

# **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY**

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

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**June 17, 2025**

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, June 17, 2025, in the PICA boardroom located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

### **Attendees**

Board: Kevin Vaughan, Alan Kessler, Esq., Rosalind W. Sutch, CPA, MT (via Zoom), Rob Dubow (*ex officio*) (via Zoom), Sabrina Maynard, Budget Director (*alternate ex officio*) (via Zoom), Uri Monson (*ex officio*) (via Zoom)

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

Invited Guests: Marcel Pratt, Esq., Ballard Spahr, Colin Stayna-Wynter, City Council (via Zoom), Frank Iannuzzi, Esq., Policy Director, City Controller's Office (via Zoom)

### **Call to Order**

Mr. Vaughan called the meeting to order at 12:16 p.m.

### **Approval of Minutes**

Ms. Sutch made a motion to approve the minutes from the meeting of April 22, 2025. Mr. Vaughan seconded the motion. The motion passed 3-0.

### **Updates from the City of Philadelphia**

Mr. Dubow stated that the City's FY26 Operating and Capital budgets received final approval from City Council and that PICA will receive the FY26-30 Five-Year Plan on June 30th. The adopted budget includes no changes to the proposed business and wage tax rate adjustments but modified the construction impact tax to exempt affordable housing. The adopted FY26 Budget allocated an additional \$17 million over two years for grants and technical assistance to small businesses, bringing the total to \$47 million, and added \$3.5 million in grants instead of increasing the Community Development Corporation tax credit. Capital projects, such as \$5 million each for FDR Park and Happy Hollow Recreation Center, were also added.

Mr. Kessler asked if the budget reflects the settlement of litigation related to the business tax exemption, and whether it includes past damages. Mr. Dubow answered that he will confirm with the Law Department and provide this information. Mr. Kessler requested clarification of the capital budget moving forward.

Ms. Sutch inquired as to the intent of the additional business grant spending. Mr. Dubow replied that the grants are intended to assist small businesses, including funding for tax preparation services.

Mr. Kessler asked if the adopted budget includes further significant changes in spending. Rob Dubow noted that while there were no significant spending changes, the City will be updating revenue estimates and fund balance projections, particularly given recent economic and federal policy developments. Mr. Dubow added that while union contracts currently expire on June 30th, the City will incorporate any new contracts in the updated Plan it submits. Ms. Waxman agreed that these changes are the most significant adjustments from the proposed Plan.

Mr. Kessler inquired as to the Board receiving the Five-Year Plan Staff Report earlier for review given minimal spending changes from the proposed version. Ms. Waxman answered that if certain sections are available, PICA staff will forward those along earlier. However, staff would like to ensure that the revenue estimates and balances are rigorously evaluated as well as labor costs, especially with the expiration of union contracts.

Mr. Kessler inquired as to the impact of measures stemming from Washington, D.C. Mr. Dubow answered that some grants were terminated, including AmeriCorps. Ms. Maynard added that while some large Centers for Disease Control and Prevention grants were initially terminated, they were later reinstated due to court rulings, allowing them to continue. She noted that there were no major impacts on Wage Tax collections from the City's medical and education institutions yet, but they are monitoring the situation closely, especially regarding federal government actions. Ms. Sutch inquired as to the impacts of IRS staffing terminations. Ms. Maynard answered that currently, the City has not seen impacts. Mr. Kessler requested reporting on the status of termination impacts. Mr. Dubow stated that he will report information on terminations to the Board, although noting that frequent changes and reversals make this challenging.

Mr. Kessler noted that overtime costs seem to have doubled compared to last year. Ms. Maynard stated that although costs did not double, they increased substantially due to cold temperatures, the Northeast plane crash, and the Super Bowl celebrations. Mr. Dubow added that there is an increase in Police overtime costs next quarter driven by protest coverage.

### **Executive Director's Report**

Ms. Waxman informed the Board that PICA staff are reviewing materials for the Five-Year Plan analysis. She added that staff met with approximately twenty City departments whose budgets and policy roles could have a material impact on the City's finances. Staff also monitored Council budget hearings, and tracked external factors. She stated that PICA staff expect to receive the Five-Year Plan on June 30th. PICA's external consultant, Professor Charles Swanson, and the Controller's Office are poised to provide their analysis, which will be incorporated into the Staff Report. Ms. Waxman continued stating that PICA staff are assessing whether the City's revenue, spending, and fund balance assumptions are reasonable and consistent while also monitoring factors such as federal funds, labor contracts and costs, and the adequacy of budget scoping for new and expanded initiatives.

Ms. Waxman stated that PICA staff released several publications since the April Board meeting including “How Bond Authorizations Work.” Ms. Waxman added that PICA staff released reports on the Quarterly City Managers Report and Overtime Spending for the third quarter of FY25.

Ms. Waxman continued stating that PICA Staff are developing topics for future research and the Fall Forum. She requested that the Board contact her with their suggestions or areas of interest. PICA Staff are considering topics such as the use of AI in local government, the status and strategies for tax delinquency, and modeling how changes in immigration could impact the City’s Wage Tax collections. Mr. Kessler asked if PICA staff are coordinating with the Governor’s Office regarding AI. Mr. Monson offered to connect PICA staff with the appropriate representatives in the Governor’s office.

Ms. Waxman continued stating that Mr. Call presented a Budget 101 Session at the Welcoming Center, which Ms. Geiger also attended. PICA staff attended “Office Hours” at the People’s Budget Office, a project of the Mural Arts Program. Staff will also attend the Government Finance Officers Association annual conference in Washington DC at the end of the month. The conference topics are extremely useful in PICA’s monitoring of the City and the management of PICA, as a small government entity.

Ms. Waxman added that the eNewsletter list has increased to 825 and LinkedIn followers are now at 669, surpassing the FY25 goal of 500 followers.

Ms. Waxman stated that three resolutions are scheduled for Board consideration. However, two of the resolutions are to be tabled for consideration at the July Annual Meeting. These resolutions include a one-year extension to PICA’s audit contract with Maher Duessel at a cost of \$36,100 (\$35,000 in 2025). Maher Duessel provides smooth staff transitions, clear guidance, an excellent online system for tracking documentation, and a timely audit opinion. The second resolution considers a one-year extension to PICA’s accounting contract with Joyce Miller & Associates. Costs in FY26 will increase between 3-5 percent (not to exceed \$23,625). Joyce Miller & Associates provide excellent response time for routine and non-routine questions and tasks. They also work extremely well with Maher Duessel.

#### **Resolution 2025-14 – Recognition of Deidre Morgenstern for 30 Years of Service to PICA**

Ms. Waxman stated that this resolution recognizes Deidre Morgenstern for 30 years of exemplary service to the Authority. Ms. Morgenstern has played a vital role in financial operations, including overseeing PICA Tax transfers and supporting audits, while serving under six executive directors and across five mayoral administrations. The resolution highlights her lasting contributions to Philadelphia’s fiscal stability and expresses the Board’s profound appreciation for her dedication.

Mr. Vaughan requested a vote on the resolution. Mr. Kessler made the motion. Ms. Sutch seconded the motion. The motion passed 5-0 in a roll call vote, including ceremonial votes from its two ex-officio members.

Ms. Morgenstern expressed her gratitude to the PICA Board and staff for this recognition.

**Continuation of Executive Director's Report**

Ms. Waxman continued her report stating that 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. She will circulate a draft calendar to the Board.

**Treasurer's Report**

Ms. Waxman stated that with one month left in FY25, PICA has spent \$1.19 million of the \$1.78 million operating budget (67 percent) and will end the year under budget. A notable area of underspending is rent costs, due to a new lease with lower costs and four months free of rent charges. Additionally, PICA staff budgeted for moving expenses, which were unnecessary. Moving forward in FY26, \$1.69 million is budgeted, which includes a 17 percent fund balance. The FY26 operating budget is mostly funded by remaining revenues in the operating account, interest earnings and \$257,138 of PICA Tax funds which will be transferred this month.

**Public Comment**

None

**New Business**

None

**Adjournment**

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

The meeting was adjourned at 12:40 p.m.