

**Pennsylvania Intergovernmental
Cooperation Authority**

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Telephone 215-561-9160 Fax 215-563-2570

August 18, 2009

Honorable Michael Nutter, Mayor
City of Philadelphia
City Hall, Room 215
Philadelphia, PA 19107

Dear Mayor Nutter:


As you know, on July 21st, 2009, the PICA Board approved the FY2010-2014 Five-Year Financial Plan (Plan), but with certain caveats. Foremost, is that if the City has failed to obtain the requested authorities from the Commonwealth, including the ability to raise the Sales Tax rate and to make certain changes in Pension Fund calculations, by August 15th 2009, the Plan would be deemed disapproved as of August 16th. At that time, the City would have fifteen days to submit a revised Plan for consideration by the Authority.

Since these new authorities were not granted by the State by August 15th, the Plan is now considered disapproved. The City has until August 31st to submit a revised Plan which does not include any impact of proposed authorities which have yet to be enacted.

Additionally, since the Plan is now considered disapproved, and the City is required to submit a revised Plan incorporating total cuts of several hundred million dollars, the City is no longer required to submit the list identifying potential recurring annual savings of \$25 million by August 20th. However, should the Commonwealth eventually approve the requested authorities, PICA Staff would like to continue discussions to identify potential savings or revenue enhancements to help mitigate the other risks challenging the City's fiscal health.

Please feel free to contact me at 215-561-9160 if you have any comments or questions.

Sincerely,



Uri Monson
Executive Director

C: PICA Board
Rob Dubow, Finance Director
Alan Butkovitz, Controller, City of Philadelphia