

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

November 21, 2023

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, October 17, 2023, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Esq. (via Zoom), Michael Karp (via telephone), Rosalind W. Sutch, CPA, MT, Rob Dubow (*ex officio*) (via Zoom), Uri Z. Monson (*ex officio*) (via Zoom), and Natalie Krug (*alternate ex officio*) (via Zoom)

Staff: Marisa Waxman, Rob Call, Suzanne Staherski, and Deidre Morgenstern

Invited Guests: S. William Richter, Esq., Reed Smith, LLP, Sabrina Maynard, Office of Budget and Program Evaluation (via Zoom), Kate McGlinchey, Chief of Staff and Deputy Director of Finance (via Zoom)

Call to Order

Mr. Vaughan called the meeting to order at 12:14 p.m.

Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of October 17, 2023. Ms. Sutch seconded the motion. The motion passed 4-0.

Executive Director Report

Ms. Waxman advised the Board that the City and the Fraternal Order of Police have signed a one year contract extension in effect until June 30, 2025, which includes a 5% raise. The total cost over the Five-Year Plan is \$163 million. Due to the City's Labor Reserve of \$394 million, the Five-Year Plan remains in balance and therefore, no Board action is required. Mr. Kessler asked if there are labor contracts pending. Ms. Dubow answered that the three other labor contracts are at various stages of negotiation.

Mr. Karp inquired as to how vacancy rate assumptions impact projections from the City and if the City budgets on a 100 percent staffing rate. Mr. Dubow and Ms. Maynard explained that the City takes vacancy rates into account. They added that they compensate through overtime, temporary employees, and part-time positions. Mr. Karp stated that Police and Prisons vacancies should be filled. He asked if several other department positions could be eliminated from the budget. Mr. Dubow responded that this is analyzed during the budget process. He added that lower staffing levels impact many departments such as Procurement and Fleet, not only Police and Fire.

Ms. Waxman continued stating that the City ended FY23 with a fund balance of \$300 million, higher than projected in the FY24-28 Five-Year Plan. At \$982 million, it is just below the GFOA recommended level of 17%. Drivers of the increase were strong interest earnings and Wage/PICA tax collections. Less

funding was spent for personnel costs, as one in five positions remain unfilled. She added that BIRT collections were lower than projected.

Mr. Kessler inquired as to the difference in Realty Transfer Tax collections for residential versus office buildings. Mr. Dubow answered that the City is still working on this and will send the report once completed.

Ms. Waxman continued advising the Board that the City is projecting lower revenues and higher spending by the end of the first quarter of FY24. However, due to the high FY23 fund balance, the FY24 fund balance estimate is now higher, at \$682 million, \$153 million more than projected in the FY24-28 PICA-Approved Five-Year Plan.

Ms. Waxman advised the Board that Ms. Staherski attended a Women in Public Finance seminar, Mr. Call attended a Philadelphia Committee on City Policy luncheon, and Ms. Waxman delivered a Budget 101 presentation at Pew Accelerator on November 29th.

Mr. Rice's retirement party was postponed and will be rescheduled at a future date.

Ms. Waxman stated that the PICA staff has published an overtime annual report, an October overtime report, a September Revenue Fact Sheet, an Annual Financial Report Fact Sheet, and a PICA Fact Sheet on the FY24 first quarter QCMR.

In December, PICA Staff will be releasing an eNewsletter which will include a recap of the Fall Conference, "The Costs of Climate Change: How Philadelphia Can Prepare," and will circulate to the Board a 2024 Communications & Research Plan.

Ms. Waxman continued stating that rather than weekly emails with voucher amounts, the information will be included in the monthly Board meeting materials.

The PICA Employee Handbook will also be distributed to the Board members, as the Ethics sections has information pertaining to Board members as well as staff.

The 1500 Walnut Street lease expires next summer. Property management are preparing incentives for extending the lease, such as free or lower rent, and downsizing. Ms. Waxman stated that she may reach out to a broker that Mr. Rice recommended to assist in exploring all options.

Treasurer's Report

Ms. Waxman stated that PICA is within the adopted budget; but there are underspends in some categories and overspends in others. She recommended amending the budget to align with actual spending categories in February while working on the FY25 PICA budget. Salaries have been lower due to staff vacancies, while professional services have been higher due to consulting fees and the timing of auditor payments.

Ms. Waxman gave the overtime update for October, explaining that overtime is lower by \$5 million. Mr. Kessler asked about new staffing and recruitment initiatives. Mr. Dubow and Ms. Maynard explained that position vacancies are at 18 percent. However, the new police class was larger than in previous years, and twelve-hour shifts have been implemented at the Prisons. Ms. Maynard added

that there is an increase in the retirement rate that affects retention. Mr. Kessler asked how the retirement rate is analyzed. Mr. Dubow answered that the City utilizes the DROP Program data. He added that they allow employees enrolled in the DROP Program to extend for an additional year when necessary.

New Business

None - however, Mr. Vaughan noted that the previously approved RFP for Legal Services would be released this month.

Public Comment

None

Adjournment

Mr. Vaughan wished all happy holidays. He added that the next PICA Board meeting will be held in January. Mr. Karp made a motion to adjourn. Mr. Kessler seconded the motion. The motion passed 4-0.

The meeting was adjourned at 12:38 p.m.