



Legislation Text

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2011 BUDGET ADDRESS MAYOR MICHAEL A. NUTTER THURSDAY MARCH 3, 2011

Council President Verna, Majority Leader Tasco, Majority Whip Clarke, Minority Leader O'Neill, Minority Whip Rizzo, members of Council, distinguished guests, my fellow Philadelphians.

Let me begin paying tribute to a great public servant who has served the people of Philadelphia for more than half a century...Council President Anna C. Verna.

One of my proudest moments as a member of City Council - Madame President - was to cast my vote for the first female President of City Council in the history of Philadelphia.

Madame President you have given a lifetime of service to the people of the 2nd District and to this entire city, and for that we say thank you.

I would also like to recognize the three other members of this body who will be retiring this year.

Councilwoman Joan Krajewski, Councilwoman Donna Reed Miller, and Councilman Jack Kelly.

Let us thank these three dedicated and passionate public servants.

We gather at a time of great opportunity and great threat.

At a time of hope and caution.

A time when we've won hard-fought stability, but tremendous uncertainty still lies ahead.

And though I am fully aware of further challenges in the near future, we will not compromise on our goals, we will not adjust our vision, and we will not relent for one second in our pursuit of the 21st Century Philadelphia that we all know we can be.

On January 7, 2008 - when we all took the oath of office - I promised the people of Philadelphia that we would be a safer city, a smarter city, a healthier, greener city and that my administration would crack down on corruption, reform government, and truly serve all of our citizens.

I know what I was elected to do.

And since Day One - working in partnership with this City Council - we have remained focused on these shared

goals, moving this city forward and beginning to realize our common vision for a Philadelphia that regains its prominence as not only one of the great American cities, but as a great global city.

We're a safer city than we were three years ago - with a 22% drop in homicides and a 13% reduction in violent crime.

We're a smarter city than we were three years ago with more students graduating from high school, going on to college, and realizing their full potential.

We're a greener city than we were three years ago with more than 200 new acres of green space, almost 40,000 new trees, and a growing national and international reputation as the green city to watch in the United States.

And over the last three years we have worked hard every day to root out corruption, reform our government, and give Philadelphians a City Hall in which they can finally be proud.

Have we been perfect? No.

Have we made mistakes? Of course.

Is there much more work to do? Yes.

But I am proud of the progress that we have made and I want to thank this City Council for your advice and guidance throughout my time in the Mayor's Office.

The last three years have been some of the most turbulent times in our city's long and proud history.

Despite the biggest recession since the Great Depression - a time when our city faced financial challenges unparalleled in modern times - we fought through this crisis in a way that preserved services, protected our most vulnerable residents, and invested in the future.

- We closed a \$2.4 billion hole in our Five Year Plan.
- We spending over \$130 million less each year on operations.
- And we reduced the size of our workforce by 1,600 positions.

And yet...

- We didn't lay off one police officer, fire fighter, sanitation or health center worker. Not one.
- We kept all of our rec centers open.
- Last summer - with the help of generous citizens and businesses - all of our pools were open and they will all be open again this summer.
- And we did not close a single library. Not one.

It hasn't been easy. Many people were upset by some of the actions we took.

I was one of them!

There is no easy or popular way to tackle a recession.

Leadership requires us - as elected and appointed officials - to do what needs to be done to fight for our city and protect our people.

We did what we had to do.

We did what we said we'd do.

And what we did...is working.

City government today is smaller, spends less on daily operations, and is more efficient.

Our tax revenues have stabilized - they are no longer dropping like a rock.

And because of the cuts we have already made - and continue to make - we are able to make investments in essential core services without asking for any further tax increase from the people and businesses of Philadelphia.

There are no tax increases in the budget that I propose today, the temporary 1% sales tax increase will expire in FY15 - as promised - and the wage and business tax cuts that we suspended will be reinstated in FY14.

The people of this city have given enough.

And so to balance our budget we will not ask for more revenue from our citizens.

We'll continue to cut spending - an additional \$14 million over the next five years on top of the more than \$1 billion in the last two.

We'll find new savings by creating a Task Force to examine all City facilities and assets, determining where we can consolidate and which ones we no longer need.

We'll announce a comprehensive plan in the coming weeks for putting to productive use the vacant land and buildings owned by the City of Philadelphia.

And we'll remain relentless in our pursuit of those who think they can have a free-ride on the backs of law-abiding, tax paying Philadelphians. Cracking down on tax delinquents and chasing every dollar owed to us has generated more than \$85 million in revenue over the last two years and next year we will increase delinquent tax collections by a further 10%.

If you owe us money, we're coming to get it.

Throughout this crisis - we maintained our focus on the long-term and balanced targeted spending cuts with temporary tax increases.

We protected - not decimated - the services that so many Philadelphians rely upon.

And because of the approach we took - businesses are investing once again, they are beginning to create jobs, and our economy is starting to turn the corner.

Starting to turn the corner.

We must capitalize on the beginnings of this recovery.

We must continue to invest - where we can - in our core priorities if we are to remain an attractive choice for citizens, businesses and jobs.

Now, don't get me wrong - our finances remain very tight.

But our responsible and disciplined stewardship of the economy - and the cuts made in the last two budgets - mean that this year we are finally able to make essential investments.

- To fight crime we are investing in a new class of 120 police officers this year to hit the streets right at the beginning of next year - and we are taking steps to put in a new class of firefighters as soon as we can.
- To ensure that all Philadelphians have the skills and education that they need to succeed in today's economy we are investing an additional \$1 million a year in the Free Library specifically to support and promote adult literacy - a serious issue for our city that we will no longer ignore.
- To fix - once and for all - our broken property assessment system, we're investing \$4.4 million annually. The assessment notices that go out in the Fall of 2012 will be based on the actual value of properties. We're going to fix this system. Citizens have waited long enough. It's time to finish the job.
- To update our infrastructure we will spend \$100 million making capital improvements to police and fire stations, rec centers, IT, and repaving the streets.
- To attract more global businesses and visitors to Philadelphia, we will begin - this year - the \$5 billion expansion of the Philadelphia International Airport - a project that is expected to create 45,000 jobs over the next 12 years.
- And to transform the Delaware River Waterfront into one of the most dynamic, accessible, exciting urban waterfronts anywhere in the United States we will unveil - in June - a new Master Plan that will guide development over the next 25 years.

My fellow Philadelphians, because we preserved essential services and - with these new investments - are continuing our relentless march toward a safer, smarter, greener Philadelphia, businesses are once again investing and creating jobs in our city.

And I'm not just talking about major corporations like Teva Pharmaceuticals, GlaxoSmithKline, and Urban Outfitters.

Small businesses - owned by local residents - are opening and expanding in neighborhoods all across Philadelphia.

Last year we doubled the amount of money that we loaned to small businesses and in the coming year we will continue to streamline and expand our services for local entrepreneurs who are the lifeblood and backbone of communities across this city.

Now, I'm under no illusions. I know that things are still incredibly tough for so many of our citizens.

Every day - as I am out in communities across this city - I hear heartbreaking stories from Philadelphians who have lost their jobs and are struggling to feed their families.

Well your struggle is my struggle.

And so we must continue to do more to attract and grow the businesses that will create jobs for all Philadelphians.

As I said, I am committed to cutting the taxes of workers and businesses in Philadelphia - it's in the plan.

And - working with City Council - it is my expectation that - by the end of this year's budget process we will have a revamped Business Privilege Tax - maybe with a new name - that helps small businesses and removes any disincentives to new companies locating in Philadelphia.

Philadelphia is open for business.

- We have streamlined the development process.
- Working with L&I is faster and easier than ever before.
- This year we will complete the rewrite of the zoning code - simplifying a convoluted, complex code which has not been fundamentally updated in almost 50 years.
- And working with communities throughout this city we have created Philadelphia 2035 - our first comprehensive plan since 1960, a blueprint for the future development of this city.

We are making it faster, easier, and cheaper to do business and create jobs in Philadelphia...for ALL Philadelphians.

And let me repeat something that I say whenever and wherever I speak about our economy - whether it's at the Chamber of Commerce or in the Church pulpit.

There can be no real recovery in our city unless minority, female and disabled business owners and workers also have access to economic opportunity and share in the prosperity.

In the first quarter of FY11 we increased the percentage of City contracts going to minority-owned firms by almost 22% and over the last two years we have increased the number of these businesses registered with the City by 25%.

And let me just give a shout-out to the newly expanded Pennsylvania Convention Center - which opens tomorrow - a project with 30% minority participation that led the way on providing economic opportunity to all.

Continuing this progress will remain a top priority for our Administration.

Businesses are investing because we invested in the things that make Philadelphia a great city in which to live, work and raise a family.

And there is no better investment that we can make than in our neighborhoods and in our people.

We said right from the start that no matter what the recession threw at us we would preserve our core services and that we would protect the most vulnerable Philadelphians.

And so even though we made cuts to virtually every department in the government we made sure that we kept all of our rec centers open, that we opened every library, that young people in every neighborhood had a pool to cool off in on those hot, summer days.

These are the places where the community comes together. Where the community lives. Believe me, I get it.

I learned to swim, played basketball and baseball at Sherwood Rec Center.

As a kid you couldn't drag me away from the Cobbs Creek Branch Library.

These places have a special meaning to me.

But as special as these buildings and facilities are to all of us - they're not what makes a community.

The community is made by the people in that community.

And helping people - our friends, neighbors and fellow Philadelphians - lead a better life is why every one of us in this room got into public service.

It's certainly why I did.

I care very deeply about helping fellow Philadelphians - some who need a second chance, some who have fallen on hard times, some who need our help the most.

That's why we made re-entry for ex-offenders such a priority - serving over 500 men and women in the last seven months through RISE - our Office of Reintegration Services for Ex-Offenders - connecting them to jobs and training programs.

That's why we have remained dedicated to becoming the first major city in the United States to end homelessness - helping 2,000 men, women and children move into permanent, affordable housing.

That's why we are overhauling our workforce development and job training programs in this city, and connecting Philadelphians to job opportunities - last summer placing 13,000 adults and young people in jobs

through Way to Work Philadelphia.

And that's why we have started programs to improve the health of people in our neighborhoods - helping 5,000 people take steps to quit smoking and recruiting almost 500 stores to our Healthy Corner Store Initiative - giving out grants that will assist them in providing fresh fruit and vegetables to their customers.

We're investing in our communities and they're stepping up and joining us in a new partnership to move this city forward.

Let me tell you about one of those communities, the Hartranft community in North Philadelphia.

Over the last year - in Hartranft - we have piloted a new approach to providing neighborhood services, reducing crime, and improving the quality of life in our city.

Working with the community we identified the particular problems in their neighborhood and together we implemented solutions.

We demolished 14 dangerous buildings, cleaned and abated 85 vacant lots, removed graffiti from 330 properties, and organized four community clean-ups.

We opened an indoor pool at the Hartranft Community Center, brought in the Police Athletic League, and opened a new community computer lab at Hartranft Elementary School.

It was the folks in the neighborhood - working in partnership with the City and others - who made all of this happen.

We trained community leaders through our new Citizen Engagement Academy to help them access existing City services.

We brought in volunteers through SERVE Philadelphia to provide support for after-school programs and neighborhood beautification.

We coordinated partners such as Temple University, the School District of Philadelphia and the Pennsylvania Horticultural Society who wanted to help and get involved.

What was the result of all of this work?

Well, thanks to this partnership, from February to December 2010 crime in Hartranft dropped by 16% from the year before.

And - as community leader Diane Bridges put it - we're turning the hood, back into the neighborhood.

We're calling it 'Philly Rising' and we've expanded to three new areas to test the approach in neighborhoods with very different needs:

Haddington in West Philadelphia;

Frankford in North East Philadelphia;

And the Market East section of Center City.

Work is already underway in these communities.

In fact this Saturday I will be attending a Career Boot Camp in West Philly - as part of the Haddington collaborative - where volunteers will be providing job training, resume writing workshops, and interview practice sessions for folks looking for jobs.

Philly Rising is going to become the new model for neighborhood service delivery in the City of Philadelphia and in the budget we'll invest over half a million dollars to take it citywide.

Now, despite all of this work, the tough decisions that we made early on and continue to make, and the sacrifice already made by our citizens, we know that there are further challenges that we will have to confront.

The biggest challenge in our City's future, and the biggest threat to our financial stability comes from runaway pension and health care costs.

In less than 10 years pension costs have increased from around \$200 million to over \$550 million a year.

Our pension fund is less than 50% funded.

And pensions and healthcare costs combined account for 30% of the dollars in our budget.

Now - I know that in the current climate it's tempting to chase headlines and ramp up the rhetoric.

Well, I prefer results over rhetoric.

And so let me tell you about the real - historic - changes that we have achieved in the last year.

As a result of our latest police and firefighter contract awards we are the only major city in the United States of America to offer new, uniformed employees a hybrid pension plan including a defined contribution element that shares the risk between the City and the employee.

If new police and firefighters opt to join the existing pension plan they will be required to pay 20% more each month.

On healthcare costs - the FOP health plan has moved to self-insurance - adopting the model that we implemented for non-union City employees last year - and we are seeking similar reforms with our firefighters.

Now, this is a good start. But it's not enough.

The first thing we need to do is to end DROP completely.

It was conceived out of good intentions - but it has not worked.

We were told it would be revenue neutral - but it has cost us \$100 million or more.

We have the numbers, we've studied the study.

It's time for it to go.

Next, we need to reform the pension and health care costs for our non-uniformed employees. We simply cannot afford the status quo.

Though - over the last three years - we have avoided millions of dollars in terms of increased wages and health care costs - I want permanent pension and healthcare cost reforms and work rule changes. And I will work with the leaders of DC 33 and 47, through collective bargaining, to sign new contracts as soon as possible.

I have the greatest respect for our employees. They work tremendously hard - often in very difficult circumstances - and over the last two years they've had to do more with less as we cut spending across government.

But we cannot ask the citizens of this city - many of whom have lost their own jobs and pensions over the last few years - to continue to pay for outdated, unsustainable benefits packages for public employees.

We just can't afford it.

As we continue our work to reform these contracts we must also face much more immediate challenges that threaten the stability that we have achieved.

The School District of Philadelphia faces a budget deficit - next year - of more than \$400 million.

We have remained in very close contact with the School District as they have grappled with this deficit.

And I look forward to receiving their plan for balancing their budget - a plan that has the least possible impact on students and which preserves - as far as possible - the tremendous gains made over the last few years under the leadership of Superintendent Arlene Ackerman.

In Washington, the federal government has a \$1.7 trillion deficit.

In Harrisburg, Governor Corbett is facing a budget deficit of at least \$4 billion.

And while we don't yet know the exact details, we do know that cuts will need to be made.

And - whether it's President Obama's budget, the proposals made by Republicans in Congress, or the budget that Governor Corbett will introduce to the General Assembly next week - we know that these cuts - if not made carefully and strategically - will have a devastating impact on Philadelphia.

At the federal level - programs that we rely upon such as Community Development Block Grants, funding to help low income residents pay for heating costs, and money to provide internship and job training opportunities for young people - are all facing major reductions.

At the state level - two of the biggest areas of discretionary spending are education and social services.

Now, we in this Chamber have had to make some very difficult decisions as we have balanced the City budget

over the last three years. We get it.

And I have pledged directly - to President Obama and Governor Corbett - that I will work with them as they make spending reductions and reform programs so that we aren't balancing budgets on the backs of those least able to carry the weight.

But - just as we fought to preserve core services and continue to move our city forward - we now need to be ready to fight drastic, across the board cuts that will reverse gains made in education, hurt the most vulnerable people in our city, and negatively impact our ability to attract businesses and create jobs.

And so - whether it's in Washington or Harrisburg - I am calling on parents and students, businesses and non-profits, advocacy groups and community leaders - to join me in making the case for Philadelphia, making the case for fair and reasonable funding for education and social services, making the case for not destroying and reversing the progress that we have made in recent years.

I don't know exactly what President Obama and the Congress are going to do.

I don't know exactly what Governor Corbett and the General Assembly are going to do.

But I know what we're going to do.

We're going to stand up and fight for the budget that I introduce today.

This is a budget that will make us a safer city by putting more cops on the street.

It's a budget that will make us a smarter city by tackling the quiet shame of 550,000 Philadelphians who don't have adequate literacy skills.

It's a budget that will continue to attract investment and jobs to Philadelphia by making it easier to build and do business in our city.

And it's a budget that will make our neighborhoods greener and healthier by maintaining investments in our parks, improving our rec centers and pools, and supporting essential public health programs for citizens.

We're going to continue to reform this government, we're going to continue to tackle corruption, and we're going to continue to move this city forward.

I won't accept anything less for Philadelphia.

And I know that this Council and the citizens that we all represent won't accept anything less from me.

We've been through an incredibly tough couple of years. And there are further challenges coming our way that we must confront and that will test us once again.

But I believe that we are stronger city than we were three years ago and I believe that this is a time - not for dejection or despondency - but for determination, strength, resilience, and hope.

Hope is what I talked about on that sunny Saturday afternoon in July 2006 when I stood on a Parkside Avenue

porch and announced that I was running for Mayor of Philadelphia.

On that day did I know that during my first term as Mayor we would be confronted with a massive economic crisis?

Of course not.

But what I did know was that - even before the recession - our city was in trouble and I believed that we could be a better place.

I believed that we could do something about the madness of violence on our streets and become a safer city.

I believed that more of our young people could stay in school and go on to college.

I believed that we could transform the image of this city, bringing businesses that would create jobs for Philadelphians and attracting more people to live here.

And I believed that we no longer needed to tolerate the corruption that had stained the reputation of our city for too long.

I believed it because I knew we could do it. And we've made progress on all of those goals.

Now, I've had to do some things that I never thought I would do if elected Mayor of this city - raise taxes, cut back on services, ask people in our neighborhoods to sacrifice.

But - as I look around the country at other cities that are laying off police officers and firefighters, closing facilities, implementing drastic cuts - I know that we had to do what we did when we did it.

I know people are struggling. I know it's still too hard out there for too many Philadelphians.

It's my responsibility to fix that. And I take it very seriously and personally.

You know, on Tuesday we kicked off this year's fundraising campaign to keep all of our pools open and there were about 30 kids - kindergartners - from Myers Rec Center in the front row at the press conference.

As I was talking I thought about how much the rec center meant to these kids - all in their little matching red t-shirts. I thought about what Sherwood Rec Center meant to me as a kid.

And I had to pause for a second - I got a little emotional. It's happened to me before.

Somebody asked me afterwards, "Was that real?"

Yes it's real.

These are my kids. These are my rec centers. This is my city. I care.

And so do so many others.

Yesterday I visited Firefighter Michael McGuire as he lay in a hospital bed in the intensive care unit at HUP - seriously injured as he searched a burning building to make sure everybody got out.

This is one of our public servants. And this is our guy. Our public safety hero.

This is real for me. Every day.

And it is serving all of you - the people of my hometown - that motivates me every day to do more, to work harder, to make this city the city that I know it can be.

Now there are still hard times ahead.

But we'll get through it. Because we have that Philadelphia spirit.

I know that spirit.

I know how we stick together in times of crisis.

I know how we fight for what we believe in.

But I also know that sometimes we have tendency to look down on ourselves.

We need to get used to the fact that Philadelphia is a city on the rise.

The national spotlight that used to only paid attention to Philadelphia's shortcomings is now focused on a city where more and more people want to live, work, and visit.

There's a reason why President Obama, Vice President Biden or some other member of the Cabinet is here seemingly almost every other week.

There's a reason why last year a record four million hotel rooms were sold to people coming to visit our city.

And there's a reason why Cliff Lee left \$28 million on the table and chose the Philadelphia Phillies over the New York Yankees!

It's because word is getting out that we're becoming a safer city, a smarter city, one of the greenest cities in America - all run by a city government that you can trust.

Do we have much more work to do? Absolutely.

But I am as energized and focused today as I was on the day that I took the oath of office.

We took our hits.

We did what we had to do.

We're fighting our way back.

We're getting things done.

Philly, we're on the rise. Let's get to work.

Thank you. God bless you. And God bless the City of Philadelphia.