



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Staff Report on the City of Philadelphia's Quarterly City Managers Report

For the Period Ending December 31, 2017

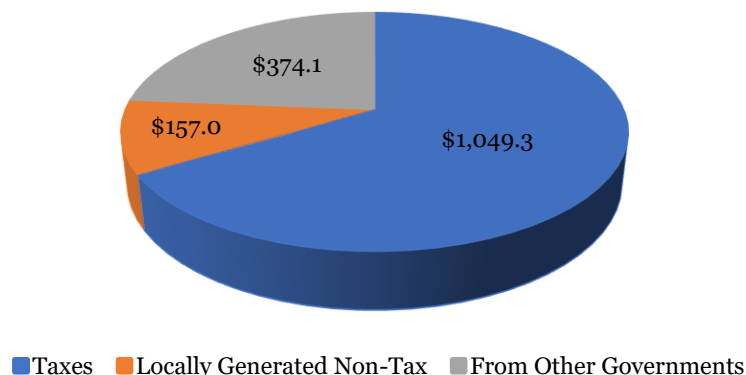
Executive Summary

The *Quarterly City Managers Report* (“QCMR”) for the second quarter of Fiscal Year 2018 (October 1, 2017 – December 31, 2017) was submitted to PICA on February 15, 2018. The most significant elements of the report include:

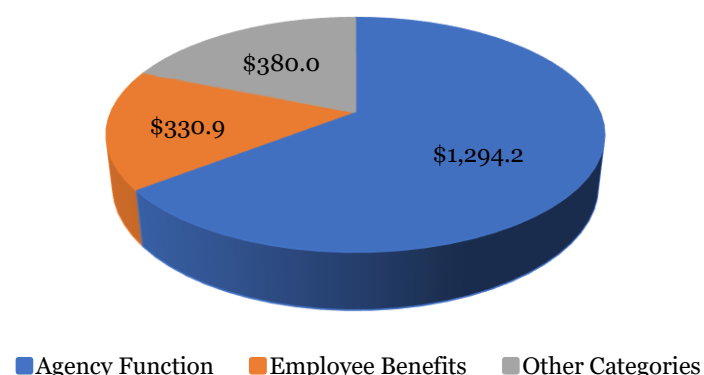
► *FY2018 Second Quarter Financial Analysis:*

- *Operating Deficit.* Actual obligations through the second quarter exceeded revenues by approximately \$424.6 million, which generally occurs in the early quarters, due to the timing of major tax collections.
- *Revenues.* Through the second quarter, actual General Fund Revenues totaled \$1,580.5 million, or 35.9 percent of the revenues projected in the *FY2018-FY2022 Five Year Plan – as Revised September 5, 2017* (“Revised Plan”).
- *Obligations.* Through the second quarter, actual General Fund Obligations totaled \$2,005.1 million, or 45.2 percent of obligations projected in the Revised Plan.

Actual Revenues Through Second Quarter
\$ in Millions



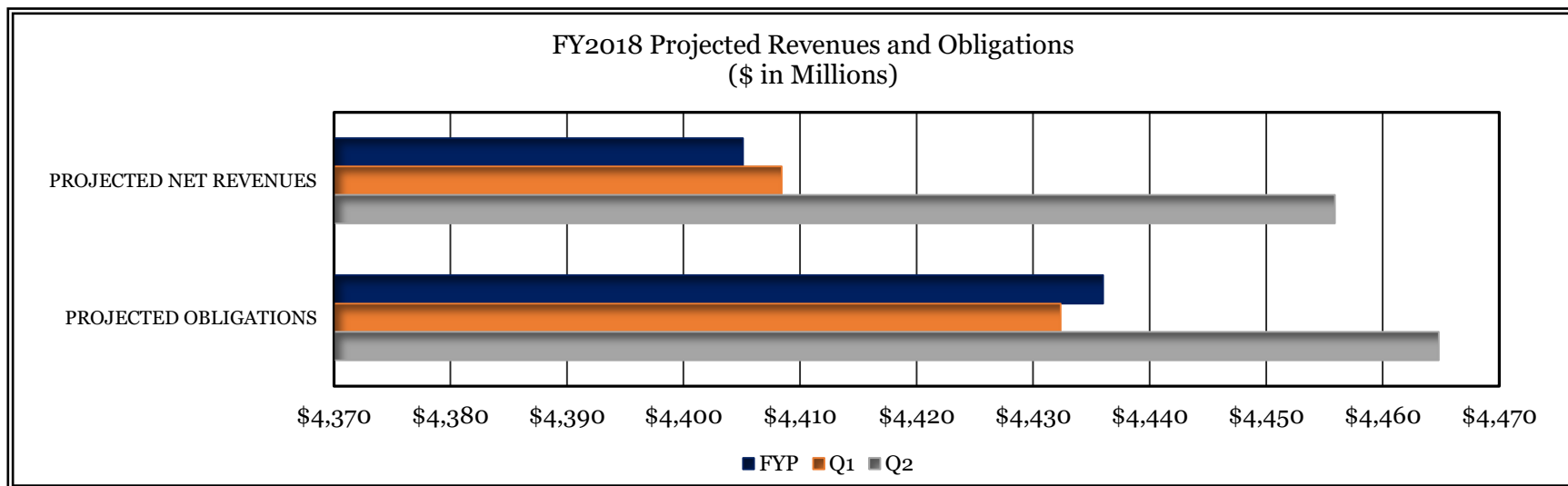
Actual Obligations Through Second Quarter
\$ in Millions



Executive Summary

► *FY2018 Financial Projections Analysis:*

- **Fund Balance.** The current General Fund FY2018 year-end fund balance estimate is \$203.3 million, \$126.0 million higher than projected in the Revised Plan.
- **Revenue.** The current net revenue estimate is \$4,455.9 million, \$50.8 million above the Revised Plan projection. Tax revenue for FY2018 General Fund is estimated at \$3,332.7 million, \$34.4 million higher than projected in the Revised Plan.
- **Obligations.** FY2018 General Fund obligations are projected at \$4,464.8 million, an increase of \$28.9 million from the Revised Plan.



Executive Summary

▶ *Key Management Issues:*

- ▶ *Labor.* In August 2017, an arbitration panel issued an award for the FOP covering the period FY2017 through FY2020. The award provides for wage increases of 3.25 percent in FY2018, 3.5 percent in FY2019, and 3.75 percent in FY2020. The award does not subject new FOP members to the new stacked–hybrid pension plan (Plan 16), although it does provide for an increase in certain employee contributions. The International Association of Fire Fighters (“IAFF”) continues to be in arbitration with the City, and any award will require the City to submit a revised *FY2018-2022 Five Year Financial Plan* for consideration by the PICA Board.
- ▶ *Leave Usage.* In the second quarter of FY2018, time not available due to leave usage varied from a high of 22.7 percent of work days for uniformed employees of the Police Department, to a low of 3.2 percent for employees in the Commission on Human Relations. The median rate of leave usage among all City agencies was 15.8 percent.

▶ *Departmental Performance:*

- ▶ *Police.* Homicide totals increased through the second quarter of FY2018 compared to last fiscal year; while the homicide clearance rate (homicide cases in which an arrest is made) increased to 46.1 percent from 35.8 percent over the same period last year.
- ▶ *Prison System.* The rate of sentenced inmates participating in educational or treatment programs through the second quarter was 76.2 percent, a participation rate slightly lower than the same period last year; the reincarceration rate was 38.9 percent, slightly higher than last year.
- ▶ *Public Health.* District Health Center visits by uninsured patients continued to decline through the second quarter of FY2018, however, new HIV diagnoses increased significantly compared to the same period last year.

Introduction

- ▶ This PICA Staff Report analyzes the City of Philadelphia’s *Quarterly City Managers Report* (“QCMR”) for the second quarter of Fiscal Year 2018, the period ending December 31, 2017. The QCMR contains information on second quarter revenues and obligations totals, projected FY2018 General Fund revenues and expenditures, agency performance, personnel levels, leave usage, and cash flow.
- ▶ The focus of this report is to analyze second quarter revenues and obligations, current projections of FY2018 General Fund revenues and expenditures, and key management issues such as labor contracts, pension benefits, staffing, overtime, and departmental performance. The report is organized as follows:
 - ▶ Background
 - ▶ FY2018 Second Quarter Financial Analysis
 - ▶ Overview
 - ▶ Revenues
 - ▶ Obligations
 - ▶ FY2018 Financial Projections Analysis
 - ▶ Overview
 - ▶ Revenues
 - ▶ Obligations
 - ▶ Key Management Issues
 - ▶ Labor Contracts
 - ▶ Pension Benefits
 - ▶ Staffing
 - ▶ Overtime
 - ▶ Leave Usage
 - ▶ Departmental Performance

Background

- ▶ The Pennsylvania Intergovernmental Cooperation Authority (“PICA”) Act (Act of June 5, 1991, P. L. 9, No. 6), Section 209(i), requires the City of Philadelphia to submit to PICA within 45 days following the end of each fiscal quarter a report describing actual or estimated revenues and expenditures and compare them to budgeted levels for the most recent quarter.
- ▶ The City fulfills this requirement by publishing a QCMR after the end of each fiscal quarter. The QCMR details actual-to-date and projected revenues and expenditures for the current fiscal year for the General Fund, Water Fund, and Aviation Fund, and provides information on agency performance, personnel, leave usage, and cash flow.
- ▶ This PICA staff report analyzes the most recent QCMR covering the second quarter of FY2018.¹ It compares the second quarter QCMR estimates of FY2018 revenues and expenditures with estimates in the approved *FY2018-FY2022 Five Year Financial Plan – as Revised September 5, 2017* (“Revised Plan”).² The report also highlights agency performance and key management issues.
- ▶ Unless otherwise noted, information in this report is drawn from City reports, including the Revised Plan and QCMRs.

Notes:

¹ The QCMR is available at <http://www.picapa.org/resources/city-of-philadelphias-quarterly-city-managers-report/>

² The *FY2018-FY2022 Five Year Financial Plan – as Revised September 5, 2017*, was approved by PICA on September 19, 2017.

FY2018 Second Quarter Financial Analysis



- ▶ Overview
- ▶ Revenues
- ▶ Obligations

FY2018 Second Quarter Financial Analysis: Overview

- ▶ The Revised Plan projects FY2018 General Fund revenues at \$4,405.1 million, and obligations at \$4,435.9 million.
- ▶ Actual revenues through the second quarter are \$1,580.5 million, representing 35.9 percent of the projected revenues of the Revised FY2018-2022 Financial Plan (“Revised Plan”).
- ▶ Actual obligations through the second quarter are \$2,005.1 million, representing 45.2 percent of the projected obligations in the Revised Plan.
- ▶ The FY2018 operating deficit is projected at \$30.8 million in the Revised Plan. Through the second quarter, the current actual operating deficit is \$424.6 million, approximately \$81.9 million lower than in the second quarter of the previous fiscal year. Such operating deficits generally occur in the early quarters, due to the timing of major tax collections.

FY2018 General Fund Summary Through the Second Quarter (\$ in Millions)				
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Second Quarter FY2017¹</u>	<u>Actual Through Second Quarter FY2018¹</u>	<u>Percentage Through Second Quarter FY2018²</u>
Revenues	\$4,405.1	\$1,453.1	\$1,580.5	35.9%
Obligations	4,435.9	1,959.6	2,005.1	45.2
Operating Surplus/(Deficit)	(\$30.8)	(\$506.5)	(\$424.6)	

Notes:

¹ All actuals listed in the City's Quarterly Report are unaudited and subject to revision.

² Percentage of Revised FY2018-22 Plan projected revenues collected or obligations spent through the second quarter of FY2018.

FY2018 Second Quarter Financial Analysis: Revenues

- ▶ The Revised Plan projects FY2018 General Fund revenue at \$4,405.1 million.
- ▶ Through the second quarter, General Fund revenues amounted to \$1,580.5 million, or approximately 35.9 percent of the revenues projected in the Revised Plan. It should be noted that many of the major tax collections occur in the spring.
- ▶ Locally Generated Non-Tax revenues totaled \$157.0 million through the second quarter, 51.1 percent of the projected \$307.1 million for FY2018.

FY2018 General Fund Revenues (\$ in Millions)				
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Second Quarter FY2017</u>	<u>Actual Through Second Quarter FY2018</u>	<u>Percentage Through Second Quarter FY2018</u>
Taxes	\$3,298.3	\$928.3	\$1,049.3	31.8%
Locally Generated Non-Tax	307.1	147.4	157.0	51.1
Revenue from Other Governments	735.5	377.4	374.1	50.9
Revenue from Other Funds	64.2	--	--	--
Total	\$4,405.1	\$1,453.1	\$1,580.5	35.9%

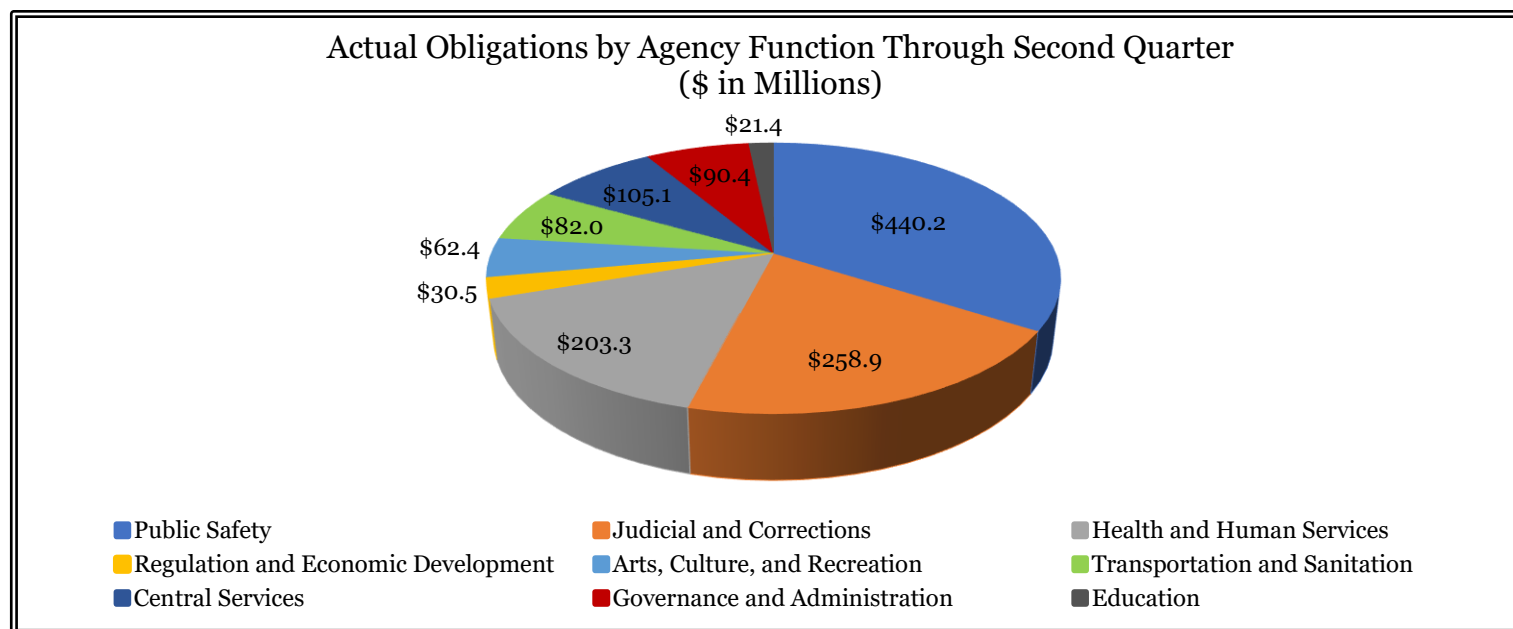
FY2018 Second Quarter Financial Analysis: Obligations

- ▶ The Revised Plan projects FY2018 obligations at \$4,435.9 million, of which \$2,005.1 million, or 45.2 percent, has already been obligated through the second quarter. Seasonal demands can impact departmental obligations on a quarterly basis.
- ▶ The Prison System has obligated 67.5 percent of its annual projected obligations through the second quarter, while the Office of Community Schools and Pre-K has obligated 50.3 percent, and the Streets Department has obligated 59.7 percent.

FY2018 General Fund Obligations by Department/Line Item (\$ in Millions)				
<u>Department/Line Item</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Second Quarter FY2017</u>	<u>Actual Through Second Quarter FY2018</u>	<u>Percentage Through Second Quarter FY2018</u>
Employee Benefits	\$1,298.9	\$343.2	\$330.9	25.5%
Police	679.0	309.7	325.7	48.0
Debt Service	296.0	172.1	179.3	60.6
Prisons	259.0	152.3	174.8	67.5
Fire	247.5	108.3	114.5	46.2
Streets	137.3	83.0	82.0	59.7
Indemnities	44.9	17.9	20.7	46.1
Community Schools/Pre-K	42.6	12.5	21.4	50.3
Licenses & Inspections	35.8	14.6	15.8	44.2
Sheriff	23.1	12.7	13.2	57.1
Other	1,371.8	733.3	726.9	53.0
Total	\$4,435.9	\$1,959.6	\$2,005.1	45.2%

FY2018 Second Quarter Financial Analysis: Obligations

- ▶ In PICA's staff report on the City's FY2018-22 Five Year Plan, certain departments and agencies are categorized into essential functions. These categories, and the departments and agencies that comprise them, are shown on the next page, with corresponding actual obligations through the second quarter.¹
- ▶ Public Safety obligations, comprised of the Police and Fire Departments, totaled \$440.2 million through the second quarter, making this the highest category of City spending.
- ▶ Judicial and Corrections obligations totaled \$258.9 million through the second quarter.
- ▶ Health and Human Services obligations amounted to \$203.3 million through the second quarter.



Note:

¹ These categories have been developed by PICA for purposes of obligations analysis, and do not correspond with the City's categorization of agencies for departmental performance analysis, shown later in this report.

FY2018 Second Quarter Financial Analysis: Obligations


FY2018 General Fund Obligations by Category (\$ in Millions)		
<u>Agency Function/Category</u>	<u>Actual Through Second Quarter</u>	<u>Category Description</u>
Public Safety	\$440.2	Police Department, Fire Department
Judicial and Corrections	258.9	Second Judicial District, Prisons Department, Office of the District Attorney, Register of Wills, Office of the Sheriff
Health and Human Services	203.3	Department of Human Services, Office of Homeless Services, Department of Public Health, Department of Behavioral Health and Intellectual disAbility Services, Commission on Human Relations
Central Services	105.1	Department of Public Property, Office of Innovation and Technology (includes 911 Call Center), Office of Fleet Management
Governance and Administration	90.4	Office of the Mayor, Office of the Managing Director, Office of the Director of Finance, City Council, Board of Ethics, Office of Labor Relations, Office of Property Assessment, Board of Revision of Taxes, Office of the City Commissioners, Office of the City Treasurer, Office of Human Resources, Civil Service Commission, Office of the Inspector General, Department of Records, Department of Revenue, Office of the Chief Administrative Officer, Law Department, Office of the City Controller
Transportation and Sanitation	82.0	Streets Department
Arts, Culture, and Recreation	62.4	Free Library of Philadelphia, Department of Parks and Recreation, Office of Arts, Culture, and the Creative Economy, Mural Arts Program, Atwater Kent Museum
Regulation and Economic Development	30.5	Department of Commerce (includes economic stimulus), Office of the City Representative, Department of Licenses and Inspections, Licenses and Inspections Boards of Building Standards, Review, and Adjustment, Office of Sustainability, Office of Community Empowerment and Opportunity, Department of Planning and Development, Board of Licenses and Inspections Review
Education	21.4	Office of Community Schools and Pre-K
Agency Function Total	\$1,294.2	
Employee Benefits	330.9	Unemployment Compensation, Employee Disability, Pensions (including Pension Obligations Bonds and additional pension payments from the City sales tax), Social Security, Flex Cash, Health and Medical, Group Life, Group Legal, Tool Allowance
Other Categories	380.0	Debt Service, Legal Services (Defender Association), Indemnities, Refunds, Witness Fees, Hero Awards, Mayor's Scholarships, PA Convention Center Subsidy, Art Museum Subsidy, SEPTA Subsidy, Space Rentals, Utilities, Federal Grant Reduction Reserve, Budget Stabilization Reserve, School District Contribution, Community College Subsidy
Total	\$2,005.1	

FY2018 Second Quarter Financial Analysis: Obligations

- ▶ The Revised Plan projects FY2018 obligations at \$4,435.9 million, of which \$2,005.1 million, or 45.2 percent, has already been obligated through the second quarter.
- ▶ Purchase of services (contracts and leases) obligations were projected at \$935.1 million, of which 72.0 percent has already been obligated.
- ▶ The City projected \$105.7 million for materials, supplies, and equipment, of which \$63.8 million, or 60.4 percent, has been obligated through the second quarter.
- ▶ The City obligated \$114.1 million for debt service through the second quarter, 72.5 percent of \$157.3 million projected for FY2018.

FY2018 General Fund Obligations by Class (\$ in Millions)				
<u>Obligation Class</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Second Quarter FY2017</u>	<u>Actual Through Second Quarter FY2018</u>	<u>Percentage Through Second Quarter FY2018</u>
Wages	\$1,656.0	\$737.9	\$760.2	45.9%
Employee Benefits	1,298.9	343.2	330.9	25.5
Purchase of Services	935.1	645.4	673.1	72.0
Materials, Supplies & Equipment	105.7	59.8	63.8	60.4
Contributions & Indemnities	196.0	58.6	62.6	32.0
Debt Service	157.3	114.5	114.1	72.5
Payments to Other Funds	36.0	0.3	0.4	1.0
Advances & Miscellaneous	50.9	--	--	--
Total	\$4,435.9	\$1,959.6	\$2,005.1	45.2%

FY2018 Financial Projections Analysis

- 
- ▶ **Overview**
 - ▶ **Revenue**
 - ▶ **Tax Revenues**
 - ▶ **Locally-Generated Non-Tax**
 - ▶ **From Other Governments**
 - ▶ **Obligations**

FY2018 Financial Projections Analysis: Overview

- ▶ The second quarter QCMR projects FY2018 General Fund revenues at \$4,455.9 million, an increase of \$50.8 million from the Revised FY2018-FY2022 Plan (“Revised Plan”). Obligations are projected at \$4,464.8 million, an increase of \$28.9 million from the Revised Plan. The FY2018 operating deficit is projected at \$8.9 million, a \$22.0 million decrease from the \$30.8 million deficit projected in the Revised Plan. The Revised Plan projected the FY2017 year-end fund balance at \$88.6 million, however the actual FY2017 fund balance ended significantly higher at \$189.2 million.
- ▶ The sum of the projected operating deficit, prior year adjustments, and FY2017 fund balance comprise the projected FY2018 fund balance of \$203.3 million. This projection is \$126.0 million higher than the Revised Plan.

FY2018 General Fund Projections Summary (\$ in Millions)				
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Revenues	\$4,405.1	\$4,408.4	\$4,455.9	\$50.8
Obligations	4,435.9	4,432.4	4,464.8	28.9
Operating Surplus/(Deficit)	(30.8)	(24.0)	(8.9)	22.0
Prior Year Net Adjustments	19.5	19.5	22.9	3.4
Prior Year Fund Balance/(Deficit)	88.6	189.2	189.2	100.6
Year-End Fund Balance	\$77.3	\$184.8	\$203.3	\$126.0

FY2018 Financial Projections Analysis: Revenues

- ▶ The second quarter QCMR projects FY2018 General Fund revenue at \$4,455.9 million, an increase of \$50.8 million from the Revised Plan.
- ▶ The increase is largely attributable to higher than projected tax revenue (\$34.4 million), revenue from other governments (\$13.7 million), and locally generated non-tax revenue (\$3.6 million).

FY2018 General Fund Revenue Projections (\$ in Millions)				
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Taxes	\$3,298.3	\$3,297.1	\$3,332.7	\$34.4
Locally-Generated Non-Tax	307.1	302.9	310.7	3.6
Revenue from Other Governments	735.5	744.3	749.2	13.7
Revenue from Other Funds	64.2	64.2	63.4	(0.8)
Total	\$4,405.1	\$4,408.4	\$4,455.9	\$50.8

FY2018 Financial Projections Analysis: Tax Revenues

- ▶ FY2018 General Fund tax revenue is currently projected at \$3,332.7 million, an increase of \$34.4 million from the Revised Plan. The overall increase reflects increases for the following taxes: wage and earnings (\$71.2 million), real estate transfer (\$44.2 million), and sales (\$6.4 million).
- ▶ These increases were partially offset by decreases in the following taxes: business income and receipts (\$76.4 million), parking (\$5.7 million), and real estate (\$5.2 million).

FY2018 General Fund Tax Revenue Projections (\$ in Millions)				
<u>Tax</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Wage and Earnings	\$1,464.6	\$1,492.7	\$1,535.8	\$71.2
Real Estate	651.5	651.5	646.3	(5.2)
Business Income and Receipts	489.9	452.2	413.5	(76.4)
Sales	198.1	198.1	204.5	6.4
Real Estate Transfer	242.9	255.6	287.1	44.2
Net Profits	29.7	29.6	30.0	0.3
Parking	103.7	99.5	98.0	(5.7)
Amusement	22.1	22.1	21.3	(0.9)
Beverage	92.4	92.4	92.4	--
Other	3.4	3.4	3.8	0.4
Total	\$3,298.3	\$3,297.1	\$3,332.7	\$34.4

FY2018 Financial Projections Analysis: Locally Generated Non-Tax Revenues

- ▶ FY2018 locally generated non-tax revenue is currently projected at \$310.7 million, an increase of \$3.6 million from the Revised Plan.
- ▶ The most significant changes from the Revised Plan were revenue increases in Finance (\$3.9 million), Public Health (\$8.5 million), and Licenses & Inspections (\$3.2 million), offset by a revenue decrease in Public Property (\$13.3 million).

FY2018 General Fund Locally-Generated Non-Tax Revenue Projections (\$ in Millions)				
<u>Agency Source</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Finance	\$7.6	\$11.1	11.5	\$3.9
Public Health	19.1	22.6	27.6	8.5
Revenue	4.7	4.7	4.3	(0.4)
Fire	43.5	45.5	43.7	0.3
Office of Technology	24.1	24.1	24.1	--
Licenses and Inspections	59.2	59.2	62.4	3.2
Public Property	23.2	9.9	9.9	(13.3)
Streets	25.7	25.7	24.8	(0.9)
Records	18.0	18.0	18.0	--
First Judicial District	33.4	33.4	32.6	(0.8)
Sheriff	11.3	11.3	11.3	--
Chief Administrative Officer	11.5	11.5	11.5	--
Fleet Management	3.6	3.6	3.6	--
Other	22.3	22.3	25.5	3.2
Total	\$307.1	\$302.9	\$310.7	\$3.6

FY2018 Financial Projections Analysis: Revenues from Other Governments

- ▶ The second quarter QCMR projection of FY2018 revenue from other governments is \$749.2 million, an increase of \$13.7 million from the Revised Plan.
- ▶ PICA City Account revenue is projected at \$441.3 million, accounting in large part for the above-mentioned increase.

FY2018 General Fund Revenue From Other Governments Projections (\$ in Millions)				
<u>Agency Source</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
PICA City Account	\$419.2	\$427.6	\$441.3	\$22.1
Finance	162.7	165.3	163.4	0.7
Revenue	38.8	38.8	40.1	1.3
Public Health	67.2	65.4	60.4	(6.8)
Other	47.6	47.2	43.9	(3.7)
Total	\$735.5	\$744.3	\$749.2	\$13.7

FY2018 Financial Projections Analysis: Obligations

- ▶ The second quarter QCMR projects FY2018 obligations at \$4,464.8 million, an increase of \$28.9 million from the Revised Plan. This increase is largely attributable to an increase in Police and Fire spending, \$12.3 million and \$10.2 million, respectively, driven by overtime costs in those departments.

FY2018 General Fund Obligations Projections by Department/Line Item (\$ in Millions)				
<u>Department/Line Item</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Employee Benefits	\$1,298.9	\$1,296.2	\$1,299.4	\$0.5
Debt Service	296.0	296.0	296.0	--
Police	679.0	679.0	691.3	12.3
Prisons	259.0	257.9	258.9	--
Fire	247.5	247.5	257.7	10.2
Streets	137.3	136.2	136.2	(1.1)
Indemnities	44.9	44.9	44.9	--
Community Schools/Pre-K	42.6	42.5	42.5	(0.1)
Licenses & Inspections	35.8	35.4	35.4	(0.3)
Sheriff	23.1	23.9	25.5	2.4
Other	1,371.8	1,372.8	1,376.8	5.0
Total	\$4,435.9	\$4,432.4	\$4,464.8	\$28.9

FY2018 Financial Projections Analysis: Obligations

- ▶ The second quarter QCMR projects FY2018 wage obligations at \$1,676.7 million, an increase of \$20.7 million from the Revised Plan.
- ▶ The second quarter QCMR projects an increase in employee benefits costs of \$0.5 million compared to the Revised Plan projections.
- ▶ Purchase of services (contracts and leases), and materials, supplies, and equipment costs are also projected to come in higher than the Revised Plan by \$4.8 million and \$2.3 million, respectively.

FY2018 General Fund Obligations Projections by Class (\$ in Millions)				
<u>Obligation Class</u>	<u>Revised</u> <u>FY2018-22</u> <u>Plan</u>	<u>First</u> <u>Quarter</u> <u>QCMR</u>	<u>Second</u> <u>Quarter</u> <u>QCMR</u>	<u>Change from</u> <u>Plan to</u> <u>Second</u> <u>Quarter</u> <u>QCMR</u>
Wages	\$1,656.0	\$1,651.1	\$1,676.7	\$20.7
Employee Benefits	1,298.9	1,296.2	1,299.4	0.5
Purchase of Services	935.1	936.8	939.9	4.8
Materials, Supplies & Equipment	105.7	108.0	108.0	2.3
Contributions & Indemnities	196.0	196.0	196.5	0.5
Debt Service	157.3	157.3	157.3	--
Payments to Other Funds	36.0	36.0	36.0	--
Advances & Miscellaneous	50.9	50.9	50.9	--
Total	\$4,435.9	\$4,432.4	\$4,464.8	\$28.9

Key Management Issues



- ▶ Labor Contracts
- ▶ Pension Benefits
- ▶ Staffing
- ▶ Overtime Management
- ▶ Leave Usage

Key Management Issues: Labor Contracts

- ▶ The following is a description of the status of contracts with the major uniformed unions:
 - ▶ **Fraternal Order of Police (“FOP”)**: In August 2017, an arbitration panel issued an award for the FOP covering the period FY2018 through FY2020. The award provides for wage increases of 3.25 percent in FY2018, 3.5 percent in FY2019, and 3.75 percent in FY2020. The City is also required to make three \$4.5 million lump sum payments to the Retiree Joint Trust Fund, in each of the upcoming three years. The award also provides increases in life insurance coverage and one-time cash payments for all FOP members to compensate them for issues with electronic court notices. The award additionally provides for pension reforms, in the form of increased employee contributions, which are detailed in the pension section of this report.
 - ▶ **International Association of Fire Fighters (“IAFF”)**: The current IAFF arbitration award recently expired, on June 30, 2017. The award covered the period FY2014 through FY2017. The award included retroactive wage increases of 3 percent in FY2014 and 3 percent in FY2015, and a 3.25 percent increase in FY2016. The award implemented self-insurance for the IAFF health fund effective February 1, 2015. Wages for FY2017 were determined through a reopener arbitration, which provided a 3.25 percent increase as of July 1, 2016. Additionally, the City provided a \$2.65 million lump sum payment into the union’s health trust fund. The current arbitration process is in the final stages. An award will require the City to submit a revised *FY2018-2022 Five Year Financial Plan* for consideration by the PICA Board.

Key Management Issues: Labor Contracts

- ▶ The following is a description of the status of contracts with the major non-uniformed unions:
 - ▶ **District Council 33 (“DC33”):** In July 2016, the City announced a new agreement with DC33 covering the period FY2017 through FY2020. The agreement includes wage increases of 3 percent for the second, second, and fourth years of the contract, and a 2.5 percent increase in the third year. The contract also included pension reforms surrounding plan design¹, which are explained in the following section of this report. As part of this negotiation, the City agreed to end litigation surrounding DROP in exchange for a new employee interest rate that is approximately half of the Treasury rate. The City also committed to provide \$20 million in two lump sum payments to the union’s health fund. The contract expires at the end of FY2020.
 - ▶ **District Council 47 (“DC47”):** In February 2014, the City executed a contract with DC47 covering FY2010 through FY2017. This contract recently expired, as of June 30, 2017. The contract provided for a 3.5 percent wage increase after ratification by the union, a 2.5 percent wage increase in FY2016, and a 3 percent wage increase in FY2017. The contract allowed for adjustment of salaries to reflect step and longevity increases that were frozen when the previous contract expired in July 2009. The contract was also expected to result in savings due to pension reforms and changes to overtime rules.
- ▶ If the actual costs of any contracts between the City and municipal unions deviate from the projections in the Revised Plan, any increased costs must be incorporated into future plans or plan revisions. As envisioned under the PICA statute, the Plan process requires the City to demonstrate that it can finance the cost of labor contracts while maintaining a positive General Fund balance over a five-year period. All labor costs described above are incorporated into the *FY2018-FY2022 Five Year Financial Plan –as Revised September 5, 2017* approved by PICA in September 19, 2017.

Note:

¹ Plan design refers to the elements of a pension plan that define its structure, for example: hybrid, stacked hybrid, and defined contribution pension plans.

Key Management Issues: Pension Benefits

- ▶ The City has achieved changes to its pension system to reduce costs and promote fiscal sustainability. The most significant recent changes were negotiated with DC33 and were recently enacted into law – they include increased employee contributions and the creation of a stacked hybrid plan, referred to as Plan 16. Plan 16 is now mandatory for all new DC33 employees, including Correctional Officers. Additionally, legislation was introduced in FY2017 in City Council that would similarly require newly hired exempt and non-represented employees to be mandatory members of Plan 16. Furthermore, current exempt employees, non-represented employees, and elected officials would make increased contributions under this legislation; however, newly elected officials would not be required to participate in Plan 16. For newly-hired Register of Wills employees and Deputy Sheriffs, Plan 10 is still mandatory. The status of recent pension changes for each bargaining unit is as follows:
 - ▶ **FOP.** The new, recently announced arbitration award stipulates that new and existing members will pay increased pension contributions, although the FOP will not be subject to Plan 16. Members of Plan 67 will be exempted from those increases. Newly-hired employees continue to have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87.
 - ▶ **IAFF.** Currently, newly-hired employees have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87. If they choose Plan 87, required employee contributions will be higher than those of existing employees and will equal the greater of 6 percent of earnings or 30 percent of normal cost. An arbitration award for this union, which may include changes to pension benefits, is currently pending.

Key Management Issues: Pension Benefits

- ▶ **DC33 (including Correctional Officers – Local 159).** Current DC33 members have a tiered contribution system. Employees earning \$45,000 or less will not make an additional contribution. Above \$45,000, the increases in contributions range from an additional 0.5% to 3%, based on salary. New hires are required to participate in Plan 16, which caps the defined benefit pension at \$50,000 and offers a defined contribution component for voluntary contributions for employees earning above \$50,000 annually.
 - ▶ **DC47, Non-Union Employees and Elected Officials.** Contributions for those previously hired or previously elected increased 0.5 percent in 2015 and an additional 0.5 percent in 2016. Newly-hired DC47, non-union employees, and newly-elected officials, are required to participate in Plan 10 or in Plan 87. If they choose Plan 87, required employee contributions are one percent higher than current employees or officials.
 - ▶ **Register of Wills (“FOP”).** Newly-hired employees are required to participate in Plan 10.
 - ▶ **Deputy Sheriffs.** Newly-hired employees are required to participate in Plan 10 or in Plan 87. If Plan 87 is chosen, required contributions will be higher than those of existing employees and will equal 50 percent of normal costs.
- ▶ Current pension benefits, eligibility and participant contribution requirements are summarized on the next three pages.

Key Management Issues: Pension Benefits

- ▶ Plan 67 and Plan 87 are defined benefit plans. Plan 10 is a hybrid defined benefit-defined contribution plan. Plan 16 is a stacked hybrid plan that was established for DC33 new hires, as passed by City Council and signed into law by the Mayor in 2016. Council has also introduced legislation to apply Plan 16 to new non-represented and exempt employees. Under that legislation, current non-represented and exempt employees would make tiered contributions as outlined in the DC33 collective bargaining agreement. Elected officials would also pay the tiered contributions but would not be subject to Plan 16. The formula for determining the defined benefit under each plan is shown in the following table. Under the Plan 10 defined contribution plan, the City matches 50 percent of employee contributions, with the total City match not to exceed 1.5 percent of compensation. Under Plan 16, new hires enroll in a standard defined benefit pension plan up to pensionable earnings of \$50,000 annually. Employees may also voluntarily participate in a defined contribution plan. For new hires with pensionable earnings exceeding this \$50,000 threshold, the City will match half of the employee contribution up to 1.5 percent of annual compensation. Plan 16 is awaiting enactment by City Council, for non-represented and exempt employees. Currently, a hearing related to the legislation was postponed and remains to be re-scheduled.
- ▶ The definition of average final compensation (“AFC”) used to determine benefits varies by plan, as follows: Plan 67 municipal and Plan 87 municipal and elected, average of three highest years; Plan 67 uniformed, average of five highest years or 12 consecutive months, whichever is higher; Plan 87 uniformed, average of two highest years; Plan 10, average of five highest years; and Plan 16, average of final three years.
- ▶ To qualify for normal service retirement benefits, participants must meet age and service requirements, as follows: Plan 67 municipal, age 55; Plan 67 uniformed, age 45; Plan 87 and Plan 10 municipal, age 60 and 10 years of service; Plan 87 and Plan 10 uniformed, age 50 and 10 years of service; Plan 87 elected, age 55 and 10 years of service; and Plan 16, age 60 and 10 years of service.
- ▶ The below tables are a summary of the provisions of City offered pension plans.

Key Management Issues: Pension Benefits

City Pension Plans Benefits (Defined Benefit Portion)				
Category	Plan 67	Plan 87	Plan 10	Plan 16
Police and Fire	2.5 percent x AFC x years of service	(2.2 percent x AFC x years of service up to 20 years) +(2.0 percent x AFC x years of service in excess of 20 years)	1.75 percent x AFC x years of service up to 20 years	NA
Municipal	(2.5 percent x AFC x years of service up to 20 years) +(2.0 percent x AFC x years of service in excess of 20 years)	(2.2 percent x AFC x years of service up to 10 years) +(2.0 percent x AFC x years of service in excess of 10 years)	1.25 percent x AFC x years of service up to 20 years	(2.2 percent x AFC x years of service up to 10 years) +(2.0 percent x AFC x years of service in excess of 10 years), defined benefit portion capped at pensionable earnings of \$50,000
Elected Officials	NA	3.5 percent x AFC x years of service	1.25 percent x AFC x years of service up to 20 years	NA

Key Management Issues: Pension Benefits

City Pension Plans Eligibility and Participant Contribution Requirements		
Bargaining Unit/ Category	Previously-Hired Employees	Newly-Hired Employees ¹
Police (FOP) and Firefighters (IAFF)	Plan 67 (6%) or Plan 87 (5%, but not less than 30% or greater than 50% of normal cost) or Plan 10 (5.5% for second 20 years of service); FOP: Plan 87 and Plan 10 members will contribute an additional 0.92% effective July 2017, and another 0.92% effective July 2018	Plan 87 (6% or 30% of normal cost, whichever is greater) or Plan 10 (5.5% for second 20 years of service); FOP: all members hired beginning in FY2018 will contribute an additional 2.5%
DC33 (including Correctional Officers) ²	Plan 67 (3.75% for compensation subject to Social Security tax and 6% for compensation above that level; with additional 0.5% beginning January 2015 and additional 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016 up to \$45,000, tiered increases based on salary thereafter, ranging from an additional 0.5%-3%) or Plan 10 (50% of normal cost)	Plan 16 (up to \$45,000 salary, same as Plan 87; an additional 0.5% for earnings between \$45,000-\$50,000; \$50,000 and above, City to match 50% of contributions, capped at 1.5% of annual compensation)
DC47 and Non-Union ²	Plan 67 (3.75% for compensation subject to Social Security tax and 6% for compensation above that level; with additional 0.5% beginning January 2015 and additional 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016), those hired in 2014 or later (dates vary by employee group) who elect Plan 87 over Plan 10 pay an additional 1% above this total	Plan 87 (previously-hired employee contribution plus 1.0%) or Plan 10 (50% of normal cost)

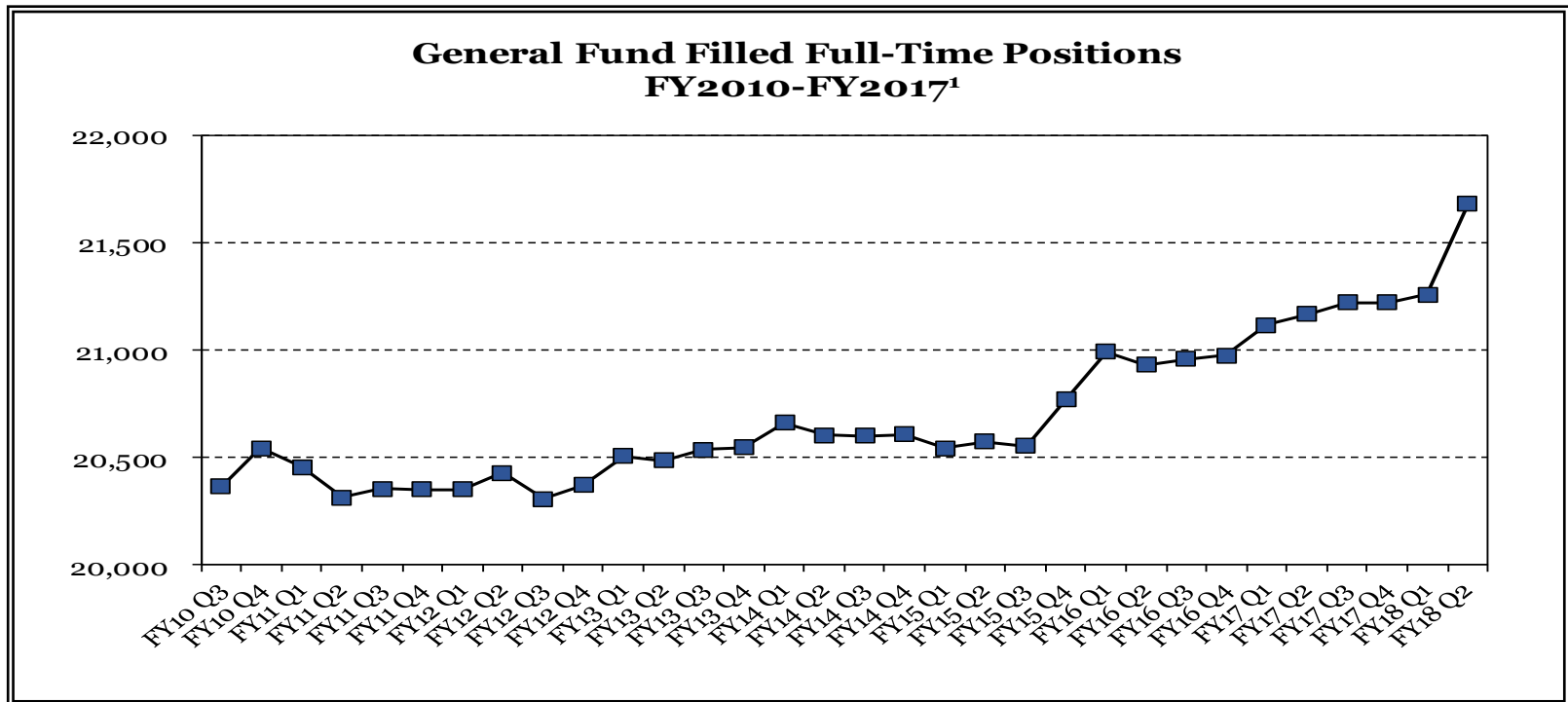
Notes:

¹ Newly-hired employees are those hired on or after the following dates: police, January 1, 2010; firefighters, October 15, 2010; DC33 including correctional officers), upon Council enactment; DC47, March 5, 2014; non-represented civil service, May 14, 2014; non-represented non-civil service, November 14, 2014; and Deputy Sheriffs and Register of Wills employees, January 1, 2012. Plan 10 and Plan 16 contributions do not include voluntary DC plan contributions.

² Assumes employees are covered by Social Security.

Key Management Issues: Staffing

- ▶ General Fund full-time employment in the second quarter of FY2018 increased by 422 employees since the first quarter, and by 512 employees since the second quarter of last year, bringing City staffing levels to 21,683 — exceeding the peak pre-recession level of 21,521 recorded in the first quarter of FY2009. However, the current staffing level is more than 1,200 employees below the 22,894¹ full-time General Fund positions adopted in the FY2018-2022 Five Year Plan.

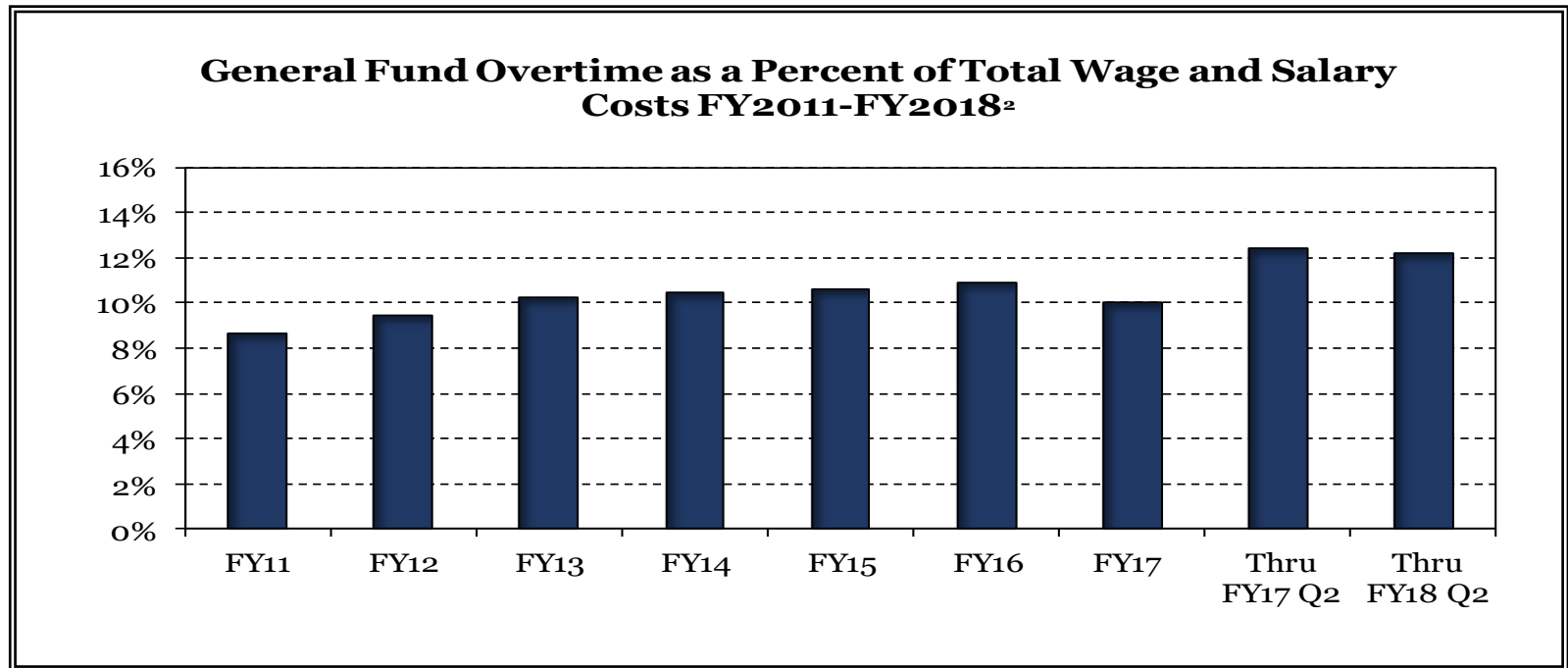


Note:

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

Key Management Issues: Overtime

Overtime costs represented 12.2 percent of wages and salaries through the second quarter of FY2018, slightly lower than the 12.4 percent figure recorded over the same period in FY2017. However, overtime spending is projected to increase in FY2018 due to staffing shortages in the Fire and Prisons Departments.¹ Seasonal demands, such as early-season snowfall which occurred during the second quarter of FY2018, also have the potential to impact overtime spending on a quarterly basis.



Notes:

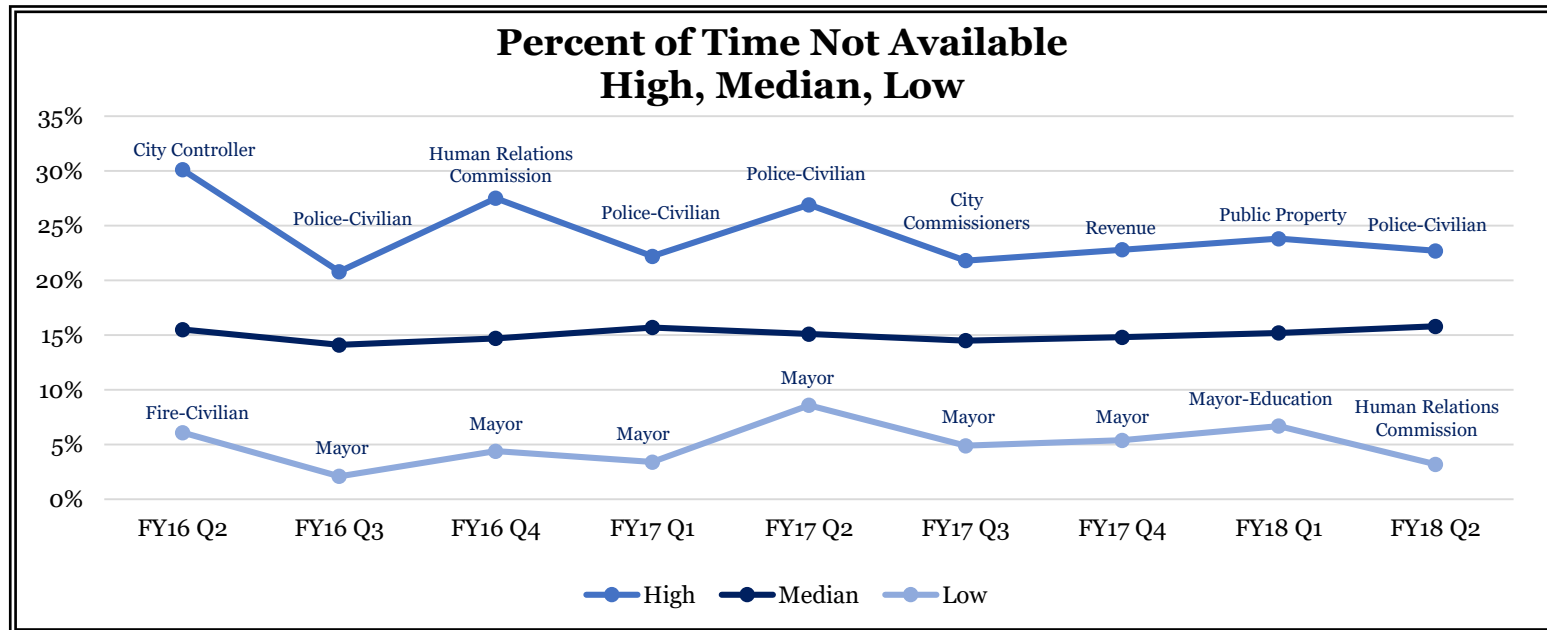
¹ For further analysis on the City's overtime spending, see PICA's [Staff Reports on City of Philadelphia Overtime](#).

² The FY2011 figure excludes \$3.8 million in Fire Department overtime due to a one-time legal settlement related to overtime for emergency medical services personnel. The FY2017 figure represents the unaudited actual overtime total.

Key Management Issues: Leave Usage

All Departments

The median rate of leave usage among all City agencies was 15.8 percent in the second quarter of FY2018.¹ Civilian Police Department employees recorded the high leave usage rate at 22.7 percent, while, notably, the Human Relations Commission recorded the low rate of 3.2 percent, after having recorded the high rate in the fourth quarter of FY2016. Seasonal variability in leave usage has major cost implications, since overtime is often necessary to ensure consistent staffing.



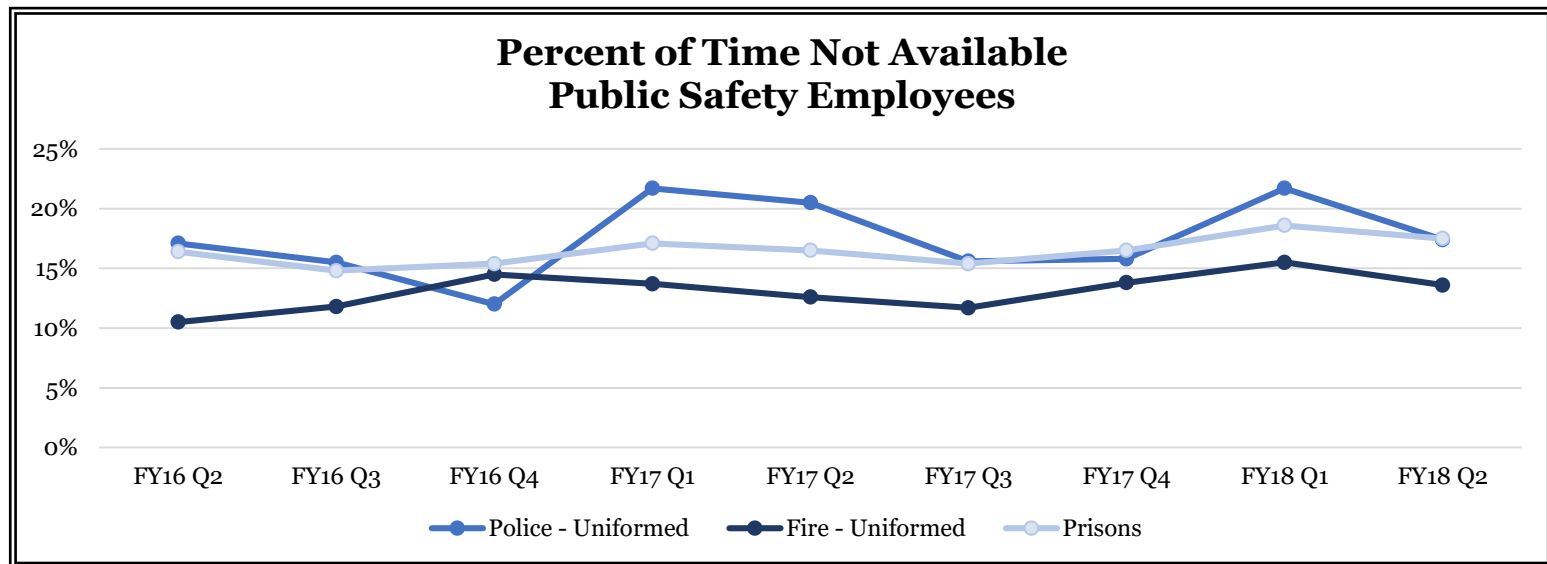
Note:

¹ The calculation includes time not available due to sick, injured-on-duty, vacation, compensation time, holiday compensation time, annual leave, funeral, military, excused, AWOL, suspension, administration, and other miscellaneous leave. Leave usage data is sourced from the most recent Quarterly City Managers Report in which the data is reported, and may be revised from previous reports.

Key Management Issues: Leave Usage

Public Safety

The percent of time not available due to leave usage in the second quarter of FY2018 decreased for uniformed employees of the Police Department, while increasing for employees of the Prison System and Fire Department, as compared to the second quarter of last year.¹ Second quarter leave usage rates within the Police and Prisons departments were above the median rate of 15.8 percent for all City agencies; leave usage for the Fire Department was below the median rate.



Note:

¹ The calculation includes time not available due to sick, injured-on-duty, vacation, compensation time, holiday compensation time, annual leave, funeral, military, excused, AWOL, suspension, administration, and other miscellaneous leave. Leave usage data is sourced from the most recent Quarterly City Managers Report in which the data is reported, and may be revised from previous reports.

Departmental Performance



- ▶ **Public Safety**
- ▶ **Health and Human Services**
- ▶ **Community and Culture**
- ▶ **Planning and Development**
- ▶ **Transportation and Infrastructure**

Departmental Performance: Public Safety

Police Department

While homicide totals increased through the second quarter of FY2018, compared to the same period last fiscal year, the City has experienced a substantial decrease in part 1 violent crime, continuing the overall decrease in violent crime since FY2013. The homicide clearance rate (homicide cases in which an arrest is made), has increased by more than ten percentage points through the second quarter. However, the homicide clearance rate is well below the City's FY2018 target of 60 percent.

Police Department								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	
Homicides	263	246	248	288	307	151	160	<FY2017 ¹
Part 1 violent crime ²	17,384	16,533	15,912	15,859	15,368	8,011	7,763	<FY2017 ¹
Homicide clearance rate ³ (%)	73.0	56.5	62.1	49.8	36.8	35.8	46.1	60.0

Notes:

¹ A reduction from FY2017.

² Includes rape, murder, and robbery.

³ Homicide cases in which an arrest is made.

Departmental Performance: Public Safety

Fire Department

All Fire Department performance measures continue to be under review as the City moves to comply with National Fire Protection Association (“NFPA”) standards, especially in relation to Fire and EMS response times. These definitional changes make year-over-year comparisons difficult; thus, Fire engine and EMS response times calculated pursuant to the definition recommended by NFPA, beginning in FY2017, are shown separately from prior year data that was calculated under a different methodology. All response time-related measures have a margin of error of 10-15 percent, since a first-on-scene time is recorded 85-90 percent of the time. The Fire Department is working to minimize this margin. Data collection methods notwithstanding, the Fire Department has shown slight improvement in all performance metrics through the second quarter of FY2018, as compared to the same period last year.

Fire Department								
Measure	Totals					Through Q2		FY2018
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	Target
Fire engine average response time	4:54	4:57	4:54	4:53	--	--	--	--
Fire engine average response time ¹	--	--	--	--	5:16	5:33	5:18	5:20
Structure fires ²	2,882	3,019	2,880	2,680	--	--	--	--
Structure fires	--	--	--	--	2,573	1,249	1,239	<FY2017 ³
Civilian fire-related deaths	25	23	24	17 ⁴	22	8	6	<FY2017 ³
EMS response time (% within 9 minutes) ¹	66.0	64.0	68.5	69.8	--	--	--	--
EMS response time (% within 9 minutes)	--	--	--	--	63.5	64.0	64.5	90

Notes:

¹ Prior to the second quarter of FY2017, this measure did not include call processing time as recommended by NFPA; thus, prior year figures are not comparable.

² Prior to FY2017, this measure was calculated inaccurately, as a result of classifying certain types of fires as “structure fires” that did not meet the structure fire definition. This problem has been rectified, thus FY2016 figures are not comparable to prior years.

³ Less than FY2017 total.

⁴ Adjusted from the previously reported number of 18 per updated reporting from the Fire Marshall’s Office.

Departmental Performance: Public Safety

Prison System

In light of the City's commitment to criminal justice reform and its participation in the MacArthur Foundation's Safety and Justice Grant Challenge, PICA now includes performance measures for the Philadelphia Prison System. However, PICA recommends that the City introduce expanded performance measures for the Prison System in its Quarterly City Managers Report, to better reflect that commitment. Through the second quarter of FY2018, 76.2 percent of sentenced inmates were participating in educational or treatment programs, a participation rate slightly lower than over the same period last year. The rate of reincarceration through the second quarter was 38.9 percent, slightly higher than last year.

Prison System								
Measure	Totals					Through Q2		FY2018 Target
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	
Sentenced inmates participating in educational/treatment program (%)	--	73.8	78.6	80.5	77.9	78.2	76.2	80.5
One-year re-incarceration rate (%) ²	41.6	40.3	40.6	38.2	37.1	37.5	38.9	38.0
Newly admitted inmates processed and housed within 24 hours (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes:

¹ Prior to FY2014, measure was recorded as "opportunity to participate" in educational/treatment program.

² Based on the number of incarcerated persons who are released from Philadelphia prisons and return to Philadelphia prisons within one year.

Departmental Performance: Public Safety

Department of Licenses & Inspections

New measures introduced by the Department of Licenses and Inspections (“L&I”) in FY2017 continue to make year-over-year comparison of performance metrics difficult. However, L&I has shown improvement in each of the performance metrics below through the second quarter of FY2018, as compared to the same period last year. This includes a substantial increase of two thousand permits issued. As nuisance property inspection requests have increased, the City has revised its inspection target time frame from seven days to twenty days; FY2017 data has been revised to reflect this change.

Department of Licenses and Inspections								
Measure	Totals					Through Q2		FY 2018
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	Target
Demolitions performed ¹	521	522	492	557	--	--	--	--
Demolitions performed	--	--	--	--	524	244	265	525
Percent of nuisance properties inspected within twenty days ² (%)	--	--	--	--	70.0	70.0	87.5	80.0
Permits issued ³ (thousands)	--	35.7	35.4	39.9	--	--	--	--
Permits issued (thousands)	--	--	--	--	54.4	26.2	28.2	55.0

Notes:

¹ Revised measure for FY2017; prior fiscal year totals limited to residential demolitions.

² Revised measure for FY2017; previously, quarterly reports listed the number of nuisance properties inspected within seven days.

³ Applies to commercial permits. Revised measure beginning in FY2017 below; zoning permit counts have been added in FY2017, thus prior fiscal year totals are not comparable.

Departmental Performance: Health and Human Services

Department of Human Services

The Department of Human Services (“DHS”) introduced a series of new performance metrics in FY2017, making year-over-year comparison difficult. Child Protective Services (“CPS”) investigations were determined within 60 days at a rate of 98.9 percent through the second quarter of FY2018, a continued improvement over last year, and above the City’s FY2018 target of 95 percent. The dependent placement population rose by 35 over the same period last year, and the percentage of the dependent population in care more than two years was 37.4 percent—an increase of 3.3 percentage points. DHS is working to rectify delays in the adoptions process with the goal of improving this figure.

Department of Human Services								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	
Percent of CPS investigations determined within 60 days ¹ (%)	--	--	--	--	88.3	97.5	98.9	95.0
Percent of children in Kinship Care ² (%)	--	--	--	--	46.2	46.2	46.6	48.0
Dependent placement population as of last day of quarter	4,179	4,473	5,184	5,948	6,058	5,975	6,010	6,095
Percent of dependent placement population in care more than two years ³ (%)	--	31.5	30.5	31.2	34.9	34.1	37.4	32.0

Notes:

¹ New measure beginning in FY2017. CPS = Child Protective Services. Due to the 60 day reporting period, Q1 data shown is for the fourth quarter of FY2017.

² New measure beginning in FY2017; represents percent of children placed with kin when children have to be removed from their homes; measured as of the last day of the quarter.

³ New measure beginning in FY2014, measured as of the last day of the quarter.

Departmental Performance: Health and Human Services

Department of Public Health

The percent of District Health Center visits by uninsured patients continued to decline through the second quarter of FY2018, continuing a downward trend that began in FY2014, corresponding with the rollout of the Affordable Care Act and its continued support of Medicaid. However, new HIV diagnoses increased significantly compared to the same period in FY2017, but are on pace to stay within the City's FY2018 target. The percentage of children with complete immunizations was 80.8 percent through the second quarter, the same rate as last year, and above the City's target of 78.5 percent.

Department of Public Health								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	
Uninsured patient visits to District Health Centers (%)	52.9	49.6	49.0	42.1	40.9	41.6	40.7	41.5
New HIV diagnoses	792	704	585	538	480	222	269	550
Children with complete immunizations ¹ (%)	75	78.0 ²	85.8	77.9	80.8	80.8	80.8	78.5

Notes:

¹ Includes children aged 19-35 months.

² More precise figure, to one decimal place, provided beginning FY2014.

Departmental Performance: Health and Human Services

Office of Homeless Services

Households receiving financial assistance to prevent homelessness decreased considerably through the second quarter of FY2018, however, assistance to end homelessness increased substantially through the second quarter as compared to the same period last year. Placements into transitional housing has decreased, and therefore the City has revised its previous target of 350, as many transitional housing providers are converting to Rapid Rehousing. Rapid Rehousing targets families and individuals who are currently residents of emergency or transitional housing programs.

Office of Homeless Services								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Assistance to prevent homelessness (households) ¹	610	676	814	824	760	500	358	650
Assistance to end homelessness (households) ²	291	135	356	339	380	116	200	380
New permanent supportive housing units ³	180	59	115	135	--	--	--	--
New permanent supportive housing units ⁴	--	--	--	--	90	NA ⁴	NA ⁴	90
Transitional housing placements	539	509	610	495	415	215	132	220

Notes:

¹ Measures the number of individuals and/or families provided Homeless Prevention assistance.

² Measures the Office of Homeless Services Rapid Rehousing units.

³ Measure redefined in FY2017 to exclude Rapid Rehousing units from the overall count of new permanent supportive housing units.

⁴ Excludes Philadelphia Housing Authority units; totals tallied once per year by HUD at year-end and are not available on a quarterly basis.

Departmental Performance: Community and Culture

Free Library of Philadelphia

In-person visits decreased through the second quarter of FY2018, as compared to the same period last year, despite the re-opening of four library branches and one regional center that were closed for some or all of FY2017 for updates and repairs. However, digital access and website visits increased through the second quarter of FY2018, as did Free Library program attendance, which saw a considerable increase in children's program attendance over the same period last year.

Free Library of Philadelphia								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Digital access ¹ (millions)	--	--	--	--	3.34	1.61	1.76	2.8
In-person visits (millions)	5.85	5.67	5.90	5.84	5.13	2.52	2.47	5.33
Website visits ² (millions)	--	8.2	9.9	8.7	--	--	--	--
Website visits (millions)	--	--	--	--	5.03	2.51	3.09	5.33
Program attendance ³ (thousands)	--	--	--	--	684.9	274.8	338.8	681.0

Notes:

¹ New measure beginning in FY2017; includes Wi-Fi usage, eBook circulation, electronic resource/database use, and public PC use.

² Beginning in Q4 of FY2016, FLP began using a different definition of what constitutes a virtual visit, thus, prior year totals are not comparable and are not intended for year-over-year comparison.

³ New measure beginning in FY2017; includes preschool, children's, teen, adult, and senior program attendance. PICA has aggregated these program attendance categories, which are presented separately in the QCMR.

Departmental Performance: Community and Culture

Parks & Recreation

The number of programs offered by Parks and Recreation increased through the second quarter of FY2018, compared to the same period last year, although visits to Department facilities and sites decreased slightly. The City has attributed this decrease to fewer City pool visits in the first quarter of FY2018 due to weather, and Parks & Recreation is still on pace to meet its FY2018 target for visits to Department facilities and sites. The number of acres mowed remained constant, while over one thousand fewer new trees were planted through the second quarter.

Parks & Recreation								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	
Programs offered ¹	3,742	3,603	4,695	--	--	--	--	--
Programs offered	--	--	--	3,196	3,286	2,028	2,173	3,450
Visits to Department facilities and sites ² (millions)	7.30	6.24	6.78	--	--	--	--	--
Visits to Department facilities and sites ³ (millions)	--	--	--	9.65	9.65	5.65	5.54	10.00
Acres mowed (thousands)	36.0	40.3	40.3	41.6	41.7	24.2	24.2	41.8
Trees planted (thousands) ⁴	26.0	18.3	13.9	7.5	4.9	3.3	2.0	5.3

Notes:

¹ Revised measure; beginning in FY2016 reported programs have been adjusted to remove duplications. Prior fiscal year totals do not reflect this change, and are intended for year-over-year comparison through FY2015 only.

² Revised measure; reporting method has changed to include more activities and services. Figures from FY16 and FY17 reflect this change. Prior fiscal year totals do not reflect this change, and are intended for year-over-year comparison through FY2015 only.

³ Visits is an estimated measure based on the number of visitors and dates that a program runs, including some duplicate visits by the same individuals.

⁴ There are no scheduled tree plantings in the first or third quarters.

Departmental Performance: Planning and Development

Division of Housing and Community Development

The number of mortgage foreclosures diverted through the second quarter of FY2018 increased, compared to the same period last year. This metric is dependent on available funding, as well as the number of mortgage foreclosures occurring—a figure which has decreased in the Philadelphia area over the past few years. Owner-occupied homes repaired increased substantially through the second quarter of FY2018, an increase which may be attributed to a \$60 million bond issuance in the spring of 2017, helping to eliminate the waiting list for the Basic System Repair Program (“BSRP”). The City exceeded its FY2018 target of 12,000 for City lots cleaned and greened in the second quarter, and should therefore consider revising its target in future Quarterly City Managers Reports.

Division of Housing and Community Development								
<u>Measure</u>	<u>Totals</u>					<u>Through Q2</u>		<u>FY 2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Mortgage foreclosures diverted	1,754	1,232	1,178	1,502	1,210	499	571	1,200
Owner-occupied homes repaired ¹	5,409	5,689	5,111	6,080	5,621	2,573	3,461	7,395
City lots greened and cleaned ²	9,328	8,766	8,713	9,227	12,592	10,574	12,841	12,000
Clients receiving housing counseling	12,463	12,398	11,495	10,428	12,191	5,463	NA ³	11,350

Notes:

¹ Includes Basic System Repair Program, Weatherization, and Heater Hotline.

² Includes land stabilization and land maintenance.

³ First and second quarter data is unavailable due to agency problems with switching case management systems. DCHD anticipates these issues will be resolved by the end of the calendar year, thus, first and second quarter data will be reported in future Quarterly Reports.

Departmental Performance: Transportation and Infrastructure

Streets Department

On time trash and recycling collection increased through the second quarter of FY2018, compared with the same period last year. Both of these metrics were below the City's FY2018 targets, as the Department's compactor shortage, staff shortages, and high absentee rates continue to impact on-time collection rates. The percentage of total waste recycled has also decreased, as the composition of recycled materials has changed. Due to the City's commitment to pave more miles of streets in FY2017, and ongoing public interest in pothole remediation, PICA now includes performance measures for miles resurfaced and pothole response time. Pothole response time has increased—the possible result of decreased pothole remediation and road resurfacing activity due to extreme cold and early-season winter weather events in December. However, the Streets Department has resurfaced more miles of City streets through the second quarter, as compared to last year, and is on pace to meet its FY2018 target for this metric.

Streets Department								
Measure	Totals					Through Q2		FY 2018
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	Target
Recycling rate (%)	19.0	20.9	19.0	20.5	19.2	21.2	17.0	21.0
On-time trash collection ¹ (%)	94.4	85.3	75.5	84.3	85.3	80.4	83.0	96.0
On-time recycling collection ¹ (%)	97.0	93.3	96.0	95.8	96.5	95.3	95.8	97.0
Pothole response time (days)	1.3	1.8	2.4	2.0	2.3	2.3	3.2	3.0
Miles resurfaced ²	--	--	--	--	56	37	41	75

Notes:

¹ Percentage of collections completed by 3:00 PM.

² New measure for FY2018.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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