

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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November 17, 2015

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") was held on Tuesday, November 17, 2015 in the PICA Board Room located at 1500 Walnut Street, 16<sup>th</sup> Floor, Philadelphia, Pennsylvania.

### Attendees

Board: Suzanne Biemiller, Alan Kessler, Joseph McColgan, Michael A. Karp (*via telephone*), Gregory S. Rost (*via telephone*), Robert A. Dubow (*ex officio*) and Sharon Ward, Director, Governor's Budget Office (*via telephone, ex officio*).

Staff: Harvey M. Rice, Stephen Camp-Landis, Deidre Morgenstern, and Dora Ward.

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Anna Adams, Chief of Staff, Director of Finance; Kia Buckner, Heffler, Radetich & Saitta LLP; and Matthew Pierce, Heffler, Radetich & Saitta LLP.

### Call to Order

Ms. Biemiller called the meeting to order at 12:15 p.m.

### Approval of Minutes

Mr. McColgan made a motion to approve the minutes from the meeting of October 20, 2015. Mr. Rost seconded the motion. The motion passed 4-0.

### Executive Director's Report

Mr. Rice stated that PICA staff is finishing its Performance Report on city agencies and will submit a draft to the city before Thanksgiving.

PICA received the Quarterly City Managers Report yesterday and will promptly begin working on its analysis report.

Mr. Rice received the city's monthly overtime report to PICA late last night and will determine a method of presenting this report to the Board in the coming days.

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Mr. Rice explained that on October 30<sup>th</sup>, PICA staff received notice from the city of a new extraordinary contract for a project called the "Unified Call Center," which prompted PICA to send a letter to the Finance Director citing Intergovernmental Cooperation Agreement provisions requiring the city and PICA to engage in the formal process for extraordinary contracts. This process requires the city to submit to PICA, seven days before execution, a summary of the terms of the extraordinary contract, along with a statement from the Finance Director with his opinion on whether the contract is in compliance with the currently approved Five Year Financial Plan. Subsequently, PICA would have the opportunity to make comments or recommendations or to request more details pertaining to the contract. Mr. Rice noted that PICA has not yet received documentation from the city about this extraordinary contract.

Mr. McColgan inquired as to what the cost of this contract would be. Mr. Rice stated it would be approximately \$83 million for the whole project. Mr. Kessler asked what the minimum amount is that triggers the extraordinary contract procedure. Mr. Rice responded that the amount is \$1 million in costs for the current fiscal year or \$5 million over the life of the Five Year Plan. Mr. Kessler asked how often this process occurs. Mr. Rice explained that it occurs very often for renewals of existing contracts during any given year. However, this contract is unique because it is for a larger amount than usual and is a new contract instead of a renewal.

PICA staff will be hosting its second annual fall conference at the Federal Reserve Bank of Philadelphia on December 10<sup>th</sup>. This year's topic will be budgeting practices for municipal governments. Invitations to PICA Board members will be forthcoming.

Mr. Rice sent letters to all of the newly elected city officials, including the new Mayor, making PICA staff available to them for consultation on issues concerning city finances and the role of PICA. So far, one elected official has responded and scheduled a meeting with staff in December.

Mr. Rice stated that the annual audit report will be presented during this meeting by PICA's auditors.

### **Treasurer's Report**

Mr. Rice reported that year-to-date expenditures are at 90 percent of this year's budget, and are overall higher than last year's budget due to costs related to benefits and an additional consultant hired for the annual audit.

### **Annual Audit**

Ms. Buckner presented Heffler's findings from the PICA audit, which requires the firm to work closely with both PICA staff and the City. She explained that Heffler is issuing an unmodified opinion on PICA's financial statements, which is the highest level of opinion that can be issued. She reported that there were no unrecorded misstatements, material misstatements, non-compliance, fraud, difficulties dealing with staff, or disagreements with staff on adjustments during the process.

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The new component to this year's report is the net pension liability, which resulted from two new GASB rules. This relates to the quantification of the portion of Commonwealth and Port Authority allocations related to PICA pension benefits.

The final step of the audit will be for Mr. Rice to sign a Management Representation letter issued by Heffler.

**Pope Visit**

Ms. Biemiller asked for an update on the Pope's visit costs from the city. Mr. Dubow responded that costs will be covered after a transfer ordinance, and as currently outlined in the most recent Quarterly Report amount to \$16.9 million, the largest portion of which comes from Police overtime (\$9.4 million, \$8 million of which comes from personnel) and Fire overtime (\$4.7 million, \$2.4 million of which is personnel). Mr. Kessler asked how much of the \$16.9 million would be reimbursed by the Vatican, and Mr. Dubow responded \$10 million although the city is working on increasing the amount to be reimbursed.

Ms. Biemiller requested an explanation for the doubling of projected police overtime costs. She cited the estimate from September, which was \$4 million. Mr. Dubow responded that the overtime cost for police was based on deployment and that the Police Department evaluation of what was needed at the time established the deployment of officers. Ms. Biemiller asked what lessons could be learned from this event to better project overtime costs for future events, such as the upcoming Democratic National Convention. Mr. Dubow explained that the deviations will be examined by operations staff but that the events will be very different in nature. Mr. Dubow explained that the fund balance and revenues for FY15 are higher than projected and will cover the extra, unanticipated costs from the Pope visit.

**State Budget**

Mr. Dubow explained that delays in passing a state budget have a bigger impact on providers than on the city. A budget is expected to be signed in December. Ms. Ward explained that the Commonwealth is working on steps to disburse funding quicker than usual once the budget is signed.

**New Business**

None.

**Public Comment**

No Public Comment.

**Adjournment**

Mr. Kessler made the motion to adjourn, Mr. Rost seconded, and the motion passed 5-0.