

The Recommended FY2015-2020 Capital Program and FY2015 Capital Budget

Bill Nos. 140144 and 140145

Gary J. Jastrzab, Executive Director

Philadelphia City Planning Commission

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Good morning Council President Clarke and members of City Council. I am Gary Jastrzab, Executive Director of the City Planning Commission. With me is Rebecca Rhynhart, the City's Budget Director. We are here today to present, for your review and consideration, the Recommended FY2015-2020 Capital Program and FY2015 Capital Budget, as approved by the City Planning Commission at its meeting on February 28, 2014.

The Philadelphia Home Rule Charter directs the City Planning Commission to prepare and submit to the Mayor a Recommended Capital Program and Budget. The Recommended Program is a six-year plan for investing in our City's physical and technology infrastructure, neighborhood and community facilities, and public buildings. The Budget recommends spending appropriations for the first year of the six-year Program. The projects included in the Recommended Program and Budget support the overall goals of the City: Philadelphia becomes one of the safest cities in America; the education and health of Philadelphians improve; Philadelphia is a place of choice; Philadelphia becomes the greenest and most sustainable city in America; and Philadelphia government works efficiently and effectively, with integrity and responsiveness.

Beginning each September, the City Planning Commission staff works closely with the Finance Department's Office of Budget and Program Evaluation, the Department of Public Property's Capital Projects Division, and City operating departments to prepare the Recommended Capital Program and Budget. It is a collaborative, labor-intensive, and iterative process, and we believe it yields a program and budget that carefully balance the City's facilities needs with limited capital resources.

As in years past, the availability of City tax-supported, General Obligation—or “GO”—bond funding for capital projects depends on two factors: the debt limit imposed on the City by the Pennsylvania Constitution, and the City’s financial capacity to service debt on borrowed funds. Since the Actual Value Initiative (AVI) has taken effect, the total assessed value in the City has increased substantially which has in turn significantly increased the room under the constitutional debt limit. However, the City’s tax supported capital funding is still constrained by the ability to pay for debt service in our operating budget. Despite these constraints, the Administration is committed to maximizing its investment in the City’s physical infrastructure.

For the FY2015 Capital Budget, the Administration proposes to spend \$131.5 million of City-supported capital funding raised through new GO bonds issued by the City, and \$14.5 million of previously authorized GO loans, for a total of \$146.0 million. This represents a 44% increase in new GO funding from last year, and a 48% increase over the average amount of GO funding during the FY2009 to FY2014 period. The average annual GO funding amount during these years was \$89.1 million. Key projects include continued programmed improvements to Park and Recreation Department as well as Police, Fire, and Free Library facilities; investment to improve and modernize the City’s technology infrastructure; repave streets and repair bridges; support neighborhood commercial centers, industrial districts, and build better connections to and along our riverfronts; and purchase much-needed specialty vehicles and equipment for departmental operations.. A total of 69 new projects for 20 City departments are included in the FY2015 budget year.

In addition, 319 projects totaling \$290.8 million of previously appropriated GO funds are recommended to be carried forward into FY2015. When all budget year funding is considered, including federal, state, and other sources as well as projects for the Water Department and Aviation, these projects total more than \$3.2 billion of improvements for the FY2015 budget year in the Recommended Capital Program.

For the six-year Program, \$761.6 million of City tax-supported bond funding is planned for public improvements and neighborhood investments. When all sources of funding are included, the Recommended Capital Program includes more than \$9.4 billion of improvements during the FY2015-2020 period.

I'd like to highlight a number of projects in the FY2015 budget year that support the City's five strategic goals described earlier. Projects that help Philadelphia **become one of the safest cities in America** increase safety from crime, emergencies, and accidents, at home, school, in the neighborhood, and at work and play. More than \$3.0 million of new and previously authorized City funds are recommended for Police facility renovations across the city and for completion of the conversion of the former Woodhaven US Army facility for Police use. The Philadelphia Prison System is recommended to use \$5.8 million in previously authorized City funds for security-system, infrastructure, and other renovations at its facilities in Northeast Philadelphia. New City funding of \$3.9 million is recommended for structural, mechanical, electrical, and plumbing renovations and other site work at fire stations across the City.

Projects that ensure that **the education and health of Philadelphians improve** help to create "complete neighborhoods," with ample cultural, health, and human-services opportunities. Recommended Free Library improvements total nearly \$2.2 million in new City funds for HVAC, infrastructure, and interior and exterior renovations at numerous library locations. Nearly \$1.6 million in new City funds are recommended for the Office of Supportive Housing to make improvements at its shelters, which serve some of the City's most vulnerable populations. New City funding totaling \$850,000 is recommended for infrastructure improvements at the Philadelphia Zoo, which provides a great educational opportunity for the City's children and adults alike.

Projects that make Philadelphia **a place of choice** promote economic development and job creation, and support major infrastructure improvements. More than \$690.1 million of federal, state, private, and City self-sustaining operating and revenue bond funds are recommended to enable Philadelphia International Airport to improve service for air traffic and travel to and from Philadelphia, through airfield and facilities improvements, and safety and security projects. The Commerce Department is recommended to continue to invest \$5.0 million in new City funds to improve neighborhood commercial centers, \$2.5 million in City funds for infrastructure improvements in Center City to support the new Comcast Tower, and \$900,000 to begin the transformation of the Reading Viaduct into an elevated community and regional park. New City funding totaling \$22.3 million is recommended for the Streets Department to grade, pave, and make other improvements to city roadways, historic streets, stairways, and curb ramps, and new infrastructure. This funding will leverage \$45.8 million in federal, state, and private funds. Nearly \$10.5 million in new City, federal, and state funding are recommended for plans and improvements along the Central and North Delaware River and Schuylkill River waterfronts. The

Philadelphia Museum of Art is recommended to use \$3.0 million in new City funding to implement interior and exterior improvement projects in support of its multi-year facilities master plan.

Projects that help **Philadelphia become the greenest and most sustainable city in America** focus on parks and recreation, and promote environmental and sustainable practices. The Office of Sustainability is recommended to use \$500,000 in City funds for energy-efficiency improvements at City facilities in support of other capital investments. More than \$16.9 million in new and previously authorized funds are recommended for improvements to the Parks and Recreation Department's trails, parks, recreation centers, pools, cultural facilities, and other assets across City neighborhoods, and for other projects including the Benjamin Franklin Parkway and Bartram's Mile greening and trail project. More than \$2.5 million in new City funds are recommended for the Streets Department to continue the reconstruction of the City's Northeast Incinerator to be energy-efficient, safer, and more functional. SEPTA bridge, track, station, power supply, and fare-collection improvements help make transit an attractive alternative to driving. More than \$3.6 million in new City funds are recommended to leverage more than \$189.3 million in state, federal, and other monies for such projects.

Projects that enable **Philadelphia's government to work efficiently and effectively, with integrity and responsiveness** foster a high-performing public sector that works better at less cost. A continued major investment of \$24.0 million of new City funding is recommended for the Office of Innovation and Technology, for citywide technology modernization and improvement projects such as OnePhilly which will modernize the City's workforce management processes and Lock and Track which is a new inmate management solution. Additionally, \$5.0 million is recommended for a new "message switch" system to improve public safety information exchange between the City and Commonwealth. Nearly \$2.0 million of new City funds are recommended for the Department of Public Property to continue making functional improvements to major City government facilities, including City Hall, the Criminal Justice Center, and the Municipal Services Building. The Office of Fleet Management is recommended to use \$10.0 million to purchase specialty vehicles used as equipment for various departments including Fire and Streets.

These highlights demonstrate the range and variety of projects recommended for funding in the FY2015 budget and shows how the Recommended Capital Program seeks to make strategic and targeted investments in Philadelphia's infrastructure, using our limited resources for the greatest public benefit.

Thank you for your attention. My colleagues and I would be happy to address any questions that you may have. Please note that the leadership of City departments is present, in addition to representatives from the Department of Finance and Department of Public Property, to assist in answering your questions.