

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

October 15, 2019

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, October 15, 2019 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Tina Byles Williams, James Cawley (*via telephone*), and Robert A. Dubow (*ex officio*).

Staff: Harvey M. Rice, Gus Tsakos, Dora Ward, Daniel Esposito, and Deidre Morgenstern.

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Marissa Waxman, Office of Budget and Program Evaluation; Brian Abernathy, Managing Director’s Office; Adam Thiel, Philadelphia Fire Department; Derek Bowman, Philadelphia Fire Department; Tara Mohr, Philadelphia Fire Department; and Alyssa Fico, Philadelphia Fire Department.

Call to Order

Mr. Vaughan called the meeting to order at 12:15 pm.

Approval of Minutes

Ms. Williams made a motion to approve the minutes from the meeting of September 17, 2019. Mr. Kessler seconded the motion. The motion passed 4-0.

Executive Director’s Report

Mr. Karp entered the meeting at 12:17 pm.

Mr. Rice stated that PICA staff has been working on the bond refunding, which will go to market within two weeks, on October 28th. The refunding will result in an estimated savings of \$6.7 million, or 6.22 percent, in aggregate. Mr. Karp inquired about the interest rates, and Mr. Rice stated he would get back to him with the answer.

Mr. Rice stated that PICA’s investment account is yielding 3.55 percent; the swap reserve account is yielding 0.67 percent.

PICA released its Annual Overtime report last week. The Annual Report is being released today. PICA received a clean audit opinion and submitted its financial statements to the City before the deadline. Staff will be releasing the monthly revenue report this week. The overtime report for the past two months was provided to the Board, which shows the City is 23 percent over its allocation for the year, which is three percent higher than it was at this point last fiscal year. The appeals report was also provided to the Board. PICA staff met with the BRT, which estimates receiving 7,000 appeals this month. The BRT expects to conclude all hearings by December 19th.

Mr. Rice stated that PICA held its fall conference on cybersecurity, which received good feedback and was on a timely topic. Mr. Rice stated that the conference was very informative and would implement safe guards to further protect PICA's computer system.

Treasurer's Report

Mr. Rice stated that PICA is currently at 88 percent of budget due to high professional services costs, which are expected to decrease.

Resolution 2020-06 – Post Issuance Compliance Policy

Mr. Vaughan introduced a resolution on a Post Issuance Compliance Policy. Mr. Rice explained "this is recommended by the advisors to memorialize what we are already doing." Mr. Kessler asked Mr. Richter if there is anything significant that the Board should be aware of before voting on the resolution. Mr. Richter explained that he had drafted the policy, which is not legally required but is strongly encouraged; the underwriters suggested it in doing due diligence. As written, the policy is standard, and PICA does not have any complicating factors, Mr. Richter explained.

Mr. Karp made a motion to approve the resolution, and Ms. Williams seconded. The motion passed 5-0.

Fire Department Presentation on Overtime

Mr. Vaughan introduced Mr. Thiel, Commissioner of the Philadelphia Fire Department ("PFD"), who was invited to make a presentation to the Board explaining increased PFD overtime costs. Mr. Karp asked for follow-up on how the recommendations from the Police Court Overtime Study can be implemented. Mr. Abernathy, Managing Director, agreed with PICA's suggestion that a third party facilitator would be helpful in implementing the report's recommendations. He emphasized that independence of the third party would be important, and suggested a conversation between himself, Mr. Dubow, and Mr. Rice in order to determine how to approach this. Mr. Kessler asked if some of the issues to be resolved would require negotiations with labor, and Mr. Abernathy explained that because most of the recommendations center around scheduling, the "core issues" surrounding the recommendations can be addressed outside of the labor negotiations process.

Mr. Abernathy introduced Commissioner Thiel. He explained that many of the Fire Department's challenges have been in existence for many years, and that the low level of investment into the PFD has exacerbated those challenges.

Mr. Thiel began his presentation, by discussing the drivers of PFD overtime. They include: minimum staffing requirements, training, special events, deaths/injuries, old building stock and leave usage. He explained that minimum staffing requirements are also impacted by response times to emergencies. He also explained the breakdown of minimum staffing, provided in his attached presentation, and that such staffing requires relief staff to account for people who are unavailable to work on any given day, which would serve to offset overtime. Currently, the PFD is operating below minimum staffing levels without a relief factor, which drives up overtime costs. He also explained that when determining the amount of relief staffing needed, the PFD then needs to assess costs of overtime versus costs related to hiring full-time personnel.

Mr. Kessler asked why the costs of overtime are not being accurately projected, since drivers have not changed. Mr. Thiel responded that it is difficult to forecast overtime because demand fluctuates due to unknown factors within residential and commercial buildings that set off fires. Leave usage, injuries and deaths are also unpredictable. Furthermore, because the PFD is short on paramedics, and there are requirements of how many individuals can man a fire engine or ambulance, the PFD often has to send out fire trucks to act as ambulances. Fire fighters are crossed trained as EMTs; however, in sending them out for EMS calls, the PFD has to compensate through overtime for that staff when there are fire events simultaneously. Mr. Thiel went on to explain that recruitment and training takes nine months, and that there is a lot of turnover in general, including during training, adding to the unpredictability of overtime forecasting.

Mr. Kessler then stated that all of those factors were present in the years 2015 through 2019, with increased staffing. He asked why overtime would increase this past fiscal year in light of those facts.

Mr. Karp left the meeting at 1:15 pm.

Mr. Thiel responded that staffing and costs were lower prior to 2015, but that the PFD itself was not functioning effectively. Mr. Thiel emphasized that the only way to lower overtime costs would be to increase staffing, or to cut services. Mr. Rice asked why costs were lower in 2017 with increased service levels and increased staffing. Mr. Thiel explained that much of the trainings were not being conducted at that time, and that 2017 figures included a substantial part of a year that had brownouts. Mr. Thiel stated that those issues have now been remedied.

Mr. Kessler asked if measures similar to the Police Court Overtime Study recommendations can be applied to PFD in order to lower overtime. Mr. Abernathy responded that the Police Department has the ability to control overtime better because it does not have to follow requirements of how to staff fire engines or ambulances like the PFD does. Police also have added flexibility because their trainings are faster and can accommodate larger classes. A study done by the Department of Public Property on the

PFD's training academy revealed that the PFD can only operate at half of its capacity for training classes.

Mr. Rice asked why overtime cannot be accurately projected. Mr. Abernathy explained that the PFD does not have an "analytical capacity" like the Police have, in order to break down overtime into sufficient detail. Meanwhile, the Police have a full staff to run this type of analysis. Mr. Thiel added that even after "deep dives" into the issue, ultimately overtime spending boils down to minimum staffing. He added "I'm here to change outcomes" in the "toughest, busiest" city, not to cut services. Mr. Kessler explained that PICA's financial oversight role prompted this meeting because overtime spending Citywide is currently being driven by the PFD.

Mr. Thiel went on to discuss alternative responses to fire and EMS events that the PFD is implementing in order to address demand with limited staffing. The PFD is partnering with the University of Pennsylvania to deliver alternative EMS services, which has saved 600 ambulance transports. The PFD is also partnering with the Resilience Project in a revamped approach to opioid addiction that gets people into treatment, also saving ambulance transports. The PFD is also using federal grants in order to restore engines and ladders that were previously discontinued.

Mr. Vaughan asked if PICA could assist the PFD in convening experts and fire departments from other jurisdictions to propose best practices to the PFD. Mr. Thiel responded that he has extensive experience in consulting cities on these very issues, hence the PFD now has an in-house capacity to do this. Mr. Thiel summarized lowering overtime expenses as a choice between cutting services or hiring more staff to change the mix of overtime and staffing. Mr. Kessler responded that PICA "would prefer to see more staff and less overtime", and hopes that in 2020, the budgeted overtime will match up to actuals. Mr. Thiel replied that the PFD is endeavoring to be innovative with service delivery and data analytics.

Ms. Williams asked if the initiative with Penn can be expanded. Mr. Thiel responded that the PFD plans to expand the initiative to asthma, maternal health, neonatal health services, and that they are also exploring transporting ambulances to locations other than hospitals.

Adjournment

Mr. Kessler made a motion to adjourn. Mr. Cawley seconded the motion. The motion passed 4-0, and the meeting was adjourned at 1:40 pm.