

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Special Meeting of the Board

May 14, 2020

The special meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Thursday, May 14, 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, Rob 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 11:35 am.

Approval of Minutes

Mr. Karp made a motion to approve the minutes from the meeting of April 21, 2020. Mr. Cawley seconded the motion. The motion passed 5-0.

Executive Director’s Report

PICA staff has mostly been working on the revised Five Year Plan for fiscal years 2020-2024

Since the last Board meeting, PICA staff has issued the April revenue report and the monthly overtime report as of March. PICA has not issued the April overtime report due to a delay in data from the city.

PICA’s investment reports are not available at this time.

The QCMR report is expected this Friday.

Treasurer's Report

Mr. Rice stated that PICA is currently below budget and will end the year below budget.

Resolution 2020-10: Withdrawal of FY2020-2024 FYP Revision

Mr. Dubow made a request to the Board that they allow the city to withdraw the FY2020-2024 Revised Plan and to collaborate with PICA's economist to rework its revenue projections. He explained he would be taking Professor Swanson's, PICA's economist, recommendation of doing a randomized BIRT survey to assist in making more accurate projections for that tax. Mr. Dubow also stated that the City would come up with a range for its revenue estimates, rather than the usual estimates.

Mr. Karp began the discussion by asking Mr. Dubow what the receivable is and when the City expects to collect, with respect to revenues. Mr. Dubow responded that everything will continue to be reported on an accrual basis and that collections will decrease, as well as what is expected to be collected will decrease. He explained that FY20 real estate taxes have mostly been paid, but that FY21 collections remain unknown and will depend on when the economy reopens.

Mr. Karp asked Mr. Dubow to approximate the percentage of the overall loss in revenue collections, noting that the Plan revision sees a full recovery by FY2022. Ms. Waxman explained that IHS Markit expects a gradual reopening and losses depend on the revenue stream.

Mr. Karp warned that overly optimistic revenue assumptions will lead the City to overspend rather than balance the budget. He explained his preference for an approach that is much more conservative, one that would assume an ongoing recession in budgeting spending, then adjust if the economy happens to recover more quickly.

Ms. Williams asked what the pension funded ratio impact on contributions is presently. Mr. Dubow responded that the fund will end the year down 7 percent, and he is currently awaiting analysis from the Pension Board's actuary.

Ms. Williams also asked if the City is assuming the cost of configuring workspaces of City offices. Mr. Dubow explained that the City's approach would lean more on staggered schedules and telework. Related costs are largely reimbursable from the \$276 million of CARES Act funding.

Mr. Vaughan explained that this resolution is authorizing the City to withdraw its Plan Revision due to its revenue estimates. The City will keep PICA apprised while formulating the Plan revision, which will be submitted to PICA on June 12, 2020.

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

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Mr. Dubow thanked PICA for working with the City on the new Plan Revision. Mr. Vaughan explained that PICA would have 20 days to review the Revision before voting on it. The submission will be discussed at the scheduled June 16th board meeting. The Board would vote two weeks later on the Plan.

New Business

Mr. Cawley requested that the next Plan revision be more conservative than the current, which is being withdrawn, echoing Mr. Karp's concerns. Mr. Karp emphasized there is not enough information at hand about what we should expect from the economy and asked for conservative revenue and expenditure numbers for 3-4 years of the Plan period. Mr. Kessler stated it will be difficult to approve any Plan due to the uncertainty involved in predicting the economy.

Ms. Williams recommended an approach called "optionality" for the next Revision, where the city would provide several scenarios for the budget. She explained that there are risks with being overly conservative, primarily cutting too many jobs and services would harm City operations long-term.

Public Comment

None.

Adjournment

Mr. Karp made a motion to adjourn at 12:31 p.m. Mr. Cawley seconded the motion. The motion passed 5-0.