

The Recommended FY2022-2027 Capital Program and FY2022 Capital Budget
Bill Nos. 210320 and 210321

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Good morning Council President Clarke and members of City Council. I am Eleanor Sharpe, Executive Director of the Philadelphia City Planning Commission. Along with my City colleagues, we are here to present, for your review and consideration, the Recommended FY2022-2027 Capital Program and FY2022 Capital Budget. These were approved by the City Planning Commission on April 8, 2021.

The Recommended Program is a six-year plan for investing in the City's physical and technology infrastructure, neighborhood and community facilities, City-owned buildings, and specialized vehicles. The Recommended Budget reflects the spending appropriations for the first year of the six-year Program. As both the Program and Budget are key instruments of planned physical development, the Philadelphia Home Rule Charter directs that their initial preparation and submission to the Mayor be a function of the City Planning Commission.

Beginning in early fall of last year, the City Planning Commission and the Finance Department's Budget Office received and evaluated requests from 21 departments. We then worked with the Managing Director's Office, and department heads and managers, to produce a Capital Program and Budget that address our capital needs, align with Administration priorities, including racial equity, and reflect our financial resources and spending capacity.

The Recommended six-year Capital Program calls for over \$1.1 billion of new, City, tax-supported, general obligation bond funding to support public improvements throughout Philadelphia. When possible, City funds are used to leverage additional resources provided by our greatly appreciated regional, state, federal, and private partners. Including *carryforward* appropriations from previous years, and including Aviation and Water, the overall FY2022-2027 Recommended Capital Program totals nearly \$9.5 billion.

For FY2022 alone, the Recommended Capital Budget calls for \$270 million of new, general obligation bond funding, by far the largest amount of GO funding in recent years, and especially large in comparison to the \$128.3m of GO appropriations approved for FY2021, when we scaled back due to the fiscal uncertainties of the pandemic.

The proposed GO increase to \$270 million is made possible by the relief to the City in the American Rescue Plan, without which Philadelphia could not support the ongoing debt service while still maintaining core services.

For FY2022, recommendations in the Capital Budget include:

- Investments in streets, parks, commercial corridors, and other facilities to support an Inclusive Economy and Thriving Neighborhoods. This includes \$132m of GO funding in FY2022 for Reconstruction/Resurfacing and ADA Ramp Reconstruction. More than \$25 million is recommended for Parks and Recreation facilities, and \$20 million is devoted to projects under Commerce.
- The Budget supports information technology, public property renovations, and fleet vehicles and facilities to ensure a Diverse, Efficient, and Effective Government. The FY2022 Capital Budget would include \$31 million for computer networks and business applications, \$13.7 million to keep major City buildings in good repair, and \$12 million to provide reliable and environmentally compliant Fleet resources.
- FY2022 capital investments in Health Equity for All, would include \$1.5m for renovations at City Health centers and \$1.5m for capital-eligible work at City-owned shelters.

- To complement schools' capital investments and provide Quality Education for All, \$2m of investment is proposed for Free Library facilities, and \$1m each for the Art Museum and City-owned assets at the Zoo.
- Renovations to fire, police, and prison facilities are proposed to help achieve a Safer and More Just Philadelphia. The Budget includes \$5m in new GO funding for Fire stations, \$1.2 million for Police districts, and \$1.1 million for the Prisons.

We are pleased to propose these investments, but we know they do not include all the projects that departments requested. There remains a lot of documented need.

The amount of recommended new spending in this year's Capital Program and Budget is limited. Increasing City borrowing means increasing debt service and fixed costs, reducing the City's budgetary flexibility, and potentially impacting the City's bond rating. In FY2023 through FY2027, City GO funding is recommended to return to roughly \$170m per year.

Overall, given our financial constraints and the challenges of the past year, the Administration feels the Recommended Capital Program and Budget invests in the City's infrastructure to the greatest extent possible.

Thank you for the opportunity to testify. We would be happy to address any questions that you may have. Please note that leaders of City departments are present to assist in answering your questions.