excise tax by billboard companies. In accord with a consent agreement, the three largest billboard companies in the city are removing all illegal “eight-sheet” signs in Philadelphia, to be completed by February 22, 2007. The 7 percent excise tax is anticipated to total $11 million over the life of the Five-Year Plan. In December 2006, signatory companies submitted inventories certifying all of their billboards in Philadelphia. The license fee revenue for sign face is estimated at $1.15 million in FY07 and $350,000 in FY08. Inventories will be available for review by the public. The City will contest those considered potentially illegal through binding arbitration.

Improve air quality through the reduction in citywide emissions. The City is undertaking several initiatives to reduce greenhouse gas emissions. The City is participating in the Cities for Climate Change Protection program (1999), the US Mayor’s Climate Change Protection Agreement (2005), and the Large Cities Climate Leadership Group, supported by the Clinton Foundation (2006). The Sustainability Working Group, an interdepartmental effort, is coordinating the development of a Local Action Plan for greenhouse gas reductions. The Law Department is identifying and addressing legal issues that may impede successful implementation of the plan, aimed at reducing the citywide emissions to 10 percent below 1990 levels by 2010.

Provide legal support for the Airport’s Capacity Enhancement Program (CEP). The Environmental Impact Statement (EIS) Record of Decision for Philadelphia International Airport (PHL) expansion will likely be issued in the spring of 2008. The EIS will identify the preferred alternative for reconfiguring the runways at PHL for the long term reduction of airport delays in all weather conditions. The Law Department has monitored the federal Aviation Administration and its consultants in the development of the EIS. During the period of the Five Year Plan, the Law Department will provide review of the final EIS and the legal support for land acquisition, environmental permitting, construction specifications, and related transaction documents.

Amend the City’s plan for reducing combined sewer overflows. Philadelphia has an aging sewer system with combined sewer overflows (CSOs). The Commonwealth’s Department of Environmental Protection is finalizing a five year permit for the sewer system that will require a substantial investment in reducing the volume and frequency of CSOs. Over the next five years, the City will concentrate on CSO projects that have flood relief and stream/habitat restoration benefits. The City will also be amending its CSO Long-term Control Plan (LTCP) during the term of the permit. The United States Environmental Protection Agency has used judicial consent decrees to enforce most CSO LTCPs. The Law Department will be working with the Water Department and regulatory agencies during the Five Year Plan period to develop a legally enforceable 15-20 year program that can provide the maximum benefits to the City while meeting Clean Water Act requirements.

Assist in legal issues relating to a new City recycling facility. As discussed in the Philadelphia Water Department chapter, the City generates 800,000 tons of liquid sludge each year from its three wastewater treatment plants; this sludge is dewatered, treated, and transformed into approximately 200,000 tons of biosolids at the City’s Biosolids Recycling Center (BRC). The City plans to stop all composting in early

2007, and enter into a long-term agreement with Philadelphia Biosolids Services, to design, build, construct, own, and operate a heat drying facility at the BRC site. The long-term agreement will require intensive contract management and Law Department involvement over the next five years, which will include the critical construction and startup phases for the new facility.

Coordinate City's approach to gaming. In December 2006, the Pennsylvania Gaming Control Board licensed SugarHouse and Foxwoods casinos in the City under the Pennsylvania Race Horse Development and Gaming Act. Each casino is now one of the City's largest development projects. Once opened, the casino will together employ almost 2,000 Philadelphians. The City is working with the developers to open these casinos rapidly, but in the right way—addressing transportation, infrastructure, and public safety needs; developing good master planning with strong mixed uses and quality designs that allow public access to the waterfront; and ensuring that all Philadelphians have an opportunity to benefit from the economic opportunities that come with the arrival of gaming.

Implement a comprehensive document management system. In FY08, the department will automate the document management system which will serve the Litigation, Corporate, Tax, and Health and Human Service groups. The system will increase efficiency by electronically storing and retrieving case information, assembling legal documents, automating workflow, analyzing case loads, and managing invoices for all professional service contracts. The expected cost for FY08 is $300,000.

Meet the demands of increased City Council activity. Since FY01, City Council has embarked on a reshaping of the Home Rule Charter and, consequently, of the way city government operates. In the past seven years, 55 amendments to the City Charter have been introduced into Council, with 18 being passed and 14 adopted by the voters. The sheer volume of amendments to the Home Rule Charter that have been considered and adopted in recent years has meant a monumental increase in work for the Law Department, both in reviewing, advising, and implementing ramifications of proposed changes.

Enhance the City's communications infrastructure. The Department's technology law practice continues to meet new challenges resulting from the Administration's aggressive efforts to enhance the City's information processing and communications infrastructure. Specific ongoing projects and initiatives include:

Wireless Philadelphia Citywide Communications Network. The Department developed the institutional structure for Wireless Philadelphia's (WP) creation of a citywide WiFi data and Internet access network, including the contractual and regulatory framework governing wireless providers' use of the right-of-way and city street lights. The Department led the WP and City teams responsible for negotiating contracts with WP's network provider, EarthLink, Inc. WP has since become a model for "metro-scale" municipal wireless systems, adopted by cities throughout the United States and the world.

Video Surveillance Project. The Department has an instrumental role in the development of a citywide network of video surveillance cameras to support the City's accelerating efforts to combat violent crime, protect critical infrastructure, and enhance service delivery. The Department has established the legal framework for policies to ensure the protection of citizen privacy and First Amendment rights, and is working with the Managing Director's Office and the Mayor's Office of Information Services (MOIS) on procurement procedures that will meet the project's aggressive timeline, including the innovative use of wireless technology necessary to provide citywide coverage at manageable cost.

Police and Fire Radio System Reconfiguration. The Department is leading the City's negotiations with Sprint Nextel for payment of the City's costs – likely to be in excess of $2 million – to carry out an FCC-mandated reconfiguration of the 800 MHz emergency radio system intended to eliminate radio interference by Sprint Nextel and other cellular providers. Nextel has agreed to pay $539,000 in City planning costs; negotiations for the much more expensive work of reconfiguration will follow when planning is completed in FY08. The Department will counsel Public Property throughout the reconfiguration process.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Open cases, all litigation Units	1,500	1,634	1,944	1,745	1,745	1,745
New suits filed during the FY	1,496	1,438	1,602	1,550	1,550	1,550
Cases closed	1,510	1,397	1,375	1,700	1,700	1,700
Cases closed, no payment	806	791	766	952	952	952
Percent closed, no payment	53.4%	56.6%	55.7%	56.0%	56.0%	56.0%
Indemnities Cost ($Million)	27.6	28.9	22.1	27.3	27.3	27.3
Cost of closed cases (Average)	$14,439	$20,681	$16,119	$16,058	$16,058	$16,058
# of Contracts Conformed	849	798	856	800	800	800
Days to Conformance (Average)	110	100	111	120	120	120
Days in Law Dept. (Average)	25	26	32	30	30	30
Revenue Collected by the Tax Unit ($ Millions)	$102.6	$119.8	$122.8	$119.0	$119.0	$119.0

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five-Year Obligation Summary - Law

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	9,455,099	10,374,648	10,391,393	9,922,248	9,903,932	9,903,932	9,903,932	9,903,932
Class 200 - Contracts / Leases	4,920,125	4,496,152	4,344,594	4,919,594	4,919,594	4,919,594	4,919,594	4,919,594
Class 300/400 - Supplies, Equipment	273,633	285,024	285,024	250,024	250,024	250,024	250,024	250,024
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds								
Class 900 - Advances / Misc. Payments								
Total	14,648,857	15,155,824	15,021,011	15,091,866	15,073,550	15,073,550	15,073,550	15,073,550

Personnel Department

MISSION

The mission of the Personnel Department is to work with all City agencies to recruit, develop, and retain a qualified and diverse workforce.

Provide cost-effective employee benefits. The Personnel Department negotiated rate renewals for medical, dental, vision, prescription, and life insurance benefits for employees not enrolled in union-sponsored plans. With expert guidance from the City's benefits consultant, rates were negotiated that resulted in savings of over $800,000 for FY07, with no changes to plan structure. Strategies to contain health insurance costs going forward include:

- **Aggressively negotiate with insurers and administrators to get the best rates**. Like other area health plans, the City-administered Plan (CAP) projects health insurance costs growing at 7 percent annually over the next three years, then trending upward to 10 percent thereafter. The City plans to reduce out-year costs through several initiatives. First, the City will continue to negotiate aggressively with its medical insurance provider at each annual renewal, and bid out coverage, as appropriate. In 2006, the CAP realized over $4 million in savings through bid process negotiations, and in 2007, the CAP achieved $800,000 in savings through renewal negotiations. In the bid process for 2006 coverage, self-insurance was explored and rejected, due to difficulty in accurately budgeting costs and a cost-prohibitive pre-funded reserve requirement. The City will also bid out prescription drug coverage for 2008. The current medical carrier has developed a prescription drug plan that has the potential to achieve CAP savings. Additionally, so-called "Consumer Driven Health Plans," which consist of health savings accounts paired with high deductible health plans, will be investigated for potential savings.
- **Enhance employee health management.** The Personnel Department will pursue the potential for future savings in FY09 and after through improved disease management programs for employees with certain health issues, such as diabetes or asthma. In addition, Personnel will investigate "wellness programs," such as smoking cessation and weight management programs, as financial incentives for improved health behaviors. Additional long-term savings may be realized through an employee consumerism education program. Such programs promote better personal health management by educating employees about questions to ask their doctor, providing information on generic drugs and mail-order pharmacy programs, and encouraging completion of health risk assessments to guide positive behavioral changes. The most significant savings may be achieved through cost shifting to employees, by reducing medical plan options for new hires, requiring higher premium contributions, and increases in co-payments for medical services. Under the terms of the City's contracts with its four unions, the City pays each union a monthly contribution per member for health insurance coverage. Each union administers its own health plan. The amount the City will contribute to the health plans maintained by the police and fire unions is arbitrated. The amounts currently arbitrated permit these "uniformed" unions to offer active employee health plans that are more generous than the CAP. The health plans maintained by the two "non-uniformed" unions (AFSCME District Councils 33 and 47) are richer than those provided to police and fire plans in other large cities, and to most plans provided by other Philadelphia employers. Substantial costs could be saved if the City can come to agreement with all its unions, but particularly the police and fire unions, concerning revising the plan design to be more consistent with typical market practice. Estimated cost savings from such efforts range from $7.5 million to $23.6 million. Savings of $30 million are assumed over the life if the FY08-FY12 Plan.

Plan for current and future workforce needs

- **Recruit and qualify candidates to support the Mayor's initiatives.** The Personnel Department provided over 1,600 qualified candidates for vacancies across City government, such as Police Officers, Firefighters and Correctional Officers, to enhance public safety; Social Workers and Program Analysts, to provide high quality social services; and Laborers and Inspectors, to improve neighborhoods.
- **Initiate a strategic staffing process.** The Personnel Department implemented a new unit consisting of advanced level analysts, to analyze workforce trends, assist departments in planning recruitment, and ensure the availability of appropriate human resources to provide City services. In FY07, the group met twice with the leadership of City departments to target hiring needs critical for this fiscal year, and will continue the process into FY08.
- **Implement a new Human Resource Information System (HRIS**). Personnel and the Mayor's Office of Information Services collaborated to define the business case for a new HRIS to replace the existing system purchased in 1976. Implementation of a modern system, which is integral to the City's disaster response and recovery efforts, as well as its efforts to reduce costs city-wide, began in mid-FY07. The system is expected to be operational in the second quarter of FY08. The HRIS will decrease resources consumed now by routine administrative tasks associated with workforce management and will eliminate duplicative systems and data entry. It will increase the quality, timeliness, and comprehensiveness of workforce data needed to recruit, retain, and develop the current workforce, to comply with regulatory requirements, and to plan effectively for future staffing needs.
- **Train employees in workplace ethics**. In November 2006, the voters of the City of Philadelphia approved a revision to the Home Rule Charter that established an independent Board of Ethics. The workforce training that began in FY06, under Mayor's Executive Order 001-04, was completed in December 2006, and ongoing training will be provided to all newly hired employees, under the mandate of the new Board of Ethics.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Hiring lists established	494	410	390	460	450	450
Lists produced on time or early	93%	91%	93%	87%	91%	85%
Days between position announcement & creation of hiring list (average)	86	76	75	81	75	90
Job design requests produced on time or early	96%	95%	95%	94%	94%	90%
Critical hiring lists available at year end[1]	89%	100%	100%	100%	100%	96%
Candidates hired or promoted	2,691	2,705	2,600	2,424	2,650	2,000

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

[1]The measure was reviewed in FY05, to ensure that the job classes deemed critical are limited to classes in which turnover is constant and vacancies seriously impact City operations.

Five Year Obligation Summary - Personnel

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	3,871,897	4,092,002	4,041,901	4,098,488	4,098,488	4,098,488	4,098,488	4,098,488
Class 200 - Contracts / Leases	477,703	862,530	862,530	722,530	722,530	722,530	722,530	722,530
Class 300/400 - Supplies, Equipment	43,534	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				421,799	1,697,195	2,590,137	3,346,339	
Class 900 - Advances / Misc. Payments								
Total	4,393,134	5,010,141	4,960,040	5,298,426	6,573,822	7,466,764	8,222,966	4,876,627

Department of Public Property

Mission

The mission of the Department of Public Property (DPP) is to maintain efficiently the physical infrastructure that supports government operations, including City-owned buildings, leased space, and telecommunications systems.

Maintaining Fiscal Health

Generate revenue from surplus city properties. Currently the City owns over 10,000 properties. As the City refines the information in the Vacant Property Information Management System the City will for the first time have an accurate inventory. In FY08, the City will continue the surplus property sales initiative. Properties considered for sale include those for which the City has received expressions of interest, those buildings which house City operations that could be moved, and those not currently utilized. As part of this initiative, three Requests for Proposals were recently issued for large parcels of land near the airport, as well as a long-term lease for the LOVE Park Garage. Sales of City surplus properties are expected to generate $6 million in FY07 and an additional $20 million in FY08.

Consolidate facilities maintenance. Over 300 City employees perform facility maintenance, but only one-third of the City's maintenance workers are in DPP. Most are scattered throughout various departments, maintaining recreation centers, health centers, libraries, fire stations, and so on. The Department has begun the process of integrating personnel into a centralized unit, and is upgrading its work order system to accommodate the integration. Staff consolidation will produce economies of scale in the purchase of materials and supplies, as the Department will be making larger purchases, and the City will need fewer storage facilities. The Fire Department was successfully consolidated in late FY06. DPP is actively working with other agencies to continue the initiative, with Riverview targeted for incorporation before the end of FY07. At initial stages, the consolidation initiative is budget neutral.

Manage the city's real estate interests. DPP continues to identify new cost-effective opportunities to meet the City's space needs. In FY07, the Department submitted two notices of interest for two Base Realignment and Closing facilities located in Philadelphia. The first facility, located on Woodhaven Road, would be utilized as a multi-purpose site housing the Police Training Academy, the 911 Training Center, a backup 911 call center, and the backup location for the operations of essential municipal services in accordance with the City's Continuity of Government plan. The second facility, located on Wissahickon Avenue, would be used as the operational and administrative headquarters for the Police Department's covert and undercover units. The federal government is expected to make a decision on the reuse of the buildings in FY08. The City would acquire the properties at no cost; conversion costs would need to be developed at a later date. DPP began identifying opportunities for the consolidation of the Department of Public Health's activities currently scattered across the City at the beginning of FY07. The facilities currently housing the morgue and labs need extensive repair to bring them up to standard. The lease for the Health Department's administrative staff is due to expire June 2008**.** DPP has narrowed the search for possible co-location sites for the Health Department's activities to two, and is currently finalizing operational efficiencies and cost savings which would result from such a proposed co-location. The Department is expected to make a decision before the end of FY07.

Evaluate maintenance service contracts. DPP has been actively reviewing and fine-tuning its bid maintenance service contracts. In FY07, a consultant was retained to assist the Department with the contract evaluation process, particularly in finding lower cost services without jeopardizing quality. To date in FY07, contract adjustments realized a savings of $300,000, with a minimum projection of $500,000 per year for the next five fiscal years.

Key Performance Measurements*

MEASUREMENT	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Building Services Division						
Work Order Requests Generated[1]	9,594	10,410	11,014	11,000	11,000	13,000
Work Order Requests Completed	9,072	10,503	10,236	9,020	9,020	10,660
Percentage of Work Completed	95%	101%	93%	82%	82%	82%
Contracted Services						
Work Order Requests Generated	24,091	26,094	27,645	27,645	27,645	27,645
Work order Requests Completed	23,414	24,647	26,617	26,617	26,617	26,617
Percentage of Work Completed	97%	94%	96%	97%	97%	96%
Communication Division						
Constituent Call Center: Calls Received	1,512,702	1,288,493	1,270,316	1,281,737	1,281,737	1,281,737
Constituent Call Center: Calls Answered	1,134,527	1,012,811	976,572	1,005,133	1,005,133	1,005,133
Percent of Calls Answered	75%	79%	77%	79%	79%	78%
# Communications Work Orders Requested	12,439	8,851	8,770	8,680	8,680	8,680
# Communications Work orders Completed	11,380	8,332	8,561	8,480	8,480	8,480

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

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

Five Year Obligation Summary – Public Property

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	8,084,578	9,211,006	9,389,699	8,409,280	8,363,688	8,363,688	8,363,688	8,363,688
Class 200 - Contracts / Leases	23,344,953	24,120,096	29,481,308	23,528,199	23,510,798	23,510,798	23,510,798	23,510,798
Class 300/400 - Supplies, Equipment	922,611	998,856	998,856	848,856	848,856	848,856	848,856	848,856
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	22,164,639	18,255,130	20,255,130	20,049,130	20,851,095	21,685,139	22,552,545	23,454,646
Class 900 - Advances / Misc. Payments								
Total	54,516,781	52,585,088	60,124,993	52,835,465	53,574,437	54,408,481	55,275,887	56,177,988

Records Department

Mission

The mission of the Records Department is to ensure that municipal records are appropriately managed for use by City agencies and the public.

Complete parcel map annotation project. In FY06, the Department began a project to annotate the electronic maps. Annotation attached descriptive information to maps, including property addresses; map and parcel numbers; various feature tags, such as rights of way and easements, and the exact measurement of the land component of the individual property. In FY08, the Department will complete this effort. This effort is funded with productivity bank funds totaling $1.3 million dollars.

Increase the number of documents e-recorded. Beginning in July 2004, the Department started accepting mortgage satisfaction documents submitted electronically (in digital form). The acceptance of digital documents reduces the cycle time of the recording process and eliminates the re-keying of data, improving the quality of the data captured in the system. The Department now accepts other documents electronically, including deeds, mortgages, assignments, and other land-related documents.

Continue converting land record information into electronic format and migrating land records to the online system. The Department is continuing to convert land records from microfilm to electronic data, and has completed the conversion of land record data back to the 1620s and all recorded land records dating back to 1952. Land records are needed to complete home purchases or home equity loans. Electronic information is more accessible and convenient and, unlike data on microfilm that deteriorates over time, ensures data is preserved. Over the next few years, the Department plans to continue to convert data into electronic format.

Promote usage of online for-fee applications. Online applications have resulted in better services and more efficient operations. Remote access fee revenue paid to access Philadox has gone up. E-recording of land records is becoming more popular**.** Since being introduced in September 2006, 63 parcel map subscriptions have been sold. The volume of Police and accident/incident reports sold online in the first quarter of FY07 is more than double that of the same period in FY06. Burglary, thefts reports, and traffic accident photographs became available via the internet in FY05. Online service provides convenient 24-hour access to citizens, and less staff time is needed to serve onsite customers. One less full-time staff person represents a savings of approximately $31,000 annually. Online sales of archival photos for the first quarter of FY07 are four times those of the same time in FY06.

Filing of electronic campaign finance reports. In FY06, the Records Department began accepting campaign finance reports and making them available online. Since the inception of the system in February 2006, there have been approximately 400 submissions totaling 2,000 forms. Effective January 2007, the Philadelphia Board of Ethics required the filing of campaign finance reports be made by submission to the Records Department of a compact disc, in addition to paper filings.

Key Performance Measurements*

MEASURE	FY04	FY05	FY06	FY07 TARGET PROJECTION	FY07 CURRENT PROJECTION	FY08 PROJECTED
Number of Documents Recorded	258,126	251,146	263,343	253,104	253,104	253,104
Number of Scanned Images of Recorded Documents	2,144,669	1,903,997	1,996,557	1,996,560	1,996,550	1,996,550
Document Recording Fees/Taxes Collected ($000's)	205,804	242,502	328,058	293,995	349,072	349,072
# of Archives/ Records Center Reference Services	23,091	18,707	17,286	17,458	16,336	16,336
Records center materials handled (cubic feet)	6,070	9,647	20,766	11,708	10,900	10,900
Police accident reports copied	60,516	59,051	65,204	68,060	68,060	68,060
# Central duplicating services provided	29,652,148	26,478,451	23,279,274	23,729,276	23,729,276	23,729,276

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary - Records

Expenditure Class	FY06 Actual	FY07 Adopted Budget	FY07 Current Target	FY08	FY09	FY10	FY11	FY12
Class 100 - Wages / Benefits	3,451,820	3,742,831	3,667,831	3,658,731	3,643,006	3,643,006	3,643,006	3,643,006
Class 200 - Contracts / Leases	3,705,578	3,680,425	3,755,425	4,016,013	4,016,013	4,016,013	4,016,013	4,016,013
Class 300/400 - Supplies, Equipment	452,120	498,607	416,245	81,245	81,245	81,245	81,245	81,245
Class 500 - Indemnities / Contributions	1,272	1,456	2,456	1,456	1,456	1,456	1,456	1,456
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	1,129,515	212,896	212,896	283,861	283,861	283,861	283,861	70,965
Class 900 - Advances / Misc. Payments								
Total	8,740,305	8,136,215	8,054,853	8,041,306	8,025,581	8,025,581	8,025,581	7,812,685

Department of Revenue

Mission

The mission of the Department of Revenue is to maximize the collection of all revenue due to the City and tax revenue due to the School District of Philadelphia promptly, courteously, and in a manner that inspires public confidence in the City's integrity and fairness.

Maintain Fiscal Health

Enhance e-Government services. As part of the City's e-Government Strategic Plan, the Department of Revenue implemented Internet applications three years ago that made services available to the public 24/7. A taxpayer can download all tax forms, access tax regulations, and file certain returns online. Recent enhancements to the Revenue website (www.phila.gov/revenue) allow a customer to file school income tax, wage tax, business privilege tax–EZ, and net profits tax returns online. Internet applications have connectivity to the Department's production database, ensuring accurate taxpayer filings.

The Department website recorded over 5 million visits last year, increasing online access to services while reducing customers need to wait in line. For example, in FY04 the Department's customer service staff handled 122,688 walk-in customers, compared to 109,260 in FY06, a reduction of 10.9 percent. Incoming calls declined from 1,078,088 in FY04 to 926,568 in FY06, a 14 percent decrease.
Increase receipt of electronic payments. The Department now receives approximately 10 percent of all payments electronically, including credit card payments, automated clearing house payments, ZIP phone, and ZIP check payments.

The use of a credit card for online payments was introduced in September 2004. Payments can now be made online for water and sewer bills, the real estate tax, wage tax reconciliation, the school income tax, certain L&I licenses and permits, and a number of documents available from the Department of Records. During the month of October 2006, water customers made 7,401 residential water bill payments online using a credit card, totaling $763,000. In addition, taxpayers used credit cards to make 357 online Real Estate tax payments totaling $187,000. As a result, 7,758 payments did not have to be manually processed by departmental staff that month.

In addition, real estate tax and water bills can now be paid with credit cards over the telephone utilizing Interactive Voice Response (IVR) technology. Although the IVR was just introduced in September 2006, the Water Revenue Bureau (WRB) is already averaging 700 payments and $80,000 per month through this payment method. Early in 2007, E-Check will be offered to customers as a payment option online. Taxpayers will then be able to initiate electronic payments directly from bank accounts.

Upgrade automated call distribution system and interactive voice response component. Revenue is working with the Department of Public Property to upgrade the automated call distribution (ACD) system. In FY08 the Department's Taxpayer Services Unit will benefit from a new ACD system that will replace the existing 12-year-old technology on approximately 70 incoming phone lines. IVR is projected to reduce calls that its customer service staff handles by at least 10 percent. The estimated cost of this system is $263,000 and will be funded by a Productivity Bank Loan. WRB is updating its system in FY07 using IVR technology to enable water customers to obtain balance information and set up standard payment agreements over the phone, without the need for a service representative's involvement.

Implement scannable payment coupon capability. To further enhance e-Government initiatives, the Department is implementing a process enabling taxpayers to print scannable OCR-A payment coupons online. Those who file returns online, now can also pay by mail using print coupons that can be read by the Department's high speed processing equipment. OCR-A coupons will eliminate the need for manual exception processing, reducing the time it takes to deposit payments in the bank and increasing the accuracy of payment information. The availability of scannable coupons online will also provide an opportunity to reduce the number of payment coupons that are mailed to taxpayers for remittances, saving the expense of mailing and printing costs associated with payment coupon books. The cost of scannable coupon initiative is $20,000 and the application will be submitted in the spring of 2007.

Implement Check 21 payment processing. Check 21 is the next generation of technology for processing payments. Check 21 will increase cash flow by speeding up deposits and reducing the problems of paper handling. Images of checks will be sent to banks for deposit instead of paper checks. In FY07 the Department will expend $250,000 in technology upgrades, using Water Fund resources to begin implementing Check 21. Full implementation should occur between FY09 and FY12.

Complete Project Ocean. Suspended in June 2005 to better define needs and options, the development of a new water and sewer billing, information, and collection system (generally known as Project Ocean) resumed in November 2006, under the joint sponsorship of the Water Revenue Bureau, the Water Department, and the Mayor's Office of Information Systems. Prophecy International's *basis2*, a state-of-the-art utility billing and customer accounts management system, will be configured to meet the City's requirements. Project Ocean is slated for completion in mid FY08. The new system, which will replace a 30 year-old mainframe system, will utilize core features of the Oracle e-business suite, and support accurate and timely billing of the City's 500,000 water and sewer customers. The new system will expand the information that can be maintained in an account history, from the current thirteen months to unlimited detail. Collection and enforcement activity can be based on either the customer or the property, improving the data available for the analysis of delinquent accounts and determination of collection strategies, and providing easy access to account data for customer service.

Perform priority system upgrade. A queuing system is used to manage the customer traffic in the public service concourse of the Municipal Services Building. The Department plans to modernize the ten-year-old Taxpayer Services system used by WRB with updated software and new equipment. The system provides customer service data on customer arrivals, customers served, staff deployment, and customer wait time. The information on average wait times and customer traffic trends can be used to redeploy staff to address peaks and lulls in customer traffic flows. It is anticipated that the system will be completely updated by early FY08, at a cost to the Water Fund of approximately $46,000.

Key Performance Measurements - Revenue

MEASUREMENT	FY 04	FY 05	FY 06	FY 07 TARGET PROJECTION	FY 07 CURRENT PROJECTION	FY 08 PROJECTED
Number of Incoming Calls	510,228	591,590	412,067	500,000	500,000	450,000
Response Rate for Incoming Calls (Percent of calls answered)	55%	38%	46.6%	50%	50%	55%
Number of Walk-in Taxpayers Served	42,241	45,604	42,447	48,000	48,000	45,000
Average Waiting Time for Walk-In Customers (minutes: seconds)	16:23	27:31	23:45	30:00	30:00	30:00
Value of Audit Assessments (in Thousands of Dollars)	13,661	23,823	17,266	15,000	15,000	16,000

Key Performance Measurements – Water Revenue Bureau

MEASUREMENT	FY 04	FY 05	FY 06	FY 07 TARGET PROJECTION	FY 07 CURRENT PROJECTION	FY 08 PROJECTED
Percent of Customers Who Pay on time (within 31 days)	60.8%	60.0%	59.3%	60.1%	60.1%	60.3%
Number of Incoming Calls	567,860	598,457	514,501	597,346	597,346	533,091
Response Rate for Incoming Calls (Percent of Calls Answered)	50.7%	46.6%	65.1%	47.6%	47.6%	53.6%
Number of Walk-In Customers Served	80,447	85,898	66,813	83,476	83,476	75,410
Average Waiting Time for Walk In Customers (minutes: seconds)	4:08	5:34	3:55	4:06	4:06	3:46
Percent of Bills Based on Actual Reads	88.7%	90.0%	88.4%	92.0%	92.0%	92.0%

*Columns FY04, FY05, and FY06 contain year-end actual data. The FY07 Target Projection column contains the Department's projection at the beginning of the year, while the FY07 Current Projection contains the year-end projection based on actual data through 12/31/2006.

Five Year Obligation Summary - Revenue

Expenditure Class	FY 06 Actual	FY 07 Adopted Budget	FY 07 Current Target	FY 08	FY 09	FY 10	FY 11	FY 12
Class 100 - Wages / Benefits	12,037,221	12,962,937	12,822,937	13,002,458	12,809,199	12,809,199	12,809,199	12,809,199
Class 200 - Contracts / Leases	3,819,901	3,943,014	3,943,014	3,943,014	3,943,014	3,943,014	3,943,014	3,943,014
Class 300/400 - Supplies, Equipment	698,246	689,971	652,949	652,949	652,949	652,949	652,949	652,949
Class 500 - Indemnities / Contributions								
Class 700 - Debt Service								
Class 800 - Payments to Other Funds	44,883	106,315	106,315	106,315	106,315	61,432	61,532	0
Class 900 - Advances / Misc. Payments								
Total	16,600,251	17,702,237	17,525,215	17,704,736	17,511,477	17,466,594	17,466,694	17,405,162

City of Philadelphia
Five-Year Financial Plan

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Appendices

Division of Aviation

Mission

The mission of the Division of Aviation 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.

Promoting Economic Development

Service at Philadelphia International Airport

Philadelphia International Airport (PHL), the nation's fifteenth busiest airport in terms of passenger traffic, experienced continued growth in its air service in 2006. In the calendar year ending December 31, 2005, PHL processed a record 31.5 million passengers. The 10.5 percent increase from FY04 represents the best results of any airport in North America and the second highest among the 30 busiest airports in the world, according to Airports Council International – North America, an industry group. Only Beijing, China, which had an upswing of 17.5 percent, had higher growth. Preliminary estimates for 2006 are 31.7 million passengers at PHL. Also in 2005, aircraft operations at PHL totaled an all-time high of 535,666. Now the 9th busiest airport in the world in terms of aircraft activity, operations have increased 29 percent since 1996, when PHL ranked 21st in the world in this category.

Continue to promote the Airport to low fare carriers. The surge in passenger traffic at PHL was buoyed by the presence of six low-cost carriers with the arrival of Southwest Airlines and Frontier Airlines in 2004. When additional gates become available in the fall 2007, Southwest is expected to increase daily flights from 62 to over 90 per day. In response to the influx of low-cost carriers, US Airways, the dominant carrier at PHL, reduced fares on many routes. Low-fare competition saves the region's travelers more than $200 million annually.

Increase the number of international destination options. In May 2006, US Airways began the first non-stop service between Philadelphia and three new European destinations: Lisbon, Milan and Stockholm. US Airways previously initiated new service to Barcelona, Spain, and Venice, Italy; there are now 16 European destinations served non-stop from Philadelphia. US Airways will be adding Athens, Brussels, and Zurich early in 2007. PHL committed to reconfigure three gates at Terminal A West, to accommodate larger trans-Atlantic aircraft. As a result, US Airways will add three additional international destinations in FY08, and another three in FY09.

Develop a new use and lease agreement. The Airport has operated under a lease agreement with its major airline tenants since 1974. The agreement, which expired 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 "preferential-use" or "common use.". These provisions protect the Airport from situations in which one carrier monopolizes gates but does not achieve maximum utilization, thereby blocking access to competitors and generating less revenue for the airport. The Airport initiated discussions with airline representatives during the summer of 2004 and completed negotiations in December 2006. The City expects to have the new agreement in place by July 2007.

Implement new security measures. PHL is currently in the design process for an expanded Terminal D/E screening facility, which will include up 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 the fall of 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 under way 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 TSA also has enhanced the passenger screening policy to require the removal of a 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. PHL 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.
- The installation of 14-voice output Automated Teller Machines to guide visually impaired users, by voice prompts, through their transactions.
- Messages on electronic signs and public address announcements communicating the Airport’s mobility assistance hotline number.
- ADA Awareness Training Seminars, which enlighten Airport employees on challenges confronting some travelers and instruct the employees on how to interact with, and assist individuals with disabilities.
- Efforts to develop a system for visual paging at the Airport.

Expand Airport facilities to ensure adequate capacity to meet demand for air travel. Since 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 $12 million improvement package to upgrade Terminal A East leasehold areas, such as hold-rooms, ticketing pavilion, and bag claim facilities. PHL anticipates completion of this second phase in fall 2007. The Airport will commence construction in January 2007 on the $65 million Runway (RW) 17-35 Project. The Airport will extend its primary 5,000-foot commuter runway by 1,040 feet. This 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. The anticipated completion date is December 2008. PHL 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 and another 23 ticket counter positions, and increase security screening lanes from eight to fourteen, as well add 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
- Additional airline holdroom, clubroom, office, and operations space
- Additional concession space
- Renovation of the existing terminal

Construction on the first phase commenced in April 2006. Final completion of the project is slated for summer 2009. The total cost of the terminal D and E expansion is estimated at $220 million.

Expedite an environmental impact study (EIS). The Federal Aviation Administration (FAA) has identified 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 existing delays as soon as feasible, two separate projects proposed by the City are undergoing EIS scrutiny concurrently. Projects include the Runway 17-35 Extension Project, which will reduce delays in the short-term (2008), and the Capacity Enhancement Program, which will reduce delays in the long-term (2015).

AVIATION FUND
FIVE YEAR FINANCIAL PLAN
FISCAL YEARS 2008- 2012
ALL DEPARTMENTS

		FY 2007 Estimate	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues							
	Category						
	Locally Generated Non-Tax	$284,775,000	$308,780,000	$314,956,000	$321,255,000	$327,680,000	$334,234,000
	Passenger Facility Charges	35,000,000	35,000,000	42,000,000	42,000,000	42,000,000	42,000,000
	Revenue from Other Governments	2,500,000	2,500,000	2,550,000	2,601,000	2,653,000	2,706,000
	Revenue from Other Funds of the City	1,000,000	1,040,000	1,066,000	1,093,000	1,120,000	1,148,000
Total Revenue, All Sources		$323,275,000	$347,320,000	$360,572,000	$366,949,000	$373,453,000	$380,088,000
Obligations							
100	Personal Services	$93,157,000	$101,108,000	$103,636,000	$106,227,000	$108,883,000	$111,605,000
200	Purchase of Services	97,757,000	103,389,000	105,974,000	108,623,000	111,339,000	114,122,000
300	Materials and Supplies	10,146,000	10,296,000	10,553,000	10,817,000	11,087,000	11,364,000
400	Equipment	7,534,000	7,539,000	7,690,000	7,844,000	8,001,000	8,161,000
500	Contributions, Indemnities and Taxes	4,778,000	5,078,000	5,180,000	5,284,000	5,390,000	5,498,000
700	Debt Service	92,825,000	101,150,000	110,581,000	114,671,000	114,676,000	118,928,000
800	Payments to Other Funds:						
	Payments to General Fund	3,426,000	3,526,000	3,614,000	3,704,000	3,797,000	3,892,000
	Payments to Water Fund	855,000	941,000	960,000	979,000	999,000	1,019,000
	Payments to Capital Fund	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
	Total Payments to Other Funds	24,281,000	24,467,000	24,574,000	24,683,000	24,796,000	24,911,000
900	Advances and Other Misc. Payments	---	---	---	---	---	---
Total Obligations, All Departments		$330,478,000	$353,027,000	$368,188,000	$378,149,000	$384,172,000	$394,589,000
Fund Balance from Prior Year		47,107,000	51,904,000	58,197,000	62,581,000	63,381,000	64,662,000
Commitments Canceled - Net		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Ending Fund Balance		$51,904,000	$58,197,000	$62,581,000	$63,381,000	$64,662,000	$62,161,000

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 486,000 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 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 the board 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 historically has provided them with protection. Collection problems were exacerbated by a massive implementation 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. Finally, by the beginning of the Street Administration 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 82/18 ratio allocation between debt and equity, as compared to an industry best practice of 70/30. 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.

During the Street Administration, the company has made substantial progress in its efforts to reform its operations, and come into compliance with PUC regulations. 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 $1,300 in FY03, $1,400 in FY04, $1,600 in FY05, $1,700 in FY06, and a projected $1,800 in FY07. 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 up from $2.5 million in FY01, to $17.5 million in FY06, 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 purposes and improve overall liquidity. The City also committed to forgo the annual $18 million payment from FY05 through FY10, allowing PGW to build sufficient liquidity to satisfy requirements of rating agencies and prevent further downgrading of PGW's bond ratings. PGW anticipates that the $18 million payment will again be made to the City in FY11, if finances permit. PGW also expects 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 are:

Implementing cost-saving initiatives. As a result of substantial changes to collective-bargaining agreement with Local 686 of the Utility Workers' Union of America 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. In October 2006, a new two year Collective Bargaining Agreement was ratified by Union Local 686. The two-year extension will be in effect from March 15, 2008, to May 15, 2010. The agreement includes incremental wage increases of 2.5 percent in 2008 and 3.5 percent in 2009. PGW's non-fuel expenditures in FY06 were $321.0 million, compared to $320.0 million in FY02—virtually unchanged over the four-year period.

Initiating 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 of gas revenues from 8.5 percent in FY05, to 4.3 percent in FY06. PGW's net receivable at the end of FY06 declined by $13.2 million, down from $87.6 million in FY05. For the fiscal year ending in August 2006, PGW's fiscal outlook improved with collections of 96.6 percent of billed revenues compared to 96.0 percent in FY05.

PGW has also made significant strides in customer service. In 1999, customers calling 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 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 the parts-and-labor repair program. PGW has continued to provide this high level 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 program. PGW now bills over 99.8 percent of residential customers based on actual readings. As a result, the number of billing 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 the 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 directly support individual departments while cutting costs. Most important, management has undertaken a three-year full restructuring of distribution and field services functions, and increased productivity, addressed additional requirements of PUC compliance, and reduced 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 for service technicians. PGW is currently in the design stage for the application to assist construction and maintenance crews. The final phase anticipated for FY07 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 FY06, PGW attained a collection factor of 96.6 percent, a record high in the face of escalating gas costs. The challenge moving forward is to maintain it collection rate at the 96 percent level in the face of higher gas costs. PGW's billings are anticipated to be nearly $900.0 million in FY07.

Obtaining regulatory relief. After ten years without a rate increase, the PUC awarded PGW a total of $69.6 million in permanent base-rate relief 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" (WNA), which raises customer distribution 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 its Gas Cost Rate, to recognize the unprecedented changes in commodity charges following the hurricanes which disrupted natural gas supplies.

On December 22, 2006, PGW filed for a $100 million base rate increase with the PUC. Management and the PFMC board have determined that the fundamental financial problems of the utility could not be addressed with further cost reductions or improved collections. The funds provided by this increase in base rates will be used to pay the increased operating and maintenance costs, establish an adequate level of working capital, repay a $45 million City loan, reduce the outstanding level of short-term commercial paper, provide a source of internal funds for capital expenditures, meet bond covenant requirements in each fiscal year, and provide funds for long-term debt reduction. The company's goal is to reduce its current debt to equity ratio from the current 82/18 ratio to 50/50 by 2013.

The PUC has also initiated a generic investigation into the merits of allowing PGW and other utilities to implement a mechanism that would decouple sales and revenue, to stabilize revenue in a period when per-customer sales erode because of conservation or other factors. The mechanism, if permitted, would function in a manner similar to the WNA, increasing charges to customers when sales erode and decreasing those charges when sales increase.

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

Mitigating financial risk. The $36 million in emergency rate relief, along with City Council's approval of PGW's request to defer repayment of a $45 million City loan, resulted in Standard and Poor's May 2002 removal of PGW's bonds from "Credit watch 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. In October 2005, Fitch Ratings placed PGW bonds on "rating watch negative," as a result of liquidity and collection concerns resulting from escalating natural gas prices. As a result of PGW's ability to collect customer billings in spite of higher prices during FY06, Fitch Ratings removed the "rating watch negative" rating, and assigned a rating of "stable outlook." The BBB-underlying rating on PGW's bonds was affirmed.

Enhancing capital assets. 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 facility, one of the largest in the United States. PGW now has 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 has been turning its attention toward long-term strategic concerns. To ensure the company's fiscal health, 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. The recent law addressing PGW's credit and collections policies is indicative of this change of focus. 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 150,000 of the 455,000 residential customers at August 2006 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 its 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 PUC 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 in 2005, PGW has undertaken a massive outreach campaign to educate customers on conservation measures and low income programs. The campaign's purpose is to increase the number of LIHEAP Cash and Crisis grants and increase enrollment in the Customer Responsibility Program (CRP). It is imperative that if PGW is going to assist low-income customers in maintaining gas service while maximizing revenue from these customers, PGW continue its outreach efforts to increase enrollment in the CRP program.

Capital Investments. PGW has embarked on a comprehensive capital improvement plan. In June 2006, City Council approved PGW's six-year (FY07-FY12), $407.8 million capital program. The capital program emphasizes the safety and reliability of the gas system, and is financed in part by the anticipated issuance of $175 million of new bonds in April 2007.

PGW has accelerated the reduction of cast iron pipelines and is replacing them with polyurethane or steel pipe. The utility reduced the inventory by 18 miles in FY04 and FY05, and 18.9 miles in FY06. Additionally, the capital program will finance certain restructuring costs, such as BCCS/mobile dispatch system modifications, and the start of a program to replace its automatic meter reading devices on residential customer meters.

While the outlook for PGW has improved considerably, future success depends on several key assumptions. For example, paying down both long-term and short-term debt as planned, fully funding anticipated capital expenditures, and reducing the debt-to-equity ratio to a more normal industry standard of 50/50 will require that the $100 million base rate increase be approved and billed from FY08 to FY13. Forecasts also assume that annual FY07-FY12 bad debt levels stabilize at between $59 million and $47 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 4 percent or 5 percent ratio of bad-debt-to-billed gas revenues will still be higher than industry standards of 1 percent to 3 percent.

Philadelphia Water Department

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 missions is to provide high-quality drinking water; provide an adequate and reliable water supply for all household, commercial, and community needs; and sustain and enhance the region's watersheds and quality of life, by managing wastewater and storm water effectively.

Overview

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 of sewage per day, 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.

Enhancing Public Safety and Quality of Life

Participate in the federal Environmental Protection Agency's (EPA) Partnership for Safe Water program. Philadelphia's drinking water meets or surpasses the purity requirements of state and federal standards 100 percent of the time. Since voluntarily joining the EPA's 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. For FY08-FY12, the PWD aspires to achieve the Partnership's highest honor, the Phase IV "Excellence in Water Treatment" award. This award is earned by those few water treatment plants in the country that have overcome all obstacles to excellence in water treatment. To meet this goal, the Department must control turbidity levels at its three water treatment plants so that they do not exceed 0.1 ntu for more than 15 minutes at any time. The PWD will also focus on documenting compliance with the newest EPA water quality requirements. The PWD water quality program is now well positioned to achieve compliance with the requirements of the new rule. The annual cost to achieve PfSW goals is $1,800,000.

Conduct pilot plant research. The operation of a pilot plant research program has helped the PWD meet regulatory mandates cost effectively, and provide high-quality drinking water to customers. The pilot plants are essentially miniature water treatment plants that allow the PWD to test the impact of modifications to water treatment procedures prior to moving forward with system-wide changes. Changes in regulatory requirements and increasing coagulant costs have driven PWD's need to evaluate alternative coagulants. In FY08 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. In FY08 PWD will also experiment with a pre-treatment process called MIEX (Magnetically Induced Ion-Exchange). This process removes a significant portion of the dissolved organic component of water prior to coagulation. The annual cost for operation of the pilot plant is $970,000.

Implement on-line water quality monitoring. Recent concerns over the safety of Philadelphia's water supply have caused the Department to expand the "Water Quality Monitoring Network." Begun in FY01, the network enables tracking of real-time water quality conditions at selected locations throughout the water distribution system. By the end of FY08, the Department plans to have 24 on-line water quality/security sites, including water storage tanks and reservoirs, pump stations, the Philadelphia Navy Yard, Philadelphia International Airport, City Hall, hospital trauma centers, selected Police and Fire stations, and two professional sports complexes. The Department has budgeted $150,000 for this program's expansion in FY08.

Develop regional source water protection (SWP) plans. The City's watersheds are cleaner and healthier than they have been in over a century. Protecting the source of Philadelphia's drinking water is a multi-faceted task that extends beyond the traditional boundaries of the City. In recognition of this, PWD created an Office of Watersheds in FY99. The Office implemented an integrated approach to water quality management that seeks to reduce water pollution from all sources in a cost-effective manner that is based on achieving measurable results. FY08-FY12 funds will be dedicated to address contamination from agriculture, through the installation of vegetated buffers and fencing along impaired streams, to reduce runoff and keep livestock out of the streams. The reduction of urban and suburban storm water runoff will be addressed through the installation of swales, retention basins and buffers, and outfall retrofits in sensitive locations. 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.

Expand the Delaware Valley Early Warning System. Early notification of changes in river water quality is important to public water suppliers with drinking water intakes on both the Schuylkill and Delaware Rivers. The Delaware Valley Early Warning System (EWS), which covers both the Schuylkill and lower Delaware Rivers, is a fully integrated computer-based system that has now successfully performed in several major water quality events over the last three years, including a cyanide spill in the Wissahickon Creek in 2006. In FY08 the system will be expanded to include a time-of-travel spill model, additional phone and email notification, and an upgrade to permit the receipt and processing of data from a new fish monitoring device for toxic spills. The FY08 budget includes an additional $450,000 for these improvements.

Implement a local waterways restoration program. In FY04, the PWD created the Waterways Restoration Team (WRT), which consists of two crews devoted to removing debris from streams and performing restoration work around storm and sewer outfalls. The team works in partnership with the Fairmount Park Commission (FPC) to restore streams that have been significantly damaged over decades by the volume and velocity of flows from sewer outfalls and the forces of storm water runoff. From FY08 to FY12, the team will work in partnership with the FPC and related Friends' groups to bolster a public/private partnership that is essential to sustaining present effectiveness. The FY08 cost will be over $1 million, and is expected to remain in this range through FY12.

Develop sewer infrastructure assessment program. Completed in FY05, a $6 million pilot sewer assessment program evaluated the condition of sewer system infrastructure using video technology to inspect over 215 miles of sewers, and built a database to prioritize needed improvements. In FY06 and FY07, the Department began to use data collected through the sewer assessment program to prioritize needed sewer reconstruction and repair, and schedule this work in the capital and operating budgets. In FY08, $4.5 million is budgeted to continue the video inspections and to perform additional excavations and repairs.

Investigate Improvements to the Biosolids Recycling Center (BRC). The Department has negotiated a long term contract with Philadelphia Biosolids Services (PBS) for improvements to the Biosolids Recycling Center, awaiting approval by City Council. The contract includes an interim operation of up to five years, during which PBS will take over operation of the existing BRC and immediately eliminate the composting operation. Within the first three to five years PBS will build and operate a thermal drying facility that will handle all of the sludge processed by the PWD and make a Class A product in the form of pellets that can be used as fertilizer. Savings from the project are estimated at $190 million over the life of the contract. Council hearings by the Finance Committee were held in December 2006; and the Committee has scheduled an additional hearing on January 31, 2007. The Department has provided sufficient funds in its FY07 budget to continue the in-house operation of the biosolids recycling center in the event that the PBS contract is not approved by City Council.

Increase rates to maintain fiscal stability. The PWD continues to have some of the lowest rates in the region for water, wastewater, and storm-water services. From FY97 to FY06, the Department increased rates for residential customers in five of ten years, totaling 24.7 percent during the entire ten-year period. This rate of increase is well below the Philadelphia Consumer Price Index, which increased 31.4 percent during the same period.

In July of 2005, the Water Department announced a revision of rates for the period covering FY06 through FY08. Higher rates were needed due to seven major cost factors: Increased debt service ($72 million); coverage-based required contributions to the Residual Fund ($68 million); loss of state subsidy for wastewater operations ($32 million); increased personnel costs ($28 million); decreased interest earnings ($25 million); inflation on material, supplies, equipment and contracted costs ($20 million); and additional security and related costs ($9 million). The Department anticipates that further rate revisions will be required in FY09. The Department intends to conduct a rate study beginning in FY08, and the amount of the rate revision will not be known until completion of the study.

Key Performance Measurement

Measurement	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Target Projection	FY07 Current Projection	FY08 Target Projection
Millions of Gallons of Treated Water	97,993	96,800	94,139	98,550	93,261	93,261
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]	1,168	1,279	1,301	1,430	1,260	1,260
Water Main Breaks Repaired[2]	794	706	770	745	745	760
Avg. Time to Repair a Water Main Break upon Crew Arrival at Site (Hrs.)	7.3	7.8	7.8	8.0	8.0	8.0
Percent of Hydrants Available	97.5%	96.2%	98.9%	99.0%	99.0%	99.1%
Number of Storm Drains Cleaned	86,975	76,865	77,600	97,271	79,928	97,271
Citizen Survey: Percent Satisfied with Overall PWD Services	79.0%	80.0%	80.0%	80.0%	N/A	80.0%
Citizen Survey: Percent Satisfied with Water Overall Quality	80.0%	80.2%	80.5%	80.5%	N/A	81.0%

[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

PROJECTED REVENUE AND REVENUE REQUIREMENTS
RATES EFFECTIVE FEBRUARY 1, 2005
(in thousands of dollars)

Line No.	Description	Percent Increase	Months Effective	Fiscal Year Ending June 30, 2005	2006	2007	2008	2009	2010
	OPERATING REVENUE								
1	Water Service - Existing Rates			140,792	140,227	140,323	139,514	138,449	137,575
2	Wastewater Service - Existing Rates			254,791	254,193	253,812	253,248	251,997	250,673
3	Total Service Revenue - Existing Rates			395,583	394,420	394,135	392,762	390,446	388,248
	Additional Service Revenue Required								
	Year	Percent Increase	Months Effective						
4	FY 2005	9.75%	5	16,071	38,456	38,428	38,294	38,068	37,854
5	FY 2006	5.70%	12		24,674	24,656	24,570	24,425	24,288
6	FY 2007	5.70%	12			26,061	25,971	25,818	25,672
7	FY 2008	5.70%	12				27,451	27,289	27,136
8	FY 2009	4.00%	12					20,242	20,128
9	FY 2010	4.00%	12						20,933
10	Total Additional Service Revenue Required			16,071	63,130	89,145	116,286	135,842	156,011
11	Total Water & Wastewater Service Revenue			411,654	457,550	483,280	509,048	526,288	544,259
12	Transfer From/(To) Rate Stabilization Fund			46,500	28,100	12,000	18,500	13,500	8,000
	Other Income (a)								
13	Other Operating Revenue			13,613	13,567	13,542	13,496	13,445	13,394
14	Construction Fund Interest Income			2,045	3,753	2,080	5,947	4,231	2,434
15	Debt Reserve Fund Interest Income			0	325	325	954	954	954
16	Operating Fund Interest Income			1,367	1,391	1,418	1,411	1,432	1,450
17	Rate Stabilization Interest Income			2,128	1,375	970	662	338	121
18	Total Revenues			477,307	506,061	513,615	550,018	560,188	570,612
	OPERATING EXPENSES								
19	Water & Wastewater Operations			233,213	239,912	245,926	255,608	264,160	273,038
20	Direct Interdepartmental Charges			55,468	56,173	57,276	59,321	61,031	62,790
21	Total Operating Expenses			288,681	296,085	303,202	314,929	325,191	335,828
22	**NET REVENUES AFTER OPERATIONS**			188,626	209,976	210,413	235,089	234,997	234,784
	DEBT SERVICE								
	Senior Debt Service								
	Revenue Bonds								
23	Outstanding Bonds (b)			156,776	157,337	157,340	157,350	157,343	157,343
24	Pennvest Parity Bonds			384	384	384	384	384	384
25	Projected Future Bonds (c)			0	17,201	17,201	37,843	37,843	37,843
26	Total Senior Debt Service			157,160	174,922	174,925	195,577	195,570	195,570
27	**TOTAL SENIOR DEBT SERVICE COVERAGE (L22/L26)**			1.20 x	1.20 x	1.20 x	1.20 x	1.20 x	1.20 x
	Subordinate Debt Service								
28	Outstanding General Obligation Bonds			0	0	0	0	0	0
29	Pennvest Subordinate Bonds			1,227	1,227	1,227	1,227	1,227	1,227
30	Total Subordinate Debt Service			1,227	1,227	1,227	1,227	1,227	1,227
31	Total Debt Service on Bonds			158,387	176,149	176,152	196,804	196,797	196,797
32	**CAPITAL ACCOUNT DEPOSIT**			16,708	17,068	17,428	17,788	18,148	18,508
33	**TOTAL COVERAGE (L22/(L31+L32))**			1.07 x	1.08 x	1.08 x	1.09 x	1.09 x	1.09 x
	RESIDUAL FUND								
34	Beginning of Year Balance			10,997	3,541	4,301	4,634	4,131	4,184
35	Interest Income			13	0	0	0	0	0
	Plus:								
36	End of Year Revenue Fund Balance			13,531	16,759	16,833	20,497	20,052	19,479
37	Deposit for Transfer to City General Fund (d)			4,924	4,994	4,994	4,994	4,994	4,994
	Less:								
38	Transfer to Construction Fund			21,000	16,000	16,500	21,000	20,000	19,500
39	Transfer to City General Fund			4,924	4,994	4,994	4,994	4,994	4,994
40	End of Year Balance			3,541	4,301	4,634	4,131	4,184	4,163
	RATE STABILIZATION FUND								
41	Beginning of Year Balance			128,596	82,096	53,996	41,996	23,496	9,996
42	Deposit From/(To) Revenue Fund			(46,500)	(28,100)	(12,000)	(18,500)	(13,500)	(8,000)
43	End of Year Balance			82,096	53,996	41,996	23,496	9,996	1,996

(a) Includes other operating and nonoperating income, including interest income on funds and accounts transferrable to the Revenue Fund.
(b) Assumes a variable rate of 4.00% over the life of the Variable Rate Series 1997B Bonds.
(c) Assumes 5.50% interest, term of 30 years, with level annual principal and interest payments.
(d) Transfer of interest earnings from the Bond Reserve Account must first go to the Residual Fund as shown in Line 37 to satisfy the requirements for the transfer to the City General Fund, with the balance included in Line 15 going to the Revenue Fund.

Sinking Fund Commission
General Fund Operating Budget Estimates
FY 2008-2012 Five Year Financial Plan

	Description	FY 08	FY 09	FY 10	FY 11	FY 12
200	**Purchase of Services**					
200	**Long Term Leases**	**89,756,864**	**94,274,029**	**94,241,146**	**93,677,773**	**94,082,468**
700	**Debt Service**					
701	Total Interest on City Debt LT	56,772,718	65,629,305	66,635,246	67,448,544	65,215,360
702	Total Principal on City Debt LT	31,040,000	38,280,000	40,155,000	44,460,000	46,095,000
703	Interest on City Debt ST	14,500,000	14,500,000	15,000,000	15,000,000	15,000,000
704	Sinking Fund Reserve Payments	3,372,481	3,374,813	3,374,669	4,226,700	4,226,089
705	Commitment Fee Expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
706	Arbitrage Payments	350,000	350,000	350,000	350,000	350,000
	Total Class 700	**107,035,199**	**123,134,118**	**126,514,915**	**132,485,244**	**131,886,449**
	Total All Classes	**196,792,063**	**217,408,147**	**220,756,061**	**226,163,017**	**225,968,917**

CITY OF PHILADELPHIA FY2008-2012 Five Year Financial Plan		SUMMARY OF OPERATIONS FISCAL YEARS 2006 TO 2012 (Amounts in Thousands)						
FUND	General							
		F.Y. 2006	F.Y. 2007	F.Y. 2008	F.Y. 2009	F.Y. 2010	F.Y. 2011	F.Y. 2012
NO.	ITEM	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(9)
	OPERATIONS OF FISCAL YEAR							
	REVENUES							
1	Taxes	2,368,955	2,387,275	2,432,265	2,496,111	2,554,127	2,597,474	2,641,447
2	Locally Generated Non-Tax Revenues	235,910	240,298	267,209	256,541	256,458	265,401	265,538
3	Revenue from Other Governments	924,544	997,777	1,094,801	1,159,305	1,145,732	1,137,628	1,154,730
4	Sub-Total (1) + (2) + (3)	**3,529,409**	**3,625,350**	**3,794,275**	**3,911,958**	**3,956,317**	**4,000,503**	**4,061,715**
5	Revenue from Other Funds of City	24,887	25,719	24,749	25,054	24,791	26,560	27,763
6	Total - Revenue (4) + (5)	3,554,296	3,651,069	3,819,024	3,937,012	3,981,107	4,027,063	4,089,478
7	Revenues Forgone	0	0	0	0	0	0	0
8	**Total Revenue and Other Sources (6)+(7)**	**3,554,296**	**3,651,069**	**3,819,024**	**3,937,012**	**3,981,107**	**4,027,063**	**4,089,478**
	OBLIGATIONS/APPROPRIATIONS							
9	Personal Services	1,250,221	1,328,535	1,368,854	1,361,817	1,362,138	1,362,138	1,362,138
10	Personal Services-Pensions	346,502	419,129	456,728	465,568	475,635	477,327	490,258
11	Personal Services-Other Employee Benefits	413,719	460,850	494,176	527,229	558,694	598,542	641,868
12	**Sub-Total Employee Compensation**	**2,010,442**	**2,208,514**	**2,319,758**	**2,354,614**	**2,396,467**	**2,438,007**	**2,494,264**
13	Purchase of Services	1,065,675	1,153,063	1,237,220	1,242,300	1,253,677	1,259,177	1,267,138
14	Materials, Supplies and Equipment	82,145	88,967	90,391	84,461	84,431	84,431	84,431
15	Contributions, Indemnities, and Taxes	110,893	112,850	109,553	91,553	90,439	90,439	90,439
16	Debt Service	82,917	97,699	107,035	123,134	126,515	132,485	131,886
17	Capital Budget Financing	0	0	0	0	0	0	0
18	Advances and Miscellaneous Payments	38,604	31,200	32,310	39,955	15,000	15,000	15,000
19	Sub-Total (11 thru 17)	3,390,676	3,692,293	3,896,267	3,936,017	3,966,529	4,019,539	4,083,158
20	Payments to Other Funds	35,371	61,620	32,452	34,898	36,961	38,472	34,422
21	**Total - Obligations (19+20)**	**3,426,047**	**3,753,913**	**3,928,719**	**3,970,915**	**4,003,490**	**4,058,011**	**4,117,580**
22	Oper.Surplus (Deficit) for Fiscal Year (8-21)	128,249	(102,844)	(109,695)	(33,903)	(22,383)	(30,948)	(28,102)
23	Prior Year Adjustments:							
24	Revenue Adjustments	0	0	0	0	0	0	0
25	Other Adjustments	30,089	20,000	20,000	20,000	20,000	20,000	20,000
26	Funding For Future Obligations	0	0	0	0	0	0	0
27	Total Prior Year Adjustments	30,089	20,000	20,000	20,000	20,000	20,000	20,000
28	**Adjusted Oper. Surplus/ (Deficit) (22+27)**	**158,338**	**(82,844)**	**(89,695)**	**(13,903)**	**(2,383)**	**(10,948)**	**(8,102)**
	OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS							
	Fund Balance Available for Appropriation							
29	June 30 of Prior Fiscal Year	96,168	254,506	171,662	81,967	68,064	65,682	54,733
30	Residual Equity Transfer	0	0	0	0	0	0	0
31	Fund Balance Available for Appropriation June 30 (28)+(29) + (30)	**254,506**	**171,662**	**81,967**	**68,064**	**65,682**	**54,733**	**46,632**

City of Philadelphia
General Fund
FY 2008 - 2012 Five Year Financial Plan
Summary by Class

Expenditure Class	Actual FY 06	Budgeted FY 07	Projected FY 07	Projected FY 08	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12
Class 100 - Wages	1,250,221,079	1,307,183,762	1,328,535,321	1,368,854,251	1,361,816,965	1,362,137,665	1,362,137,665	1,362,137,665
Class 100 - Benefits	760,221,000	864,479,338	879,979,338	950,903,498	992,796,568	1,034,329,010	1,075,868,947	1,132,125,675
Class 200 - Contracts / Leases	1,065,674,907	1,148,052,846	1,153,053,241	1,237,220,014	1,242,300,701	1,253,677,676	1,259,176,986	1,267,137,848
Class 300/400 - Supplies, Equipment	82,145,217	82,762,288	88,976,865	90,390,760	84,460,760	84,430,760	84,430,760	84,430,760
Class 500 - Indemnities / Contributions	110,892,925	110,782,432	112,849,549	109,553,106	91,553,106	90,439,191	90,439,191	90,439,191
Class 700 - Debt Service	82,917,408	105,214,343	97,699,343	107,035,199	123,134,118	126,514,915	132,485,244	131,886,449
Class 800 - Payments to Other Funds	35,370,405	29,344,453	61,619,658	32,451,877	34,898,363	36,961,256	38,472,068	34,422,321
Class 900 - Advances / Misc. Payments	38,604,007	31,199,538	31,199,538	32,310,293	39,954,522	15,000,000	15,000,000	15,000,000
Total	3,426,046,948	3,679,019,000	3,753,912,853	3,928,719,000	3,970,915,103	4,003,490,473	4,058,010,861	4,117,579,909

City of Philadelphia
FY 2008 - 2012 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 06	Budgeted FY 07	Projected FY 07	Projected FY 08	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12
Art Museum Subsidy	2,000,000	2,250,000	2,250,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Atwater Kent Museum Subsidy	267,020	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Auditing Department (City Controller's Office)	7,330,366	8,150,345	8,150,345	8,254,796	8,254,796	8,254,796	8,254,796	8,254,796
Board of Building Standards	100,892	109,552	108,456	112,792	112,792	112,792	112,792	112,792
Board of Ethics	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Board of L & I Review	178,288	219,278	217,085	224,705	224,705	224,705	224,705	224,705
Board of Revision of Taxes	8,132,879	9,594,239	9,594,239	9,895,386	9,851,184	9,928,693	9,571,350	8,603,194
Camp William Penn	289,415	283,040	316,097	345,082	345,082	345,082	345,082	345,082
Capital Program Office	1,708,135	1,917,797	1,898,619	2,610,743	2,610,743	2,610,743	2,610,743	2,610,743
City Commissioners	8,254,405	8,126,115	8,748,098	8,995,597	8,995,597	8,995,597	8,995,597	8,995,597
City Council	12,454,575	14,790,246	44,690,246	15,151,922	15,151,922	15,151,922	15,151,922	15,151,922
City Planning Commission	3,137,488	3,353,708	3,320,171	3,614,196	3,364,196	3,364,196	3,364,196	3,364,196
Commerce Department	4,595,309	10,118,224	10,089,042	10,006,154	4,706,154	4,706,154	4,706,154	4,706,154
Commerce Department-Economic Stimulus	4,000,000	6,000,000	6,000,000	4,000,000	0	0	0	0
City Treasurer	677,329	816,651	760,551	770,304	770,304	770,304	770,304	770,304
Civil Service Commission	155,241	163,723	163,723	169,209	169,209	169,209	169,209	169,209
Clerk of Quarter Sessions	4,297,228	4,805,293	4,805,293	4,721,362	4,721,362	4,721,362	4,721,362	4,721,362
Community College Subsidy	22,467,924	23,467,924	23,467,924	22,467,924	22,467,924	22,467,924	22,467,924	22,467,924
Convention Center Subsidy	38,604,007	31,199,538	31,199,538	32,310,293	39,954,522	15,000,000	15,000,000	15,000,000
Debt Service (Sinking Fund)	159,922,326	199,321,367	191,806,367	196,792,063	217,408,147	220,756,061	226,163,017	225,968,917
District Attorney	28,648,458	30,646,035	30,579,437	31,289,496	31,289,496	31,289,496	31,289,496	31,067,467
Fairmount Park Commission	12,621,712	12,882,232	13,901,166	13,140,818	13,107,805	13,107,805	13,107,805	13,107,805
Finance Department	23,169,077	19,634,220	19,637,737	19,428,397	15,428,400	15,428,400	15,428,400	15,428,400
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	760,221,000	864,479,338	879,979,338	950,903,498	992,796,568	1,034,329,010	1,075,868,947	1,132,125,675
Finance - PGW Rental Reimbursement	18,000,000	18,000,000	18,000,000	18,000,000	0	0	0	0
Fire Department	171,785,276	180,461,146	188,690,342	190,107,667	190,024,283	190,327,564	190,642,976	190,971,004
First Judicial District	114,117,659	111,142,641	112,954,881	114,552,203	114,056,045	114,056,045	114,056,045	114,056,045
Fleet Management Office	43,653,270	42,573,836	46,073,836	44,583,424	44,470,290	44,470,290	44,470,290	44,470,290
Fleet Mgmt. - Vehicle Purchase	13,297,234	12,600,000	12,600,000	19,000,000	13,100,000	13,100,000	13,100,000	13,100,000
Free Library	37,283,098	39,448,568	39,383,559	40,647,776	40,407,842	40,407,842	40,407,842	40,407,842
Hero Scholarship Awards	19,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Historical Commission	272,157	321,743	321,743	325,868	325,868	325,868	325,868	325,868
Human Relations Commission	2,035,011	2,156,825	2,156,825	2,186,091	2,113,980	2,113,980	2,113,980	2,113,980
Human Services Department	556,565,272	609,479,164	592,460,167	677,647,934	686,308,936	695,099,853	695,099,853	695,099,853
Indemnities	22,954,601	25,113,915	26,109,358	25,113,915	25,113,915	24,000,000	24,000,000	24,000,000
Labor Relations, Mayor's Office of	585,316	586,265	586,265	549,350	549,350	549,350	549,350	549,350
Law Department	14,648,857	15,155,824	15,021,011	15,091,866	15,073,550	15,073,550	15,073,550	15,073,550
Legal Services (incl. Defenders Assoc.)	33,609,195	34,268,833	35,401,003	36,710,948	37,491,948	38,351,048	39,296,058	40,335,569

City of Philadelphia
FY 2008 - 2012 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 06	Budgeted FY 07	Projected FY 07	Projected FY 08	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12
Licenses and Inspections Department	20,242,250	20,787,801	20,604,923	19,295,545	19,022,598	19,022,598	19,022,598	19,022,598
Licenses and Inspections - Demolitions	8,250,000	8,000,000	8,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Managing Director's Office	13,503,609	13,003,638	13,873,602	15,472,097	15,375,059	15,375,059	15,375,059	15,375,059
Mayor's Office	4,392,560	4,929,104	5,229,813	4,951,280	4,901,280	4,901,280	4,901,280	4,901,280
Mayor - Mural Arts Program	831,504	856,746	856,746	866,876	866,876	866,876	866,876	866,876
Mayor's Office of Community Services	7,353	0	0	0	0	0	0	0
Mayor - Scholarships	199,375	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Mayor's Office of Information Services	11,717,182	13,076,658	14,115,328	29,229,809	27,555,769	22,555,769	22,555,769	22,267,978
Off. of Behavioral Health/Mental Retardation Svcs.	14,445,163	14,474,736	14,229,661	14,261,952	14,261,952	14,261,952	14,261,952	14,261,952
Office of Housing & Community Development	1,541,165	1,387,256	5,702,471	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Office of Supportive Housing	35,563,004	29,481,005	33,763,135	37,911,333	37,911,333	37,911,333	37,911,333	37,911,333
Personnel Department	4,393,134	5,010,141	4,960,040	5,298,426	6,573,822	7,466,764	8,222,966	4,876,627
Police Department	473,130,708	493,497,141	495,894,428	514,015,714	511,011,766	511,332,466	511,332,466	511,151,333
Prisons System	194,345,897	194,237,652	206,733,820	218,234,089	219,638,633	221,525,726	223,450,562	225,413,894
Procurement Department	4,598,560	5,341,827	5,288,409	5,275,357	5,275,357	5,275,357	5,275,357	5,275,357
Public Health Department	105,051,406	114,339,379	114,352,744	114,321,171	114,001,191	113,971,191	113,971,191	113,971,191
Public Property Department	54,516,781	52,585,088	60,124,993	52,835,465	53,574,437	54,408,481	55,275,887	56,177,988
Public Property - SEPTA Subsidy	56,650,700	60,263,000	60,263,000	61,601,000	63,066,000	64,717,000	64,717,000	64,717,000
Public Property - Space Rentals	14,402,336	15,484,000	15,329,160	15,386,457	15,738,991	15,978,195	16,506,218	16,726,924
Public Property - Utilities	33,299,186	30,620,000	32,633,904	32,490,000	32,920,000	34,020,000	35,890,000	37,910,000
Public Property - Telecommunications	9,945,876	13,700,000	13,563,000	2,900,000	2,900,000	3,110,000	2,240,000	2,840,000
Records	8,740,305	8,136,215	8,054,853	8,041,306	8,025,581	8,025,581	8,025,581	7,812,685
Recreation Department	33,546,390	36,318,738	37,390,255	37,496,248	37,264,368	37,264,368	37,264,368	37,264,368
Refunds	19,711	500,000	450,000	500,000	500,000	500,000	500,000	500,000
Register of Wills	3,172,384	3,456,663	3,456,663	3,503,139	3,503,139	3,503,139	3,432,174	3,432,174
Revenue Department	16,600,251	17,702,237	17,525,215	17,704,736	17,511,477	17,466,594	17,466,694	17,405,162
Sheriff's Office	13,684,675	13,732,810	14,715,071	14,920,827	14,920,827	14,920,827	14,920,827	14,920,827
Streets Department	29,666,316	32,614,132	34,803,394	32,161,185	32,161,185	32,161,185	32,161,185	32,161,185
Streets - Sanitation Division	92,012,212	95,727,906	94,444,486	97,206,378	98,549,718	100,222,262	101,887,076	103,599,694
Witness Fees	104,248	173,250	171,518	171,518	171,518	171,518	171,518	171,518
Zoning Board of Adjustment	413,687	449,252	444,759	450,313	450,313	450,313	450,313	450,313
Total	3,426,046,948	3,679,019,000	3,753,912,853	3,928,719,000	3,970,915,103	4,003,490,473	4,058,010,861	4,117,579,909

City of Philadelphia
FY 2008 - 2012 Five Year Financial Plan
General Fund
Estimated Fringe Benefit Allocation

	Actual FY 06	Budgeted FY 07	Projected FY07	Budgeted FY 08	Budgeted FY 09	Budgeted FY 10	Budgeted FY 11	Budgeted FY 12
Unemployment Compensation	2,313,948	2,525,288	2,525,288	2,525,288	2,525,288	2,525,288	2,525,288	2,525,288
Employee Disability	46,547,129	43,947,710	52,447,710	50,947,710	50,947,710	50,947,710	50,947,710	50,947,710
Pension	276,106,038	344,459,000	344,459,000	373,992,862	382,458,403	381,310,722	378,704,620	387,333,257
Pension Obligation Bonds	70,396,126	74,670,321	74,670,321	82,734,607	83,109,658	94,323,993	98,622,324	102,925,412
FICA	60,792,057	62,288,940	64,288,940	64,102,899	64,087,526	64,087,526	64,087,526	64,087,526
Health / Medical	291,826,176	323,921,410	328,921,410	363,626,568	396,694,419	428,160,207	467,907,915	511,232,918
Group Life	7,468,472	7,193,105	7,193,105	7,500,000	7,500,000	7,500,000	7,600,000	7,600,000
Group Legal	4,002,908	4,373,564	4,373,564	4,373,564	4,373,564	4,373,564	4,373,564	4,373,564
Tool Allowance	65,100	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Flex Cash Payments	703,046	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL	760,221,000	864,479,338	879,979,338	950,903,498	992,796,568	1,034,329,010	1,075,868,947	1,132,125,675

City of Philadelphia
Fiscal Year 2008 Operating Budget
FY 2008-2012 Five Year Plan
General Fund Full-Time Positions

Department	FY 2006 6/30/2006 Filled	FY 2007 Adopted Budget	FY 2008 Proposed	FY 2009 Proposed	FY 2010 Proposed	FY 2011 Proposed	FY 2012 Proposed
Atwater Kent Museum	5	5	5	5	5	5	5
Auditing	126	139	140	140	140	140	140
Board of Ethics	0	0	9	9	9	9	9
Board of Building Standards	2	2	2	2	2	2	2
Board of L & I Review	2	3	3	3	3	3	3
Bd. of Revision of Taxes	134	144	138	136	136	136	136
Camp William Penn	3	4	4	4	4	4	4
Capital Program Office	14	14	24	24	24	24	24
City Commissioners	93	91	88	88	88	88	88
City Council	180	195	195	195	195	195	195
City Planning Commission	45	49	49	49	49	49	49
City Rep. / Commerce	12	19	16	16	16	16	16
City Treasurer	11	13	13	13	13	13	13
Civil Service Commission	2	2	2	2	2	2	2
Clerk of Quarter Sessions	113	121	114	114	114	114	114
District Attorney - Total	424	442	431	431	431	431	431
Civilian	411	425	419	419	419	419	419
Uniformed	13	17	12	12	12	12	12
Fairmount Park	157	169	169	169	169	169	169
Finance	164	175	164	164	164	164	164
Fire	2,270	2,428	2,425	2,425	2,425	2,425	2,425
Civilian	101	113	110	110	110	110	110
Uniformed	2,169	2,315	2,315	2,315	2,315	2,315	2,315
First Judicial District	1,936	1,965	1,920	1,920	1,920	1,920	1,920
Fleet Management	313	322	321	318	316	315	315
Free Library	732	739	729	724	724	724	724
Historical Commission	5	6	6	6	6	6	6
Human Relations Commission	33	35	34	34	34	34	34
Human Services	1,703	1,758	1,817	1,817	1,817	1,817	1,817
Labor Relations	7	7	7	8	8	8	8
Law	175	197	191	191	191	191	191
Licenses & Inspections	355	362	369	364	364	364	364
Managing Director	87	74	88	88	88	88	88
Mayor	55	62	62	62	62	62	62
Mayor's Office of Community Serv.	21	0	0	0	0	0	0
Mayor's Office of Information Serv.	96	113	153	153	153	153	153
Mural Arts Program	14	16	16	16	16	16	16
Office of Behavioral Health/MR Sv	36	38	34	34	34	34	34
Office of Supportive Housing	131	137	145	145	145	145	145
Office of Housing & Comm. Dev.	3	5	0	0	0	0	0
Personnel	70	75	79	79	79	79	79
Police	7,287	7,408	7,508	7,445	7,445	7,445	7,445
Civilian	824	884	884	884	884	884	884
Uniformed	6,463	6,524	6,624	6,561	6,561	6,561	6,561
Prisons	2,225	2,300	2,400	2,400	2,400	2,400	2,400
Procurement	59	64	62	62	62	62	62
Public Health	622	748	663	663	663	663	663
Public Property	158	193	173	171	170	169	169
Records	75	77	76	76	76	76	76
Recreation	468	517	517	517	517	517	517
Register of Wills	65	70	68	68	68	68	68
Revenue	247	274	271	267	267	267	267
Sheriff	243	247	263	263	263	263	263
Streets	1,849	1,939	1,901	1,890	1,890	1,890	1,890
Zoning Board of Adjustment	5	5	5	5	5	5	5
TOTAL GENERAL FUND	**22,832**	**23,768**	**23,869**	**23,775**	**23,772**	**23,770**	**23,770**

CASH FLOW PROJECTIONS — OFFICE OF THE DIRECTOR OF FINANCE

EQUITY IN CON CASH — GENERAL FUND 2007

Actuals through December 31

(Amount in Millions)

	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		Under (Over)	Budget Revenues
REVENUES																	
Property Taxes	7.6	6.9	5.6	5.3	4.0	14.0	35.0	177.7	116.3	23.3	6.4	5.8	407.8			1.8	409.6
Wage, Earnings, NP Tax	94.4	105.3	82.7	93.5	103.5	85.8	114.2	84.3	83.6	105.4	121.4	81.9	1,156.1			(22.2)	1,133.8
Realty Transfer Tax	20.5	23.2	17.3	16.9	18.0	19.3	19.1	11.5	15.3	17.4	17.7	13.7	210.0			(15.0)	195.0
Sales Tax	11.3	12.5	10.7	10.7	12.1	10.1	10.2	14.3	10.3	10.8	10.5	11.6	135.0			(6.0)	129.0
Business Privilege Tax	5.0	2.7	12.1	20.9	1.3	17.0	6.6	15.8	1.8	116.5	127.0	81.3	408.0			(29.1)	378.9
Other Taxes	5.3	7.6	5.0	4.0	4.1	4.3	4.7	6.5	6.3	8.9	7.2	6.6	70.5			(3.2)	67.3
Locally Generated Non-tax	15.0	18.2	21.2	19.5	18.0	20.5	25.7	22.6	21.3	18.4	19.1	20.8	240.3			4.7	245.0
Other Governments	0.0	116.0	105.7	88.4	22.5	17.9	35.0	27.0	47.6	134.8	6.6	21.8	623.2	137.6		28.8	789.6
Other Governments-PICA	16.3	27.8	0.0	22.4	24.5	0.0	24.6	22.8	21.2	15.9	29.6	23.6	228.8	8.2		5.2	242.2
Interfund Transfers	0.2	0.5	0.5	0.0	0.5	0.4	0.5	0.5	0.5	0.5	0.5	21.3	25.7			1.9	27.6
Total Current Revenue	175.6	320.7	260.8	281.6	208.5	189.3	275.6	382.9	324.1	451.9	345.9	288.6	3,505.4	145.8		(33.1)	3,618.0
Collection of 6-30-06/Govt.	106.6	25.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	131.6	0.0			
Other Fund Balance Adj.	7.0											(3.0)	4.0				
Non-revenue receipts													0.0				
Non-budget Items													0.0				
TOTAL CASH RECEIPTS	289.2	345.8	260.8	281.6	208.5	189.3	275.6	382.9	324.1	451.9	345.9	285.6	3,641.0				

	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	V. P.	Encum-brances	Mergers	Budget Obliga-tions
EXPENSES AND OBLIGATIONS																	
Payroll	56.9	143.2	100.9	102.1	110.1	100.2	138.9	92.8	134.9	92.4	101.4	99.8	1,273.6	52.1	2.9	(21.3)	1,307.2
Employee Benefits	35.0	41.0	32.8	33.8	33.6	41.7	45.4	32.3	36.9	36.1	33.2	54.4	456.2	0.2	4.5	(15.5)	445.4
Pension	360.2	(1.7)	(2.1)	17.3	(2.0)	(1.8)	1.3	(1.6)	(1.9)	54.8	(1.8)	(1.6)	419.1	0.0		0.0	419.1
Purchase of Services	27.4	56.0	92.4	98.3	76.7	78.8	98.8	94.8	106.6	106.5	101.0	56.8	994.1	31.8	127.2	(5.0)	1,148.1
Materials, Equipment	2.3	5.3	8.0	4.6	5.5	5.3	5.4	4.3	4.7	3.3	6.6	6.8	62.2	2.6	24.1	(6.1)	82.8
Contributions, Indemnities	9.0	5.7	8.8	1.3	4.0	7.2	1.5	2.7	7.8	18.7	19.3	22.7	108.8	2.2	1.8	(2.1)	110.8
Debt Service-Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.1	13.1			4.4	17.5
Debt Service-Long Term	1.2	2.3	18.8	0.7	7.5	0.8	5.7	10.3	18.9	1.4	12.9	4.1	84.6			3.1	87.7
Interfund Charges	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.0	61.6	0.0	0.0	(32.3)	29.3
Advances, Subsidies	31.2							0.0					31.2				31.2
Current Year Appropriation	523.8	251.8	259.6	258.1	235.4	232.2	297.0	235.6	308.0	313.2	272.6	317.1	3,504.4	89.0	160.5	(74.8)	3,679.1
Prior Year Encumbrances	54.5	24.5	12.8	8.5	6.1	3.4	6.1	2.4	4.9	7.1	1.8	1.1	133.2	0.3	44.5	20.0	198.0
														89.2	205.0		
Prior Year Vouchers Payable	68.0	11.4	3.5	1.5	0.6								84.9				
TOTAL DISBURSEMENTS	646.3	287.7	275.9	268.1	242.1	235.6	303.1	238.0	312.9	320.3	274.4	318.2	3,722.6				
Excess (Def) of Receipts over Disbursements	(357.2)	58.1	(15.1)	13.5	(33.7)	(46.3)	(27.5)	144.9	11.2	131.6	71.5	(32.6)	(81.5)				
Opening Balance	355.7	308.6	366.7	351.6	365.1	331.4	285.1	257.6	402.5	413.7	545.3	306.8	355.7				
TRANS	310.0										(310.0)		0.0				

OFFICE OF THE DIRECTOR OF FINANCE
CASH FLOW PROJECTIONS
CONSOLIDATED CASH--ALL FUNDS--FY2008

FY 2008

(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	206.6	213.9	201.7	221.0	262.3	235.3	198.9	363.7	329.5	384.8	439.2	168.0
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)	0.0
Vehicle Rental Tax	9.4	9.8	10.2	8.1	8.5	8.9	9.3	9.7	10.1	8.0	8.4	8.8
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	241.0	248.7	236.9	254.1	295.8	269.2	233.2	398.4	364.6	417.8	472.6	205.8
Capital Improvement	133.3	127.3	121.3	115.3	109.3	253.3	245.3	237.3	229.3	221.3	213.3	205.3
Industrial & Commercial Dev.	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	139.8	133.8	127.8	121.8	115.8	259.8	251.8	243.8	235.8	227.8	219.8	211.8
TOTAL FUND EQUITY	380.8	382.5	364.7	375.9	411.6	529.0	485.0	642.2	600.4	645.6	692.4	417.6

CASH FLOW PROJECTIONS — OFFICE OF THE DIRECTOR OF FINANCE

EQUITY IN CON CASH — GENERAL FUND FY2008

FY 2008

(Amounts in $millions)

	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	Under (Over)	Budget Revenues
REVENUES																
Property Taxes	7.8	7.1	5.7	5.4	4.1	14.3	35.8	181.9	119.0	23.8	6.5	6.0	417.4		0.0	417.4
Wage, Earnings, NP Tax	97.1	108.3	105.1	101.2	111.5	103.2	117.5	76.7	81.0	103.5	109.8	74.2	1,189.1		0.0	1,189.1
Realty Transfer Tax	20.0	22.6	16.9	16.5	17.6	18.8	18.6	11.3	14.9	17.0	17.3	13.4	205.0		0.0	205.0
Sales Tax	11.6	12.8	11.0	11.0	12.4	10.4	10.5	14.6	10.6	11.1	10.7	11.9	138.4		0.0	138.4
Business Privilege Tax	5.0	2.7	12.2	21.0	1.3	17.1	6.6	15.9	1.8	117.1	127.7	81.7	410.2		0.0	410.2
Other Taxes	5.4	7.8	5.1	4.1	4.2	4.4	4.8	6.6	6.5	9.1	7.4	6.7	72.2		0.0	72.2
Locally Generated Non-tax	16.7	20.2	23.6	21.7	20.0	22.8	28.6	25.1	23.7	20.4	21.3	23.1	267.2		0.0	267.2
Other Governments	0.0	68.8	73.7	98.8	100.9	25.8	39.2	64.9	20.0	72.8	9.6	94.9	669.5	170.5	0.0	840.0
Other Governments-PICA	17.5	29.0	23.7	21.6	22.9	2.7	20.1	18.2	16.7	18.0	31.5	24.2	246.3	8.5	0.0	254.8
Interfund Transfers	0.2	0.4	0.3	0.5	0.4	0.5	0.3	0.4	0.5	0.4	0.4	20.4	24.7		0.0	24.7
Total Current Revenue	181.4	279.8	277.3	301.8	295.2	220.1	282.1	415.7	294.6	393.3	342.3	356.5	3,640.0	179.0	0.0	3,819.0
Collection of 6-30-08/Govt.	114.0	26.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	140.8	0.0		
Other Fund Balance Adj.	3.0											(4.0)	(1.0)			
Non-revenue receipts													0.0			
Non-budget Items													0.0			
TOTAL CASH RECEIPTS	298.4	306.6	277.3	301.8	295.2	220.1	282.1	415.7	294.6	393.3	342.3	352.5	3,779.8			

	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	V. P.	Encum-brances	Mergers	Budget Obliga-tions
EXPENSES AND OBLIGATIONS																	
Payroll	58.6	147.6	104.0	105.2	113.4	103.2	143.1	95.6	139.0	95.2	104.5	102.9	1,312.3	53.7	2.9	0.0	1,368.9
Employee Benefits	37.6	44.0	35.2	36.2	36.0	44.7	48.7	34.6	39.6	38.8	35.6	58.2	489.2	0.1	4.9	0.0	494.2
Pension	392.5	(1.9)	(2.3)	18.9	(2.2)	(2.0)	1.5	(1.7)	(2.0)	59.7	(2.0)	(1.8)	456.7	0.0		0.0	456.7
Purchase of Services	29.4	60.1	99.1	105.5	82.3	84.5	106.0	101.7	114.4	114.3	108.4	60.9	1,066.6	34.1	136.5	0.0	1,237.2
Materials, Equipment	2.3	5.4	8.1	4.7	5.6	5.4	5.5	4.4	4.8	3.3	6.7	6.9	63.1	2.8	24.5	0.0	90.4
Contributions, Indemnities	8.7	5.5	8.5	1.3	3.9	7.0	1.5	2.6	7.5	18.2	18.7	22.1	105.5	2.3	1.8	0.0	109.5
Debt Service-Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.5	14.5			0.0	14.5
Debt Service-Long Term	1.3	2.5	20.6	0.8	8.2	0.9	6.2	11.3	20.7	1.5	14.1	4.5	92.5			0.0	92.5
Interfund Charges	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.2	32.5	0.0	0.0	0.0	32.5
Advances, Subsidies		0.0						0.0				32.3	32.3				32.3
Current Year Appropriation	530.8	263.2	273.2	272.5	247.2	243.7	312.5	248.5	324.0	331.0	286.0	332.6	3,665.2	93.0	170.5	0.0	3,928.7
Prior Year Encumbrances	53.9	24.2	12.7	8.4	6.0	3.4	6.0	2.4	4.9	7.0	1.8	1.1	131.9	0.3	44.0	20.0	196.1
														93.3	214.6		
Prior Year Vouchers Payable	71.2	11.9	3.6	1.6	0.6								88.9				
TOTAL DISBURSEMENTS	655.9	299.4	289.5	282.5	253.9	247.1	318.5	250.9	328.9	338.0	287.8	333.7	3,886.0				
Excess (Def) of Receipts over Disbursements	(357.6)	7.2	(12.2)	19.3	41.3	(27.0)	(36.4)	164.8	(34.2)	55.3	54.5	18.8	(106.2)				
Opening Balance	274.2	206.6	213.9	201.7	221.0	262.3	235.3	198.9	363.7	329.5	384.8	439.2	274.2				
TRANS	290.0											(290.0)	0.0				
CLOSING BALANCE	206.6	213.9	201.7	221.0	262.3	235.3	198.9	363.7	329.5	384.8	439.2	168.0	168.0				

City of Philadelphia
Principal General Fund Obligation Growth Assumptions
FY 2008-2012 Five Year Financial Plan

		FY 08	FY 09	FY 10	FY 11	FY 12
Class 100	**Personal Services**					
	Civilian Wages	4.0%	0.0%	0.0%	0.0%	0.0%
	Uniform Wages	4.0%	0.0%	0.0%	0.0%	0.0%
	Employee Benefits					
	Unemployment Comp.	0.0%	0.0%	0.0%	0.0%	0.0%
	Employee Disability	-2.9%	0.0%	0.0%	0.0%	0.0%
	Pension	8.6%	2.3%	-0.3%	-0.7%	2.3%
	Pension Obligation Bond:	10.8%	0.5%	13.5%	4.6%	4.4%
	FICA	-0.3%	0.0%	0.0%	0.0%	0.0%
	Health/Medical	10.6%	9.1%	7.9%	9.3%	9.3%
	Group Life	4.3%	0.0%	0.0%	1.3%	0.0%
	Group Legal	0.0%	0.0%	0.0%	0.0%	0.0%
	Tool Allowance	0.0%	0.0%	0.0%	0.0%	0.0%
	Flex Cash Payments	0.0%	0.0%	0.0%	0.0%	0.0%
		9.0%				
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 IV)				
Class 800	**Payments to Other Funds**	4.0%	4.0%	4.0%	4.0%	4.0%
Class 900	**Advances & Misc. Payments**	N.A.	N.A.	N.A.	N.A.	N.A.

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.

		2008
		$x000

ART MUSEUM

ART MUSEUM COMPLEX - CAPITAL

1	Philadelphia Museum of Art - Building Rehabilitation	500 500 CN
ART MUSEUM COMPLEX - CAPITAL		500 500 CN
ART MUSEUM		500 500 CN

		2008 $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	68,500 50,000 PB 18,500 XN
7	Runway 9R Safety Area	2,000 2,000 XN
8	Terminal D-E Apron Reconstruction	5,000 5,000 PB
9	Runway 9R/27L Rehabilitation	10,000 7,500 FB 2,500 XN
10	Airfield Renovations & Additions	4,500 4,500 XN
11	Noise Compatibility Program	6,000 4,800 FB 1,200 XR
12	Airport Roadway System Modifications	2,000 2,000 XN
13	Airfield Capacity Enhancement Program	7,000 7,000 XN
14	Improvements to Existing Facilities	10,000 10,000 XN
18	Snow Removal Equipment Acquisition	10,000 10,000 XN

	2008
	$x000
PHILADELPHIA INTERNATIONAL AIRPORT	125,000
	12,300 FB
	55,000 PB
	56,500 XN
	1,200 XR
AVIATION	126,250
	13,250 FB
	55,000 PB
	25 SB
	56,775 XN
	1,200 XR

		2008 $x000
CAPITAL PROGRAM OFFICE		
CAPITAL PROGRAM ADMINISTRATION		
20	Capital Program Administration Design and Engineering	6,409 5,421 CN 988 CR
CAPITAL PROGRAM ADMINISTRATION		6,409 5,421 CN 988 CR
CAPITAL PROJECTS		
21	Citywide Environmental Remediation	400 400 CN
22	Improvements to Facilities	1,650 1,000 CA 650 CR
CAPITAL PROJECTS		2,050 1,000 CA 400 CN 650 CR
CAPITAL PROGRAM OFFICE		8,459 1,000 CA 5,821 CN 1,638 CR

		2008
		$x000

COMMERCE

COMMERCIAL DEVELOPMENT

23	Cultural Corridors Capital & Infrastructure Projects	21,277 6,170 FB 5,107 SB 10,000 TB
24	Neighborhood Commercial Centers - Site Improvements	34,000 10,000 FB 8,000 SB 16,000 TB
COMMERCIAL DEVELOPMENT		55,277 16,170 FB 13,107 SB 26,000 TB

INDUSTRIAL DEVELOPMENT

25	Environmental Assessment/Remediation	850 100 CN 250 FB 500 SB
26	Neighborhood Industrial Districts	1,154 150 CN 289 FB 715 SB
27	PIDC Landbank Acquisition & Improvements	20,000 20,000 Z
28	Sound Stage Development	1,500 750 CN 750 SB
29	Grading and Paving - New and Existing Streets	100 100 CN
30	Navy Yard Infrastructure Improvements	1,500 500 CN 500 FB 500 SB
31	PIDC Landbank Improvements, Engineering and Administration	6,000 6,000 Z

		2008
		$x000
INDUSTRIAL DEVELOPMENT		31,104 1,600 CN 1,039 FB 2,465 SB 26,000 Z
PENN'S LANDING / WATERFRONT IMPS		
32	Penn's Landing Improvements	500 250 CN 250 TB
33	Schuylkill Riverfront Improvements	1,375 250 CN 764 FB 361 SB
34	North Delaware Riverfront Improvements	1,975 195 CN 1,530 FB 250 SB
PENN'S LANDING / WATERFRONT IMPS		3,850 695 CN 2,294 FB 611 SB 250 TB
COMMERCE		90,231 2,295 CN 19,503 FB 16,183 SB 26,250 TB 26,000 Z

		2008
		$x000

FAIRMOUNT PARK COMMISSION

FAIRMOUNT PARK - CAPITAL

36	Building Improvements	1,030 1,030 CN
37	Facility Improvements	1,550 1,450 CN 100 SB
38	Historic Building Improvements	775 775 CN
40	Parkland - Site Improvements	1,300 300 CN 1,000 SB
41	Roadways, Footways, and Parking	250 250 CN
FAIRMOUNT PARK - CAPITAL		4,905 3,805 CN 1,100 SB
FAIRMOUNT PARK COMMISSION		4,905 3,805 CN 1,100 SB

		2008
		$x000

FIRE

FIRE FACILITIES

43	Fire Computer/Communications Systems Improvements	2,000 2,000 CR
44	Fire Department Interior and Exterior Renovations	5,800 5,000 A 800 CN
45	Fire Department New Facility	500 500 SB
FIRE FACILITIES		8,300 5,000 A 800 CN 2,000 CR 500 SB
FIRE		8,300 5,000 A 800 CN 2,000 CR 500 SB

		2008
		$x000

FLEET MANAGEMENT

CAPITAL PROJECTS

46	Fleet Management Facilities	340 340 CN
47	Fuel Tank Replacement	1,350 675 CN 675 SB
CAPITAL PROJECTS		1,690 1,015 CN 675 SB
FLEET MANAGEMENT		1,690 1,015 CN 675 SB

	2008
	$x000

FREE LIBRARY

LIBRARY FACILITIES - CAPITAL

48	Free Library Improvements	9,799 9,000 A 799 CN
LIBRARY FACILITIES - CAPITAL		9,799 9,000 A 799 CN
FREE LIBRARY		9,799 9,000 A 799 CN

		2008 $x000

HEALTH

HEALTH FACILITIES

49	Health Department Equipment and Repairs	1,800 1,800 CR
50	Health Facility Renovations	585 585 CN
HEALTH FACILITIES		2,385 585 CN 1,800 CR

PHILADELPHIA NURSING HOME

51	Equipment and Renovations - Philadelphia Nursing Home	1,100 1,100 CR
PHILADELPHIA NURSING HOME		1,100 1,100 CR
HEALTH		3,485 585 CN 2,900 CR

		2008
		$x000

MANAGING DIRECTOR'S OFFICE

CAPITAL PROJECTS - VARIOUS

		2008 $x000
54	Citywide Facilities	1,750 1,750 CN
55	Energy Efficiency Improvement	500 500 CN
56	Office of Emergency Management	250 250 CN
CAPITAL PROJECTS - VARIOUS		2,500 2,500 CN
MANAGING DIRECTOR'S OFFICE		2,500 2,500 CN

	2008
	$x000

OFFICE OF SUPPORTIVE HOUSING

FAMILY CARE FACILITIES - CAPITAL

58	OSH Facility Renovations	625 625 CN
FAMILY CARE FACILITIES - CAPITAL		625 625 CN
OFFICE OF SUPPORTIVE HOUSING		625 625 CN

		2008 $x000

POLICE

POLICE FACILITIES

59	Computer and Communication System Improvements	2,000 2,000 CR
60	Police Facilities - Renovations	8,900 8,500 A 400 CN
61	SWAT/Bomb Squad Facility	7,500 5,000 A 2,500 FB
POLICE FACILITIES		18,400 13,500 A 400 CN 2,000 CR 2,500 FB
POLICE		18,400 13,500 A 400 CN 2,000 CR 2,500 FB

		2008
		$x000

PRISONS

CORRECTIONAL INSTITUTIONS - CAPITAL

62	Prison System - Renovations	3,008 3,008 CN
63	Certified Juvenile Detention Facility	11,020 11,020 A
CORRECTIONAL INSTITUTIONS - CAPITAL		14,028 11,020 A 3,008 CN
PRISONS		14,028 11,020 A 3,008 CN

		2008
		$x000

PUBLIC PROPERTY

BUILDINGS AND FACILITIES - OTHER

64	Improvements to Municipal Facilities	600 300 CN 300 PB
65	Triplex Facility Improvements	200 200 CN
66	Emergency Standby Power System	3,028 2,028 A 1,000 FB
BUILDINGS AND FACILITIES - OTHER		3,828 2,028 A 500 CN 1,000 FB 300 PB

CITY HALL COMPLEX

67	City Hall	4,313 4,313 CN
CITY HALL COMPLEX		4,313 4,313 CN

COMMUNICATIONS PROJECTS

68	Communications Systems Improvements	5,000 5,000 CR
COMMUNICATIONS PROJECTS		5,000 5,000 CR

PUBLIC PROPERTY		13,141 2,028 A 4,813 CN 5,000 CR 1,000 FB 300 PB

		2008 $x000

RECREATION

ITEF - VARIOUS FACILITIES

70	Improvements to Existing Recreation Facilities	8,000 8,000 CN
71	Improvements to Existing Recreation Facilities - Infrastructure	100 100 CN
72	Improvements to Existing Recreation Facilities - Swimming Pools	500 500 CN
73	Improvements to Existing Recreation Facilities - Life Safety Systems	300 300 CN
74	Grant Funded Recreation Improvements	3,000 1,000 CN 2,000 SB
ITEF - VARIOUS FACILITIES		11,900 9,900 CN 2,000 SB
RECREATION		11,900 9,900 CN 2,000 SB

		2008
		$x000

STREETS

BRIDGES

75	Bridge Reconstruction & Improvements	3,330 400 CN 2,472 FB 458 SB
BRIDGES		3,330 400 CN 2,472 FB 458 SB

GRADING & PAVING

76	Reconstruction/Resurfacing of Streets	7,500 7,500 CN
77	Historic Streets	200 200 CN
GRADING & PAVING		7,700 7,700 CN

IMPROVEMENTS TO CITY HIGHWAYS

78	Federal Aid Highway Program	11,157 2,705 CN 7,352 FB 500 PB 600 SB
79	"Forever Green" Program	40 40 CN
80	Center City Traffic Signals	4,000 4,000 FB
IMPROVEMENTS TO CITY HIGHWAYS		15,197 2,745 CN 11,352 FB 500 PB 600 SB

SANITATION

81	Modernization of Sanitation Facilities	360 360 CN

		2008 $x000
SANITATION		360 360 CN
STREET LIGHTING		
82	Street Lighting Improvements	250 250 CN
STREET LIGHTING		250 250 CN
STREETS DEPARTMENT FACILITIES		
83	Improvements to Highways Facilities	400 400 CN
84	Streets Department Support Facilities	50 50 CN
STREETS DEPARTMENT FACILITIES		450 450 CN
TRAFFIC ENGINEERING IMPS		
85	Traffic Control	1,420 1,420 CN
86	Traffic Engineering Improvements	455 455 CN
TRAFFIC ENGINEERING IMPS		1,875 1,875 CN
STREETS		29,162 13,780 CN 13,824 FB 500 PB 1,058 SB

		2008 $x000

TRANSIT

TRANSIT IMPROVEMENTS - SEPTA

		2008
87	SEPTA Bridge, Track, Signal, and Infrastructure Improvements	2,481 2,481 CN
88	SEPTA Station and Parking Improvements	376 376 CN
89	SEPTA Vehicle/Equipment Acquisition and Improvement Program	632 632 CN
90	SEPTA Passenger Information, Communications, and System Controls	138 138 CN
TRANSIT IMPROVEMENTS - SEPTA		3,627 3,627 CN
TRANSIT		3,627 3,627 CN

		2008
		$x000

WATER

COLLECTOR SYSTEMS - CAPITAL

91	Improvements to Collector System	29,550 50 PB 29,000 XN 500 XR
92	Storm Flood Relief / Combined Sewer Overflow	25,000 24,000 XN 1,000 XR
COLLECTOR SYSTEMS - CAPITAL		54,550 50 PB 53,000 XN 1,500 XR

CONVEYANCE SYSTEMS - CAPITAL

93	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

94	Engineering and Administration	20,695 1,688 XN 19,007 XR
95	Vehicles	3,000 3,000 XR
GENERAL - CAPITAL		23,695 1,688 XN 22,007 XR

TREATMENT FACILITIES - CAPITAL

96	Improvements to Treatment Facilities	42,000 30,933 XN 11,067 XR
TREATMENT FACILITIES - CAPITAL		42,000 30,933 XN 11,067 XR

	2008
	$x000
WATER	142,225
	60 PB
	107,091 XN
	35,074 XR

		2008
		$x000

ZOOLOGICAL GARDENS

PHILADELPHIA ZOO - CAPITAL

97	Philadelphia Zoo Facility and Infrastructure Improvements	430 430 TB
PHILADELPHIA ZOO - CAPITAL		430 430 TB
ZOOLOGICAL GARDENS		430 430 TB

Acronym Dictionary

Acronym	Definition
21 CCLC	21st Century Community Learning Centers
ACD	Automated call distribution
ACIS	Automated Contracts Information System
ADA	Americans with Disability Act
ADP	Average Daily Population
AFIS	Automated Fingerprint Identification System
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
BFTP/SEP	Ben Franklin Technology Partners of Southeastern Pennsylvania
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
BRC	Blue Ribbon Commission
BRT	Board of Revision of Taxes
BSRP	Basic Systems Repair Program
BUILD	Building Uniformity in Land Development
CAD	Computer Aided Dispatch
CANS	Child and Adolescent Needs and Strengths
CANS-JJ	Child and Adolescent Needs and Strengths Assessment for Juvenile Justice

Acronym	Definition
CAPTA	Child Abuse and Prevention Treatment Act
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
CDCs	Community Development Corporations
C&E	Consultation and Education
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
CRC	Crisis Response Center
CRD	Commercial Revitalization Deductions
CRI	Cities Readiness Initiative
CRP	Customer Responsibility Program
CSBG	Community Service Block Grant
CSO	Combined Sewer Overflows
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

Acronym	Definition
DCNR	PA Department of Conservation and Natural Resources
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
DSS CARES	Department of Social Services Cross Agency Response for Effective Services
DVRPC	Delaware Valley Regional Planning Commission
ECI	Employment Cost Index
EDS	Equitable Development Strategy
EDS	Explosive Detection System
EOC	Emergency Operations Center
EIS	Environmental Impact Study
EMOs	Education Management Organizations
EMR	electronic medical record
EMS	Emergency Medical Services
EPA	U. S. Environmental Protection Agency
EPIC	Equal Partners in Change
EPRC	Philadelphia Emergency Preparedness Review Committee
ESF	Economic Stimulus Fund
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
FLP	Free Library of Philadelphia

Acronym	Definition
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
ICS	Incident Command System
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
IVDP	Intensive Violence Delinquency Prevention
IVR	Integrated Voice Response
JEMS	Job Education Management Specialist
JPO	The First Judicial District's Juvenile Probation Office
JVIS	Juvenile Violence Intelligence Section
KIP	Knowledge Industry Partnership
KIZ	Keystone Innovation Zone

Acronym	Definition
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
MMO	Minimum Municipal Obligation
MOCS	Mayor's Office of Community Services
MOIS	Mayor's Office of Information Services
MOTI	Mobile Outreach Training Institute
MRS	Mental Retardation Services
MSB	Municipal Services Building
NCAT	Neighborhood Commercial Area Transformation
NCCHC	National Commission on Correctional health Care
NCLB	No Child Left Behind
NDRG	North Delaware Riverfront Greenway
NFIRS	National Fire Incident Reporting System
NSCD	Natural Stream Channel Design
NTI	Neighborhood Transformation Initiative
OAS	Office of Adult Services

Acronym	Definition
OBH/MRS	Office of Behavior Health and Mental Retardation Services
OBPE	Philadelphia Office of Budget and Program Evaluation
OCIP	Owner Controlled Insurance Program
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
OSH	Office of Supportive Housing
OSS	Operation Safe Streets
PAFA	Pennsylvania Academy of Fine Arts
PBC	Performance-based Contracting
PCA	Philadelphia Corporation of Aging
PCDC	Philadelphia Commercial Development Corporation
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
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

Acronym	Definition
PNH	Philadelphia Nursing Home
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
Project H.O.M.E	Housing, Opportunities for Employment, Medical Care, Education
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
RTT	Realty transfer tax
RW	Runway
SAMHSA	Federal Substance Abuse and Mental Health Services
SAN	Schuylkill Action Network
SBCIP	Small Business Commercial Improvement Program
SBCM	School-based Case Management

Acronym	Definition
SEPTA	Southeastern Pennsylvania Transportation Authority
SIL	supervised independent living
SITE	Strategic Intervention Tactical Enforcement
SRC	School Reform Commission
SRDC	Schuylkill River Development Corporation
Strategy	Green City Strategy
SVM	Schuylkill Valley Metro
SVU	Police Department's Special Victims Unit
SWAT	Special Weapons and Tactics
SWP	Source water protection
TANF	Temporary Assistance for Needy Families
TBSRP	Targeted Basic Systems Repair Program
TCDI	Transportation and Community Development Initiative
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
VUFA	Violation of the Uniformed Firearms Act
WIA	Workforce Investment Act
WPIP	West Philadelphia Improvement Program
WRB	Water Revenue Bureau
WRT	Waterways Restoration Team
YAC	Youth Advocacy Center
YSC	Youth Study Center
YVRP	The Youth Violence Reduction Partnership

Five-Year Plan Drafting Committee:

Editorial Review and Coordination: Joyce S. Wilkerson, Pedro A. Ramos, Dianne E. Reed, Judi Cassel, Julia Danzy, Cynthia D. Douglas, Hal Fichandler, Tina Ginnetti, Paul Ingiosi, Vincent Jannetti, Susan Kretsge, Michelle Lai, Mark Maher, James Moore, Sean McNeeley, Andrea Roberts, Ellen Steiker, Peggy Van Belle, Kevin Vaughan

Authors: Brian Albert, Dave Baldinger, Tom Becker, Dave Beatrice, Barry Bessler, Jim Bolno, Jacqueline Barnett, Laura Cassidy, Nancy Danczak, Cynthia D. Douglas, Bari Rose-Epstein, Joe Faith, Bob Fox, Dennis Fox, Delia Gorman, Bridget Greenwald, John Herzins, Thomas Knudsen, Michelle Lai, Sara Merriman, Jill Milicia, Sara Moran, Kevin O'Hagan, Mary Platt Coles, Jim Pollock, Harry Ruggiero, Roberta Cancellier, Thomas Shaeffer, Joseph Tolan, Alan Urek, David Werbo, Peggy Van Belle, Michael Zaccagni