

PICA Staff Report
on the
City of Philadelphia's
***Quarterly City Managers Report
for the Third Quarter of FY2013***

Submitted to PICA on May 15, 2013

Introduction: PICA Staff Report on the City of Philadelphia's Quarterly City Managers Report for the Third Quarter of FY13

- The Pennsylvania Intergovernmental Cooperation Authority (PICA) Act (Act of June 5, 1991, P. L. 9, No. 6), Section 209(i), requires the City to submit to PICA within 45 days following the end of each fiscal quarter a report describing actual or estimated revenues and expenditures and comparing them to budgeted levels for the most recent quarter.
- Accordingly, the City submits a Quarterly City Managers Report (QCMR) to PICA 45 days after the end of each fiscal quarter. The QCMR contains extensive detail on actual and estimated General Fund revenues and expenditures for the current fiscal year, as well as information on personnel, performance, cash flow, and quarterly financial results for the Water Fund and Aviation Fund.
- The most recent QCMR submitted by the City to PICA covers the period ending March 31, 2012, the third quarter of fiscal year 2013 (FY13), and is available from PICA's website at <http://www.picapa.org/resources/city-of-philadelphias-quarterly-city-managers-report/>
- This report is PICA staff's analysis of the QCMR for the third quarter of FY13. It compares the initial estimates of FY13 revenues and expenditures in the FY13-FY17 Five-Year Financial Plan and subsequent estimates in the QCMRs for the first, second, and third quarters of FY13. The report also discusses key City finance and management issues based on information in the third quarter QCMR.
- Unless otherwise noted, financial information in this report is drawn from the City's *Five-Year Financial Plan* for Fiscal Year 2013 through Fiscal Year 2017 and Quarterly City Managers Reports issued through the third quarter of FY13.

FY13 Projection

- ▶ Overview
- ▶ Revenue
- ▶ Obligations

FY13 Projection: Overview

- ▶ The Q3 QCMR projects FY13 General Fund revenues at \$3,675.6 million, an increase of \$57.2 million over the previous quarterly report and \$107.8 million over the FY13-FY17 Plan estimate. The third quarter QCMR projects FY13 obligations at \$3,699.1 million, an increase of \$30.4 million from the previous QCMR and \$95.3 million from the Plan. The third quarter QCMR projects the FY13 operating deficit at \$23.6 million and prior year adjustments at \$17.7 million.
- ▶ The sum of operating surplus, prior year adjustments, and prior year fund balance is the currently projected fund balance for the end of FY13, which is \$140.9 million. This is a increase of \$26.0 million from the fund balance projected in the second quarter QCMR, and a \$59.6 million increase from the FY13-17 Plan projection.

FY13 General Fund Projections (\$ in Millions)						
<u>Category</u>	<u>FY13-17 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Change from Q2 to Q3 QCMR</u>	<u>Change from Plan to Q3 QCMR</u>
Revenues	3,567.7	3,591.3	3,618.4	3,675.6	57.2	107.8
Obligations	3,603.9	3,638.7	3,668.7	3,699.1	30.4	95.3
Operating Surplus/(Deficit)	(36.1)	(47.4)	(50.3)	(23.6)	26.8	12.6
Prior Year Adjustments	18.5	18.5	18.5	17.7	(0.8)	(0.8)
Prior Year Fund Balance/(Deficit)	99.0	146.8	146.8	146.8	-	47.8
Year-End Fund Balance	81.3	117.9	114.9	140.9	26.0	59.6

FY13 Projection: Revenue

- ▶ The QCMR for the third quarter of FY13 projects General Fund revenues of \$3,675.6 million, an increase of \$57.2 million from the second quarter QCMR and \$107.8 million from the FY13-FY17 Plan projection.
- ▶ The increase in projected revenues from the previous quarterly report reflects increases in projected tax revenue (\$48.8 million), locally-generated non-tax revenue (\$4.3 million), revenue from other funds (\$4.1 million).

FY13 General Fund Revenue Projections (\$ in Millions)						
<u>Category</u>	<u>FY13-17 Five- Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Change from Q2 to Q3 QCMR</u>	<u>Change from Plan to Q3 QCMR</u>
Taxes	2,614.4	2,626.6	2,658.7	2,707.5	48.8	93.1
Locally-Generated Non-Tax	246.3	251.0	254.4	258.6	4.3	12.4
Revenue from Other Governments	653.8	660.5	650.9	650.9	-	(3.0)
Revenue from Other Funds	53.3	53.3	54.5	58.6	4.1	5.3
Total	3,567.7	3,591.3	3,618.4	3,675.6	57.2	107.8

FY13 Projection: Tax Revenue

- ▶ General Fund tax revenue is projected at \$2,707.5 million in the third quarter QCMR, an increase of \$48.8 million from the second quarter QCMR and \$93.1 million from the FY13-17 Plan.
- ▶ Real Estate tax revenue is projected at \$535.1 million in the third quarter QCMR, an increase of \$8.8 million from the second quarter QCMR projection, due to stronger than anticipated growth. The third quarter QCMR projects Business Income and Receipts tax revenue at \$435.0 million, an increase of \$35.0 million from the second quarterly report, due to continued economic improvement. The Real Estate Transfer tax is projected at \$138.3 million, \$7.0 million above the second quarter QCMR due to stronger than anticipated growth. For the third quarter, the Amusement tax is projected to be \$2.0 million lower than the first quarter estimates. This is due to the NHL lock-out and local professional sports teams not making the playoffs.

FY13 General Fund Tax Revenue Projections (\$ in Millions)						
<u>Tax</u>	<u>FY13-16 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Change from Q2 to Q3 QCMR</u>	<u>Change from Plan to Q3 QCMR</u>
Wage and Earnings	1,207.8	1,218.8	1,231.7	1,231.7	-	23.9
Real Estate	514.9	514.9	526.3	535.1	8.8	20.2
Business Income and Receipts	394.9	398.0	400.0	435.0	35.0	40.0
Net Profits	12.3	12.4	12.5	12.5	-	0.2
Sales	259.3	259.3	259.3	259.3	-	(0.1)
Real Estate Transfer	124.5	124.5	131.3	138.3	7.0	13.8
Parking	75.1	73.2	73.2	73.2	-	(2.0)
Amusement	22.1	22.1	21.1	19.1	(2.0)	(3.0)
Other	3.4	3.4	3.4	3.4	-	(0.0)
Total	2,614.4	2,626.6	2,658.7	2,707.5	48.8	93.1

FY13 Projection: Locally-Generated Non-Tax Revenue

- ▶ The third quarter QCMR projects total locally-generated non-tax revenue at \$258.6 million, an increase of \$4.3 million from the second quarter QCMR projection.
- ▶ Revenues from the Mayor’s Office Innovation and Technology are projected at \$21.6 million, an increase of \$2.0 million from the most recent projection due to higher cable television franchise and telephone commission fees.
- ▶ Licenses and Inspections revenues are projected at \$49.8 million, an increase of \$3.0 million, due to higher housing and building license revenues.
- ▶ Revenues from Fleet Management are projected at \$4.8 million, an increase of \$1.5 million from the most recent projection due to higher reimbursements for fuel.
- ▶ The Sheriff’s Office revenue is projected at \$4.0 million, an increase of \$1.0 million due to higher estimate of fee revenue.
- ▶ Department of Public Property revenue is projected at \$7.3 million, a decrease of \$2.3 million due to a reduction in the expected reimbursement for facility rent and a lower estimate of capital asset sales.
- ▶ City Treasurer revenue is projected at \$1.8 million, a decrease of \$1.0 million due to a lower estimate of interest earnings

FY13 General Fund Locally-Generated Non-Tax Revenue Projections						
(\$ in Millions)						
<u>Agency Source</u>	<u>FY13-17</u> <u>Five-Year Plan</u>	<u>Q1</u> <u>QCMR</u>	<u>Q2</u> <u>QCMR</u>	<u>Q3</u> <u>QCMR</u>	<u>Change from</u> <u>Q2 to Q3</u> <u>QCMR</u>	<u>Change from</u> <u>Plan to Q3</u> <u>QCMR</u>
Mayor's Office of Innovation and Technology	19.3	19.3	19.6	21.6	2.0	2.3
Licenses and Inspections	44.3	44.3	46.8	49.8	3.0	5.5
Fleet Management	2.8	3.3	3.3	4.8	1.5	2.0
Sheriff	5.8	5.8	3.4	4.4	1.0	(1.5)
Public Property	8.5	8.5	9.5	7.3	(2.3)	(1.3)
City Treasurer	2.8	2.8	2.8	1.8	(1.0)	(1.0)
Other	162.8	167.0	169.0	169.0	-	6.2
Total	246.3	251.0	254.4	258.6	4.3	12.4

FY13 Projection: Revenue from Other Governments

- ▶ For the third quarter, there are no changes from the second quarter projections for revenue from other governments.

FY13 General Fund Revenue from Other Governments Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY13-17 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Change from Q2 to Q3 QCMR</u>	<u>Change from Plan to Q3 QCMR</u>
City Treasurer	13.7	13.9	6.7	6.7	-	(7.0)
Finance	153.9	158.4	165.5	165.5	-	11.6
First Judicial District	15.1	15.1	15.1	15.1	-	0.0
Human Services	49.9	44.9	31.7	31.7	-	(18.2)
PICA City Account	301.8	307.7	311.6	311.6	-	9.8
Public Health	59.0	58.0	58.0	58.0	-	(1.0)
Revenue	35.2	37.2	38.7	38.7	-	3.5
All Other	25.3	39.2	30.2	30.2	-	(8.8)
Total	653.8	660.5	650.9	650.9	-	(3.0)

FY13 Projection: Obligations

- ▶ The third quarter QCMR projects FY13 General Fund obligations at \$3,699.1 million, an increase of \$30.4 million from the second quarter QCMR and \$95.3 million from Plan.

FY13 General Fund Obligations Projections (\$ in Millions)						
<u>Agency or Cost Center</u>	<u>FY13-17 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Change from Q2 to Q3 QCMR</u>	<u>Change from Plan to Q3 QCMR</u>
Fire	189.3	191.3	196.5	198.5	2.0	9.2
Finance	13.0	13.8	14.0	15.6	1.6	2.6
Indemnities	32.5	32.5	32.5	30.9	(1.5)	(1.5)
Office of Property Assessment	11.7	14.6	14.6	13.6	(1.0)	1.9
Prisons	227.9	236.9	239.7	241.7	2.0	13.9
Streets	27.2	29.7	30.1	26.1	(4.0)	(1.1)
Provisions for I.A.F.F. Arbitration	-	-	-	31.4	31.4	31.4
All Other	3,102.3	3,120.0	3,141.3	3,141.3	(0.0)	38.9
Total	3,603.9	3,638.7	3,668.7	3,699.1	30.4	95.3

FY13 Projection: Obligations

- ▶ Significant changes in obligation projections between the second and third quarter QCMRs include:
 - **Finance** (\$1.6 million increase): Obligations higher than expected.
 - **Office of Property Assessment** (\$1.0 million decrease): Obligations higher than expected.
 - **Streets** (\$4.0 million decrease): Eliminate snow removal reserve.

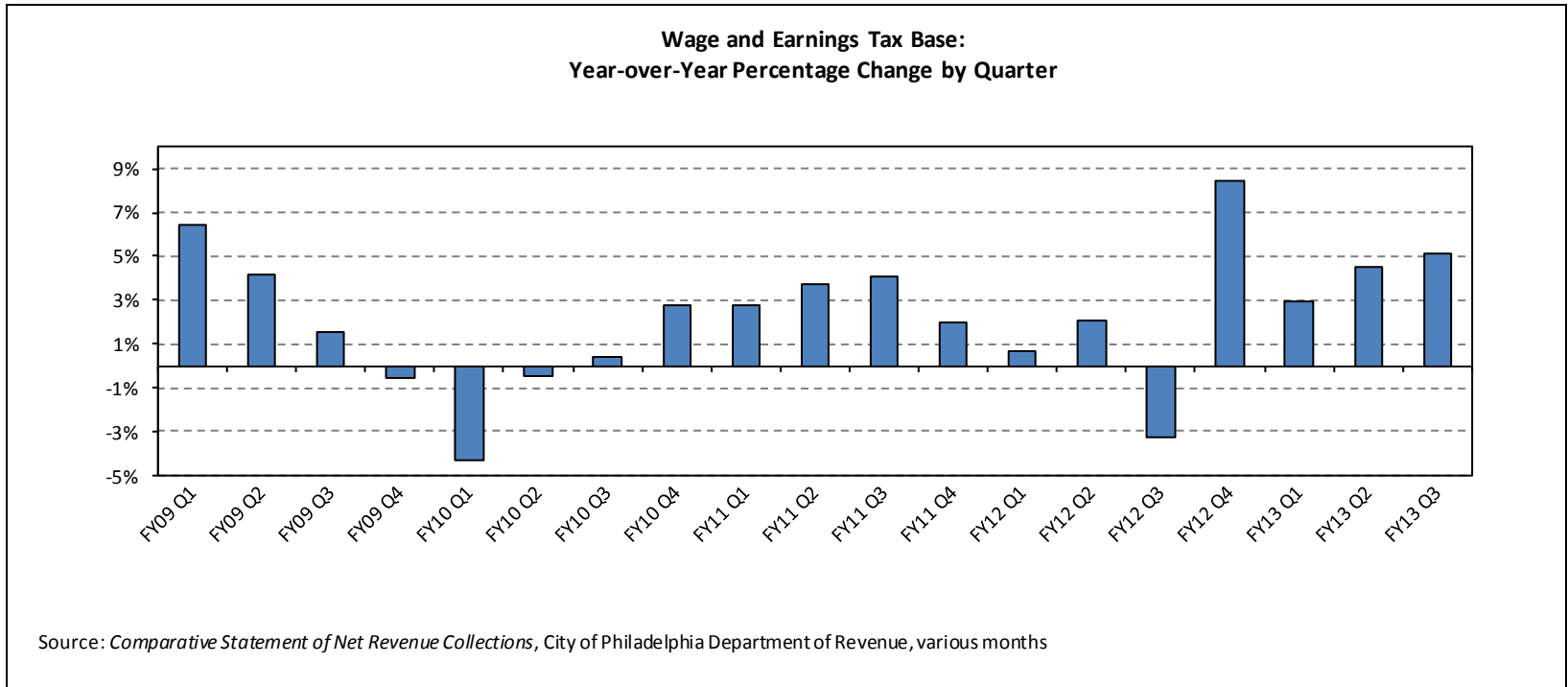
- ▶ Significant changes in obligation projections between the FY13-17 Plan and the third quarter QCMR include:
 - **Fire** (\$9.2 million increase): Uniform overtime is higher than anticipated.
 - **Indemnities** (1.5 million decrease): Current projections are lower than initially anticipated.
 - **Prisons** (\$13.9 million increase): Overtime resulting from a higher than budgeted inmate census.
 - **Provisions for I.A.F.F. Arbitration** (\$31.4 million increase): Provision for a portion of the FY 2010-2013 I.A.F.F. Arbitration Award currently under appeal by the City.

Key Financial Issues

- ▶ Tax Collections
- ▶ Labor Contracts

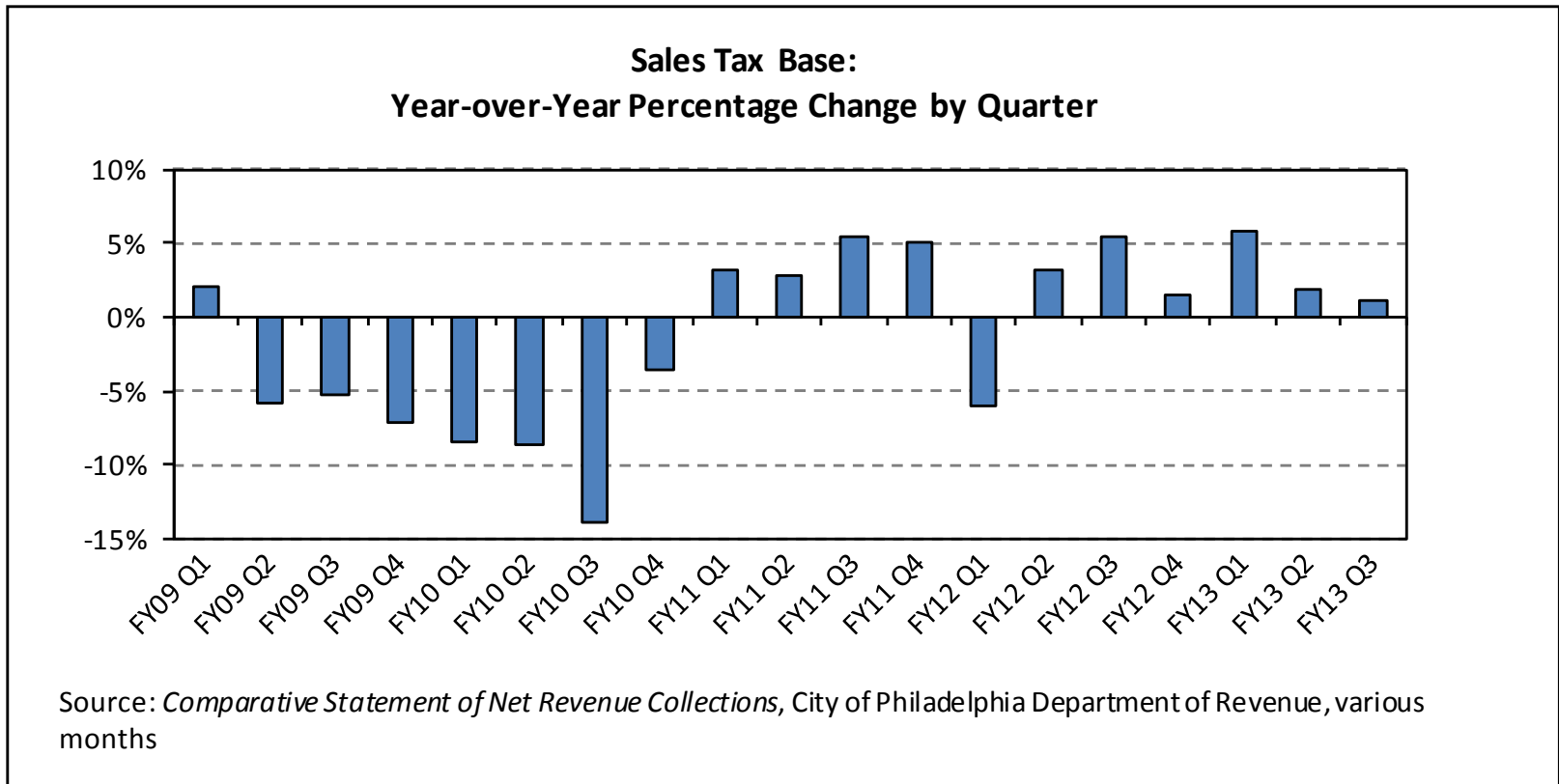
Key Financial Issues: Tax Collections

- ▶ In the third quarter of FY13, revenue growth was relatively strong for the wage and earnings and sales taxes. The wage tax base increased 5.1 percent compared to the same quarter in the previous fiscal year.



Key Financial Issues: Tax Collections

- ▶ The sales tax base increased 1.2 percent in the third quarter of FY13 in comparison to the same quarter in the previous fiscal year. This marks the sixth consecutive quarter of growth for the sales tax.



Key Financial Issues: Labor Contracts

- ▶ The City's financial stability depends on the outcome of ongoing labor contract arbitration with the International Association of Fire Fighters (IAFF) and Fraternal Order of Police (FOP), and collective bargaining with District Councils 33 and 47 of AFSCME.
- ▶ In October 2010, an arbitration panel awarded a contract to the IAFF covering the FY10-FY13 period. This award, with the exception of provisions related to pensions and vacation scheduling, was appealed by the City in the Court of Common Pleas. The City's appeal was upheld by the court in November 2011. In July 2012, the arbitration panel issued a substantially similar award which included wage increases retroactive to FY11. The City appealed this award to the Court of Common Pleas as well. The Court denied the City's appeal in November 2012. The City has since appealed the Common Pleas Court ruling to Commonwealth Court. On March 14, 2013, Councilman Oh introduced legislation, which would require the City to set aside \$66 million in case it loses the current appeal. The bill was passed on May 23, 2013 and is currently in the Mayor's Office. According to the most recent QCMR, the City has put aside \$31.4 million to cover a portion of the award in FY13. There is currently ongoing arbitration with respect to the next contract, which will take effect in FY14.
- ▶ In December 2009, an arbitration panel awarded the FOP a contract which could be reopened in 2012 to determine salary increases for the last two years of the contract. In December 2012, an arbitration panel reopened the contract and awarded FOP members a retroactive 3 percent salary increase for FY13, a 3 percent increase for FY14, and a 1 percent stress-pay increase. These new financial obligations were reflected in the \$14.7 million increase in the revised Q2 budget projections for the Police Department. A new arbitration process to determine the next FOP contract will begin in FY14.

Key Financial Issues: Labor Contracts

- ▶ In January 2013, the City submitted its final offer to DC 33. The proposed contract, which would cover FY10-FY14, included the following terms:
 - ▶ A 2.5 percent wage increase will take effect 30 days after the contract is implemented. An additional 2 percent wage increase will start on January 1, 2014.
 - ▶ The authority to furlough employees up to three weeks per fiscal year.
 - ▶ All employees hired after the contract takes effect will participate in Plan 10, the City's new hybrid pension plan. Current employees will have 60 days from the start of the new contract to opt in to Plan 10. For those who choose to stay in their current pension plan, they will have to increase their contributions to 50% of normal costs.
 - ▶ To address overtime costs, effective 30 days after the contract is implemented, double time will be eliminated. Additionally, due to changes in what paid leave hours count toward hours worked, the only way an employee will be able to earn overtime is by working, taking vacation, or using education and training leave more than 40 hours in a week.
- ▶ After DC 33 rejected this last offer, the City asked the Pennsylvania Supreme Court to overturn a 1993 Commonwealth Court decision, which stated that unless government employees strike, public employers cannot impose new contract terms on their employees.
- ▶ Included in the current contract for Deputy Sheriffs, which covers FY10-FY14, is a re-opener for FY13 and FY14. The current status of this re-opener is unknown. Arbitration for the next contract for Deputy Sheriffs and Register of Wills will begin in FY14.
- ▶ Arbitration for the next Correctional Officers' contract will begin in FY14. Currently, two pieces of the previous award, which covers FY09 to FY14, are under appeal: provisions relation to pensions, and step increase and longevity issues.
- ▶ The current DC 47, Local 810 contract, which covers FY10-14, provisions relating to probation officers' pay ranges is currently being appealed. Arbitration for the next contract will begin in FY14.
- ▶ Lastly, the City included \$95.2 million in "funding for potential future labor obligations" for FY13 through FY18 in the proposed FY14-FY18 Five year Plan.

Key Financial Issues: Pension Benefits

- ▶ Recent pension changes include:
 - ▶ Newly-hired court, corrections, and Register of Wills employees will be required to participate in the City's hybrid pension plan ("Plan 10") that includes a mandatory defined benefit component and a voluntary defined contribution component. The City has proposed that newly-hired non-union employees participate in Plan 10 as well.
 - ▶ Newly-hired police officers, firefighters, and Deputy Sheriffs have the option of participating in Plan 10 or paying 1 percent more of salary to participate in the existing defined benefit plan ("Plan 87").
 - ▶ Effective July 1, 2013, currently-employed corrections employees have the option of participating in Plan 10 or remaining in Plan 87 while increasing their contributions to 50 percent of normal cost (1.28% higher than the current contribution of 1.93%). Under a City proposal, currently-employed non-union employees participating in defined benefit plans ("Plan 67" or "Plan 87") will also increase their contributions.
 - ▶ Details of the status of pension changes for various employee groups are shown in the table on the next page.

Key Financial Issues: Pension Benefits

Status of Pension Changes, City of Philadelphia Employees ¹		
Bargaining Unit/ Employee Category	Current Employees	Newly-Hired Employees
Fraternal Order of Police (FOP)	Plan 67/87 ²	Two options: Plan 10 ² ; or Plan 87 with employee contribution 6 percent of wages
International Association of Fire Fighters (IAFF)	Plan 67/87	Two options: Plan 10; or Plan 87 with employee contribution 6 percent of wages
Deputy Sheriffs (FOP)	Plan 67/87	Two options: Plan 10; or Plan 87 with employee contribution 50 percent of normal cost
Register of Wills (FOP)	Plan 67/87	Plan 10
Correctional Officers (DC 33 Local 159)	Effective July 1, 2013, two options: Plan 10; or Plan 67/87 with increased contributions ³	Plan 10
Courts (DC 47 Local 810)	Plan 67/87	Plan 10
Other DC 33 ⁴	Plan 67/87	Plan 10
Other DC 47 ⁵	Plan 67/87	Plan 87
Non-Union and DC 47 Local 2186 ⁶	Plan 67 with employee contribution 6 percent of wages; or Plan 87 with employee contribution 50 percent of normal cost	Plan 10

¹ Based on arbitration awards issued in 2009 (FOP), 2010 (IAFF), 2011 (Deputy Sheriffs and Register of Wills), and 2012 (Corrections and court employees), and information provided by the City on proposed legislation for non-represented employees and DC 47 Local 2186.

² "Plan 67" and "Plan 87" refer to various defined benefit plans. "Plan 10" refers to a hybrid defined benefit/defined contribution plan.

³ Contributions for Plan 87 participants will increase to 50 percent of normal cost, and contributions for Plan 67 participants will remain at 6 percent of wages.

⁴ New City proposal announced January BLA, 2013. The City is seeking to court approval to impose new contract terms on DC 33, including the enrollment of newly hired employees in Plan 10.

⁵ Pensions for members of these bargaining units are the subject of ongoing collective bargaining.

⁶ Administration proposal announced September 26, 2012. Requires City Council legislation to implement.

Key Management Issues

- ▶ Performance Measures
- ▶ Staffing
- ▶ Overtime
- ▶ Leave Usage

Key Management Issues: Performance Measures

- ▶ **Police Department:** Through the third quarter of FY13, an estimated 200 homicides occurred, a decline of 54 from 254 through the first three quarters of FY12. Estimated Part 1 crime decreased from the first three quarters of FY12 to FY13 by 684 incidents. The clearance rate for homicides has increased by 14.9% in comparison to the rate total through the third quarter of FY12. The clearance rate for other violent crime is slightly higher (48.8% versus 46.9%) than it was through the third quarter of FY12.
- ▶ **Fire Department:** Through the third quarter of FY13, the average fire response time was 4:55, a decrease of two seconds on the average time through the third quarter of FY12. There were 151 fewer structural fires during the first three quarters of FY13 than for the same period in FY12. In terms of fire deaths, the City is three ahead of where it was last year during the same time period. Lastly, the percent of EMS responses that occurred within 9 minutes up to this point dropped from 69 percent through the third quarter of FY12 to 66 percent through the third quarter of FY13.
- ▶ **Prison System:** Through the first three quarters of FY13, 73% of sentenced inmates were given the opportunity to participate in education, training or treatment, compared to 75% during the same period in FY12. Through the first three quarters of FY12 and FY13, all inmates were processed and housed within 24 hours of admission.

Performance Measures: Public Safety						
<u>Agency</u>	<u>Measure</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>FY12 Total</u>	<u>FY12 Through Q3</u>	<u>FY13 Through Q3</u>
Police ¹	Homicides	305	318	350	254	200
	Part 1 Violent Crime	17,740	18,446	18,224	13,600	12,916
	Homicide Clearance Rate	72.2%	67.9%	64.4%	57.5%	72.4%
	Other Violent Crime Clearance Rate	51.2%	49.8%	49.1%	46.9%	48.8%
Fire	Fire Average Response Time	4:46	4:57	4:57	4:57	4:55
	Structural Fires ²	1,362	3,041	3,108	2,348	2,197
	Fire Deaths	32	41	24	15	18
	EMS Response Time (Percent Within 9 Minutes)	73.9%	68.5%	68%	69%	66%
Prisons	Percent of Sentenced Inmates with Opportunity to Participate in Education, Training, or Treatment	75%	77%	75%	75%	73%
	Inmates Processed and Housed within 24 Hours of Admission	100%	100%	100%	100%	100%

¹ Figures for FY13 are based on actual figures through November and an estimate for December.

² FY11 and FY13 figures are based on the National Fire Incident Reporting System (NFIRS) definition of structural fires, and not comparable to the FY10 figures, which are based on a less inclusive definition.

Key Management Issues: Performance Measures

- ▶ **Department of Human Services:** In the third quarter of FY13, 63 adoptions occurred, a decline of 95 from the same period in FY12. During this same quarter, the number of dependent placements increased from 4,093 to 4,196. Delinquent placements declined (1,201 to 1,167). Youth Study Center average daily population went from an average of 118 for the third quarter of FY12 to an average of 105 for the same period in FY13.
- ▶ **Department of Public Health:** When comparing the third quarters of FY13 to the same period during FY12, there was a decrease(3,643) in the number of visits to district health centers but an increase in the percentage of visits from uninsured patients (increase of 2.7%).

Performance Measures: Public Health and Human Services						
<u>Agency</u>	<u>Measure</u>	<u>FY11 Total</u>	<u>FY 12 Total</u>	<u>FY13 Year To Date</u>	<u>FY12 Q3</u>	<u>FY13 Q3</u>
Human Services	Dependent Placements as of End of Period	4,182	4,030	4,142	4,093	4,196
	Delinquent Placements as of End of Period	1,413	1,198	1,176	1,201	1,167
	Adoptions Finalized	654	480	239	158	63
	Youth Study Center Average Daily Population	118	119	104	118	105
Public Health	Visits to District Health Centers	339,032	348,472	255,795	87,463	83,820
	Percent of Visits from Uninsured Patients	49.6%	51.1%	53.6%	50.1%	52.8%

Key Management Issues: Performance Measures

- ▶ **Office of Supportive Housing:** The number of households receiving homeless prevention services increased by 39 when comparing the third quarter of FY13 to the third quarter of FY12. Transitional housing placements increased by 23 when comparing the first two quarters of FY13 to those of FY12. As part of a federal grant process, data on the number of new permanent supportive housing units are released annually.
- ▶ **Office of Housing and Community Development:** The number of mortgage foreclosures diverted during the third quarter of FY13 was more than the number for the same time period in FY12. This measure increased from 288 to 456. For third quarter of FY13, 1,414 owner-occupied homes were repaired through one of three programs (Basic System Repair Program, weatherization, or Heater Hotline). This measure declined from 1,844 during the same period in FY12. The number of city lots that were greened and cleaned in the third quarter of FY13 decreased by 152 in comparison to the number greened and cleaned in the third quarter of FY12. The number of homebuyer grants awarded in quarter three of FY13 decreased by 31 when compared to the same period in FY12.

Performance Measures: Housing						
<u>Agency</u>	<u>Measure</u>	<u>FY11 Total</u>	<u>FY12 Total</u>	<u>FY13 Year To Date</u>	<u>FY12 Q3</u>	<u>FY13 Q3</u>
Supportive Housing	Households Receiving Homeless Prevention Services	1,898	809	535	164	203
	New Permanent Supportive Housing Units ¹	120	179	0	NA	NA
	Transitional Housing Placements	510	558	412	163	152
Housing and Community Development	Mortgage Foreclosures Diverted	1,647	1,423	1,067	288	456
	Owner-Occupied Homes Repaired ²	8,232	7,129	3,971	1,844	1,414
	City Lots Greened and Cleaned ³	8,417	11,034	8,924	3,081	2,929
	Homebuyer Grants Awarded	307	200	140	58	27

Notes

¹ Excludes Philadelphia Housing Authority units.

² Through Basic System Repair Program, Weatherization, or Heater Hotline.

³ Includes land stabilization and land maintenance.

Key Management Issues: Performance Measures

- ▶ **Department of Parks and Recreation:** The number of programs offered by the department decreased from 583 in FY12 Q3 to 327 in FY13 Q3. In the third quarter of FY13 the total visits to departmental facilities and sites decreased by 604,524 in comparison to the third quarter of FY12. The department mowed 275 acres in the third quarters of FY12 and FY13.
- ▶ **Free Library of Philadelphia:** Total circulation decreased from 1.84 million items in FY12 quarter three to 1.504 million in FY13 quarter three. Total visits to library facilities also decreased from 1.41 million in the third quarter of FY12 to 1.39 million in the third quarter of FY13. The number of hours the libraries were open increased from 23,932 in the third quarter of FY12 to 24,050 in the third quarter of FY13.

Performance Measures: Parks and Recreation and Libraries						
<u>Agency</u>	<u>Measure</u>	<u>FY11 Total</u>	<u>FY12 Total</u>	<u>FY13 Year To Date</u>	<u>FY12 Q3</u>	<u>FY13 Q3</u>
Parks and Recreation	Programs Offered	3,824	4,050	3,181	583	327
	Visits to Departmental Facilities and Sites (Millions)	6.57	6.60	5.57	1.96	1.36
	Acres Mowed ¹ (Thousands)	37.5	36.0	22.5	0.28	0.28
	Trees Planted ² (Thousands)	18.3	20.3	12.7	N/A*	N/A*
Free Library	Circulation of Materials (Millions)	7.21	7.50	5.04	1.84	1.54
	Visits (Millions)	6.10	6.02	4.41	1.41	1.39
	Hours Open (Thousands)	100.0	97.8	70.4	23.9	24.1

Notes

¹ Includes athletic fields and neighborhood parks.

² Includes trees planted along streets, on departmental sites and public land, and trees planted in partnership with other organizations.

*Trees are only planted in the fall and spring so no planting occurs during the third quarter

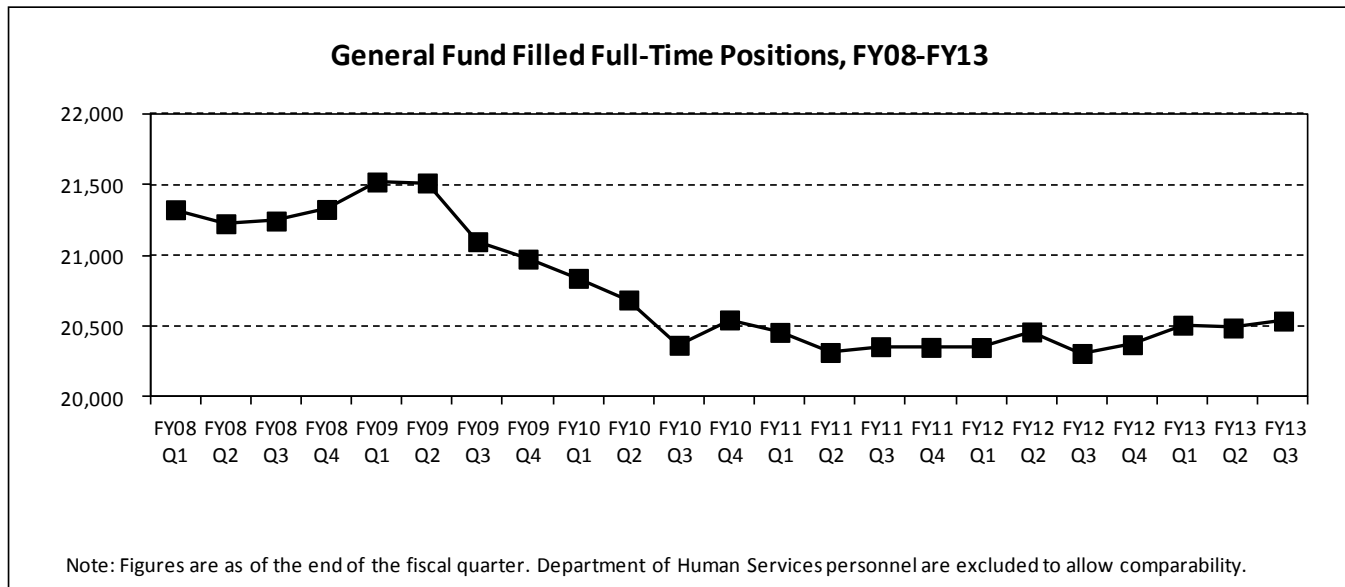
Key Management Issues: Performance Measures

- ▶ **Streets Department:** The recycling rate increased from 19 percent for the first three quarters of FY12 to 20 percent for the first three quarters of FY13. On-time trash collection increased from 93 percent through the third quarter of FY12 to 96 percent through the third quarter of FY13. On-time recycling collection through quarter three of FY13 was 97 percent, unchanged from the same time period in FY12.
- ▶ **Department of Licenses and Inspections:** The QCMR reports on performance with respect to twelve customer service standards relating to timeliness of service. For all but two performance measures (reviewing plumbing plans within 20 days and reviewing zoning plans within 20 days), the percentage of time that the department met its standard increased between the first three quarters of FY12 and the first three quarters of FY13.

Performance Measures: Streets and Licenses and Inspections						
<u>Agency</u>	<u>Measure</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>FY12 Total</u>	<u>FY12 through Q3</u>	<u>FY13 through Q3</u>
Streets	Recycling Rate	16%	19%	19%	19%	20%
	On-Time Trash Collection	90%	94%	94.4%	93%	96%
	On-Time Recycling Collection	94%	96%	97%	97%	97%
Licenses and Inspections	Service License Customers Within 30 Minutes	92%	84%	96%	96%	99%
	Service Zoning Customers Within 30 Minutes	NA	94%	98%	98%	100%
	Service Building Customers Within 30 Minutes	NA	90%	96%	96%	100%
	Review Residential Building Plans Within 15 Days	95%	90%	94%	93%	95%
	Review Commercial Building Plans Within 20 Days	96%	95%	98%	98%	99%
	Review Plumbing Plans Within 20 Days	NA	99%	99%	99%	98%
	Review Electrical Plans Within 20 Days	NA	96%	92%	89%	100%
	Review Zoning Plans Within 20 Days	NA	98%	98%	98%	97%

Key Management Issues: Staffing

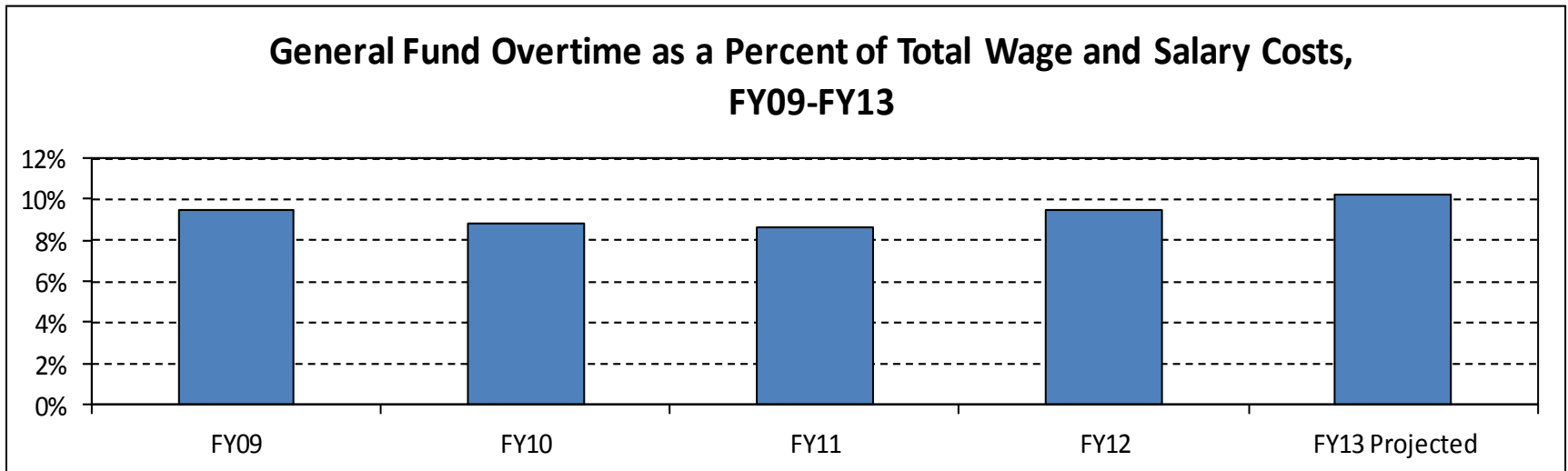
- ▶ General Fund filled full-time positions increased by 48 from FY13 quarter two to FY13 quarter three. The current 20,879 full-time positions is 1,427 below the adopted budget, which projected 22,308 full-time positions. As of the third quarter of FY13, the biggest diversions from the adopted budget include:
 - ▶ The Police Department is below the adopted plan by 181 employees.
 - ▶ The Prison System currently has 2,212 employees, which is 98 less than what was initially projected.
 - ▶ The Fire Department has 168 fewer employees than what was projected in the adopted budget.
 - ▶ The Sanitation Division of the Streets Department is below its initial projection by 163 employees.



¹ Department of Human Service (DHS) personnel are excluded to allow comparability. DHS personnel are reported in the Grants Revenue Fund beginning in FY12, due to an accounting change.

Key Management Issues: Overtime

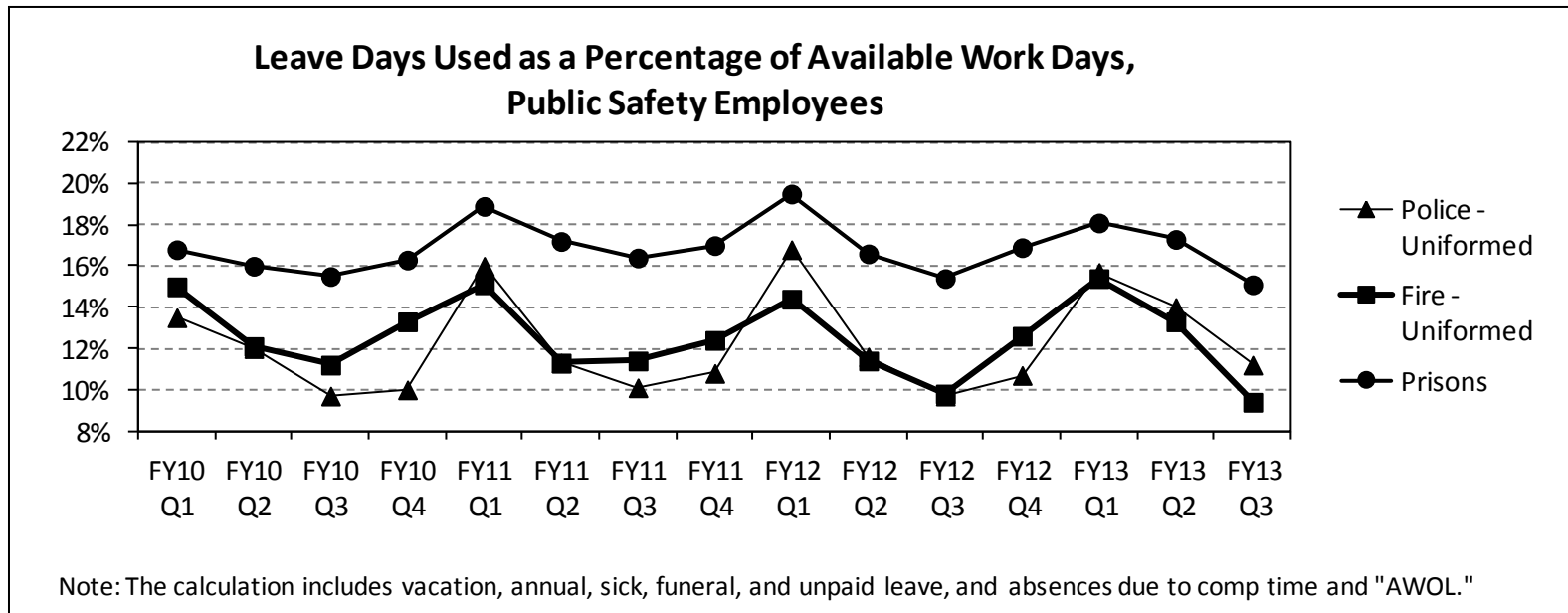
- ▶ The QCMR for the third quarter of FY13 projects total overtime costs of \$140.1 million, or 10.2 percent of total wages and salaries. The new projection is a \$29.9 million increase over the initial plan projection and a \$5.2 million increase of the first quarter projections. The current projected overtime cost exceeds the adopted budget projection significantly in the following agencies:
 - ▶ Fire (\$12.6 million), Police (\$3.4 million), Prisons (\$10.1 million), and Sheriff (\$1.9 million).
- ▶ Department of Human Services was \$1.7 million under its overtime costs projected in the adopted budget
- ▶ The actual cost for overtime through December 31, 2012 is \$104.6 million, which is \$3.8 million over the target budget.



The FY11 amount excludes \$3.8 million in Fire Department overtime due to an unusual legal settlement related to overtime for emergency medical services personnel.

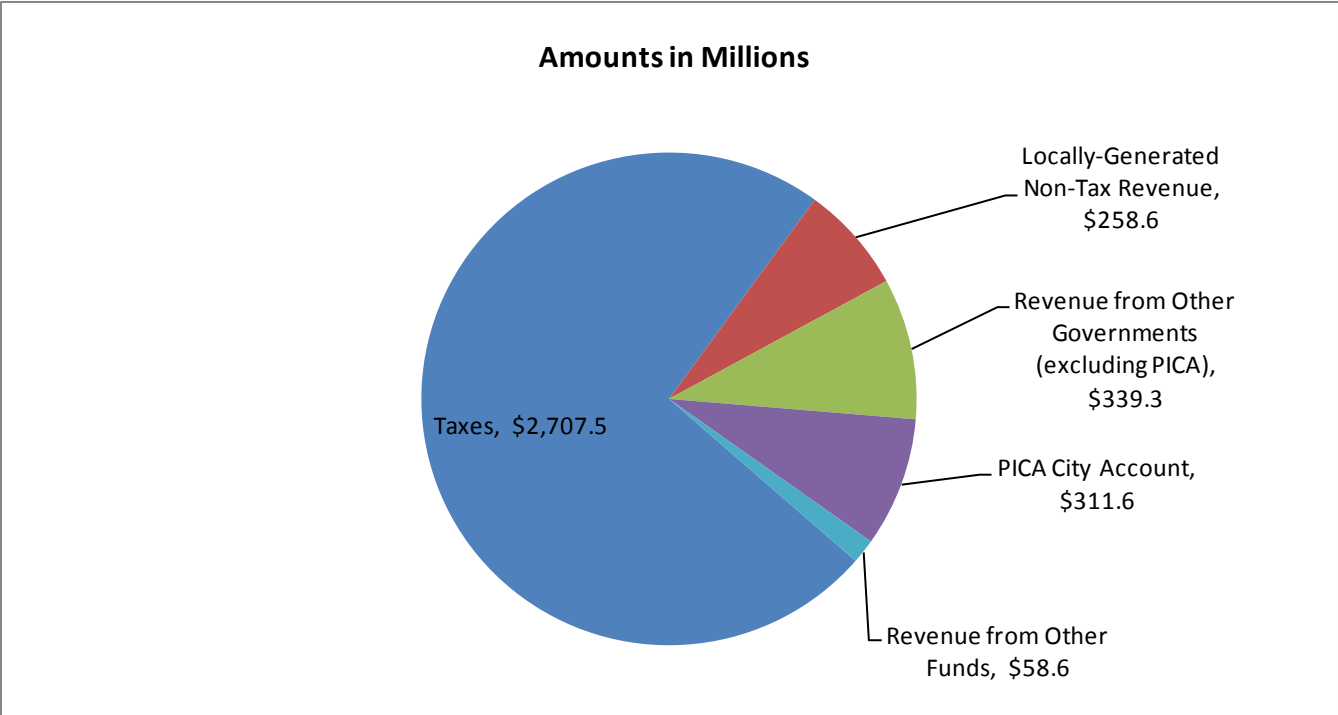
Key Management Issues: Leave Usage

- ▶ For the median City agency, employees were absent from work on 14.7 percent of available work days in the third quarter of FY13. Leave usage varied from a high of 23.6 percent in the City Commissioners office to 5.8 percent in the Mayor’s Office.
- ▶ For agencies that require consistent workforce levels over the year, seasonal variability in leave use has major cost implications, since overtime is often necessary to assure consistent staffing. Contractual restrictions on the City’s ability to manage leave use compound the problem. For instance, while the 2009 Fraternal Order of Police arbitration award allows the Police Department to limit new hires to one week of vacation during the summer for the first five years of employment, departmental management cannot impose these limits for the majority of its current workforce.



Key City Budget Characteristics

Distribution of FY13 General Fund Revenues
FY13 Q3 Projected Revenues: \$3.675.6 Billion



Key City Budget Characteristics

Distribution of FY13 General Fund Obligations
FY13 Q3 Projected Obligations: \$3.669.1 Billion

