

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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March 16, 2021

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, March 16, 2021. 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, Courtney Richardson, Rob Dubow (*ex officio*), and Mark Ryan (*ex officio*)

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

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

### Call to Order

Mr. Vaughan called the meeting to order at 12:18 p.m.

### Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of February 24, 2021. The motion was seconded. The motion passed 3-0.

### Executive Director’s Report

Mr. Rice stated that since the last meeting, PICA staff released the February tax revenue update and the February obligations update. He also stated that he participated in a WURD radio interview regarding the City’s monthly revenues, obligations and the impact of COVID-19 on the City’s budget. Mr. Rice added that he testified at the City Council Fiscal Stability Committee hearing.

Mr. Rice advised the Board that each member will be receiving the Statement of Financial Interest forms today which are due May 1, 2021. He reminded the board members to forward a copy of the completed form to PICA, as is legally required. Mr. Kessler requested that the previous year’s forms be provided as a guide. Mr. Rice replied that these forms will be provided as well. Mr. Rice stated that the Mayor’s budget address is scheduled for April 15<sup>th</sup>. PICA staff began the preliminary process for the Five Year Plan Staff Report.

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Mr. Rice added that PICA's investments are currently yielding less than 1 percent due to the nature of the current interest rate environment.

### **Treasurer's Report**

Mr. Rice stated that PICA spending is 67 percent of the approved budget.

### **New Business**

Mr. Vaughan requested that Mr. Dubow update the Board on President Biden's Stimulus Bill. Mr. Dubow stated that the City will receive \$1.1 billion for the City and \$300 million for the county totaling \$1.4 billion. These federal funds are primarily for revenue replacement and can be used as flexible spending. The first payment is due in May 2021 and the second payment in May 2022. In addition, the stimulus plan also contains additional targeted funds for homelessness, vaccines and testing, transit, infrastructure, broadband and small businesses. Mr. Dubow added that the City was anticipating a \$450 million gap in FY2022. These federal funds do not cure all issues, but definitely helps. The City will be reviewing the use of these funds through the budgeting process over the next few months.

Mr. Kessler inquired as to the amount and timing of funds through federal and state agencies. Mr. Dubow answered that he is unsure of the allocations as the federal agencies are still determining the process. The City is working with other agencies in this regard. Mr. Dubow added that restrictions on funding earmarked for the School District stipulates that 20 percent is allocated for learning loss. Mr. Vaughan asked if the City will have all data available for the Mayor's April 15<sup>th</sup> budget address. Mr. Dubow responded that the City's goal is to have the information prior to the address. Mr. Kessler asked if the City's intention is to distribute the funds over the term of the Five Year Plan. Mr. Dubow replied that the funds must be expended by the end of calendar year 2024. Mr. Rice confirmed this time period as 3.5 years of the Five Year Plan. Mr. Dubow stated that due to legislation and the impact on the economy, the City is working with outside consultants (IHS Market) to project tax revenues. Mr. Kessler asked if the projections include provisions for individuals submitting a wage refund. Ms. Waxman replied that wage refunds will be built into the models for wage taxes. Mr. Kessler asked if the legislation recently passed will delay the budget address. Ms. Waxman replied that a delay is unlikely since the City Charter stipulates the deadline that the budget must be passed. Mr. Kessler asked if the legislation will affect the Five Year Plan. Mr. Dubow replied that if another revenue stream becomes available, the City will revisit the process. However, any changes would be conservative and to the benefit of the Plan.

Mr. Rice stated that the expiration of labor contracts will have a significant impact on the Plan. Mr. Dubow replied that he will have further discussions with PICA regarding the labor contracts.

Mr. Kessler stated that this funding is a significant benefit and should be spent wisely to spur economic development in the City.

Mr. Kessler stated that the City departments' current over time usage primarily looks good, but several departments are 90 percent or more over 2021 allocations. The Library and the City Controller are well over fiscal year 2020 totals. Mr. Kessler inquired as to who is monitoring this matter. Mr. Dubow

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replied that a meeting is to be scheduled for this discussion. Mr. Rice stated that he was expecting a new board appointment prior to this meeting but will promptly schedule the meeting.

Mr. Vaughan asked if funding is targeted for City pension plans. Mr. Dubow replied that this funding is targeted for private sector pension plans but not public.

**Public Comment**

Councilman Alan Domb commented that expenses for homelessness should be reviewed as the cost per bed in a homeless shelter is between \$15 - \$18 thousand, while modular units are much more cost effective. He added that a plan should be put in place to build on the City's economic foundation. Funding should be utilized for investments in teaching, finance and literacy.

**Adjournment/Recess**

Mr. Kessler made a motion to adjourn. Ms. Richardson seconded the motion. The motion passed 3-0. The meeting was adjourned at 12:40 p.m.

Mr. Vaughan advised the Board that the next scheduled board meeting is April 20, 2021 at 12:15 pm.