

**Martine DeCamp, AICP Deputy Executive Director
Philadelphia City Planning Commission**

Committee of the Whole

**April 6, 2022
Bill Nos. 220284 and 220285**

Good morning Council President Clarke and members of City Council. I am Martine DeCamp, Deputy Executive Director of the City Planning Commission. Along with my City colleagues, we are here to present, for your review and consideration, the Recommended FY2023-2028 Capital Program and FY2023 Capital Budget. These were approved by the City Planning Commission on March 24, 2022.

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 Budget Office received and evaluated requests from 20 departments. We then worked with the 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 \$1.0 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. Considering all sources of funding (including self-sustaining Aviation and Water funds, and carryforward appropriations from previous years), the Recommended Capital Program proposes \$10.99 billion of additional improvements.

For FY2023 alone, the Recommended Capital Budget calls for \$181 million of new, general obligation bond funding. The proposed \$181 million is consistent with the City's estimated ability to support debt service.

For FY2023, recommendations in the Capital Budget include:

- Investments in streets, parks, commercial corridors, and other facilities to support an Inclusive Economy and Thriving Neighborhoods. (slide)
- Support for IT infrastructure, public property renovations, and fleet vehicles and facilities to ensure a Diverse, Efficient, and Effective Government. (slide)
- Capital investments in Health Equity for All, through renovations at City health centers and City-owned shelters. (slide)
- Investments in City-owned Free Library, Zoo, and Art Museum facilities, to complement schools' capital investments and provide Quality Education for All. (slide)
- Renovations to fire, police, and prison facilities to help achieve a Safer and More Just Philadelphia. (slide)

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.

But 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 FY2024 through FY2028, City GO funding is currently recommended to return to roughly \$170 million per year.

We do have the opportunity to spend down or reprogram carryforward dollars from prior year appropriations, before the City appropriates new, tax supported funds. With many projects disrupted or delayed over the past year due to impacts from the pandemic, the amount of carryforward appropriations available to many departments remains significant.

We also have an opportunity to strategically leverage City appropriations to Capital as matches for far larger amounts of new, Federal funding available from the Infrastructure Investment and Jobs Act (IIJA). An estimated \$60 million is appropriated for a local match. This once-in-a-generation infusion of federal funding should bring more than \$1 billion over the next five years for roads, bridges, transit, water infrastructure, and broadband access to the City, and thousands of new jobs. The initial \$60 million for matches is a start, but we anticipate needing to add additional funds in future years to fully realize the benefits of this opportunity.

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.