

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

January 21, 2025

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, January 21, 2025, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

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

Staff: Marisa Waxman, Rob Call and Deidre Morgenstern

Invited Guests: Sabrina Maynard, Budget Director (via Zoom), Kate McGlinchey, Chief of Staff and Deputy Director of Finance (via Zoom), Marcel Pratt, Esq., Ballard Spahr

Call to Order

Mr. Vaughan called the meeting to order at 12:15 p.m.

Approval of Minutes

Ms. Sutch made a motion to approve the minutes from the meeting of November 19, 2024. Mr. Kessler seconded the motion. The motion passed 4-0.

Resolution 2025-07 – Consideration and Vote – Reappointment of Executive Director

Mr. Vaughan stated that this resolution is in consideration of Ms. Waxman's reappointment as PICA's executive director for a two-year term. Ms. Waxman added that there has been no change to the terms of her contract since the approved Resolution 2025-06 at the October 22nd Board meeting.

Ms. Sutch made a motion to approve the resolution. Mr. Burns seconded. The motion passed 4-0 in a roll call vote.

Mr. Vaughan stated that he is extremely happy with Ms. Waxman's performance and the professional relationship she has nurtured with the City.

Updates from the City of Philadelphia

Mr. Karp joined the meeting.

Mr. Dubow congratulated the Board members on their reappointments and added that he looks forward to their continued work.

Mr. Dubow stated that the City negotiated a one-year contract extension with DC33 since the last PICA Board meeting. The cost of the agreement is within the constraints of the labor reserve allocated in the

Five-Year Plan. Mr. Dubow added that the City is working on the FY25 transfer ordinance and are also in the early stages of revenue forecasting for the City's FY26 budget. The City will provide the applicable information once available.

Executive Director's Report

Ms. Waxman stated that the City has not released major financial reports since the previous Board meeting, but PICA Staff have reviewed the Quarterly City Managers Report for the first quarter of FY25. The updated projections increase spending by \$225 million to \$6.6 billion. This increase is due to increased indemnities which include the Prisons agreement, and costs related to the City's wellness centers. Increases in spending and an expected increase in the General Fund balance of \$74 million are possible because of under spending on salaries and benefits due to vacant positions in FY24.

Ms. Waxman continued stating that PICA staff received documentation and a briefing on the City's wellness centers on January 7th. The documentation specified costs of \$300 million plus for initiatives between FY24 and FY29, including shelter beds for two years at Philly Home at Girard, recovery beds at Riverview, and other related programs. Ms. Waxman added that it was helpful to acquire the budget but stated that it is concerning that this information was requested prior to the start of FY25, and repeated requests were made throughout the fall. The requested information was not received until after Philly Home at Girard was operational and just days prior to the opening of Riverview after substantial expenditures. Ms. Waxman noted that moving forward, PICA anticipates timely, complete information for existing and new initiatives.

Ms. Waxman stated that the City will release the Quarterly City Managers Report for the second quarter of FY25 in mid-February. PICA staff will be closely monitoring this report as the projected FY25 fund balance will dictate the size of the City's contribution to the Budget Stabilization Reserve Fund. Ms. Waxman added that PICA staff will publish their report on the Quarterly City Managers Report for the second quarter and Overtime Report by the end of February.

Ms. Waxman continued stating that PICA hosted the "Dorking Out with Data and Dumplings" event in late November. Approximately thirty data analysts attended to discuss methods for analyzing and visualizing data related to local government and community conditions. PICA Staff considers this collaboration extremely helpful and expect to reconvene on a quarterly basis.

Ms. Waxman advised the Board of PICA's publications produced since the last meeting, as well as upcoming publications and events.

Ms. Waxman stated that the PICA staff released a series of publications on City spending according to class. The release of these publications throughout the year should result in a more streamlined version of the Five-Year Plan Staff Report.

PICA Staff will also release a report in early February regarding revenue prediction precision for individual tax types as a follow-up to the previously released report on the accuracy of City's revenue estimates.

In order to expand PICA's social media presence and ensure that the appropriate stakeholders are aware of PICA's research and recommendations, PICA staff have been reaching out to journalists covering government and finances. Ms. Waxman added that the staff continues to work on the eNewsletter and PICA now has 557 LinkedIn followers, surpassing the FY25 goal of 500 followers.

Ms. Waxman advised the Board that PICA's annual Economists Forum is scheduled for Thursday, February 13th at the Federal Reserve. Paul Flora, Director of Regional Economic Analysis at the Federal Reserve, will provide an economic outlook, Jesse Lawrence, the City's Director of Planning and Development, will deliver a preview of the City's Housing Plan, and Sabrina Maynard, Budget Director, along with the City's outside economists, will provide a presentation of the City's tax base growth rate assumptions. PICA staff are making an effort to include economists and subject matter experts on the attendee list. Ms. Sutch requested the Economists Forum information. Ms. Waxman affirmed that she would provide the information.

Ms. Waxman stated that the Grants Administration project has launched. The consultant team is wrapping up their first round of interviews with City staff and review of City documentation. Initial key themes identified include an absence of centralized grants management, and siloing of programmatic and financial functions within departments.

Ms. Waxman continued stating that the redesign of PICA's website is underway and will ensure that PICA has adequate and ongoing security updates, an accessible design in accordance with ADA requirements for governments, and improved user experience. PICA staff would like to include photos of Board members alongside the bios. For those members who are able, please supply a headshot with the appropriate web resolution (at least 800x800). For those without a photo at the appropriate resolution, she could commission a photographer to take headshots at a future board meeting.

Mr. Vaughan conveyed his concern regarding the City's delayed response to PICA's continued requests for information on the wellness centers. Mr. Dubow acknowledged that the information should have been communicated sooner, but as the wellness centers are a new initiative, the City required additional time to assure the requested data was accurate. Mr. Karp added that it is difficult to forecast the availability of funds since this is a new endeavor. Ms. Sutch disagreed, stating that parameters should be in place. Mr. Kessler suggested that in the future, if PICA is having difficulty receiving requested information, they should contact the Mayor's office.

Ms. Waxman continued her report stating that they wish Suzi Staherski success in her new role with the City's Budget Office. The first round of interviews for her successor are completed and Ms. Waxman expects to fill the position before the Mayor's FY26 budget is released.

Ms. Waxman reminded the Board members that they are required to take the oath of office in-person before any Board action during the February meeting.

Treasurer's Report

PICA spending through the first half of the fiscal year is \$575,000, approximately one third of the \$1.78 million budget. Higher spending is expected in the second half of the year as monthly rent payments resume. Monthly rent expenses beginning in January are approximately \$9,500, one

thousand less than the prior lease. Due to the contract with Guidehouse, \$175,000 of the \$200,000 appropriated to Additional Oversight will be expended by the fiscal year end.

Ms. Waxman stated that she does not anticipate major changes in the FY26 budget. PICA will comply with the GFOA recommendation of having 17% in the operating account as a fund balance. The operating account balance was \$2.8 million at the end of December. PICA's FY25 operations are fully funded, and the City will receive 100 percent of PICA Tax collections. Through the first week of January, the City received \$363 million in PICA Tax revenues.

Following the Treasurer's Report, a conversation ensued regarding the City's position vacancies.

Mr. Kessler inquired as to the Class 100 increase in spending from FY14 through FY24. He asked if these positions are budgeted or filled. Ms. Waxman answered that the report showed filled positions, which was lower than the number budgeted. Mr. Kessler stated that 82 percent of positions are filled and asked if the current staffing level of the City's workforce is a new reality, and if so, will the City continue to budget for the unfilled positions. Mr. Karp stated that the City should continue to budget for these positions as a placeholder. Mr. Kessler stated that this concept should be up for debate. Mr. Burns stated that overtime costs are a real issue. Mr. Dubow answered that the vacancy allowances are built into the budget. The City will continue efforts to fill positions, but significant growth is unlikely. He added that the City will continue to rely on overtime usage and outside vendor contracts when necessary. Mr. Burns stated that the goal is to eliminate reliance on overtime usage as it leads to fatigue and injuries in an overburdened staff. The City should look into outside staffing and recruitment. Mr. Dubow answered that the City is already taking measures to fill open positions. Mr. Karp added that this situation is not unique to just Philadelphia as Lower Merion is also struggling with a shortage of workers, particularly a shortage of Police officers. Ms. Sutch asked if all positions are considered critical and are any non-public safety positions. Mr. Kessler agreed that this is important, especially with the uncertainty of continued federal funding.

Public Comment

None

New Business

None

Adjournment

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

The meeting was adjourned at 12:45 p.m.