

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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April 19, 2022

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday April 19, 2022, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

### Attendees

Board: Kevin Vaughan, Alan Kessler, Esq. (via Zoom), Courtney Richardson, Esq. (via Zoom), Michael Karp (via telephone), Roderick Henkels, (via Zoom), Rob Dubow (*ex officio*) (via Zoom), and Mark Ryan (*ex officio*) (via Zoom)

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

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

### 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 15, 2022. Mr. Karp seconded the motion. The motion passed 4-0.

### Executive Director’s Report

Mr. Rice stated that PICA’s annual economists conference was held in February. The conference was very informative, and well-attended. Mr. Rice continued stating that PICA staff released the staff report on the second quarter QCMR, and the February and March tax revenue reports. Mr. Rice added that tax collections in March were 3% higher than the same period in 2021 and over 11.5% year to date. All tax collections did well in March with the exception of the real estate tax. PICA remains cautiously optimistic regarding the remaining fiscal year tax collections.

Mr. Karp asked if further information is available regarding non-resident employees returning to on-site work. Mr. Rice answered that employees are returning to work, as the wage tax collections are \$163 million, 12% higher than 2020. Mr. Kessler inquired as to the collateral damage to business, such as vacancies in office rental space, restaurants etc. Ms. Waxman stated that the City worked with IHS Markit on the wage tax revenue projections and are continuously monitoring the situation. She added that the City speculates that 25% of non-residents will continue to work remotely. Ms. Waxman added that they are monitoring closely and speaking with building owners and managers.

Mr. Henkels joined the meeting at 12:26 pm.

Mr. Karp inquired if the City conducted a survey regarding medical facilities decentralizing their operations from Philadelphia. He suggested contacting Penn, CHOP, etc. to discern any future plans for decentralization to the suburbs. Mr. Rice stated that he would arrange for PICA staff to meet with Commerce Department representatives to discuss post pandemic vacancy rates as well as data reflecting City businesses return to on-site work. Ms. Waxman stated that the City is seeing tremendous investments that will provide many jobs. Michael Karp and Mr. Kessler also requested a monthly or bi-monthly report on non-resident wage tax data regarding employees return to on-site work.

**Executive Session** – Discussion Regarding Legal Matters - 12:30 p.m. through 1:10 p.m.

**Resolution No. 2022 - 07 – FY2023-FY2027 FYP Revenue Analysis Services**

Mr. Rice explained that this resolution is authorization to contract with Mr. Charles Swanson, Ph.D., for consulting services as part of the review of the City’s FY2023-2027 Five Year Plan. Mr. Rice explained that Mr. Swanson’s economic expertise and detailed analysis on tax 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. Henkels seconded the motion. The motion passed unanimously.

**Executive Director’s Report - Continued**

Mr. Rice continued his Executive Director’s report stating that PICA also issued the February and March obligation updates. These updates indicate that City spending is on target with its projections.

Mr. Rice stated that PICA released a report entitled “Pennsylvania Intergovernmental Cooperation Authority - Thirty Years of Financial Oversight 1991-2021.” Mr. Rice then provided the Board members with a synopsis of the report detailing PICA’s role in the long term fiscal stability of the City of Philadelphia through strong and consistent oversight.

Mr. Rice then stated that PICA released a report regarding “The Great Resignation” entitled “COVID-19 Impact on City of Philadelphia Employee Separations.” Mr. Rice provided the Board members with a synopsis of the report detailing the staff’s analysis of the City’s employment separation data. Mr. Rice advised the Board members that he participated in an interview with KYW News Radio regarding the report which was covered this past weekend.

**Treasurer’s Report**

Mr. Rice stated that PICA spending is 65% percent of the approved budget.

Mr. Rice stated that PICA’s return on investments continues to be less than one percent due to the nature of investments.

**Pennsylvania Intergovernmental Cooperation Authority**

**Tuesday, April 19, 2022**

**Page 3**

A slide presentation detailing the City's Proposed FY2023-FY2027 Five Year Plan and budget was presented by Mr. Dubow and Ms. Waxman. A discussion regarding the City's presentation ensued.

Mr. Kessler inquired if ARPA funding could be utilized for the City's low fund balance. Mr. Dubow answered that due to the pandemic, the City lost \$1.5 billion in revenue. The funds rescued the City but did not completely cover the financial impact.

Mr. Kessler inquired as to the bad timing of the property tax assessments' increase with the current increase in inflation. Mr. Dubow answered that this is a good question and that the City is committed to looking at the relief side of the property tax assessments to assist in mitigating the financial impact.

**Overtime Update**

Mr. Rice advised the Board that PICA Staff's overtime report indicates that the City's overtime spending through February is lower than the same period in 2020 and 2021. Only four departments exceeded their overtime allocations: Behavioral Health Department, will receive reimbursement through grants; Department of Records, overtime usage is due to the backlog of processing Realty Transfer Tax collections; Treasurer's Office, overtime increased due to completing bank reconciliations in-house; and District Attorney's Office, overtime costs will be reimbursed. Mr. Rice stated that these departments will have the opportunity to further explain the excess in overtime usage during the five year plan departmental meetings.

Mr. Karp inquired as to the recent newspaper article on PICA's extension. Mr. Dubow responded that if the current legislation passes the Pennsylvania House and Senate, PICA will be extended.

**New Business**

None

**Public Comment**

None

**Adjournment**

Ms. Karp made a motion to adjourn. Ms. Richardson seconded the motion. The motion passed 5-0.

The meeting was adjourned at 2:05 p.m.