

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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October 25, 2022

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, October 25, 2022, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

### Attendees

Board: Kevin Vaughan (via Zoom), 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 Natalie Krug (*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)

### Call to Order

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

Mr. Vaughan introduced Natalie Krug the Budget Secretary’s new designee.

### Approval of Minutes

Mr. Henkels made a motion to approve the minutes from the meeting of July 27, 2022. Mr. Kessler seconded the motion. The motion passed 5-0.

### Executive Director’s Report

Mr. Rice advised the Board that PICA released the July, August and September tax revenue reports. Mr. Rice added that tax collections did well and were 20 percent higher than the same period in fiscal year 2022. Although this is good, PICA noticed that monthly sales tax and wage tax collections decreased slightly for the most recent month, and PICA will monitor it in the coming months.

Mr. Rice stated that the monthly obligations reports for June, July, August and September were also released. The reports indicated that the City is spending slightly more than what PICA projected.

Mr. Rice stated that PICA issued its Annual Overtime Report for FY2022 which found that overtime increased to \$213 million, the highest ever total, surpassing the FY2020 and FY2021 totals. City departments exceeded their overtime allocations by 14.6 percent, with Police, Fire, Streets and Prisons leading other departments.

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Mr. Kessler inquired about the increase in overtime. Mr. Dubow stated that overtime usage will be higher this year as well, due to hiring difficulties and the need to provide critical services. However, the City increased the budget for overtime spending, especially for Police and Fire. Mr. Rice added that the City should budget more accurately for overtime usage. A discussion ensued regarding overtime spending and staffing levels.

Mr. Karp joined the meeting at 12:23 pm.

Mr. Kessler inquired as to the low staffing levels effecting overtime usage. Mr. Dubow added that they have waived the Police residency requirement, are offering bonuses and performing a Citywide compensation study. Mr. Kessler asked if the worker shortage is compensation related. Mr. Dubow answered that it is partly compensation related. However, Police and Prisons are difficult occupations right now. Mr. Kessler asked if the City should increase the budget base overall but monitor if the staffing levels improve. He added that a monthly report on City staffing would be helpful to indicate budgeting for overtime spending. Mr. Karp asked if some services could be provided by civilians. Mr. Dubow answered that approximately 100 positions could be filled by civilians.

Mr. Vaughan inquired as to staffing level shortages in the Human Resources Department and the Library. Mr. Dubow answered that Library funding has significantly increased as this department is doubly challenged. Staffing for five day service will be accomplished by the end of the fiscal year.

Mr. Karp asked if PICA should engage an outside entity to audit the City's anti-violence programs. Mr. Dubow answered that the Managing Director is working on this issue. He added that he will request an update and advise the Board of his findings. Mr. Vaughan stated that the Managing Director should not have an opinion on PICA's involvement. Mr. Karp stated that engaging an outside entity may be helpful as it was a few years ago with the Fire Department study. Mr. Richardson stated that some clarity is needed on the City's progress in order to avoid duplicate efforts.

Mr. Rice continued his report stating that PICA also released the report on the FY2022 fourth quarter QCMR, which indicated a revised General Fund year-end balance of \$492 million, due to stronger tax collections and lower obligations.

Mr. Rice then stated that PICA's FY2022 financial statement audit was completed. PICA received a clean audit opinion and submitted its financial statements to the City before the deadline. He also stated that the FY2022 Annual Report will be released today. Mr. Rice thanked the staff for their hard work and diligence, especially Deidre Morgenstern, PICA's accounts manager, the PICA board and PICA's auditors.

Mr. Rice continued by updating the Board on the number of real estate tax appeals filed with the Board of Revision of Taxes. Approximately 13,500 appeals were received with 7,300 appeals already entered into the BRT system. This is significantly less than the number of appeals filed in 2014. Mr. Kessler asked if appeals will be held virtually. Mr. Rice answered that he will look into this matter and advise of his findings.

Mr. Rice stated that he contacted the Managing Director to schedule a meeting regarding the City's criminal justice agencies' progress on the recommendations from the 2019 PICA Study on Police Court Overtime. The last update PICA received was in February 2021, due to the Global Pandemic.

Mr. Rice stated that he was asked to testify in a future City Council hearing regarding Councilperson Gilmore Richardson's legislation to amend the Philadelphia Home Rule Charter to require an annual appropriation of three-quarters of one percent (0.75%) of General Fund Revenue when the projected General Fund balance exceeds \$100 million. It also updates the target balance of the BSR from a maximum of 5% of General Fund Revenues to a minimum of 7% to align with internal City spending goals. Mr. Kessler asked if Council members support the bill. Mr. Dubow stated that he does not have that information.

Mr. Rice stated that the investment reports which were included in the Board material, continue to show volatility, as most governments are experiencing, due to the current economic conditions and Federal Reserve interest rate increases.

Ms. Richardson inquired as to the total of real estate tax appeals and requested a revenue comparison between the 2014 and 2022 appeals.

### **Treasurer's Report**

Mr. Rice stated that PICA spending for FY2022 is 79% percent of the approved budget, 3 percent lower than fiscal year 2022.

Mr. Karp stated that he reviewed PICA's investment reports and noted the low current yield of .907 and would like to make a motion to determine if receiving a higher yield is possible by moving the funds into a money market fund, as other banks are providing a 3% yield. Mr. Kessler moved the motion. Mr. Karp seconded the motion. The motion passed 5-0 in a roll call vote.

### **New Business**

None

### **Public Comment**

None

### **Adjournment**

Mr. Vaughan stated that the Phillies going to the World Series is remarkable, while the Eagles are undefeated, and it is an awesome time to be a Philadelphian.

Mr. Kessler stated that the PICA Board members' terms are expiring at the end of November. Mr. Rice stated that the terms expire 60 days after November 30<sup>th</sup>, in January 2023.

Mr. Henkels made a motion to adjourn. Mr. Karp seconded the motion. The motion passed 5-0.

The meeting was adjourned at 1:05 p.m.