

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

May 26, 2021

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Wednesday, May 26, 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, Michael Karp, Courtney Richardson, Roderick Henkels, 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 12:17 p.m.

Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of April 20, 2021. Mr. Henkels seconded the motion. The motion passed 5-0.

Executive Director’s Report

Mr. Rice stated that since the last meeting, PICA staff released the monthly tax revenue update, and the monthly obligations update. PICA staff also released the staff report on the third quarter QCMR. He stated that the monthly overtime report was distributed to the board. Mr. Rice added that he participated in a WURD radio interview regarding the City’s revenues and obligations, as well as the Philadelphia Chamber of Commerce’s round table discussion regarding PICA’s role in the Five Year Plan process. Mr. Rice stated that this is the second year that PICA participated in the Chamber’s discussion.

Mr. Rice advised the board that PICA staff will be meeting with nine City departments as part of the Five Year Plan process. The department meeting schedule will be sent to the board once finalized.

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

Treasurer's Report

Mr. Rice stated that PICA spending is 66% percent of the approved budget.

Resolution 2021-14: FY2021 Arbitrage Services

Mr. Rice explained that since PICA's bonds are tax exempt, annual arbitrage rebate calculations are a necessity. PICA staff requested proposals to which three firms responded and were interviewed by PICA staff. The recommendation to the board is to engage The Arbitrage Group. The Arbitrage Group not only possess the expertise to perform this service but are cost effective at \$1,000. The firm engaged last year provided the same service for a total cost of \$4,500.

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

New Business

Mr. Vaughan advised that the next board meeting is scheduled for June 15th, and the annual board meeting is scheduled for July 20. He stated that if City Council's budget review dates are maintained as scheduled, then the July 20 meeting will be held. Otherwise, the annual meeting will be moved to July 27th. Mr. Karp stated that he will be out of the country at this time and may require time accommodations. Mr. Vaughan agreed.

Mr. Kessler inquired as to the overtime report. He stated that a number of departments' overtime totals do not adhere to pandemic related overtime usage, such as the Procurement Department, the Free Library and the District Attorney's Office. Mr. Karp suggested selecting the department with the most offensive overtime usage and analyzing the actual expenditures. He added that committing the time to this analysis will be beneficial in obtaining the board's objective. A discussion ensued in this regard.

Mr. Vaughan stated that he would like to hear from the PICA staff. Mr. Rice answered that many departments such as Police, Streets, Fire, Health, Library, and the District Attorney's Office will receive reimbursement through grants. Therefore, some department overtime costs may change. Mr. Karp stated that the Free Library's overtime is 80% lower than last year. Mr. Dubow stated that the Library was unsure of budgeting through the pandemic and underestimated the amount of maintenance required. Mr. Kessler acknowledged that this is a tough year to approach this subject due to the pandemic. He asked if there are any departments where excessive overtime usage is not easily explained? Mr. Karp stated that the Library made a good faith attempt and their totals are reasonable. Mr. Kessler agreed. Mr. Rice added that he will contact the Procurement Department requesting further information on their overtime usage.

Mr. Rice stated that the District Attorney's Office was allocated \$201,000 and spent \$395,000. April's overtime usage is \$31,000. The District Attorney's Office payroll budget is \$33 million with overtime usage at only 1 percent of their total budget. Mr. Kessler stated that viewing overtime usage in this manner allows other City departments to justify excessive usage. Ms. Richardson agreed and stated that PICA should have a conversation with the District Attorney's Office as attorneys are salaried

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employees. Mr. Vaughan stated that the board members are welcome to attend the departmental meetings in order to voice their concerns. Mr. Rice stated that the departmental meetings are scheduled between June 2nd and June 10th.

Mr. Karp asked which department is most challenged in controlling overtime. Mr. Dubow answered that the Fire Department has the biggest overtime increase. However, the Fire Commissioner will most likely explain that this increase is a result of the department being understaffed by 600 employees. Mr. Dubow also added that the Prisons and Streets Departments have many people out on leave. Mr. Karp stated that overtime for the Fire Department is more cost effective than hiring full time staff. Mr. Dubow agreed. Ms. Richardson stated that when people are over-worked, they burn out. The long term cost of additional hires is greater and more expensive. Mr. Kessler inquired as to the Fire Department's position since their presentation to PICA. Mr. Dubow stated that not much movement has occurred since the presentation. They still require 600 additional employees. Mr. Kessler stated that an update on overtime usage requires a separate agenda item. Mr. Rice agreed. Ms. Richardson asked Mr. Dubow which departments do not want to work overtime. Mr. Dubow answered the Streets Department and the Prisons Department employees do not want to work overtime due to the pandemic. Mr. Vaughan stated that he looked forward to receiving more information on this topic at the June 15th board meeting.

Public Comment

None

Adjournment/Recess

Mr. Karp made a motion to adjourn. Mr. Henkels seconded the motion. The motion passed 5-0. The meeting was adjourned at 12:51 p.m.