

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

April 21, 2020

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, April 21, 2020. As a result of the emergency declaration and stay at home order of the Governor of Pennsylvania due to the COVID-19 pandemic, the meeting was virtual with members of the board and the public participating.

Attendees

Board: Kevin Vaughan, Alan Kessler, James Cawley, Tina Byles Williams, Michael Karp, Robert A. Dubow (*ex officio*), and Mark Ryan (*ex officio*)

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

Invited Guests: S. William Richter, Esq., Reed Smith, LLP and Marissa Waxman, Office of Budget and Program Evaluation

Call to Order

Mr. Vaughan called the meeting to order at 12:20 pm.

Approval of Minutes

Mr. Cawley made a motion to approve the minutes from the meeting of February 26, 2020. Ms. Williams seconded the motion. The motion passed 5-0.

Executive Director’s Report

Since the last Board meeting, PICA staff has issued February and March revenue reports. PICA has not issued an overtime report due to a delay in data from the city. PICA has also not produced an appeals report due to the continued roll-out of CAMA, as well as a stop in hearings due to the pandemic. PICA’s investment accounts are both yielding around two percent.

PICA sent the Board a bi-weekly city spending report related to the pandemic on April 17th.

On May 1, the city will submit a revised Five Year Plan for fiscal years 2020-2024, in addition to a revised Proposed Five Year Plan for fiscal years 2021-2025. The PICA Board will be able to approve the revised Plan for the current fiscal year at its next scheduled meeting in May.

PICA Staff and PICA's consulting economist are monitoring the city's revenues in light of the pandemic. PICA and city officials are having daily communication regarding the economic impacts of the public health crisis.

Treasurer's Report

Mr. Rice stated that PICA is currently at 80 percent of the budget.

Resolution 2020-08: Audit Services

Mr. Rice recommended that the Board approve a new contract engaging Maher Duessel to provide the auditing services for the Authority for the fiscal year ending June 30, 2020, with four, one-year renewal options. The cost for the auditing services is \$39,900. Maher Duessel is PICA's current auditing firm and has kept costs relatively level. They have also been the first firm to meet PICA's September 30th deadline.

Mr. Karp made a motion to approve the resolution. Mr. Cawley seconded the motion. The motion passed 5-0 in a voice vote.

Resolution 2020-09: FY2021-2025 FYP Revenue Analysis

Mr. Rice explained that this resolution is authorization to contract with Mr. Charles Swanson, PhD, for consulting services as part of the review of the City's FY2021-2025 Five Year Plan. Mr. Rice explained that Mr. Swanson's economic expertise and detailed analysis on revenue projections assures that the Authority is fulfilling its role in providing independent oversight, as well as performing its due diligence. Mr. Rice added that the cost for this contract is approximately \$9,000.

Mr. Karp made a motion to approve the resolution. Mr. Kessler seconded the motion. Mr. Cawley confirmed that the contract is with an individual, and not the university. The motion passed 5-0 in a voice vote.

New Business

Mr. Dubow explained that there would be a Plan revision in 10 days due to COVID-19. He stated there are multiple financial impacts on the city, including an increase in costs to handle the city's response to the pandemic, as well as an "enormous revenue hit" in the short term, which is expected to increase in the long term. City Council has already approved a transfer ordinance for \$85.4 million related to unforeseen spending for the pandemic, and the city is working with IHS Markit to project both short and long term revenue impacts. Mr. Dubow explained that the Plan being submitted to PICA will be "a painful Plan" with "substantial balancing actions." The Plan will assume some reimbursements but none that are not already approved by the United States Congress.

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Ms. Waxman added that the Plan includes priorities for service delivery for disadvantaged portions of the population. The Plan also strives to draw lessons from the 2008 recession. The city has assessed federal funding arising from the CARES Act, as well as for housing subsidies.

Mr. Karp asked what reductions, percentage-wise, the departments are being asked to make. Ms. Waxman responded that during the original Plan process that was conducted before the pandemic, they were asked to show 3-5 percent reductions; now, departments are being asked to put together 15-20 percent reductions. Mr. Dubow also clarified that some departments would be held harmless for reductions, depending on the city's priorities.

Mr. Karp asked about cuts to state funding, especially as related to education and DHS, and Mr. Dubow responded that there is not yet clarity on the impacts to state funding. He explained the city is prioritizing education and vulnerable segments of the population and looking at fund-matching from federal and state governments, but that the city cannot take anything off the table in terms of cuts to be made.

Mr. Kessler asked if the city's new priorities revealed in the Proposed Plan would be eliminated. Mr. Dubow explained that just by virtue of being new initiatives does not necessarily mean those initiatives will be eliminated.

Mr. Kessler asked about savings resulting from the crisis. Ms. Waxman explained that there are some efficiencies, especially as related to oil prices and overtime expenses for special events and library operations that are no longer occurring, but that those savings are not nearly enough to offset the decrease in revenues.

Mr. Karp asked if the city has done a furlough analysis. Mr. Dubow and Ms. Waxman explained that no layoffs have yet been announced. However, the city has prepared such an analysis but that they are looking into any available alternatives. Ms. Kessler asked about wage tax losses from the non-resident portion of the tax. Ms. Waxman explained that the non-resident portion accounts for 40 percent of collections. She added that now that telework has been implemented to this extent, some of those losses may be permanent. Mr. Dubow added that IHS Markit is building this into its projections.

Mr. Karp asked if it is premature to make a new Plan due to the unknowns ahead related to the pandemic and how long a stay home order will be in place. He asked whether it is possible to anticipate impacts and make projections at this time and proposed an alternative to the Board's approval of a Plan in the form of an ongoing review process, instead. Mr. Kessler agreed that a Plan under the current circumstances would be highly speculative and an approval might have to come in a different form, as an approval "with an asterisk." Mr. Kessler also suggested the Board could collaborate with staff on its review of this Plan. Mr. Vaughan agreed to coordinate a meeting between staff and the Board on a discussion of the Plan revision. Mr. Dubow added that he communicates with Mr. Rice and Mr. Tsakos a on daily basis.

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Ms. Williams asked about pension costs, and Mr. Dubow explained state law would have to change in order for there to be changes in pension payments.

Public Comment

None.

Adjournment

Mr. Kessler made a motion to adjourn at 1:23 pm. Mr. Karp seconded the motion. The motion passed 5-0.