

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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September 14, 2021

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, September 14, 2021 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

### Attendees

Board: Kevin Vaughan, Alan Kessler, 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 12:19 p.m.

### Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of July 27, 2021. Ms. Richardson seconded the motion. The motion passed 4-0.

### Executive Director’s Report

Mr. Rice stated that since the last meeting, PICA staff released the tax revenue reports for July and August, as well as the July and August obligations reports along with the staff report on the fourth quarter QCMR. Mr. Rice provided a synopsis of each report for the Board.

Mr. Rice added that he participated in a WURD radio interview in August where he discussed PICA Staff reports with callers.

The July and August Overtime updates indicate that overtime usage is higher than last year by \$4 million, primarily attributed to Police, Fire and Streets Departments. Also, an additional pay period in August resulted in higher costs.

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Mr. Vaughan asked if the City would receive federal funding for the storm damage effects of Hurricane Ida. Mr. Dubow answered that the City is inquiring into reimbursement for flooding damage.

Mr. Rice continued stating that PICA's auditors have completed the FY2021 audit fieldwork and are ahead of schedule.

Mr. Rice stated that PICA's investment report indicates investments are yielding a 1 percent return at this time.

Mr. Rice informed the Board that PICA will hold the fall conference on the American Rescue and Infrastructure Plan. The invitations will be emailed within a week.

The DC33 Union contract will be voted on this week, as well as the Police arbitration award. These actions will prompt a revision to the FY2022-2026 Five Year Plan and may require a special meeting of the Board in October.

Ms. Richardson asked if the Realty Transfer Tax decline is a result of a backlog in the City. Ms. Waxman agreed that there was a backlog within the processing department and they will be addressing that shortly. Ms. Waxman indicated that due to this backlog, the City is only losing the interest earnings not the principal on the transactions.

### **Treasurer's Report**

Mr. Rice stated that PICA spending is 77% percent of the approved budget. He added that there was an additional pay period within one month, explaining the increase in payroll costs.

### **Overtime Update**

Mr. Rice advised the Board that PICA Staff is waiting for the City's final figures for FY2021 overtime costs. Through August, City's overtime costs are 16% higher than last year with Police, Fire, Prisons and Sheriffs leading other departments. Ms. Richardson inquired as to Prisons' higher overtime costs. Mr. Rice responded that Prisons are experiencing significant absences due to COVID-19.

### **Discussion of *Fund Balance and Reserve Fund Comparison Report***

Mr. Rice indicated that in the previous meeting, Mr. Karp requested a comparison of the City's Budget Stabilization Reserve Fund to other cities with similar reserve funds. The report was emailed and a hard copy was provided via post to the Board last week. Mr. Rice provided a synopsis of the draft report and responded to questions from the Board members.

Mr. Rice stated that the City's internal fund balance target is 6% to 8% of obligations. The City achieved this goal recently in FY2018 and FY2019. GFOA's recommended target is 17 percent of obligations, but only four cities met this guideline. The City's Budget Stabilization Reserve Fund (BSR) funding policy may be restrictive and does not base its contributions on revenue growth. Mr. Rice added that planned contributions to the City's BSR have not materialized. Mr. Rice also stated that credit agencies' ratings are closely tied to reserve funds.

Mr. Kessler asked if the report's findings were shared with City Council. Mr. Rice answered that the report was not provided to City Council. However, the findings were discussed with the administration. Mr. Rice added that he would like to release the report to City Council and discuss these findings when finalized.

**New Business**

Mr. Kessler requested that PICA Staff draft a report recognizing PICA's contributions to the City's fiscal health and the benefits of PICA continuing its oversight role beyond the 2023 expiration date. Mr. Vaughan agreed that it would be prudent to provide this evaluation. Mr. Dubow stated that the administration shares the opinion that PICA's oversight is valuable and should continue.

**Public Comment**

None

**Adjournment**

Ms. Richardson made a motion to adjourn. Mr. Henkels seconded the motion. The motion passed 4-0. The meeting was adjourned at 12:45 p.m.