

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

March 18, 2025

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, March 18, 2025, 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 (via Zoom), Michael Karp (via telephone), Rob Dubow (*ex officio*) (via Zoom), Sabrina Maynard, Budget Director (*alternate ex officio*) (via Zoom), Natalie Krug (*alternate ex officio*) (via Zoom)

Staff: Marisa Waxman, Rob Call, Octavia Geiger and Deidre Morgenstern

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

Call to Order

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

Mr. Vaughan stated that the Board will revisit last month's New Business agenda item, the recommendation on the City's row offices. Mr. Vaughan then provided an overview of the history and role of PICA in overseeing the City of Philadelphia's fiscal health.

Approval of Minutes

Ms. Sutch made a motion to approve the minutes from the meeting of February 25, 2025. Mr. Kessler seconded the motion. The motion passed 4-0.

Updates from the City of Philadelphia

A slide presentation detailing the City's FY26-30 Five Year Plan and Recommended FY26-31 Capital Program (attached) was presented by Mr. Dubow and Ms. Maynard. Ms. Maynard stated that the Plan proposes \$3.77 billion in new targeted investments and reflects the Administration's top priorities such as public safety, housing, 2026 preparedness, workforce development, wellness and extended school day programs. The Plan allocates \$11 million over 5 years for new positions in planning and development, \$550 million for collective bargaining agreements, and \$210 million for tax reform initiatives. It also proposes eliminating the gross receipts portion of the Business Income and Receipts Tax, reducing the net income rate, and resuming Wage Tax reductions. Mr. Dubow added that while the City's finances are stable, there is federal funding uncertainty and long-term fiscal challenges.

Mr. Dubow and Ms. Maynard stated that the City is proposing capital improvements, including replacing the Fire Academy to onboard more firefighters and increasing the Fleet Services budget to maintain vehicle replacement schedules. The Managing Director's Office is adding funding for wellness centers, and IT is investing in a new finance and procurement system. The Prisons Department budget is increasing to address infrastructure needs. The Streets Department budget focuses on paving and ADA ramp investments.

Ms. Sutch asked if the proposed tariffs will have an impact on the City's Fleet supply. Ms. Maynard answered that this is a good question. She continued stating that tariffs may further impact Fleet vehicle costs and the City is closely monitoring this matter.

Mr. Kessler asked if a Labor Reserve Fund allocation amount was specified in previous plans. Mr. Dubow answered in the affirmative. He added that last year, the allocation amount specified was \$400 million. The amount is higher this year at \$550 million due to upcoming contract negotiations.

Mr. Kessler then asked if the \$11 million allocated for new positions is above the expected position levels. Ms. Maynard answered that this allocation amount is to support the implementation of the H.O.M.E. Plan. Mr. Kessler inquired as to the current staffing levels. Ms. Maynard answered that they are seeing substantial progress citing examples such as the Office of Human Resources, Law Department, and the Department of Licenses & Inspections. Mr. Dubow stated that the City also gained 100 new Police recruits and that they are heading in the right direction.

Mr. Kessler inquired as to the stage of the litigation of the Business Income & Real Estate Tax exemption and whether the plaintiffs are seeking past damages or just attempting to prevent the exemption from moving forward. Mr. Dubow answered that the plaintiffs are seeking past damages, and that the City is at the settlement stage of litigation.

Mr. Kessler asked if the federal government's termination of federal employees will have an impact on City leases and agreements. Mr. Dubow answered that the terminations will have an impact on real estate values, but the City will not have the actual data until the next assessment. Mr. Vaughan asked if the City is actively pursuing terminated federal employees who have an interest in working for the City. Mr. Dubow answered that the City is pursuing these employees and a job fair for federal employees is scheduled for this week.

Mr. Karp acknowledged the passing of Pennsylvania Superior Court Judge Phyllis Beck, Mr. Dubow's mother-in-law, and commemorated her and her entire family's exemplary dedication to public service. Mr. Kessler noted that Judge Beck's passing will be felt by all and wished to pass on the PICA Board's condolences. Mr. Dubow expressed his appreciation to the Board.

Executive Director's Report

Ms. Waxman provided an overview of Resolution No. 2025-11, Recommendation Regarding Row Offices.

She stated that resolution recommends that the Council of the City of Philadelphia and the Mayor of the City of Philadelphia take steps to eliminate the offices of the Sheriff and the Register of Wills as independently elected offices and to consolidate the functions of such offices into the appropriate agencies of the City or the First Judicial District, and, when necessary, to enact local legislation, petition the Commonwealth of Pennsylvania for relief, and to take appropriate legal action against the Sheriff and Register of Wills to ensure compliance with applicable law. The rationale cites a past PICA report, the City Controller's Office audit, and reporting on avoidable costs and delays in revenue collections that have a negative impact on fiscal stability.

Ms. Waxman stated that she testified at City Council's Committee on Fiscal Stability and Intergovernmental Cooperation hearing on February 26th, recapping the role of PICA and the requirements of the PICA Act. The testimony highlighted the fiscal indicators that PICA monitors with updates halfway through FY25, adequate reserves, and sound budgeting practices. Also included was a discussion of local impacts of recent federal policy changes. Councilmember Gilmore-Richardson connected PICA staff with Congressman Evans' office regarding the amount of Wage Tax dollars from federal employees, which was \$99 million in FY24.

Ms. Waxman continued stating that she testified at a hearing of the Maryland State Legislature on March 6th regarding the fiscal impacts of Philadelphia's beverage tax. Maryland is considering a similar tax.

Ms. Waxman advised the Board that Guidehouse completed Phase 2 of the Grants Administration project with the City, which included benchmarking against peer cities and development of best practices. The final report will be available later this spring.

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

Ms. Waxman stated that the PICA staff released reports on the Quarterly City Managers Report for the second quarter of FY25 and the Overtime Report.

Ms. Waxman stated that with the start of budget season, PICA staff are beginning the preliminary work for the PICA Staff Report. The staff also will be producing the PICA Staff Fact Sheet on the FY24 Annual Comprehensive Financial Report, Analysis of Budgeted Vacancy Rates – a post and pre-pandemic comparison, and the Proposed FY26-30 Five Year Plan Fact Sheet.

Ms. Waxman continued stating that Karma Dharma is continuing the process of upgrading and redesigning PICA's website. PICA's equipment has also been updated for data backups.

Ms. Waxman reminded the Board members to complete the Statements of Financial Interest by May 1st. Forms and instructions were included in the Board packet this month.

Treasurer's Report

PICA's spending through February was 43 percent of the FY25 operating budget. Ms. Waxman added expenditures were less in February due to the timing of the salaries and benefits payment. The PICA Operating Fund's main expenses were \$23,000 to PICA's outside accounting firm for FY24 audit preparation and \$9,500 for rent. At the end of February, PICA's Operating Budget account balance was \$2.79 million. The monthly interest earnings have been declining due to the lower operating account balance and reduced interest rates, currently at 4 percent, which were previously 5 percent. Through February, the City received more than \$488 million in PICA Tax receipts.

Mr. Kessler left the meeting.

Public Comment

Mr. Vaughan invited members of the public to speak in regard to Resolution No. 2025-11, Recommendation Regarding Row Offices.

Stephanie Booker addressed the Board: Ms. Booker stated that she knew Ms. Bilal prior to her becoming Sheriff and commended her integrity. Ms. Booker stated that the accusations made by the Inquirer are biased and asked for a thorough investigation. She stated that prior to Sheriff Bilal heading the department it was full of corruption, and it cost the City millions of dollars to clear up scandals. She added that change cannot happen overnight.

Shantae Coppock addressed the Board: Ms. Coppock thanked the Board for allowing her to participate and stated that she is present to observe.

Jon Hankins addressed the Board: Mr. Hankins stated that he would like to speak in support of Sheriff Bilal, her community involvement and the fact that PICA is attempting to abolish the Sheriff's Office. Mr. Hankins stated that young people in his community did not know a thing about the Sheriff's Office. Through Sheriff Bilal's community engagement, they are now aware of the purpose of the Sheriff's Office and the resources they provide. Mr. Hankins commended the Sheriff for modernizing the office and providing an online option for property transfers. Mr. Hankins added that the Sheriff is serving the community the best way that she can and has been trying to undo the previous administration's missteps. He requested a thorough investigation prior to even considering abolishing the office. He concluded stating that Philadelphians overwhelmingly elected Sheriff Bilal to serve in this role in the same way as they elected the Mayor.

Joanna Burke addressed the Board: Ms. Burke stated that she is speaking on behalf of the community in support of Sheriff Bilal, her community outreach, the help she has given to citizens with foreclosure prevention, and sheriff sale possessions. She has provided safety locks for firearms at community events to encourage gun safety. Ms. Burke noted that Sheriff Bilal brought Autism events to the community where parents of children with disabilities were advised of the different resources and avenues that are available. Ms. Burke requested a thorough investigation regarding these allegations before deciding to close the Sheriff's Office.

Eric Walker addressed the Board: Mr. Walker stated that he is here in support of Sheriff Bilal. He added that he has a grandson with Autism. The Sheriff advised the community of the resources available to

assist them. She provided a space to talk, build, and create an organization to help people in the streets, including organizing food drives. Mr. Walker concluded stating that Sheriff Bilal is helping the people of Philadelphia.

Stanley Crawford addressed the Board: Mr. Crawford, advised the Board that he is the President, Founder, and CEO of the Black Male Community Council of Philadelphia. He stated that he is very disturbed about the issue being discussed today. This Sheriff's Office has been functioning for many years and now there is this interest in closing the department. The Philadelphia Inquirer is the promoter of this dissention. The Sheriff ended the funding to the Philadelphia Inquirer, and suddenly this discussion became prominent. The citizens of Philadelphia elected the Sheriff. This entity should look to itself before entertaining the abolishment of the Philadelphia Sheriff Department. PICA came into existence a long time ago and is no longer needed. The Philadelphia Inquirer is very disingenuous and are using the ability of the press to destroy a person predicated on economics and not on validity. The citizens of Philadelphia are not going to be passive if you decide to even recommend the abolishment of this department. Thank you.

Mr. Vaughan asked if the Board members would like to discuss the resolution. Mr. Karp stated that PICA's former Executive Director, Uri Monson, wrote a memo in 2009 dating back to previous administrations regarding issues within the Sheriff's Department. The core issue is that it is highly unusual for a government to have this independent office. It is unnecessary. Even if we did not look at any of the issues stated in the Inquirer, this is still not a good national precedent for having various row offices. One was eliminated, but the other remaining offices should be part of the City's functions. The Sheriff's Office has refused discussions with PICA regarding their budget and their practices. There were no Sheriffs' Sales for years because of the ineptitude of the department. This alone speaks volumes separate from the concerns of what the Inquirer detailed. Whether or not there is an issue of a contract between the Sheriff and the Inquirer, investigating these allegations is not necessary. Most importantly, there is a history going back over a series of various sheriffs. This issue is not only with the Sheriff's Office, but with the other existing row offices. These offices should be consolidated into the City government.

Ms. Sutch stated that she agrees with Mr. Karp, but her main issues are the facts from the report of the City Controller's Office and the performance audit. Coming from an accounting perspective, the lack of internal controls, the deficiencies, the lack of comprehensive accounting and transparency are highly problematic. Not using the procedures as required by the rest of the City government is most concerning.

Mr. Vaughan stated that this resolution is not just directed at the Sheriff's Office, but other row offices. Philadelphia is one of the largest cities in the country that still has these offices from colonial days. This is something that has been dysfunctional for an extraordinarily long time. Sixteen years ago, PICA issued a report and recommended that these offices should be folded into City government, not eliminated. We are charged by the State to work with the City to determine best practices. PICA spent a lot of time working with the City on the underfunded pension plan. Now, the City is well on track to have the fund completely funded by 2033. We have a history of making recommendations to the City. Whether the City takes the recommendations is up to the City.

Resolution 2025-11 – Recommendation Regarding Row Offices

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Mr. Vaughan requested a vote on the resolution. Ms. Sutch made the motion. Mr. Karp seconded the motion. The motion passed 3-0 in a roll call vote.

New Business

None

Adjournment

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

The meeting was adjourned at 1:18 p.m.