

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

April 22, 2025

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, April 22, 2025, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, 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, Colin Stayna-Winter (via Zoom), Sarah de Wolf, Guidehouse, Eli Reilly, Guidehouse (via Zoom)

Updates from the City of Philadelphia

Budget Director Sabrina Maynard advised the Board that the budget hearings scheduled for this morning were postponed. Ms. Maynard stated that the budget process is underway and that they are monitoring the impacts of changing federal policy and navigating the adjustments to City grants, potential reductions in Wage Tax due to federal layoffs, reduced funding for the City's medical and education institutions, and how the economic uncertainty may limit business investment.

Executive Director's Report

Ms. Waxman informed the Board that PICA staff are reviewing materials for the Five-Year Plan analysis. She added that the City is showing positive fund balances in all years of the Plan although changes are expected in the final version both in spending and revenues. The City's major initiatives this year are the HOME initiative with \$800 million in planned borrowing and tax rate changes.

Ms. Waxman continued stating that PICA staff will be meeting with approximately twenty City departments beginning next week. Written questions were forwarded to the Sheriff's Office, which has again declined to meet with PICA staff. Staff are assessing whether the City's revenue, spending, and fund balance assumptions are reasonable and consistent while also monitoring external factors such as federal grants, tariffs, and the overall economy.

Ms. Waxman stated that there are no resolutions for Board consideration this month or expected in May. PICA's June meeting will include resolutions for auditing and accounting services. Staff will be recommending renewals for both Joyce Miller & Associates and Maher Duessel LLP. The July

Annual Meeting will include resolutions to approve the City's Five-Year Plan, the PICA Board Meeting Schedule for FY26, and the election of PICA Board Officers.

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

Ms. Waxman stated that PICA staff released several publications since the March Board meeting. Ms. Geiger released her first two pieces, which were evergreen articles regarding the PICA Act and the Intergovernmental Cooperation Agreement.

Ms. Waxman continued stating that subsequent to requests from Board members, particularly Mr. Karp, PICA staff completed an analysis of the City's budgeting process for vacant positions and a comparison to actual filled positions. The analysis determined that the City assumed a 3.1 percent vacancy pre-pandemic with the actual vacancy at 5.1 percent. Post-pandemic, reflecting the challenges in hiring, the budgeted vacancy rate more than doubled to 7.6 percent in FY25. The gap between the budgeted vacancy rate and actual vacancies widened significantly as vacancies were 18 percent halfway through FY25.

Ms. Waxman advised the Board that PICA's consultants, Sarah de Wolf and Eli Reilly of Guidehouse, will be delivering a slide presentation today detailing the benchmarking and recommendations for the City's approach to grants administration. This work is extremely significant with the current state of affairs for federal grants and state pass-throughs. The City and PICA Board will receive the full report, and a shorter version will be available for public audiences. Ms. Waxman thanked Dan Gasiewski from the City, and the Guidehouse Team, including Eli Reilly, Sarah de Wolf, and Kate Wall.

Ms. Waxman informed the Board that she and Mr. Call presented Budget 101 Sessions at two Committee of Seventy events. Following these presentations, PICA staff received a request to present to the Welcoming Center.

PICA Staff also hosted the "Data Soup" event for approximately two dozen data analysts with attendees from multiple City agencies, the Federal Reserve, The Reinvestment Fund, and City Council to discuss methods for analyzing and visualizing data related to local government and community conditions. The next event will take place in September entitled "Let's Taco 'bout Data."

Ms. Waxman added that the eNewsletter list has increased to 822 and LinkedIn followers are now at 643, surpassing the FY25 goal of 500 followers.

Ms. Waxman continued stating that PICA's new website is in soft launch. Mr. Call will provide highlights such as increased security, search engine improvements and an additional section for Board meetings with all public-facing materials in one place for each meeting. Staff will forward the link shortly.

Treasurer's Report

Through March, the City received more than \$548 million in PICA Tax receipts. The City's current estimate for FY25 revenues is \$745 million with one quarter remaining.

PICA's Operating Budget account balance was \$2.6 million at the end of March. The monthly interest earnings have been declining due to the lower operating account balance and reduced interest rates.

PICA's year-to-date spending is \$912,000 of the \$1.78 million annual budget. Major expenses in March were the initial payment of \$70,000 to Guidehouse for the grants administration work and \$124,000 for salaries and benefits which covered 8 weeks due to timing issues.

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

Call to Order

Mr. Vaughan called the meeting to order at 12:32 p.m.

Mr. Vaughan addressed the Board regarding the press coverage of PICA's Resolution 2025-11, approved during the March 18th PICA Board meeting. The resolution recommended the consolidation of the functions of the Sheriff and the Register of Wills into the appropriate agencies of the City.

Mr. Vaughan stated that PICA is empowered by the Commonwealth of Pennsylvania to make factual findings and recommendations to the City of Philadelphia concerning its budgetary and fiscal affairs and to determine best practices. He also clarified that this resolution is not only directed at the Sheriff's Office, but with the other existing row offices, related to improving the efficiency and effectiveness of operations and revenue collections.

Mr. Karp expressed his concerns about the current and prior leadership of the Sheriff's Office. He stated that this office has been dysfunctional for an extraordinarily long time. Most importantly, there is a history going back over a series of various sheriffs. Ms. Sutch stated that PICA's recommendation is based on the functions of the office as a whole, not a particular person.

Approval of Minutes

Mr. Karp made a motion to approve the minutes from the meeting of March 18, 2025. Ms. Sutch seconded the motion. The motion passed 3-0.

Updates from the City of Philadelphia (Continued)

Mr. Dubow continued advising the Board that the transfer ordinance hearing is scheduled for tomorrow. Mr. Dubow noted that there is considerable chaos surrounding grants distribution at the federal level which the City is closely monitoring. Potential cuts to major employers will affect tax collections. The federal policy, primarily regarding tariffs, has created immense uncertainty with both short and long term economic affects. Mr. Karp inquired as to the timing of implementing new initiatives with so

much economic uncertainty. Mr. Dubow answered that the City is actively contingency planning. Mr. Karp asked if the City could collaborate with the community and other organizations, not only government. Mr. Dubow answered that the City is consistently making efforts to partner with other organizations, but they are also concerned about loss of federal revenues.

PICA Website Overview

Mr. Call delivered an overview on the improvements to PICA's website which include increased security, optimized search engine features, and an additional section to ease navigation for Board meeting minutes as well as staff publications. Ms. Sutch asked if staff members have access to update the website. Mr. Call answered that updates can be made in-house without IT support.

Presentation on Grants Administration Benchmarking & Recommendations

Sarah de Wolf and Eli Reilly of Guidehouse delivered a slide presentation detailing the benchmarking and recommendations for the City's approach to grants administration. The presentation included an analysis on best practices in grants management across Philadelphia's peer cities and counties. Ms. de Wolf and Mr. Reilly made recommendations for the City to strengthen its grants management practices.

Mr. Reilly presented findings showing that Philadelphia is heavily reliant on grant funds, with approximately one third of its total revenue coming from grants. He emphasized the need for improved grants management due to the evolving federal landscape and the City's reliance on nonprofit partners as subrecipients. The report recommends centralizing grants administration functions in a Central Grants Office and policy steering committee to improve efficiency, collaboration, and strategic alignment. The presenters estimate potential returns of at least \$26 million per year from implementing their recommendations, though they acknowledge uncertainty due to the current federal administration. A discussion regarding the report ensued.

Ms. Sutch expressed that she has less confidence in the proposal due to the current federal landscape. Mr. Vaughan expressed concerns about implementing such changes during uncertain times, citing federal funding cuts and economic challenges. Ms. Maynard agreed and added that centralizing is a challenge. She explained current efforts to improve grant oversight, including weekly application reviews and implementing a database to track the grant lifecycle. Mr. Vaughan acknowledged that the report has great merit but may require adjustments to the budget to implement these recommendations. Mr. Karp stated that if revenues decline, budget reductions of approximately 5 percent may be required. Mr. Dubow stated that the City will get feedback on revenue projections while working with PICA's economist, Dr. Charles Swanson.

Mr. Karp inquired as to the City's position on mass transit. Mr. Dubow answered that funding for mass transit is a statewide issue with particular urgency in Philadelphia and Pittsburgh.

Public Comment

None

New Business

Mr. Vaughan recommended cancelling the May Board meeting due to lack of items requiring Board action and will reconvene in June. The Board agreed.

Mr. Vaughan reminded Board members to complete the Statements of Financial Interest by May 1st.

Adjournment

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

The meeting was adjourned at 1:28 p.m.