

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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January 16, 2024

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, January 16, 2024, 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, (via Zoom), Patrick Burns (via Zoom), Rob Dubow (*ex officio*) (via Zoom), Andrew Armagost, Special Advisor to PA Budget Secretary (*representing ex officio*) (via Zoom)

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

Invited Guests: S. William Richter, Esq., Reed Smith, LLP (via Zoom), Robert McDermott, Budget Director (via Zoom), Sabrina Maynard, Deputy Finance Director for Policy, Analysis and Grants (via Zoom), Kate McGlinchey, Chief of Staff and Deputy Director of Finance (via Zoom)

Members of the Public: Helen Loughead, City Council Chief Financial Officer (via Zoom)

### Call to Order

Mr. Vaughan called the meeting to order at 12:16 p.m.

Ms. Waxman introduced the new members of the Administration attending the meeting to the Board. Mr. Kessler requested a list of meeting attendees.

### Approval of Minutes

Mr. Karp made a motion to approve the minutes from the meeting of November 21, 2023. Mr. Kessler seconded the motion. The motion passed 5-0.

### Executive Director's Report

Ms. Waxman advised the Board on the current status of the City's finances. She stated that the Five-Year Plan remains in compliance, with no identified variances. Ms. Waxman notified the Board that PICA will be reaching out to new members of the Administration and City Council to maintain a collaborative working relationship with PICA staff.

Ms. Waxman stated that the City ended FY23 with a fund balance \$300 million higher than projected, allowing the City to absorb lower revenues and higher costs than projected in FY24. Revenue expectations are reduced for FY24 from the Realty Transfer Tax (RTT) by \$124 million. Overtime costs are less than projected at \$60 million in Quarter 1, and are less than the same period in the previous fiscal year. Ms. Waxman stated that the reduction for Police was due to the timing of abatement processing, while Fire's reduction was attributed to increased staffing levels. The City is still projecting FY24 overtime costs to increase from FY23. This increase is offset by salary savings

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due to the ongoing struggle to fill positions (approximately 18% vacancy rate at the end of the first quarter).

The City has signed one-year contract extensions with the FOP, FOP-Sheriff and Firefighters. The total cost remains less than the funding budgeted in the plan for the Labor Reserve. However, these are one-year contracts, and DC33 and DC47 contracts are still pending. Adequate funding will be necessary in the FY25-FY29 Five-Year Plan.

Ms. Waxman advised the Board that the second quarter Quarterly City Manager's Report is expected on February 15th, as well as the FY25 budget in early March.

Mr. Karp inquired as to the reductions in commercial real estate taxes based on current analysis. Mr. Dubow answered that office buildings account for a small portion of real estate taxes. Appeal losses are expected to affect tax collections and had been factored into revenue estimates.

Ms. Waxman advised the Board of PICA's publications produced since the last meeting, as well as upcoming publications and events. Mr. Burns requested projecting this information on the monitor screen for reference. Ms. Waxman added that PICA will be conducting a PICA 101 presentation at the City Council Orientation on January 22<sup>nd</sup>. PICA's February Forum entitled "Philadelphia's Economic Outlook & Revenue Estimates" is scheduled for February 16th at the Federal Reserve. Ms. Waxman stated that PICA now has 250 followers on LinkedIn, an increase of 2,100% and the two first monthly editions of the eNewsletter were sent to 500+ subscribers.

Mr. Kessler cited the recent PICA piece on midyear transfer ordinances and asked if adding \$100 million in appropriations is too large. Ms. Waxman responded that PICA does raise caution against added costs if a full review was not performed on sustainability. Mr. Kessler asked what action the Board should take if the projected numbers shift significantly from the Approved Plan. Ms. Waxman answered that PICA has the authority to monitor variances and have ongoing collaboration with the Administration, as well as City Council. Mr. Kessler requested that the Board be advised of future transfer ordinances. Ms. Waxman stated that she will advise the Board.

Ms. Waxman informed the Board that Resolution #2024 – 06 pertains to conference expenses for the Government Finance Officers Association and American Planning Association conferences. PICA staff attendance will keep staff up to date on requirements and best practices for oversight of the City and management of a state authority.

Ms. Waxman advised that the Commonwealth's 2023 financial interest forms will be forwarded to the Board with the February Board materials.

Ms. Waxman added that as PICA's office space lease is set to expire this year, staff toured five potential locations and are requesting proposals from three additional buildings. A meeting with the current building representatives will be scheduled later in the week regarding reduced space and costs.

### **Treasurer's Report**

Ms. Waxman stated that the Board materials now include a list of vouchers, replacing weekly emails. This fiscal year through December, the PICA Tax generated \$337.5 million in tax revenue

and \$428,000 in interest. Mr. Burns inquired as to the voucher funds interest earnings. Ms. Waxman replied that interest is unearned because the day the funds are received, they are immediately wired to the City. Mr. Burns stated that PICA should be earning overnight interest. Ms. Waxman answered that she will reach out for clarification.

Ms. Waxman continued stating that PICA spending for FY24 is 38% of the approved budget through December. The primary cause of increases in costs is due to consulting contracts to manage staff turnover and transitions.

Mr. Vaughan stated that the report is excellent and asked for any comments. There were no comments.

### **Resolution 2024-06 – Approval of Conference Expenses**

Mr. Vaughan requested a vote on the resolution. Mr. Karp made the motion. Mr. Burns seconded the motion. The motion passed 5-0 in a roll call vote.

Mr. Kessler referred to a recent Inquirer article regarding the Sheriff's office's inability to obtain payments for outstanding tax liability. He asked if PICA has the authority to request further information. Mr. Dubow answered that it is completely appropriate for PICA to raise questions in this matter. Mr. Kessler requested that Ms. Waxman make inquiries and apprise the Board.

Mr. Kessler congratulated Mr. Dubow on his appointment as the new Administration's Finance Director and another term of service to the City. Mr. Burns also congratulated Mr. Dubow.

Mr. Vaughan stated that the difficulties with the Sheriff's office have been discussed for quite some time alongside the discussion of reevaluating the role of row offices. Mr. Dubow stated that he could not address this issue without discussion with the new Administration. Mr. Vaughan answered that there should be a discussion on this matter. Mr. Karp added that the corruption issues are very disturbing. Mr. Dubow stated that these are questions for the Law Department.

### **New Business**

Mr. Vaughan announced an executive session at 12:51 pm to discuss submissions to PICA's Request for Proposals for General Counsel. The meeting resumed at 12:59 pm.

### **Public Comment**

None

### **Adjournment**

Mr. Vaughan stated that the next PICA Board meeting will be held in February. Mr. Karp made a motion to adjourn. Mr. Kessler seconded the motion. The motion passed 5-0.

The meeting was adjourned at 1:00 p.m.