

Allegheny Regional Asset District
Board of Director's Special Meeting & Public Hearing
3 PM June 18, 2020
via Zoom

The Board of Directors met at 3:00 PM on Thursday, June 18, 2020 convened by way of Zoom webinar, due to the COVID-19 crisis. Present were Board Members: Ms. Dusty Kirk (Chair), Ms. Jackie Dixon, Ms. Sylvia Fields, Mr. Daniel Griffin, Ms. Hilda Fu, and Dr. Daniel Rosen. Chief Counsel Mr. James Norris, Executive Director Mr. Rich Hudic, staff, advisory board members and members of the public. Notice of the meeting was published in accordance with the Act and By-laws. The agenda and instructions for viewing the meeting were posted on the District website.

Ms. Kirk stated that due to the COVID-19 pandemic, and out of concern for the health and wellness of the public, our Board members, and our employees, this meeting is being held with call-in and web-based options only. RAD remains committed to transparency and to our obligations under the Sunshine Act. She noted that the District was also acting in accordance with guidance from public health experts and County and City officials.

Public Comment

The Chair indicated that this meeting would serve as a public hearing, as grant proposals would be discussed. The Chair opened the meeting for public comment. No one registered to speak.

Minutes

The first item on the agenda was consideration of the minutes of the meeting of May 21, 2020. As there were no additions/corrections, Mr. Ross moved approval with Ms. Dixon seconding. The motion was unanimously approved.

Treasurer's Report

Ms. Fields submitted the following report.

Board Members:

I am pleased to submit the following report on RAD's financial position.

June revenue of \$5.8 million is 32% below our original budget projection for 2020. Year to date sales tax revenue through June is \$47.6 million, which is \$4.4 million lower than 2019 year to date revenue of \$52 million. This revenue represents taxes collected for past periods. In the coming months, RAD expects revenue to continue to be less than our original budgeted projection due to the economic challenges that we are experiencing.

The District has distributed \$47.9 million in 2020 grants through June, including \$1.6 million in prior year capital payments. In addition to monthly payments to contractual assets, the first two quarterly

payments to large annual grantees have been released and the 2020 grants to small assets were paid June 15.

We remain on budget on the administrative side at this time.

Submitted by
Sylvia Fields
Treasurer

In response to a question from Dr. Rosen, Mr. Hudic said that contractual assets receive monthly payments, mid-to-large size assets receive quarterly payments, and assets receiving less than \$25,000 receive one payment in June. All the payments have been reduced by 20 percent, as authorized by the Allocations Committee at the May meeting.

Allocations Committee Report

Ms. Kirk noted that at the last meeting, she asked the Allocations Committee to review the outstanding grants to the Pittsburgh Center for Arts and Media as the organization's mission and building status had changed. Ms. Kirk also asked for input from the District's legal counsel.

The Chair called on Mr. Ross to submit the report of the Allocations Committee.

Board members:

The Allocations Committee met on June 9th and submits the following report and recommendations.

Staff apprised the committee of the notification process to all assets informing them of the May 21st board decision to reduce all RAD operating support by 20% beginning with their most recent payment on June 15th. As RAD had been effectively communicating the potential effects the pandemic could have on revenues, this reduction did not come as a complete surprise.

As was stated in the Treasurer's report, June revenue was 32% below our original budget projection for 2020. We recommend at this time not making any adjustments to the revised budget, including the continued freeze on 2020 capital. We will continue to meet on a regular basis and assess the situation as we receive our monthly revenue numbers.

At the direction of the chair, the Allocations Committee further reviewed the outstanding matters regarding the Pittsburgh Center for Arts and Media and the District. With guidance provided by the District's counsel, we recommend that all matters regarding capital contract extensions and suspended operating support be moved from the table and denied. This includes operating funds for the year 2020 as it is clear to the committee that what the organization has become is structurally and operationally different than what the District initially funded.

Furthermore, we are encouraged by the Pittsburgh Center for Arts and Media's new leadership to make the organization more efficient and focused, and invite them to apply for 2021 operating funds by going through our application and hearing process later this year.

Submitted by the Allocations Committee,
Hilda Pang Fu, Daniel J. Griffin, Anthony J. Ross

In response to a question from Ms. Kirk, Mr. Hudic said that Pittsburgh Center for Arts and Media ended its lease of the Marshall Building and also sold its Melwood property. Mr. Griffin stated that the Allocations Committee discussed adding language to RAD's capital agreements that would enable the District to recapture or claw back a portion of its investment if a building that RAD supported with capital funding is vacated or sold within a certain period of time. Ms. Fields noted that 10 years is generally the norm for organizations under lease of a building. Ms. Kirk asked Mr. Norris if it we could add such a provision and he replied affirmatively, noting that it may be based on an agreed upon pro rata formula. Dr. Rosen said he was in full support as RAD needed to be accountable and added that provision include an asset going bankrupt.

Ms. Kirk asked for a motion to approve the report that was made by Ms. Fields, seconded by Dr. Rosen. It was approved unanimously.

The Chair called on Mr. Griffin to submit the report of the Library Committee.

Library Committee Report

Board Members:

The Library Committee has held several meetings since we last reported to you in February and we have the following update.

1. ACLA Formula

As you are aware, under the agreement between Allegheny County Library Association (ACLA) and the District, ACLA submits a proposed formula for distribution of RAD funds to local libraries with its request each July that then must be agreed to by the RAD board. We recently met with ACLA so they could provide us a progress update on the formula. The ACLA formula task force has preliminarily proposed several changes in the way funds are distributed including increasing the percentage for libraries in distressed communities and a recalculation of the way distressed communities are defined using poverty level statistics. We realize tackling changes in the formula is not an easy process. The Committee is appreciative of the task force's efforts and looking forward to continuing this discussion as we anticipate ACLA's budget submission for 2021 in July.

2. Library Study Project Update

As of June, ten libraries have opted into the pilot testing of three shared services projects. The list of the project category and participating libraries is attached to this report. Since February when the RAD Board provided a \$38,000 connection grant to CLP to facilitate these three pilots, much has happened in the world, ultimately creating some challenges for these pilots to begin in earnest. After a short delay, The Hill Group and the pilot participants managed to use technology to successfully launch and operate the projects. Time spent on pilot projects is being tracked for each library and service provider through an online tool. Currently, participants are engaged in assessments of either fundraising, facilities, or HR infrastructure and the customization of policies, procedures, and practices that will help to address each in more efficient and effective ways moving forward. Ultimately, each participating library hopes to leverage better administrative or back-office functions to enhance service to library patrons.

The pilots will continue through June 30 unless participants and providers determine that some additional time is necessary to achieve desired outcomes.

Upon conclusion of the pilots, lessons learned will be incorporated into a final design for full-scale shared services which are expected to launch in late 2020 or early 2021.

We are encouraged by the progress and believe the overall goal of shared services will result in enhanced county-wide quality and equity by reducing the time spent and resources used for back-office functions. We are hopeful that libraries in distressed communities will take advantage of the shared services opportunities.

3. ACLA's Long Term Plan

ACLA submitted a long term plan in December for District approval. At a meeting with ACLA, the committee reviewed the plan in detail and offered recommendations for enhancements to the plan. ACLA will be submitting a supplement to its plan to the Committee and then we will bring the plan to the board for review.

Lastly, this pandemic has heightened our awareness of just how valued and important libraries are in our communities. With fewer and fewer resources available these days, it is paramount that we continue to find ways to make our system efficient and effective for all.

Submitted by the Library Committee:
Jackie Dixon, Dusty Kirk, and Dan Griffin

Pilot Project Participation April 2020-June 2020

Facilities (provider: CLP)

Sto-Rox Library

Oakmont

Andrew Carnegie Free Library (Carnegie)

Fund Development (provider: CLP)

South Park

Andrew Bayne (Bellevue)

Monroeville

CC Mellor

Human Resources (provider consultant Sherry Murray)
Cooper Siegel (Fox Chapel)
North Versailles
Homestead

Ms. Kirk noted that this was an important report and that the Board is extremely concerned about distressed libraries. Dr. Rosen noted that there was a concern about the definition of libraries in distressed communities. Mr. Griffin responded that as mentioned in the report, the proposed formula would change the method for determining the distressed designation based on poverty statistics and that the method would add more libraries receiving funds through the formula. Mr. Hudic noted that currently 10 libraries receive distressed payments through the formula; that number would increase to 16 based on the proposed formula. Mr. Griffin said that the Committee was not fully satisfied with the formula yet but that it was moving in the right direction. Ms. Kirk noted that she was concerned with the formula factors but it may change based on the vote by all the ACLA libraries at the end of June. Mr. Griffin said that he was pleased that ACLA was going to be more aggressive with municipalities that do not support libraries. Ms. Kirk said there should be additional weight given to those municipalities that support their libraries. Dr. Rosen questioned the timeline for receiving the information. Mr. Griffin said the formula would be reviewed and is the basis for ACLA libraries receiving RAD funding.

Report of the Executive Director

The Chair called on Mr. Hudic to present his report.

1. Annual Report

Mr. Hudic said the annual report was completed and took time to thank staff and specifically Ms. Musgrave, Communications Director.

2. RADical Days Update

Mr. Hudic noted that RADical Days will look much different this year due to the pandemic and some of our assets' uncertainty around reopening. RAD staff will be engaging the Citizen's Advisory Board as well as asset staff to brainstorm possibilities, including the idea of having "RADical Seasons" and presenting free RADical Days events throughout the year.

3. Applications/Hearing Process

Mr. Hudic said applications are due July 8th. The Allocations Committee will determine the public hearing process.

4. Municipalities

Mr. Hudic announced that RAD will play a key role alongside the Governor's Center for Local Government Services, the State Department of Community Economic Development, Allegheny County, and the Allegheny League of Municipalities, in a public webinar on July 16 which will focus on Allegheny County's municipalities.

Old/New Business

Ms. Kirk closed the meeting by acknowledging the uncertainty and inequality that is being experienced across the country and here in Pittsburgh, noting the heaviness of the moment and the fortitude of our region. The Board echoed Ms. Kirk's thoughts.

Adjournment

The meeting was adjourned at 3:40 PM.