

**STREETS DEPARTMENT
FISCAL YEAR 2017 BUDGET TESTIMONY
MAY 2, 2017**

INTRODUCTION

Good morning, President Clarke and Members of City Council. I am Donald Carlton, Commissioner of the Streets Department. Joining me today are Carlton Williams, Deputy Commissioner of Sanitation, Michael Carroll, Deputy Commissioner of Transportation and Christopher Newman, Deputy Commissioner of Administration. I am pleased to provide testimony on the Streets Department's Fiscal Year 2017 operating budget.

The Streets Department looks forward to the upcoming fiscal year as we embark on a number of new strategic objectives and continue our exceptional standard of service providing clean, green and safe streets for the City of Philadelphia. To achieve our goals, we request a General Fund Appropriation of \$125,560,192 and an All Funds Appropriation of \$188,580,192 for Fiscal Year 2017.

The Department delivers a number of City services that are critical to maintaining the public health and safety in our communities. These essential services include, but are not limited to, curbside trash and recycling collection to over 540,000 households, maintaining all traffic control devices and street lighting, the construction and maintenance of 320 bridges and 2,225 miles of streets and roadways and snow and ice removal.

Streets Department employees have done an outstanding job during recent years fulfilling our mission despite significant challenges, including an aging transportation infrastructure, a volatile recycling market, uncertainty in state and federal funding and an aging vehicle fleet. This year alone, we continue to maintain our curbside recycling rate and tonnage at historically high levels. Our anti-litter and community engagement efforts, including Philly Spring Clean Up and Philadelphia More Beautiful have yielded unprecedented volunteers and clean-up projects citywide and our special public event cleaning efforts were particularly highlighted during the Department's exceptional work as part of the Papal Visit and Villanova parade events earlier this year.

We also continue to make remarkable strides creating a safer and more efficient multi-modal municipal transportation network for all users of the public right-of-way. Maintaining the momentum of the last several years, multiple and varied projects are underway to improve traffic safety, expand alternative transportation modes for bicyclists and pedestrians and manage traffic throughout the city. Our state-of-the-art Traffic Operations Center opened this past Fall establishing the City's first centralized and integrated traffic control system and we are continuing our ambitious plan to modernize City-owned street and alley lighting systems with energy-efficient LED lighting.

This winter season, Streets Department employees, in partnership with those in other City departments and agencies, heroically managed the historic blizzard of 2016 which dropped nearly two feet of snow on Philadelphia during the mayor's third week in office. All primary streets and nearly 80% of residential streets were cleared within 24 hours of the end of the storm. The government stayed open through regular business hours on Friday, January 22, when the storm arrived, and Philadelphia was the first major city affected by the storm to be fully functional. A total of six other lesser winter storm events were also successfully handled this year.

The Department has a number of critical strategic priorities planned for Fiscal Year 2017. City streets and roadways must be repaved and maintained at optimal life cycle intervals in order to maintain the local street network in a state of good repair. The Department is therefore embarking on a long-term plan to significantly increase paving over the next several years.

The Department is also engaged in a strategic approach to the city's overall safe and complete streets transportation network that includes significant infrastructure improvements and a multi-modal and comprehensive focus on traffic, pedestrian and bicycle safety. The work performed directly reflects the Mayor's vision of zero fatalities by implementing traffic calming and redesign measures to prevent speeding, provides greater refuge to vulnerable pedestrians and bicyclists and focuses on the most dangerous parts of the city's transportation network. The use of LED lighting to enhance visibility and increase traffic safety and create a sense of overall public safety is a significant component of this overall effort.

On the sanitation side, Streets is implementing a major recycling initiative targeting residential multi-family structures where recycling participation has traditionally been a challenge. The initiative will include city-wide outreach, and have a particular focus on the lowest performing recycling neighborhoods in each sanitation district. We believe this initiative will significantly increase recycling participation, during a time when the overall recycling market is stabilizing and, as a result, greatly reduce the amount of refuse in the city's solid waste stream. The Department also plans to conduct a feasibility study on organics as part of the city's recycling efforts and to expand the availability and use of larger capacity recycling bins with the intent of adding more recyclable material to collections and processing operations.

Our Department has a remarkable track record of consistently delivering exceptional levels of sanitation and transportation services. We will move towards the strategic objectives I have just outlined with a confidence derived from our accomplishments and history of outstanding service.

We thank you for the opportunity to testify before you today. The deputies, staff and I are happy to answer any questions you may have.

**STREETS DEPARTMENT
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Staff Demographics Summary (as of January 2016)

	Total	Minority	White	Female
Full-Time Staff	1,665	1,427	238	247
Executive Staff	13	6	7	3
Average Salary - FTS	\$39,363	\$37,628	\$49,760	\$40,128
Average Salary - ES	\$109,848	\$110,600	\$109,204	\$95,989
Median Salary - FTS	\$36,090	\$35,890	\$44,090	\$36,610
Median Salary - ES	\$110,000	\$117,437	\$110,000	\$101,179

Employment Levels (as of January 2016)

	Budgeted	Approved	Filled
Full-Time Positions	1,794	1,693	1,665
Part-Time Positions	0	0	0
Executive Positions	13	13	13
Overall Average Salary	\$39,601	\$39,799	\$39,363
Overall Median Salary	\$36,290	\$36,290	\$36,090

Financial Summary by Class - General Fund

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	80,482,322	72,724,132	74,086,919	72,707,604	(\$1,379,315)
Class 200 - Purchase of Services	47,609,258	48,819,455	52,119,455	48,989,455	(\$3,130,000)
Class 300 - Materials and Supplies	4,080,564	3,369,739	3,401,023	3,349,738	(\$51,285)
Class 400 - Equipment	560,565	440,223	460,224	460,224	\$0
Class 500 - Contributions	11,521,203	53,171	53,171	53,171	\$0
Class 700 - Debt Service	0	0	0	0	\$0
Class 800 - Payment to Other Funds	338,133	0	0	0	\$0
Class 900 - Advances/Misc. Payments	0	0	0	0	\$0
TOTAL	\$144,592,045	\$125,406,720	\$130,120,792	\$125,560,192	(\$4,560,600)

Contracts Summary (as of December 2015)

	FY11	FY12	FY13	FY14	FY15	FY16*
Total amount of contracts	\$64,908,761	\$79,249,531	\$66,975,297	\$78,051,537	\$66,717,219	\$53,370,078
Total amount to M/W/DBE	\$16,932,981	\$28,308,160	\$20,138,580	\$23,984,238	\$22,440,638	\$14,953,485
Participation Rate	26%	36%	30%	31%	34%	28%

* as of December 2015

STREETS DEPARTMENT PROPOSED BUDGET OVERVIEW

PROPOSED FUNDING REQUEST

The proposed Fiscal Year 2017 general fund budget totals \$125,560,192, a decrease of \$4,560,600 from Fiscal Year 2016 estimated obligation levels. This decrease is primarily due to the fact that the Fiscal Year 2016 estimated obligation level is inflated beyond its original appropriated amount as a result of unanticipated costs for the Papal Visit event, compactor shortage overtime expenditures, and additional funding needed to pay for contractors who performed snow plowing during our snow events. The department's Fiscal Year 2017 proposed budget does not incorporate these prior unanticipated costs and is therefore represented as less than the current fiscal year's estimated obligations.

The proposed budget includes:

- \$72,707,604 in Class 100, a \$1,379,315 decrease over the FY16 estimated obligation amount. This funding will pay the salaries and overtime of the employees in the Streets Department. The department has three divisions, Sanitation, Transportation and Administration. The department's Transportation Division includes four major sub-sections, Surveys, Highways, Street Lighting, Traffic Engineering.
- \$48,989,455 in Class 200, a \$3,130,000 decrease over the FY16 estimated obligation amount. This funding will pay for the contracts dealing with solid waste removal, recycling processing, snow plowing and disposal contractors, professional service contracts, the department's Future Track program, and training and development.
- \$3,349,738 in Class 300, a \$51,285 decrease over the FY16 estimated obligation amount. This funding will support the department by allowing the department to buy supplies and materials to help sustain our various diversified operations such as paving, collecting trash, and traffic management.
- \$460,224 in Class 400, representing no change from FY16. This funding will enable the department to buy equipment to support its operations.
- \$53,171 in Class 500, representing no change from FY16. This funding is used to support the Philadelphia More Beautiful Committee (PMBC).

STAFFING LEVELS

The Department is requesting 1,804 budgeted positions for FY17, an increase of ten positions from last fiscal year. The increase allows the department to increase staffing for our roadway paving and right-of-way management operations, the latter of which include revenue-generating positions that offset staffing costs. The remaining budgeted positions provide the staffing levels required for peak times of the year, accounting for the seasonality of operations which fluctuate according to need. We typically increase our hiring rates during the spring and summer months as this represents the time period for our highest sustained collection tonnage rates as well as the bulk of our roadway paving season. We are currently in the process of hiring new sanitation workers in preparation for increased volume in the spring and summer months and additional highways workers for the paving season.

New Hires Information (2016)

	Total Number	Cantonese	Russian	French	German	Spanish	Malayalam
Asian	1	1	0	0	0	0	0
Black or African American	51	0	0	0	0	0	0
Hispanic	3	0	0	0	0	2	0
Other	0	0	0	0	0	0	0
White	9	0	0	0	0	1	0
Total	64	1	0	0	0	3	0

See appendix for Bilingual Employees Chart.

**STREETS DEPARTMENT
PERFORMANCE, CHALLENGES AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

PERFORMANCE MEASURES	FY15 Actual	FY16 YTD (as of 3/31/16)	FY17 Target
Recycling Rate	19%	21%	21%
On-Time Collection Recycling	95%	96%	97%
On-Time Collection Trash	76%	81%	96%
Cost per ton of Waste Recycled	\$113	\$108	\$110
Total tonnage of Waste Recycled	115,327	83,976	127,000
Cost per ton of Waste Processed	\$112	\$123	\$120
Total tonnage of Solid Waste Processed	558,394	421,264	580,000

CHALLENGES

- Fleet Replacement Schedule – With one third of the Sanitation Division’s collection vehicles at more than ten years old and the average age of our Highway’s vehicles at or beyond their recommended life cycle, vehicle down rates continue to have a dramatic impact on operations. The Office of Fleet Management has provided exceptional service maintaining and repairing vehicles, but down rates will continue to be a problem until the fleet is sufficiently replenished. Streets, in partnership with Fleet Management, has established a ten-year vehicle replacement plan with the objective of achieving a good state of repair for the vehicle fleet within eight years.
- Winter Weather - The Streets Department faced three successive challenging winter seasons featuring an historic number of storm events in FY14 and 15 and an historic blizzard in FY16 dropping nearly two feet of snow on Philadelphia over a two-day period. The impact associated with these unprecedented harsh winters is significant resulting in both direct and indirect costs to the department.
- Recycling Market Trends - The recent trend in curbside recycling tonnage stability and increased processing costs are the “new normal”. The recycling stream will continue to change, with expected declines in newspaper and light-weight packaging. Recyclable end markets are therefore expected to remain challenged for the foreseeable future.
- Bridge Restoration & Repair: The department intends to build on the continuing success in Capital Program project work and focus much of these efforts on bridge restoration and repair. Of the city’s 160 major vehicular bridges (span length over 20 feet), 42 have an average age of 77 years. This represents more than a quarter of the overall total. While the department has secured various types of Capital Program funding over the years for this work, the department anticipates leveraging opportunities for additional federal and state funding.
- Private Retaining Walls: There are 78 known common private retaining walls in the city, many of which are in a state of disrepair.

INITIATIVES

Safe and Complete Streets Improvement Projects: Along with the Office of Transportation and Infrastructure Systems, the department is engaged in a strategic approach to the city's overall safe and complete streets transportation network that includes significant infrastructure improvements and a multi-modal and comprehensive focus on traffic, pedestrian and bicycle safety which includes bump-outs, speed cushions, modern-day roundabouts, pedestrian countdown traffic signals and dedicated bicycle and pedestrian lanes, as well as other improvements. In addition, the department is commencing a significant increase in the miles of repaved roadway. The work performed directly reflects the Mayor's safe and complete streets objectives.

New Traffic Operations Center (TOC): A vital and integral component of the safe and complete streets initiative, but independently significant enough to be identified and described separately, the department is enhancing and expanding the utilization of its new, fully integrated Traffic Operations Center (TOC). The TOC will centralize traffic control and intelligent transportation systems throughout the city allowing for real-time signal adjustments to improve driver and pedestrian safety, increase the efficiency of the city's street system and lead to significantly reduced fuel consumption as a result of less congestion and increased traffic egress along city roadways.

Increased Focus on Organics Recovery: Organics are the biggest remaining fraction in the municipal solid waste stream, but scalable end-market products do not exist. The department has begun a Department of Environmental Protection grant-funded consultant study to examine options for organics recycling and diversion. It is anticipated this study will be completed by the end of the calendar year.

Residential Multi-Dwelling Recycling Project: The Department will be implementing a recycling initiative to target residents in residential multi-family structures that the Streets Department provides collections services to (structures with between 2 and 6 dwelling units). Achieving high recycling participation among residents of multi-family buildings has traditionally been a challenge here and in other cities and counties across the U.S. due in large part to higher resident turnover. The program will feature development of education and outreach materials targeted to property owners, landlords, and residents.

Right-of-Way Strategic Focus: The recent explosion of commercial and building development in the city has significantly increased sidewalk and street closures related to construction, as well as illegal commercial encroachments. Accordingly, as part of overall safe and complete streets initiatives, the department is strategically focusing Right-of-Way management efforts on the safe and efficient egress of traffic, particularly for pedestrians and bicyclists, when roads and sidewalks are closed or obstructed as a result of these activities.

BigBelly Advertising RFP: Streets plans to build on its network of BigBelly solar-powered trash bin containers and will add 23 new units this fiscal year, with foot pedal options and wraps, at least four of these with recyclers. The department is also leveraging their advertisement opportunity in FY17. It is projected that this initiative will allow dedicated funding to replace 275 units with new BB5 versions and recyclers and foot pedal options and to recondition 100 additional units with recyclers.

**STREETS DEPARTMENT
OTHER BUDGETARY IMPACTS**

FEDERAL AND STATE (WHERE APPLICABLE)

The department has been able to secure continued and significant appropriation increases in grants funding, going from \$1.3 million in FY08 grant-related spending to \$5.6 million in FY15, a stunning 430% increase in grants-related expenditures during this period of time. The increase in and pursuit of available grants funding has allowed the department to obtain significant amounts of authorized grant-related appropriations, from 4% of the total budget in FY08 to 13% in FY16. Grant funding increases have come principally from the state funding associated with PennDOT's Automatic Red Light Enforcement funding program, and, more recently, from PennDOT's Multi-Modal programs.

STREETS DEPARTMENT – CONTRACTING EXPERIENCE

**M/W/DSBE Participation on Large Contracts
FY16 Contracts**

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % and \$ Value Participation - All DSBEs	Local Business	Living Wage Compliant?
WASTE MANAGEMENT	WASTE REMOVAL	\$24,722,000	10/18/11	7/1/12	MBE: 25-50%	0%	\$0		N	Y
					WBE: 25-50%	32%	\$7,911,040	32%		
					DSBE: 0%	0%	\$0	\$7,911,040		
COVANTA RECOVERY	WASTE REMOVAL	\$11,200,000	10/18/11	7/1/12	MBE: 25-50%	11%	\$1,232,000		N	Y
					WBE: 25-50%	21%	\$2,352,000	32%		
					DSBE: 0%	0%	\$0	\$3,584,000		
LEVLANE ADVERTISING	ADVERTISING	\$2,980,000	4/12/12	7/1/12	MBE: 15-20%	15%	\$447,000		Y	Y
					WBE: 10-15%	10%	\$298,000	25%		
					DSBE: 0%	0%	\$0	\$745,000		
HTNB	ARCHITECTURAL DESIGN	\$3,348,727	3/24/15	10/9/15	MBE: 0%	0%	\$0		Y	Y
					WBE: 0%	39%	\$1,293,948	39%		
					DSBE: 0%	0%	\$0	\$1,293,948		
RECOMMUNITY HOLDINGS, II	RECYCLING PROCESSING	\$2,500,000	6/23/14	10/1/14	MBE: 10-15%	11%	\$277,750		N	Y
					WBE: 5-10%	0%	\$0	11%		
					DSBE: 0%	0%	\$0	\$277,750		

STREETS DEPARTMENT – EMPLOYEE DATA

Staff Demographics (as of January 2016)

Full-Time Staff				Executive Staff			
		Male	Female			Male	Female
		African-American	African-American			African-American	African-American
<i>Total</i>		1,124	208	<i>Total</i>		4	1
<i>% of Total</i>		67.5%	12.5%	<i>% of Total</i>		30.8%	7.7%
<i>Average Salary</i>		\$37,059.00	\$38,775.00	<i>Average Salary</i>		\$119,735.00	\$69,790.00
<i>Median Salary</i>		\$33,126.00	\$35,528.00	<i>Median Salary</i>		\$124,687.00	\$69,790.00
		White	White			White	White
<i>Total</i>		215	23	<i>Total</i>		5	2
<i>% of Total</i>		12.9%	1.4%	<i>% of Total</i>		38.5%	15.4%
<i>Average Salary</i>		\$49,893.00	\$48,518.00	<i>Average Salary</i>		\$109,251.00	\$109,089.00
<i>Median Salary</i>		\$44,090.00	\$41,682.00	<i>Median Salary</i>		\$110,000.00	\$109,089.00
		Hispanic	Hispanic			Hispanic	Hispanic
<i>Total</i>		36	5	<i>Total</i>		1	0
<i>% of Total</i>		2.2%	0.3%	<i>% of Total</i>		7.7%	0.0%
<i>Average Salary</i>		\$38,215.00	\$35,931.00	<i>Average Salary</i>		\$114,874.00	N/A
<i>Median Salary</i>		\$36,090.00	\$35,376.00	<i>Median Salary</i>		\$114,874.00	N/A
		Asian	Asian			Asian	Asian
<i>Total</i>		19	6	<i>Total</i>		0	0
<i>% of Total</i>		1.1%	0.4%	<i>% of Total</i>		0.0%	0.0%
<i>Average Salary</i>		\$47,881.00	\$57,354.00	<i>Average Salary</i>			N/A
<i>Median Salary</i>		\$43,890.00	\$56,109.00	<i>Median Salary</i>			N/A
		Other	Other			Other	Other
<i>Total</i>		24	5	<i>Total</i>		0	0
<i>% of Total</i>		1.4%	0.3%	<i>% of Total</i>		0.0%	0.0%
<i>Average Salary</i>		\$40,062.00	\$41,373.00	<i>Average Salary</i>		N/A	N/A
<i>Median Salary</i>		\$36,090.00	\$41,639.00	<i>Median Salary</i>		N/A	N/A
		Bi-lingual	Bi-lingual			Bi-lingual	Bi-lingual
<i>Total</i>		71	18	<i>Total</i>		1	0
<i>% of Total</i>		4.3%	1.1%	<i>% of Total</i>		7.7%	0.0%
<i>Average Salary</i>		\$43,742.00	\$50,602.00	<i>Average Salary</i>		\$114,874.00	N/A
<i>Median Salary</i>		\$39,392.00	\$42,272.00	<i>Median Salary</i>		\$114,874.00	N/A
		Male	Female			Male	Female
<i>Total</i>		1,418	247	<i>Total</i>		10	3
<i>% of Total</i>		85.2%	14.8%	<i>% of Total</i>		76.9%	23.1%
<i>Average Salary</i>		\$39,230.00	\$40,128.00	<i>Average Salary</i>		\$114,006.00	\$95,989.00
<i>Median Salary</i>		\$39,868.00	\$41,332.00	<i>Median Salary</i>		\$112,437.00	\$101,179.00

STREETS DEPARTMENT
APPENDIX (Other Relevant Data and Charts)

Number of Bilingual Employees (as of January 2016)

	Spanish	Greek	Tagalog	Arabic	Malayalam	Cantonese & Mandarin	Punjabi	Urdu	Russian	Bengali	German	French	Gbii
Engineering/Surveys	3	0	1	0	5	1	2	0	1	1	1	1	0
Highways	8	0	0	1	2	1	3	1	0	0	0	0	0
Street Lighting	1	0	0	0	0	0	1	0	0	0	0	0	0
Traffic	5	0	0	0	1	0	3	1	0	0	0	1	0
Sanitation	33	1	0	1	0	1	0	1	1	0	1	0	0
Administration	1	0	0	0	5	1	0	0	0	0	0	0	1
Total - All Divisions	51	1	1	2	13	4	9	3	2	1	2	2	1
Total - # of Bilingual Employees	90												
Total - # of Languages Spoken	13												