



# City of Philadelphia

City Council  
Chief Clerk's Office  
402 City Hall  
Philadelphia, PA 19107

## **RESOLUTION NO. 120033**

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**Introduced January 26, 2012**

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**Councilmember Green  
for  
Council President Clarke**

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**Referred to the  
Committee on Law and Government**

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## **RESOLUTION**

Proposing an amendment to The Philadelphia Home Rule Charter providing for a mandatory Asset Sales Optimization Fund, and providing for the submission of the amendment to the electors of Philadelphia.

WHEREAS, The City of Philadelphia faces ongoing budgetary pressures, thereby increasing the need for the operations of City government to be efficient, effective, and deliver the most value possible to citizens; and

WHEREAS, The City of Philadelphia and its affiliated agencies control thousands of publicly-owned assets, many of which are under-utilized, not well accounted for, and/or of minimal use or benefit to the public; and

WHEREAS, Many of the larger operating assets under the City's control – such as the airport, City-owned parking lots, the Philadelphia Gas Works, and the Water Department – have the potential to be monetized to generate a greater public benefit; and

WHEREAS, The City should consider all publicly-owned assets to be strategic resources with the potential to be capitalized to, for example, improve cash flow, expand investments in infrastructure, and shore up the pension fund; and

WHEREAS, A Mayoral-appointed task force is in the process of conducting a comprehensive review of City-owned properties and is charged with “making recommendations as to which facilities could be sold, closed or merged with other facilities” within the next two years; and

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WHEREAS, To ensure that proceeds from any sales of publicly-owned assets are put to cost-effective use, rather than returned to the General Fund by default, as is currently the case, and used for operating expenses, the City should set aside these funds in a designated account and make expenditures therefrom only upon a showing of a positive return on investment; and

WHEREAS, City Council has concluded that it is appropriate to establish an Asset Sales Optimization Fund for such purpose; and

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. § 13106), an amendment to The Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the following amendment to The Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City on an election date designated by ordinance:

## ARTICLE II LEGISLATIVE BRANCH

The Council – Its Election, Organization, Powers and Duties

### CHAPTER 3 LEGISLATION

§ 2-300. The Annual Operating Budget Ordinance.

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*(8) Asset Sales Optimization Fund.*

*(a) The annual operating budget ordinance shall provide for appropriations to an Asset Sales Optimization Fund, to be created and maintained by the Director of Finance as a separate fund that shall not be commingled with any other funds of the City. Appropriations to the Asset Sales Optimization Fund shall be made in the following amounts:*

*(1) The proceeds of all sales or long-term leases of any City asset in excess of \$5,000,000 in the aggregate received during the prior fiscal year; and*

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(2) Any investment earnings on unencumbered funds in the Asset Sales Optimization Fund, as certified by the Director of Finance, earned during the prior fiscal year.

(b) For purposes of this Section and Section 6-111 (“Asset Sales Optimization Fund”),

(1) “City asset” shall mean any real estate, the sale of which requires the approval of City Council pursuant to Philadelphia Home Rule Charter § 8-205 and any City-owned or operated utility, authority, department, or any portion or capital asset thereof (including, without limitation, the Philadelphia Water Department, the Philadelphia Parking Authority and the Philadelphia Gas Works).

(2) “Long-term leases” shall mean any lease of a City asset, the term of which extends longer than four (4) years, including any such leases made through a conduit entity including, without limitation, the Philadelphia Agency for Industrial Development (PAID) or the Philadelphia Redevelopment Authority (PRA).

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## ARTICLE VI EXECUTIVE AND ADMINISTRATIVE BRANCH – POWERS AND DUTIES

Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement Department, and Board of Pensions and Retirement

### CHAPTER 1 DIRECTOR OF FINANCE

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#### § 6-111. Asset Sales Optimization Fund.

(a) The Director of Finance shall create and maintain an Asset Sales Optimization Fund as a separate fund that shall not be commingled with any other funds of the City. For each fiscal year, the Director of Finance shall make deposits to such Fund no later than thirty days after the start of such year in such amount as may be necessary to increase the balance in the Asset Sales Optimization Fund to the amount appropriated by the Council to the Budget Stabilization Reserve pursuant to Section 2-300(8).

(b) The Director of Finance shall invest the moneys deposited in the Asset Sales Optimization Fund in like manner to other moneys in the General Fund not needed for

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*immediate expenditure by the City. Interest and other earnings on such money shall accrue to the Asset Sales Optimization Fund.*

*(c) The Director of Finance shall allow withdrawals from the Asset Sales Optimization Fund only upon (i) approval by ordinance of a transfer of appropriations from the Asset Sales Optimization Fund, pursuant to Section 2-300(6), and only for the purposes set forth in such transfer ordinance; and (ii) a written analysis and certification by the Director of Finance, the Controller, or an independent financial expert employed by City Council detailing all material assumptions that the proposed expenditure will generate a positive return on investment (expressed as a positive present value taking into account the expenditure at issue) including, without limitation, by reducing general fund expenditures in general (including through the elimination of interest resulting from the pay-off of long term indebtedness), reducing general fund expenditures to and/or generating interest earnings in the Pension Fund, and avoiding costs, including, rent, utilities, or maintenance costs.*

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## APPENDIX

\* \* \*

§ A-200. Schedule.

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*(9) The amendment adding subsection 2-300(8) and Section 6-111, both of which relate to the Asset Sales Optimization Fund, shall first take effect with respect to the first fiscal year commencing not less than sixty days after adoption of the amendment by the voters.*

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**Explanation:**

*Italics indicate new matter added.*