

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

March 19, 2024

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, March 19, 2024, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Esq. (via Zoom), Rosalind W. Sutch, CPA, MT, Patrick Burns (via Zoom), Rob Dubow (*ex officio*) (via Zoom), Uri Z. Monson (*ex officio*) (via Zoom)

Staff: Marisa Waxman, Rob Call, and Deidre Morgenstern

Invited Guests: Sabrina Maynard, Deputy Finance Director for Policy, Analysis and Grants (via Zoom), Kate McGlinchey, Chief of Staff and Deputy Director of Finance (via Zoom), Marcel Pratt, Esq., Ballard Spahr, Peter Kim, Esq., Ballard Spahr, Helen Loughhead, City Council Chief Financial Officer

Call to Order

Mr. Vaughan called the meeting to order at 12:17 p.m.

Approval of Minutes

Ms. Sutch made a motion to approve the minutes from the meeting of February 20, 2024. Mr. Kessler seconded the motion. The motion passed 4-0.

Executive Director's Report

Ms. Waxman introduced PICA's new legal counsel, Marcel Pratt, Esquire and Peter Kim, Esquire of Ballard Spahr. Mr. Pratt and Mr. Kim expressed their appreciation and enthusiasm in having a role in the Authority's mission to maintain the City of Philadelphia's fiscal stability.

Ms. Waxman advised the Board of PICA's publications produced since the last meeting, as well as upcoming publications and events. She stated that PICA published the FY24 second quarter Quarterly City Manager's Report Fact Sheet which noted the lower fund balance as well as additional spending. Additional spending includes \$50 million for street paving and \$50 million for clean and green initiatives with minimal change to revenues. PICA also published the FY24 second quarter Quarterly Overtime Fact Sheet which indicates vacancy rates remaining high, as well as an \$11 million increase in overtime spending. Ms. Waxman added that new contracts with wage increases will increase overtime costs. Ms. Waxman also stated that PICA published the February eNewsletter and the Annual Comprehensive Financial Report Fact Sheet. The FY25-FY29 Five Year Plan Fiscal Highlights will be released before the April Board meeting.

Mr. Kessler asked if hiring has increased. Ms. Waxman replied that vacancies are about one in six budgeted positions and there is a net increase in the numbers budgeted for the upcoming fiscal year. Mr. Dubow added that there is an increase in Police recruitment, but more staff are retiring. Mr. Kessler

asked if the City is considering rehiring retired workers as an option. Mr. Dubow answered that the City is looking into this and working on incentives, but there are legal issues to be resolved before proceeding.

Ms. Waxman continued advising the Board that she was a guest lecturer at the University of Pennsylvania's Urban Studies Department and was also quoted in the Inquirer regarding the Philadelphia real estate market and the City's budget.

Ms. Waxman advised the Board of upcoming publications including the March eNewsletter and the Class 500 Contributions Fact Sheet.

Ms. Waxman stated that PICA will deliver fewer publications as staff will be concentrating on the FY25-29 Five Year Plan analysis over the coming months.

Ms. Waxman informed the Board that Mr. Call and Ms. Staherski will be guest lecturing at Villanova University's Advanced Sustainability Studies Class on April 2nd. They will present PICA's report "Weathering the Future." Ms. Waxman will be presenting at the Forum of Executive Women on the City's budget.

Ms. Waxman advised the Board that the March eNewsletter now has 648 subscribers and PICA's LinkedIn followers has increased to 350.

Ms. Waxman stated that today's agenda includes a resolution for the extension of the contract with Charles Swanson, Economics Professor at Temple University, for an additional year. Professor Swanson performs analysis of the City's tax revenue projections and provides an opinion on whether the projections are reasonable and appropriate, in accordance with the PICA Act requirements. PICA staff rely on this analysis for the completion of the Staff Report on the City's Five Year Plan.

Ms. Waxman added that the second resolution on the agenda recognizes S. William Richter's service and contributions as PICA's general counsel since PICA's inception in 1991.

Ms. Waxman reminded Board members that financial interest statements are due May 1st. The statements can be filed online or paper. She added that Board members should forward a copy of the filing to PICA.

Treasurer's Report

Ms. Waxman stated that Layna Holmes-Butler of Joyce Miller Associates, who provides PICA's accounting services, performed PICA's mid-year review and determined that PICA's accounts are accurate and up to date.

Ms. Waxman informed the Board that PICA's Operating account has been moved from a savings account earning an interest rate of 1.08 percent to a government money market account currently earning an interest rate of around 5 percent. The move will generate approximately \$10,000 more in monthly interest. Mr. Vaughan thanked Mr. Burns for his suggestion in the previous Board meeting to explore bank accounts yielding higher interest rates.

PICA has 40 percent of the approved budget remaining in this fiscal year. An increase in 2024 operating expenses will result in surpassing the amount budgeted for rent. However, underspending in other categories of the budget will ensure that PICA's budget remains balanced overall.

Resolution 2024-09 – Approval of Revenue Analysis Services

Ms. Waxman reiterated that this resolution calls for the extension of the contract with Charles Swanson, Economics Professor at Temple University, for an additional year. Professor Swanson provides analysis of the City's tax revenue projections and provides an opinion whether the projections are reasonable and appropriate. Mr. Vaughan added that Professor Swanson does a terrific job, and his expertise is extremely valuable.

Mr. Vaughan requested a vote on the resolution. Mr. Kessler made the motion. Ms. Sutch seconded the motion. The motion passed 4-0 in a roll call vote.

Resolution 2024-010 – Recognition of S. William Richter

Ms. Waxman stated that this resolution calls for the Board's recognition and expression of gratitude for Mr. Richter's distinguished service as PICA's legal counsel since PICA's inception.

Mr. Vaughan requested a vote on the resolution. Ms. Sutch made the motion and Mr. Kessler seconded the motion. The motion passed 4-0 in a roll call vote.

Public Comment

None

Updates from the City of Philadelphia

A slide presentation detailing the City's FY25-29 Five Year Plan (attached) was presented by Mr. Dubow and Ms. Maynard. Mr. Dubow emphasized that the numbers will change between now and when the finalized Five Year Plan is presented to the PICA Board. Mr. Dubow stated that the Plan reflects the Administration's top priorities such as public safety, clean and green programs, economic opportunity, education and housing. Mr. Dubow highlighted \$2 billion in new investments including \$850 million in operating and \$1.2 billion in capital focused on public safety and clean & green programs.

Mr. Kessler asked if new expenditures related to expiring federal funds would result in obligations beyond 2025. Ms. Maynard answered that the expected end to federal funds is built into the Plan and the utilization of the funds was designed to avoid recurring costs that could not be supported once the federal funds run out.

Mr. Burns asked if the Plan includes increased revenues for future events in 2026, such as the World Cup and the Semiquincentennial Celebration. Ms. Maynard replied that the 2026 events are expected to have impacts on revenues and spending but is not specifically budgeted.

Mr. Vaughan requested a chart detailing the City's pension costs once the Pension Fund is 100 percent funded. Mr. Vaughan added that the full funding of the Pension Fund is a significant accomplishment, and PICA has long advocated for this achievement.

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Mr. Kessler asked if PICA recommends a specific level of fund balance for the City. Ms. Waxman answered that the PICA Act specifies that the fund balance must be positive, and that PICA's assessment depends on the reasonableness of the assumptions and not a particular percentage. PICA must have confidence in the City's assumptions and methods of estimation.

Mr. Kessler, noting the lack of tax rate reductions in the proposed FY25-29 Plan, inquired as to the cost of gradual decreases in tax rates. Mr. Dubow answered that the incremental reductions that past administrations included in the Plan typically cost between \$150 to \$250 million over the life of the Plan. Mr. Dubow stated that the City is instead investing in other ways for economic development. People feeling safe in clean places will more likely return to the City, increasing revenues. Mr. Kessler stated that he understands that the Mayor would like to start off on the right foot, but it never becomes easier and may be hard next year as well.

Mr. Vaughan announced an executive session at 12:57 pm to discuss PICA's office lease. At this time, the City representatives left the meeting.

Mr. Kessler and Mr. Burns left the meeting at 1:10 p.m.

The Executive Session ended at 1:13 p.m. and the meeting resumed.

New Business

None

Adjournment

Ms. Sutch made a motion to adjourn. Mr. Vaughan seconded the motion.

The meeting was adjourned at 1:14 p.m.