

» A special report by **Philadelphia** magazine
and **Philadelphia Forward**

We Got Your Budget Right Here

There's an old saying—*never let a crisis go to waste*. So far, though, Michael Nutter has done exactly that. Believe us, he knew how bad the budget crisis was before he took office. He even told us all about it in our November 2007 issue. Then he inexplicably passed a budget *planning* to overspend revenues by \$144 million—a deficit that in recent weeks has ballooned to \$2 billion over the next five years. ¶ These are our suggestions for how Nutter can get back on track—without shutting libraries and pools. The good news is, all he has to do is live out the narrative that carried him to victory in 2007: Reformer wins on a platform of change. Unfortunately, the cleaner we elected was replaced by a mayor who behaves like he owes his victory to the Democratic party machine. ¶ It's time for you to step up and do what you said you'd do, Mike, and we've got ideas on how to do it (prepared with help from Brett Mandel of the reform group Philadelphia Forward). There's never been a time, or a crisis, like the present. —Steve Volk and Janine White

1. Unload our gas company.

» A new study by the Economy League dubbed the Gas Works a “chronic” problem, with too many employees, a too-poor-to-pay customer base, and a governance structure that makes room for more than 30 (!) elected or appointed officials. And while the city is supposed to earn \$18 million from PGW each year, in reality it gets nothing. The city could sell the thing, but who would buy it? Mandel says there's a strong case to be made for *giving* the Gas

Works away. The city shouldn't be in the gas business, which forces it to act as both the landlord and the social service agency that lends the tenant aid.

WHAT WE GAIN: If a private company takes over the Gas Works, we earn extra taxable revenue we're not getting now on the land. **WHAT WE SAVE:** **\$1 billion** in debt obligations.

2. Take some advice, please.

» The City Controller and the Mayor's Office aren't expected to be best buddies. But in the midst of this city's fiscal crisis, Controller Alan Butkovitz identified \$300 million in one-shot savings and roughly \$185 million in annual savings over five years, including a proposal to get many millions more in revenue out of the city's emergency medical services (EMS) operations. The Nutter administration ignored most of his ideas. Philadelphia Forward constituents came up with hundreds of budget-cutting ideas—almost none of which the administration has adopted. And Philly's freshman Council members identified \$50 million in potential annual

savings—more than half of which the Mayor dismissed. What's become evident is that the Nutter administration has quickly gained a reputation for being too insular.

WHAT WE SAVE: Butkovitz's EMS proposal alone would generate more than **\$30 million** a year in additional revenue.

3. Right-size the workforce.

» The city lost a quarter of its population in the past four decades, but trimmed city worker rolls by just five percent. Nutter came in talking about tough negotiations with the city's unions, then punted—agreeing to a one-year deal that kept the cops happy and greased the other unions till 2009. Even in his first round of cuts, the Mayor laid off just 58 people. (Phoenix, in contrast, has eliminated 1,300 city jobs.) There's no turning back. Some 60 percent of the city's budget goes to employee wages, pensions and health benefits.

WHAT WE SAVE: By trimming just five percent from what we spend on city worker rolls, **\$120 million** a year.



4. Slash your own staff.

» Before he laid a finger on the libraries, the Mayor should have taken an ax to his staff. He's spending \$2 million more on it than Street did in his FY07 budget, including funding for an increased communications staff, which makes his administration's lack of transparency baffling.

WHAT WE SAVE: If Hizzoner goes back to Street's staffing levels, about **\$2 million** annually.

5. Launch *Survivor: Row Office Edition*.

» Do we really need an elected sheriff to oversee the shuttling of inmates from the prison to the courthouse and back again? Or an elected Clerk of Quarter Sessions to do whatever it is a Clerk of Quarter Sessions does? That's why we're voting these and two other row officers off the island. Nutter has promised to look at all the city's row offices and potentially seek a ballot initiative to eliminate some. We suggest targeting the Register of Wills (\$3.3 million annual bud-



get), the City Commissioners (\$12 million), Clerk of Quarter Sessions (\$5 million) and sheriff (\$15.2 million).

WHAT WE SAVE: We won't get all that money back, but each of these offices comes with patronage jobs and who knows what inefficiencies caused by the political hack culture. Let's say **\$4 million**.

6. Go get what's ours.

» The Eagles owe the city \$8 million. Neil Stein owes it more than a million. Philadelphia's water agency is owed \$161 million. The city is also owed \$90 million in unpaid court fines and costs, and hundreds



of billions in delinquent real estate taxes. Where does it end? Late last year, the City Controller released a report announcing that the city is due approximately \$400 million across all departments. We propose one new \$50K position and a limitless supply of brass knuckles, to be held by Tex Cobb, the city's new delinquent tax collector.

WHAT WE GAIN: A one-shot revenue boost of more than **\$100 million** if we collect just 25 percent of what's owed (not including real estate taxes).

7. Keep murdering the BPT by degrees (just the way it killed Philadelphia's business climate).

» Philadelphia Forward estimates that the city has lost jobs worth close to \$2 billion in wages because it didn't implement the reforms suggested in 2004 by the Philadelphia Tax Commission. We know tax cuts are a tough sell, but this is our chance to get back on a level playing field with other cities: while they're raising taxes, we need to keep trimming ours.

WHAT WE SAVE: At least 15,000 jobs that will otherwise be forfeited if we stick with the current plan to hold off further BPT cuts until 2015. Ballpark wage-tax revenue: **\$10 million** per year.

8. Deep-six handouts to the private sector.

» This city gives away far too much dough to unaccountable nonprofits and institutions that have nothing to do with government's core missions. Before he left office, John Street floated an arts-and-culture bond that provided smallish subsidies to the Wilma and Walnut Street theaters and a staggering \$30 million to the Art Museum. We don't want to pick on the arts. But

they have nothing to do with maintaining roads, picking up trash and keeping citizens safe—and right now, those basic missions are threatened.

WHAT WE SAVE: The city kicked \$320,000 to the Atwater Kent Museum and an additional \$3 million to the Art Museum in FY08—and that's just for starters. In times like these, every **\$3.3 million** counts.

9. Sell a bridge to somewhere.

» Philly's got billboard-able real estate on which companies would love to hang their names. Parks, bridges, rec centers, events—all can be revenue generators if someone is examining every opportunity (and, yes, making sure it's all done tastefully). "When



you look at the naming rights over a 30-year period of something like the South Street Bridge, it could be worth up to \$100 million," says local ad/marketing guy Marc Brownstein.

WHAT WE GAIN: BP Oil's handover of **\$5 million** in Chicago birthed the "BP pedestrian bridge."

10. Form a committee of city-planning superheroes.

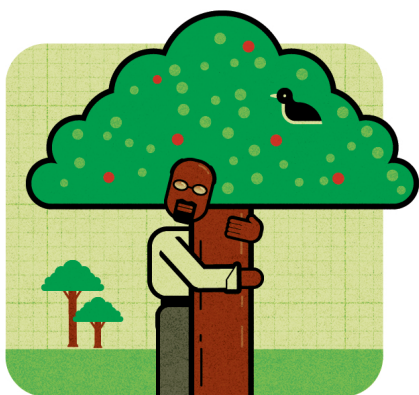
» One and a half million citizens (and shrinking) need to stop supporting the upkeep of a city built to serve two million-plus. And though we're pretty sure the words "right-sizing" and "infrastructure" never come up at Justice League meetings, a homegrown wonder team—comprised, say, of former city managing directors and heads of the planning commission—could take a laser cutter to the city's facilities. To avoid the outcry caused by Nutter's announced library closings, we suggest clear standards

for the process, similar to the way the U.S. Army handled base closures.

WHAT WE SAVE: \$160 million. The first four rounds of base closures saved the government more than \$16 billion. We're going to assume our superheroes are at least one percent as powerful as the Department of Defense.

11. Take the paper out of city government.

» City Councilman Bill Green's plea that Philly go paperless has failed to gain momentum, and it's not hard to see why: It's progressive, forward-thinking and efficient. Those qualities are so not Philadelphia. Green produced a study estimating annual savings of up to \$340 million. We're not paying that much for paper, but analyses suggest that for every dollar the government does spend on paper, an additional \$13 to \$31 in secondary costs, like ink and waste disposal, arise.



WHAT WE SAVE: Forget being half right. If Green is even 20 percent right, we save **\$68 million** a year.

12. While you're at it, take the perks out of city government.

» The Controller's office has identified \$200,000 in BlackBerry, cell phone and beeper contracts the city is paying for ... but not using! The city should review each and every publicly owned gadget. Maybe it's even time for city employees to use public transportation. (See "Get On the Bus," right). 🚗

WHAT WE SAVE: Let's start with that **\$200,000**, add another **\$10 million** on the cars, and who knows? Maybe we'll recover some of our dignity, too.



Get On the Bus

Why does Philadelphia need 6,000 city-owned vehicles? Our man went looking for answers (on foot)

» By Richard Rys

A funny thing happened this past fall at nearly every town hall meeting Mayor Michael Nutter hosted to explain his plan for saving the city a billion dollars: Someone asked about city cars. Blame some of that on City Councilwoman Blondell Reynolds Brown, whom Fox 29 caught behind the wheel of her black 2008 Ford Escape, dropping off her daughter and a friend at their private school in the 'burbs.

What's a little detour on us? At least she's driving an American car. Things could be worse, right? It's not like back in 1986, when Council president Joe Coleman ordered a tricked-out \$26,990 van for use as an office on wheels, but wouldn't let any other Council members touch it. Or during the Green administration, when record-keeping of which official drove which car was so chaotic that there was a city-car cattle call at the Vet to sort it all out.

Yet folks at those town meetings were furious about the 6,111 vehicles the city owns—and rightly so.

The city could save a lot of money each year by kicking its car addiction. Fleet management costs \$50 million (CONTINUED ON PAGE 89)