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## Letter from the Mayor

My Fellow Philadelphians:

More than three years ago, I presented to you a vision of a safer, smarter, greener, healthier Philadelphia with jobs and economic opportunity for all Philadelphians. To meet our goals, I pledged a new way of governance dedicated to increased efficiency and transparency, with an unwavering commitment to ethical conduct.

Today, I'm proud to say that through strong partnerships among all areas of local government and the private sector, we have moved forward in the face of a deep national recession—one that more than three years later is still causing significant pain for many families and businesses and for our city's economy.

Our progress has been no accident. We faced our fiscal challenges early, devising a strategy that required everyone to share the pain. But at the same time we laid the groundwork for a new Philadelphia that can nimbly respond to the opportunities of an improving economy.

From shared sacrifice come shared gains. Despite reducing the City's workforce by 1,600 full, part-time, and temporary positions and eliminating more than \$132 million in annual spending, we've seen violent crime continue to decline; both the high school graduation rate and the college attainment rate have improved; and we've maintained the city's core services, particularly those needed by our most vulnerable residents.

By streamlining city departments like L&I, which now has fewer license requirements and more responsive service, by implementing long-term strategies like *Greenworks Philadelphia*, by making government, particularly the Commerce Department, a partner in local economic development and by expanding business opportunities for everyone with a retooled Office of Economic Opportunity, Philadelphia has made a powerful statement that we are a city where businesses can thrive.

And the market is responding: Urban Outfitters is expanding in the Navy Yard; GlaxoSmithKline will move their Philadelphia operations there; and Teva Pharmaceuticals is locating a major operation in the Northeast. Small businesses in neighborhoods throughout this city are growing and thriving. New hotels have opened and more will soon come thanks to the expanded Pennsylvania Convention Center set to open next month.

This proposed budget and Five Year Plan for the City is a testament to the hard work of the past three years. With a leaner government more attuned to economic growth, we're now seeing a new level of stability in our tax revenue forecasts, and as a result, we do not propose any tax or fee increases in the FY12 budget.



Thanks to the hard work and discipline of the last three years, we are able to propose modest, but important, investments that will maintain Philadelphia's growing momentum – a class of 120 police officers at the Police Academy to reinforce our fight against crime; an investment in adult literacy to strengthen our workforce so that all may take part in our diverse economy; and new investments to repair a broken property assessment system.

Yet beyond these modest attempts to maintain our stride, storm clouds certainly remain. The recession's most brutal blow – unemployment – remains unacceptably high. The state and federal budgets and their likely impact on the Philadelphia School District will present real challenges to us as our Administration works with the Philadelphia City Council to produce a balanced budget and Five Year Plan.

In the Plan we have proposed, Philadelphia will continue to move forward toward our shared vision of a green city that prepares its citizens for lives of prosperity, that offers the world of commerce a place to grow and provides visitors from all over the world the experience of a dynamic, forward-thinking city, rich in cultural assets and steeped in history.

A handwritten signature in blue ink, appearing to read "M. A. Nutter", with a long horizontal flourish extending to the right.

Mayor Michael A. Nutter

# Organizational Structure

**MAYOR**  
**Michael A. Nutter**

Mayor's Cabinet

|                               |  |
|-------------------------------|--|
| <b>Clarence D. Armbrister</b> | Chief of Staff   |
| <b>Suzanne Biemiller</b>      | Director of Planning, Policy and Coordination  |
| <b>Rina Cutler</b>            | Deputy Mayor for Transportation and Public Utilities   |
| <b>Michael DiBerardinis</b>   | Deputy Mayor for Environmental and Community Resources,<br>Parks and Recreation Commissioner |
| <b>Rob Dubow</b>              | Finance Director   |
| <b>Katherine Gajewski</b>     | Director of Sustainability   |
| <b>Terry Gillen</b>           | Director of Federal Legislative Affairs  |
| <b>Everett Gillison</b>       | Deputy Mayor for Public Safety   |
| <b>Alan Greenberger</b>       | Deputy Mayor for Economic Development, Commerce Director                                     |
| <b>Melanie Johnson</b>        | City Representative  |
| <b>Thomas Jones</b>           | Acting Chief Technology Officer  |
| <b>Amy Kurland</b>            | Inspector General  |
| <b>Joan Markman</b>           | Chief Integrity Officer  |
| <b>Richard Negrin</b>         | Deputy Mayor for Administration and Coordination, Managing Director                          |
| <b>Desiree Peterkin-Bell</b>  | Communications Director  |
| <b>Lewis Rosman</b>           | Director of Legislative Affairs  |
| <b>Donald Schwarz</b>         | Deputy Mayor for Health and Opportunity, Health Commissioner                                 |
| <b>Lori Shorr</b>             | Chief Education Officer  |
| <b>Shelley R. Smith</b>       | City Solicitor   |
| <b>Gary Steuer</b>            | Chief Cultural Advisor   |
| <b>David Wilson</b>           | Deputy Managing Director for Administration  |

## Executive Summary

Upon taking office in January 2008, Mayor Nutter laid out a vision for Philadelphia, pledging to organize his Administration around specific goals. He pledged that Philadelphia would be a safer city, a healthier and smarter city, a greener city and that the Administration would crack down on corruption and create an ethical government that serves all of its citizens.

Over the past three years, the Nutter Administration has made significant progress towards these long term goals, described below. Despite the budget challenges facing the City through the recession, departments and agencies have accomplished much and have changed the way that the government operates.

Below is a summary of the Mayor's goals and the accomplishments to date:

### **Philadelphia Becomes One of the Safest Cities in America**

- Murders have declined by 22% and total violent crime has dropped nearly 13% since 2007.
- The number of fire deaths reached an all-time low of 32 in FY10.
- The number of adoptions has increased by 42% from 2008 to 2010, and the number of dependent placements has fallen meaning that children are living safer, more stable lives.
- The inmate census has fallen by 10% each year over the last two years, leading to huge cost savings for taxpayers
- The launch and expansion of PhillyRising has brought a citizen-centric, coordinated approach to improving public safety and quality of life in Philadelphia's distressed neighborhoods.

### **The Individual Well-Being of Philadelphians Improves**

- 56% more Philadelphians received flu-vaccinations in FY10 than in FY09, and are therefore protected against the deadly H1N1 virus.
- Philadelphians are increasingly being able to access healthy food locally. Nearly 500 corner stores have been recruited into the City's new Healthy Corner Store Initiative, and the first of them have received mini-grants that enable them to sell more fresh produce, low-fat dairy products, and lean meats.
- Philadelphians who are trying to quit smoking have received more support. Through a federal Recovery grant, 5,000 Philadelphians received free counseling to quit smoking, along with a free one-month supply of nicotine patches.

- The number of homeless people with access to permanent supportive housing has increased by 30%, to a total of more than 5,000 beds.
- Progress has been made on the Mayor's education goals since 2008. The high school graduation rate has increased from 58% to 63%, and the proportion of residents with a four-year college degree has risen from 18% to 23%.

### **Philadelphia Becomes a Place of Choice**

- Major economic development projects are now underway in the city, including the relocation of Teva Pharmaceuticals into Philadelphia, creating 770 construction jobs and 375 permanent jobs, as well as the expansion of Urban Outfitters in the Navy Yard through a \$30 million project that will create 1,000 permanent jobs over three years.
- The opening of the Pennsylvania Convention Center and new attractions such as the National Museum of American Jewish History, Liberty 360 and President's House will bring more visitors to Philadelphia. In 2010, overnight stays increased to an all-time high of nearly 4 million rooms sold.
- The first citywide comprehensive plan for 50 years, Philadelphia2035: The Comprehensive Plan is nearing completion.
- A long-overdue overhaul of the City's zoning code will be finished in 2011.
- It is now easier to conduct business in the city, with the number of business licenses required shrunk from 130 to 35, with most/all available online, and a dramatic decrease in the time that departments take to conduct services, such as a 96% reduction in the time it takes to "clean and seal" properties. The backlog of properties needing this service was eliminated in June 2010 (more than 700 had been on a waiting list in January 2008).

### **Philadelphia Becomes the Greenest and Most Sustainable City in America**

- *Greenworks Philadelphia*, the comprehensive and environmentally sustainable strategy proved highly successful, with numerous achievements.
- Residents are recycling much more than in previous years. In FY10, the annual diversion rate increased by over 25% to 15.7%, with some areas of the city seeing a 300% increase in the diversion rate.
- To support the 500 new acres of green space target, *Green2015*, a five-year action plan for land use and acquisition in Philadelphia was developed. The plan, based on an inventory of previous planning efforts – data gathering, analysis, case studies, and civic input – was introduced publicly to over 650 attendees at the Academy of Natural Sciences in FY11.

- The Race Street Pier—a new park being developed on the Delaware River—broke ground in 2010 and will open to the public in 2011. A new bike trail will connect it to Washington Avenue Green, another open space along the river that was created in 2010 by the Delaware River Waterfront Corporation.
- All 70 operational outdoor pools and five indoor pools were open for the summer season, thanks to support from businesses and residents in the *Splash and Summer FUNd*. Funding for those pools will transition to the general fund in FY12 and FY13.

### **Philadelphia Government Works Efficiently and Effectively, with Integrity and Responsiveness**

- Work has begun to conduct a complete reassessment of all real estate parcels in Philadelphia, to help create a fair and accurate property assessment system.
- In February 2011, the Mayor issued executive orders regulating gifts, nepotism, sexual harassment and sexual favoritism, and outside employment of City employees.
- Philly311, which provides a single number for residents to call to receive information and customer service assistance, received its two millionth call in July 2010.

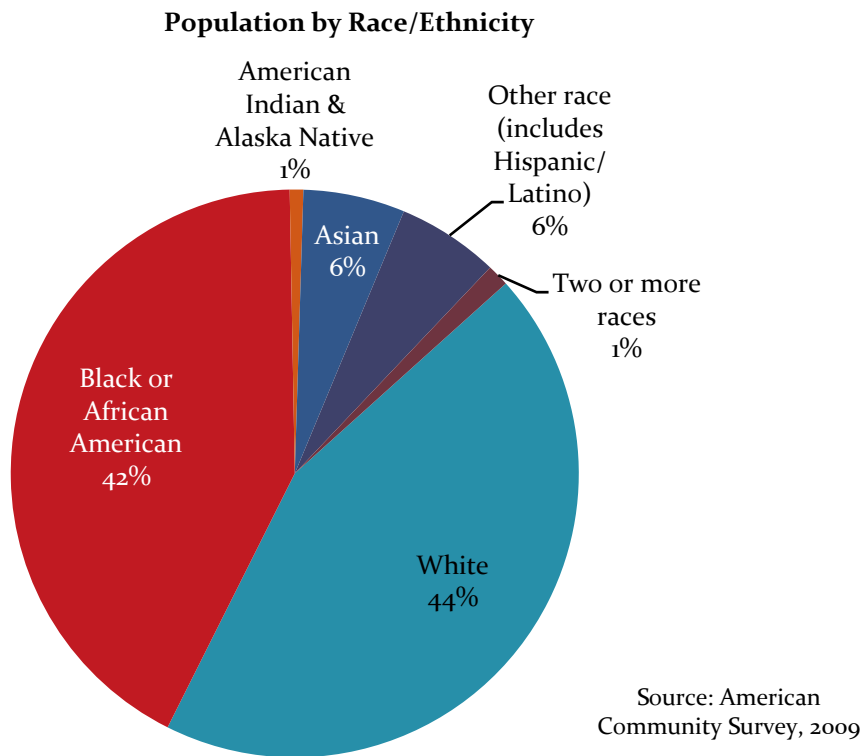
The following Five Year Plan discusses these goals in greater detail beginning on page 32. Before discussing those goals and detailing both the Administration's accomplishments and plans for the coming fiscal year, this document describes Philadelphia's demographics and economy, as well as revenue and cost projections for the next half-decade.

## Philadelphia’s Demographics

Philadelphia’s demographics provide the context for its financial condition. As a relatively poor city with low priced housing, the City has a relatively weak tax base and a high demand for social services. As the only Pennsylvania city that is also a county, Philadelphia must bear the burden of those costs by itself, whereas other cities can share their expenses with other jurisdictions in their county.

### Population

After decades of decline, Philadelphia’s population has begun to grow. In 2009, the U.S. Census Bureau acknowledged that it had undercounted Philadelphia’s population in its estimated census collection. To rectify the undercount, Philadelphia’s estimates were raised to indicate that 1,540,351 people lived in Philadelphia, a 1.5% increase in the city’s population since the actual count in 2000. In 2009, the population grew to an estimated 1,547,297 people. Bolstered by the amended assessment of Philadelphia’s population, the City’s “Philly Counts!” campaign, raised awareness and boosted participation in the 2010 Census.



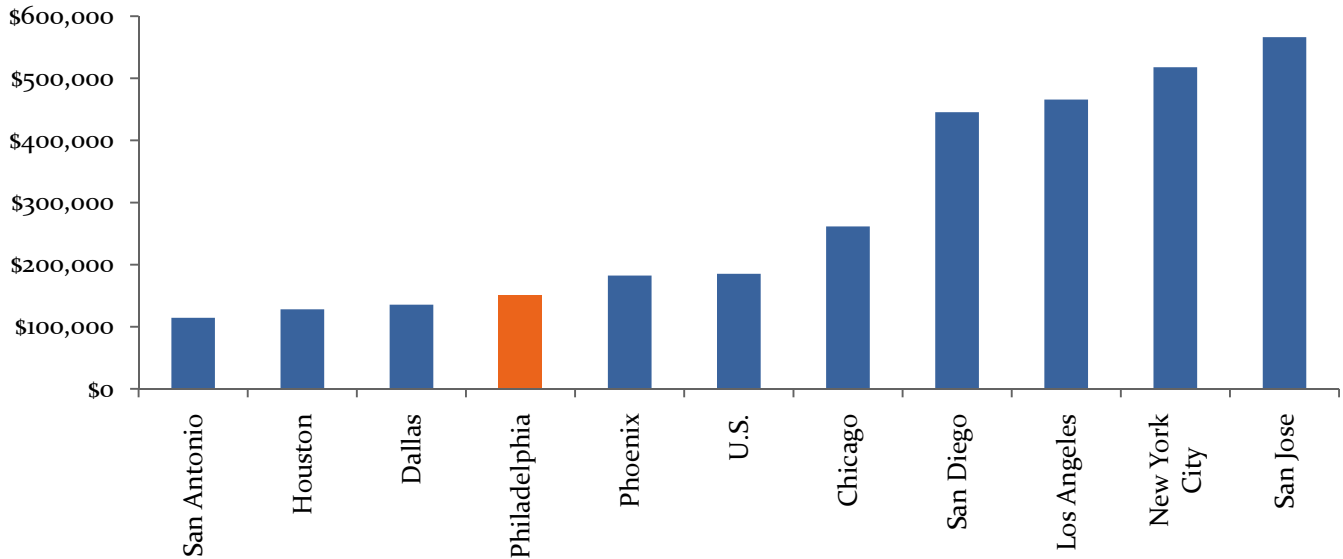
The diversity of Philadelphia’s citizens is reflected in the pie chart above. The proportion of residents from different races and ethnicities changed slightly since the previous estimate. Forty-four percent of Philadelphia’s population is White, an increase from 42% in 2008. Forty-two percent of the population is Black or African American, a decrease from 43% in 2008; 6% is Asian; and 6% is from Other Races. The remaining population is from two or more races, or is American Indian/Alaskan Native.



## Housing

As the housing market begins to slowly rebound in cities across the U.S., Philadelphia’s position remained the same as in 2008, with the fourth lowest median housing price out of the ten most populous cities. Additionally, the city saw an increase in its median value of owner-occupied housing, from \$139,100 in 2008 to \$150,000 in 2009. The U.S. median value is slowly increasing as well, with \$185,000 in 2009<sup>1</sup>.

**Median Value of Owner-Occupied Units, Ten Most Populous U.S. Cities & U.S. Average**



Source: American Community Survey, 2009

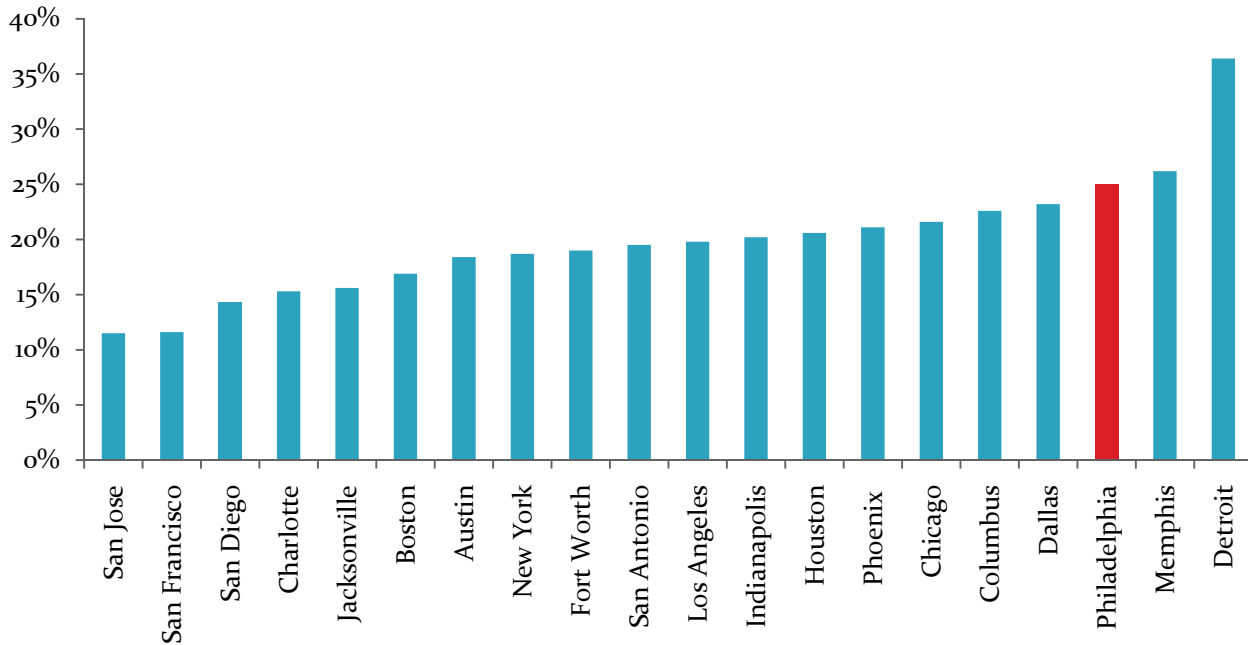
Philadelphia had 570,000 occupied housing units in 2009, with 55% owner occupied and 45% renter occupied. For 40% of owners with mortgages and 55% of renters in Philadelphia, the trend continued in 2009 of spending 30% or more of household income on housing<sup>2</sup>. According the U.S. Department of Housing and Urban Development, families who pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care<sup>3</sup>. The City is working hard at combating this lack of access within the low-income and underserved communities.

## Poverty

<sup>1</sup> U.S. Census Bureau, 2009 Community Survey  
<sup>2</sup> U.S. Census Bureau, 2009 American Community Survey  
<sup>3</sup> <http://www.hud.gov/offices/cpd/affordablehousing/>

The Administration has made a concerted effort to focus on anti-poverty and workforce development efforts, while targeting federal and state funding towards the most underserved populations, so that more Philadelphians might move out of poverty and into steady employment. Philadelphia's poverty level increased slightly (0.9%) from 2008 to 2009. Its poverty rate is now the third highest among the top 20 most populous cities, a move from second highest in 2008.

2009 Poverty Rates - 20 Most Populous U.S. Cities (%)



Source: American Community Survey, 2009

## Philadelphia's Economy

### The 2007-2009 Recession and its Aftermath

Although its effects did not become known to the City until the summer of 2008, according to the National Bureau of Economic Research, the recession officially took place between December 2007 and June 2009. Since its effects were felt, governments and businesses across the globe have had to grapple with a world economy beset by a profound financial crisis, large declines in residential housing markets, a global contraction in economic activity, and weak job market characterized by high unemployment. While the recession may be officially over, the recovery has been slow.

Growth in the United States' output since the middle of 2009 has been very weak compared to previous economic recoveries. This type of weak growth tends to occur following recessions brought on by financial crises like the one just experienced.<sup>4</sup> U.S. gross domestic product (GDP) increased 2.9% in 2010 after a decline of 2.6% in 2009. Consensus forecasts of economic growth have recently improved and U.S. GDP growth is projected to be 3.2% during 2011. Consensus forecasts of inflation have also increased slightly and the U.S. Consumer Price Index (CPI) is anticipated to be 1.9% this year, compared to an increase of 1.6% in 2010 and a contraction in 2009, the first annual decline in the CPI since recorded in 1949.<sup>5</sup>

National unemployment remains high (9.0% in January 2011<sup>6</sup>) and is not expected to decline over the next year. According to the Blue Chip consensus, unemployment is expected to be 9.3% during 2011, declining to a still high 8.6% during 2012. In addition, the consensus estimate of projected housing starts continues to decline and many economists believe that home prices will continue to fall, which is a significant risk to the national economy.<sup>7</sup> All of this taken together signifies that while continued modest growth is expected, the recovery will be slow and economists do not expect a return to pre-recession levels in the near future.

### Impact of Recession on Philadelphia County

Philadelphia has been substantially impacted by the economic crises described above. The number of people employed dropped from 586,289 in December 2007 to 557,847 in November 2010, a decline of 4.9%.<sup>8</sup> Unemployment has had a sizable increase, from 6.1% in November 2007 to 11.2% in December 2010.<sup>9</sup> The unemployment rate was a higher 11.7% in October 2010, but it is too early to state that the decline in unemployment from October to December, coupled with slight growth in employment for December, is a trend. Employment levels are particularly important for Philadelphia's budget because it is heavily reliant on the Wage tax.

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<sup>4</sup> Congressional Budget Office "The Budget and Economic Outlook: An Update" August 2010

<sup>5</sup> Blue Chip Economic Indicators February 10, 2011

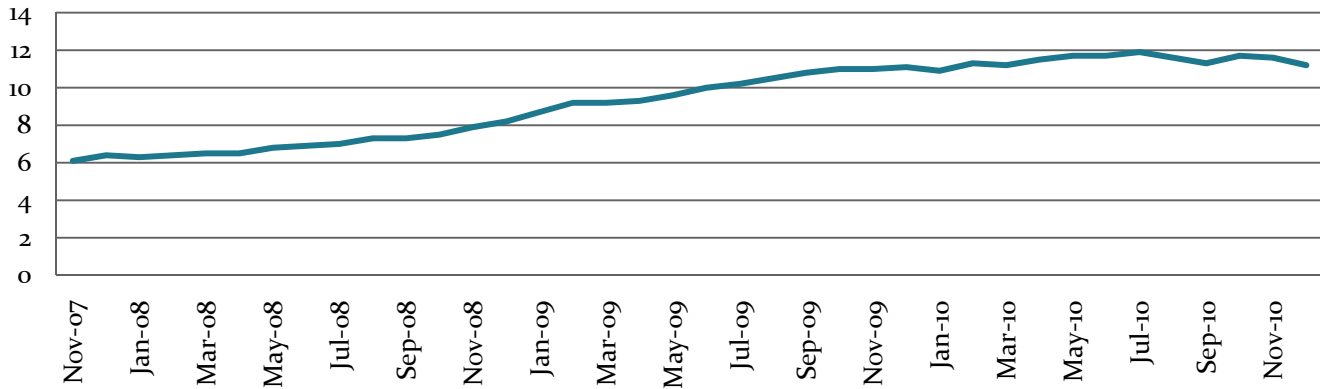
<sup>6</sup> Bureau of Labor Statistics website <http://www.bls.gov/eag/eag.us.htm>

<sup>7</sup> Blue Chip Economic Indicators February 10, 2011

<sup>8</sup> Bureau of Labor Statistics [http://www.bls.gov/eag/eag.pa\\_philadelphia\\_co.htm](http://www.bls.gov/eag/eag.pa_philadelphia_co.htm)

<sup>9</sup> Pennsylvania Department of Labor and Industry, Monthly Seasonally Adjusted Unemployment Rates

**Philadelphia's Seasonally Adjusted Unemployment Rate (%), November 2007-December 2010**



Source: PA Dept of Labor and Industry

**Tax Revenue Forecast for 2011-2016**

The City's tax revenues have begun to stabilize after several years of declines. In the first two quarters of FY11 (July 1 to December 31, 2010), the City has received modest year over year increases in the wage and earnings and sales tax receipts, both good indicators of the local economy. Most national forecasters are expecting U.S. economic growth to improve in 2011 and beyond as discussed above. The Office of Budget and Program Evaluation is also assuming economic growth in FY12 and beyond, with the strongest growth not occurring until FY13, assuming a slow recovery. The City's tax base growth projections were developed in conjunction with a revenue forecasting consultant and these projections were further refined after discussions with leading economists at a meeting at the Federal Reserve Bank of Philadelphia. The growth rate tables for four of the major taxes are shown below.

**Wage and Earnings Tax**

| FY   | FY11-15 Growth Rates | FY12-16 Growth Rates |
|------|----------------------|----------------------|
| 2011 | 1.93%                | 3.00%                |
| 2012 | 3.65%                | 3.40%                |
| 2013 | 4.66%                | 4.00%                |
| 2014 | 4.05%                | 3.40%                |
| 2015 | 2.95%                | 3.20%                |
| 2016 | n/a                  | 3.10%                |

**Business Privilege Tax**

| FY   | FY11-15 Growth Rates | FY12-16 Growth Rates |
|------|----------------------|----------------------|
| 2011 | 0.15%                | 3.50%                |
| 2012 | 1.50%                | 2.50%                |
| 2013 | 1.50%                | 2.50%                |
| 2014 | 1.50%                | 2.50%                |
| 2015 | 1.50%                | 2.50%                |
| 2016 | n/a                  | 2.50%                |

**Sales Tax**

| FY   | FY11-15 Growth Rates | FY12-16 Growth Rates |
|------|----------------------|----------------------|
| 2011 | 1.50%                | 3.24%                |
| 2012 | 1.20%                | 3.50%                |
| 2013 | 1.25%                | 4.00%                |
| 2014 | 1.30%                | 3.40%                |
| 2015 | 1.30%                | 3.20%                |
| 2016 | n/a                  | 3.10%                |

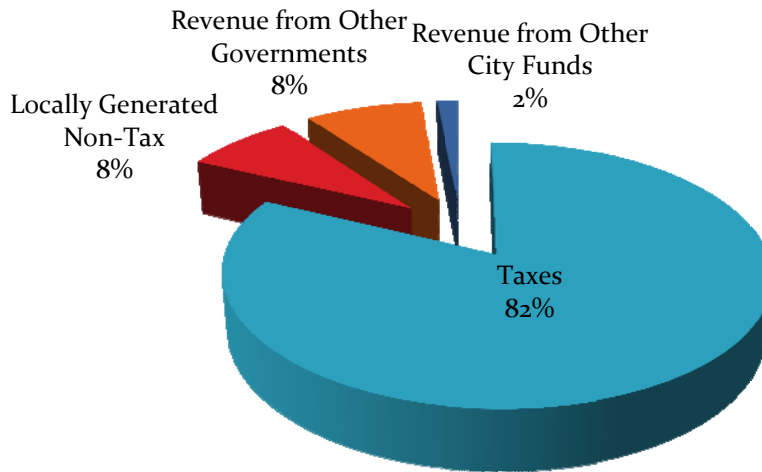
**Real Estate Transfer Tax**

| FY   | FY11-15 Growth Rates | FY12-16 Growth Rates |
|------|----------------------|----------------------|
| 2011 | 5.64%                | 0.50%                |
| 2012 | 3.00%                | 3.00%                |
| 2013 | 2.97%                | 5.00%                |
| 2014 | 2.95%                | 5.00%                |
| 2015 | 2.92%                | 4.00%                |
| 2016 | n/a                  | 4.00%                |

As noted in prior Five Year Plans, the forecasts and the revenue estimates which they inform are subject to revision given the uncertainty and volatility that continue to characterize the economic situation in the United States, and globally.

## The City's FY12 Revenues

Most of the City's general fund revenues are generated by taxes. For FY12, the Administration projects that 82% will be generated from tax revenues paid by residents, workers and visitors to Philadelphia.



Note: Taxes include PICA portion of the Wage Tax

Over the last two years, the City's tax revenues have been severely affected by the recession that swept the globe. With such a high proportion of the City's revenues dependent on conditions in the local economy, the City, along with other municipal and state governments, felt the negative impact extremely early during the recession. All of Philadelphia's taxes were affected – and the resulting revenue shortfall had a dramatic impact on the City's finances.

### Tax Revenues

On a cumulative basis, General Fund tax revenues, adjusted for rate increases in the Parking and Sales taxes, decreased by \$185.9 million (almost -8%) from FY08 to FY10. To put that decrease in context, it is roughly the size of the Fire Department's budget.

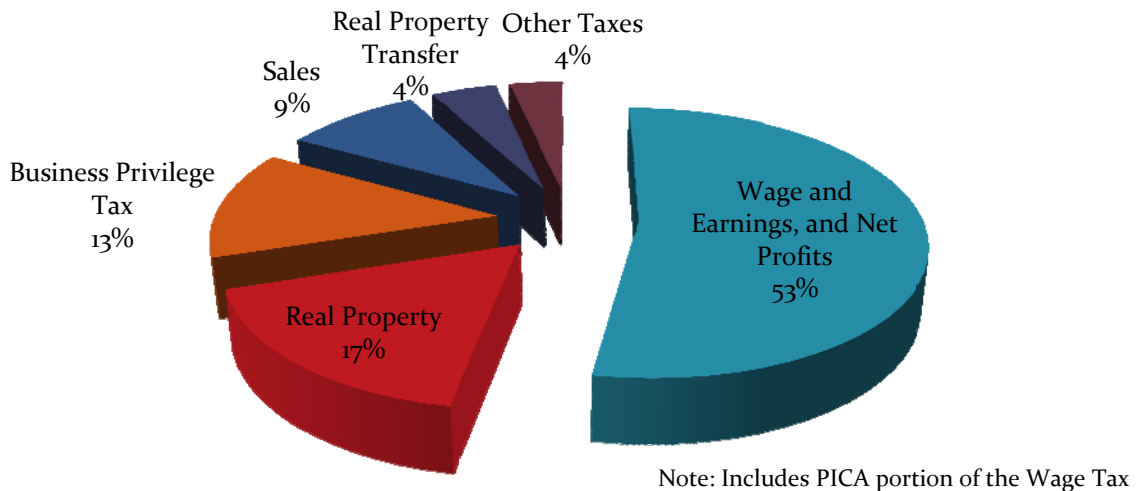
From FY08 to FY09, General Fund tax revenues dropped by \$143.7 million (or -6%). That decrease would have been even greater if not for the 25% increase in the Parking tax rate which generated an additional \$17.6 million in FY09. Overall, adjusting for the Parking tax increase, General Fund revenues fell by \$161.3 million (almost -7%) in FY09.

From FY09 to FY10, General Fund tax revenues increased by \$63.8 million (almost 3%). However, the increase in the Sales tax rate accounted for an additional \$88.4 million in new revenue. Had the City not increased Sales and Parking tax rates, General Fund revenues would have fallen \$24.6 million (about -1%) in FY10 versus FY09. Moreover, the successful Amnesty program also provided \$42 million in General Fund receipts, some of which may not have been received ever or for many years in the future without the program.

For FY11, tax revenues in the City's budget appear to have stabilized after two years of declines. Current forecasts show that major taxes are being received in line with projections. The largest tax, the Wage,

Earnings, and Net Profits (Wage) tax, is coming in about 3% above the previous year, and slightly above projections. The Sales tax is also showing strength, and is coming in above projections for the year, showing that residents are spending – a positive sign for retailers and the local economy in general. Property taxes (on which the City’s portion of the rate increased in FY11) and business tax revenues have not been received for FY11, and so making it more difficult to project whether those receipts will be consistent with the Plan’s estimates.

Most of FY12’s tax revenue forecasts are therefore based on a small level of growth from the previous fiscal year. The chart below shows the breakdown of these taxes, and shows how significant the Wage tax is to the overall City budget.



The **Wage Tax** is collected from all employees working within city limits, and all city residents regardless of work location. Currently, the Wage tax rate is 3.9280% for residents, and 3.4985% for non-residents. The resident rate includes 1.5% that is reserved for the Pennsylvania Intergovernmental Cooperation Authority (PICA). PICA has overseen the City’s finances since 1991, when the State Oversight Board was first established. The PICA statute permits the Authority to a “first dollar” claim on its portion of Wage Tax proceeds, which is used to pay debt service on bonds issued by PICA for the benefit of the City. Excluding the PICA portion, the Wage Tax is projected to bring in \$1.206 billion in FY12. This Plan includes a resumption in FY14 of City-funded wage and business tax cuts that were suspended in FY10.

The **Real Property (Property) Tax** is the City’s second largest source of tax revenue, estimated to contribute 17% (or \$486.7 million) towards total FY12 tax revenues. This tax is levied on the assessed value of residential and commercial property in the city. The Property tax rate was temporarily increased in FY11 for two years, and is set at a rate of 9.082% for FY11. The City receives 45% of Property Tax revenues, and the School District of Philadelphia receives 55%.

The **Business Privilege Tax (BPT)** is projected to produce 13% (or \$369.3 million) of total tax revenue in FY12. Under current rates, businesses pay a 6.45% of net income and 1.415 mills on gross receipts toward the BPT. There are modified rates for financial institutions, public utilities, some manufacturers, wholesalers and retailers. The City reduced BPT rates each year from FY96 through FY09 until the

economic collapse forced it to freeze those rates. The Administration proposes reinstating the previously planned reductions in the BPT in FY14. The Administration, working with City Council, is also working on projects to reform business taxes, which is discussed on page 72.

**Sales Tax** revenues are directly affected by the downturn as consumer spending, a large component of economic activity, has decreased. However, as mentioned earlier, the Sales tax is showing signs of growth, which is a positive sign that the local economy is on the upswing. Sales tax is projected to contribute 9% of total tax revenue or \$256.5 million in FY12.

Economic conditions have negatively affected the **Real Estate Transfer Tax (RTT)** since the most recent housing market decline began in 2007. The City imposes a 3% tax on real property sales, and an additional 1% is charged by the Commonwealth of Pennsylvania, for a 4% total RTT. The RTT is estimated to provide \$123.4 million in FY12, down from a high of over \$235 million in FY06. Recent slow collections led the City to lower its FY11 growth rate.

The **Parking tax** is levied on the gross receipts from all parking transactions. In FY09, the City raised the tax rate from 15% to 20%. Parking tax revenue is projected to reach \$74.3 million in FY12.

### **Revenues from Other Governments**

The second largest portion of the City's revenues comes from the State and Federal governments. The FY12 budget projects that the Commonwealth of Pennsylvania will provide \$203.8 million, and the Federal government will provide \$53.4 million. Most of the funding from the Commonwealth is Wage Tax Relief (\$86.3 million) and Pension Aid (\$60 million), as well as reimbursement for programs in the Department of Public Health. The Federal funding will reimburse the Health Department by \$28 million, and will also reimburse the Department of Human Services for prior year child welfare services.

As the Administration formulated the FY12 budget, it assumed that the State will continue to make responsible budget decisions as it looks to eliminate its massive projected deficit.

### **Moving the Department of Human Services from the General Fund to the Grants Revenue Fund**

In order to add more transparency to the City's finances, the Administration proposes moving reimbursed costs and corresponding revenues for services provided by the Department of Human Services to the grants fund. As a result of this change, the City's general fund balances will better reflect the City's financial condition.

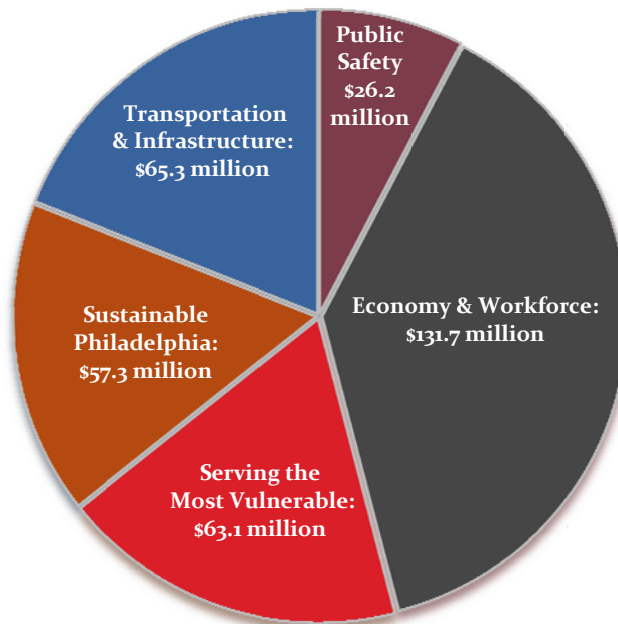
For the past several years, the financial position of the City's general fund has been distorted by the timing of the receipt of reimbursements from the Commonwealth for DHS services. For a variety of reasons, those reimbursements have not been received in the same year as the costs were incurred. As a result, the costs are reflected in the City's fund balances, but the reimbursements are not, leading to fund balances that are distorted and artificially low. In some years, the late receipt of reimbursements has led to changes of tens of millions of dollars in the City's fund balance. Removing reimbursed DHS costs and their corresponding revenues from the general fund will remove this distortion from the City's finances.

## Managing American Recovery and Reinvestment Act Funds

The funding received by the City through the American Recovery and Reinvestment Act of 2009 (the Recovery Act), came at a critical time and helped to serve crucial needs in the city, such as the recruitment of 50 new police cadets, while also strategically investing in projects with long-term benefits.

As of December 31, 2010, the City has been awarded 45 Recovery Act grants totaling \$344 million, and of that total, the Administration is responsible for managing \$268 million, with quasi-City agencies managing the remaining \$75 million. The City is required to report on its funds entrusted to it on a quarterly basis. Although the Recovery Act started in 2009, a significant proportion of the grants – 49% – were awarded to the City in 2010.

**Recovery Act Investments by Category**  
Applied to \$344 million awarded to the City and its quasi-City agencies.



Philadelphia County, alone, is slated to receive \$2.1 billion in Recovery Act funds, which will spur technological advances in science, health, and energy efficiency, and create thousands of jobs.

Recovery Act funds have been targeted toward a wide range of projects in Philadelphia, many of which are highlighted in this Five Year Plan. *Investing to save* is central to how the City utilized Recovery Act dollars for its own operations, resulting in long-term cost and energy savings. For example, savings can be seen in the installation of 55,000 green and yellow LED traffic lights, earning \$3 million in energy incentives from PECO and allowing the City to reduce its monthly energy bills by up to \$1 million a year.

Moving into the next phase of the Act, with all projects either underway or completed (such as the completion of the rehabilitation and repaving of Philadelphia International Airport’s longest runway – a project that, with \$5.7 million in Recovery funds, leveraged with \$11.3 million in other federal and Airport



funds, provided 60 construction jobs). The City continues to work tirelessly to make Recovery Act dollars work for Philadelphia. For example, the roll-out of the \$25 million *EnergyWorks* grant is assisting home and business-owners in reducing energy usage and providing low-interest loans to help pay for the upgrades. The issuance of \$16 million in Recovery Zone Facility Bonds to Liberty Property Trust will help fund a Philadelphia Navy Yard project, and the \$6.3 million Broadband II Grant will create 77 public computer centers and deliver 850 computers into underserved communities, which will improve access and training for the 41% of Philadelphians who are without access to the Internet.

The City has placed a premium on “doing it right.” Transparency and accountability have been at the core of Mayor Nutter’s Administration’s efforts, as the City has been careful to make the most of every dollar, developing a system for tracking funds, and ensuring compliance and control in the internal management and external reporting of grants. The City established a Recovery Office to oversee the daily coordination and implementation of grants, working with the Chief Integrity Office and the Office of the Inspector General and many City operational and administrative departments. The City also established a Recovery Steering Committee, chaired by the Finance Director, with participation from the Chief Integrity Officer, as well as representation from City Council. The City continues its efforts in maximizing opportunities for minority, women, and disabled-owned business enterprises (M/W/DSBE) to do business with the City, state, federal, and quasi-City agencies and prime contractors. As of December 31, 2010, M/W/DSBE businesses are expected to receive 19.2% of Recovery Act dollars that have ranges set by the City’s Office of Economic Opportunity and 11% of Recovery Act dollars, when participation rates are federally mandated.

The City publishes a quarterly update, *Stimulus at Work*, which details the impact of the Act and has become a national model for other cities.

As the two-year anniversary of the Act passes, Philadelphia will be continuing its emphasis on smart investments in infrastructure, technology, and innovation in energy-efficient projects. The impact of jobs and programs with training and connections to employment for adults and youth will sustain many Philadelphians into the future.

For more information on the Recovery Act in Philadelphia and a full listing of awarded grants, please visit [www.phila.gov/recovery](http://www.phila.gov/recovery).

## Public Participation in the Budget

Since the beginning of his Administration, Mayor Nutter has focused on creating an open and transparent government, and is continually interacting with residents to gain input, solicit feedback, and be responsive to residents' concerns. Over the last three budget cycles, the Administration has used a wide variety of outreach methods to gain public input into the budgetary decisions.

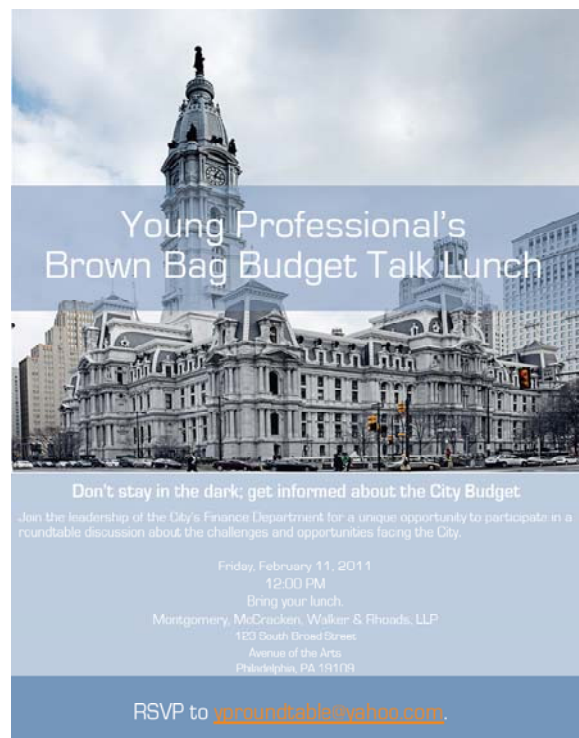
Beginning in January 2011, Mayor Nutter held a series of meetings to outlay his vision for Philadelphia to leaders and residents across the city. Mayor Nutter took a unique opportunity to talk to residents in small groups about the economic environment. Through community meetings, stakeholder roundtables and kitchen table conversations, the Mayor explained how the budget process works, Philadelphia's current economic status, and gained input on the FY12 budget and the FY12-16 Five Year Plan.



The Mayor engaged with a wide variety of residents during this process, from larger groups like Neighborhood Action Council (NAC) Leaders, Equal Partnership In Change (EPIC) Stakeholders and Philadelphia More Beautiful Block Captains, as well as individuals, like Ms. Helen Divers in Southwest Philadelphia and Mr. Ricardo Maldonado in South Philadelphia, who hosted Mayor Nutter in their homes with their families and neighbors.

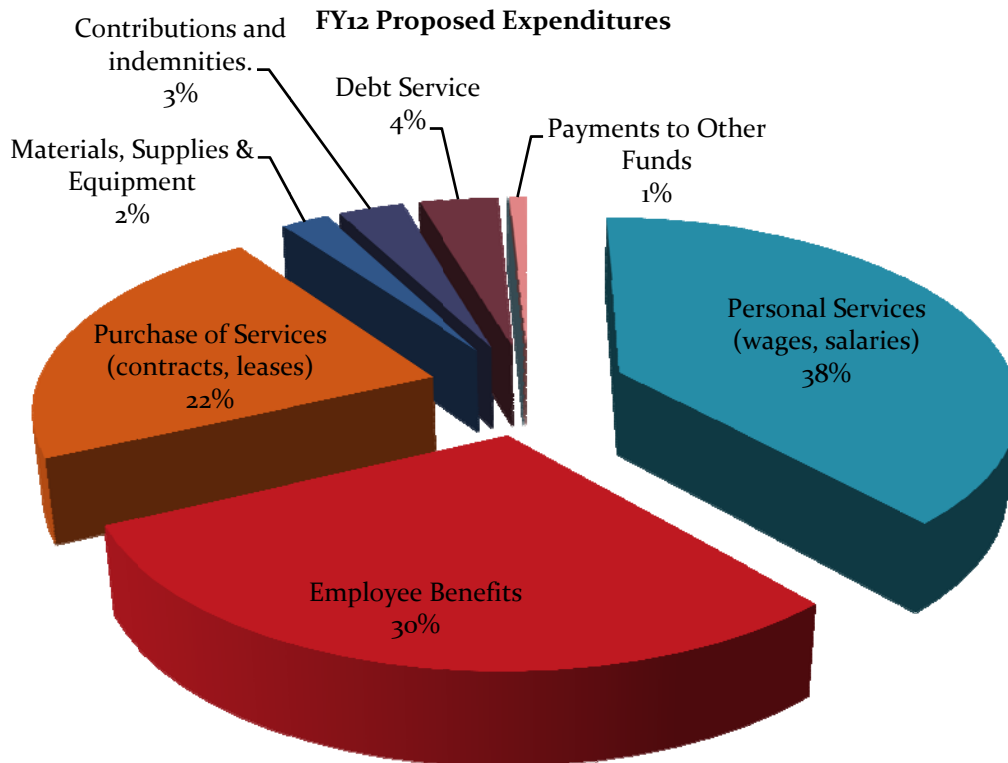
These meetings gave a diverse cross-section of community leaders and everyday citizens the chance to provide the Mayor their feedback on what is important to them with regard to the City's programs and services, as well as provided them with a better understanding of the overall process.

The Finance Director and Budget Director were also invited to speak to a group of young professionals. During an hour-long brown-bag lunch, the young professionals took the opportunity to learn about the challenges facing the City's finances, how the budget is created, and the major cost drivers impacting the decisions. The group raised a number of interesting questions about the City's tax reform efforts, the impact of the high employee benefit costs, and the Administration's focus on providing high quality amenities and services to residents.



## FY12 Expenditures

The proposed FY12 expenditures total \$3.457 billion, increasing to \$3.605 billion in FY16. Excluding pensions, health care, and debt service, expenditures grow less than 1% over the life of the Plan. The chart below shows the breakdown of these expenditures by class.

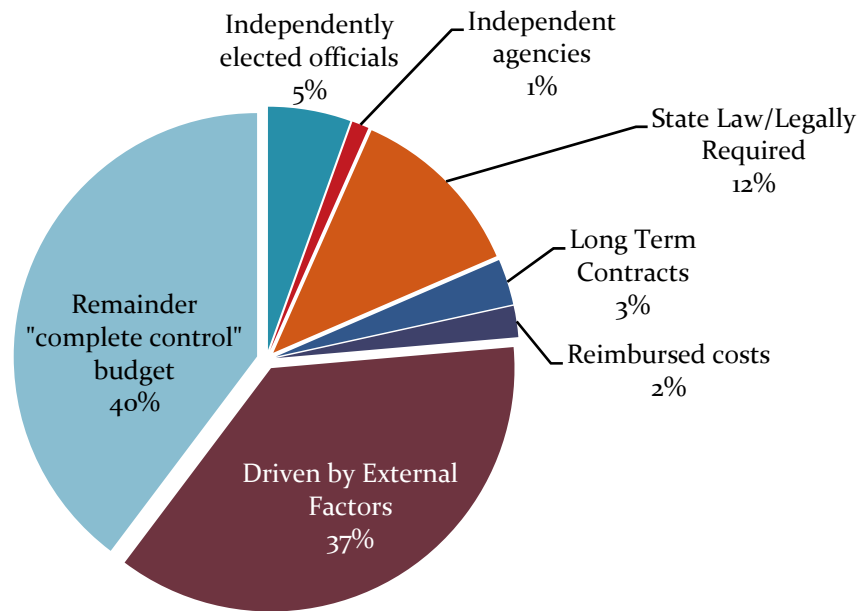


As with prior years, the largest costs to the City’s budget pay for City employees, who design, manage, and implement the programs and services that residents depend upon. The combined personal services and employee benefits categories account for \$2.352 billion, or 68% of the total budget.

### Costs that are Beyond the Administration’s Direct Control

A significant portion (60%) of the City’s FY12 budget is out of the direct control of the Administration. Having such a large portion of the budget beyond the Administration’s direct control makes it particularly challenging to balance the City’s budget when revenues are falling the way they did in FY09 and FY10. These costs include long term contracts (such as leases), legal requirements (including a State-mandated contribution to the School District and debt service), employee benefits (contracted health benefit contributions and pensions), and the costs for independently elected officials (such as the District Attorney’s Office) and independent agencies (such as the Defender’s Association). The chart on page 20 highlights some of these costs, broken out into six categories.

**60% of the City's FY12 Budget is beyond the Administration's Direct Control**

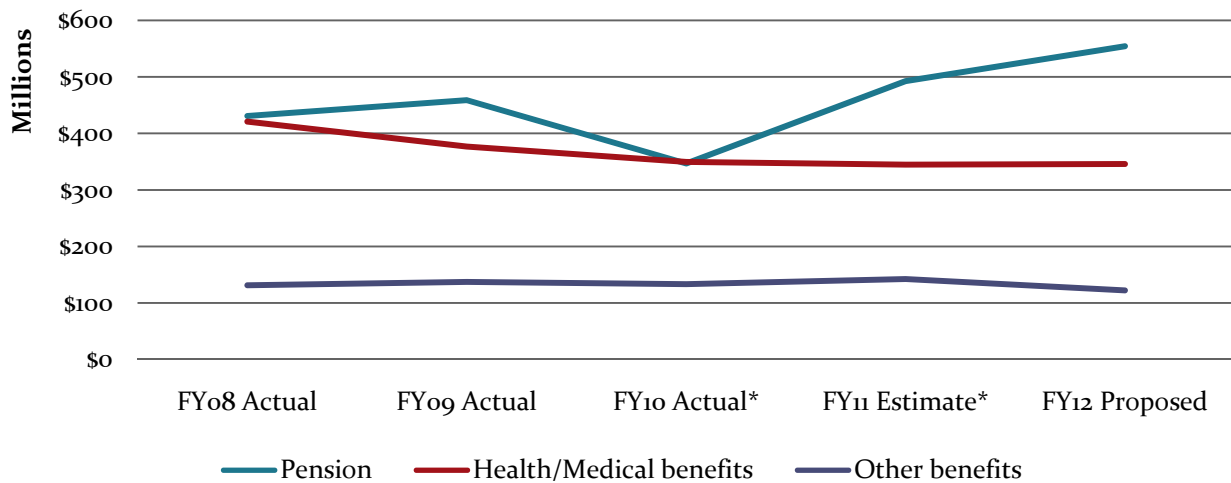


**Driven by External Factors**

The largest portion of these fixed costs is categorized as “Driven by External Factors”. This category comprises two significant expenses – Employee Benefits and the Prison System.

In FY12, employee fringe benefits are projected to cost over \$1 billion, accounting for 30% of the total budget. The two main components of fringe benefits are the City’s contribution to the pension fund (and debt service on pension bonds), as well as health/medical benefits. The chart below shows the breakdown.

**Breakdown of Fringe Benefits, FY08-FY12**



\*FY10 and FY11 payments include partial deferrals of pension payments, which will be repaid in FY13 and FY14

## Pensions

The City's rising pension payments places a significant strain on the City's General Fund. Meanwhile, the City's Pension Fund remains poorly funded. In FY00, the General Fund incurred \$220 million in pension costs and the pension fund's assets were 77% of its liabilities. By FY09, pension costs more than doubled to \$459 million, and the pension fund's assets had dropped to 45% of its liabilities. Over the same time period, City revenues grew by only 35%.

The situation is untenable and unsustainable - more and more of the City's resources go toward paying pension costs and cannot be used to provide services. Despite these dramatically increasing payments from the City's general fund, the funding ratio is extremely low.

As part of the effort to control major cost drivers and to improve the health of the pension fund, several changes have been made over the past years and the Administration continues to seek additional changes.

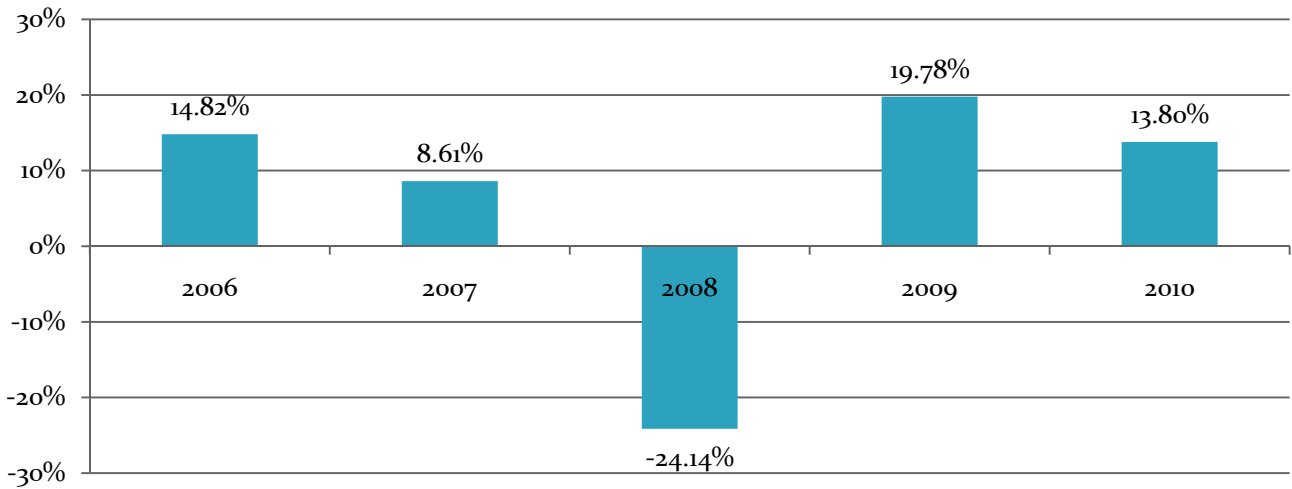
As part of the City's Act 111 interest arbitration with the Fraternal Order of Police (FOP), Lodge No. 5 issued on December 18, 2009, all FOP employees hired on or after January 1, 2010, must make a one-time irrevocable election between:

1. Participating in the City's current defined benefit pension plan and increasing their contribution by 20%, from 5% to 6%; or
2. Participating in a hybrid pension plan, containing both a defined benefit and a voluntary defined contribution component.

Similar pension plan changes were awarded in the October 12, 2010, interest arbitration award with the International Association of Fire Fighters (IAFF), Local 22. While many provisions of the award are under appeal by the City (see Labor Negotiations on page 26 for more information), the award's pension provisions are not under appeal and, therefore, have been implemented. New IAFF members hired as of October 15, 2010, must make the same one-time irrevocable election between increasing their pension contribution from 5% to 6% of pay or enrolling in a new hybrid pension plan.

Increasing employee pension contributions and introducing a hybrid pension plan reduces the costs to the City, both in the short- and long-term, and helps minimize the risk that the pension fund faces from dramatic decreases in the stock market, like the ones suffered in 2008, shown in the chart on page 22.

**Annual Return for Philadelphia's Pension Fund, 2006-2010**



Philadelphia is one of only a handful of cities in the country to offer a defined contribution plan to its employees and the only City to offer such a plan to its uniformed employees. These historic pension changes provide savings to the City and will improve the long-term health of the pension fund. A change to a hybrid plan is being sought as part of the City’s ongoing labor negotiations with AFSCME District Councils 33 and 47.

In addition to the changes outlined above, the City’s pension fund has undergone several changes in the past years. On September 18, 2009, Governor Rendell signed Act 44 of 2009, which makes numerous changes to the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984), which is legislation that governs funding issues and actuarial reporting of municipal pensions in Pennsylvania.

As a result of Act 44, the City has:

- Reamortized the pension fund’s unfunded actuarial accrued liability over a 30-year period using level-dollar amortization payments;
- Deferred payment of a portion of its Minimum Municipal Obligation (MMO) to be repaid with 8.25% interest (which was the fund’s earnings assumption rate at the time of legislation) by the end of fiscal year ending June 30, 2014. Over two years the City deferred about 20% of its pension costs: \$150 million for the fiscal year ending June 30, 2010, and \$80 million for the fiscal year ending June 30, 2011; and
- Temporarily imposed a 1% local sales and use tax with revenue dedicated toward payment of the City’s MMO and repayment of the amounts deferred with interest.

These pension fund changes, together with the \$580 million that was projected to be generated over five years by the dedicated 1% local sales and use tax, helped balance the City’s finances and avoid catastrophic service impacts.

Act 44 also makes changes to municipal deferred retirement option plans (DROPs), prohibiting participation by newly elected officials.

Act 44 further mandates the creation of a Special Pension Commission. Members of the Commission include Philadelphia Board of Pensions and Retirement members, the chair of PICA, the Mayor, and the chair of Pennsylvania's Public Employees Retirement Commission (PERC). The Commission is responsible for providing the legislature with a Benefit Plan Study, within 2 years of the effective date of the legislation and every two years thereafter. The Commission has met on three occasions thus far and a subcommittee has been designated to act between Commission meetings to oversee the work of gathering the data and information mandated to be included in the Benefit Plan Study.

The Commission anticipates that the first Benefit Plan Study will be completed and submitted to the legislature by August 31, 2011.

In conjunction with the changes made by Act 44, the City's Pension Board voted to:

- Increase the smoothing period for actuarial losses and gains from five to ten years. Increasing the smoothing period reduces the impact that any particular year will have on the fund's funded status and on the City's required payments. This, in turn, reduces the volatility of pension payments.
- Reduce the pension fund's annual earnings assumption from 8.75% to 8.25%. On October 28, 2010, the City's Pension Fund voted to further lower the pension fund's annual earnings assumption from 8.25% to 8.15%. Reductions in the earnings assumptions allow funds to moderate the risk of the investments, which can also reduce the likelihood of losses.

The specific changes to the pension fund assumptions have been tested by the City's actuary and have been determined to be actuarially sound.

The net impact of all of these changes to the City's pension benefits and fund is to moderate the City's dramatically rising pension costs and increase the City's ability to fund existing liabilities in the long term. While achieving those goals, the changes will allow the City to continue to offer a reasonable measure of retirement security for respected public employees.

Yet even with these proactive changes, pension costs will continue to rise, as was shown with the fringe benefits graph on page 22. Even with the deferral, the City's pension costs will be higher in FY11 than they have been in any previous year. In FY12, the year after the deferrals, the City's pension costs will be over \$550 million, more than \$300 million higher than in FY00.

### **Dropping Philadelphia's DROP**

Under the Deferred Retirement Option Program (DROP) program, an employee makes a one-time irrevocable decision to retire from the City for pension purposes; however, the individual continues to work for the City and receive a salary for up to four years. During this period, the employee stops making pension contributions, and the pension fund credits his or her pension benefits to a tax-deferred, 4.5% notional interest bearing account. Following the DROP period, the employee ceases to work for the

City and collects the lump sum account balance. At that time, the employee also begins to receive monthly pension benefits.

In August 2010, the Administration released a report commissioned by Boston College's Center for Retirement Research entitled, "The Impact of Philadelphia's DROP Program on the Age of Retirement and Employer Pension Costs." The report found that Philadelphia's deferred retirement option plan (DROP) impacts employee retirement behavior and ultimately costs the City money.

The report states, "Employees make use of the program in ways that maximize the expected present value of their pension benefits, with municipal employees entering the program an average 2.1 years before the age at which they would otherwise have retired. Consequently, the program results in a substantial increase in pension cost." The full report can be accessed at:

[http://crr.bc.edu/working\\_papers/the\\_impact\\_of\\_a\\_drop\\_program\\_on\\_the\\_age\\_of\\_retirement\\_and\\_employer\\_pension\\_costs.html](http://crr.bc.edu/working_papers/the_impact_of_a_drop_program_on_the_age_of_retirement_and_employer_pension_costs.html).

As a result of these findings, Mayor Nutter sent legislation to City Council to abolish DROP on the grounds that it is not cost neutral and the City cannot afford the program. City Council has since hired a separate firm to review the results of the Boston College study. While that report found the Boston College's estimates were too high, City Council's firm found that the costs were at least \$100 million. At \$100 million, DROP is far too costly for a Plan that is less than 50 percent funded, and must be abolished.

### **Health Benefits**

As the chart on page 22 shows, the Administration has made significant strides in tackling the costs of health and medical benefits for City employees. In calendar 2010, the Administration implemented a self-insured group health plan for non-union employees, and as discussed below, has implemented a similar plan for other employees.

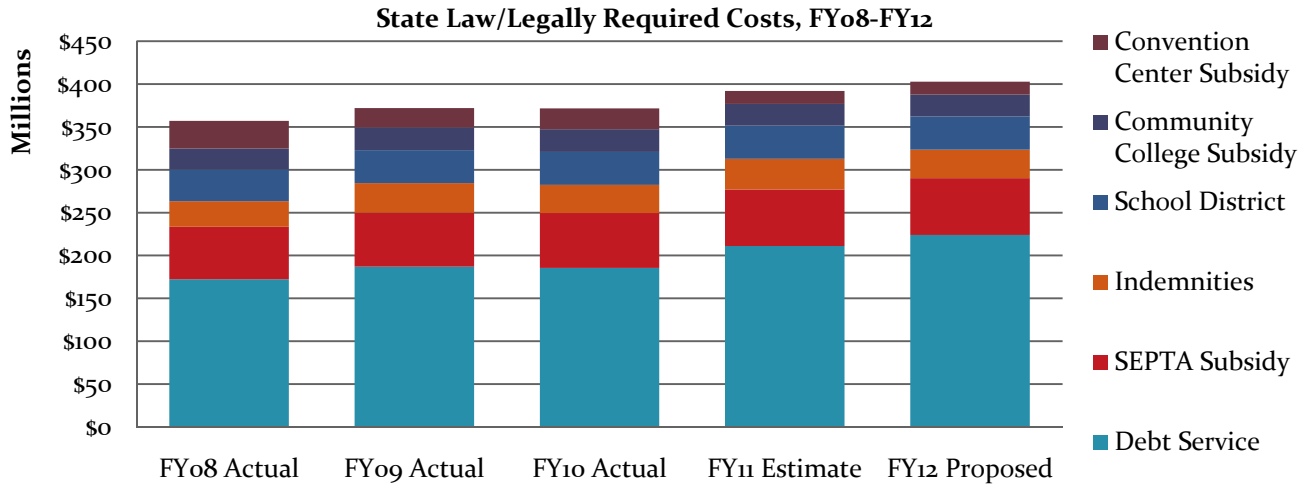
### **Prison System**

Expenditures for the Prison System are difficult to control as they are heavily dependent on the inmate census, which the Mayor can influence, but does not completely control. Nevertheless, as discussed on page 45, by working with partners in the criminal justice system, the Administration has been able to reduce the inmate census, saving taxpayers millions of dollars.

### **State Law/Legally Required Costs**

Approximately 12% of the FY12 budget will be spent on legal obligations to other entities. Under Act 46, the City is required to maintain its annual contribution to the School District, which in FY12, is set at \$38.9 million. The City is contractually obligated to contribute \$15 million to the Convention Center in FY12, and the Administration will also contribute \$25.4 million in FY12 to the Community College of Philadelphia. The City's contribution to SEPTA is another significant legal obligation, and in FY12, the City will pay \$66.4 million to this regional transit authority. The chart below shows the breakdown of these legally required costs, and shows that debt service remains the City's largest obligation. In this category, in FY12, the City will contribute 6% of its budget to debt service, or \$223.9 million.





**Modest FY12 Investments**

In FY12, the Administration proposes to make some new modest investments, since tax revenues have shown signs of stabilization. The largest area of new investment is in public safety. The Administration proposes to invest a combined \$10.8 million in the Police and Fire Departments. This includes \$6.4 million for the Police Department to fund a new class of 120. This new class will allow the Department to build off the successes in crime fighting and prevention over the last three years. The Administration proposes increasing the Fire Department’s budget by \$4.4 million in FY12. This funding will pay for firefighters’ personal escape systems, which were mandated in a previous Arbitration Award, and replacement for firefighters’ SCBA oxygen bottles, which are coming to the end of their useful life. This funding also pays for increased uniform overtime, which will bridge the gap until firefighters can be brought on board.

The second largest investment in FY12 is \$4.4 million for the Office of Property Assessment, to allow them to continue work overhauling the property assessment system, in order to provide fair and accurate evaluations.

The third major expenditure increase is \$4 million to pay for snow removal in the Streets Department. Using the past five years’ average expenditures for contracted snow costs, the Administration proposes including this funding to ensure that the City is better able to manage in case of large snow storms. This funding will be placed in reserve by the Office of Budget and Program Evaluation to ensure that it will only be spent on that specific purpose.

In an effort to increase the well-being and the educational levels of Philadelphians, the Mayor also proposes to increase funding to the Mayor’s Commission on Literacy – located in the Free Library – by \$1 million. This critical investment will help increase Philadelphia’s ability to serve the thousands of residents who need literacy classes and ensure that the education they receive meets specific standards.

Another key proposal is the investment in swimming pools. Funding proposed in the FY12 budget and throughout the Five Year Plan, will allow the Department of Parks and Recreation to open all swimming pools all summer long.

## Labor Negotiations

The City's labor agreements with its four major bargaining units – Fraternal Order of Police Lodge No. 5, International Association of Fire Fighters Local 22, AFSCME's District Council 33 and District Council 47 – expired on June 20, 2009. As part of any new award or contract, the Nutter Administration seeks to respect both the hard work of public employees, and the taxpayers' ability to pay in both the short- and long-term. For that reason, the Administration is committed to making fundamental reforms to reduce the City's long-term pension and health care costs.

### *Fraternal Order of Police (FOP), Lodge No. 5*

On December 18, 2009, a five year interest arbitration award with the FOP, Lodge No. 5 was issued to cover FY10 through FY14. Important financial components of the award include:

- No wage increase in FY10 and three percent wage increases in each of FY11 and FY12. In addition, it includes a one percent stress differential increase in FY11. The award will be reopened for FY13 and FY14, for a determination by the arbitration panel of what salary changes, if any, will be awarded for those two years.
- Reduced City per member per month health and welfare contribution beginning the second half of FY10, from \$1,165 to \$965. This comes on top of the reduction in the 2008 award, from \$1,303 to \$1,165. In two years, the City reduced its contribution by 26%.
- Beginning in FY11, the FOP's health plan moved to self insurance. Instead of paying a carrier for insurance, the FOP pays the actual cost of services provided to members. This health insurance change follows a similar change by the City in FY10 with its health insurance.
- Beginning in FY11, health plan co-pays increased for FOP members.
- Pension changes for new hires – As of January 1, 2010, new FOP members choose between increasing their pension contribution from 5% to 6% of pay, or enrolling in a new hybrid pension plan. The hybrid pension plan is unprecedented for uniformed employees in any major city in the country. Meanwhile, increased employee pension contributions provide General Fund savings for the City while the hybrid plan still offers retirement security for the City's respected public employees.
- Up to 30 furloughs (days off without pay) in a fiscal year.

In addition, the award includes a number of other changes including items such as limiting the amount of vacation that officers can take during the summer, increasing the cost of overtime that officers receive for being called to court with short notice, and requiring the City to pay for an upgrade in firearms for those officers who request it.

The award also permits employees with more than five years of service to move out of the City, beginning in January 2012. All employees must continue to maintain Pennsylvania residency. While the Administration feels that there is immense value in having police officers live in the city where they work, it has been established under Pennsylvania law that an Act 111 panel has the authority to remove a residency requirement and that the panel's decision is not appealable.

*International Association of Fire Fighters (IAFF), Local 22*

On October 12, 2011, a four-year interest arbitration award with the IAFF Local 22 was issued. Though the arbitrators' contract award was similar to the FOP award and takes a crucial step toward reform by establishing a hybrid pension system, it imposes more than \$100 million in new costs over the Five Year Plan without giving the City the required tools to manage these costs.

Unlike the award for members of the FOP this award does not give the City the right to furlough, which could have been used to help fund the added cost of a contract.

The award also requires the City to continue deploying Chief's aides for all battalion chiefs and deputy chiefs. It also would dictate the manner in which promotional exams for deputy chief and battalion chief are weighted. Standards of service in the former and selection of personnel in the latter case are the province of department managers.

For these reasons – exorbitant costs, the absence of fiscal tools to manage those costs, and the infringement upon labor management rights – the City has appealed portions of this contract award to the court.

One portion of the award that is not under appeal and, therefore, has been implemented, are changes to IAFF members' pension plan. Similar to the pension changes made in the arbitration award with the FOP in December 2009, new IAFF members as of October 15, 2010, must choose between increasing their pension contribution from 5% to 6% of pay or enrolling in a new hybrid pension plan.

*AFSCME District Council 33 and District Council 47*

Negotiations continue with the City's other two major municipal unions, DC 33 and DC 47. The Administration seeks to reform these contracts in order to balance – in a sustainable way – the hard work of public employees with taxpayers' ability to pay. While the City seeks different labor contract terms for each of the two unions due to the nature of the workforce and previous contracts, its overarching goal for both is long-term savings for taxpayers.

The City is seeking zero wage increases across the life of the contracts. The City is also seeking similar health and welfare plan changes as awarded to the FOP, as well as hybrid pension plans for new members and increased contributions for existing members. In order to achieve short-term savings without requiring long-term layoffs, the City is also seeking the FOP's contract terms for furloughs.

The Administration hopes to resolve all contracts as soon as possible. This Five Year Plan estimates employee cost savings, which is necessary given the continued economic strains on the City's budget. Resolving union contracts will provide greater predictability for the City's finances. As it is, however, the City has avoided costs over the past three years, since neither wages nor healthcare costs have risen for non-uniformed employees since 2008.

That being said, if the IAFF award and the contracts with the City's non-uniformed employees exceed the amounts included in the Five Year Plan, the Administration and Council will need to find other ways to balance the Five Year Plan. Without those savings, the Administration would likely have to turn to service reductions or other revenue increases.

## How Other Cities Have Balanced Through the Recession

With the onset of the recession in late 2007, governments at all levels – federal, state, and local – have been impacted in significant ways.

Like many U.S. cities, Philadelphia was faced with a looming deficit and difficult decisions about how to eliminate that gap. However, working through those decisions, in collaboration with City Council, and with input from citizens, Philadelphia has begun to emerge from the recession with signs that tax revenues are stabilizing.

By making difficult decisions, the Administration has solved for a \$2.4 billion deficit over six years while maintaining essential services. However, other cities are only now facing the full severity of the impact of the economic downturn. Below is a sampling of what other U.S. cities have been faced with, plans they have implemented, and proposed cuts for the coming fiscal year.

### Los Angeles, CA

- **FY11 Deficit:** \$485 million
- **FY11 Actions**<sup>10</sup>: Reduction of pension benefits for new employees, and a reduction in salaries for newly hired police officers and firefighters
- **FY12 Projected Deficit:** \$350 million
- **Proposed FY12 Actions:** Cuts to library hours, staff positions and the general availability of books and other materials (due to an expected lack of state funding)<sup>11</sup>

### Chicago, IL

- **FY11 Deficit:** \$655 million (Deficit does not include a yearly contribution of an estimated \$363 million, which is required to fund employee pension plans<sup>12</sup>)
- **FY11 Actions:** Personnel cost reductions, e.g., unpaid holidays and reduced workweeks; Expenditures related to employee wages, benefits, and pension costs comprise 80% of the City's corporate fund budget<sup>13</sup>
- **FY12 Projected Deficit:** \$654.7 million<sup>14</sup>
- **FY12 Proposed Actions:** Personnel cost reductions expected continue. Mayoral-elect Rahm Emanuel has proposed cutting pensions for current employees as well as for new hires.<sup>15</sup>

<sup>10</sup> City of Los Angeles, "Budget Summary, Fiscal Year 2010-11," April 20, 2010, <http://www.budget.lacity.org>.

<sup>11</sup> State of California, "Governor's Budget Summary – 2011-12, K thru 12 Education," January 10, 2011, <http://www.ebudget.ca.gov/pdf/BudgetSummary/Kthru12Education.pdf>.

<sup>12</sup> City of Chicago, "City Releases 2011 Preliminary Budget Estimates," press release, July 30, 2010, [http://www.cityofchicago.org/city/en/depts/obm/provdrs/city\\_budg/news/2010/jul/city\\_releases\\_2011preliminarybudgetestimates.html](http://www.cityofchicago.org/city/en/depts/obm/provdrs/city_budg/news/2010/jul/city_releases_2011preliminarybudgetestimates.html)

<sup>13</sup> City of Chicago, "Budget 2011 Overview and Revenue Estimates," August 26, 2010, [www.cityofchicago.org/.../2011\\_Overview\\_and\\_Revenue\\_Estimates.pdf](http://www.cityofchicago.org/.../2011_Overview_and_Revenue_Estimates.pdf)

<sup>14</sup> Dan Mihalopoulos. "Chicago Expected to Face Record Budget Deficit." *Chicago News Cooperative*, July 30, 2010, <http://www.chicagonewscoop.org/chicago-expected-to-face-record-budget-deficit/>.

<sup>15</sup> Dan Mihalopoulos. "Chicago Candidates Skirt Financial Crisis." *Chicago News Cooperative*, February 19, 2011, <http://www.chicagonewscoop.org/as-the-election-looms-candidates-skirt-citys-financial-crisis/>.

### New York City, NY

- **FY11 Deficit:** \$1.3 billion
- **FY11 Actions**<sup>16</sup>: Elimination of staffing at four fire engine companies. Increased parking rates in Midtown Manhattan.
- **FY12 Projected Deficit:** Originally \$2.4 billion (November 2010), growing to \$4.6 million after State cuts in January, and re-estimated at \$600 million after revised revenue forecasts<sup>17</sup>
- **FY12 Proposed Actions**<sup>18</sup>: Implementation of a Program to Eliminate the Gap (PEG), which would most likely have an adverse effect on services to the public. Reduction of personnel, including over 6,000 positions at the Department of Education. Changes or elimination of services, including cuts to programs serving seniors, homeless, abused and neglected youth, and reduced nighttime firehouse staffing or the general closure of fire companies.

### San Francisco, CA

- **FY11 Deficit:** \$483 million
- **FY11 Actions:** A raise in fees at city hospitals, which increased patient care charges, making patients responsible for hundreds of dollars more for daily in-patient care and surgical procedures<sup>19</sup>
- **FY12 Projected Deficit:** \$379.8 million<sup>20</sup>
- **FY12 Proposed Actions:** A hold placed on Police academy classes, with Department numbers potentially dropping from 1,861 in July 2010, to 1,745 by June 2012; Expected impacts include closure and consolidation of some ten Police stations, the realignment of district boundaries, and putting more administrative officers back on the streets<sup>21</sup>

### Camden, NJ:

- **FY11 Deficit:** 26.5 million
- **FY11 Actions:** Dismissal of 168 police officers, or 45 percent of the force, 67 firefighters and 100 other workers<sup>22</sup>

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<sup>16</sup> City of New York, "Mayor Bloomberg Presents FY 2011 Executive Budget," press release, May 6, 2010, <http://www.nyc.gov/portal/site/nycgov/menuitem.bebod8fdaa9e1607a62fa24601c789a0/>

<sup>17</sup> City of New York, Financial Plan Summary FY11-15", February 17, 2011

[http://www.nyc.gov/html/omb/downloads/pdf/sumss2\\_11.pdf](http://www.nyc.gov/html/omb/downloads/pdf/sumss2_11.pdf)

<sup>18</sup> Ibid.

<sup>19</sup> Erin Dage. "San Francisco to reduce budget deficit; California budget nonexistent." *San Francisco Public Press*, July 1, 2010, <http://sfpublicpress.org/news-notes/2010-07/san-francisco-to-reduce-budget-deficit-california-budget-nonexistent>.

<sup>20</sup> City & County of San Francisco, "FY11-12 Mayor's Office Instructions," December 2, 2010, <http://www.sfcontroller.org/index.aspx?page=102>

<sup>21</sup> John Wildermuth, Rachel Gordon, and John Coté. "Police Staffing Expected to Shrink." *San Francisco Chronicle*, February 18, 2011, <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/02/17/MN1E1HPFUD.DTL>.

<sup>22</sup> John Hurdle. "New Jersey's Camden lays off police and firefighters." *Reuters*, January 18, 2011, <http://www.reuters.com/article/2011/01/18/us-camden-layoffs-idUSTRE70H5YR20110118>

## The Mayor's Goals

Since the beginning of his Administration, the Mayor has consistently articulated a vision for the City that included: making Philadelphia one of the safest cities in America; improving the well-being of Philadelphians; making Philadelphia a Place of Choice; ensuring that Philadelphia becomes the Greenest and Most Sustainable City in America; and creating an Efficient and Effective government that works for everyone. By meeting those goals, the Nutter Administration will help Philadelphia thrive.

This Plan is organized around the goals that the Mayor has articulated. Each of the following chapters will describe the actions that the Administration has taken since 2008 and will continue to take to meet each of the goals. In addition to providing the framework for this Plan, those goals provide the framework for all departmental activities. Departments have been grouped into the goals with which they are mostly closely aligned, but most departments will have activities that fit into more than one of the goals.

As the following chapters will show, the goals have multiple components. The goals and their components are:

- 1. Philadelphia Becomes One of the Safest Cities in America**

The primary focus in this goal is to make people safer (for example, by reducing violent crime, or by providing safe homes for children).

- 2. The Individual Well-Being of Philadelphians Improves**

Within this goal are two key outcomes – Philadelphians are healthier and Philadelphians are better educated.

- 3. Philadelphia is a Place of Choice**

Policies and activities related to this goal focus on two main aspects – that businesses would choose to locate and create jobs in the city, and that people would choose to live and stay in Philadelphia.

- 4. Philadelphia Becomes the Greenest and Most Sustainable City in America**

Policies related to this goal, will focus on improving air and water cleanliness, and ensuring that the Philadelphia uses less energy.

- 5. Philadelphia Government Works Efficiently and Effectively, with Integrity and Responsiveness**

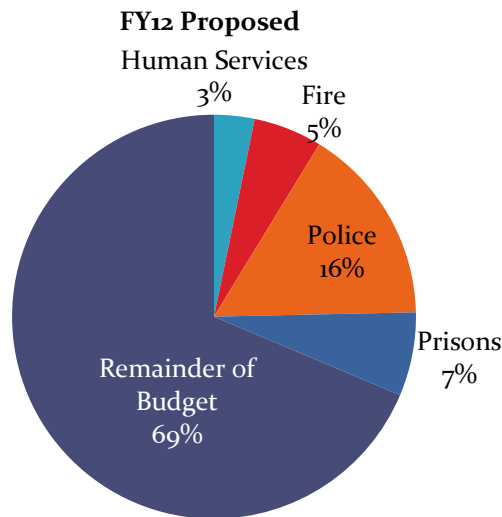
All departmental services depend on the internal services that support them. From human resources to technology, without the efficient and effective management of internal programs, and without the public trust in the process, programs and services that residents depend upon will not be as successful.

## Philadelphia Becomes One of the Safest Cities in America

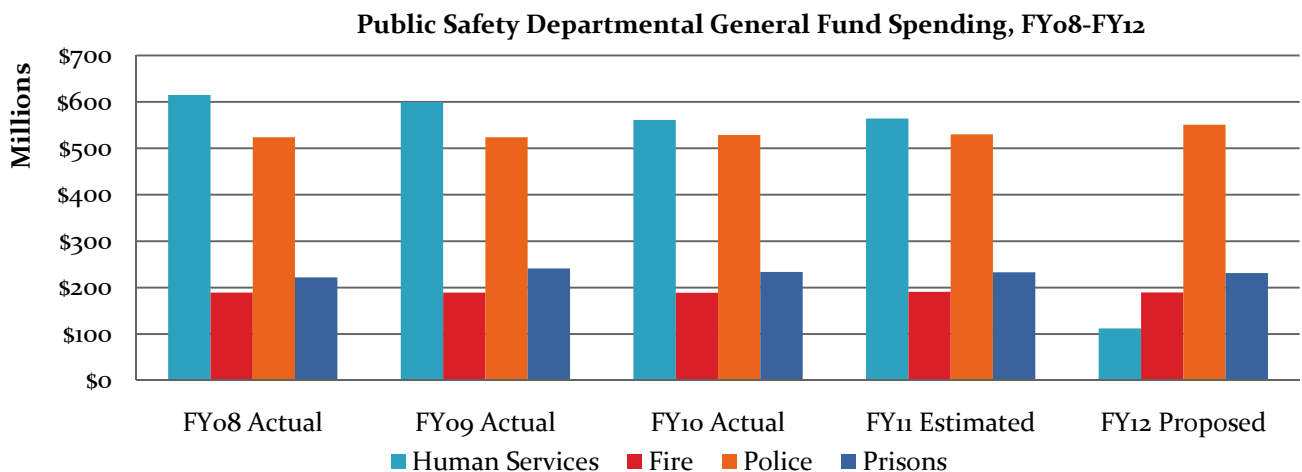
In Philadelphia, public safety is addressed on a daily basis through the work of many departments. The Police Department fights crime and maintains public order. The Fire Department prevents and fights fires, and provides first response emergency care. The Prisons System ensures public safety by keeping those arrested and found guilty of a crime off the street, and help the incarcerated learn new work skills so they can find meaningful work upon release. The Department of Human Services protects the city’s most vulnerable residents – its children – from harm.

### Budget

The four departments that fall under the Safety goal consume 31% of the City’s General Fund budget, the largest portion of any of the five Mayoral goals.

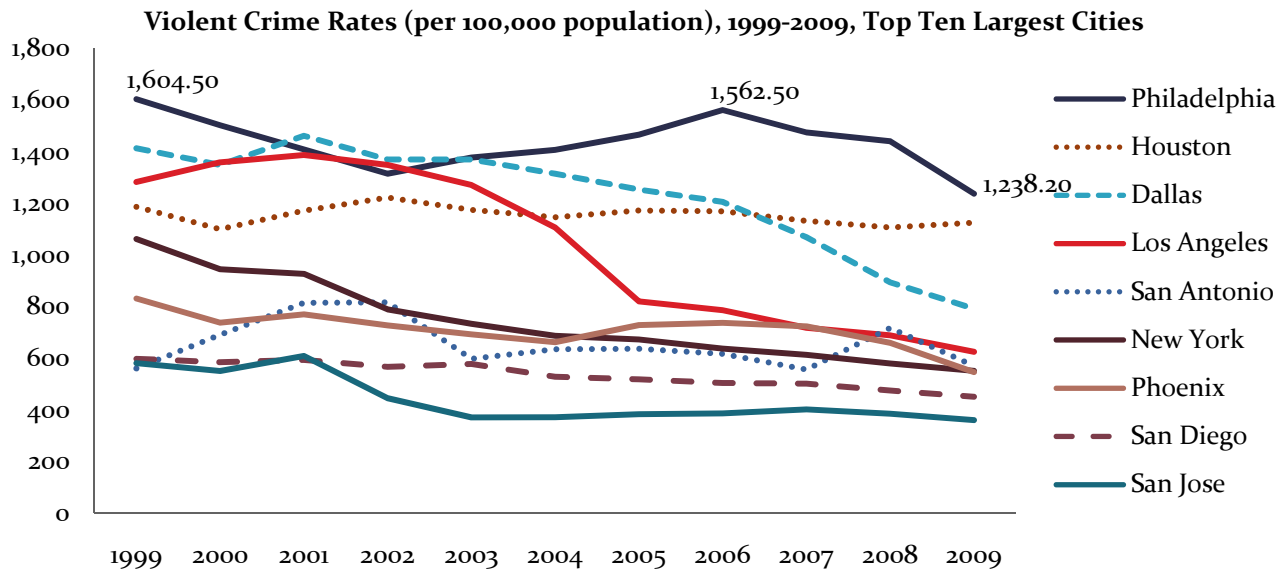


In FY12, the majority of the Department of Human Services’ funding has been moved to the Grants Revenue Fund. Without that move, the budget for this goal has remained stable in proportion to the total budget. The chart below shows the budgets of these four departments since FYo8.



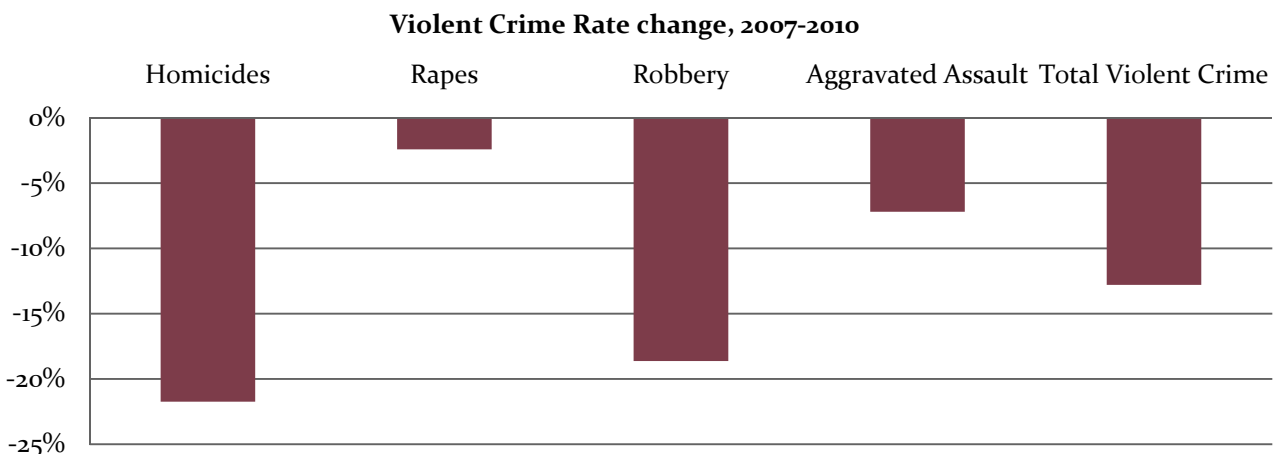
### Crime Fighting

As the chart below shows, Philadelphia has a higher violent crime rate than the other large cities<sup>23</sup> in the United States. However, the chart also shows that violent crime, after a gradual rise in the mid-2000s, is declining. In 1999, Philadelphia had 1,605 violent crimes per 100,000 people, in 2006, it had 1,563 per 100,000 people, and in 2009, the figure dropped to 1,238 per 100,000 people.



Source: Uniform Crime Reporting Statistics, Federal Bureau of Investigation

The City has made huge strides in tackling crime. Preliminary statistics comparing 2007 to 2010, show a total violent crime reduction of nearly 13%, with an almost 22% reduction in homicides alone. Moreover, overall property crime is down almost 6.5%, meaning that total Part One crime (violent crime and property crime) is down by more than 8%. The Administration is continuing to strategize and put into action tactics and policies to bring the numbers and occurrences of all crimes down.



Source: Philadelphia Police Department

<sup>23</sup> Chicago is not included as the data collection methodology for the offense of forcible rape used by the Illinois State Uniform Crime Reporting (UCR) Program does not comply with national UCR Program guidelines. Consequently, its figures for forcible rape and violent crime (of which forcible rape is part) are not included in this tool.



## New and Successful Cooperative Crime Fighting Initiatives

As part of its crime reduction strategy, in 2009, the Police Department launched Police Service Areas (PSAs). A PSA is a geographical subdivision of a police district. Each PSA has the same officers and supervisors assigned on a continual basis, allowing the officers to become familiar with the area, its chronic crime and disorder issues, and the community members who live there. PSAs provide the geographical framework for patrolling the city and reflect the Police Department's shift toward a neighborhood policing model, based on prevention, community partnerships, and targeted use of law enforcement resources.



In FY10, the City launched a pilot Public Service Areas program, now renamed PhillyRising, administered by the Managing Director's Office, and partially funded through Recovery (ARRA) grants. PhillyRising brings a citizen-centric, coordinated approach to improving public safety and quality of life in Philadelphia's distressed neighborhoods. This program acts in conjunction with a Divisional Police Inspector to prioritize, plan, schedule, and deliver the services required to address chronic crime or disorder problems at a neighborhood level. Approximately 30 City agencies and programs, in particular the Department of Licenses and Inspections, the Community Life Improvement Program, the Streets Department, the Department of Parks and Recreation, City Council, the Department of Public Health, and the Mural Arts program, partner with PhillyRising to improve services for residents.

The PhillyRising Collaborative targets neighborhoods throughout Philadelphia that are plagued by chronic crime and quality of life problems that require a coordinated, multi-agency and community response. Neighborhoods selected for PhillyRising typically have issues concerning blight, crime, vacant properties, low income, and other indicators of a poor quality of life. The primary objectives of PhillyRising are to –

- 1) Help those living and working in neighborhoods to realize their vision for their community;
- 2) Develop cost-effective methods for improving service delivery to each neighborhood;
- 3) Build sustainable, responsive solutions to the concerns of people living and working in each neighborhood; and
- 4) Fight crime and fear of crime.

The first pilot neighborhood for PhillyRising was in Hartranft (26<sup>th</sup> Police District). From February through December 2010, Part 1 crimes in this neighborhood decreased by 15.9% from 2009, a rate much faster and more significant than the surrounding area and city overall. Blight was also tackled in a much more coordinated method. During the pilot, 14 imminently dangerous properties were demolished, ten properties were “cleaned and sealed”, 85 vacant lots were cleaned and abated, and graffiti remediation occurred at 330 properties. Neighbors conducted four community cleanups and took an active role in removing blight in their community.

Moreover, the Police Athletic League was brought to Hartranft Elementary, and the indoor pool at the Hartranft Community Center opened. At the Village of Arts and Humanities, the pilot coordinated a Health and Education Fair, with participation from over 13 organizations. Five Philly311 community

liaisons were recruited. These liaisons will record items discussed during community meetings, such as streetlight repair, missed rubbish, vacant lots, and abandoned vehicles, and contact 3-1-1 for action and answers on behalf of the neighborhood. PhillyRising also provided training for two local organizations to process applications for the federal SNAP (Food Stamp) benefit.

Additionally, the work in the original pilot neighborhood of Hartranft expanded into FY11. Neighbors held seven more community cleanups. Citizens are participating in a pilot Engagement Academy, coordinated through the 311 Contact Center. Twenty-seven residents and six blocks have been added to the ranks of the local Town Watch Integrated Services. Local residents have helped coordinate the schedule of activities at the pool in the Hartranft Community Center, which include eight different programs in addition to open swim time. The Mayor's Office of Civic Engagement and Volunteer Service, as a part of its SERVE Philadelphia plan, is bringing focused volunteer efforts to the Hartranft community in a variety of forms, including support for after-school programs and community beautification projects. A new computer lab, with 14 workstations, has opened in Hartranft Elementary. Four nights each week, residents can receive free adult education classes through Temple University's Workforce Education and Lifelong Learning distance learning program. Members of three local community development corporations have agreed to staff the lab on a rotating basis.



A student from Hartranft Elementary installing a computer in their new lab for adult education. Thanks to partners in the PhillyRising Collaborative, services in the lab will be offered free of charge.



Participants from inside and outside the community participate in a community cleanup along 7th Avenue in North Philadelphia.

In FY11, PhillyRising expanded to two more neighborhoods (West Philadelphia and Market Street East), with a third neighborhood expansion scheduled (Frankford). Local organizations are planning a series of action items to address local issues.

In FY12, PhillyRising plans to expand to more neighborhoods, and successfully coordinate actions to support active community members. The FY12 budget therefore includes an additional \$573,000 to pay for the positions needed to run the program effectively, and to expand it citywide.

Another successful public safety initiative that has been expanded is the Police Department's Crisis Intervention Team (CIT). CIT is a public safety initiative, based on a national model of crisis intervention training, which focuses on reducing violent encounters between responding police officers and the community through training, education, and coordination of behavioral health services. In 2010, the

program trained 380 officers, to increase the total from 583 to 963 since the program's inception. In 2011, the Department expects to train another 380 officers.

In FY11, the Police Department developed and implemented Department-wide Police Problem-Solving Training that has since been approved by the MPO (Municipal Police Officers) Commission and by the Commonwealth, and will be included as part of the annual MPO certification requirements for sworn personnel. The Department also began training its members in the use of heavy weapons to supplement the SWAT team, in the event of a major terrorist attack or emergency response in the City.

For FY12, the Police Department's focus will be on maintaining progress in crime fighting and reducing backlog numbers in Forensics, specifically ballistics, chemistry and stranger rape DNA cases. The Department will also be creating a Mounted Unit, paid from private donations to the Philadelphia Police Foundation.



### Honor, Service, Integrity

#### Mission Statement for the Philadelphia Police Department

Our mission is to be the model of excellence in policing by working in partnership with the community and others to: fight crime and the fear of crime, including terrorism; enforce laws while safeguarding the constitutional rights of all people; provide quality service to all of our residents and visitors; and create a work environment in which we recruit, train and develop an exceptional team of employees.

The Philadelphia Police Department believes Honor, Service, and Integrity to be essential values for all members of the Police Department in order to retain public trust. As Commissioner Ramsey wrote to his officers on November 5, 2010: "We must work toward a common goal in this Department, where we live and act by our values: Honor, Service, and Integrity. This is a Department-wide effort. We need every single person here to step up and say something when they know about those who are abusing their position. Finally, we also have the responsibility to be generous; thank your colleagues and those under your chain of command for a job well done. Respect the values we live by, make them a part of who you are, and reflect them in your actions. This is how we will restore our reputation. Our future depends on it."<sup>24</sup>

During recent months, the Police Department has taken significant strides to root out corruption in the Department, and prevent officers from straying from ethical behavior. The Department has increased the number of personnel in the Internal Affairs Bureau from 107 to 144 and has improved its educational curriculum around ethics and decision-making. Civil Service standards for applicants to become a police

<sup>24</sup> <http://www.phillypolice.com/about/commissioners-blog/response-to-corruption-in-the-ppd/>

officer have been raised, with the goal of attracting, recruiting and maintaining a higher caliber applicant for the Department. These standards include:

- Age of entry raised from 19 to 21 years-old
- Applicants must have 3 years of driving experience
- Applicants must have an Associate’s Degree or 60 semester hours from an accredited college/university, with certain exceptions for military service

Improving relationships between the police and the community they serve is critical, and these steps are designed to foster greater trust.

As with most other City agencies, the recession has caused constraints on the Police Department’s spending. In FY11, for the first time in the Department’s history, operational units received allocated budget spending plans so that commanders could monitor and better control their resources. The Department also established the Overtime Management Unit to monitor, reduce overtime and create partnerships with the DA’s Office and the Courts that will further cooperation and savings throughout the criminal justice process.

The FY11 planned police class was also delayed due to budget concerns. As tax revenues have begun to stabilize, the Mayor plans to increase the Police Department’s budget for FY12, to allow for a new class of 120 recruits. This will allow the Police Department to continue to make strides into crime fighting and prevention.

### **Fire and Emergency Medical Safety**

#### **Mission Statement for the Philadelphia Fire Department**

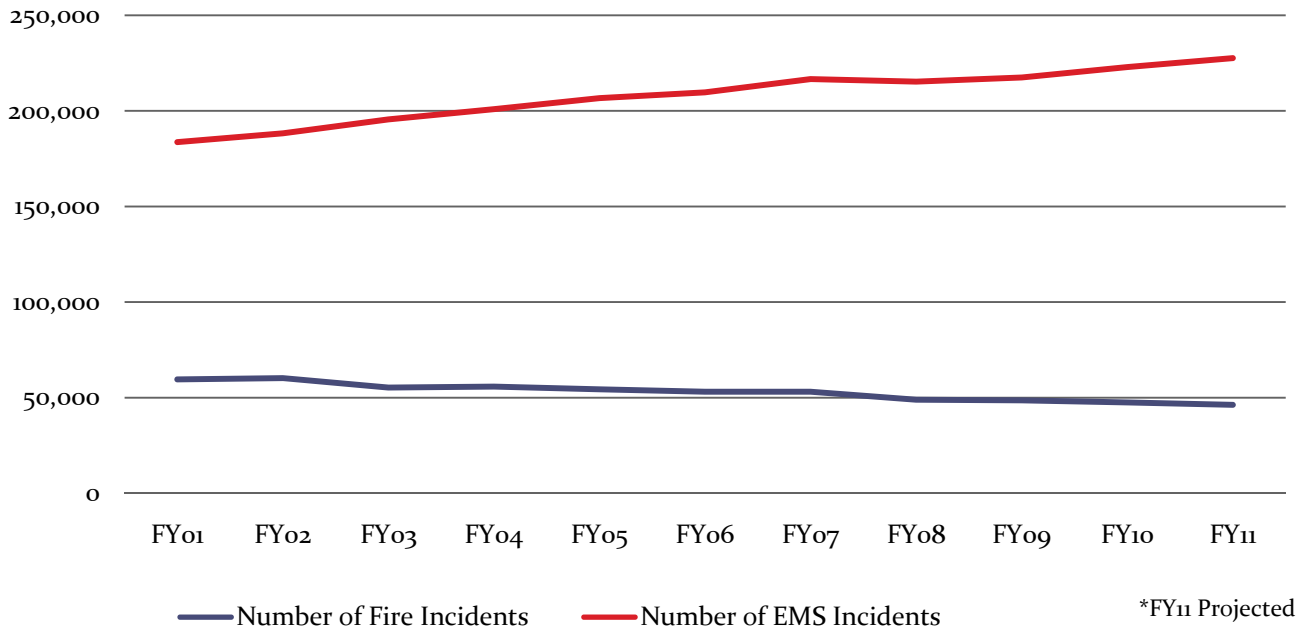
The mission of the Philadelphia Fire Department is to provide effective and efficient fire protection, emergency rescue operations, enforcement of all state and federal hazardous materials regulations, mitigation of all HAZMAT emergencies, and the provision of emergency medical services and hospital transport to the citizens and visitors of Philadelphia, for the purpose of minimizing the loss of life, injuries, and property damage.

The Department strives to fulfill its mission by employing strategies such as fire abatement and extinguishment; comprehensive fire prevention programs conducted throughout the community; fire investigation services to determine the origin and cause of fire; and the delivery of high quality, pre-hospital emergency medical care and transportation in a timely and professional manner.

The Philadelphia Fire Department responds to and handles a multitude of emergencies—not just fires. Over the last ten years, as shown on the graph below, Philadelphia has witnessed a slow but steady decline in the number of fire incidents. Over the same period, however, the number of emergency

medical services (EMS) incidents has risen considerably. In FY10, the Department responded to 222,882 calls for EMS, resulting in 168,721 transports to a hospital – the highest number of responses in ten years.

**Number of Fire and Emergency Medical Services Incidents, FY01-FY11**



The reduced number of fire incidents is obviously a significant indicator of improved safety – one the Department seeks to improve further. The Department has put in place the “Freedom from Fire” campaign, which is an aggressive fire safety and education program that has played an important role in the decline in fire-related injuries and increased public awareness about the potential injuries caused by fire. The Department continues to keep residents safe with a range of tools, including a checklist for home fire safety and a hotline that provides smoke detectors for citizens who cannot afford them.



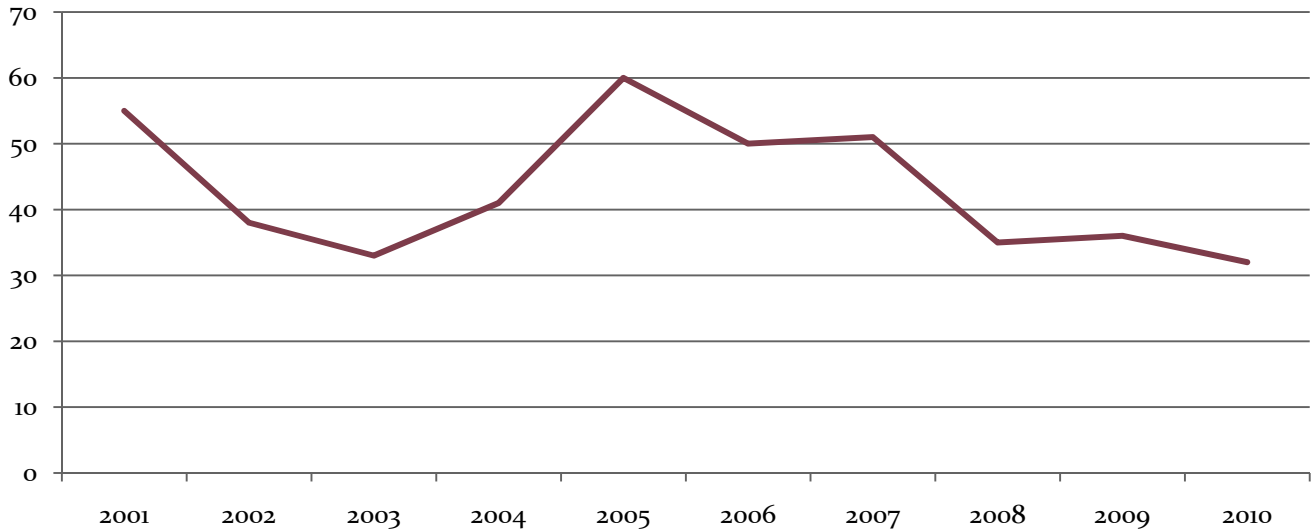
Fire Fighters combat a large structural fire

In 2010, the Fire Department installed 14,050 smoke alarms in 12,205 homes to help keep citizens safer. By providing an early warning system, smoke alarms give occupants more time to get out of the house safely after a fire starts. The Fire Prevention Unit also administered 844 fire safety programs at 150 schools throughout the city. These programs make sure the city’s children learn how to prevent fires and what to do if a fire starts. Under the leadership of the Fire Commissioner, the Department has focused on preventative programming, and relies on private donations to help fund the costs of the alarms.

The installation of smoke alarms and fire safety programs are proving to help to save lives. In 2009, total fire fatalities fell to 30, the lowest number of fire fatalities since the Department started recording fire

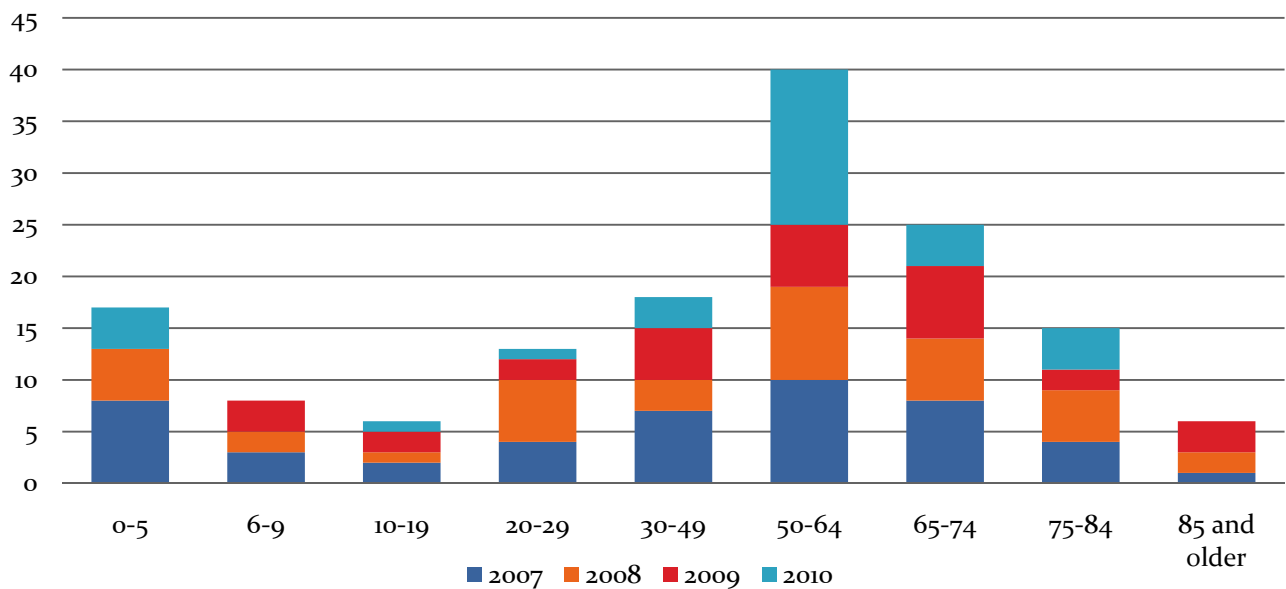
fatalities in 1952. The average number of fire fatalities in the previous five years was 44. The graph below shows the number of fire fatalities by fiscal year over the last ten years.

**Number of Fire Fatalities, FY01-FY11**



The Department is focused on reducing total fire fatalities for all, but especially in the 50-64 age range where the Department has seen a slight increase compared to previous years and national trends. The chart below shows the fatalities broken out by age category over the last four years.

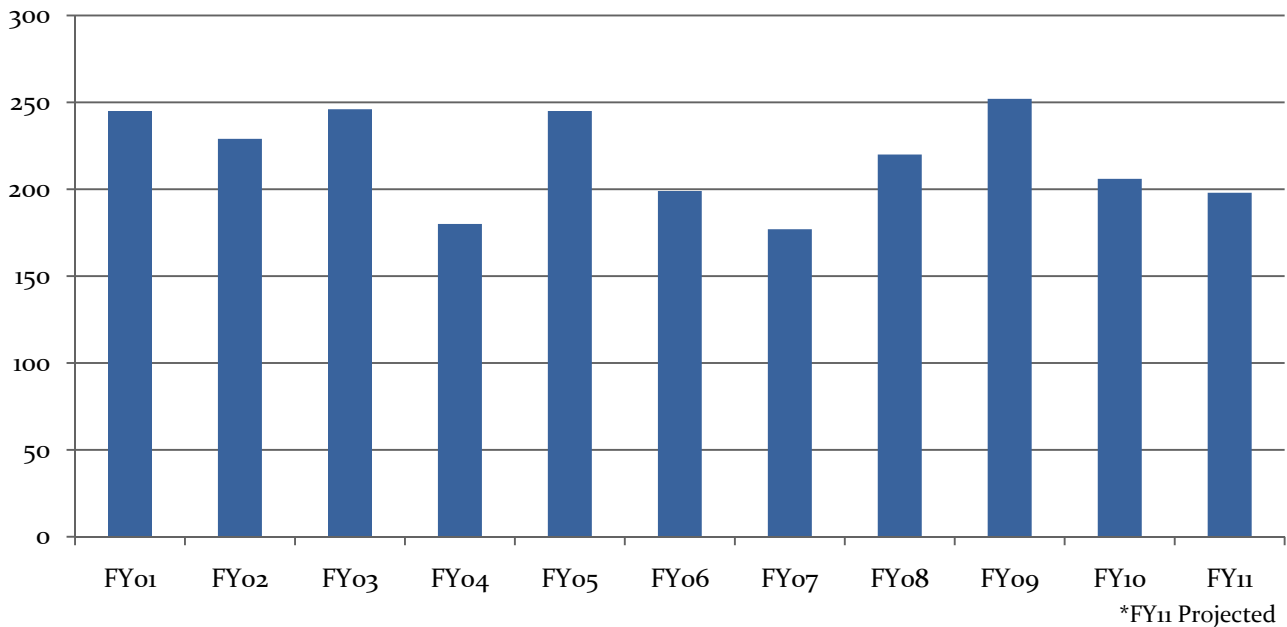
**Age Breakdown for Fire Fatalities, 2007-2010**



Keeping Fire Fighters and EMS workers safe in the line of duty is paramount to the Fire Department's ability to protect the lives of residents. The chart below shows the number of injuries to Fire Fighters

from FY01-FY11. The Department has been pro-active in carrying out accident and injury reduction strategies, to some positive affect.

**Number of fire fighter injuries, FY01-FY11**



In FY11, the Fire Department requested a comprehensive study from the Pennsylvania Intergovernmental Cooperation Authority (PICA). This study will include an overall review of the Fire Department's operations and management with a focus on its future design and direction to ensure the Fire Department is meeting community fire service and medical needs and expectations. The report will be completed in FY12, and the Department plans to review and initiate some, or all, of the recommendations to increase its effectiveness and efficiency.

Temporary closures of a small number of fire stations, or 'brown-outs', as they are known, were put in place as a way of reducing overtime costs in FY11. Such brown-outs have been used by the Department for years when on-duty personnel require training from time-to-time, remaining station personnel are temporarily assigned to another station. The Fire Department continuously reviews any fluctuations in response times, based on personnel and equipment deployment, to assure that the needs of Philadelphians are responded to in an expedited manner, 24 hours a day, 7 days a week, 365 days a year.

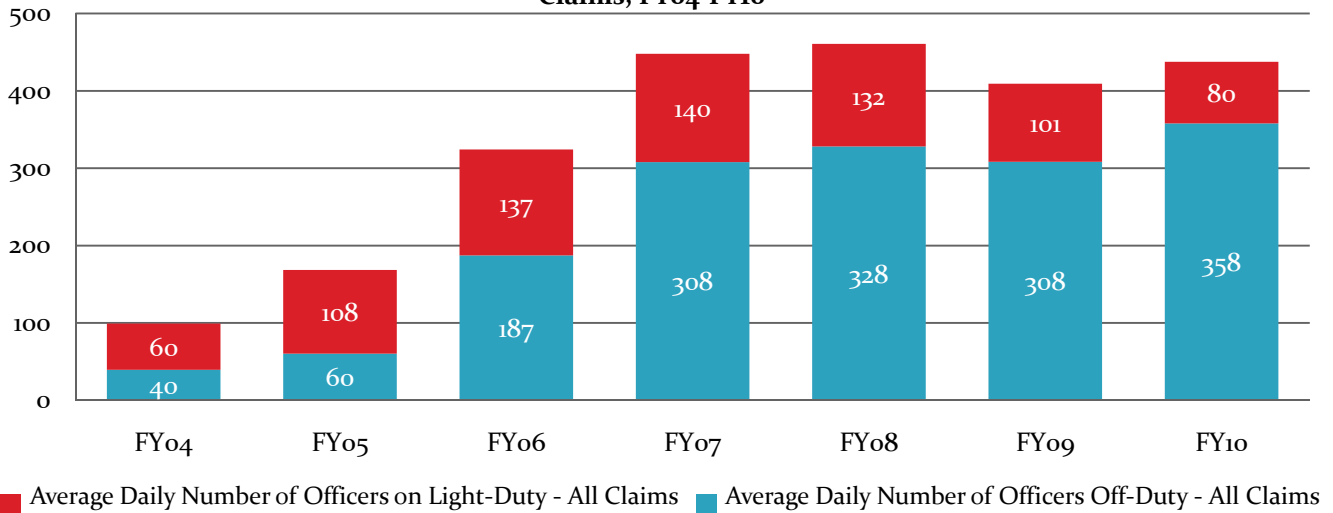
**Significant Public Safety Challenge**

A challenge that both the Police Department and Fire Department face on a daily basis is the number of uniformed police officers and firefighters available for full-status duty.

In the Police Department, over 400 sworn officers are unavailable for full-duty on a daily basis due to injury, long-term illness, or extended leave through the Heart and Lung Act. This high figure continues

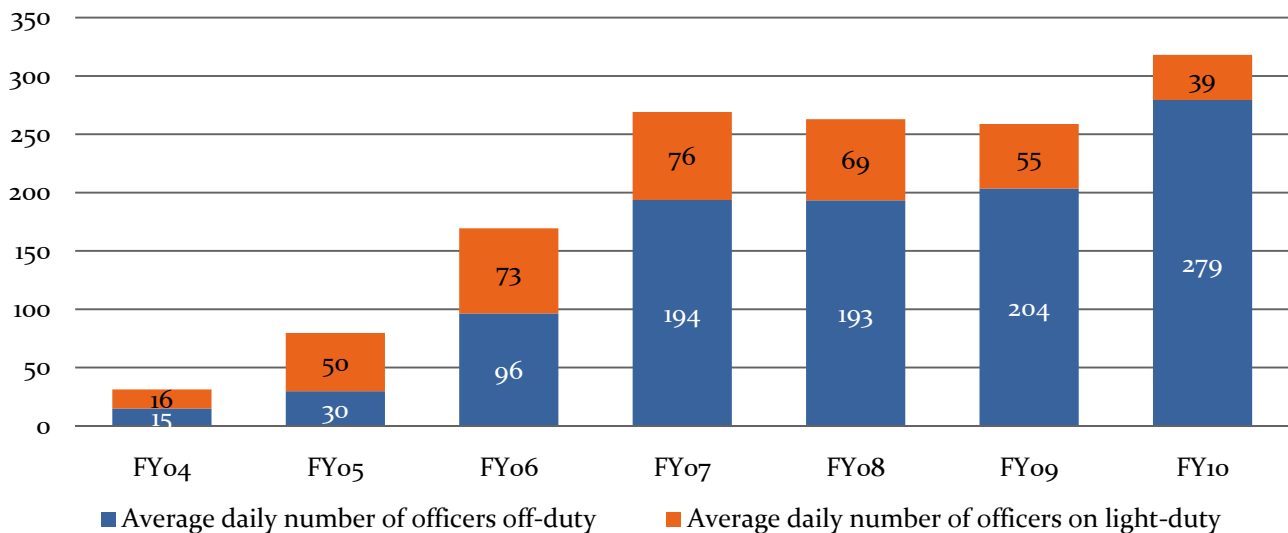
to put a strain on staffing the Districts. The chart below shows the changes to the average unavailable for full-duty on a daily basis from FY04 to FY10.

**Average Number of Police Officers Unavailable for Full-Duty Each Day, All Claims, FY04-FY10**



As the chart above shows, the number of Officers unavailable for full-duty has risen substantially over the last six years – from an average daily loss of 100 officers from full-duty in FY04 to 438 in FY10. A significant portion of these officers are out or on light-duty due to the Heart and Lung Act of Pennsylvania. This Act requires that full wages be paid to injured workers without taxes being deducted, thus increasing the officers’ take-home pay. The chart below shows the significant number of police officers who are either off-duty or on light-duty on Heart and Lung claims. That number has risen from 31 in FY04 to well over 300 in FY10 as Heart and Lung claims account for the vast majority of officers who are unavailable for full-duty.

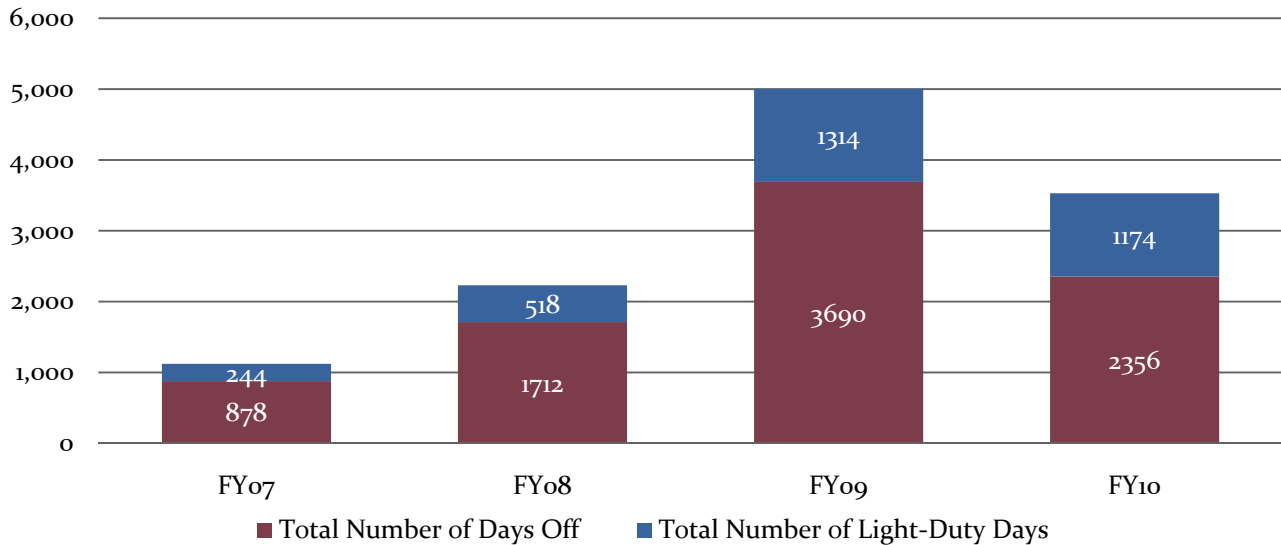
**Average Number of Police Officers Unavailable for Full-Duty Each Day due to "Heart and Lung" Claims**





The Fire Department is also facing the challenge of large numbers of firefighters that are unavailable for full-duty due to injury. The chart below shows the total number of days lost under the provisions of the Heart and Lung Act from FY07-FY10.

**Total Number of Days Affected by Heart and Lung Claims in the Fire Department, FY07-FY10**



**Child Welfare**

The protection of Philadelphia’s most vulnerable citizens – children - is a critical mission of the City’s Department of Human Services (DHS), and, as with crime fighting and prevention, only through a coordinated approach with multiple agencies and communities can the mission be achieved.

On January 24, 2008, Mayor Nutter reestablished the Community Oversight Board (COB) to continue to monitor DHS’ progress with implementing reforms recommended by the Child Welfare Review Panel (CWRP) and to assess the impact of the reforms on the safety, permanency, and well-being of Philadelphia’s children. The CWRP’s recommendations focus on accountability, child safety, diversity of services, and community connections. DHS has fully implemented most of the recommendations. With the support of the COB, DHS developed measurable outcomes that will be used by the COB to quantitatively examine the progress the Department has made with improving child safety. Examples of these outcome measures are: number of dependent children in placement, the severity of the abuse, repeat episodes of abuse, number of placements while in care, and visitation by foster care and DHS social workers to children in placement. In their most recent report to Mayor Nutter, the COB noted, “The leadership provided by Anne Marie Ambrose, DHS Commissioner, has led to substantial progress on the CWRP’s recommendations. Her commitment to the effort has given

**Mission Statement for the Department of Human Services**

The Philadelphia Department of Human Services’ mission is to provide safety, permanency and well-being for children at risk of abuse, neglect and delinquency.

the COB confidence that the Department will maintain and continue to enhance the many reforms already implemented by DHS.”<sup>25</sup>

In FY10, DHS developed the state’s first Act 33 Child Fatality/Near Fatality Review Team process and procedures. It serves as a state model for effective interdisciplinary and interagency coordination in examining child fatalities and near fatalities, and for identifying and monitoring the implementation of recommendations to improve child safety. The Department also implemented a Child Stat process, modeled after one implemented in New York City. DHS’ Quality Improvement Unit randomly selects cases on a monthly basis to review in-depth performance of DHS management, supervisors, and frontline staff. Child Stat has garnered national attention, including a site visit by the Los Angeles County Child Welfare Office.

The Department also created the Division of Performance Management & Accountability (PMA) in January 2009 to support system improvement by monitoring, evaluating, and reporting out on the efficiency, effectiveness and availability of services (internal and external). PMA developed DHS’ Quality Service case Review (QSR) process in the fall of 2009. In June 2010, DHS successfully conducted the first QSR which focused on congregate care. Since that time a total of four QSRs, with a focus on four types of services, have occurred. QSRs are currently scheduled to occur six times a year; each will have a special area of focus.

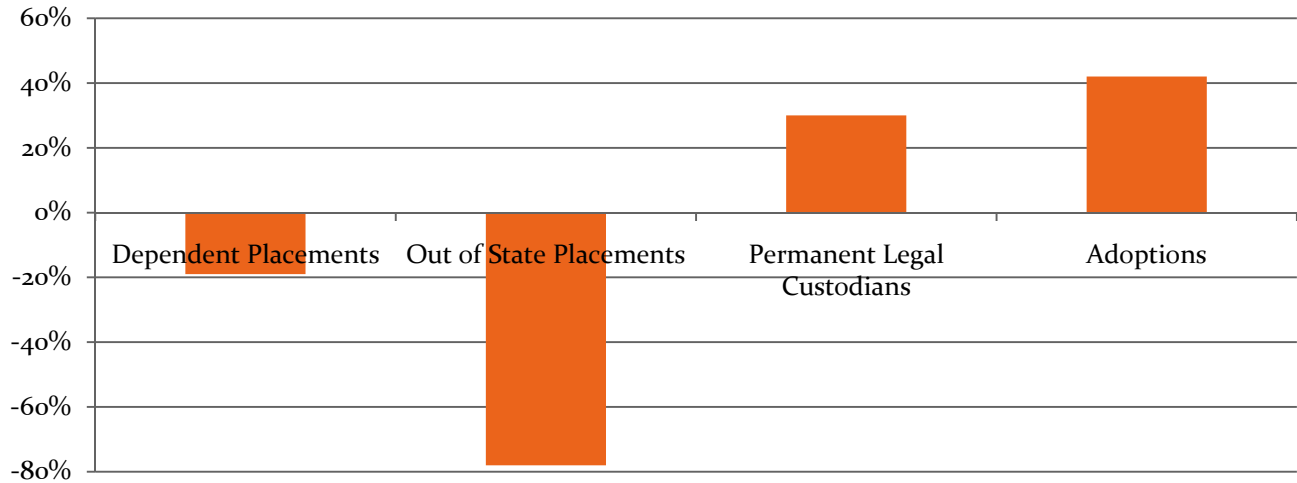
Also in January 2009, DHS launched the Education Support Center (ESC) to improve educational outcomes for children and youth in the child welfare system. It represents a collaboration between DHS and the School District of Philadelphia, addressing the educational and social needs of children and youth enrolled by both systems. The ESC received a total of 619 child-specific consultations from November 2009 through December 2010, with 539 resolved (where the identified barrier was addressed and resolved), a resolution rate of 96%. ESC has shown success in a number of educational outcomes, such as improving attendance, improving school transitions when a child must transfer schools, and increasing the utilization of after-school and enrichment services.

DHS’ focus on providing permanent placements, which provide the stability that is critical for the well-being of children, has shown some strong results over the past two years. DHS has reduced dependent placements by 19%, in comparison to January 2008. This is the first decrease since June 30, 2007, and the Department continues to decrease placements of dependent youth. The decrease in dependent placement can be attributed to both a reduction in children coming into care and an increase in the number of children who return home or exit the formal child welfare system. It may also be indicative of the fact that children and families who have received prevention services have benefited from those services and stabilized enough that a need for placement is no longer necessary. Moreover, DHS has reduced out-of-state placements by 78% from January 2008 to December 2010. While the overall increase in permanencies from 2008 to 2009 was 10%, the number of adoptions increased by 42% from January 1, 2008 to December 8, 2010. Permanent Legal Custodians increased by 30% during that same time period.

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<sup>25</sup> Report on Progress from the COB for DHS, February 2010, page ii.

The numbers are indicative of the Commissioner's commitment to ensuring children receive permanency. The chart below shows these successes.



In FY11, DHS created a new position of Medical Director and retained Dr. Cindy Christian, a nationally recognized child abuse expert, to ensure effective management of the medical needs of children on an individual and systemic level.

In FY12, DHS plans to launch a Mobile Technology & Car Sharing pilot in the Sex Abuse Unit. DHS plans to provide staff assigned to the sex abuse unit with BlackBerries and laptops. These will give staff the ability to document and complete work functions in the field. The goal is to improve operational efficiency and to increase workforce mobility. If successful, this will be expanded to all intake units at DHS.

**Safety, Security, and Re-Entry**

The Prison System plays a key role in the safety of Philadelphians. The Prison System detains and secures persons that have committed illegal activities, while providing skills for re-entry into society, in order to prevent recidivism.

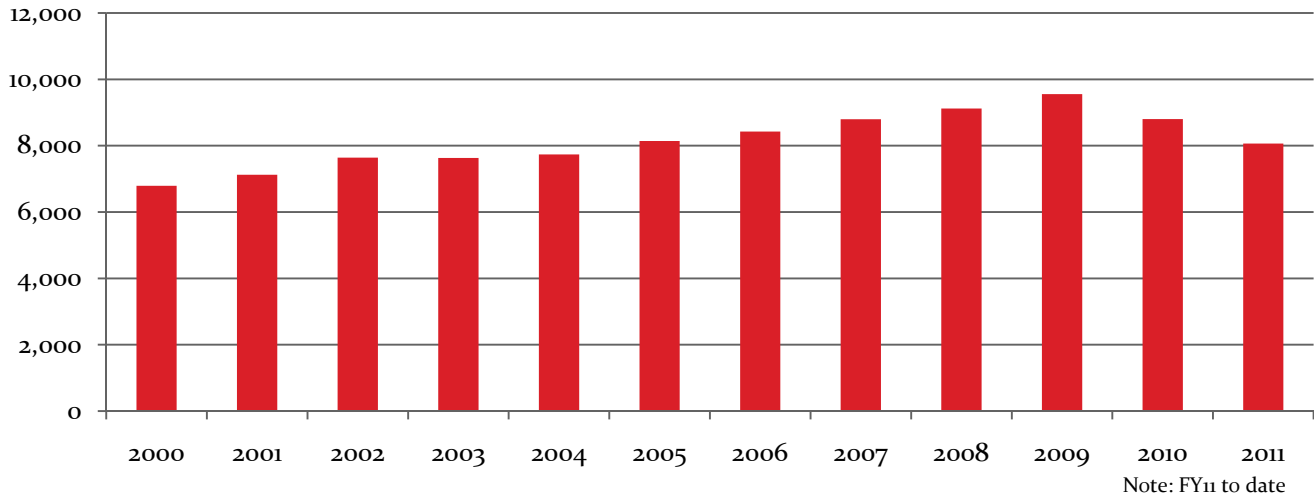
Over the last two years, through working in cooperation with the Criminal Justice Advisory Board (with representatives from the District Attorney's Office, the Defenders' Association, the First Judicial District, City Council, the Deputy Mayor for Public Safety, the Deputy Mayor for Health and Opportunity, the Police Department, the Prisons System, and the Commonwealth), the prison population has decreased by 10% each year. Reducing the census provides multiple benefits for all Philadelphians. Inmates, who were previously housed out-of-county because there was no room in the prison facilities, are now able to be housed within the city, not

**Mission Statement for the Philadelphia Prison System**

The mission of Philadelphia Prison System is to provide a secure correctional environment that adequately detains persons accused or convicted of illegal acts; to provide programs, services, and supervision in a safe, lawful, clean, humane environment; and to prepare incarcerated persons for re-entry into society.

only providing significant cost-savings, but also allowing for easier and more frequent visitations from family and friends.

**Average Daily Population Fiscal Years 2000-2011**



The Prisons System has also been conscious of reducing expenses throughout the system. In FY11, the Prisons completed the transition to 100% generic pharmacy formulary for behavioral health, reducing per inmate medication cost. In FY12, the Prisons are seeking to obtain 340B pharmacy discounts to further reduce inmate medication costs. 340B pharmacy discounts require drug manufacturers to provide outpatient drugs at low pricing (roughly 50% of the Average Wholesale Price).<sup>26</sup>

Technology is playing an important role in improvements in the Prisons System. In FY10, the Prisons System expanded the use of video stations at the Prisons by initiating links with Philadelphia Municipal and Traffic Courts. Instead of transporting defendants to and from the prisons to the Courts, the defendants are able to appear via video link, thereby saving transportation costs. The Prisons System has also recently initiated an electronic records exchange with Philadelphia Courts, through remote printing, saving significant time and resources to send information. In FY11, the Prisons System also plans to implement an Electronic Health Record System, in coordination with the City’s Health Centers.

In order to reduce recidivism and provide skills that will enable an easier re-entry into society, the Prisons System provides a variety of programs to inmates. Over the last two years, the Prisons System has raised the participation of sentenced inmates in facility programming, from 56% to 78%, and has added the “Roots to Re-Entry” inmate training program providing guaranteed employment to qualified sentenced inmates. The Roots to Re-Entry program gives inmates at the Prison System a chance to develop new skills, gain hands-on landscaping and horticultural experience, and pursue meaningful employment upon their release. Qualified individuals participate in 10-12 weeks of vocational and life skills training both “behind the walls”, at the prison’s Roots to Re-Entry Garden, and “outside the walls”, at Bartram’s Garden in Southwest Philadelphia or Awbury Arboretum in Northwest Philadelphia. Program partners work together to identify and secure job placement opportunities for the graduates. In

<sup>26</sup> Schondelmeyer, Prime Institute, University of Minnesota (2001)

its pilot year, the program graduated 12 trainees and placed 11 in full time positions with area landscaping companies. The Prisons System plans to expand this successful program in FY12. Studies have shown that when ex-offenders have jobs, they are less likely to commit another crime.



Ex-Offender Anthony Campanaro, who graduated from the “Roots to Re-entry” program, leads a garden tour at the Prisons System. Anthony has not recidivated since he left in 2007.



Mayor Nutter (center) congratulates Rasheed McCrea, Terrance Hightower, Thomas Shannon, and Candido Sanchez at graduation ceremony in Bartram’s Gardens, October 20, 2010. *Photograph courtesy of Philadelphia Horticultural Society, phsonline.org*

The Prisons System also plans to initiate new programs in FY12. These include a basic literacy program for inmates to complement the existing GED and Adult Basic Education programs, and a rescue dog training program for sentenced offenders, in partnership with “New Leash on Life”. This program engages inmates to train abandoned and homeless dogs, increasing their prospects for adoption. Inmates will learn to train and care for dogs, building skills, confidence, and future employability in the \$40 billion animal care industry upon release.

The Prisons System also partners with other agencies and external organizations to provide tools for ex-offenders. The City’s Mural Arts program prioritizes mural-making and art education efforts that channel destructive energies into constructive opportunities, breaking cycles of crime and violence in Philadelphia’s communities. In 2009, the Mural Arts program received a highly competitive Recovery Act Byrne Grant, through the U.S. Department of Justice, to create a workforce development program in partnership with the Youth Violence Reduction Partnership. Over the course of a three year grant period, this program (entitled *The Guild*) builds practical job and life skills for 120 individuals recommended to the program by the court system – including wall repair and exterior painting, landscaping and lot clean-up, mural design and creation, and craftsmanship. Along with the Re-entry



program for probationary individuals and former inmates, these programs ease the difficult transition from prison to the outside world and the workforce by providing work opportunities that offer an alternative to crime. The success of these efforts is evident in the 13% recidivism rate of re-entry participants in their first year post-release, as compared to the Philadelphia three-year average of 66% in the first year post-release.

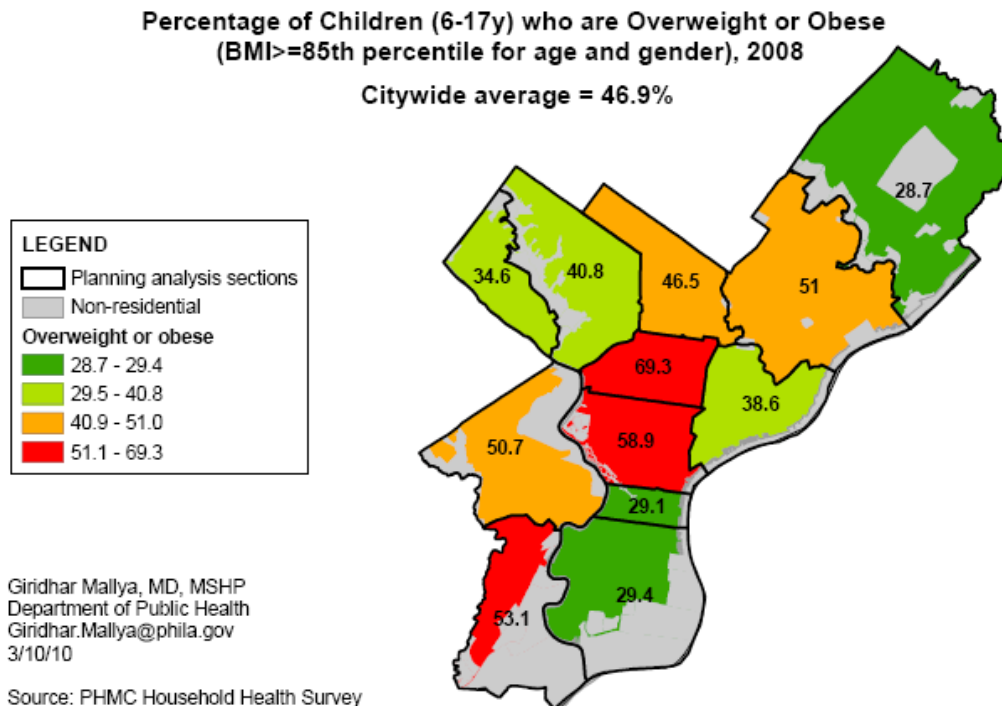
## The Individual Well-Being of Philadelphians Improves

The goal of improving the well-being of individuals in Philadelphia is a high priority for the Mayor. The City Administration is targeting its efforts on two main aspects of well-being – improving residents’ health and their education levels.

The history of public health in Philadelphia reaches back to the city's beginnings. Welshman William Penn's "greene countrie towne" was the first American city to provide free hospital care for its poorest residents at the Philadelphia Almshouse, built in 1732. Philadelphia is home to the nation’s first medical school, children's hospital, cancer hospital, eye hospital, nursing school and dental school. Health services continue to play a large role in the city today.

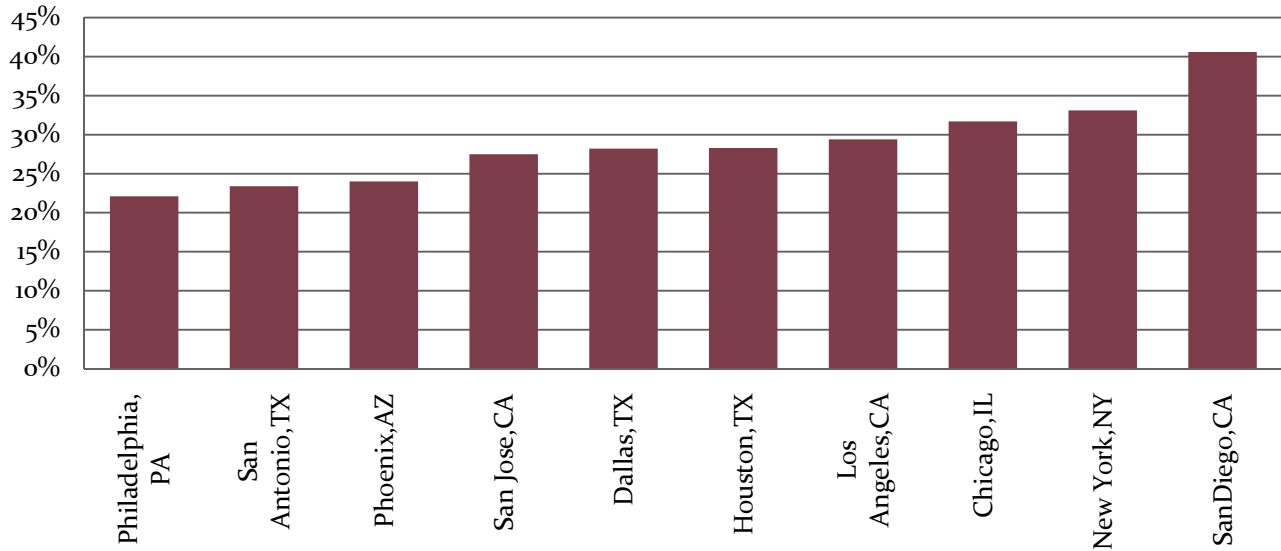
Evidence shows that in order to improve our health, it is crucial to eat a variety of fruits and vegetables every day, take regular exercise, and stop smoking. These three healthy behaviors can help prevent a wide-range of diseases. The City has made quitting smoking easier, with a range of programs and services for current smokers. And in an effort to prevent younger Philadelphians from beginning to smoke, retailers will face stiffer penalties for selling tobacco products to minors. With expanded farmers markets and initiatives allowing food stamps to be used to buy goods, as well as corner stores receiving a healthier selection of produce, the option of leading healthier lives is becoming more attainable for all.

However, the map below shows how much work needs to be done. According to a survey by Public Health Management Corporation (PHMC) in 2008, 47% of children were overweight or obese, and the rate varies by Philadelphia neighborhoods. Philadelphia’s poorest neighborhoods are affected more than others.



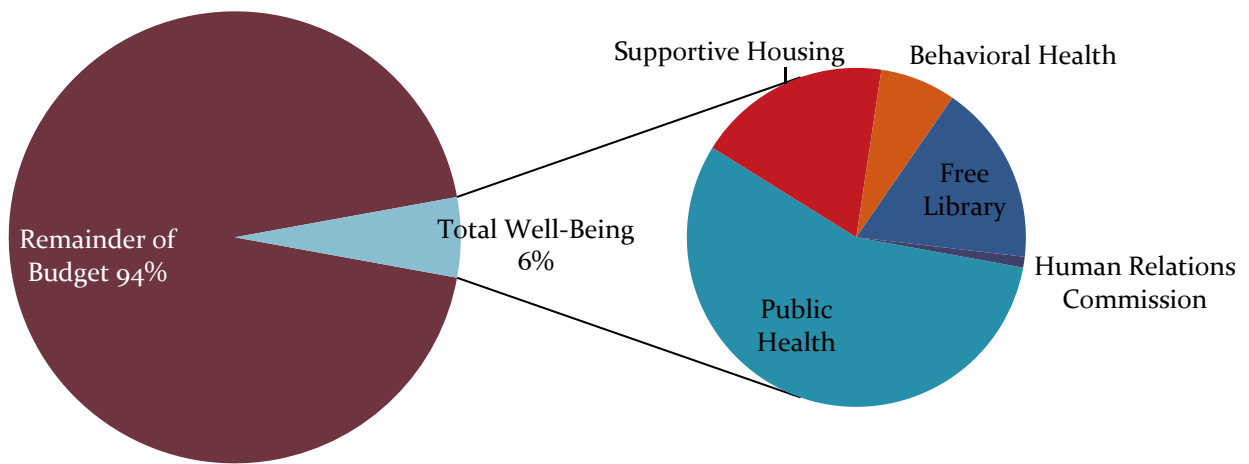
Likewise, receiving a good education, or making the decision to improve one’s life by attaining a higher-level of education can provide the tools necessary to lead a secure, more sustainable future. The chart below shows that Philadelphia has the lowest percentage of residents over 25 with a Bachelor’s Degree among the top ten largest cities. Over the last three years, the City has taken a number of steps to improve this percentage. By increasing the number of college graduates in Philadelphia, more and more businesses will be attracted into the city, and residents’ incomes will rise.

**Population 25 years or older with a Bachelor's Degree, Top 10 largest cities**



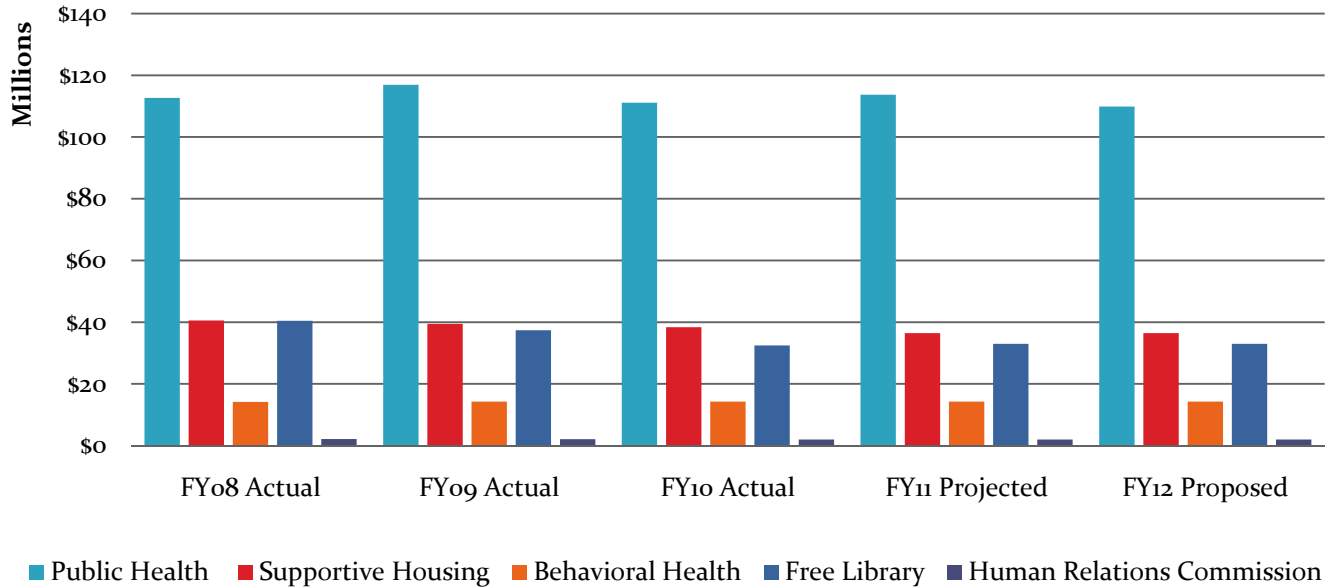
**Budget**

The five departments that fall under the “well-being” goal (the Department of Public Health, the Office of Supportive Housing, the Department of Behavioral Health/Intellectual Disability, the Free Library, and the Human Relations Commission, consume 6% of the City’s General Fund FY12 budget, a slight (1%) growth compared with the last five fiscal years.



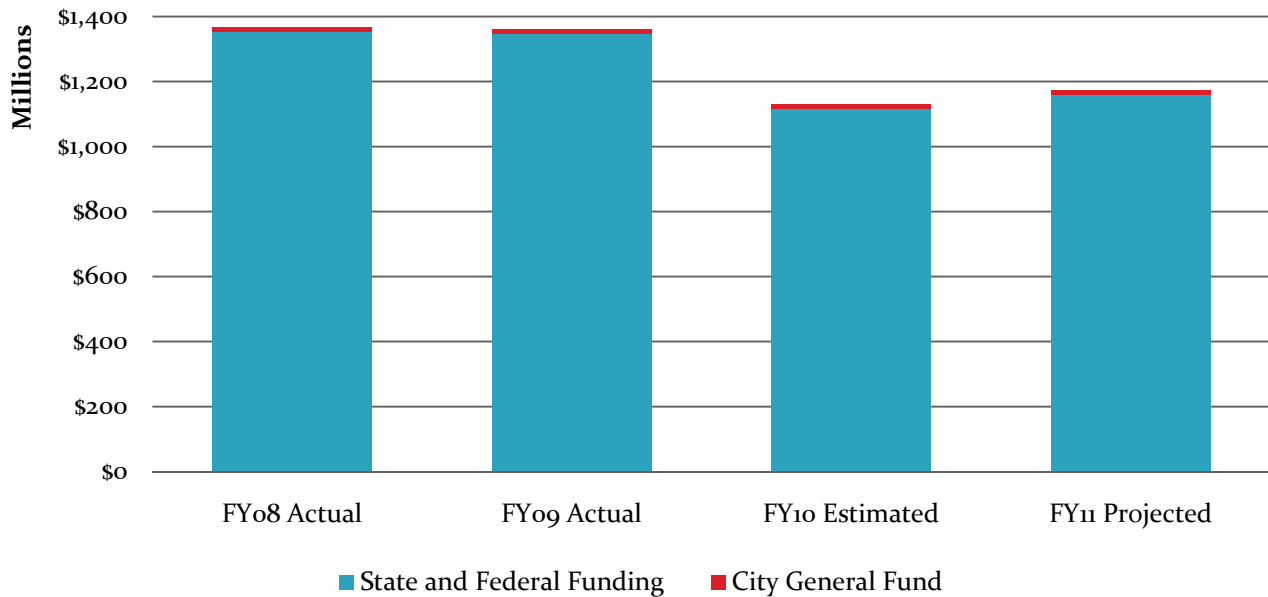
As the budget has been reduced during the recession, these departments' expenditures have been reduced in proportion to the total budget.

**Well-Being Departmental Spending FY08-FY12**



These numbers however only reflect the General Fund's obligations. Ninety-nine percent of Behavioral Health's budget is expended out of different funds, which are directly State and federally supported. The chart below shows the total spending for Behavioral Health, and the breakdown between State and federal funding, and City funding.

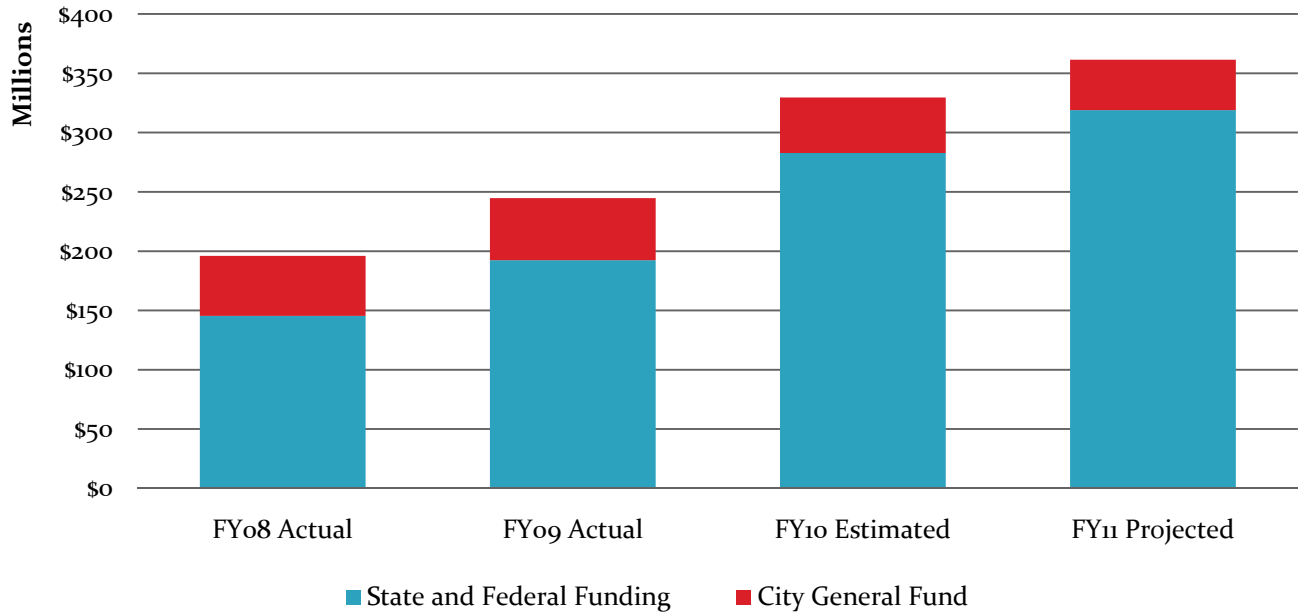
**Office of Behavioral Health and Intellectual Disability Services Budget, FY08-FY11**





Likewise, the Department of Public Health is also dependent on State and federal funding. The Department's estimated expenditures for FY11 are \$362 million. Of that amount, just under \$43 million, or 12%, are unreimbursed general fund dollars.

**Department of Public Health Budget, FY08-FY11**



Both departments are therefore extremely vulnerable to potential reductions in spending at both the State and federal levels. Significant reductions at the state and federal level will impact individuals who are uninsured and underinsured, and who are seeking to access necessary services.

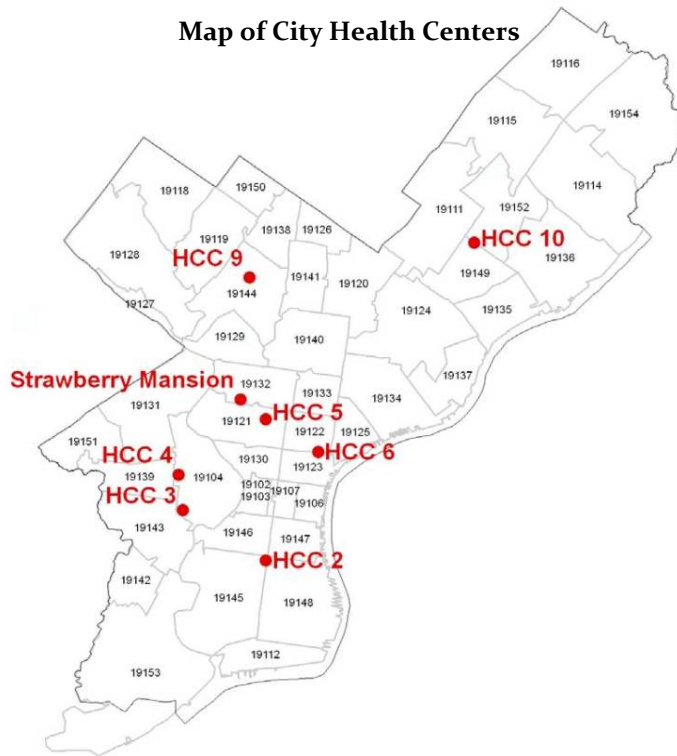
**Public Health**

The Department of Public Health’s mission of is to protect the health of all Philadelphians and promote an environment that allows Philadelphians to lead healthy lives. The Department not only provides medical services for Philadelphians, but also enforces laws, creates policies, and supports numerous health and well-being programs across the city. Achieving the mission of improving the health of residents involves working in collaboration across departments and with other community organizations.

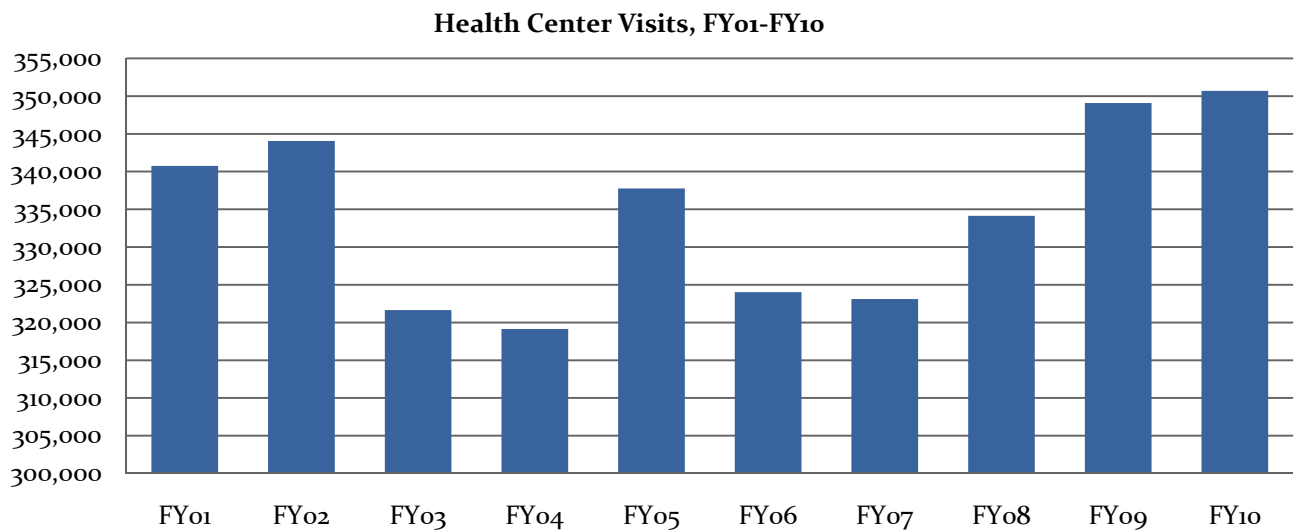
**Mission Statement for the  
Department of Public Health**

The mission of the Department of Public Health is to protect the health of all Philadelphians and to promote an environment that allows us to lead healthy lives. We provide services, set policies, and enforce laws that support the dignity of every man, woman and child in Philadelphia.

The Department is divided into seven budgetary units, with the majority of funds spent on Ambulatory Health, which pays for the City’s eight Health Centers. These are shown on the map below.

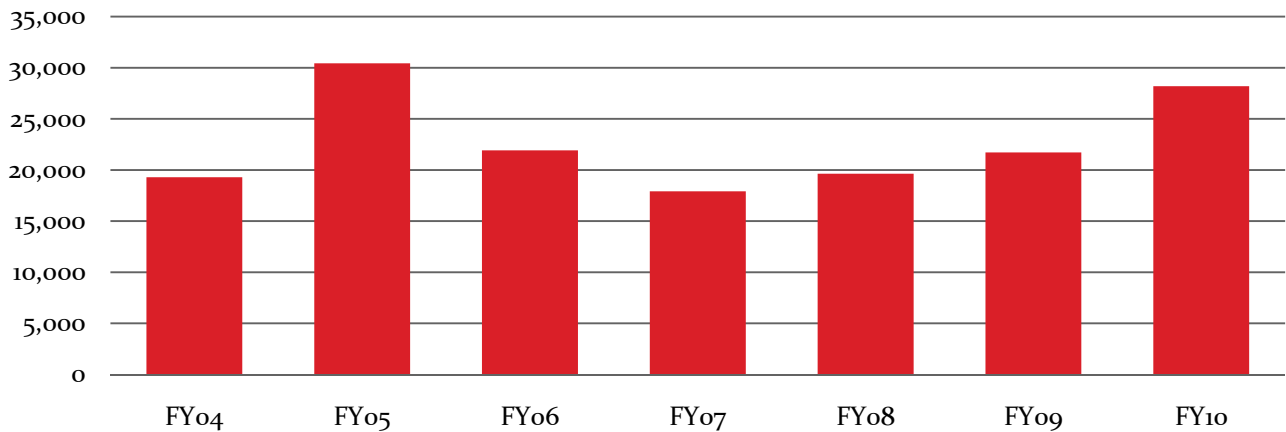


Despite a reduction in expenditures on Ambulatory Health, the number of patients and visitors continues to grow. The number of uninsured in Philadelphia has almost doubled in the past 10 years because of job loss, higher insurance premiums, and more residents who do not qualify for subsidized insurance. The chart below shows the change in the number of visits over the last ten years.



In FY10, the health centers provided 28,195 flu shots, an increase from 18,040 in FY09. Approximately one-third of patients received vaccinations within the Health Centers, although many others received vaccinations at outside sites (such as churches and community sites). FY11 is also projected to remain high, although it may not be as high as in FY10, as there is less concern about H1N1, and the seasonal flu and H1N1 vaccines are combined.

Number of Flu Shots, FY04-FY10



Following FY10’s great success in immunizing Philadelphians against H1N1, the Department of Public Health in FY 11 implemented a molecular virology laboratory that allows for influenza and Norovirus (major cause of gastrointestinal disease) testing here in Philadelphia.

The health centers continue to work hard to provide care for the uninsured and to improve health insurance coverage where possible, with some positive results. Currently, approximately 70% of all pediatric visits are now made by insured patients, which is an increase from 66% in FY09. The Department aims to have all children who are eligible for insurance to have insurance.

The health centers have also been recertified as FQHC (Federally Qualified Health Center) Look-Alike sites (a five-year designation). Doing so enables them to meet the new, more stringent federal certification requirements, and allows the City to qualify for 340B pharmacy discounts, which requires drug manufacturers to provide outpatient drugs at low pricing (roughly 50% of the AWP – Average Wholesale Pricing).

Moreover, the health centers have also been able to provide free prescription medication in partnership with other organizations. Utilizing 16 Americorp workers in the Indigent Free Drug Program, the Department provided free medications to over 4,500 patients between August 2009 and August 2010, which is valued at \$3,310,860 (340B pricing), or \$5,905,972 (AWP). In that same time period, AstraZeneca’s AZ&Me Prescription Savings Program served 1,326 patients, and filled 3,782 free

prescriptions valued at \$198,989 (340B) or \$463,879 (AWP). In CY10, the Pfizer Sharing the Care Program provided free medication to 17,629 patients, with 24,382 free prescriptions valued at \$3,096,004.

In March 2010, the Department received two Recovery Act (ARRA) grants, totaling \$26 million dollars (over two years), for tobacco and obesity prevention. The awards have funded numerous successful programs. In collaboration with the Department of Parks and Recreation, the Department launched the USDA Meal Program in 40 of the 98 recreation center after-school sites, providing nutritious meals to thousands of low-income children. The Meal Program provides \$2.57 in reimbursement per child (compared to 71 cents per child through a prior program) for nutritious, tasty meals. In FY12, the Department plans to incorporate food and fitness standards into all City-funded out-of-school time programs.

The Department also worked with the School District to begin the *Campaign for Healthier Schools*. Through this effort, School Wellness Councils were developed in 200 public schools that will incorporate physical activity into the school day and eliminate junk foods from classrooms, fundraisers, and school stores. To date, over 100 schools have submitted plans that detail their objectives and approaches for improving students' health.

Moreover, nearly 500 corner stores have been recruited into the City's new Healthy Corner Store Initiative. To date, ten have received the first mini-grants for conversions that enable them to sell more fresh produce, low-fat dairy products, and lean meats. Stores are targeted in communities with poor access to fresh foods, with a goal of 100 stores receiving the mini-grants.

The City also sponsored four new farmers markets and helped the markets get the equipment needed to accept Supplemental Nutrition Assistance Program, or SNAP (Food Stamp) benefits. In addition, the City provided extra supports to those receiving SNAP if they used their benefits to purchase fresh produce at neighborhood farmers markets. SNAP recipients can get \$2 of free fruits and vegetables for every \$5 spent at participating farmers' markets through the Philly Food Bucks program. Use of SNAP benefits at farmers markets more than doubled with this effort.

In 2010, a partnership with the William Penn Foundation, the Philadelphia Foundation, the W.W. Smith Charitable Foundation, the Connelly Foundation, the Claneil Foundation, the Delaware Valley Regional Planning Commission, and Iovines Produce at Reading Terminal Market, led to the support to allow the draw-down of federal Temporary Assistance for Needy Families (TANF) benefits to supplement Women, Infants, and Children (WIC) funding for impoverished women and children to purchase additional fresh fruits and vegetables at farmers' markets. This funding increased the farmers' market voucher benefit from \$20 to \$80 per season for 25,000 WIC participants. Nearly \$1.3 million in WIC benefits were used in 2010. In FY12, the Department plans to open six new farmers markets in low-income communities, run by community-based non-profit agencies.

The Department also launched multi-media campaigns to decrease consumption of sugar-sweetened beverages and to increase the assistance to those who smoke, but are trying to quit. In November 2010, the Department also launched the first-ever nicotine patch giveaway in Philadelphia, in partnership with the State's Free Quitline (1-800-QUIT-NOW). Five thousand Philadelphians called for free counseling

and a free one-month supply of nicotine patches. Usually only two - three Philadelphians call the Quitline per day; during the campaign up to 900 people called in one day.



Mayor Nutter signs youth anti-tobacco bill

On December 23, 2010, Mayor Nutter signed a bill increasing penalties from \$100 to \$250 for merchants who sell tobacco illegally to youth. This is an historic step in decreasing youth access to cigarettes and in reducing smoking among youth in Philadelphia. This law was passed unanimously by City Council.

For the first time, free smoking cessation medications were offered in the City's health benefits for non-represented and exempt staff, as of January 1, 2011. In FY12, the Department plans to implement new regulations to make City recreation centers 100% smoke-free, and to implement a new licensing requirement and fee for tobacco retailers.

Over the past two years, the Department improved its mortality data system to change public systems to help people stay alive. Systems include starting the first-ever HIV mortality review to learn from cases where individuals have died with HIV disease, as well as restarting a review of maternal mortality. At the same time the Department has significantly reduced the time for state-mandated review of child deaths involving abuse and neglect to exceed the State's standards.

In FY10 and FY12, the Department received numerous federal awards and grants. The \$1 million Recovery Act-funded Healthy Homes Grant from the Department of Housing and Urban Development (HUD) will provide the services necessary to identify and remediate home hazards, including lead and injury hazards, for children with asthma, and make their homes more energy efficient. With Philadelphia being just one of 11 sites selected nationally, this grant will allow the Department to work on public health for children and sustainability for families and communities, one home at a time. The Department also won the Improving Public Health Infrastructure award, and was one of 19 jurisdictions to receive an enhanced reward to improve the linkages between the public health and health care systems in Philadelphia through improved planning process and improvements in information technology and health information exchange. A series of federal awards were given to Philadelphia to improve infrastructure for communicable disease surveillance, treatment and prevention, totaling more than \$2 million.

The Department also is responsible for inspecting food service establishments. In FY10, a performance management system for food service inspections was implemented, to reduce the time interval between inspections. The time interval is now at 12-13 months, with the goal being to consistently achieve risk-based standards that will average 12-month inspection intervals. An inspection program for the City's menu-labeling law was implemented, ensuring that chain restaurants with menu boards have calories listed and other nutritional information available.

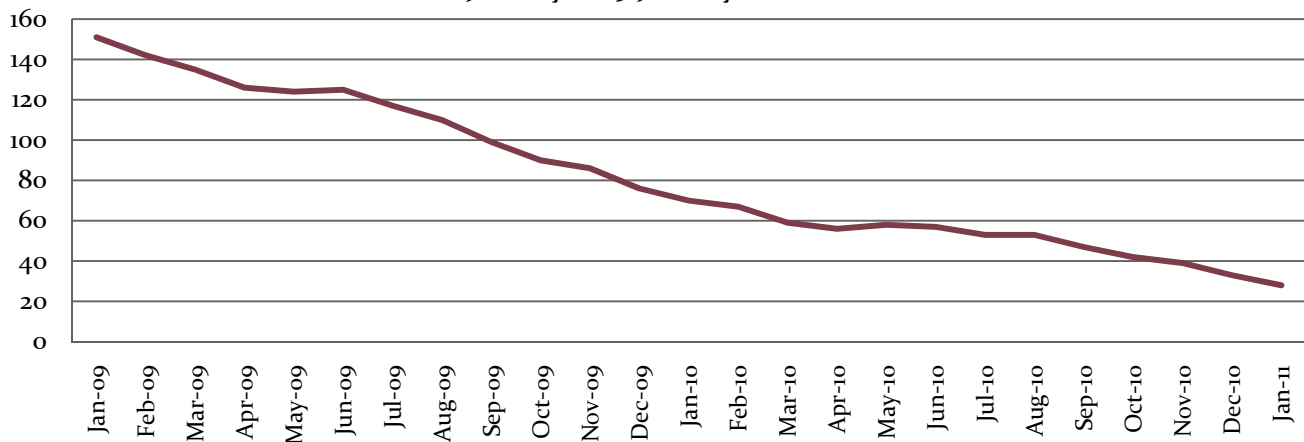
**Behavioral Health**

**Mission Statement for the Department of Behavioral Health and Intellectual Disability Services**

To support people in an environment of recovery, with a focus on prevention, wellness and self determination to facilitate realizing goals and attaining the highest quality of life possible. We will work with consumers/clients, families and providers to assure that services are accessible, effective, appropriate and of high quality. We are 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.

Throughout FY10 and FY11, the Department has been committed to reducing the over-utilization of out-of-state residential treatment settings for children and adolescents, and developing a plan to bring children back home from such placements. Working in conjunction with the Department of Human Services, families, providers, and advocates, the Department has significantly reduced the number of children referred to out-of-state treatment facilities. In January 2009, there were approximately 151 youth in various out-of-state residential programs; by January 2011, there were only 28 youth in specialized programs out of state, an 80 percent drop.

**Number of Children Referred to Out of State Residential Programs, January 2009-January 2011**



The Department has also had much success in securing competitive grants, reflecting the positive effect that the Department’s programs are having on the communities that they serve. In FY11, the Department received an \$11 million (over four years) federal grant called Access to Recovery. This grant will provide uninsured or underinsured adults with alcohol or other drug challenges an array of options and choices to obtain clinical and enhanced recovery support services through an electronic voucher program. Priority populations to be served are homeless persons, women who are pregnant or have children, veterans, and those attempting to re-enter society from the criminal justice system. Seventeen staff,

including 11 people in recovery support services, will be hired to implement and manage the project. During the four years of the grant, almost 11,000 Philadelphians will receive services through this project.

The Department also received a veteran's grant, called Pennsylvania Jail Diversion and Trauma Recovery Initiative for Veterans. This grant provides approximately \$144,000 per year for four years of the five-year grant, and will integrate veterans' issues into Crisis Intervention Training (CIT) for police officers, and identify veterans with misdemeanor charges earlier in the criminal justice processing and divert them to treatment via the Philadelphia Veterans Court. During the four years, at least 75 Philadelphians will receive services through this project.

Promoting partnerships and collaboration across the mental health and criminal justice systems is a crucial objective in Philadelphia. City and state officials have launched a special mental-health court that is intended to reduce recidivism by helping prison inmates with mental illness transition back to society. The Department of Behavioral Health was successful in securing a grant for the hiring of a Forensic Triage Specialist for two years, with a Recovery Act (ARRA) grant from the State. The Forensic Triage Specialist will identify, screen, and refer individuals with severe mental illness, immediately after the notification of incarceration, to the appropriate criminal justice diversionary program. A "Promising Practices" Technical Assistance Series will provide technical assistance on developing community alternative strategies to the various stakeholders in the criminal justice and treatment systems. A Forensic Housing Study will inventory current housing options available to the participants of the court-based diversion programs, document the specific needs for housing, identify barriers to accessing housing, develop models for housing alternatives, and provide strategies, particularly fiscal, for increasing housing options. Since the Forensic Triage Specialist position was put into place, an in-depth study of individuals with a history of receiving behavioral health services in Philadelphia has begun, in order to better understand the population that will be served. Over the course of the grant, a total of 150 Philadelphians are anticipated to be served and at least 500 people will receive technical assistance.

A fourth grant, called Philadelphia RESPONDS (Respond, Engage, Secure, Protect, and address Ongoing Needs through Delivery of Services) Pre-Trial Team, was also successfully received by the Department in FY11. This grant will allow for the creation of a Post-Arrest Crisis Screener (PACS), to work on a Pre-Trial Team, along with the Pennsylvania Commission on Crime and Delinquency-funded Forensic Triage Specialist, police personnel, the Crisis Intervention Training (CIT) Coordinator, Mobile Emergency Team staff, and Arraignment Court Magistrates. The PACS will be located at the Philadelphia Police Offender Processing site to receive referrals and screen any individual self-reporting or exhibiting symptoms of suicidal tendencies, serious mental illness, and/or co-occurring disorders, and will identify eligible individuals with serious mental illness and misdemeanor nonviolent offenses for the purpose of diversion. During the grant's span of two years, at least 10,000 mental health and suicide screens are anticipated to be completed.

In the fall of 2009, the Department was awarded \$1,738,000 over five years for Homeless Case Management from Substance Abuse and Mental Health Services Agencies (SAMHSA) at the Center for Substance Abuse. This will provide strengths-based intensive case management to individuals experiencing chronic homelessness, who are also receiving drug abuse and co-occurring treatment at one

of the five Chronic Drug and Alcohol Treatment Programs. All participants will be screened for the presence of co-occurring substance use and mental disorders, for HIV and for trauma histories. This will support 410 individuals for the life of the grant.

Last year, Behavioral Health implemented pay-for-performance for its HealthChoices network providers, based on the provision of 2009's service results. This effort is designed to improve clinical outcomes and reinforce the Department's goals of recovery for adult users, and resilience for child and adolescent users of behavioral health services. By articulating and identifying programmatic targets for a variety of key clinical indicators, service delivery can be enhanced and be more effective in achieving the desired outcomes. The process has been a collaborative effort with multiple provider meetings over the last three years, to first build individual provider profiles and then set targets for performance standards based upon national and local benchmarks. This initiative was informed by the Commonwealth of Pennsylvania's HealthChoices pay-for-performance program, in which the Department was also awarded performance pay. For upcoming years through the collaborative process, the Department will continue to refine and add additional measures as well as to expand both the Provider Profiles and the pay for performance to all levels of care.

Moreover, in FY11, Behavioral Health implemented a series of 40 system performance metrics that included both clinical and financial performance goals for system level metrics that are reviewed quarterly. The metrics include reductions in readmissions, improvements in continuity of care, stepping-down children to less restrictive and/or more cost-effective treatment modalities, and reviews of under and over utilization by number of admissions and lengths of stays in high cost services. For the upcoming years, the Department will continue to enhance, develop, and monitor these metrics. These metrics work in coordination with the Provider Profiles and Pay-for-Performance to coordinate system goals and provider-level goals that work to move the system toward high quality, cost-effective services.

Another success has been with the Infant/Toddler Early Intervention Program, which provides support to over 3,000 developmentally delayed children, ages 0-3, and their families each year. In collaboration with the Department of Human Services, Public Health, Office of Supportive Housing, the School District, and Elwyn (one of the Agency's providers), the Department served approximately 120 more children in FY10 than the previous year. The average active caseload is 2,709, which represents an increase from last year, with an average of 435 referrals per month; an average increase of 17 referrals per month. The outreach and screening is conducted at shelters and health clinics, and in FY10, two additional shelters were added, totaling nine shelters where child development screening and outreach activities occur. At three of the shelters, early intervention providers and service coordinators conducted a total of 20 parent sessions on a range of topics, including discipline, parent involvement, budgeting, and stress management.

The Department also plans to provide opportunities for over 200 individuals to move from congregate living arrangements to supported independent living. This effort will include the acquisition of housing vouchers from local, state, and national initiatives, coupled with the development of behavioral health supported independent living teams who will visit individuals in their new living arrangements and coordinate access to necessary clinical and community supports.



FY12 will also see a targeted expansion of outpatient services to address underserved areas in the city. An RFP will be released in the upcoming months identifying target areas and specific services to be acquired.

### Well-Being in the Community

The Commission on Human Relations (PHCR) focuses on prohibiting discrimination and resolving conflicts in the community. The Commission's Community Relations staff members work with community leaders, neighborhood organizations, local businesses, schools, and the police to resolve conflicts and promote intergroup harmony within Philadelphia's diverse communities. In addition, the Commission processes applications of same-sex couples who wish to register their life partnerships with the City. The Commission also enforces the Philadelphia Fair Practices Ordinance, Chapter 9-1100 of the Philadelphia Code, which prohibits discrimination in employment, housing, use of public accommodations, and the delivery of City services.

#### **Mission Statement for the Philadelphia Commission on Human Relations and Fair Housing Commission**

Established under the Home Rule Charter, the PCHR administers and enforces all statutes and ordinances prohibiting discrimination, and conducts educational programs promoting equality and understanding among the City's diverse populations.

The PCHR also staffs the Philadelphia Fair Housing Commission (PFHC), which enforces the Fair Housing Ordinance, Chapter 9-800 of the Philadelphia Code and addresses unfair rental practices and other landlord-tenant disputes when a property has been cited by L&I for code violations.

From January through November 2010, the Commission on Human Relations held 11 public hearings on Inter-Group Conflict and Violence in Philadelphia Public Schools. The Commission's findings and recommendations will be presented to the School District in a 30-page report in the coming months.

Moreover, the Commission has been re-writing the City's Fair Practices Ordinance (FPO), Chapter 9-100 of the Philadelphia Code. The new FPO was introduced in City Council on February 3, 2011. The new FPO makes the protections against discrimination clearer, stronger, and in line with federal law. For the FPO in FY12, the Commission will write Regulations, create internal guidelines and policy manuals, create promotional materials for external audiences, and ensure compliance through outreach and trainings to the business community, and City departments and agencies.

The Commission also plans to create a bias incident/hate crime database for the Commission's Community Relations Division (CRD), and will continue to build capacity with materials, training, and procedures. In FY12, the Commission also plans to create a formal Conflict Resolution Certificate Program for CRD staff to conduct trainings for neighborhood and community groups so they are equipped to solve their own conflicts.

### Well-Being for the Homeless

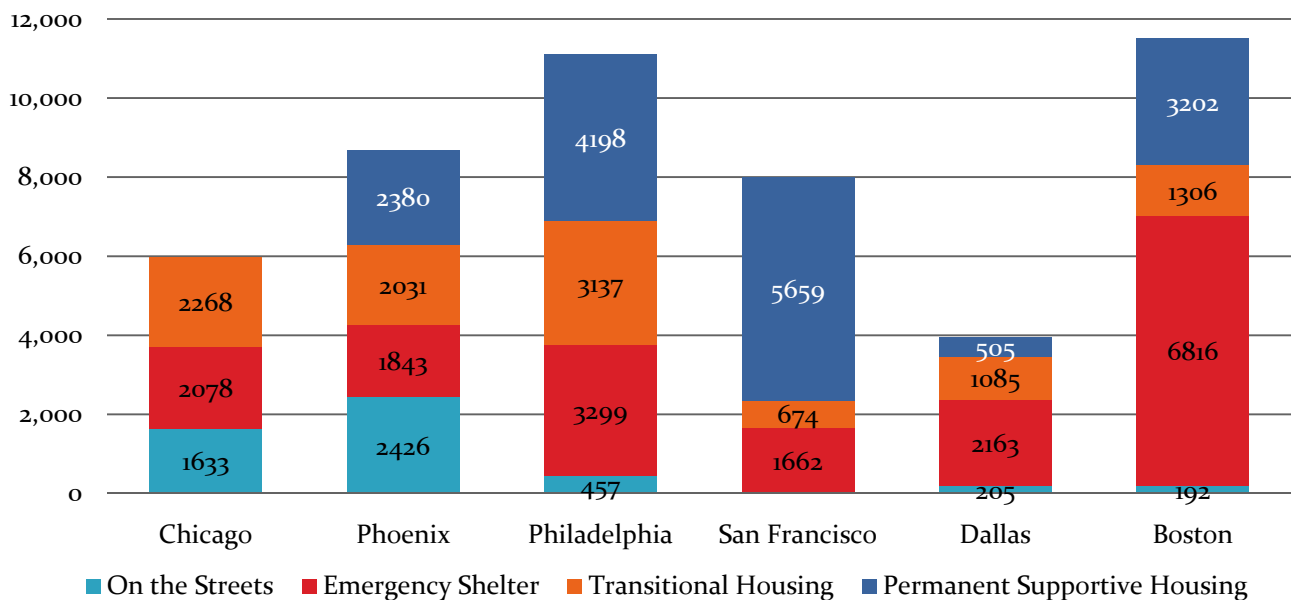
The Office of Supportive Housing supports homeless individuals and families to move towards independent living and self-sufficiency.

As shown on the graph below, Philadelphia has a significant population that depends upon the services that the Office provides. On an average night, over 11,000 people will experience homelessness in Philadelphia, over 7,000 of which are in transitional or permanent supportive housing.<sup>27</sup>

**Mission Statement for the Office of Supportive Housing**

The mission of the Office of Supportive Housing (OSH) is to assist individuals and families to move toward independent living and self-sufficiency in safe and stable housing. OSH is the City agency charged with planning and implementing Philadelphia’s response to homelessness.

**Homeless on an Average Night, Selected Cities, 2008**



Source: U.S. Conference of Mayors 2008 Status Report on Hunger and Homelessness, page 69. Cities selected are only cities surveyed in the top twenty most populous cities in the U.S.

In 2008, Mayor Nutter recalibrated the Ten Year Plan to End Homelessness. The Ten Year Plan prioritizes the creation of permanent supportive and independent housing for Philadelphia’s homeless. As people transition, movement is being created within the homeless and behavioral health systems, making housing and treatment placement available for individuals who are on the street and families in shelters. The recalibrated plan also includes homeless prevention, which provides community-based financial assistance and housing stabilization services to help people remain in their homes or relocate.

<sup>27</sup> U.S. Conference of Mayors 2008 Status Report on Hunger and Homelessness, page 69, [http://www.usmayors.org/pressreleases/documents/hungerhomelessnessreport\\_121208.pdf](http://www.usmayors.org/pressreleases/documents/hungerhomelessnessreport_121208.pdf)

The Office of Supportive Housing has made significant strides in supporting the populations that it serves. Over the last two years, the Office has increased the inventory of permanent supportive housing for homeless men, women, and children by 30%, to a total of more than 5,000 beds. This was accomplished through creation of new housing programs in the community (either leased units or new construction/rehabilitation) and a partnership with the Philadelphia Housing Authority. The Office has also helped 2,000 family members (adults and children) to move out of homelessness and into permanent affordable housing through the City of Philadelphia/ Philadelphia Housing Authority Blueprint Program. The Office also assisted 764 households (single individuals and families) to move into housing in the community through the Recovery Act-funded HUD Homelessness Prevention and Rapid Re-housing Programs (HPRP). HPRP provides rent subsidies and housing-focused services to prevent and end homelessness.

However, the increase in homeless families presenting for emergency housing placement in FY11 is also anticipated to continue in FY12. The demand exceeded the number of emergency housing slots available for families in FY11. To address the need, the Office utilized the availability of the Recovery Act-funded Rapid Re-Housing Program assistance, to expeditiously house 50 families, and the available resources of the agency's Relocation Assistance Unit to provide time-limited hotel placement. The Office will continue to utilize these resources, as available, but challenges are anticipated in addressing the needs of homeless families in FY12.

In FY10 and FY11, the Office of Supportive Housing received a grant through the Department of Justice (Grant to Encourage Arrest Policies and Enforcement of Protection Orders), which focused on increasing collaboration between law enforcement and victim advocates. Through this grant, the City and its partners have achieved multiple successes. The Office created and sustained a public/private group for planning and collaboration between law enforcement and victim service organizations on the issue of domestic violence, known as the Domestic Violence Law Enforcement Committee. The grant also enabled development of content for training, and trained hundreds of police officers, including supervisors, patrol officers, detectives, and first responders, in the dynamics of domestic violence and the supports for victims, and caused domestic violence responses to be included in mandatory Municipal Police training statewide. The grant also assisted with the provision of court advocacy to thousands of victims, and counseling and legal services to hundreds of victims. The Police Department's incident form was also revised to collect more specific information about the incident, a process established so that advocates contact victims following the incident to offer services, and a greater focus given to offenders involved in multiple incidents.

On December 31, 2011, Philadelphia's largest emergency shelter for single men, Ridge Avenue, with a maximum capacity of 315 beds, is scheduled to be closed. In preparation for this closure, the Office will communicate with residents and the public about the Office's plans; phase out the existing program and connect current residents with other resources; and identify alternate sites, as the budget permits.

In FY12, Recovery Act funding for HUD's program Homelessness Prevention and Rapid Re-Housing program, will end. Through this program, the Office of Supportive Housing received more than \$23 million in state and federal funding to prevent homelessness and help people in emergency and

transitional housing move to permanent housing in the community. By the end of the program, an estimated 5,000 households will have received assistance, including 1,000 who were homeless and became housed. Current legislative updates suggest that ongoing funding for this source will be severely limited, which will curtail efforts to prevent homelessness and move individuals and families rapidly out of shelter and into the community. As with all Recovery Act grants, the Office cannot sustain the level of assistance provided and will likely return to the pre-Recovery levels of homeless prevention funded with local Housing Trust Fund dollars (\$595,000 annually).

Also in FY12, in collaboration with the Medical Examiner's Office, the Office of Supportive Housing plans to share the results of their Year Two Homeless Death Review process, both locally and nationally, as well as implement any policy and program changes identified through the process which may prevent future deaths.

### Education

In 2008, the Mayor set out two ambitious educational goals. These were to:

1. Increase the high school graduation rate to 80% by 2015.
2. Double the number of residents with a 4-year college degree from 18% to 36% by 2018.

The Mayor's Office of Education, in partnership with other agencies, community organizations, and the School District of Philadelphia, is responsible for achieving the Mayor's aims. Since the establishment of the Office in 2008, several programs have been developed to improve educational attainment and progress has been made to achieving the Mayor's goals. The graduation rate has increased from 58% to 63% and the proportion of residents with a college degree has reached 23%, since 2008.

#### Mission Statement for the Mayor's Office of Education

The mission of the Mayor's Office of Education is to advise Mayor Nutter and his administration on education policy issues at the local, state and national levels, while also building networks for communication and collaboration between and among key partners citywide toward the achievement of the Mayor's goals of dropout reduction and college attainment.

In the 2008-2009 academic year, the Office established the **Mayor's V.I.P. (Very Impressive Performers)** student incentive program which promotes and rewards academic excellence, academic growth, and good attendance in Philadelphia's public, charter, parochial, and private schools, by giving students Mayor's box seats and tickets to cultural venues throughout the city for their achievements. Since its introduction, the program has rewarded 1,662 students and 31 teachers, giving out a total of 2,503 tickets and prizes. The program has also grown to now reward 9<sup>th</sup> graders for perfect attendance during the months when truancy is the highest, as well as honoring teachers for their efforts in helping more young people enter college successfully, among other initiatives. In addition, an "End of the Year Celebration" has been added to further commend students for their positive achievements. Last year the celebration hosted over 800 students and their families.

The Office also established the **College and Career Advancement Program (CCAP)**. The CCAP is a free educational program available to eligible City of Philadelphia employees who want to prepare for better jobs through the civil service system or who want to start college. Since the program began in February 2009, 212 employees have completed the program, with nearly 60 enrolled for the next course. A variety of literacy agencies provide the instruction, including the Center for Literacy, District 1199C Training and Upgrading Fund, and Temple University's Center for Social Policy and Community Development.

In FY10, the Office created the **PhillyGoes2College Office**, a resource and referral center that helps Philadelphians of all ages earn a college degree, serving as the 3-1-1 on college-going. Residents that call, email, or visit the office are connected with organizations that will help them through the college application process. Since its opening in February 2010, PhillyGoes2College has reached more than 5,400 people through office visits, phone calls, workshops and presentations. The website has been accessed over 54,000 times.

In May 2010, the **Toss Your Caps!** celebration congratulated 300 recent college graduates from 19 regional colleges and universities. This event was a commemoration of Philadelphia's college graduates and highlighted the city's focus on college attainment for Philadelphians of all ages. The Mayor was joined by Bill Cosby and academic leaders for a variety of photo sessions on the Art Museum steps. Students were treated to gifts, free prizes, refreshments, and information on additional academic and career opportunities.



*Photograph courtesy of Mitchell Leff*

The Office also launched the **CollegeReady Committee of the Council for College and Career Success** in September 2010. This committee has reviewed research and best practices aimed at identifying the most effective ways to help students succeed in college. In addition, the committee has worked to expand postsecondary partnerships with local schools.

The **Graduation Coach Campaign** is an effort to ensure that every citizen in Philadelphia has the information and resources needed to help the young people in their lives graduate from high school and succeed in college and careers. In this Campaign, adults are trained to become coaches in young people's lives and are given the skills and tools they need to talk to young people about their educational futures. Since the Campaign's launch, nearly 400 people have pledged to become coaches, with many other opportunities planned in the coming months.

The Office also recognizes the importance of increasing the educational attainment of the City's almost 27,000 full-time employees. In FY10, the Office established **Returning to Learning Partnerships** with eight local colleges and universities, to provide a 25% tuition discount to City employees, and in many cases, for their spouses and dependents, as well. These include Chestnut Hill College, Community College

of Philadelphia, Drexel University, Neumann University, Peirce College, Philadelphia University, Rosemont College, and Widener University.

In July 2010, the Office identified 24 **Education Liaisons**, from a variety of City departments, to be points of contact between the Office and their respective departments. Each of these individuals voluntarily serves as a point person, on behalf of their department, whenever new education initiatives or opportunities are available for City employees, in particular, or throughout Philadelphia. These liaisons also collect education-related questions that arise from employees and refer them to the appropriate entities. The liaisons convene twice a year to receive updates on initiatives and opportunities, and to receive materials to take back to their departments.



As part of College Awareness Week, the Mayor accompanied high school seniors connected to the Achieving Independence Center to Drexel University for a tour and information session. Most of the students had never visited a college campus before.  
*Photograph courtesy of Mitchell Leff*



Mayor Nutter reads *Cat in a Hat* to students at KIPP Academy

*Photograph courtesy of Mitchell Leff*

City employees have also volunteered to assist others in achieving their educational goals. Over the past three years, 306 City employees have volunteered one lunch hour per week to read to 117 students, as part of the **Reading Stars** program organized by Greater Philadelphia Cares. The large number of volunteers allows the Office to guarantee that each student will be provided with a coach each week. On average, students who participate in this program increase their reading levels by one grade level.

In FY11 and FY12, the Office's **Financial Aid and FAFSA Campaign** aims to educate students and families about the availability of federal, state, and local college funding via new partnerships with colleges and our non-profit partners. It will also include expanded, hands-on support to Philadelphians as they complete the FAFSA form, with over 50 citywide FAFSA completion workshops over the next three months.

In addition, a new youth-focused FAFSA mass media outreach effort was launched in January 2011, which will include youth-led performances in communities throughout the city. To date, the Office has conducted several radio and television interviews, with more scheduled. Advertisements on buses and stations have been placed around the city, and "street teams" of young people are directing people to the

"Trusted Centers" where residents can get help in filling out the forms. Over the past two years, citywide efforts have increased free grant money for students by over \$78 million.

**Literacy**

The Free Library of Philadelphia has three primary roles: to provide current materials of high interest in a variety of formats for persons of all ages, to provide timely, accurate information, and reference services employing a highly qualified staff that provide the link between the Library materials and users in a congenial and professional manner and to support the educational goals of Philadelphians by providing materials and programs for children, as well as for their parents and caregivers.

**Mission Statement for  
the Free Library of  
Philadelphia**

Promote Literacy

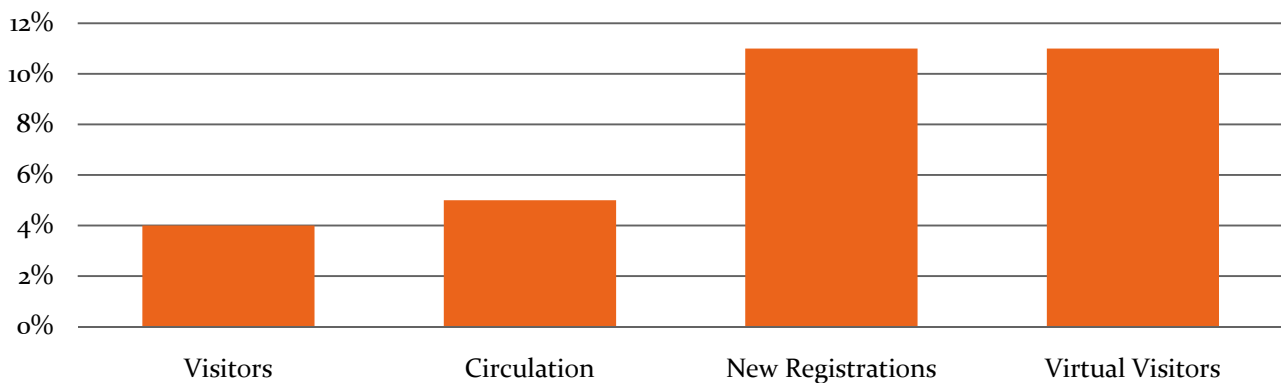
Guide Learning

Inspire Curiosity

The Library also administers the Mayor’s Commission on Literacy, which was re-invigorated in 2010, with the appointment of a new Executive Director and new commissioners. Founded in 1983, the Mayor’s Commission on Literacy was the first literacy agency in the country to be established by a local governing body. The Commission was established to ensure that quality education is available to equip all adults in Philadelphia with the skills necessary for the workforce, parenting, and beyond. The Commission works closely with Philadelphia literacy organizations, local corporations, social service and government agencies, community groups, religious leaders, and adult learners to ensure that the voices of all stakeholders are heard.

In FY10 and FY11, the Free Library saw positive growth in all of the key performance indicators that the Library tracks. The number of visitors grew by 4%, circulation grew by 5%, and the number of new registrations and virtual visitors both grew by 11%, as shown in the graph below.

**The Free Library's Key Performance Indicators, Growth since FY10**



The graph above also shows the 21<sup>st</sup> century use of the Library. Library services have now expanded beyond the traditional walls of the library, and more residents are now accessing Library service on-line. Funding from the Knight Foundation will be used in FY12 for “hot-spots,” allowing for expanded virtual connectivity.

## **Workforce Development**

Philadelphia has a well founded and well deserved reputation for innovation in workforce development. The Nutter Administration is working to build upon this strong foundation to create one of the largest, most successful human capital development systems in the country. In the spring of FY10, Mayor Nutter took the first steps to reorganize Philadelphia's public workforce system to better align and unify the City's job training programs to increase efficiency, transparency and accountability and more strongly connect the public workforce system to the city's economic development activity and educational strategies. The goal is simple and clear: ensure that the public workforce system is working for both businesses and residents.

To assess the strength of the City's current job programs and services, the Administration has been working closely with members of the business community, economic development and educational institutions to confirm what is working, what can be improved, and how the City might best provide services to employers and jobseekers. The results of this assessment process will guide a series of reforms to increase efficiency in service delivery and foster greater collaboration and communication with jobseekers and business. While some of these reform efforts are already underway, including increased accountability and transparency in the Philadelphia Workforce Development Corporation board, a plan detailing the system assessment and recommendations will be released in the spring of FY11.

Through these industry-led investments in workforce systems and job training partnerships, which strongly align with the region's economic development, educational, and human capital strategies, the Administration is helping to ensure that adults are gaining the skills needed to compete in an increasingly competitive global economy.



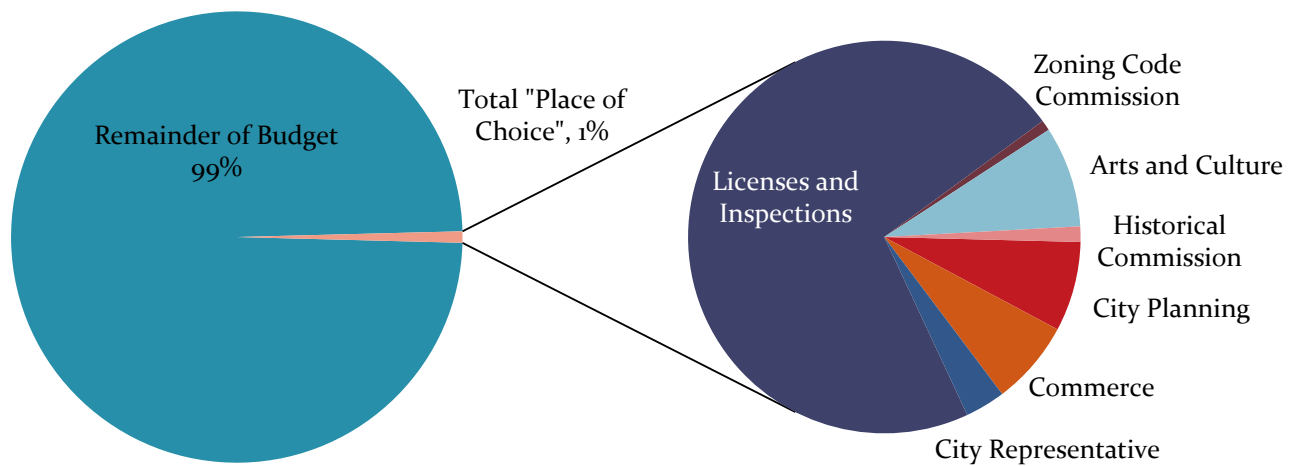
## Philadelphia is a Place of Choice

Philadelphia has established itself as a “place of choice” – a major East Coast destination for education, business, tourism, or for permanent residence. While Philadelphia has not been immune to the global financial crisis, it is in the fortunate position of being a city full of options, possibilities, and experiences, at a decidedly less expensive cost than its East Coast counterparts, and continues to attract loyal visitors and citizens. The City of Philadelphia continues to strengthen and offer a diverse range of options for attracting businesses, students, travelers, and residents.

### Budget

The Departments that fall into the “Place of Choice” goal include the Commerce Department, the Office of the City Representative, the Department of Licenses and Inspections, the Office of Arts, Culture and the Creative Economy (OACCE), the City Planning Commission, the Historical Commission, and the Zoning Code Commission. Although these departments only account for 1% of the General Fund budget, they play a key role in attracting businesses and residents to the city.

FY12 Proposed



## Creating, Maintaining, and Developing Jobs

The creation and maintenance of jobs in Philadelphia is the focus of the Commerce Department. The Department strives to encourage business development and growth in the city, and its services and programs have shown success, despite the recession. The Mayor's focus on reducing business and wage taxes in this Five Year Plan will play a significant role in retaining and attracting businesses and residents into Philadelphia, not only because Philadelphia will become more competitive with other municipalities in comparison to tax burdens, but also by showing the Mayor's focus on providing a stronger business focus.

Over the last year, the Department has facilitated five significant economic development projects that are now underway in the city. The Department recently negotiated the location of an international company, Teva Pharmaceuticals, to the northeast section of the city under a \$310 million development plan, which will create 770 construction jobs and 375 permanent jobs. The Department also facilitated a conversion of the old Lafayette building (home of the historic Boyd Theater) into the Kimton Monaco, a 250-bed hotel in center city. This is an \$87 million project that will create 570 construction jobs and 177 permanent jobs. The Department also helped with the expansion of the headquarters of Urban Outfitters to the Navy Yard through a \$30 million project that will create 1,000 permanent jobs over three years. The Department was also successful in helping to create a \$35 million family and entertainment center and stadium complex called PhillyLive!; phase two will expand the family entertainment center to include a 300 room hotel. This project will create 100 construction jobs and 276 permanent jobs. The fifth significant project was the expansion of Jefferson University Hospital by constructing a \$25 million, 12 story Neuroscience department, which will create 53 construction jobs.

The Department also awarded over \$1 million to nine neighborhood organizations to support pre-development, development, and economic development planning activities in FY11, which are expected to create 462 jobs.

Last year, the Department also created a business portal- [www.phila.gov/business](http://www.phila.gov/business) - which attracts over 15,000 users per month, providing resources on what it takes to plan, start, or operate a business in Philadelphia. This has also improved the City's reputation as being a friendly place to do business. In FY12, the Department plans to implement the next set of enhancements on the Business Services Center to include "wizard" functionality that will allow users to assemble a dashboard checklist of "to-do" items according to their business needs, as well as user registration so information can be saved and revisited at any time.

### Mission Statement for the Commerce Department

The Commerce Department aims to create, maintain, and develop jobs by fostering an improved business environment, resulting in a larger and stronger tax base, which will enhance the quality of life within Philadelphia.

In October 2010, the Department also implemented “Philly Buying Power”, a City-endorsed energy-purchasing program to help businesses get the best energy rates possible for their electricity bills. To date, over 800 accounts are participating in the program.

In 2010, the Department made over 3,000 new business contacts, and introduced them to City services aimed toward business development and growth. The Department also reduced case turnaround time, from 23 days to seven days, and improved client satisfaction scores from 64% to 96% (significantly beating the industry average – the Government American Customer Service index score of 64-71%). Although resolution of issues within the Business Service Center are often handled within the day that a customer will seek assistance, some cases require further research and interaction with several City agencies before resolution. The newly created Business Liaisons are now more knowledgeable in their positions and relationships established across city departments, and are able to resolve issues much faster.

The Department is also committed to encouraging minority/women/disabled-owned businesses (M/W/DSBEs) in the city. Through the work of the Office of Economic Opportunity (OEO), housed in the Department, the registry of M/W/DSBEs increased by 25%, at the same time as the City’s overall minority contract participation increased in the first quarter of FY11 from 22.9% to 27.9%. The Department has also reestablished the OEO Advisory Board and the Mayor’s Advisory Commission on Construction Industry Diversity, and created a Non-Profits Forum for Supplier Diversity, with the purpose of facilitating development of supplier diversity policies and programs within the top 100 non-profits that receive City contracts. In FY12, the Department plans to increase the OEO Registry of companies that can sell products and services that historically have not been provided by M/W/DSBEs, as well as increase and sustain the level of participation on City contracts from quarter to quarter.

The Department also operates the Targeted Corridor Revitalization Management Program (TCMP), which supports community-based organizations that are engaged in outcomes-based community economic development, business assistance, and business association support activities to make neighborhood commercial corridors central places to shop, work, and meet neighbors. Funded organizations must dedicate a full-time staff person to TCMP activities. In FY10, the Department contracted 14 organizations and funded \$1.25 million, which assisted 483 businesses. In FY11, 13 organizations received \$1.07 million.



Understanding the importance of providing an attractive place for businesses to locate around the city, the Department has invested \$38 million in 35 streetscape projects and leveraged \$31 million from other funding sources, which created 767 full-time equivalent construction jobs. Improvements included new curbs, sidewalks, lighting, benches, trash receptacles, trees, and other landscaping. The intent is to make the corridors more welcoming places to spend time and money, and leverage other resources and activities taking place to attract and retain businesses.

The Department also operated the Storefront Improvement Program, which assisted businesses and property owners within eligible neighborhood commercial corridors to improve their storefronts, making these areas more attractive to shoppers, therefore, growing their vitality and economic performance. The program reimburses owners of commercial buildings and businesses who make storefront improvements. A total of 66 businesses have been reimbursed \$384,000 for projects that cost \$1.4 million, which resulted in 16 construction jobs being created.

The Department also invested in technical assistance for microenterprises and, in FY10, awarded \$750,000 to six providers who provided microenterprises with enhanced technical assistance, such as individualized business assessment/counseling, entrepreneurial workshops, credit counseling, loan packaging, and customized programs for under-served business communities, such as linguistic and ethnic minorities. In FY11, ten businesses received microloans, and 650 prospective and current entrepreneurs received technical assistance, business outreach, and workshops.

Improving the City's outreach to all communities in the city is critical to the Commerce Department. Over the last two years, the Department has partnered with the AmeriCorps VISTA program to provide business services and technical assistance to the African and Caribbean business community in Southwest/West Philadelphia, and the Russian-speaking business community in the Northeast, by deploying two multilingual and multicultural individuals. In the first four months of the program, two Business Outreach Associates (VISTAs) visited and surveyed 380 businesses, and identified and resolved 87 business-related issues.

### **An Economic Engine for Philadelphia and the Region**

The Philadelphia International Airport (PHL) is funded within the Aviation Division of the Commerce Department. In FY12, the Aviation Fund is budgeted at \$399 million.

Philadelphia International Airport currently offers approximately 600 daily departures to 146 destinations, including 36 international cities. Developing new air service, especially new international air service from PHL to destinations not currently served, is a goal that Airport executives continue to strive towards.

#### **Mission Statement for the Philadelphia Airport**

The mission of the Philadelphia Airport System is to develop and operate premier air-transportation facilities; deliver superior standards of customer service; and maintain the highest levels of safety, security, convenience, and efficiency.

In July 2009, the Airport received \$26 million in Recovery Act (ARRA) funding for the construction of two new inline baggage handling systems. These systems will create a more efficient experience for travelers, and also incorporates enhanced explosive detection technology to provide on-screen viewing capabilities for Transportation Security Administration (TSA) officers conducting baggage screenings. In addition, the systems also reduce the number of re-scans and physical bag searches. When construction is completed, Philadelphia International Airport will boast a total of four operational inline systems instead of eight separate screening locations-markedly improving airport efficiency. The new technology will also make work safer for TSA employees by automating the baggage screening process.

The Airport also recently completed the rehabilitation and repaving of its longest runway, resurfacing 2,600 feet of tarmac, with \$5.7 million in Recovery Act funds. These funds were leveraged with \$11.3 million in other Airport and federal funds. The longevity of the runway now means it will continue to support employment by the airlines and the airport in the future.



In December, 2009, the Airport opened a new Cell Phone Waiting Lot, which is easily accessible from I-95 and Route 291. The free lot features 150 parking spaces (making it one of the largest waiting areas in the country), electronic flight information boards, new lighting, and is approximately a minute's drive to the baggage claim areas. The convenient lot is a deterrent to illegal parking on the Airport's access roads.

In February 2010, the \$45 million Terminal E Expansion opened to the public. The project consisted of seven new aircraft gates, a 500-seat waiting area, 4,000 square feet of concession space, new men's, women's, and companion care restrooms, and new permanent artwork. The newly combined D/E baggage claim also opened in February 2010. This 9,000 square foot area includes two new carousels, as well as new men's and women's restrooms.

In October 2010, Mayor Nutter announced the appointment of 19 new members to the Mayor's Airport Advisory Board. The members represent a diverse group of individuals from a variety of professional backgrounds. The Board is tasked with assisting Airport CEO Mark Gale and the Administration in improving and expanding infrastructure, revitalizing and refocusing efforts on customer service and amenities, and furthering economic development as well as advocating for key business initiatives and programs.

In FY12, the Airport plans to begin construction on the Terminal F project. Improvements include redesigning the hub area, making improvements to passenger hold rooms on Concourse three, creating a larger and more improved baggage claim facility, redesigning the security check point, and creating a secure connector bridge between Concourses E and F. LEED certification is a major focus and is part of the design process. The construction project will cost \$117 million, and will create 234 construction jobs, and 200 permanent jobs.

The Airport also plans to initiate the multi-faceted design of a major Terminal B/C expansion project to include passenger screening, ticketing, and an in-line baggage screening system.

In order to improve visitors' experiences, the Airport also plans to initiate a series of customer service initiatives, such as construction on the newly designed restroom renovation project for the Airport's oldest terminal restrooms, as well as providing another great summer of PHL's customer service program, "Just Plane Fun", featuring daily live entertainment, children's activities, special promotions, food and beverage tasting, and more.

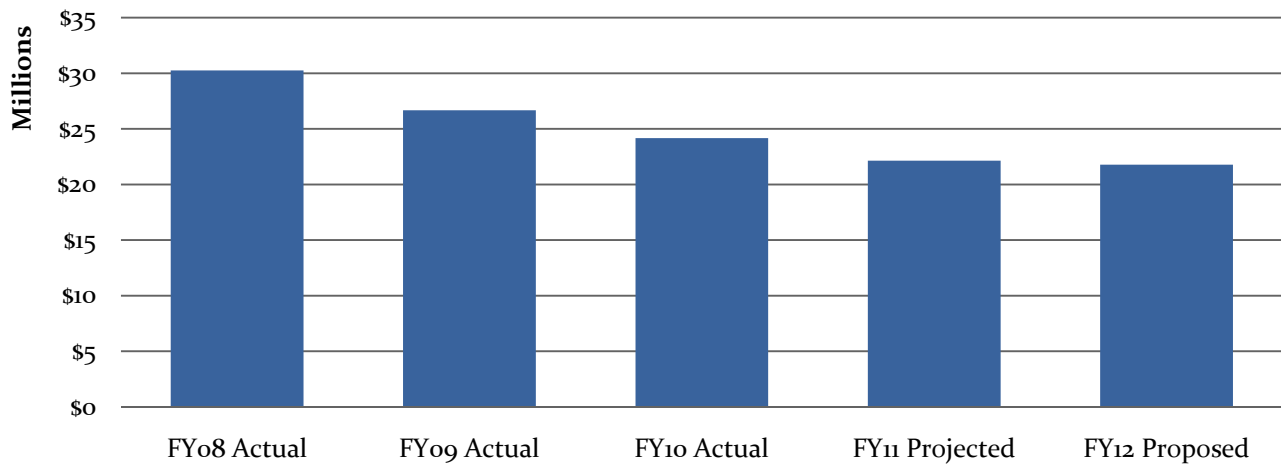
## Department of Licenses and Inspections

### Mission Statement for the Department of Licenses and Inspections

The Department of Licenses and Inspections (L&I) exists to enforce the Philadelphia code and through education and enforcement of the code thereby protect the citizens of the City of Philadelphia. The core services of L&I are to review plans, conduct inspections and issue permits according to Philadelphia zoning, Pennsylvania Uniform Construction codes and plumbing and electrical codes; inspect properties for compliance to fire and property maintenance codes; to issue licenses; and to inspect, demolish and clean and seal vacant properties. L&I administers and enforces the requirements of the code for enhancement of public safety.

The largest department in this goal is the Department of Licenses and Inspections (L&I). Since FY08, L&I's budget has been reduced by 28%, shown on the chart below.

Department of Licenses and Inspections' Budget FY08-FY12



Despite these significant budget reductions, the Department has made impressive strides in increasing the efficiency of its operations and providing improved customer service to residents and businesses. Over the last two years, L&I has reduced the number of business licenses through legislation and collaboration with Philadelphia City Council, from approximately 130 licenses to 35 licenses, and is in the process of finalizing this consolidation through a technological implementation. Requiring fewer licenses makes it easier to conduct business in the city.

In FY11, L&I redesigned the license and permit issuance concourse in the Municipal Services Building (MSB) to reduce wait times, provide a better environment for the customer, and create a professional setting. L&I is also issuing licenses at the counter in the MSB in half the time when comparing 2008 to 2009 and 2010. Eighty-nine percent of L&I customers surveyed in the MSB also felt that their customer service experience was “very good” or “excellent.” Moreover, L&I conducted first time cultural competency training of inspectors to improve communication with limited English proficient customers.

Customers of the City are also experiencing dramatic decreases in the time it takes for L&I to conduct services. For example, there has been a 96% reduction in the time it takes for the “clean and seal” of properties (the boarding of vacant properties). It now takes ten days from inspector request to actual abatement compared to 270 days previously.

The Department has also made progress in saving costs of conducting services. The average cost of demolition in FY10 was \$17,000 per property compared to a cost of roughly \$26,000 per property in FY07. Moreover, L&I’s operating overtime cost shrunk by almost 23% between FY09 and FY10, for a two year total reduction of 64% from FY08 to FY10. In real numbers, the Department spent \$749,527 in FY08 on operations overtime compared to \$268,555 in FY10, while providing better service.

Other L&I efficiencies have made improvements to the customer experience. Since January 2009, the Department has focused on improving its service level response for housing, business, and fire complaints. L&I went from answering a range of 53-70% of service requests in varying operational units to a consistent level of 95% across all operational units.

In FY12, the Department will focus on four main areas for improvement: developing a more professional culture, becoming “results driven”, focusing on the customer, and ensuring a high level of accountability.

In terms of professional culture, the Department intends to simplify the Department’s communication by producing simple and cohesive applications, forms, and instructions. Through the engagement of an outside company, by the end of FY11, L&I will have a set of new materials with a consistent look and feel. The Department also plans to revamp the notice of violation to use basic language, rather than technical prose, and provide clearer instructions on the nature of the violation and how to remedy it. The Department will also create a leadership development program to foster learning, succession planning, and leadership skills. In addition, all managers and supervisors will participate in a pro bono collaboration with the University of Pennsylvania to unify and introduce provoking techniques for leadership.

In terms of becoming more “results-driven”, the Department will look for measures that better tell a story of compliance and effective code enforcement. Measures such as percent of violations, inspections and cases complied on second and third inspection and those complied by Court action are necessary to understand if the Department’s enforcement is effective. Moreover, L&I, in conjunction with the Division of Technology, will work to create and implement an online license and permit wizard that enables customers to purchase and receive the majority of licenses and permits online. The Department is also embarking on a partnership with the University of Pennsylvania to provide a list of violations online.

Building on the improvements to customer service, the Department intends to institute a project manager model for plan reviews. In FY09 and FY10, plans examiners were trained in both building and zoning code review. The intent is to move the plan review to a project manager model so that customers will have one point of contact for both building and zoning review. The Department will also focus on stronger community education and outreach which will bear itself in a few different ways. One is formal education through the series, “Building a Better Permitting Process” which will be offered first to members of the American Architect Association, then to other stakeholders and high volume users. The

Department will hold two bi-annual stakeholder meetings to get customer feedback and continue to drive customer-focused improvements. The Department will set an annual schedule to provide educational messages throughout neighborhoods in the City.

In FY11 and FY12, L&I will continue to work on standardizing the customer service experience and develop protocol for greeting customers. The Department also intends to execute a Saturday Construction Inspector shift, to ensure an L&I construction presence on Saturdays and deter un-permitted construction work.

In terms of providing a higher level of accountability, the Department will develop a sustainable performance management system in FY11 and FY12. The Department will expand to all units for measurement; hold monthly internal performance management meetings and work on outcome based reporting. L&I will also implement a re-review measurement for plan review. Currently, the Department only measures initial review times on a monthly basis, and occasionally, incomplete applications are determined after the initial review, therefore, applicants are required to provide additional information to process the review. Measuring re-review will ensure the Department is diligent in handling the workload and ensure accountability to second reviews of plans. It also will enable the Department to fully communicate expectations and the full process outcome.

### **Making Philadelphia's Tax Structure More Competitive**

The Nutter Administration strongly believes that reform of Philadelphia's business taxes is needed in order to remain competitive with neighboring counties and other cities, and better position the city for economic growth. Successfully reforming the City's business tax policy includes, among other things, eliminating the disincentive for businesses to locate in Philadelphia and lowering the overall tax burden by reinstating business and wage tax reductions in FY14, as discussed on page 14.

The Administration showed its commitment to that reform by convening academic, business and community leaders to form the **Task Force on Tax Policy and Economic Competitiveness** to develop an action plan outlining the steps Philadelphia needs to take to be more competitive. The group was charged with examining the City's tax structure and real estate market in order to create a better Philadelphia: a place with more opportunities for employment and wealth creation for city residents and a city where new businesses can easily form and existing ones can grow.

After eight months of meetings, research, expert input and public hearings, the Task Force presented the Administration and City Council with its report, "*Thinking Beyond Today: A Path to Prosperity*," available at [www.phila.gov/taxpolicy](http://www.phila.gov/taxpolicy). The recommendations built upon previous efforts to guide the transformation and revitalization of Philadelphia's economy.





The Task Force proposed a series of administrative and management improvements and a policy shift to position the city for growth. The Administration has evaluated the recommendations and is committed to maintaining, expanding, and introducing many of the initiatives envisioned in the report, including:

*Task Force Recommendation: Restart planned cuts to the Business Privilege Tax*

The Mayor included a resumption of Wage and BPT reductions beginning in FY14 in the FY11-FY15 Five Year Plan approved by PICA and in the current FY12-FY16 Plan (see page 14 for more information).

*Task Force Recommendation: Remove Barriers to Philadelphia as a Business Location by Adopting Market-Based Sourcing and Single Sales Factor Apportionment*

The Mayor's Task Force recommended implementing two business tax changes in order to remove the disincentive for businesses to locate in Philadelphia and improve the city's competitiveness as a business location. Currently, firms' business privilege tax bills are based on the amount of property, payroll and sales they have in the City, with sales being double weighted. By taxing property and payroll, the City can provide firms a disincentive to locate or have employees in Philadelphia. In October 2010, the Revenue Commissioner promulgated a regulation to change the allocation method of profits for the net income portion of the Business Privilege Tax for two business industry sectors for the tax year beginning January 1, 2010. These two separate pilot programs are designed to remove the disincentive for firms to locate or remain in the City.

The first pilot tests Single Receipts Factor Apportionment. Under this pilot, the net income allocation formula for businesses undertaking research and development in the physical, engineering, and life sciences has been changed. Firms will base their calculations only on Philadelphia sales, as opposed to sales, property and payroll. This change is intended to put Philadelphia businesses on an equal footing with similar enterprises located beyond the city's borders.

The second pilot tests Market-Based Sourcing. For firms engaged in computer systems design and related services, the receipts factor of the net income allocation formula is now based on the location of the customer, rather than where the work is performed. This change is intended to encourage businesses with clients outside the City to locate into Philadelphia.

The Administration has chosen to implement these small-scale pilot programs because the impact of a broad-based change, the City's current apportionment method on Philadelphia's economy and finances, are unclear. The effect of these tax changes on the targeted sectors will be studied annually in order to better understand whether and how the policy changes affect businesses and to determine whether the pilots should be expanded or eliminated.

*Task Force Recommendation: Improve Property Assessments*

As recommended by the Task Force, and noted on page 103, the Administration is working to implement a complete reassessment of the approximately 577,000 parcels in the City of Philadelphia. The new system will use accurate, timely and reliable property information to assess all real property in the City of

Philadelphia in a fair and equitable manner, in compliance with the state law and with industry standards.

*Task Force Recommendation: Improve Interactions with Government*

The Administration is working on numerous efforts to streamline development and businesses processes, noted throughout this report. Examples include the reduction from 135 to 35 licenses issued by the Department of Licenses and Inspections; the updating and streamlining of the City's zoning code (see page 78 for more information); the new online business center, which provides access to important resources for new and growing businesses, including information on business and financial planning, understanding City business regulations, registering businesses and obtaining the appropriate licenses and permits, tax policies, zoning, and financing and incentives offered by the City (see page 66 for more information); the re-organized Office of Business Services (OBS) within the Commerce Department, which operates on a "case worker" model with individuals assigned geographically to assist businesses located in every neighborhood of the city, and the establishment of Philly311, which is a major component in the City's efforts to become a national customer service leader. As a result of the 311 system, in June 2010, the City was one of nine local governments to be named a citizen-engaged community by the non-profit, Public Technology Institute (see page 105 for more information).

*Task Force Recommendation: Improve Tax Collection and Compliance*

Over the past year, the Department of Revenue has improved operational efficiency and effectiveness by adding staff, improving staff training and by increasing its use of technology and data. Also, the merger of the Law Department's tax unit within the Revenue Department will go a long way to fulfilling this recommendation. These are discussed on page 99.

*Task Force Recommendation: Use Publicly-Owned and Tax Delinquent Property to Spur Development*

In the past year both the Redevelopment Authority, <http://www.phila.gov/RDA.PropertyInventory/web/>, and the Department of Public Property, <http://www.phila.gov/publicProperty/listings/default.aspx>, have launched websites that list all available property for their respective agencies. These two agencies have played a major role in the vacant property working group (see below), and working with the new Office of Property Data, have created a combined inventory list, which will be available in FY12.

Another important way the Administration is working to improve Philadelphia's business tax structure is by working side-by-side with City Council to develop business tax reform proposals. In the Fall of 2010, City Council considered a bill, introduced by Councilmembers Quiñones-Sánchez and Green, that would shift the City's business tax structure. In response to the bill, the business community together with City Council, the Administration, and the City Controller, engaged in a broad-based debate on how to improve Philadelphia's business tax structure.

Although the original business tax shift proposal was not pursued, the debate led to the creation of a joint Administration-City Council business tax working group to continue to form and analyze tax reform proposals. While the precise reform(s) have not been determined as of this writing, the Administration

and City Council have committed to include changes to the Business Privilege Tax in the budget to be passed by City Council later this year. The reforms will be designed to lower the burden on small businesses and businesses located within the city.

For more information on the Business Privilege Tax and the City's business tax pilot programs visit: <http://www.phila.gov/revenue/BPT.html>

### **Coordinating a comprehensive Vacant Property Strategy**

In FY11, the Mayor tasked the Finance Director and the Managing Director to work with all City agencies to develop a comprehensive and cohesive vacant property policy.

With approximately 40,000 vacant parcels located throughout Philadelphia, almost every neighborhood is impacted. Three-quarters of the vacant parcels are privately-owned, and of those, a significant number are tax-delinquent. Reducing the number of abandoned, vacant properties is beneficial in multiple ways: reducing blight, raising property values, providing property tax revenue to help support City services, and encouraging other uses for the land, such as new development and green spaces.

Representatives from 16 agencies participated in four different working groups: the disposition of City-owned property, data management, maintenance and enforcement, and tax policies and acquisition. As policies were developed, numerous groups were briefed regularly, including the Philadelphia Association of Community Development Corporations, City Council's Committee on Housing, Homelessness and Neighborhood Development, and the Building Industry Association. Each group asked questions and provided feedback on the policies as they were developed.

Three principles guided the recommendations. The policies should revitalize communities and encourage investment, should hold owners accountable and responsible for their properties, and the process developed should be uniformly transparent, ethical, and operate solely for public good.

The broad policies are being finalized and the group continues to meet to create the details and rules that will provide the basis for vacant property management.

### **Promoting Philadelphia**

#### **Mission Statement for the Office of the City Representative**

The Office of the City Representative serves as the marketing, promotion, public relations, and branding arm for the City of Philadelphia, and is responsible for developing and promoting events to attract commerce, visitors, and new residents while raising the quality of life for its citizens. The Office collaborates with various regional agencies and institutions to ensure that a unified Philadelphia marketing message is perceived by regional, national, and global audiences.

In FY11, the Office launched the Philadelphia Collection, a new marketing initiative that involved working with existing, independent producers of fashion events and collectively marketing the events under one brand that was created in collaboration with the Center City District. A retail shopping promotion, a

second component of the program, brought national media attention to Philadelphia, in addition to raising the city's profile as an added business attraction component for high profile retailers and businesses. This event also highlighted Philadelphia's local designers and design students, emphasizing Philadelphia's creative economy.

The Office also coordinates the Philadelphia Marathon. This annual event has made Philadelphia one of the premier places for professional and lay runners to compete each year. Having increased to 25,000 runners from all over the world in the 2010 event, the Marathon is now ranked ninth in the national rankings from marathonguide.com, the premiere race industry authority. A 2009 Temple University research study reported that the Philadelphia Marathon's economic impact to the city was in excess of \$15 million.

Last year, the Office was also able to secure a new title sponsor (Wawa Inc.) under a multiyear contract (three years) for Welcome America, representing an increase in annual revenue of 40% over the previous title sponsor. The event is the City of Philadelphia's annual Fourth of July celebration over multiple days, with more than one million people attending.

In December 2010, the Office produced the ribbon cutting ceremony for the President's House, a new, historically significant commemorative site on Independence Mall where both Presidents Washington and Adams lived in this official residence of the new United States of America. The ceremony attracted over 500 people.

In FY12, the Office plans to create a quarterly electronic newsletter to disseminate information to City employees and stakeholders, to inform of interesting and/or beneficial events and opportunities (i.e., various promotions, programs, etc., that may not get communicated widely). Additionally, the newsletter would help establish new partnership opportunities.



Mayor Nutter at the ribbon cutting of the President's House. *Photograph courtesy of Mitchell Leff.*



In FY12, the Office plans to move the "Life, Liberty and You" logo (shown to the left) into the next phase as a marketing tool, to extend the brand value through partners and stakeholders, and to continue working internally to increase usage and awareness by City departments.

The Office also plans to bring back the International Kite Festival in the spring of 2012. This has been a popular and successful event in previous years, and research and discussions with experts in the industry indicate this would be a very popular event and bring international competitors to Philadelphia, along with excellent media opportunities, sponsorship revenue, and economic revenue through hospitality and visitor spending.

In partnership with the Department of Health, the Office also plans to create a new event: the Mayor’s 5k Walk/Run. The goal is to create an event that combats chronic obesity among Philadelphia’s youth while helping to promote fitness and a healthy lifestyle. The Office plans to link with the School District of Philadelphia to extend the promotion of health and fitness.

**City Planning Commission**

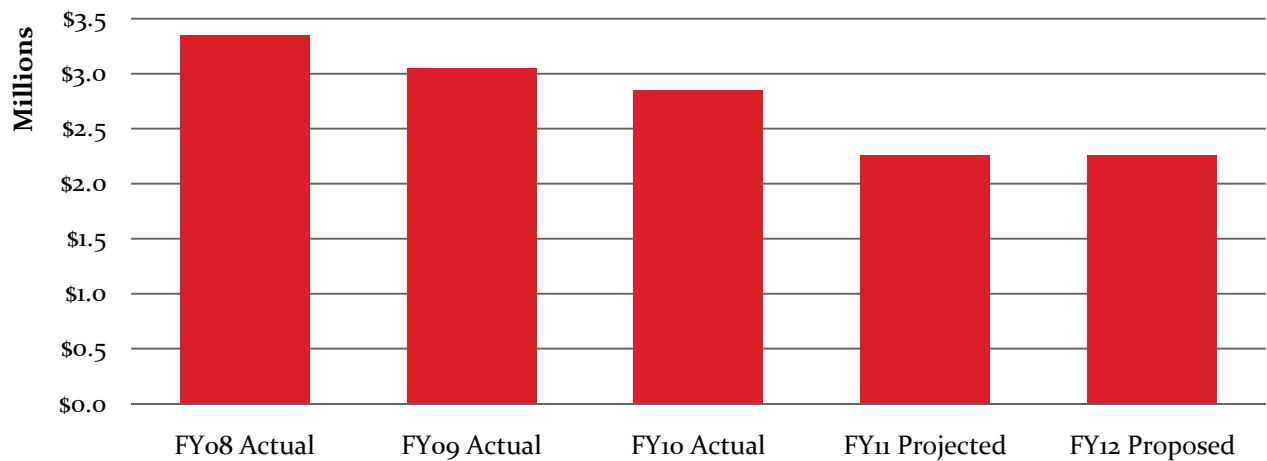
Over the years, the role of city planning within municipal government has grown substantially. In addition to the traditional emphasis on land use controls and physical planning, the Commission has become an important contributor to economic and neighborhood development policy, environmental sustainability issues, and humanizing the scale of the city through urban design.

**Mission Statement for the Philadelphia City Planning Commission**

The City Planning Commission (PCPC) is responsible for guiding the orderly growth and development of the City of Philadelphia. Specifically, the 1951 Home Rule Charter requires the Commission to prepare: a Comprehensive Plan and its modifications; the Capital Program and Budget; proposed zoning ordinances and amendments; and regulations concerning the subdivision of land.

The Department has also faced significant reductions to its budget over the last five years. Since FY08, the Commission’s budget has been reduced by 33%, as shown on the chart below.

**The City Planning Commission's Budget, FY08-FY12**



Despite these reductions, the Commission is nearing completion of *Philadelphia2035: The Comprehensive Plan*, a long-range citywide plan to create a framework for the continued growth and development of the city. This is the first citywide comprehensive plan undertaken in 50 years.

The Commission also launched the *Citizens Planning Institute* as a means to engage citizens and teach planning principles, provide a common language to discuss planning issues, and build the capacity of individuals and civic organizations to participate in the planning process for their communities. In FY12, Commission staff plan to expand and continue the progress achieved through this process.

Moreover, the Commission prepared several citywide and area-specific planning and urban design studies to guide physical development and neighborhood improvements. Among these are the Germantown and Nicetown Transit-Oriented Neighborhood Plan, the Strategic Plan for Market Street East, the 9th and Berks Streets Transit-Oriented Development Plan, the Station Square/30th Street Station Connections Plan, the Broad and Erie Transportation and Community Development Plan, and the Philadelphia Pedestrian and Bicycle Plan.

In FY12, the Commission plans to prepare four new *Strategic District Plans* as components of the *Philadelphia 2035* comprehensive planning process. This will begin a five-year program to prepare 18 implementation-oriented *Strategic District Plans* covering the city.

The Commission plans to begin the process of zoning map adjustments using the new Zoning Code. The remapping process will follow in part from the recommendations of the *Strategic District Plans* phase of the *Philadelphia 2035* Comprehensive Plan. The Commission will also institute a public *Civic Design Review* process as part of the new Zoning Code and work of the City Planning Commission.

### Re-Writing the Zoning Code

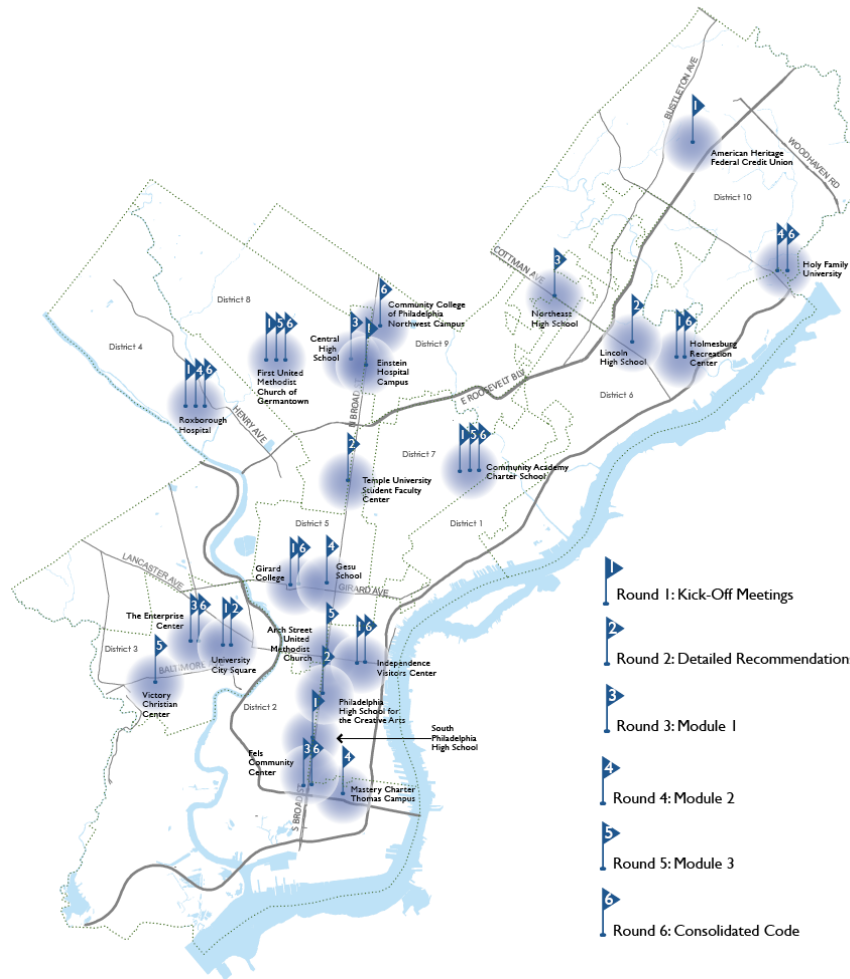
In May 2007, Philadelphia’s voters overwhelmingly voted to create a Zoning Code Commission. They charged this 31-member body with the task of reforming and modernizing the City’s outdated and complex zoning code. This is the first comprehensive revision of Philadelphia’s zoning laws in nearly 50 years.

#### Mission Statement for the Zoning Code Commission

The Zoning Code Commission has been guided by the goals set forth in the Home Rule Charter: “*Philadelphia’s Zoning Code should be consistent and easy to understand, should help shape future construction and development, and should enhance and improve Philadelphia’s development approval process while encouraging positive development and protecting the character of Philadelphia’s neighborhoods.*”

In 2009 the Commission released three reports: the *Analysis of the Current Zoning Code*, a *Best Practices Report*, and *Recommendations for the New Zoning Code*. In February 2010, the Commission began to release drafts of the proposed new zoning code in modules, and since September 2010, has published three drafts of the consolidated new zoning code. In the course of its work, the Commission has held 43 public meetings, two public hearings in City Council chambers, and 36 community-based meetings to explain the Commission’s work and possible changes to the zoning code, as well as to hear comments from members of the public about the proposed changes. The Commission has also interviewed 125 professional zoning code users (residents, architects, attorneys, and developers) and surveyed nearly 2,000 individuals to get their reactions to components of the proposed code. The map below shows the Commission’s civic engagement meetings that occurred in 2009-2010.

Philadelphia Zoning Code Commission  
Civic Engagement Meetings 2009-2010



The Commission intends to vote in May 2011 on its Preliminary Report, including recommendations on proposed changes to the zoning code and a plan for a comprehensive revision of the City’s zoning map. City Council will then hold public meetings to review the proposals, and may send recommendations to the Commission, after which the Commission will issue its final report. City Council then will enact into law, reject or table the Commission’s proposals, in their entirety, within sixty days or the fifth Council meeting after the Commission issues its final report.

In FY12, although the Commission will have completed its primary task upon the adoption of the new zoning code, it is working on a comprehensive revision of sign controls, for which it will hold civic engagement activities in 2011, and submit proposals to City Council at the end of 2011 or beginning of 2012. In order to support the administration of the new zoning code, the Commission is working on an easy-to-use guidebook, or Zoning Administrative Manual. The Commission will assist several City agencies to promulgate regulations. Finally, the Commission will work with other City agencies to help ensure a smooth transition to the new zoning code through training of the public, City agencies, elected officials, and professional code users.

## Supporting Arts, Culture, and Creative Industries in Philadelphia

### Mission Statement for the Office of Arts, Culture, and the Creative Economy

The mission of the Office of Arts, Culture and the Creative Economy (OACCE) is to improve access to the arts for both residents and visitors; expand arts education for young people; oversee all the City's arts programs; support the growth and development of the City's arts, culture, and creative economy sector by promoting public and private investment in the creative economy sector; coordinate with relevant City agencies to unify the City's arts efforts; and serve as a liaison between the city's many cultural institutions.

The Office of Arts, Culture and the Creative Economy (OACCE) supports and responds directly to the arts, culture, and creative economy community through partnerships with artists, cultural organizations, and other City agencies to benefit residents across the city. Through the work of the OACCE, the City is better positioned to support Philadelphia's arts, culture, and creative businesses - a vital component of the City's economic vitality and social fabric.

The Office was created in FY09, and is housed in the Mayor's Office. Since its creation, the Office has had many successes. The Office has distributed Recovery Act (ARRA) grant dollars to the arts and culture community through two programs. The first distributed \$250,000 in job retention grants in a joint program through the National Endowment for the Arts, in partnership with the Greater Philadelphia Cultural Alliance. In partnership with the Commerce Department, the Office also distributed \$500,000 in Recovery Act Community Development Block Grant-Recovery funding to arts, culture, and creative businesses for the creation and renovation of creative facilities and job creation.



Residents may also notice the work of the Office in different locations around the city. In May 2010, the Office restored and reinstalled the Joan of Ark statue, located near the Art Museum.

In FY11, the Office successfully launched a research report, *Creative Philadelphia: A Three Year Index 2006-2008*, and the initiative "Creative Philadelphia." The report is a comprehensive index of the health and vitality of Philadelphia, and benchmarks Philadelphia against other regions. Philadelphia has a 70% stronger creative community than the nation as a whole, with a Creative Vitality Index score of 1.7 - with the national benchmark set at 1. Shortly after the report's release, the Office launched a Creative Vitality Town Hall meeting with over 150 participants sharing their ideas for how the City and the Office can support the work of artists, entrepreneurs, cultural nonprofits, and creative businesses. In FY12, the Office will continue with the public engagement efforts around "Creative Philadelphia", shaping these efforts into a comprehensive strategy for how the Office, and where appropriate, other City departments can support and grow the city's creative economy.



### **Preserving Philadelphia’s Rich History**

The Historical Commission is responsible for safeguarding Philadelphia’s historical buildings. In 2009, after six years of suspension, the Commission restarted the historic district designation program, and has since designated four historic districts, covering a total of 379 properties.

In 2010, the Commission initiated an interior designation program, and created regulations, procedures, and forms for interiors. The first interior to be designated was City Council Chambers, on November 12, 2010.

The Commission also completed a major, two-year project to verify the accuracy of the Philadelphia Register of Historic Places. In this process, the Commission researched and clarified hundreds of designations, verified the compliance of more than 21,000 addresses on the Register with official city addresses, created an automated system to ensure continued address compliance, and provided an accurate database of historic properties to City agencies and others. The Commission also completed a major project of digitizing 41,251 critical Historical Commission documents, ensuring the conservation of documents dating back to 1955.

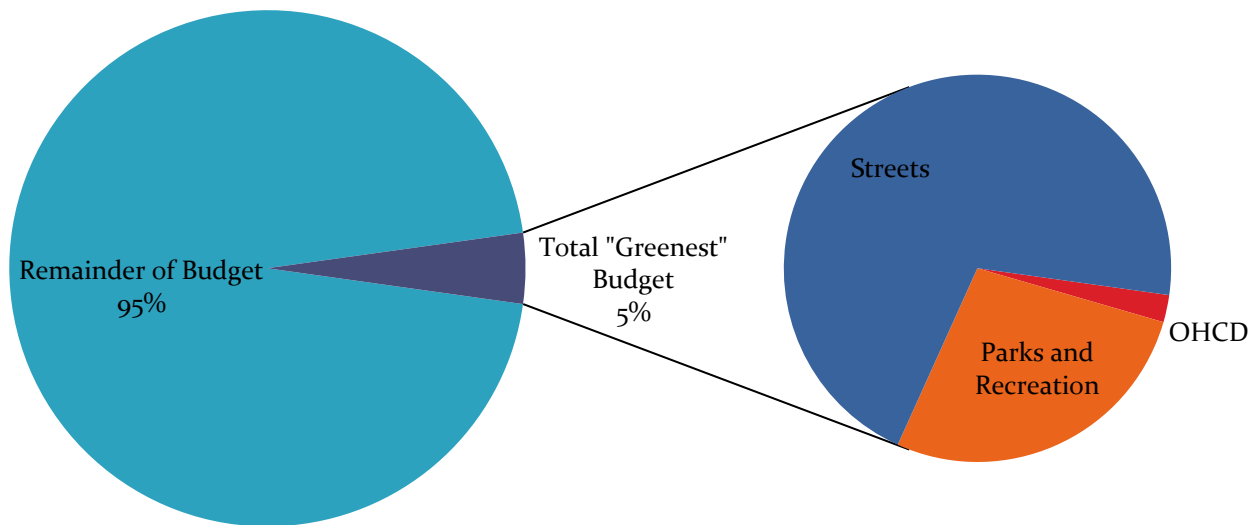
In FY12, the Commission will ensure the successful integration of the historic preservation ordinance into the new Zoning Code.

### **Mission Statement for the Philadelphia Historical Commission**

The Philadelphia Historical Commission, the City of Philadelphia’s historic preservation regulatory agency, safeguards the city’s unique heritage and wealth of cultural resources as it fosters civic pride, encourages healthy and sustainable communities, enhances property values, promotes economic development, provides educational opportunities, and attracts new residents, businesses, and tourists.

## Philadelphia Becomes the Greenest and Most Sustainable City in America

The three departments (Streets, Parks and Recreation, and the Office of Housing and Community Development) that fall under the “greenest” goal consume approximately 5% of the City’s General Fund budget, which has grown slightly (0.5%) in proportion to the rest of the budget over the last five years.



However, other departments also contribute to the “greenest” goal – the Mayor’s Office of Sustainability provides direction and goals for the departments to follow, and programs, such as the Vacant Lot Program in the Managing Director’s Office provide significant environmental benefits.

### Greenworks

During his campaign, Mayor Nutter set an important goal: Philadelphia would become the greenest city in America. In order to achieve that goal, in 2009, the Mayor’s Office of Sustainability launched *Greenworks Philadelphia*, a comprehensive sustainability plan. *Greenworks* set 15 targets for improving the environment, reducing Philadelphia’s energy use, creating jobs, and enhancing quality of life and the plan’s impacts can be seen across the city.

To guide this next phase of Philadelphia’s growth, the City is engaging in a broad-based, integrated approach to city and environmental planning that strongly asserts sustainability as a guiding principle. Several major planning initiatives are currently underway in addition to *Greenworks*: the Philadelphia2035 comprehensive plan; an update to the Zoning Code; Green City, Clean Waters, an innovative stormwater management initiative; and the Green2015 action plan for open space. All of these efforts require shared commitment and partnerships among City agencies, residents, and businesses. Together, these plans offer a roadmap for how Philadelphia will transition from its industrial past.

The progress made so far is a credit to the dedication and commitment of many individuals and organizations throughout Philadelphia. As a result of their work the City is now reaching its recycling goals, homeowners are saving money on their energy bills, people have found work in the new green economy, small businesses have received funding to make energy efficiency improvements to their properties, and the City government is saving money that can be invested in further improvements and public services.

A number of developments in the past year have further solidified Philadelphia's reputation as a national leader on sustainability and a center for clean energy and innovative technology. In May 2010, Philadelphia won the Siemens Sustainability Award for large cities, and in September 2010, the Department of Energy announced \$129 million in funding over five years for the Greater Philadelphia Innovation Cluster (GPIC), which will establish the historic Navy Yard as the national center for the research, education and commercialization in energy efficient buildings. The GPIC consists of a consortium of 22 regional and national universities, federal research labs, global industry partners and regional economic development agencies. Led by Penn State University, this collaborative effort with more than 70 additional partners will research, develop and commercialize the technologies, policies and products that will make buildings more energy efficient. Beginning in 2011, the Navy Yard Clean Energy Campus will house this federal research center, making Philadelphia the center for energy efficient building technology and a major destination for regional, national and international researchers and private sector companies.

With over 200 miles of bike lanes, Philadelphia has the highest percentage of bicycle commuters among large cities in America, over twice the national average. As part of the *Greenworks* goals to reduce vehicle usage and greenhouse gas emissions, the City continues to invest in bicycle infrastructure. Since Mayor Nutter took office, the Streets department has installed over 1,400 new bike racks in Philadelphia, and is reusing 1,800 former parking meter poles by converting them to bike racks funded by a Recovery Act.



With the support of the Bicycle Coalition of Greater Philadelphia and the Pennsylvania Environmental Council, the City of Philadelphia also received a Recovery Act (ARRA) grant award of \$17.2 million to fill critical gaps in the City's bicycle and pedestrian trail network. The funds are from the U.S. Department of Transportation's highly competitive Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants Program.

With a \$25 million competitive Recovery Act (ARRA) grant from the Department of Energy, Mayor Nutter launched EnergyWorks in the fall of 2010. EnergyWorks empowers home and business owners to save energy and money through energy efficiency improvements, and brings together all available rebates, tax credits, and very low-interest loans. In addition to being a lender, EnergyWorks is a trusted ally in improvement project, offering professional energy analysis and design services – at little or no cost – to help citizens navigate each step of the process.

In FY10 and FY11, efforts to train workers for green jobs benefited tremendously from economic recovery grants. The City of Philadelphia’s partners received over \$5.28 million in U.S. Department of Labor Pathways Out of Poverty grants for green job training programs, including the Community College of Philadelphia's *Job Ready Training Program*, the Metropolitan Career Center's *STRIVE for Green Program*, and the Green Jobs Readiness Partnership's *Job Opportunity Investment Network*. In addition to these competitive awards, the City of Philadelphia received over \$14 million in workforce formula Recovery Act funding. The City identified the green industry as a target industry and used part of the Recovery funds for significant new investments in green jobs and training.

To meet the growing demand for workers with expertise in weatherization, energy efficiency, and solar technology, the Energy Coordinating Agency opened the John S. and James L. Knight Green Jobs Training Center, an 18,000 square foot LEED Gold certified former factory in Kensington. The Center features three classrooms and a large laboratory facility that gives trainees hands-on experience performing energy audits using the equipment and techniques they will employ in the field. In the first months of the Center's operation, about 85% of workers who completed ECA's training programs found jobs.

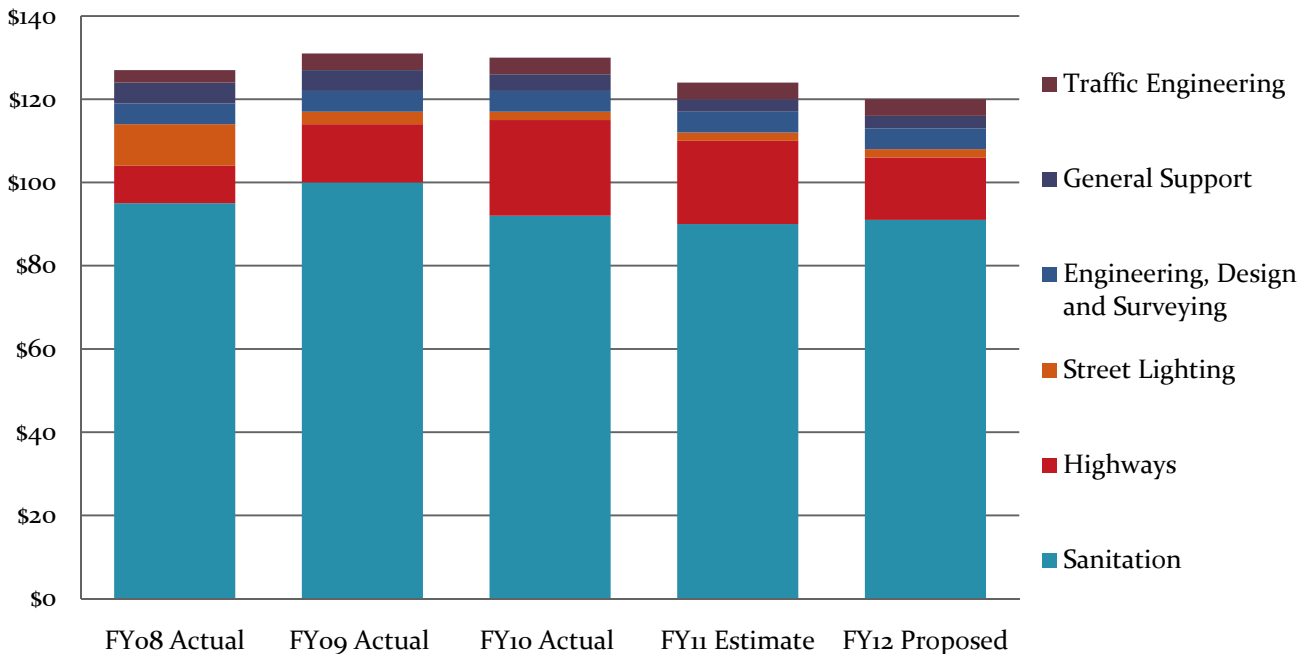
**Streets Department**

The Streets Department is the fifth largest General Fund-supported department in the City. The chart below shows the change in spending since FY08, broken down by division.

**Mission Statement for the Streets Department**

The mission of the Streets Department is to provide clean and safe streets in a cost effective and efficient manner for all customers who live, visit, and work in Philadelphia.

**Streets Department Budget by Division, Millions, FY08-FY12**



As shown above, the Sanitation Division comprises the majority of the Streets Department's budget. The Sanitation Division collects and disposes of approximately 700,000 tons of rubbish and 100,000 tons of recyclables a year. The Highway Unit assumes the second largest portion of the Department's budget, and is responsible for building and maintaining 2,525 miles of the city's streets system. The Highway Unit and Sanitation Division work together in salting and plowing 2,490 miles of streets during significant snow accumulations, with assistance from a number of other departments.



After significant snow accumulation over the past two years, with costs exceeding \$18 million in FY10 alone, the Administration proposes an additional \$4 million to be budgeted in the Highway Unit, annually beginning in FY12, to help cover the costs of snow removal. This figure is based on the five year average cost of snow removal. In FY10, the Department served as the lead agency preparing reimbursement requests to Federal Emergency Management Agency (FEMA), allowing the city to recover over \$5 million in eligible funds from the record snowfall.

The other divisions within the Department include the Bureau of Survey & Design, which is responsible for legal plan records and engineering services for the street system and 320 bridges, the Traffic Engineering Unit, which has 2,950 signalized intersections, 15,000 conventional stop intersections, and 3,000 all-way stop intersections under its jurisdiction, and the Street Lighting Unit, which is responsible for 100,000 street lights and 18,000 alley lights.

The Department has had many successes over the past two years. The \$67.4 million construction project to replace the South St. Bridge was the largest project ever undertaken by the Department and was delivered on budget, opening six weeks ahead of schedule in November 2010. In accordance with the Administration's "Complete Streets" policy, the new bridge was furnished with pedestrian and bicycle amenities, including wider sidewalks, dedicated bicycle lanes, and pedestrian-friendly traffic signals to encourage alternate modes of transportation.

The Department also completed design work on several major transportation initiatives totaling \$32 million, which are now moving to the construction phase, including: the 40<sup>th</sup> Street Bridge Replacement, streetscape improvement projects along 52<sup>nd</sup>, Market, and Berks Streets, and a traffic signal improvement project along Lancaster Avenue.

The Department was also able to fund several major resurfacing projects that will allow for over 27 miles of resurfacing through Recovery Act (ARRA) funding totaling over \$18 million. The Department applied for and was awarded \$17.2 million of TIGER Grants, leveraging another \$14.5 million in funding, for 17 trail projects in Philadelphia.

In FY11, the Department will complete conversion of all traffic signals from incandescent bulbs to energy-efficient LEDs, reducing both electric and maintenance cost for the system. Much of this work was done using leveraged dollars from various Federal Grants and incentive payments from PECO.



Recycling bins with the Recycling Rewards Stickers

Residents have also been recycling much more than in previous years. In FY10, the annual diversion rate increased by over 25% to 15.7%, with some areas of the city seeing a 300% increase in the diversion rate. Thirty-three percent more tons of recycling was collected in FY10 than the previous year. A total of 120,000 households have now registered for the Recycling Rewards Program after it was implemented citywide. In FY11, the Department

projects recycling tonnage to be approximately 118,000 tons, an increase of about 15% over the prior year and a diversion rate of about 18%.

In the spring of FY10, the Department replaced Center City litter baskets with 500 BigBelly solar powered compacting litter baskets and 210 public recycling containers, through a portion of funding from the Recovery Act's EECBG grant. By the spring of FY11, there will be 940 BigBellys and 395 recyclers placed throughout the city – the largest deployment of BigBellys anywhere in the United States. Fifty BigBellys along the South Street Business Corridor will also be wrapped with designs created by students in the Mural Art's Big Picture program. The solar powered compaction baskets require fewer resources to collect and allow for public recycling.



A "wrapped" BigBelly on South Street



The Department has also launched a series of anti-litter initiatives. *Philly Spring Clean Up* programs have collected over one million pounds of trash in each of the last two years, with over 240 community groups participating. The Mayor also launched the *Unlitter Us* Campaign in March 2010, which is the first sustained public service campaign to rid Philadelphia of litter. With local poets describing the beauty of the city, and urging all residents to build a litter-free Philadelphia, the campaign hopes to encourage residents to take care of their neighborhoods. Working with community groups, over 80 Litter Free Block Zones have been created throughout the city, as well as over 20 Litter Free Business

Ambassadors, and seven large Litter Free Zones that incorporate business corridors and community groups.

The Department is also committed to green infrastructure. In the spring of FY11, construction will begin on a new LEED Certified Training Center for the Department, among the first such buildings in the City. The Sanitation Division will continue its rehabilitation of an old incinerator building as a LEED Certified building that will provide locker rooms, office space, and warehouse facilities for several units within the Sanitation Division. Moreover, working with the Mayor's Office of Sustainability, the Department will convert lighting to more energy efficient systems at two of the Sanitation Division's Service Buildings.

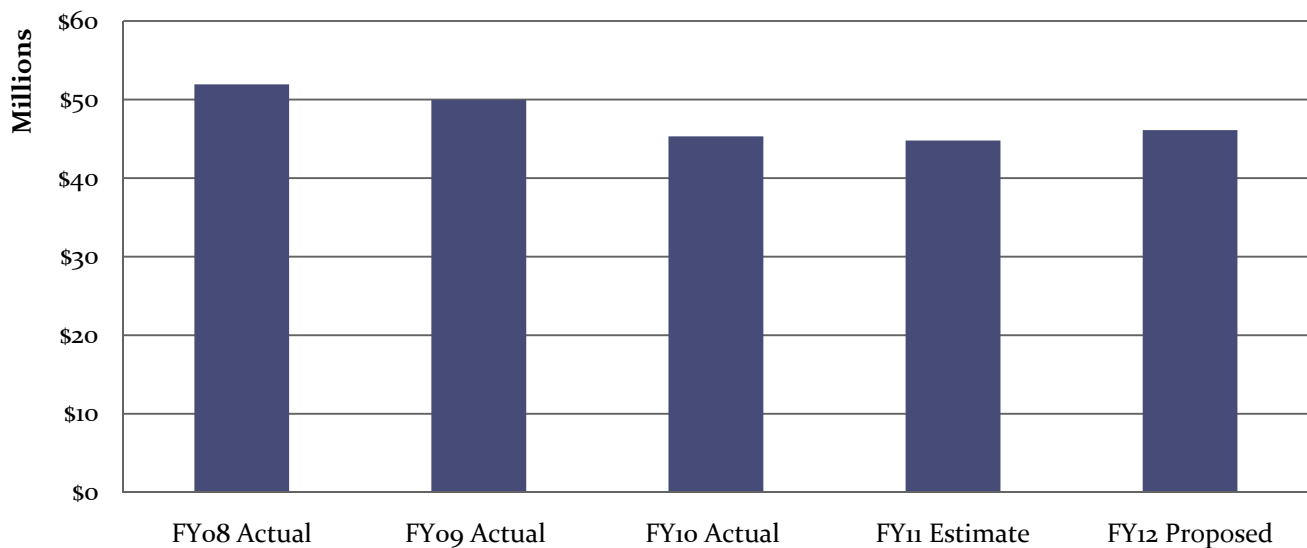
**Parks and Recreation**

**Mission Statement for the Philadelphia Department of Parks and Recreation**

The Philadelphia Department of Parks and Recreation promotes the well-being of the City, its citizens and visitors, by offering beautiful natural landscapes and parks, high quality recreation centers and athletic programs, important historic resources, and enriching cultural and environmental programs.

The newly merged Department of Parks and Recreation (formerly Fairmount Park Commission and Department of Recreation) has been cut by 11% since FY08, due to the recession’s impact on the City’s revenues. Even with these cuts, the Department continues to provide quality services. The chart below shows the changes to the Department’s budget over the last five years.

**The Department of Parks and Recreation's Budget, FY08-FY12**



Understanding the value of the programs it provides, the Department has worked in partnership with numerous community groups and private businesses to ensure the continuation of the services during the recession. In 2010, building off the success of the Mayor's "Splash and Summer Fund," and with the support of numerous community and business partners, the Department opened all 70 operational outdoor pools and five indoor pools for the summer season. In addition to providing outdoor recreation for children, youth, teens, and families, the Department also employed approximately 800 seasonal staff as part of operating and programming. There were 1,016,053 visits during the eight-week pool season.

The Department has also partnered internally and externally to make significant investments in each City-owned ice rink facility. The Department’s lead partner is the Ed Snider Youth Hockey Foundation, which will make a four-year capital and programmatic commitment to each City ice rink facility. In FY11, the Department will commit to running a seven-day a week operation at all ice rinks to expand public skating. This represents an additional full-day of public and community skating at all City ice rinks.

The Department also partnered with the Philadelphia Phillies and the Major League Baseball Association to create the Philadelphia Urban Youth Academy, which launched in the summer of 2010. This partnership utilizes renovated fields and facilities at both Franklin Delano Roosevelt (FDR) Park and Marian Anderson Recreation Center, to help inner-city youth reach their fullest potential on and off the field by providing quality instruction and training and educational assistance through a variety of year-round programs. Working towards the Mayor's goal of sending more Philadelphia residents to college, the Philadelphia Urban Youth Academy will also offer college placement assistance and career development through experiential learning opportunities.



In 2010, Mayor Nutter, City Council, and State Officials worked collaboratively to complete a remarkable restoration of a community jewel, the Robin Hood Dell East. After being closed for renovations for two summers, the historic open-air amphitheater concert venue reopened in FY11. The Dell is the fourth largest performance venue in Philadelphia. The amphitheater has approximately 5,300 reserved seats and an additional 1,300 people can be accommodated in the lawn seating area. The 2010 concert series kicked off July 12, and operated every Monday through August. A new, highly interactive and responsive customer website was launched that collected approximately 4,900 new customer emails and mailing addresses.

Coming off the highly successful opening, there are significant changes planned for the Dell Music Center that will impact the 2011 concert season. These include facility upgrades to support new revenue streams, such as a 7'10" x 9'11" Message Center Marquee placed on Ridge Avenue, two large projection screens on each side of the stage, and a video monitor along the back wall to allow for better customer viewing. The Department will also increase capacity of its customer records database, enhance sales/rentals opportunities (graduations, outside promoters, etc), increase the number of season member subscribers, and secure a radio, print, and/or television sponsor to help promote the venue.

The Department is also committed to the Mayor's *Greenworks* plan and has taken responsibility for achieving many of the goals outlined in the plan. To support the Mayor's tree planting target outlined in *Greenworks*, in 2010 the Department announced a new partnership with Independence Blue Cross. Members of Independence Blue Cross staff living in Philadelphia received specialized training on tree planting/care, and after the training, were given a tree at no cost to plant on their own property. This program is scheduled to continue into 2011.

In FY10, the Department received \$1.8 million in Recovery Act (ARRA) funding to help advance urban forest management in support of the Mayor's *Greenworks* targets. In partnership with the USDA Forest Service and the University of Vermont, these funds supported an analysis of Philadelphia's tree canopy.



Using high-resolution aerial imagery and LiDAR technology, this assessment, the most accurate to date, shows the City's tree canopy at 20%, up from 10% from the last comprehensive estimate in 2001 from the National Land Cover Database.

To support the 500 new acres of green space target outlined in *Greenworks*, with grant support from the William Penn Foundation, the Department retained PennPraxis to create a five-year action plan for land use and acquisition in Philadelphia to meet the *Greenworks* target. The plan, based on an inventory of previous planning efforts – data gathering, analysis, case studies, and civic input – was introduced publicly to over 650 attendees at the Academy of Natural Sciences.

To date, approximately 205 acres of publicly accessible green space has been counted toward the *Greenworks* target. During FY11 through FY12, the Department, in partnership with the national non-profit Trust for Public Lands, will target facilities that are heavily underutilized or paved to transform them into viable public green spaces, helping treat neighborhood stormwater run-off.



This spring, Pier 11 will open, providing 20 new acres of publicly accessible green space. Later this year, the Department will also announce a new partnership with the University of Pennsylvania. With the *Greenworks* public space target, Penn's campus has close to 30 acres of publicly accessible green space. In addition, the Department and Penn will announce in spring 2011 a partnership to foster tree planting/stewardship among Penn's faculty, staff, students, and alumni.

To support the urban agriculture targets outlined in *Greenworks*, in FY11, the Department will collaborate with the Mayor's Office of Sustainability and announce the Food Policy Advisory Council. The council will help to facilitate the development of responsible policies that improve access for Philadelphians to culturally appropriate, nutritionally sound, and affordable food that is grown locally through sustainable practices.

The Department is committed to ensuring Philadelphia's children and youth are safe, connected to their communities, and ready to learn. Last summer, approximately 9,000 youth participated in summer Neighborhood Day Camps at 129 recreation facilities located throughout Philadelphia. These camps operate, at a minimum, five days per week, six hours per day, for six weeks. Registration numbers indicate an approximate 10% increase over attendance at these camps last year. Moreover, over 1,600 youth participated in Parks & Recreation specialty camps at 40 locations this summer, which included: visual and performing arts, athletics, environmental, teen, and special needs. The Department will develop uniform standards and evaluation measures to increase the quality of programs but also as a strategy of building a coherent youth development system to support, coordinate, and sustain "out of school time" programs throughout the City. In FY11, with support from the William Penn Foundation, the Department was able to bring onboard a Citywide Youth Development Coordinator to help build capacity surrounding quality, quantity, and continuity of year-round programming for children and

youth. This position will also engage a variety of individuals and organizations to promote and create opportunities for young people to participate in safe and healthy activities during out of school time.

### Enhancing Quality of Life

The Managing Director’s Office supports “Quality of Life Improvement” programs. Residents can call 3-1-1 or go online to [www.phila.gov/qualityoflife/](http://www.phila.gov/qualityoflife/) to receive these services.

The Graffiti Abatement Team (GAT) is the lead City agency responsible for eradicating and containing the spread of graffiti vandalism. The program has developed into a rapid response unit that can remove most graffiti hits within three to four business days—weather conditions permitting. In the last ten years, GAT has removed graffiti from over one million properties and street fixtures in Philadelphia. This is a free service available to all residents in the city. Since FYo8, 400,000 properties and street fixtures have been cleaned by the Graffiti Abatement Team.

The City’s Community Life Improvement Program (CLIP) and Vacant Lot Program were created to address the problem of nuisance properties and the resulting overgrowth, trash, and debris. The main objective of these programs is to promote clean neighborhoods by enforcing the City’s property maintenance codes. Before any punitive action is initiated by the City, the property owner is issued a warning notice which states that the property needs to be maintained. If the warning fails to compel the owner to maintain their property, City abatement crews have the authority to clean those properties and bill the owner for the clean-up cost. Since FYo8, 41,000 vacant lots have been cleaned.



Vacant property before cleaning (8/21/2010)



Vacant property after cleaning (8/27/2010)

The Community Partnership Program (CPP) loans clean up tools and supplies to volunteers in community groups, businesses, and residents engaged in cleaning and maintaining their neighborhoods. Supplies include rakes, brooms, shovels, trash bags, etc. After the cleanup is over, bagged trash pick-up by CLIP personnel is also available and is coordinated by CPP. This program operates year round. Since FYo8, over 36,000 pieces of equipment have been loaned out to community groups and over 1,900 organizations have received supplies. Past projects have included clean ups in vacant lots, parks, recreation centers, playgrounds, and residential blocks.

The Community Service Program (CSP) provides non-violent offenders (ages 16 and up) an opportunity to complete their community service sentences by cleaning and beautifying the city. Projects include sweeping and removing debris from city properties, underpasses, blocks, etc., as well as assisting community groups with organized clean ups. In FY10, over 2,400 offenders successfully completed their community service sentences through CSP which resulted in about 200 tons of trash and debris being collected and removed. Since FY08, 8,300 CSP projects have been cleaned, including 1,800 underpasses, and 5,100 blocks.

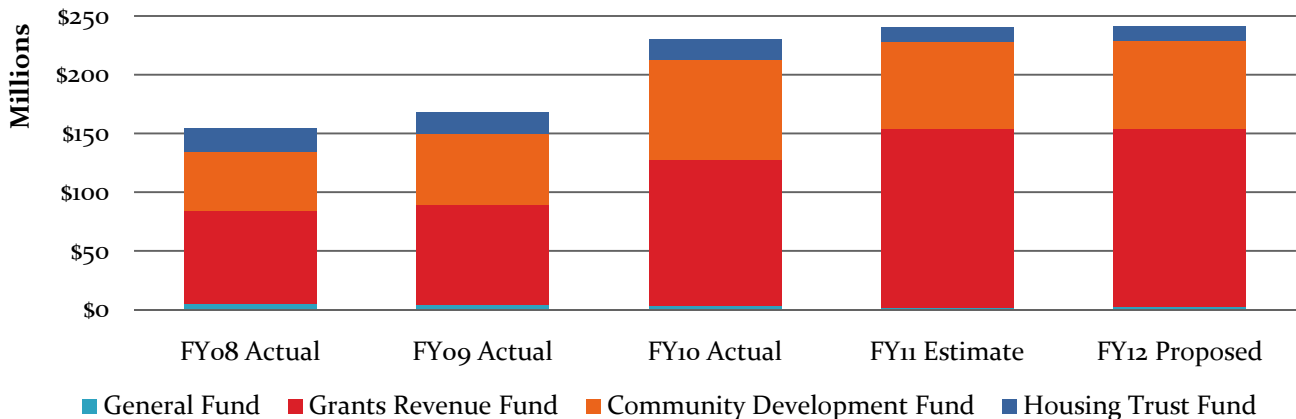
The Quality of Life team also operates the City’s Surveillance Camera Program. The City spends over \$1 million annually cleaning up after illegal dumping. In 2009, in collaboration with the Philadelphia Police Department Neighborhood Services Unit, the Quality of Life team created a pilot program aiming to provide deterrence against illegal dumping and to send a clear message to violators that this activity will not be tolerated. Surveillance cameras were installed at known illegal dumping hot spots to monitor short dumping activity. Since FY10, 60 short dumping violations, carrying a \$300 fine, were issued by the program, along with 48 arrests by the Philadelphia Police Department Neighborhood Services Unit. In FY12, the team is hopeful that a federal grant will allow expansion of this initiative.

Another indicator of blight is the presence of abandoned vehicles found scattered throughout the city. The Quality of Life team operates an abandoned auto removal program, which guides the Police Department’s Abandoned Auto Unit to remove thousands of abandoned and illegally dumped autos. In FY10 alone, over 10,000 abandoned vehicles were towed, with 37,000 vehicles removed since FY08.

**Office of Housing and Community Development (OHCD)**

The Office of Housing & Community Development is primarily funded with federal and state grant funding. Although the primary role of OHCD is to assist in the provision of housing opportunities for residents across Philadelphia, the Office uses City general funds to support programs that are either not eligible to receive federal funding, or for which it is not feasible to use such funding, due to other program requirements. The chart below shows the total budget for OHCD, broken out by fund.

**The Office of Housing and Community Development Budget by Fund, FY08-FY12**



The main program that the general fund supports is the Vacant Land Management program, which focuses on blight elimination around the city. There are three main components of the program: lot stabilization through initial cleaning and soil treatment, tree planting, and fencing of blighted lots; lot maintenance, which involves cleaning of previously stabilized lots twice a month from April through October, and *Community LandCare*, where selected community organizations clean 100-200 vacant lots from March through October in targeted city neighborhoods. These three components not only encourage new investment in Philadelphia's neighborhoods, but also help to raise property values, increase neighborhood safety, and create jobs. On an annual basis, the Vacant Land Management program stabilizes and maintains over 2,600 vacant lots in 16 Philadelphia neighborhoods annually, and provides 80 seasonal jobs for community residents. In FY12, the Mayor proposes to increase funding for OHCD to ensure the continuation of this successful program.

OHCD's general fund appropriation also supports two other programs. The Settlement Grant Program, supports the City's mortgage foreclosure program, and encourages homeownership among low to moderate income families by providing housing counseling and a \$500 grant to first time homeowners. The program helps to educate Philadelphians about the dangers of risky mortgage products in order to prevent future foreclosures. Over the last two years, the program has provided between 250-475 OHCD Settlement Grants per year, and provided pre-purchase housing counseling to up to 3,000 households. The Tangled Title Fund provides grants to homeowners to secure clear title to their properties in order to prevent foreclosure due to errors on their deeds. Approximately 12-15 households receive these grants annually, with up to 50 households receiving legal/housing counseling.

### **Water Department**

The Water Department is funded out of the Water Fund, which receives revenue based on usage charges. In FY12, the Water Department expects to receive \$635 million in revenues.

#### **Mission Statement for the Philadelphia Water Department**

The Philadelphia Water Department serves the Greater Philadelphia region by providing integrated water, wastewater, and storm water services. The utility's primary mission is to plan for, operate, and maintain both the infrastructure and the organization necessary to purvey high quality drinking water, to provide an adequate and reliable water supply for all household, commercial, and community needs, and to sustain and enhance the region's watersheds and quality of life by managing wastewater and storm water effectively. In fulfilling its mission, the utility seeks to be customer-focused, delivering services in a fair, equitable, and cost-effective manner, with a commitment to public involvement. Having already served the City and region for nearly two centuries, the utility's commitment for the future includes an active role in the economic development of Greater Philadelphia and a legacy of environmental stewardship.

In September 2009, the Water Department released the *Green City, Clean Waters* plan. This visionary 25 year plan for meeting stormwater regulations, will replace traditional stormwater infrastructure (buried gray pipe) with neighborhood-level green infrastructure (such as planters, green roofs, and street trees). In FY10 and FY11, the Department has completed a number of green infrastructure demonstration projects with a variety of public and private partners to pave the way (using porous paving) for the smooth implementation of Green City, Clean Waters, including 23 green streets and three green homes blocks. In partnership with the Streets Department, the Department is developing a Green Streets Design Manual to establish and standardize green stormwater infrastructure elements into the planning, design, and construction of capital work on city streets.

In FY11, the Water Department contracted with the Pennsylvania Department of Environmental Protection to conduct a county-wide Act 167 Plan, focusing on the Pennypack, Poquessing, and Wissahickon watersheds over the next five years. In FY12, the Department plans to begin the restoration of approximately four miles (two miles each, respectively) on Cobbs and Tacony Creeks, as the first phase of a complete stream restoration in both watersheds.



The Water Department has also convened an energy committee tasked with the development of a comprehensive energy policy and plan for the Department. Over the last year, the Department has constructed a solar energy facility at its Southeast Water Pollution Control Plant, which cost \$1.2 million, with \$800,000 from a federal grant. The Department is also currently reviewing responses for a plan for a public-private partnership to construct and operate a 5.6 megawatt biomethane cogeneration facility for its Northeast Water Pollution Control Plant. The Department is also evaluating the feasibility of renewable energy opportunities at Water facilities, such as geothermal wells at its proposed West Philadelphia Sewer Maintenance Yard, revisiting hydroelectric power options from Philadelphia's rivers, and exploring new technologies such as algae for biofuel production.

In FY11, the Department continued work on four PENNVEST loans for a combined \$215 million, of which \$30 million was dedicated for "green" infrastructure projects such as tree pits and trenches, rain gardens, bump outs, and other stormwater management facilities.

The Department is currently in the process of implementing CityWorks for the "street side" of its business. The system essentially tracks all of the work performed on equipment and provides for better control, operation, and reporting of these assets. CityWorks will be phased in over a period of several months with the goal of having it fully implemented by July 2011. Once fully implemented, the interface between the Streets Department and Philly 311 should be seamless.

In FY11, the Water Department commenced charging all non-residential property owners for their contribution of stormwater to the city's infrastructure based on their parcel size and characteristics, such as impervious cover, rather than on the (surrogate) basis of meter size. The parcel-based formula is being

phased in during the Five Year Plan period. The new way of charging for stormwater also contains a significant credit program for onsite stormwater mitigation.

Beginning July 1, 2009, a typical residential customer's bill increased by an additional \$3.40 a month, for a total average monthly bill of \$56.24. This change was for the period of July 1, 2009 to June 30, 2010. A typical senior citizen's monthly bill increased by an additional \$2.02, or a total average monthly bill of \$35.03, for those seniors who qualify for the Department's 25% senior citizen discount. The income test to qualify for this discount was increased to \$28,900 on July 1, 2009.

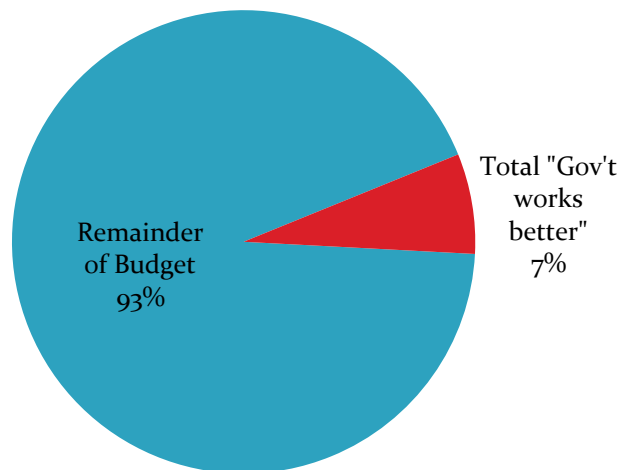
The Department's management of the stormwater system is an important multi-faceted service for both flood control and environmental protection. With approximately 79,500 storm drains to maintain, the Department focuses on keeping them in good condition to prevent blockage of storm water flow and creation of hazardous conditions for pedestrians. In FY10, PWD cleaned 72,802 storm drains. In addition, the Department reconstructed 11,860 storm drains.

## Government Works Efficiently and Effectively, with Integrity and Responsiveness

The Nutter Administration has made it a priority to provide high quality services to all Philadelphians. In order for City departments to serve their customers – the taxpayers – well, internal operations must operate effectively, and quickly, and ethically. If the City’s core departments – such as Finance, Law, Human Resources, Technology, Fleet, Procurement and Public Property – do not work, none of the other Mayoral goals will be achieved.

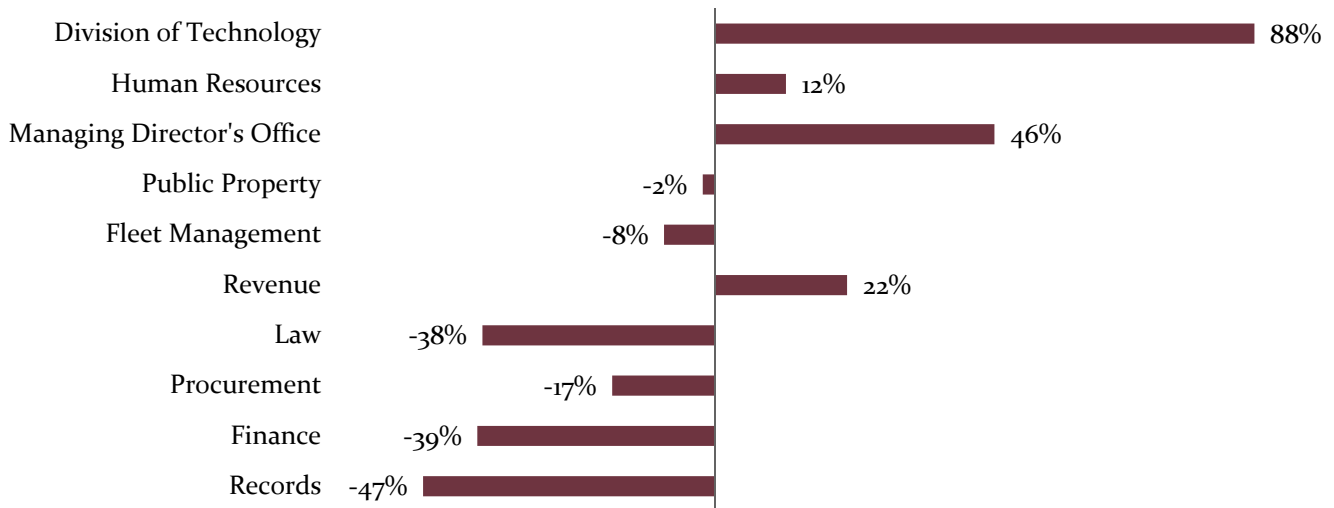
### Budget

The Departments that fall under the “government works better” goal account for approximately 7% of the total budget. These Departments include the Managing Director’s Office, the Office of the Director of Finance, the Law Department, the Division of Technology, Office of Human Resources, the Revenue Department, the Office of Fleet Management, the City Treasurer’s Office, the Records Department, the Office of the Inspector General, the Department of Public Property, the Office of Property Assessment, and the Procurement Department.



Despite the relatively stable proportion of the budget spent on this goal, other than departments that have undergone consolidations, the departments themselves have seen reductions in expenditures. The consolidations that led to increased departmental budgets were: the consolidation of information technology (IT) across the City into the has created an 87% increase; moving the Animal Control contract into the Managing Director’s Office from the Department of Public Health; in FY12, transferring the Law Department’s Tax Unit into the Revenue Department; and in FY11, shifting the human resource functions of departments reporting to the Managing Director into the Office of Human Resources. On the other end of the spectrum, the Records Department has been reduced by 47%. The chart below illustrates some of these changes.

**Budget Change in Selected Internal Departments, FY08-FY12**



**Financial Effectiveness and Transparency**

The Office of the Director of Finance, in cooperation with the departments that report to the Finance Director (the City Treasurer, the Department of Revenue, the Sinking Fund Commission, the Board of Pensions and Retirement, and the Office of Property Assessment) is responsible for forecasting, managing, and accounting for all the City’s finances.

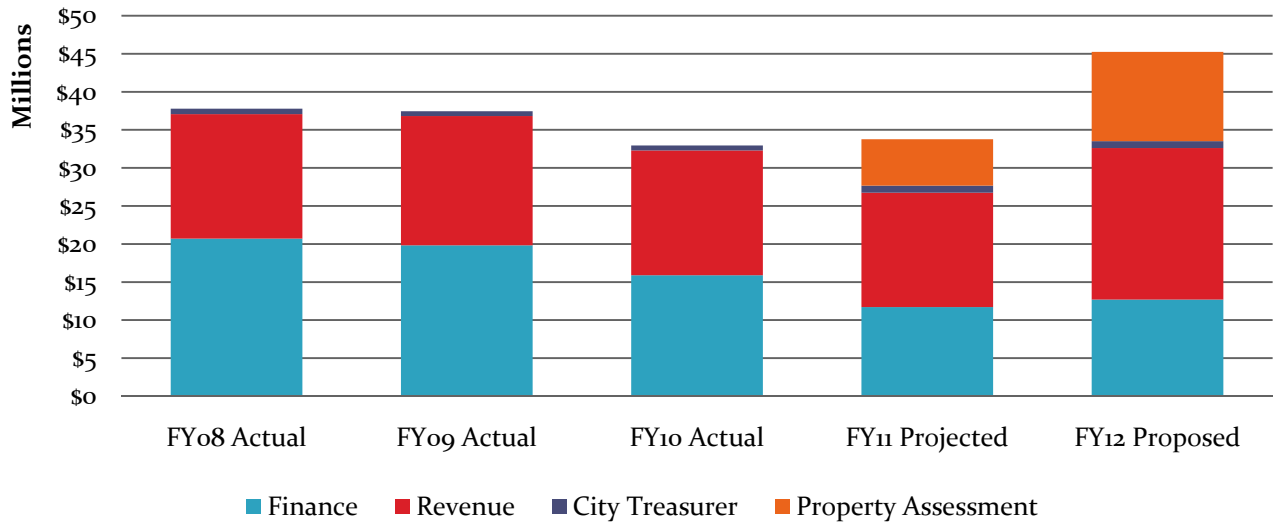
**Mission Statement for the Office of the Director of Finance**

The Finance Department is charged with overseeing the City’s financial, accounting and budgeting functions, and performs a variety of critical tasks, including: establishing fiscal policy guidelines; providing oversight of the City’s budget and financial management programs; recording and accounting for the City’s financial activities; administering the City’s risk management functions; administering the parking violation and city code violation appeals process; and adjudicating appeals on water/sewer charges, as well as interest and penalties on delinquent taxes. Additionally the Finance Department is responsible for the oversight of expenditures and reporting on all American Reinvestment and Recovery Act (ARRA) funded programs and for monitoring the City’s non-competitively bid contracting process to ensure an open, transparent and fair contracting process and compliance with Chapter 17-1400 of the Philadelphia Code.

The chart below shows the general fund budget changes since FY08 to the departments that report to the Finance Director. In FY11, the Office of Property Assessment (OPA) was established, in a legal separation of the assessment function from the appeals function, which still rests within the Board of Revision of Taxes. The chart also shows that the Finance Department budget has been cut by 39% since FY08.



**Budget Changes for General Fund Departments that report to the Finance Director, FY08-FY12**



Note: The Office of Property Assessment houses the assessment function that used to be within the Bureau of Revision of Taxes

The Finance Department contains nine divisions: Executive Direction, the Administrative Services Center, the Office of Budget and Program Evaluation, the Accounting Bureau, the Office of Administrative Review, the Recovery (ARRA) Unit, the Contract Legislation Unit, the Bureau of Administrative Adjudication, and Risk Management, and plans to establish a tenth unit in FY12, the Office of Property Data.

While navigating through the worst recession in decades, the Finance group has had many successes in FY10 and FY11 as it has worked to maintain the City’s fiscal health, improve efficiency and effectiveness and promote openness and transparency.

**Fiscal Health**

Despite plummeting tax revenues and soaring pension costs, the Office of Budget and Program Evaluation (Budget Office) has worked with City departments and outside agencies to maintain balanced annual and five year budgets, and has carefully monitored all expenses and revenues to ensure positive cash flow. While governments around the country are facing massive deficits, the City, through its five year planning process, has avoided one-time budget balancing actions and made the tough decisions necessary to bring stability to its finances.

The Treasurer’s Office helped the City avoid potential devastating increases in debt service costs by quickly and effectively responding to the credit crisis that rocked the municipal debt markets beginning in 2008. The Treasurer’s Office restructured or refunded all of the City’s \$1.9 billion variable rate debt which was outstanding when the Nutter Administration took office. Over \$1 billion of this was restructured or refunded in FY10. If the City had not taken action on this debt, it could have resulted in

significantly increased interest costs. In addition to reducing potential costs, these actions reduced the City's variable rate exposure.

One of the other ways in which the City was able to maintain balanced budgets was by improving its revenue collections. The Revenue Department, working with the Law Department and other City agencies has taken the lead in those efforts.

However, the Department is also taking a harder line against the small minority of people and businesses who avoid paying their taxes, including, unfortunately, a few City employees. The Department, in partnership with the Office of the City Controller, has also developed a program to bring City employees into compliance. Employees who do not pay their outstanding tax liabilities in full or through payment agreements are now subject to involuntary payroll deductions. The City has collected close to \$3 million from delinquent employees. The Department also sent out over 440 letters to City employees who were delinquent on their water bills in February 2010. The City now requires that new hires be in full financial compliance with the City before they are hired, as must those appointed by the Mayor to serve on City boards and commissions. The Department has performed over 100 tax and water clearances, to date, for board and commission nominees.

In partnership with the Law Department, the Revenue Department notified and then posted the names of over 300 businesses and officers online for accounts where the City obtained a judgment due to tax delinquencies. The City collected \$4.4 million from this initiative alone. Another \$4.7 million in collections resulted from specialized audit projects that included sharing data with the Commonwealth and the IRS.

In October 2010, the City launched a delinquent accounts website, which can be found at [www.phila.gov/revenue/delinquencies/](http://www.phila.gov/revenue/delinquencies/). This website highlights the Department's efforts to collect delinquent taxes and water fees, highlighting a different set of delinquent taxpayers every quarter. Boxing champion, Bernard "The Executioner" Hopkins, demonstrated his civic commitment to his hometown by providing publicity for the City's delinquent collections effort.

In partnership with the Department of Licenses and Inspections, the

### Mission Statement for the Department of Revenue

The mission of the Department of Revenue is to collect all forms of revenue due to the City and all 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. The Water Revenue Bureau has the special mission of billing and collecting water and sewer charges to ensure that the Water Department has the financial resources necessary to continue to provide high-quality water and cost-effective wastewater treatment to the City and the region.



*Photograph courtesy of Bernard Hopkins*

Revenue Department also created an online tax clearance system. Effective January 1, 2011, all persons going to the Zoning Board of Adjustments must be compliant on their taxes. Further information on requirements, when requesting a hearing from the Zoning Board of Adjustments, can be found on the Department of Licenses and Inspections' website, [www.phila.gov/li/](http://www.phila.gov/li/).

In the beginning of FY11, the Revenue Department embarked on a pilot project to increase outbound calling efforts to delinquent water customers, in an effort to stimulate compliance and increase revenue. To date, \$228,000 has been collected from contact made with water customers. At the same time, the Revenue Department started an outbound calling campaign targeted towards delinquent taxpayers. Calls have been made to taxpayers who remit returns but have not paid, those who are delinquent but did not participate in the City's recent tax amnesty, and most recently, to those who have not yet paid their 2010 real estate taxes.

In FY12, the Law Tax Unit and Revenue are being physically consolidated within the Revenue Department to gain efficiencies and increase overall collections of all taxes due the City and School District, as well as water collections. The consolidation will also involve integrating operations and the development of new business processes, procedures, and work flows.

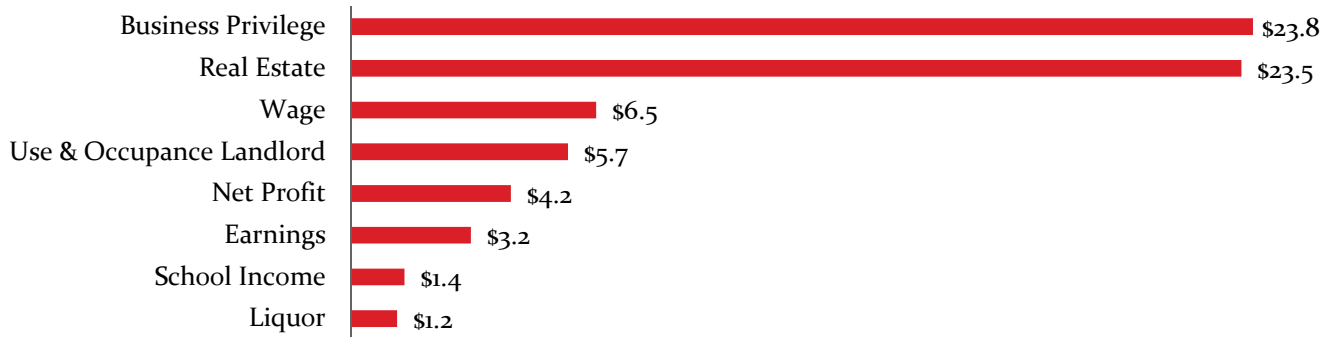
As part of its collection efforts, in FY10, the Revenue Department ran the City's first Tax Amnesty program in over 22 years. Eligible taxpayers who took advantage of the Tax Amnesty received a waiver of 100% of accrued penalties, attorney fees and fines, and 50% of interest due on delinquent tax payments. Almost all taxes of the City of Philadelphia and School District of Philadelphia were eligible for Tax Amnesty.

Philadelphia's Tax Amnesty program grew out of a desire to generate additional tax revenue during a period when receipts had fallen due to the global economic downturn, to reduce the magnitude of debts owed to the City, and to provide taxpayers struggling in the challenging economic environment with an opportunity to get back on track.

The Tax Amnesty program generated \$72.8 million in gross collections, including \$48.9 million for the City of Philadelphia's General Fund, \$22.9 million for the School District of Philadelphia, and almost \$1 million for the Hotel Room Rental Tax Fund. The administrative costs of the Tax Amnesty program totaled \$4.7 million. Therefore, net collections from the tax amnesty totaled \$68.1 million.

The table that follows shows gross collections for the top eight Tax Amnesty revenue sources. Delinquent tax revenue from the Business Privilege Tax (\$23.8 million) and Real Estate Tax (\$23.5 million) comprised 65% of gross collections. The third largest source of delinquent tax revenue came from the Wage Tax (\$6.5 million).

**Tax Amnesty Revenue Collections by Tax Type, Millions**



Note: Remainder came from Amusement, Realty Transfer, Valet Parking and Use & Occupancy Tenant taxes

Over 21,000 taxpayers participated in the program. Of that total, almost 1,700 new taxpayers previously not identified by the Department of Revenue came forward. These new filers contributed \$5.5 million, or 7.5%, of the \$72.8 million in gross collections generated through the program. The majority of these new taxpayers completed applications to pay off Business Privilege Tax, Net Profits Tax, Earnings Tax, and School Income Tax liabilities.

The Department is making compliance easier for all businesses and residents by adding more tax filing and payment options to the Internet. The Department is involved in outreach events designed to assist the public in understanding their civic responsibilities, and direct low-income households to available public assistance.

The Office of Administrative Review (OAR) has also contributed to the City’s collection efforts as FY10 revenues for Code Violations and False Alarms increased \$1.3 million, or 18.6%, over FY09, and FY11 collections are projected to increase to \$10.83 million, an additional 21.8% over the \$8.45 million collected in FY10. In an effort to further increase revenues, the OAR and the Law Department cooperated to finalize a process/contract to conduct secondary collection activity on Code Violation and False Alarm Municipal Court judgments.

**Effectiveness and Efficiency**

The Finance Department and its related agencies work to ensure that the government operates as efficiently and effectively as possible.

As part of the Department’s efforts to ensure that the government runs smoothly, the Accounting Bureau makes sure that all dollars the City receives and expends are accounted for appropriately. The Bureau’s work has been recognized consistently as, for the 30<sup>th</sup> year in a row, the City’s Comprehensive Annual Financial Report received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

The Department has also been responsible for successful oversight of \$268 million in Recovery Act funds that were awarded to the City as of December 31, 2010, creating or saving 388 full time equivalent jobs from October 1 to December 31, 2010.

The Contracting Unit has helped agencies throughout the government operate more effectively by offering a robust training program for departmental contract conformance managers and project managers. The program will provide a greater understanding of the requirements of the non-competitively bid contract process which is in place to prevent “pay to play” contracting. To further this initiative in FY10, the Contracting Unit trained over 100 departmental contracts managers and 249 project managers, in an effort to shorten the contract execution process and improve contract management skills

The Contracting Unit also implemented a process with the Revenue Department to ensure that professional service providers who are awarded City contracts are tax-compliant and not otherwise indebted to the City before they are able to enter into a contact with the City to provide services.

In FY12, in cooperation with the Division of Technology, the Finance Department hopes to launch a major initiative to replace and integrate all of the City’s major administrative systems, to possibly include the Financial Management System, Payroll & Employee Benefits, Pension, Procurement, and Human Resources. It will be a major challenge for the Administration to develop an implementation plan for this work, and undertake the required tasks to implement the new systems, while continuing mission-critical functions and reliable operation of current aging systems. A successful implementation would lead to critical efficiencies throughout the government.

The Treasurer’s Office has taken several key steps to increase the effectiveness of its cash management operations. The Office was successful in negotiating new fee structures for banking and money manager arrangements, which are more beneficial to the City. In addition, the Treasurer’s Office is focused on efficiencies in the distribution of payments as well as efficiencies in the deposit of revenues into City bank accounts. The Office has encouraged direct deposit for City workers and pensioners, and, partially as a result, direct deposit for City workers has increased to 81% in FY11 (January), from 79% in FY10, and 70% in FY04.

### **Increasing Transparency and Trust in Government**

The Finance group has taken and will continue to take a number of steps to improve the transparency of City government with the goal of increasing citizens’ faith in their government.

The Bureau of Administrative Adjudication (BAA), which is responsible for hearing appeals of parking tickets, has refined and documented its processes and procedures to ensure impartiality, accountability, and transparency in the adjudication process. Those processes are designed to ensure that decisions on appeals of parking tickets are based solely on the merits of the appellants’ claims. Further, BAA hopes to improve communications so that citizens receive more meaningful written decisions when cases are heard by mail.

The Treasurer’s Office has worked to ensure transparency in government by continuing the more rigorous bond underwriter selection process, which was established in 2008. This process involves a selection committee reviewing responses to Requests for Qualifications (RFQs) which are posted on the City’s website. The selection committee then establishes pools of qualified underwriters to select

underwriters from when a bond deal is needed. Minority-owned and Women-owned business enterprises (MBE/WBE) and local presence firms are part of all of the City's bond pools.

One of the most significant ways in which the Finance group is working to increase citizens' faith in their government is by working to fix the City's assessment system as quickly as possible while producing assessments that are accurate and understandable.

The Mayor and City Council crafted and passed legislation to abolish the Bureau of Revision of Taxes (BRT), the agency that had been responsible for both property assessments and appeals of those assessments, and to create two separate agencies, one to assess properties and the other to handle property assessment appeals, pending voter approval. In May 2010, voters overwhelmingly approved the Council legislation and in June 2010, professional assessor Richie McKeithen was appointed by the Mayor and approved by City Council to be the Chief Assessment Officer of the newly created Office of Property Assessment.

The Office of Property Assessment was formally created in October 2010. However, a new appeals board was not created to replace the BRT as voters had wished. Rather, the Pennsylvania Supreme Court ruled on September 20, 2010, that the City does not have the authority to abolish the existing appeals board without an amendment to state law. Therefore, the BRT remains in place as the appeals board, but the separation of that appeals function from the assessment function, which was a key goal of the legislation, remains in place.

Under the leadership of Chief Assessment Officer McKeithen, the Office has begun the work to conduct a complete reassessment of the approximately 577,000 parcels in Philadelphia. The reassessment is expected to take approximately two years.

**Mission Statement for the Office of Property Assessment**

To create a high quality, performance focused organization that collects and utilizes data in an accurate, reliable, and timely manner.

To utilize that information to assess all real property in the City of Philadelphia in a fair and equitable manner, in compliance to the state law and with industry standards.

Three central goals of the reformed property assessment system are to:

1. Use accurate, timely, and reliable property information to assess all real property in the City of Philadelphia in a fair and equitable manner, in compliance with the state law and with industry standards.
2. Ensure independence and integrity from the property appeals process.
3. Create a high quality, performance focused organization

The Office has already conducted field inspections of several thousand parcels for data clean-up purposes, reviewed over 80,000 real property sale transactions, and handled over 22,000 real property inquiries. The Office has also developed and implemented a new in-house training program for all

evaluators. Over the next few months, the Office will undergo an independent evaluation that will cover various areas, such as resources and organization, management procedures, internal controls, data acquisition, data adequacy, data storage, and data retrieval practices for the purpose of improving the office and ensuring that it is operating within International Association of Assessing Officers (IAAO) guidelines.

In order to build on this progress and to complete a successful reassessment within statutory and industry guidelines and standards in a timely manner, the Office will require a substantial infusion of resources. For that reason, the Office's budget for FY12 includes an increase of \$4.4 million.

The Administration is also dedicated to improving its property data. The City has myriad, uncoordinated, sources of property data that often are inconsistent. In order to bring consistency and accuracy to that data, the Administration is establishing an Office of Property Data, which will provide a central location for all property data in the City. In FY12, this Office will collect, clean, and manage all property information, to ensure reliability. This will have significant impacts on the ability to provide fair and accurate property assessments, as well as other numerous City functions that depend on this data.

### **Providing Effective Legal Advice**

Under the leadership of the City Solicitor, the Law Department is responsible for providing effective legal advice and representing the City in all legal matters. Therefore, the Department deals with a wide array of issues, from the Child Welfare Unit which represents the most vulnerable in the Department of Human Services, to the Commercial Law Unit, which is responsible for handling all commercial contracts and financing matters, and for counseling City departments on a range of related matters involving procurement, information technology, telecommunications, and the solicitation and award of contracts for goods and services.

#### **Mission Statement for the Law Department**

The mission of the Law Department is to provide high quality and timely legal advice to all officials, departments, boards, and commissions within the City. The Law Department is required, under the Philadelphia Home Rule Charter, to provide legal representation to all City Departments, Boards, and Commissions, and to all City officials and employees in matters arising from the performance of their official duties.

Also, the Law Department continues to work with the Revenue Department to enhance delinquent tax collections for the benefit of the entire city.

The Law Department has had many successes over the past two years. In FY10, the Civil Rights Unit successfully defended more than ten cases at trial, including the Estate of Danieal Kelly v. City, which arose from the tragic death of a disabled child while in her abusive mother's custody. The Estate, which was controlled by the abusive mother, brought a civil rights action against the City and others. After the City filed its motion to dismiss, counsel for the Estate amended the complaint, withdrawing all claims against the City, effectively ending the City's involvement in the civil suit.

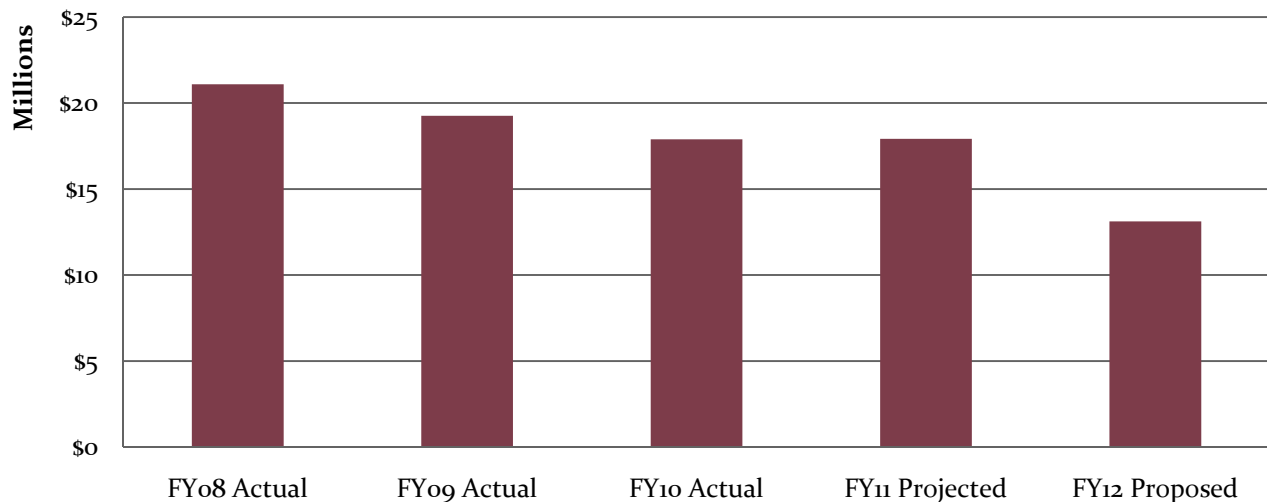
Accomplishments of the Claims Unit include eight wins in the eight cases that went to trial in FY10, a winning percentage of 85% in the cases arbitrated, and successful results in all matters taken to Alternate Dispute Resolution. Had this Unit not been as successful, based on the injuries reported, the City would have been facing payments in the millions of dollars.

The Department also provided support and assistance to the Residential Mortgage Foreclosure Diversion Program in the Philadelphia Court of Common Pleas, which received national recognition as a model government initiative. The Law Department implemented new outreach efforts for housing counseling agencies to improve the effectiveness of the program. To date, over 1,000 homes have been saved from Sheriff Sale through the program.

The Department is constantly seeking efficiency improvements. In FY10, the Law Department updated the 4D case management system to more efficiently manage the Law Department cases and matters, and initiated “ContractStat” meetings to resolve issues in an effort to more timely process pending contracts. Moreover, over the past six fiscal years (from FY04 to FY10), due to electronic filing, email, and the increased technological proficiency of the attorneys, the Law Department has reduced support staff on the General Fund by 16%, from 98 on staff in FY04 to 82 on staff in FY10.

Since FY08, the Department has reduced expenditures by 38% (including the transfer of the Tax Unit to the Department of Revenue), while improving services to its clients. Excluding labor negotiation obligations, FY10 General Fund legal obligations for outside counsel decreased by 34% from the previous year. Despite this substantial reduction, in FY10, the department’s commitment to diversity resulted in 42% of Law Department contract expenditures being paid to vendors certified by the City’s Office of Economic Opportunity (OEO).

**Changes to the Law Department's Budget, FY08-FY12**



In FY12, the Department plans to increase the number of Sheriff’s Sales, from 200 a month to 600 a month, to recover delinquent taxes and to put the property in a productive posture for payment of future real estate taxes.



The Department also plans to establish a partnership with the Department of Licenses and Inspections to facilitate the revocation of business privilege licenses for businesses that are chronically and seriously tax delinquent.

### Improving Coordination among Departments

In FY11, the Mayor created a new title for the Managing Director: Deputy Mayor for Coordination and Administration. The renaming of the title recognizes an important function of the Managing Director's Office – to communicate, collaborate and break down departmental barriers that impact City services.

#### Mission Statement for the Managing Director's Office

The Managing Director's Office (MDO) is the executive office with oversight of the City's operating departments. With the aid of five Deputy Mayors and their support staff, the MDO provides support and assistance to build sustainable infrastructure within and across departments, ensuring enhanced City-services to the public.

This is accomplished by prioritizing and communicating key administrative initiatives, monitoring and analyzing the departments' performance and progress, and by serving as a catalyst to encourage cooperation and collaboration. In addition, this office is responsible for organizing and supervising major interdepartmental initiatives and special events.

Six agencies report to the MDO: the Division of Technology, the Department of Records, the Procurement Department, the Office of Fleet Management, the Office of Human Resources, and the Department of Public Property. FY10 and FY11 saw significant success within the Managing Director's Office itself.

On January 1, 2009, **Philly 311** was launched, and on July 9, 2010, the call center received its two millionth call. Philly 311 revolutionizes the way residents and visitors get their information from the City government. Anyone can call 3-1-1 during normal operating hours, and a customer service specialist will connect them to the information and services needed. From January to December 2010, Philly 311 received a total of 1,262,053 calls, with an answer rate of 97% and a satisfaction rate of approximately 90%.



Philly 311's customer service focus has had significant ripple effects throughout the City. In FY11, Philly 311 started the Customer Service Leadership Academy, with more than 250 registered participants. In FY12, Philly 311 plans to expand the Academy to include more employees.

Another crucial analytical tool housed in the MDO is **PhillyStat**, the City's enterprise performance management tool. PhillyStat will drive better results and services by maintaining a focus on problem-solving and process improvement, integrating operational, financial, and other relevant information into performance sessions, setting meaningful measures and targets by placing emphasis on the Mayor's top

priorities, managing to consistent priorities through the collaborative setting of goals, and better communication to stakeholders.

In FY11, working with a team from the Finance Department, a new model for PhillyStat was developed. The new model will include both PhillyStat Ops and PhillyStat Outcome meetings. PhillyStat Ops are operations reviews of individual departments, while PhillyStat Outcome meetings are focused on achieving broad outcomes under the Mayor’s goals, involving multiple departments.

The MDO is also responsible for the **Global Philadelphia** initiative, which is the City’s language access program. Its mission is to strengthen the relationship between diverse linguistic communities and the City. For example, Global Philadelphia has worked with the Police Department to develop Authorized Interpreters. As of January 2011, over 250 bilingual police officers and personnel have been certified as interpreters through training offered by the Health Federation of Philadelphia.

Global Philadelphia has also distributed more than 15,000 Language Access “I Speak” Cards to the public. These cards provide a tool for limited English proficient residents by identifying an individual’s language needs to City staff. An example of the Spanish Language Access Card is shown to the right.

**Hablo español.**  
Necesito asistencia en español. Sirvanse tomar nota del idioma que hablo en sus registros.

La Ciudad de Filadelfia exige que las agencias de la ciudad garanticen igualdad de acceso a sus programas. Para obtener información acerca de los servicios del gobierno de la Ciudad o para presentar una queja ante la Comisión de Relaciones Humanas de Filadelfia, marque el 3-1-1.

 **MARQUE EL 3-1-1** 

### Working with the Private Sector to Find Efficiencies

The Private Sector Outreach Board is a volunteer group of corporate executives that have agreed to give their time, expertise and networks to help solve some of the City’s most difficult problems. Over the past year, they have helped identify areas of concern and have improved the City’s development process; provided key business and marketing support for the City’s new service delivery model; and provided training and resources for Philly311.

### Improving the Effectiveness of the Workforce

The Office of Human Resources provides a critical administrative service to the City’s departments. The Office is responsible for the development and creation of civil service examinations and lists that ensure that departments receive the best qualified employees for the job.

**Mission Statement for the Office of Human Resources**

The mission of the Office of Human Resources is to attract, select, and retain a qualified, diverse, and effective workforce to support the goals of the City.

On July 1, 2010, the Office implemented a pilot Shared Services program, providing human resources and payroll services for the seven administrative departments, reducing the staffing level by 3 without reducing services.

The Office also manages the City Administered Health Plan. Through the implementation of self-insurance for medical benefits, competitive bidding, and minor plan design changes, the City exceeded its

goal of \$4.5 million in savings from the City Administered Health Plan, in both FY10 and FY11. In addition, a disease management and wellness program will be designed in FY12 to educate and assist employees and their dependants in living healthier lives and managing existing health conditions, thereby helping the City to contain future benefit costs.

### **Records Department**

Despite a 47% budget reduction, the Records Department has continued a successful 100% compliance rate with legal mandates across all units.

In FY11, the Department was one of six national awardees for a highly competitive research grant from the National Endowment for the Humanities. The Department successfully completed the grant-funded whitepaper highlighting how augmented reality technology can be used to access and display historical photographs based on location over current location depictions using Google Maps.

#### **Mission Statement for the Records Department**

The Records Department is responsible for the appropriate care and management of City records as well as responsibility for providing access to public records, and also assumes the functions and duties of the County Recorder of Deeds.

### **Technological Efficiency**

In FY11, all information technology (IT) functions and positions in City agencies were consolidated into the Division of Technology, in an effort to reduce costs, improve service, and provide long-term planning for the City's IT needs.

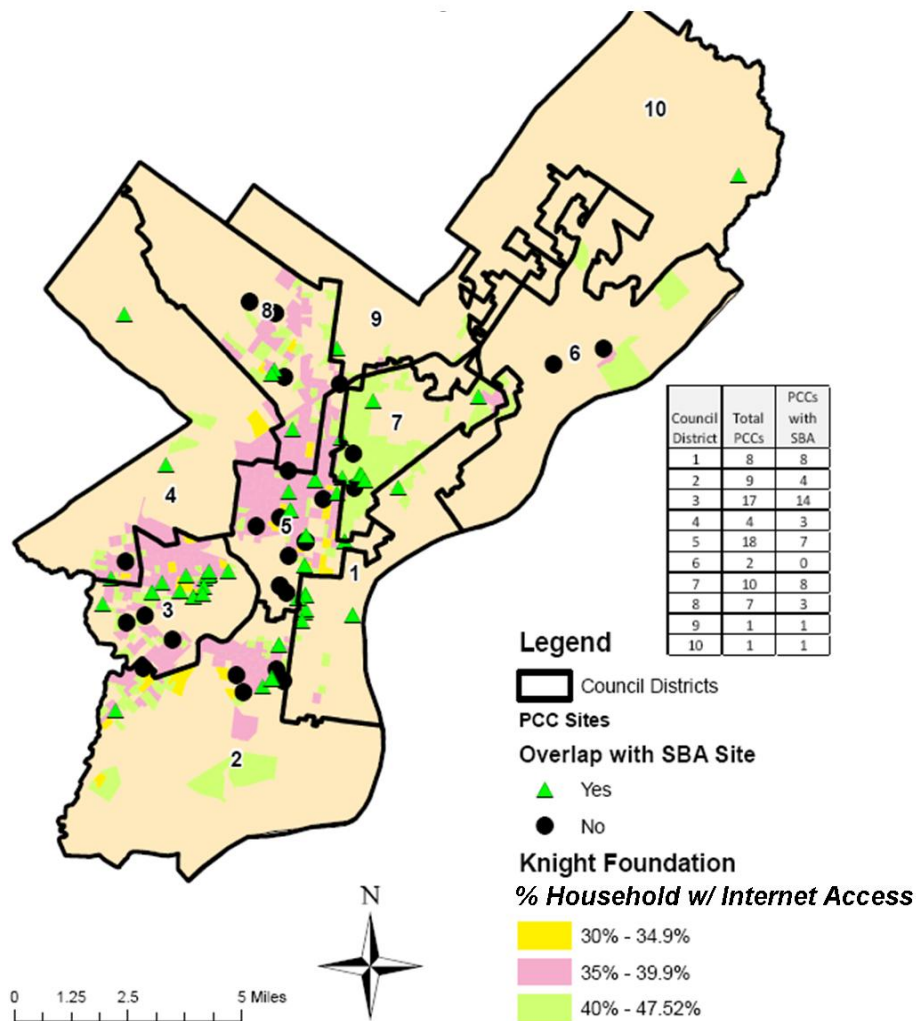
#### **Mission Statement for the Division of Technology**

The Division of Technology's mission is to increase the effectiveness of the information technology infrastructure, where the services provided are advanced, optimized, and responsive to the needs of the City of Philadelphia's businesses, residents, and visitors.

The Division of Technology will achieve this mission by implementing strategies to lower cost of operation and greater operational efficiency, continuing to stabilize the City's information technology infrastructure, enabling business improvement, and improving constituent services.

In FY10, the Division won a highly competitive Recovery Act (ARRA) grant of \$6.4 million for public computer centers. In collaboration with the Urban Affairs Coalition, which received an \$11.8 million Sustainable Broadband Adoption (SBA) Recovery Act Grant, and partnering with Drexel University and a range of other organizations, the City of Philadelphia will be initiating the *Freedom Rings Partnership*. The Partnership aims to increase broadband access among low-income residents by creating 77 public computer centers (see map), including four traveling mobile units and providing training to 15,000 people.

**Public Computer Center (PCC) with Sustainable Broadband Adoption (SBA) Sites**  
February 2011



The Division was one of five cities to win the Code for America competition to design Web 2.0 applications. In FY11 and FY12, Code for America fellows will design and implement tools that will enable citizen, city, and community resource-sharing and “citizen-source” problem solving.

In FY12, the Division plans to re-launch at least a one-third of its websites under the new Phila.Gov design and operation, and make available at least 75% of all licenses and permits online.

In FY11, the Division deployed a high speed Transparent LAN Service (TLS) bandwidth upgrade for 33 Police locations, 16 Prison sites, the Youth Study Center, and sites with the Department of Public Health and the Department of Human Services, and will continue this upgrade into FY12. The network bandwidth upgrade will allow for faster internet speed, and allow for more processes and systems to be used online.

### **Buying the highest quality goods at the lowest cost**

The Procurement Department is the central purchasing and materials management agency for the City. The Department aims to acquire services, supplies, equipment and construction at the lowest price that meets the City's needs, while ensuring a fair and open process.

In June 2010, the Procurement Department released a report, "Vendor's Guide: How to do Business with the City of Philadelphia", available online at <http://mbec.phila.gov/procurement/forms/Vendorguide.pdf>. The Procurement Department designed this guide to provide vendors interested in supplying the City with needed goods and services with information about how the City does business.

In FY11, the Department acquired an electronic Purchase Order Imaging system which will result in drastically less paper being used, and faster and easier interface for the customer departments. The Department has also designed and implemented an Electronic Bid Notification System which will allow the City to notify the vendor community via email when there are opportunities to bid, and eventually will allow the City to do all of its communication with vendors electronically. In FY12, working with the Mayor's Office of Sustainability, the Department plans to finalize a "green" purchasing plan to continue to encourage the City to buy "green" products when feasible.

In FY12, with the support of the Office of Economic Opportunity (OEO), the Procurement Department will be initiating Service, Supplies and Equipment (SS&E); Public Works; and Professional Services Vendor Meetings with the intention of increasing competition and strengthening the City's business ties with Women, Minority, Disabled and Disadvantaged-owned firms.

### **Providing and maintaining City properties**

The Department of Public Property manages and maintains all City properties, from City Hall to small recreation centers.

Over the last two years, the Department has project-managed and maintained hundreds of City buildings and has provided space plans and designs to meet the changing needs of City agencies.

#### **Mission Statement for the Procurement Department**

The mission of the Procurement Department is to obtain quality goods, services, and construction in a timely, cost-effective, and professional manner through a competitive, fair, and socially responsible process in accordance with the law. The Procurement Department is also responsible for inventory control, inspections, disposal of surplus equipment, and the processing of all citywide advertising.

#### **Mission Statement for the Department of Public Property**

The Department of Public Property manages the physical infrastructure that supports City government operations. To this end, the Department is responsible for the acquisition, disposition, lease, design, construction, renovation, and maintenance of City properties.

The Department is also responsible for surplus City properties, and in FY10, generated \$7.8 million from their sales, as well as \$3 million in FY11, to date. The Department has also played an active role in the Vacant Property Strategy working group established by the Finance Director and the Managing Director, to coordinate a comprehensive vacant property policy for the City. In FY12, the Department will help implement the policies that result.

The Department also plans to implement an enhanced work order and capital asset management system that will allow for increased efficiency in property management, through conducting a needs assessment inventorying of facilities, assessing conditions, developing a capital life cycle program, and a model cost structure for capital assessment.

### **Fleet Management**

In FY11, the responsibility for the oversight and management of parking for City-owned vehicles and personal vehicles used for City business was transferred to the Office of Fleet Management. Since the transfer, the Office has made reduced the number of eligible City employee parkers, from 1,270 to 496, a reduction of 61%.

#### **Mission Statement for the Office of Fleet Management**

The Office of Fleet Management (OFM) is responsible for the centralized formulation, coordination, and execution of policies concerning the acquisition, assignment, utilization, and maintenance of all City-owned vehicles. OFM's goal is to increase availability, improve safety, and ensure reliability of the City's fleet. OFM provides the City's departments with quality service in the most economically prudent manner, which makes it possible for departments to deliver a higher level of City services.

Off-street parking for the Courts and other branches of local government, is also managed by the Office of Fleet Management, and the Office is actively seeking to lower the City's costs for garage expenses. The Department now requires an application to be submitted for all off-street parking spaces. The current costs are \$900,000 annually, and through diligent efforts to ensure that departments regularly update their off-street parking needs, the Office expects to reduce costs by \$150,000 annually through eliminating unnecessary spaces.

The Office has taken an active role in purchasing alternative fuel vehicles. One of the Office's most significant challenges is the cost of unleaded and diesel fuel. The cost of fuel has risen dramatically in the last few months, rising to \$90 a barrel, after averaging \$80 a barrel for nearly two years. The Office now operates three active bio diesel sites, with two more sites expected to be up and running by the end of FY11.

The Office, working with the City Treasurer, is planning and managing a \$28 million vehicle financing project. This will enable the Office to purchase larger vehicles, with long useful lives, such as medic vehicles.

## Integrity

Maintaining the public's confidence in the conduct of the City's business remains critical to the Nutter administration. City officials and employees know that the Administration expects them to perform their jobs with a single overall consideration: what's in the City's best interest?

The Chief Integrity Officer is responsible for proactive oversight and reactive monitoring to promote honesty, integrity, and transparency within City government. Last year, the Integrity Office launched a practical, plain-English website, [www.phila.gov/integrityworks](http://www.phila.gov/integrityworks), which guides City employees, officials, members of boards and commissions, vendors, and the public on the why, what, and how of ethics regulations. The Office also communicated topical and timely advice about how to avoid integrity/ethics violations to City employees and vendors, and responded to requests for advice or assistance from City officials, employees, members of boards and commissions, vendors, and citizens in applying ethics rules and principles to City operations.

The Office has also improved transparency and accountability in the way the City does business. In February 2011, the Mayor issued executive orders regulating gifts, nepotism, sexual harassment and sexual favoritism, and outside employment of City employees. In partnership with the Inspector General and the Recovery Office, the Office created and implemented a Compliance and Control Program that monitors Recovery Act grant administration to ensure compliance with City, State, and Federal rules governing conflicts of interest, fraud prevention, and accountability.

In FY12, the Office will build off these successes, and will apply lessons learned through the Compliance and Control program to all City grants, to continue improvement of the City's grant administration practices. The Office also plans to review board memberships that City officials hold at non-profit organizations to avoid conflicts of interest arising when the organization's interest differs from the City's interest, and create a conflict of interest disclosure process for vendors.

### Rooting out Unethical Behaviors

#### **Mission Statement for the Office of the Inspector General**

The mission of the Office of the Inspector General (OIG) is to enhance the public confidence in the integrity of the City government by rooting out corruption, fraud, misconduct, waste, and mismanagement. The OIG is the watchdog for the taxpayers of the city. The OIG has jurisdiction to conduct investigations and audits over all departments, agencies, commissions, and boards under the Mayor's jurisdiction, as well as in contracts with individuals or companies receiving City funds and doing business with the City. The OIG also provides investigative expertise to any agency or authority requesting assistance.

Over the last two years, the Office of the Inspector General has investigated and prosecuted several cases that have helped root out corruption and have saved taxpayers money. Examples of the investigations include, "Operation Trick Note," where City employees have used false sick notes, resulting in the

termination of four employees to date, theft investigations in one department, removal of employees for fixing parking tickets, and the termination of employees for selling pharmacy prescriptions.

In FY12, the Office will build on the successes of the past two years. New partnerships have produced long term complex investigations involving significant alleged misappropriations, fraud, corruption, and misconduct.

The Office also plans to begin more proactive investigations, focusing on systemic problems in the city, such as the acquisition and disposition of vacant property, subcontractor issues, and the operation of quasi-public agencies. The Office will also increase efforts to achieve deterrence in ways other than recommending discipline for employees – by seeking prosecution more frequently through the District Attorney’s Office or the U.S. Attorney’s Office, and by seeking cost recovery more frequently through the Law Department.

### Encouraging Volunteerism

In January 2010, Philadelphia was one of ten cities across the country to receive the first-ever Cities of Service Leadership Grant. The City was awarded \$200,000 over two-years from the Rockefeller Foundation to hire a senior city official dedicated to developing and implementing a citywide plan to increase volunteerism and target volunteers to address the city's greatest needs. In May 2010, Mayor Michael A. Nutter appointed the City’s first Chief Service Officer and in September he opened the Mayor’s Office of Civic Engagement and Volunteer Service, staffed by a team of three full-time AmeriCorps VISTAs funded through the Corporation for National and Community Service.

In September 2010, the Mayor released “*SERVE Philadelphia: A Blueprint for Promoting Service as a Strategy to Impact Challenges and Strengthen Communities*”. SERVE Philadelphia has three important goals: (1) to create or elevate volunteer opportunities that impact educational outcomes and contribute to community vitality, (2) to make it easier for citizens of every age to volunteer, and (3) to support both public and private sector efforts to engage more volunteers in ways that have the greatest impact. More information about SERVE Philadelphia and how to volunteer can be found on [www.SERVEPhiladelphia.com](http://www.SERVEPhiladelphia.com).



Residents at the Let’s Eat, Let’s Move Philadelphia event organized by the Office of Civic Engagement and Volunteer Service. This campaign engages citizens of all ages in volunteer opportunities designed to ensure that young people read, exercise and eat healthy food this summer. *Photograph courtesy of Mitchell Leff.*



## The Capital Budget

The Capital Program is the City of Philadelphia’s six-year plan for investing in its physical and technology infrastructure, community facilities, and public buildings. The Capital Program supports the overall goals of the City: for Philadelphia to become one of the safest cities in America; to improve the well-being of Philadelphians; to make Philadelphia a place of choice; to become the greenest and most sustainable city in America; and for City government to work efficiently and effectively, with integrity and responsiveness.

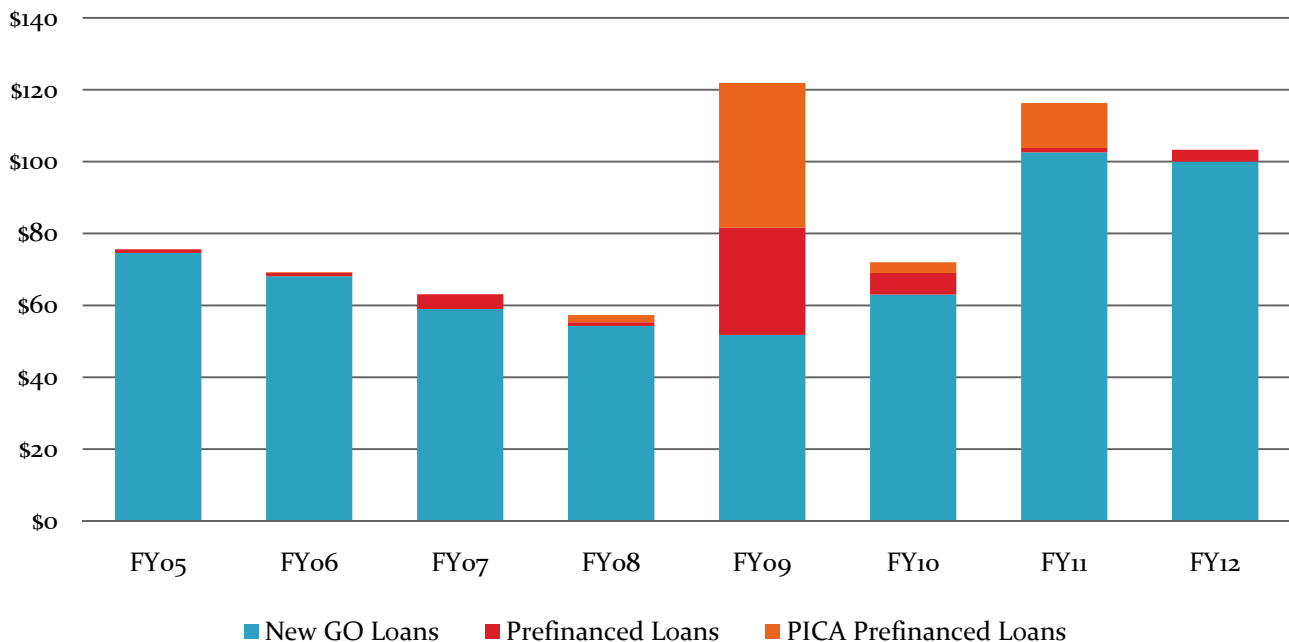
The Recommended FY12-17 Capital Program allocates almost \$9 billion over this six-year period to advance these initiatives and address critically needed public improvements.

### City-Supported Capital Funding

The Administration is committed to a continued investment in the City’s infrastructure. To support this infrastructure investment, the City has pledged to spend \$103.3 million in FY12 of City-supported capital funding. Of this amount, \$100 million will be funded through new General Obligation (GO) bonds issued by the City; \$3.3 million will be funded through previously authorized capital funds.

The chart below shows City support of the Capital Budget in FY12, compared to prior years:

City Supported Capital Funding, FY05-FY12, Millions



**FY12 General Obligation Debt – Top 10 Investments**

The chart below shows the ten largest areas of investment in the FY12 capital budget that will be funded through general obligation bonds.

|   | Millions |
|---|----------|
| Streets—Reconstruction & Resurfacing of Streets (includes ADA-conforming ramps) | \$20.0   |
| Police—Multiple Facilities Renovations  | \$10.6   |
| DOT—Citywide Technology Improvements & Enhancements                             | \$10.0   |
| Parks & Recreation—Improvements to Recreation Facilities                        | \$7.9    |
| Public Property—Improvements to Municipal Facilities                            | \$4.4    |
| Streets—Improvements to City Highways   | \$4.0    |
| Prisons—Prison System Renovations   | \$3.8    |
| Commerce—Commercial Development   | \$3.5    |
| Fire—Interior & Exterior Renovations  | \$3.4    |
| Parks & Recreation—Parkland Site Improvements                                   | \$3.0    |

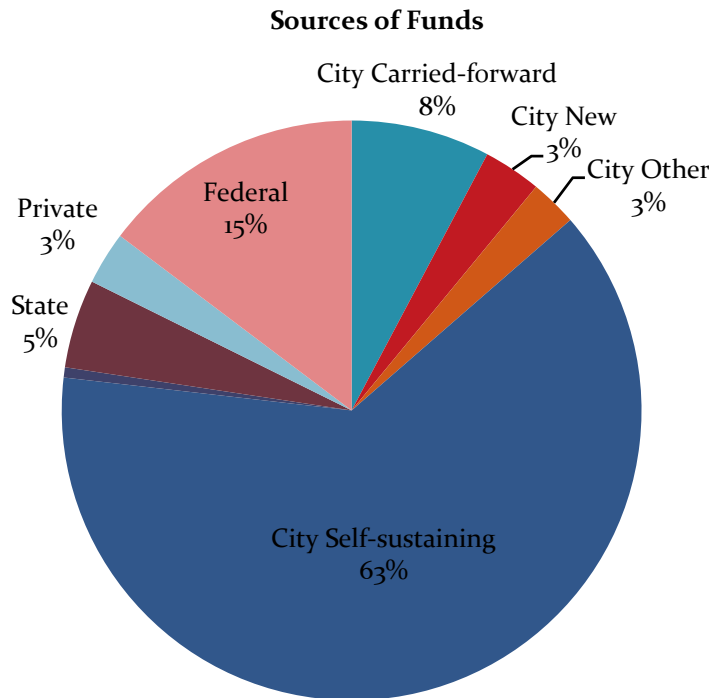
Additional information regarding projects and funding sources appears below and in the Capital Budget Appendix.

Despite the City’s desire to make more much-needed investments, its ability to do so is restricted by both the State Constitutional debt limit and the City’s financial capacity. Under the Pennsylvania Constitution, the City’s total debt is limited to 13.5% of the ten-year average of the annual assessed valuations of taxable realty in the City. As of August 1, 2010, the City’s remaining debt capacity was \$152.6 million. The Office of Property Assessment is in process of modifying the current system under which properties are assessed at a fraction of their costs toward a system under which properties are assessed at 100% of their values. When assessments increase as a result of the changed approach, the 10-year moving average of assessment values used to determine the constitutional debt limit would increase substantially. Nevertheless, the City’s ratio of fixed costs, including debt service, to obligations will continue to restrict its ability to issue GO debt. A relatively high ratio of fixed costs to obligations will not only crowd out other operating expenditures, but if the ratio gets too high, it could also result in a reduction of the City’s bond rating, thereby increasing the costs of borrowing. Rating agencies have consistently cited the City’s high level of fixed costs as a reason for its relatively low bond rating.

At the same time that the City has limits on the amount that it should borrow, it also has glaring infrastructure needs. By committing \$539.3 million in new City backed borrowing over the next six years, this Capital Program will help to address those needs.

### Sources of Funds

The total budget for the 70 projects included for FY12 – the budget year of the Capital Program – is nearly \$3.1 billion. These 70 projects include several hundred subprojects that are either new for FY12, or carried forward from previous years’ budgets.



Of the total budget amount, \$100 million is recommended to be funded by new general-obligation bonds issued by the City of Philadelphia (see accompanying chart). These bonds are tax- supported (i.e., repaid from the City’s general tax revenues). An additional \$240.1 million will come from carried-forward City tax-supported loan funds.

Other City sources total \$81.3 million. City self-sustaining loans account for nearly \$2 billion of total budget-year funds. Funding from other levels of government, including federal, Commonwealth of Pennsylvania, and regional sources, totals \$626.8 million in the budget year. Finally, \$91.5 million of FY12 funding will be provided by private sources.

### Uses of Funds

In keeping with City government’s priorities, the FY12-17 Capital Program includes projects that promote the following goals: For Philadelphia to become one of the safest cities in America; to improve the well-being of Philadelphians; to make Philadelphia a place of choice; to become the greenest city in America; and for City government to work efficiently and effectively, with integrity and responsiveness. A sampling of capital projects that support these goals is presented below.

### **Philadelphia Becomes One of the Safest Cities in America**

\$10.6 million in new City funds is recommended for Police facilities, to be used for site work, roof replacements and mechanical/electrical/plumbing renovations at several locations; construction of a new SWAT/Bomb Squad/K9 facility; and conversion of two former US Army facilities for Police use.

\$3.4 million in new City funding is recommended for electrical and other system improvements, roof replacements, and mechanical/electrical/plumbing improvements at several Fire Department facilities.

### **The Individual Well-Being of Philadelphians' Improves**

\$16.5 million in new City funds is proposed to fund improvements to Parks and Recreation's centers, pools, and infrastructure across City neighborhoods.

Recommended Free Library improvements for FY12 total about \$1.5 million in new City funds and include HVAC, infrastructure, interior, and exterior renovations at several branches.

About \$1.8 million of new City funds and operating revenue is recommended for health-facility improvements and renovations; \$3.5 million in operating revenue is recommended to continue funding an electronic health records system at the Health Department.

### **Philadelphia is a Place of Choice**

In FY12, almost \$966 million of federal, state, private, and City self-sustaining funds are recommended to enable Philadelphia International Airport to improve service for air traffic and travel to and from Philadelphia, including terminal expansion and modernization, airfield renovations and additions, and enhancements to security systems.

\$20 million in new City funding is recommended for the Streets Department to reconstruct and resurface City streets, and to make improvements to sidewalk ramps at intersections in compliance with the Americans' with Disabilities Act.

The Commerce Department is recommended to continue investing in neighborhood-commercial and Center City public-realm improvements (including Dilworth Plaza); \$3.5 million in new City funding is proposed for these projects.

SEPTA bridge, track, station, and infrastructure improvements help to enable access to work and other destinations. For FY12, \$89.1 million in state, federal, City, and other monies is recommended for such projects.

### **Philadelphia Becomes the Greenest and Most Sustainable City in America**

\$700,000 of new City funding will enable the Office of Sustainability, within the Managing Director's Office, to continue implementing energy-efficiency projects across City facilities and to provide grant funds to City departments to leverage high-performance building improvements.

\$3.5 million in new City funding is recommended for Parks and Recreation and the Managing Director's Office to plant park and street trees and to implement projects to advance recommendations of *Green2015*, an action plan for 500 acres of new publicly accessible open space.

**Philadelphia's Government Works Efficiently and Effectively, with Integrity and Responsiveness**

Projects that enable government to work efficiently and effectively, with integrity and responsiveness foster a high-performing public sector that works better at less cost:

For FY12, a continued major investment of \$10 million of new City funding is recommended for the Division of Technology, for City government's information technology: to stabilize and enhance network infrastructure and to acquire software and licenses for citywide applications and specific departmental functions. These funds will be combined with money carried forward from FY11, and so the combined FY12-17 Program includes approximately \$120 million for this investment.

A total of nearly \$5 million of new City funds and operating revenue is recommended for the Department of Public Property to continue making functional improvements to major City government buildings including City Hall and the Criminal Justice Center.