

# **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY**

## **Minutes of the Meeting of the Board**

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**September 15, 2020**

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, September 15, 2020. As a result of the emergency declaration and stay at home order of the Governor of Pennsylvania due to the COVID-19 pandemic, the meeting was virtual with members of the board and the public participating.

### **Attendees**

Board: Kevin Vaughan, Alan Kessler, James Cawley, Tina Byles Williams, Michael Karp, Rob Dubow (*ex officio*), and Mark Ryan (*ex officio*)

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

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

### **Call to Order**

Mr. Vaughan called the meeting to order at 12:20 p.m.

### **Approval of Minutes**

Mr. Karp made a motion to approve the minutes from the meeting of July 21, 2020. Mr. Kessler seconded the motion. The motion passed 5-0.

Mr. Karp made a motion thanking Mr. Kessler for his vigilance in overseeing the City’s overtime spending. He noted that overtime spending decreased 44 percent in July. Ms. Williams seconded the motion. The motion passed unanimously.

### **Executive Director’s Report**

Mr. Rice stated that since the last meeting, PICA’s auditors have completed the FY2020 audit fieldwork and the City will be receiving the report by September 25<sup>th</sup>. PICA staff also released the June and July tax revenue reports, the fourth quarter staff report on the QCMR, the annual overtime report and the July and August Obligations reports.

PICA’s investment report indicates investments are yielding over 2 percent return at this time.

Mr. Rice thanked Daniel Esposito of PICA for his efforts in organizing this virtual Board meeting.

Mr. Rice added that he testified before City Council in July and received a request to testify at City Council's Fiscal Stability and Intergovernmental Cooperation Committee on September 23rd.

Mr. Rice stated that, as previously requested by Mr. Kessler, the City submitted an analysis of MDO spending since FY2016.

Mr. Rice also informed the Board that PICA has a new family member as Gus Tsakos had his first baby, a boy, named George.

### **Treasurer's Report**

Mr. Rice stated that PICA is currently at 82 percent of the budget.

Mr. Karp noted that S&P reaffirmed its "AAA" rating of PICA.

### **Resolution 2021-04 – Settlement of Libor Litigation**

Mr. Rice stated that the City has agreed to accept a proposed settlement of the LIBOR litigation and the Authority's special litigation counsel has recommended that the Authority jointly accept. He added that several more settlement proposals are forthcoming and are time sensitive, requiring immediate action. Consequently, in order to bring these matters to a swift conclusion and to not delay the process by awaiting authorization at monthly board meetings, Mr. Vaughan and the Executive Director are requesting authorization to execute and deliver the settlement agreements with the advice of the Authority's special litigation counsel. Mr. Karp asked if PICA is in tandem with the City in all of the LIBOR litigation matters. Mr. Rice answered in the affirmative. Mr. Karp made a motion to approve the resolution and Mr. Cawley seconded the motion. The motion passed 4-0 in a voice vote with Mr. Kessler recusing himself.

### **City of Philadelphia Overtime Spending Analysis, Origins and Action Plans**

Ms. Waxman delivered a presentation on the City's overtime spending analysis. A discussion ensued with Ms. Waxman providing Board members answers to their inquiries.

Mr. Rice thanked Ms. Waxman for her report but added that he expected more concrete numbers in order to best monitor the City's progress. Mr. Rice also stated that Prisons should be added to the list of departments.

Mr. Kessler stated that as he received a large number of documents, he will have a chance to more thoroughly review the materials by the next board meeting and will have more questions. He added that despite staff hiring increased over the past few years, overtime has continued to increase. He stated that he is particularly frustrated over the City's inability to budget for overtime. Overtime increased year over year in the past nine years. He is not implying that overtime is unnecessary. Mr. Kessler added that since joining the Board, not a year has gone by without unplanned events. There are always drivers of unplanned overtime such as protests, rioting, etc. However, the City must do a better job of

budgeting for these events. There seems to be no departmental accountability in rising overtime. Ms. Waxman stated that the City will provide updates at the next board meeting. Mr. Rice stated that PICA could meet with the City and discuss action plans. Mr. Kessler suggested that PICA could follow the same process for overtime reduction as the Five Year Plan process.

Mr. Vaughan stated that the library system was originally designed to accommodate 2 million people. He has not seen branch closures or change in staffing levels reflecting the City's reduced population. He added that staffing levels should be monitored, as well as managing overtime. Ms. Waxman answered that the City will review service and staffing levels.

Mr. Cawley stated that he agrees with Mr. Kessler that overtime is not necessarily a bad thing. However, the amount of overtime continues to grow year over year. He added that he does not see the connections of certain departments, such as the Sheriff's Department, with events requiring overtime. However, every step forward is a good step.

Ms. Williams stated that she agrees with Mr. Cawley. Although, she has doubts regarding overtime reserves as they can result in managing a new level of excess and an absence of precision. She asked if overtime in the Controller's office is connected to unplanned events. Mr. Rice answered that in the past, overtime at the Controller's was capped at \$50,000 and was mostly utilized for the CAFR opinion audit. Mr. Kessler inquired as to the Controller's office overtime. Mr. Rice answered that they spent \$80,000 in FY2020 while the allocation was \$60,000.

Mr. Vaughan stated that he looks forward to hearing from the City next month.

### **New Business**

None.

### **Public Comment**

Councilman Domb asked Rob Dubow if one individual is responsible for overtime or is the department responsible. Ms. Waxman answered that overtime is a managerial responsibility for each department. Ms. Waxman added that each department has an overtime budget within Class 100 appropriations. If the department is over budget, new hiring and salary increases will not be approved by the Budget Office. Mr. Dubow added that overtime is a Budget Cabinet and departmental matter.

Mr. Garret Hincken of PEW asked Ms. Waxman if the report presented today is a public document. Mr. Dubow answered that the report is accessible on the City's website.

Mr. Kessler asked who holds the City's managers accountable when they exceed overtime budgets. Mr. Dubow replied that managers are held accountable to the Cabinet members.

### **Adjournment/Recess**

Mr. Kessler made a motion to adjourn. Ms. Williams seconded the motion. The motion passed 5-0. The meeting was adjourned at 1:15 p.m.