

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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April 24, 2026

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Friday, April 24, 2026, 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), Rob Dubow (*ex officio*) (via Zoom), Sabrina Maynard, Budget Director (*alternate ex officio*) (via Zoom), and Natalie Krug (*alternate ex officio*) (via Zoom)

Staff: Marisa Waxman and Deidre Morgenstern

Invited Guests: Michael McDonald, Esq., Ballard Spahr

Members of the Public: Sean Collins Walsh, The Inquirer (via Zoom)

### Call to Order

Mr. Vaughan called the meeting to order at 12:17 p.m.

Mr. Vaughan stated that today's agenda includes the City's briefing detailing the changes to the Rideshare Tax Proposal outlined at the last board meeting.

### Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of March 17, 2026. Ms. Sutch seconded the motion. The motion passed 3-0.

### Updates from the City of Philadelphia

Mr. Dubow delivered a briefing to the Board members regarding the Transportation Network Company Tax (rideshare services tax). The rideshare services tax originally proposed in the Five-Year Plan at a \$0.20 increase per ride was revised to \$1 increase per ride and is expected to generate \$48 million annually on a recurring basis.

Mr. Dubow continued stating that the revision was due to the School District's plan to address the District's \$300 million deficit by eliminating 340 budgeted positions. When the Mayor was informed of the District's proposal to address the deficit by cutting positions, she found it unacceptable. Mr. Dubow added that if this tax increase is not passed, the School District will proceed with the full scope of position eliminations.

Mr. Dubow advised the Board that the revenue generated through the rideshare services tax increase will save 240 of the 340 positions slated for elimination. None of the eliminated positions will be teachers, counselors, or other school-based positions. Mr. Dubow stated that the Mayor does not want to jeopardize the significant progress made by the School District.

Mr. Kessler inquired as to the School District's lack of communication regarding the \$300 million deficit. Mr. Dubow answered that the Administration and the School District have been discussing the deficit but were not aware of the School District's proposed strategy to address this shortfall.

Mr. Kessler asked if the City is confident in the data projecting \$48 million in annual recurring revenue and if that data is reliant on studies similar to the Philadelphia Beverage Tax data. Mr. Dubow answered that the City is confident due to the availability of current rideshare data provided by the Parking Authority. The data is far more reliable than the data available to develop 2017 Soda Tax projections.

Mr. Kessler asked if alternate plans were proposed to raise recurring revenue for the School District. Mr. Dubow answered that the Administration is having ongoing discussions with representatives of the rideshare industry which will continue. However, the School District needs reliable recurring revenues.

Mr. Vaughan asked if the tax revenue will flow through the City's budget. Mr. Dubow answered that the revenue will be directed to the School District. He added that since the revenue will not flow through the General Fund or other funds covered by the PICA Act, it will not appear in the Five-Year Plan presented to the PICA Board for approval.

Mr. Kessler asked why Philadelphia cannot raise revenue for the School District through taxes similar to other counties in Pennsylvania. Ms. Sutch replied that this is the way the legislation was written, Philadelphia is the only school district in Pennsylvania without the authority to raise its own revenue through taxes. While other districts can directly levy taxes, the School District of Philadelphia relies on City and State sources for 99 percent of its operating budget. Ms. Sutch continued asking who will be most impacted by this tax. Mr. Dubow answered that in researching those most impacted by the tax, they found ridership increases with income and less than one percent of people with incomes below \$50,000 use ride sharing for commuting to work.

Mr. Vaughan thanked the Administration for the briefing and their transparency to PICA. He added that it is fundamental that the School District functions properly and thanked the Administration for advising the PICA Board of the strategies proposed to manage this deficit.

Mr. Kessler remarked that approving this tax revenue is beyond the scope of PICA. PICA's primary task is to annually review and analyze the City's five-year financial plan. Because the rideshare tax revenue would go directly to the School District and does not affect City finances, PICA is not required to approve any plans involving the tax. Mr. Kessler continued stating that he would like to comment on his own behalf, and not as a PICA Board member. Mr. Kessler stated that the Mayor's proposal of the tax should be applauded as it reflects the City's obligation to fund the schools, demonstrates to the State Senate that a local effort is being made, and allowing the School District to falter would undermine the City's fiscal health. The rideshare tax's critics have not proposed a credible alternative for funding schools. Mr. Kessler commented that we have not seen another viable proposal or more creative way of raising critically essential recurring revenue sources. Mr. Kessler continued stating that to have any chance of securing additional funding from the state with a very unsympathetic, sometimes hostile state Senate, the City will have to demonstrate their commitment to raising this recurring revenue.

Mr. McDonald stated that his firm, Ballard Spahr, represents the rideshare company Uber. He noted that this representation does not conflict with the firm's work with the PICA Board.

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

Ms. Waxman advised the Board that PICA staff have been carefully analyzing the City's borrowing and capacity for repaying debt. She noted recent increases in outstanding debt including the HOME borrowing and growth in the Capital Budget. With the upcoming repayment of the Pension Obligation Bonds, there will be greater flexibility in the General Fund. Expanding services, increasing debt, ensuring adequate reserves, and/or lowering taxes may be options once that burden is reduced, but if the City chooses to borrow significantly other options may be curtailed.

Ms. Waxman noted that even with recent borrowings, the City's total outstanding debt is \$3.6 billion at the close of FY25, approximately nine percent less than a decade ago. The reduction is mostly a result of the PICA bonds' retirement. The largest outstanding amounts are for municipal buildings (\$817.5 million, 23 percent) and the Pension Obligation Bond (\$656 million, 18 percent). In FY26, the City borrowed \$400 million for HOME and plans to borrow another \$400 million for that program in FY28. Each \$100 million borrowed translates into approximately \$8 million in annual debt service.

Ms. Waxman continued discussing the differences between taxable and non-taxable bonds. The taxable bonds cost approximately \$28 million more in interest over 20 years for each \$100 million borrowed. The City must issue taxable bonds when the proceeds will be spent on assets not owned by the City such as housing development, stadiums, or other economic development. Ms. Waxman stated that according to analysis by the Bond Buyer, Philadelphia does significantly more taxable borrowings compared to the national average.

Ms. Waxman advised the Board that PICA staff's attention is focused on analyzing the FY27 Budget and FY27-31 Proposed Five-Year Plan. PICA staff will also meet with approximately 20 individual departments that have a material impact on the City's finances. The staff are also examining trends in tax delinquency during and after the pandemic. The staff will be preparing the quarterly fact sheets on the Quarterly City Manager's Report and Overtime Report in May.

Ms. Waxman continued stating that several revenue proposals will require City Council or Pennsylvania legislature approval. The City has begun expanding homeless shelter capacity using non-recurring funds. State and City Council approval is necessary to support that expansion through the Plan. PICA staff are also exploring items currently targeted as one-time expenditures, such as the Zero Fare program for SEPTA and Anti-Violence grants. Continuing these expenditures through FY31 would add \$200 million in additional spending.

Ms. Waxman stated that PICA's LinkedIn following has grown to 855 and the eNewsletter reaches slightly under 800 people. In the past week, Mr. Call attended a Budget Townhall hosted by the Administration, and staff will also be attending several more Council Budget Townhalls. Ms. Waxman stated that she joined the People's Budget Office, a project of the Mural Arts Program, for office hours in Love Park. Mr. Call and Ms. Waxman also engaged with organizations in the past month that include the Philadelphia Committee on City Policy and Philadelphia Council on Business Economics.

### **Treasurer's Report**

Ms. Waxman reported that PICA spending through March is \$777,245 of the \$1.7 million FY26 Operating budget. Some expenses concentrated later in the year include rent (due to free months per the lease earlier in the year) and computer purchases per a recommendation from PICA's IT company. Ms.

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Waxman anticipates underspending in Additional Oversight and in Personnel costs due to vacancies. Significant expenses in the past month included higher rent due to true-up for building operating costs and an annual payment for website maintenance. PICA's operating account at the end of March was \$1.76 million, more than sufficient for the remainder of FY26. \$469 thousand in PICA tax dollars will be transferred in June to ensure adequate resources for FY27.

Through April 3rd, PICA has remitted \$584 million in PICA Tax to the City.

**Public Comment**

None

**New Business**

None

**Adjournment**

Mr. Vaughan warmly acknowledged Mr. Burns as he is experiencing a difficult time with the closure of his Fresh Grocer Supermarket on Gray's Ferry Avenue due to the tragic parking garage collapse. Mr. Vaughan stated that Mr. Burns' remarks during the store's reopening ceremony were extremely compassionate and supportive of the surrounding community. Mr. Kessler added that he and the other Board members wish to acknowledge Mr. Burns' kind and thoughtful response to this tragedy.

Mr. Vaughan advised the Board members that the next PICA Board Meeting is Tuesday, May 19th at 12:15 p.m.

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

The meeting was adjourned at 12:41 p.m.