

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Regular Meeting

September 28, 2022

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Ms. Audry Carter Mr. Doug Hill Ms. Kathy Speaker MacNett Mr. H. Ralph Vartan	A Quorum Was Recognized
Ex-Officio Members in Attendance	Ms. Marita Kelley, Director of Finance, City of Harrisburg Mr. Michael Wood, Office of the Budget	
In Attendance	Mr. Michael Cassidy Independent Counsel Mr. Jeffrey Stonehill Authority Manager	
Meeting Begins		4:01 p.m.
Welcome by Audry Carter, Chair	Ms. Carter welcomed the Board. She added that Ms. Hodge was absent. She welcomed Mr. Wood as the new Member Ex-Officio from the Office of the Budget. She thanked Mark Ryan for his two years of service to the ICA Board.	
Approval of the minutes of August 31, 2022	Ms. Carter asked for a motion to approve the minutes. Mr. Vartan offered a motion to approve. A second by Mr. Hill. The motion passes.	Approved 4-0.
Chair's Report	Ms. Carter stated that over the next few months the Board would see an increase in the City's financial activity, of which the most notable might be the City's discussions about the Mayor's recommended allocation of the remainder of the American Rescue Plan Act money. She added, "we also look forward to the discussions and negotiations for the City's goal of paying off the remaining nearly \$20 million in Ambac debt before the end of the year."	

<p>Submission of the 2022 Five-Year Financial Plan Update</p>	<p>Ms. Carter stated that at last month's ICA Board meeting, the Board took action to extend the deadline for the final submission of the City's updated five-year financial plan, which the City submitted on September 20, 2022, meeting the timeline extension.</p> <p>She added that Marita Kelley had asked some time to discuss the submission. Attending with her was Bryan McCutcheon, Accounting Manager, City of Harrisburg.</p> <p>Ms. Kelley stated that, "The Mayor's Five-Year Financial Plan report was truly the work of many for the collective good. The City's finance department staff and members of the ICA board provided valuable input into the review process." She added, "this invaluable input has permitted the City to provide a complete report to the ICA Board. As we move forward through this year, we hope to use this report as a guide for the City and a guide to advise and provide information to the ICA Board."</p> <p>Ms. Kelley concluded, "As we forward into the 2023 budget season and begin to prepare for the future years of the five-year plan that was submitted herein, such a plan permits the City a chance to observe future expectations and to monitor and manage the future of the city's finances."</p> <p>She thanked the ICA for cooperation with the ICA Board.</p> <p>She provided some financial updates. She provided an update on ARPA planning. She discussed fund balance and Ambac negotiations.</p> <p>Bryan McCutcheon added some detail to the discussion.</p> <p>Mr. Vartan asked Mr. McCutcheon about the payoff of the General Obligation Debt.</p>	<p>Motion to approve the 2022 Five-Year Plan submission. Approved 4-0.</p>
---------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------

	<p>Mr. Vartan added some general comments.</p> <p>Ms. Kelley raised some financial challenges for the city going forward.</p> <p>Ms. Carter noted that the ICA received correspondence from Charlie DeBrunner, City Controller, that he concurred with the historical data and all the financial assumptions in the five-year plan. She added that the ICA Board received the Mayor’s certification letter. The Mayor’s 2022 Five-Year Plan update submission is thus complete. She asked what should be included in the transmittal letter.</p> <p>Mr. Vartan offered some suggestions:</p> <ul style="list-style-type: none">• The ICA Board would like to stay in the loop with planning for the use of the ARPA spending.• Real estate taxes.• Parking ground lease payments.• Collection rates in the Neighborhood Services Fund.• Headcount of city employees.• OPEB Trust.• Economic Development Plan. <p>Ms. Speaker MacNett concurred with the list.</p> <p>Mr. Hill concurred and thanked everyone for the opportunity to have input into the development of the plan.</p> <p>Ms. Carter asked the Board to review the Supplemental Letter, which accompanied the plan.</p> <p>Mr. Stonehill concurred with the list and offered to draft the transmittal letter.</p> <p>Mr. Vartan offered a motion to approve the 2022 Five-Year Plan submission; and</p>	
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

	<p>further, asked for a clean and restated version be submitted with today's date. Ms. Speaker MacNett offered a second. The motion passed.</p>	
2022-2023 Board Goals	<p>Ms. Carter said there was some merit in the Board setting goals for itself. Mr. Stonehill had shared a draft of a document. Ms. Carter asked for comments. Being none, Ms. Carter asked for a motion to approve the draft 2022-2023 board goals as presented.</p> <p>Mr. Stonehill noted that they are always subject to update.</p> <p>Ms. Speaker MacNett offered a motion. Mr. Hill offered a second. The motion passed.</p>	<p>Motion to approve the draft 2022-2023 ICA Board goals as presented, subject to revision. Approved 4-0.</p>
Appointing Officials' Visits	<p>Ms. Carter noted one of the Board goals is to meet with those State Officials who appoint the ICA Board, as well as our greater legislative constituency, because there are several members of the Pennsylvania House that have certainly been quite helpful in our development of issues. She suggested that the Board keep all these officials informed and noted as an example incoming State Representative David Madsen. She thanked Mr. Hill for helping develop the Talking Points memorandum for these meetings.</p> <p>She noted this does not need a motion. Ms. Carter noted the issue of the City leaving Act 47. She added the question whether Act 124 should be changed.</p> <p>Mr. Hill offered some thoughts.</p> <p>Ms. Carter asked to keep Mr. Stonehill in loop.</p> <p>Ms. Carter mentioned talking with Mr. Wood about future appropriations.</p> <p>Ms. Speaker MacNett asked about funding.</p>	

<p>Authority Manager’s Report</p>	<p>Mr. Stonehill presented the bills paid report through September 28, 2022.</p> <p>Mr. Stonehill acknowledged the receipt of the Year Five (2022-2023) allocation from the Pennsylvania Department of Community and Economic Development and thanked DCED for their continued support.</p>	
<p>Other Business</p>	<p>Ms. Carter noted an upcoming meeting between her and City Solicitor Neil Grover.</p> <p>Mr. Stonehill noted an upcoming meeting between him and Assistant City Clerk Jared Truesdale.</p> <p>Bryan McCutcheon, City of Harrisburg Accounting Manager, made a presentation regarding:</p> <ul style="list-style-type: none"> • Mid-year financial report. • Ambac settlement. • Cash position. <p>Ms. Carter asked about ARPA funding. Mr. McCutcheon gave an update on the ERP Software Project. Mr. Stonehill offered some advice on the ERP Software conversion.</p>	
<p>Public Comments</p>	<p>Mr. Eric Epstein distributed copies of a Right to Know Act request he submitted to the City of Harrisburg. He added some thoughts on when a good time would be to meet with State officials.</p> <p>Mr. Epstein added some additional thoughts on relations with Dauphin County. He concluded with a request to stream these ICA Board meetings.</p> <p>Mr. Brian Kimmett from Rock the Capital had a question about financial assumptions for pensions. Mr. Stonehill responded. Mr. McCutcheon commented.</p> <p>Mr. Epstein talked about pension investments.</p>	

	<p>Ms. Speaker MacNett clarified that the Right to Know Act request distributed was to the City of Harrisburg and not the ICA.</p> <p>Ms. Madra Clay, Act 47 Coordinator, Pennsylvania Department Of Community and Economic Development, asked the ICA Board to contact her if she can be of any assistance. She also mentioned continuing funding. Ms. Carter responded.</p>	
Adjourn meeting at 5:09 p.m.	Motion by Mr. Hill. A second was not required.	Approved 4-0.

Respectfully submitted:

Jeffrey Stonehill

Jeffrey M. Stonehill, Authority Manager

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – September 28, 2022

- Pursuit Co-Working Harrisburg
Virtual Office Monthly Subscription \$95.00 September 1, 2022
- Digital Ocean
Website software licenses \$12.72 September 1, 2022
- Digital Ocean
Web Host \$6.87 September 1, 2022
- Johnson & Duffie
Independent General Counsel \$402.50 September 28, 2022
- MESH PA LLC
Authority Manager \$4,200.00 September 28, 2022

Starting balance: \$102,635.37

Ending balance: \$97,918.28

- Interest earnings Y-T-D \$18.25
- Fees Y-T-D \$0

Proposed Board Goals for 2022-2023 – for discussion

1. Work cooperatively with the Mayor and administration to identify key aspects of economic development (i.e., housing, employment, tourism, small businesses, etc.), which will be the focus of the plan, and further to work to establish benchmarks, goals, and an implementation strategy to succeed on achieving those goals.
2. Continue efforts to quantify and address the outstanding receivables in the Neighborhood Services Fund, address collections, using both the American Rescue Plan Act funding as well as legal action to recover money owed, and to work cooperatively with the Treasurer and others to develop alternative ways to invoice for trash collection.
3. Schedule meetings with the various appointing officials; update them on “Board Talking Points.” Those points workshopped by the Board can include the delay in the execution of the approved Intergovernmental Cooperation Agreement, the potential need to extend the term of the ICA, and the benefits that can be afforded to the COH (such as entry back into the debt marketplace) because of ongoing cooperation and the resulting success.

Additional items to consider including:

1. Work cooperatively with the Mayor and administration to identify alternatives and remove obstacles to the final execution of the approved Intergovernmental Cooperation Agreement, and manage the implementation of the agreement, the end of Act 47 status, and ongoing projects with the ICA.
2. Continue work with the COH Audit Committee and administration to eliminate all remaining “material weaknesses” identified by the City’s auditor, and further to attain an unqualified opinion on the Single Audit.
3. Continue to work with the Mayor and administration on both the development of American Rescue Plan Act funding proposals to the City Council, and further the development and implementation of programs and measurement of benefits from implementation.
4. Seek details on COH efforts to prepare for the potential of reentry into municipal credit marketplace, and to participate in proposals to establish new credit rating, and the selected uses of newly available debt.
5. Arrange presentation on the COH’s MUNIS Software system to gain a thorough understanding of the implementation of and the breadth of advantages for the City and the Finance Office, specifically.
6. Continue to work with COH staff to complete the proper implementation of the OPEB Trust Fund and to discuss ongoing OPEB liability funding goals.



Jeffrey Stonehill <jstonehill19@gmail.com>

new designee for the Hbg ICA board

1 message

Ryan, Mark <majrya@pa.gov>

Mon, Sep 12, 2022 at 3:23 PM

To: Audry Carter <ica.cartera@gmail.com>

Cc: "Wood, Michael" <mswood@pa.gov>, Jeffrey Stonehill <jstonehill19@gmail.com>

Hi Audry,

Some time ago I indicated that my commonwealth service will be coming to an end. Now I have the privilege of introducing the person who will assume the duty of representing the Secretary of the Budget on the board. Mike Wood, Director of the Bureau of Performance, Revenue, and Program Analysis, will be the new designee to the board. In addition to his service in various positions with the Office of the Budget, Mike has a wealth of other commonwealth experience, including service with the Department of Revenue and the Governor's Policy Office. He can give you more details, but he is broadly knowledgeable on many policy areas and will be a great asset for you to consult. A formal appointment letter from the Secretary of the Budget should follow at some point.

We are still working out coverage for the September 28th board meeting. Both Mike and I will be out of town on that day, but one of us may be able to attend remotely via Zoom. Please include Mike on all future board communications. You may keep me on the distribution list until the end of September in case I end up covering the meeting on the 28th.

I'm copying Mike and Jeffrey Stonehill, Authority Manager, so that you, Jeffrey and Mike have each other's information for any follow up contacts.

Please let me know if I can do anything to help facilitate the transfer.

Best regards,

Mark

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG

TALKING POINTS

September 2022

- The Intergovernmental Cooperation Authority for Harrisburg (ICA) was created by Act 124 of 2018 as a public authority and instrumentality of the Commonwealth of Pennsylvania.
- The ICA's general purpose is to assist the City of Harrisburg in achieving financial stability by providing advice to the City, the Governor and the General Assembly on matters of finance and fiscal management.
- The powers and duties of the Authority are exercised by a governing board composed of five appointed members, all of whom are residents of the city and/or have their primary place of business or employment in the city. In addition, there are two ex officio, non-voting members of the board representing the city and the Commonwealth's Secretary of the Budget.
- The voting members are individual appointments of the Governor, the Senate President Pro Tempore, the Senate Minority Leader, the Speaker of the House, and the House Minority Leader.
- Because Act 124 provides that "a member's term shall be coterminous with that of the appointing authority," the terms of appointees of Governor Wolf and Senate President Pro Tempore Corman will expire at the inauguration of their successors. Terms of the remaining appointees are subject to the outcome of the November elections and subsequent leadership elections.
- The governing board of the Authority employs an Authority Manager and Independent General Counsel to assist them in their mission.
- The ICA is funded by a Commonwealth budget appropriation, which has historically been \$100,000 per year.
- The ICA remains in existence until "December 31 of the fourth full calendar year following the year in which an intergovernmental cooperation agreement is entered into" with the City. The agreement, which is to contain "terms and conditions as will enable the assisted city to eliminate and avoid deficits, maintain sound budgetary practices and avoid interruption of municipal services," has been negotiated but not yet executed.
- The primary duties of the ICA include assisting the City in achieving financial stability, avoiding defaults, eliminating and financing deficits and debts, maintaining sound budgetary practices and avoiding the interruption of municipal services.
- The ICA is to report annually to the Governor and General Assembly on the City's financial condition and the authority's progress with respect to restoring the City's financial stability and achieving balanced budgets. The ICA may also advise the Governor and General Assembly on legislation or resolutions relating to the City's finances and service provision.

- While the ICA's oversight role is advisory rather than regulatory, it is obligated to report to the Governor and General Assembly any matter relating to violation of State or Federal statute or rule.
- The City is obligated, with the ICA's assistance, to prepare and annually update a comprehensive five-year fiscal plan outlining revenues, expenditures, and service levels based on mutually agreed-to "prudent, reasonable and appropriate" assumptions and projections.
- In practice, the relationship between the ICA and the City over the first several years has not been optimal, although ultimately the required planning has been completed. With the change to the new mayoral administration, coupled with assembly of a qualified fiscal team, the ICA has expressed greater confidence in the City's fiscal administration. Evidence includes adoption of a fully balanced budget with projected increase in reserves, timely submittal of an updated and better crafted draft five-year plan, and retirement of the remaining City general obligation debt.
- More work remains:
 - The City is still technically in Act 47 distress status; although it qualifies for exit it has delayed application to DCED based on concerns the exit will have on litigation still pending regarding insurance drawn to prevent default on bonds related to the City's former incinerator.
 - Relatedly, the City is working with the insurer to restructure (and accelerate) defeasance of that outstanding obligation.
 - The City has not yet finally executed its Intergovernmental Cooperation Agreement with the ICA.
 - The City has major work underway to improve financial and accounting systems, including significant technology upgrades.
 - There are matters still under review regarding provision of utility services including collection of, and collection systems for, past-due accounts.
 - While the City has made significant progress on timeliness of audits and addressing audit findings, there are still a small number of unresolved issues.
 - The City has not yet established its OPEB trust.
- What we are asking from you:
 - Support an extension to the work of the ICA Board via reappointment of Board members and supplemental appropriation of funding in the upcoming State budget (under DCED).
- More detailed information on the ICA, including Board membership, meeting minutes, official documents and reports, meeting schedule, and media releases can be found at hbgica.org.

City of Harrisburg
Dauphin County, Pennsylvania



2022 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

Rev. Dr. Martin Luther King, Jr. City Government Center

10 North 2nd Street

Harrisburg, PA 17101

APPROVED 9/28/22

Table of Contents

1	Executive Summary	3
2	American Rescue Plan Act (“ARPA”)	7
3	Historical Financial Results	8
3.1	Summary of Principal Funds.....	8
4	Revenues	9
4.1	Revenue Forecasts	10
4.2	Revenue Initiatives.....	14
5	Expenses.....	16
5.1	Expense Initiatives	27
5.2	Expense Forecasts	28
6	Other Initiatives	29
7	Capital Improvement Plan	34
8	Financial Forecasts.....	38
8.1	Initiatives Summary Table 21	39
9	Principal Proprietary Funds	40
9.1	Neighborhood Services Fund	40
9.2	Harrisburg Senators Fund.....	43
	Appendix A	44
	Baseline Financial Forecast by Department	44
	Appendix B.....	46
	Financial History and Forecast – Non-Major/Special Revenue Funds	46
	Appendix C.....	56
	Funded Priority One Capital Improvement Projects.....	56
	Priority Two Capital Improvement Projects.....	58
	Appendix D	61
	Progress Towards Resolving Audit Findings	61

1 Executive Summary

On January 3, 2022, Wanda R.D. Williams took office as the 39th Mayor of the City of Harrisburg, Pennsylvania. Mayor Williams is the second African American female Mayor of the City. Previously, she served on City Council for 16 years, including 12 years as its President.

To assure her Administrative Staff was up to full complement she hired Daniel Hartman, Business Administrator and Deborah Robinson, Special Assistant to the Business Administrator. As for the Financial Management Staff she hired Marita J. Kelley, Director of Budget and Finance, Timothy Brooks, Budget Manager, and she plans to hire a Special Assistant to the Director of Budget and Finance and a Financial Analyst, in the very near future.

By providing additional staff to her Administration, as her first order of business, she was to able develop and introduce the amended 2022 Annual Budget to City Council. The 2022 Annual Budget was the first budget in nearly thirty years to produce a General Fund budget surplus of \$1.5 million.

Under her leadership she will work with City Council to distribute \$47.3 million dollars in American Rescue Plan Act (ARPA) funds. Her goal is to improve the overall quality of life for the citizens of Harrisburg through affordable housing, assistance with utility bills, add several parks facilities, and provide for the demolition of abandoned and blighted property.

The City's fund balance as of June 15, 2022 was \$34.5 million. The Mayor has carefully steered the City into a fiscally responsible governmental unit. She works very closely with the City of Harrisburg's Intergovernmental Cooperation Authority (ICA), the Pennsylvania Department of Community and Economic Development's Act 47 Municipalities Financial Recovery Team, the Dauphin County Board of Commissioners, and Harrisburg Regional Chamber of Commerce to assure intergovernmental cooperation. In addition to a 2022 balanced budget, a fiscally responsible purchasing practice, and a clean Annual Audit, Mayor Williams remains focused on sound financial management practices.

As the Mayor prepared to present the City of Harrisburg's Intergovernmental Cooperation Authority (ICA) with the 2022 Five-Year Financial Plan, her Administration has demonstrated the ability to achieve structurally balanced budgets, maintain sufficient fund balances, and provide a strategy for the long-term financial management planning for the City.

The centerpiece of her first year in office will be to pay off the Series 1997 Series D and F Bonds in September 2022. She will further meet with AMBAC to determine the necessary terms to pay off the remaining debt owed to them. If she is successful in paying off both bonds, she will effectively add \$12.4 million dollars annually to the City's cash balance. By reducing the debt service for the City and eliminating the high interest payments relating to the AMBAC arrangement, she will allow the City to further examine its long-range financing of future capital needs. She understands that the City can no longer ignore its vital capital investment needs. The Capital City, founded in 1719, incorporated as a city in 1860, has some of the oldest infrastructure in the United States as it is situated in the Northeast.

As part of her long-term plan she will need to fund the City's future unfunded capital needs (defined in the appendix of this document). The Mayor will plan to borrow \$15.5 million dollars in 2023 which will increase her debt service to \$5.5 million dollars per year (a lesser amount for fiscal year 2023). Even with this borrowing, the City still anticipates a strong General Fund Balance through fiscal year 2026. With the careful management of its debt portfolio, the Mayor can realistically put forth this bold long-term financial management plan.

The road back to fiscal stability through the implementation of the Act 47 Strong Plan, has involved difficult decisions and managerial discipline. The City has sold assets, properly managed staff, and increased taxes/fees where necessary. The Harrisburg community, City employees, and a variety of stakeholders have successfully evolved from fiscal distressed and have formed a reasonable path forward to sound financial management.

At the forefront of Harrisburg's fiscal revival has always been the Honorable Wanda R.D. Williams. Since the Act 47 Strong Plan was implemented in 2012, she is the only person to be engaged throughout the entirety of the City's Financial Recovery. Mayor Williams was elected as Harrisburg's City Council President in January 2010, and since then, through her leadership, the City of Harrisburg has enacted numerous pieces of legislation and started important partnerships with Commonwealth stakeholders which has put the City on the right path.

Most notably is the development of Impact Harrisburg, which has served as an important vehicle for economic development and infrastructure improvements in the City. Since 2016, Impact Harrisburg has secured 32 grants for the City worth \$10.2 million dollars. The Strong Plan also paved the way to fund a business disparity study, which not only will lead to more business coming into the City of Harrisburg in the future years, but businesses which will promote diversity. One of Mayor Williams' top priorities, going back decades to her time as an AFSCME union leader, has been fighting for equality and inclusion. Her leadership in getting the disparity study off the ground will put Harrisburg on the right track for future generation.

Furthermore, in her time as City Council President, Mayor Williams oversaw \$22.7 million dollars in funds from the Pennsylvania Department of Transportation to go towards the infrastructure improvements of 2nd Street, 3rd Street, and 7th Street. Modernizing these busy thoroughfares with freshly paved streets and ADA compliant walkways does more than just make Harrisburg safer. They help to better connect three of Harrisburg's busiest neighborhoods – Downtown, Midtown, and Uptown – and is doing so, better connects the people of Harrisburg as well.

Fortunately, as the Mayor guided City Council through the City's fiscal recovery, in 2021, the State Legislature permitted the City to maintain the special taxing power for the Earned Income Tax (EIT) and Local Services Tax (LST). These taxing powers generated approximately \$13.6 million (\$9.3 million in EIT and \$4.3 million in LST) in fiscal year 2021. The expiration of these taxing powers would have resulted in a difficult fiscal cliff that would have required draconian budget cuts, which has now been avoided without any increases in existing tax rates.

The next major priority of the Mayor is economic development. After experiencing the effects of the pandemic there is still much more to do to encourage businesses to invest in Harrisburg, to improve the housing stock by encouraging moderate to low income housing, and to provide an opportunity for diverse businesses to thrive within the City.

Key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues. The City's economic development efforts for the recent past was focused on helping the local business community cope with and survive COVID related economic pressures and hardships. Through cooperative efforts with City Council, Impact Harrisburg, Harrisburg Regional Chamber, and Capital Region Economic Development Corporation, the City was able to provide technical assistance and created monetary programs to help locally owned small businesses survive during this difficult time.

Though the immediate crisis has required a series of policy responses that were short-term in nature, the City has not lost sight of its commitment to long-term economic development and growth. The City is taking aggressive and necessary steps to achieve its economic development goals. In order to improvement the economy and revitalize neighborhoods, Mayor Williams has chosen to incorporate the Director of Department of Building and Housing and the Director of Economic Development, Dennise Hill, to create and encourage economic development through sound fiscal management of the CDBG, HOME IMPROVEMENTS, and ESG programs and to provide fair, safe, and affordable housing for all City of Harrisburg residents.

This new approach should improve the current housing stock, encourages home ownership, and reduces blight within the City, all of which have been major impediments to the City's economic growth.

American Rescue Plan Act

Harrisburg's fiscal recovery was well underway prior to the passage of the American Rescue Plan Act ("ARPA") and the associated allocation of stimulus and relief measures. Allocations from ARPA will enable the City to build on its recent fiscal achievements and consider strategic investments to secure its long-term stability. The City's ARPA allocation is \$47.3 million, representing a unique opportunity to support critical community initiatives. The Mayor has set forth her ARPA proposal to City Council, and she and the legislative body will soon reach an agreement as to how this money will be earmarked.

The City has made significant strides to emerge from distressed status and this plan represents another key step towards full fiscal recovery. The City looks forward to collaborating with the Intergovernmental Cooperation Authority, State and Local elected leaders, City employees, and other stakeholders to reach this goal.

(remainder of page intentionally left blank)

Operating Fund Balance Forecasts for 2022-2026

In November 2021, the City did achieve through its General Fund budget both the full defeasance of the Harrisburg Redevelopment Authority Taxable Guaranteed Revenue Bonds, Series A-2 of 2005 and a related \$4 million paydown of its bond insurance forbearance liability. Currently, the Mayor’s Financial Management staff is looking into potentially reducing this liability to an even greater extent prior to the end of current fiscal year 2022. In other words, a full pay-off of the AMBAC liability within fiscal year 2022, would effectively eliminate the City’s nearly \$4 million per year in bond payments from 2023-2026.

Below are the Operating Forecasts for 2022-2026, the forecasts include Revenue and Expenditure Activity and Beginning and Ending Fund Balance. The forecast for 2026, Ending Fund Balance is \$45,566,446.

**Table 1
Operating Forecasts¹ 2022-2026**

	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
Revenues	74,871,101	67,215,042	68,194,796	69,194,145	70,213,481
Expenses	81,797,034	56,958,437	58,876,145	61,811,463	62,019,333
Operating Result	(6,925,933)	10,256,605	9,318,651	7,382,682	8,194,148
Baseline Capital Expenses	2,189,991	1,961,902	2,358,555	1,485,702	1,725,697
Baseline Change in Fund Balance	(9,115,924)	8,294,703	6,960,096	5,896,980	6,468,451
Beginning Fund Balance	\$27,062,140	\$17,946,216	\$26,240,919	\$33,201,015	\$39,097,995
Ending Fund Balance	\$17,946,216	\$26,240,919	\$33,201,015	\$39,097,995	\$45,566,446
Fund Balance Pct of Expenses	21%	44%	54%	61%	71%

¹ Operating forecast include General Fund revenue and expenditure activity. For the purposes of these projections, transfers to the Debt Service Fund are reflected as operating expenses.

The projections show operating surpluses and the ability to maintain levels that exceed General Fund balance targets throughout the projection period. After each fiscal year, the City will assess its fund balance position relative to target minimum levels and allocate any unspent budget funds to bring the funds into full compliance, if necessary.

(remainder of page intentionally left blank)

2 American Rescue Plan Act (“ARPA”)

In March 2021, President Biden signed into law the American Rescue Plan Act, a \$1.9 trillion aid package designed to speed the recovery from the economic and health impacts of the COVID-19 crisis. ARPA includes a wide range of stimulus and relief measures such as direct payments to individuals, a child tax credit, funds for capital projects, homeowner and emergency rental assistance, small business relief, among other provisions. A major part of the ARPA is a \$350 billion State and Local Fiscal Recovery Fund to provide emergency funding for state, local, territorial, and Tribal governments to address the mismatch between rising costs and declining revenues during the pandemic.

State and local government recipients may use the funds to cover costs by December 31, 2024. The funds will be distributed in two tranches with 50% received in June of 2021 and the remainder to be delivered no earlier than one year later.

The City’s total allocation is \$47.3 million. The City has hired NW Financial to assist in the appropriate implementation and reporting for the ARPA funds. The City is current in providing Program Reports.

The ARPA funding will be transformative for the City. It represents a unique opportunity to invest in critical infrastructure needs, and support other community initiatives. The aid does not need to be spent until 2024, which allows the City to develop a strategic and deliberate plan. As noted above, the Mayor and her Administration have presented to City Council her plan to utilize the ARPA funding, including already receiving council approval on revenue replacement, a new HVAC system for the Public Safety Building and one-time, \$5,000 bonuses for police officers and firefighters. She also held five public meetings to discuss with the Harrisburg Community and related organizations on their insights in distributing the funding.

The ARPA funds will impact many aspects of its five-year plan including, but not limited to, unrestricted fund balance levels, available capital program funds, and community and economic development. The City is committed towards utilizing these funds to promote and further develop the multi-year financial planning goals.

3 Historical Financial Results

This section presents a picture of Harrisburg’s financial results since 2017 and provides the basis for revenue and expense growth expectations for the future. Based on historical operating results, trends, and existing contracts, this chapter develops the growth assumptions for revenues and expenses that are the foundation for the five-year financial forecasts.

3.1 Summary of Principal Funds

The City accounts for its primary financial operating activity with two main governmental funds, which reflect the City’s tax-supported activities:

- General Fund – Primary operating fund and accounts for all financial resources except those accounted for in another fund.
- Debt Service Fund – Accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs.

For the purposes of this plan, transfers to the Debt Service Fund are shown as General Fund expenses.

Basis of Accounting

All City funds are audited in accordance with Government Accounting Standards Board (“GASB”) standards. The Bureau of Financial Management makes annual adjustments for proper financial presentation within the audited Comprehensive Annual Financial Report. However, for budgeting and internal financial management purposes, the City accounts for financial activity on a budgetary basis which includes a monthly cash basis reporting of total actual revenue and expenditures to the City Controller’s office and other third-party stakeholders. This monthly reporting also includes open encumbrance balances outstanding as of month-end to reflect the City’s total cash commitment and actual available cash at the end of the period. This approach allows for the transition from cash basis to budgetary basis accounting and an accurate reporting of available fund balance. The budgetary basis of reporting does not include any accruals for receivables or payables, nor any non-cash expenditures. So, the financial schedules for budgeting and accounting, in this plan, uses the cash basis of accounting.

The City will work with the ICA to ensure compliance with Act 124 regarding generating modified accrual based financial reports in accordance with GASB standards. The City will also work with the ICA to establish a reasonable timeframe and criteria to meet compliance with this requirement. The City has consulted with its independent auditor on this issue, and they have expressed a willingness to speak with the ICA about potential solutions. Until it can produce a budget based on the modified accrual accounting, the City will identify and note differences between the modified accrual basis of accounting and budgetary basis of accounting in its budget document.

Several of these issues must be resolved before this transition to fuller GASB compliance report(s) is made. As a first step, the City has recently purchased Tyler Technologies’ MUNIS software and this financial management system will more appropriately facilitate GASB compliance. The City Financial Management Staff has begun training with the new system and the General Ledger segment of the training will be completed by December 31, 2022 and is expected to go live on January 1, 2023.

4 Revenues

The table below presents a five-year history of Harrisburg’s revenues by major category from 2017 to 2021.

Real Estate taxes are the City’s primary revenue source representing 26.12% of all revenues. The City’s three highest revenue sources, Real Estate, Earned Income, and Local Services taxes, combined comprise 54.85% of Harrisburg’s operating revenues. The percentage of these sources’ share of total revenues is slightly lower than usual in 2021 due to steep declines in parking related income. Please keep in mind the 2021 information is not the 2021 audited figures, as the audit was not completed before the report was issued.

Table 2
Key Operating Revenues
2017-2021

	2017	2018	2019	2020	2021	Pct of Avg Rev
Real Estate Tax	17,594,052	17,962,858	17,240,236	16,879,690	17,981,087	26.12%
Real Estate Transfer Tax	642,804	1,026,603	1,026,697	843,880	868,475	1.31%
Hotel Tax	0	0	900,000	900,000	1,000,000	0.83%
Local Service Tax	7,413,159	6,726,219	6,824,394	6,488,369	6,533,431	10.13%
Earned Income Tax	11,446,980	11,895,302	12,761,772	12,739,112	13,546,945	18.59%
Mercantile/Business Privilege Tax	7,621,587	7,720,195	8,200,696	7,391,790	7,771,048	11.53%
Department of Administration Revenue	1,090,501	1,126,360	1,151,510	317,413	351,853	1.20%
Department of Building & Housing Revenue	2,039,471	1,772,534	1,561,585	1,591,344	2,206,809	2.73%
Department of Public Safety Revenue	7,002,925	6,978,978	6,949,364	7,168,055	7,331,297	10.56%
Department of Public Works Revenue	665,914	633,302	610,176	616,659	939,491	1.03%
Department of Parks & Recreation Revenue	10,110	5,181	13,801	265	2,706	0.01%
Fines & Forfeits	855,222	874,079	745,232	541,528	889,062	1.16%
Licenses & Permits	635,509	592,192	570,074	546,713	516,702	0.85%
Interest Income	98,671	219,204	531,381	342,007	21,150	0.36%
Rental Revenue	34,223	34,730	68,231	35,283	105,835	0.08%
Miscellaneous Revenue	3,502,765	2,048,547	2,551,693	2,198,490	2,681,432	3.87%
Other Financing Sources	27,412	0	61,875	27,246	1,500	0.04%
Intergovernmental Revenue	5,483,587	6,499,183	7,030,302	3,728,062	3,093,511	7.70%
Interfund Transfers	134,602	409,034	0	2,856,614	2,966,174	1.90%
Fund Balance Appropriation	0	0	0	0	0	0.00%
Total General Fund Revenue	66,299,496	66,524,501	68,799,019	65,212,518	68,808,510	100.00%

4.1 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2022 Proposed Revenues will fluctuate as the result of the actual activity through year end; however, based on the first six months of revenue activity this revenue estimate will provide a good projectory.

Table 3
Revenue Forecast
2022-2026

	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Real Estate Tax	17,402,257	17,750,302	18,105,308	18,467,414	18,836,763
Real Estate Transfer Tax	1,141,873	1,164,711	1,188,005	1,211,765	1,236,000
Hotel Tax	700,000	714,000	728,280	742,846	757,703
Local Service Tax	6,584,693	6,716,387	6,850,715	6,987,729	7,127,483
Earned Income Tax	14,004,820	14,284,916	14,570,615	14,862,027	15,159,267
Mercantile/Business Prvlg. Park Tax	8,193,517	8,357,388	8,524,535	8,695,026	8,868,927
Department of Administration Revenue	351,119	1,162,182	1,162,182	1,162,182	1,162,182
Department of Building & Housing Revenue	1,974,342	1,974,342	1,974,342	1,974,342	1,974,342
Department of Public Safety Revenue	2,342,727	2,342,728	2,342,728	2,342,728	2,342,728
Department of Public Works Revenue	485,297	485,297	485,297	485,297	485,297
Department of Parks & Recreation Revenue	6,235	6,235	6,235	6,235	6,235
Fines & Forfeits	769,835	769,835	769,835	769,835	769,835
Licenses & Permits	538,569	538,569	538,569	538,569	538,569
Interest Income	162,423	162,423	162,423	162,423	162,423
Rental Revenue	82,730	82,730	82,730	82,730	82,730
Miscellaneous Revenue	2,771,208	2,557,853	2,557,853	2,557,853	2,557,853
Other Financing Sources	20,350	20,350	20,350	20,350	20,350
Intergovernmental Revenue	8,124,794	8,124,794	8,124,794	8,124,794	8,124,794
Interfund Transfers ²	9,214,311	0	0	0	0
Fund Balance Appropriation	0	0	0	0	0
Total General Fund Revenue	74,871,101	67,215,042	68,194,796	69,194,145	70,213,481

² In Fiscal Year 2022, the City has selected to utilize the opportunity as part of the ARPA program to recognize revenue loss ed from the past three years, this projected amount budgeted to be transferred is \$8,863,000. Other transfers are included in the number.

The following is a description of each major operating revenue source followed by an annual growth assumption for the multi-year financial forecast.

Real Estate Taxes – In 2021, the City collected approximately \$18 million in Real Estate taxes, including \$15.2 million in current Real Estate taxes and \$2.8 million in delinquent taxes. The City collected \$16.9 million in Real Estate tax revenue in 2020 including \$14.9 million in current and \$1.96 million in delinquent collections. Please note that during fiscal year 2020 there was a drop in real estate taxes due to the pandemic; however, during fiscal year 2021 there was a rebound that included increases of the current and prior year taxes paid. The catch-up in current and prior year taxes is an encouraging sign that the City is emerging and recovering from the pandemic, in a fiscally healthy way.

The City's Real Estate tax millage is split into the assessed value of the land (30.97 mills) and the value of improvements or structures (5.16 mills). The blended land and improvement components result in an effective millage rate of 10.955 mills.

The City as the Capital City of the Commonwealth of Pennsylvania is home to many governmental entities and non-profit and, thus, tax-exempt properties represent a large portion of Harrisburg's real estate value. Total combined land and value components are almost 50% tax-exempt, with state property representing approximately 60% of that total.

Projection – Current collections for 2021 tax revenue has modestly rebounded from 2020. Current collections are projected to increase modestly from 2022 to 2026, reflecting limited increases in assessed values and a constant collection rate. No change in millage rate is assumed. Delinquent collections are projected to remain relatively flat in 2022.

Local Services Tax – The Local Services Tax is an annual \$52 tax (or \$1 per week) charged to every person working in the City that does not qualify for the low-income exemption (annual income below \$24,000). The LST is imposed on individuals who within a municipality as compensation for the services provided by the municipality irrespective of the person's residency.

Among other amendments to Act 47 that were enacted in late 2014 was the ability of Act 47 communities to increase the LST from \$52 per year to \$156 per year. The city first implemented the increases LST in 2016. Similar to the EIT this special taxing power was scheduled to expire with the termination date of the ICA at the end of calendar year 2024. However, the change in the fiscal code extends these full special taxing powers for 10 years and then extends the 50% of the special taxing power for another five years. Harrisburg's LST collections were \$6.48 in 2020 and \$6.53 million in 2021.

Projections – LST projections from 2022 to 2026 are based on employment level stabilizing.

Earned Income Tax – The City imposes an Earned Income Tax on residents and non-residents. Under the Local Tax Enabling Act (Act 511), the EIT is capped at 1% and split equally with the School District, effectively limiting the tax to 0.5% for residents. The non-resident EIT is also capped at 1%.

Under Act 47 provisions and as recommended in its previous recovery plans, the City imposed an additional 1% EIT on its residents. These special taxing powers were scheduled to expire with the termination of the ICA at the end of calendar year 2024, however, as noted above, the recent change to the state fiscal code extends the EIT taxing power indefinitely for the City.

The City collected \$13.5 million in 2021, which, despite the COVID pandemic, was in line with the 2020 collections.

Projection – As the national and regional economy recovers, the City realized an increase in revenue from \$12.7 million in 2020 to \$13.5 million in 2021. The five-year projections assume a healthy recovery in 2022, with lower unemployment rates and an expanding labor force by year-end. The projections also assume a 2% growth in Earned Income Tax from 2022 through 2026 will continue.

Parking Tax – The Parking Tax is found as part of the Mercantile/Business Privilege Tax data. The City imposes a 20% tax on all revenues generated from off-street parking lots and garages (not meters). In 2020, the City realized \$3.5 million in Parking Tax revenues; however, 2021 revenues were \$3.375 million. The City expects that Parking in the immediate Central Business District will continue to improve and the Capital Area Complex parking to remain the same unless more State employees return to the Capital Complex on a more regular basis.

Projection – This plan projects Parking Tax revenues to rebound in 2022 through 2026. The projections assume a 2% annual growth in 2022 to 2026; however, these revenues are somewhat at risk with the prospect of increased telecommuting and reduced parking activity within the City.

Mercantile Business Privilege Tax – The Mercantile Business Privilege Tax (“BPT”) is a tax on gross receipts on business activity conducted in the City. Revenues from this tax will likely increase by 2% through the end of the five-year plan in 2026.

Projection – The City collected \$7.3 million in 2020. In Fiscal Year 2021 revenue increased to \$7.7 million. The projections also assume a gradual continual recovery growth of 2% for the remain years of 2023, 2024, 2025 and 2026.

Real Estate Transfer Tax – This is a 1% tax on real estate transactions within the City. The City and the School District split the proceeds from this tax.

Projection – This revenue source has leveled off during COVID but is seeing signs of recovery. Based on year- to-date collections, the City collected \$868,475 for 2021 and projects an annual increase of 2% from 2022 to 2026 based on economic trends.

Department Income – This revenue source varies by Department depending on the activity for each.

Projection – Generally these revenue sources do not vary widely and remain fairly constant. The \$5 million dollars from the Commonwealth is actually allocated to Intergovernmental revenue as it is a state distribution for the related services. It is notable that this revenue was recorded under Public Safety Department in the past and was recently moved to Intergovernmental Revenue in 2022.

Fines and Forfeits – This revenue source represents the various fines and forfeits that the City incurs.

Projection – No change in revenue projections is expected for this category.

Licenses and Permits – The City collects licenses, fees and permits revenue for a variety of functions. Building permits, rental inspections, and street cutting inspections are the three main revenue sources in this category.

Projection – These revenues are projected to remain flat from 2022 to 2026.

Interest Income – The City receives interest on their cash investments monthly.

Projection – These revenues are projected to be flat from 2022 through 2026.

Miscellaneous Revenue – Various sources of revenues are included in this category.

Projection – These revenues are projected to be flat from 2022 through 2026. The PILOTS are included in this revenue category.

Other Financing Sources – This category includes other financing sources for the City

Projection – These revenues are projected to be flat from 2022 through 2026.

Intergovernmental Revenue – This category usually records grants from agencies.

Projection – The \$5 Million for Public Safety Services from the State is recorded here.

Interfund Transfers – These are transfers from Other Funds to reimburse the General Fund.

Projection – These transfers are contingent on activities from Other Funds, e.g debt service.

4.2 Revenue Initiatives

1) Redirect Park Permit Revenues to General Fund

In 2004, the City issued a Park Permit for use of the minor league baseball stadium facilities to lure the Baltimore Orioles to relocate their AA Affiliate and play its home games at the improved stadium facility. Revenues paid pursuant to the Park Permit from the Orioles affiliate were pledged to pay debt service on the Harrisburg Redevelopment Authority, Series 2005A-2 Bonds. The Park Permit agreement was superseded by a new agreement executed in 2007 and continued affiliation with the Washington Nationals. Under the existing Park Permit, the minor league baseball affiliate pays annual rent that is now about \$375,000 with annual consumer price index (CPI) inflation, and \$1.00 of all ticket sales in excess of \$450,000, 30% of the stadium naming rights, and 50% of parking revenues net of taxes and operating expenses. The City assigned Park Permit revenues to the Harrisburg Civic Baseball Club (“HCBC”) to make these debt service payments.

2) Continue to Pursue Increased Payment In lieu of Tax (PILOT) Agreements

Approximately 50% of assessed value in Harrisburg is non-tax revenue generating because it is used for tax-exempt purposes. The City will endeavor to enhance existing PILOT agreements and seek new ones, with the proceeds dedicated to supporting capital improvements.

The City will continue to seek financial support from the non-profit entities located within the City. The City will send additional letters and will continue to work through existing PILOT agreements to renegotiate increased PILOT contributions. The City is initially focusing on those entities that have recently completed new construction projects and expanded their footprint in Harrisburg, as well as potential increases in the assessed value of the property in Dauphin County.

3) Improve Collection Rates in the Neighborhood Services Fund

The Mayor and her staff have recommended to City Council a program offered through ARPA funding that will assist low income and elderly home owners to catch-up on their trash bills and help them to become current with those bills. This will provide an immediate benefit to the low income and elderly home owner and a secondary benefit to the City by helping to eliminate the backlog of delinquent trash customers. The goal is to encourage those who will be assisted with this unique program to remain current with future trash bills and the hope is that the customer will remain consistently on time thereafter.

The benefit of this initiative is helping those individuals impacted by COVID and to allow the City to bring more customers current with their trash bill payments.

The Business Administrator will oversee activities related to improving Neighborhood Services Fund collection rates. The Business Administrator will meet on a quarterly basis with his Finance Team to review progress on implementing this initiative and ensure the team is working collaboratively where appropriate. The City is also in discussions to develop an annual billing program to address these issues, with a legislative package being developed by the City Solicitor's Office.

The City will monitor NSF budget versus actual and year-over-year fee collection reports on a quarterly basis. The Business Administrator is currently exploring other reporting options to include subsets of the fee collection data including commercial, residential, newly current, newly delinquent, and other categories of customer accounts. As the City implements the new General Ledger software, it is likely more appropriate reports will be available for review and input.

4) Review Service Delivery Alternatives

The City has an established track record of collaborating with other governmental and non-governmental entities to deliver services economically and more efficiently. Examples of such arrangements include:

- A transfer of the Communications Center for emergency calls to Dauphin County.
- A transfer of the operation of the Harrisburg Resource Recovery Center from The Harrisburg Authority (now Capitol Regional Water "CRW") to the Lancaster County Solid Waste Management Authority.
- The transfer of the partial City ownership and operation of water and sewer services exclusively to CRW.
- The long-term lease and operation of the City's parking garages and on-street metered parking system to the Pennsylvania Economic Development Financing Authority ("PEDFA") and the Pennsylvania Department of General Services ("DGS").

Police Services

The City is interested in exploring possibilities of intergovernmental agreements with surrounding municipalities for police services to determine if shared services would mutually benefit the City and neighboring municipalities in both police service and the cost of policing. In the past, the City participated in a countywide study of regionalizing policing services that ultimately showed the number of police calls in the City far exceeded the calls elsewhere in Dauphin County. Those facts make shared policing with other municipalities a difficult operational change for other municipal police departments, as their additional availability on City calls would predictably outpace the City's ability to respond to calls in neighboring townships and boroughs.

Fire Services

The City participates in mutual aid agreements for fire protection services and provides fire protection services to the Commonwealth for structures in and outside the City. The Fire Bureau is exploring the potential for regionalized fire protective services, as there is a nationwide crisis in volunteer firefighting. Providing professional fire services has the potential to both provide better protection to more people and property in the areas surrounding the City, but also assist with cost-sharing of equipment and operations.

Procurement

The City joined the Capital Area Procurement Council of Government ("CAPCOG"), which provides advantages in certain (but far from all) categories of purchasing. Also, the City frequently participates in the COSTARS Program operated by DGS for more efficient purchasing. Similarly, the City participates in electrical purchases on a brokered platform provided by the Commonwealth.

Information Technology

The City has worked with a series of Information Technology professionals through teams at Harrisburg University to explore stabilizing, operating, and modernizing essential governmental computer services. The City shares certain technologies relating to policing; utilizes County web-based information for aspects of property and tax data; and routinely accesses the data of other governmental entities to improve efficiencies. The City Public Safety Parking System will be integrated into the new MUNIS system and will reduce duplicity of data entry and assure on-time record keeping for the City's customers.

Waste Removal

The City upgraded its solid waste and recycling services to better satisfy public health needs through its Neighborhood Service Fund and thereby tackled significant blight and trash issues. The City has entered into a successful partnership with Steelton, Penbrook, and Paxtang Boroughs whereby Borough residents pay Harrisburg for trash and recycling services.

5 Expenses

The table below presents a five-year history of the City's expenses by major category. Personnel and Medical expenses are the main cost drivers, representing 49% of 2021 operating expenses. In 2021, personnel and medical expenses, along with debt service, comprised 71% of total operating expenses, which significantly limited budget flexibility.

Table 4
Key Operating
Expenses 2017-2021

	2017	2018	2019	2020	2021	Pct of Budget
Personnel	28,605,023	29,517,938	30,447,220	31,457,827	33,311,449	38%
Medical	10,034,106	9,157,579	10,107,539	9,387,608	9,764,674	11%
Services	4,951,820	6,833,348	5,919,138	5,587,092	5,972,561	7%
Supplies	1,789,366	2,347,103	2,137,803	2,061,570	2,148,222	2%
Debt Service	9,962,755	10,098,487	11,175,421	10,541,493	19,209,979	22%
Other Operating	1,683,043	330,134	434,473	1,073,165	785,734	.9%
Transfers ³	2,951,666	345,868	523,241	0	285,823	.3%
Total Operating Exp	59,977,779	58,630,457	60,744,835	60,108,755	71,478,442	
Capital Expenses	3,382,146	4,568,910	6,955,164	1,379,816	2,386,869	
Total (incl Capital)	\$63,359,925	\$63,199,367	\$67,699,999	\$61,488,571	73,865,311	

³ Transfers to the Senators Fund for payment on the Series 2005A-2 Bonds are represented as Debt Service.

Workforce

Like most local governments, personnel costs are the main expense driver in Harrisburg’s operating budget. The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 (“FOP”), the American Federation of State County and Municipal Employees District Council 90, Local 521 (“AFSCME”), and the International Association of Firefighters, Local No. 428 (“IAFF”).

Headcount

For 2022, Harrisburg is budgeted to employ 545.25 full-time employees, including 445.15 full-time equivalents budgeted to be paid out of the General Fund, 96.6 to be paid out of the Neighborhood Services Fund, and 3.5 paid from the Host Fee Fund. Ten employees are paid out of the Community Development Block Grant Fund, these ten employees are not included in the schedule below.

The following table shows the number of budgeted full-time employees by employee group:

Table 5
Employee Summary by Employee Group, 2022

Employee Group	Covered Positions	2022 Budgeted Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	120.5	N/A
FOP	All sworn police officers	160	December 31, 2025
AFSCME	All non-executive, non-management, non-confidential employees not otherwise covered in FOP or IAFF	164.75	December 31, 2026
IAFF	All firefighters, lieutenants, captains, and battalion chiefs,	100	December 31, 2022
Total		545.25	

(remainder of page intentionally left blank)

The following table shows the budgeted full-time-equivalents by department since 2017. The City projects staffing levels to remain relatively constant with 2022 budgeted levels through 2026.

Table 6
Historical Employee Budgeted Headcount by
Bureau 2017-2022

Bureau	2017	2018	2019	2020	2021	2022
City Council	9.00	9.00	9.00	9.00	9.00	10.00
Office of Mayor	3.00	4.00	4.00	4.00	4.00	6.00
Office of Controller	3.00	3.00	3.00	3.00	3.00	3.00
Office of Treasurer	6.75	6.75	6.75	6.75	6.75	6.75
Office of Solicitor	6.00	6.00	6.00	6.00	8.00	9.00
Office of the Business Administrator	2.50	3.00	2.00	3.00	2.00	2.00
Financial Management	7.00	8.00	7.00	7.00	7.00	8.00
Bureau of Licensing, Taxation, and Central Support	5.00	5.00	6.00	6.00	7.00	7.00
Grants Office	0.00	0.00	1.00	1.00	1.00	1.00
Communication	4.00	5.00	5.00	4.00	5.00	5.00
Office of Social Equity	1.50	1.00	1.00	1.00	1.00	1.00
Information Technology	8.00	8.00	8.00	7.00	7.00	7.00
Human Resources	4.00	4.00	6.00	6.00	6.00	7.00
Planning	1.60	3.40	3.40	4.00	4.00	4.00
Inspections and Code Enforcement	17.00	16.94	16.94	16.94	17.00	15.00
Office of Business Development	1.95	1.95	1.00	1.00	2.00	2.00
Office of Police Chief	166.00	165.00	165.00	170.00	188.00	190.00
Parks, Recreation, and Facilities	5.00	7.00	14.50	15.75	16.25	25.25
Events	0.05	0.05	0.00	0.00	0.00	3.00
Bureau of Vehicle Management	12.00	12.15	10.15	10.15	10.15	10.15
Traffic and Engineering	15.50	15.65	13.00	13.00	14.00	14.00
Host Fee	2.90	3.80	3.60	3.00	3.00	3.50
Fire	85.00	86.00	86.00	90.00	90.00	104.00
Neighborhood Services	74.25	75.25	78.45	80.85	87.35	96.60
Blight Remediation	0.00	0.00	0.00	0.00	1.00	5.00
Total	441.00	449.94	456.79	468.44	499.50	545.25

Salaries and Wages

Salaries and wages are the largest component of personnel costs, representing 49% of expenses. As described above, in 2020, the City and the FOP ratified a new collective bargaining agreement that runs through 2025 and includes regular salary increases based on a fixed pay scale determined by years of service and job classification.

Per its collective bargaining agreement, salaries for IAFF union members will increase 2% annually through 2022. The projections assume 2% increases in 2023 through 2026.

The City and AFSCME have agreed to a 3% salary increase for 2022-2025. The projections assume 3% annual increases through 2025. Similarly, salary increases for non-represented (management) employees will average 2% for 2022 and are projected to increase 2% annually through 2026. Each AFSCME Bargaining Unit employee will receive \$3,000 lump sum per employee for 2022, \$1,500 lump sum per employee for 2023, \$1,000 lump sum per employee for 2024 and 2025.

In addition to salaries, overall compensation includes a variety of components, such as overtime, longevity pay, shift pay, special assignment pays, other cash premiums and bonuses, employer portion of applicable payroll taxes, vacation, holidays, paid leave, active employee life insurance, and other miscellaneous fringe benefits.

As a result of the 2013 contract amendments, all full-time employees (represented and non-represented) were moved to the Basic Health Plan that previously had only been mandatory for non-represented City employees. In addition, all unions agreed their members would contribute towards the cost of health care premiums, as set forth below:

Table 7

Employee Contributions Towards Health Care Premiums, 2022

FOP	
Tier of Coverage	Percent of base salary 2021-2026
Single coverage	2.5%
2-person coverage	4.5%
3-person coverage	5.5%
4 or more-person coverage	6.5%

AFSCME	
Tier of Coverage	Percent of base salary 2021
Single coverage	2.0%
2-person coverage	4.0%
3-person coverage	5.0%
4 or more-person coverage	6.0%

IAFF employees contribute towards their health insurance coverage at the rate of \$40 per biweekly pay for single coverage, and \$90 per biweekly pay for two-or-more person coverage.

The City self-insures for health insurance coverage, meaning it does not use a third-party provider for health insurance. The coverage includes a stop-loss policy, which protects the City from extraordinary claims. The City’s current stop-loss policy with its service provider covers specific stop-loss, meaning catastrophic claimants whose medical and prescription claims exceed \$275,000 in a given policy year. The reinsurer covers the excess claims and reimburses the City for claims paid over \$275,000 per claimant. The City is responsible for the first \$275,000 per claimant.

The City currently has only specific stop-loss coverage, rather than aggregate stop-loss coverage. Aggregate stop-loss covers claims for the aggregate population in excess of a certain percentage of expected claims or aggregate attachment factors set by the reinsurer/stop-loss carrier. In situations where a plan has both aggregate and specific stop-loss, the specific claims are “netted out” from the aggregate so that the reinsurer is not double paying for losses.

The City also provides for certain post-retirement health benefits for its represented employees. In recent contract negotiations, the bargaining units have agreed to change retirement benefits with respect to active employees and future (yet-to-be-hired) employees. All units agreed that future employees would not be entitled to receive post-retirement health care at the City’s cost. All bargaining units agreed that active employees, upon their retirement, would be provided benefits at the same levels as active employees, and that such retiree coverages may be modified from time to time if similarly modified for active employees.

Projection

- 1.1 Current wages are increased as specified in the current collective bargaining agreements, interest arbitration awards, or court orders. At the conclusion of a current collective bargaining agreement with the IAFF in 2022, annual wage increases are projected to increase approximately 2%. With the new AFSCME Contract Salaries for AFSCME City employees are increased 3% annual increase, with relevant bonuses 3,000 for 2022, 1,500 for 2023, and 1,000 for 2024 and 2025.
- 1.2 The City, which self-insures, has budgeted \$9.3 million for medical expenses in 2022. Medical expenses are potentially a volatile expenditure, which the City monitors closely. These expenses are projected to increase 5% annually from 2022 to 2026, which is in line with the City's experience and the actuarial assumptions used in the calculation of the City's Other Post-Employment Benefits liability. The City has worked with its insurance consultant to secure approximately \$1.1 million in annual health insurance/prescription drug savings.

Services

The City contracts for a variety of services such as legal, auditing, building maintenance, information technology support, insurance, utilities, fuel, traffic control, and heavy equipment repairs. Almost all of the City's contracted services fill an essential government need and are non-discretionary.

Projection - These costs are projected to increase 3% annually.

Long-Term Debt

General Obligation Debt

Series 1997D&F General Obligation Bonds

In 1997, the City issued its Series D&F Bonds to advance refund its Series 1997 B-1 Bonds and currently refund its Series 1995 Bonds. The Series 1997D&F Bonds are capital appreciation bonds and not subject to redemption prior to maturity. Credit enhancement on the bonds was provided by Financial Guaranty Insurance, which is now Ambac Assurance Corporation ("AMBAC").

In 2012, facing severe financial distress, the City defaulted on the bonds and the insurer agreed to make scheduled principal and interest payments on the bonds. The City and AMBAC entered into an amended settlement agreement in April 2013 under which the City's forbearance liability accrues interest and is scheduled to be repaid over a ten-year period from 2023 to 2032. In 2021 the City worked with AMBAC to defease the stadium bonds and to reduce the annual interest payment, The Mayor plans to work with AMBAC for a full payment of the remaining debt on the bonds in Fiscal Year 2022.

(remainder of page intentionally left blank)

Table 8
Series 1997D&F General Obligation Bond

Issue	Amount Outstanding/ Accreted Value ⁴	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
Series 1997D (Capital Appreciation Bonds)	\$1,586,232	Advance refunding	Non-callable	2022	Zero Coupon	AMBAC
Series 1997F (Capital Appreciation Notes)	\$6,368,602	Current refunding	Non-callable	2022	Zero Coupon	AMBAC
Series 1997D&F Forbearance Liability	\$19,572,019	Repay draws on enhancement facility	Any time	2029	5.00%	NA

⁴ As of March 15, 2022

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Bonds)

The City guaranteed a loan issued by the Harrisburg Redevelopment Authority (“HRA”) and insured by Financial Security Assurance, now Assured Guaranty Municipal Corp (“AGM”), that was used to acquire a site now known as the Verizon Tower. Anticipating the need to rely on the City’s guarantee for debt service payments scheduled to begin in 2016, in 2015, the City, the HRA, and AGM entered into a settlement agreement. The settlement agreement outlined terms for annual debt service payments that provided liquidity to the City, which was under Act 47, Municipalities Financial Recovery Program for fiscally distressed municipalities and the City could not afford to make the full scheduled debt service payments. Under the settlement agreement, the City is required to make minimum contributions between \$500,000 and \$1.5 million annually through 2032. The minimum contributions were in part based on lease payment projections from Verizon Tower tenants that offset the annual debt service requirement. To the extent that the annual lease payments do not materialize as projected, the City’s debt service requirement would increase over the minimum. The City’s obligations would increase if it borrows under the settlement; however, the combination of improving economics on the building and higher anticipated rental income, this allowed the City to avoid draws and save on interest expense.

Fortunately, the Commonwealth of Pennsylvania, Department of Human Services, at the same time, needed to relocate and the Department of General Services agreed to a contract with the City for more than 800 employees of the Department of Human Services to move into the Verizon Tower, now Commonwealth Tower, in Fiscal Year 2017. The Commonwealth employees also were able to utilize the City’s parking garages creating a win-win for the Commonwealth of Pennsylvania and the City of Harrisburg. Further, the Commonwealth employees also had a day care facility in the same building. Please see Table 9 Below for more information.

Table 9
HRA Series 1998A (Verizon Bonds)

Issue	Amount Outstanding/ Accreted Value	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A (Verizon Bonds)	\$19,696,617	Acquire Strawberry Square site	Non-callable	2033	Zero Coupon (Taxable)	AGM

LED – Guaranteed Energy Savings Contract

The City obtained a bank loan with M&T Bank using a guaranteed energy savings contract extended by the Efficiency Network. Under this agreement, the City is guaranteed energy savings that will more than cover the debt service on the bank loan. If savings exceed annual debt service of \$386,140, the benefit accrues to the General Fund. After 10 years, the City owns the equipment and bulbs financed by the original loan.

Table 10
Annual Debt Service Summary
2022-2026

	2022	2023	2024	2025	2026
Series 1997D&F	8,650,000	-	-	-	-
Series 1997D&F Ambac Repayment	20,322,200	-	-	-	-
HRA Series 1998A (Verizon Bonds)	950,000	1,250,000	1,250,000	1,250,000	1,430,000
Bank Loan - Energy Savings Contract	386,140	289,605	-	-	-
Proposed New Other Financing Source for Unfunded Priority Capital Improvements 5	-	780,886	1,561,772	1,561,772	1,561,772
Total	\$30,308,340	\$2,320,491	\$2,811,772	\$2,811,772	\$2,991,772

⁵ Represents minimum annual debt service due from City from 2023 to 2026, assuming; AMBAC is completely paid in 2022.

Pension

The City has three single-employer, defined benefit pension plans: the Police Pension Fund, the Firefighters Fund, and the Non-Uniformed Pension Plan. These plans cover substantially all full-time employees. Commonwealth law requires all municipalities, including Harrisburg, to make annual contributions to the pension funds based on a calculation of the minimum municipal obligation (“MMO”). The MMO is based on an annual actuarial valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. The City’s MMO is projected to continue to increase at a rate slightly above that of salaries and wages.

The table below shows the key statistics for the Police, Firefighters, and Non-Uniform pension funds in recent years. As of December 31, 2020, the police pension fund had a positive net position of \$3.1 million with a funded ratio of 103.06%. The firefighters and non-uniformed pension plans had positive funding ratios of 114.06% and 125.56%, respectively.

Table 11
Pension Summary

	Police Summary	Firefighters Summary	Non-Uniformed Summary
Participants:6	12/31/2020	12/31/2020	12/31/2020
Active Employees	132	88	227
Vested Former	5	1	24
<u>Receiving Benefits</u>	<u>209</u>	<u>130</u>	<u>244</u>
Total Participants	346	219	495

	12/31/2019	12/31/2020	12/31/2019	12/31/2020 ⁶	12/31/2019	12/31/2020 ⁶
Total Pension Liability	\$97,808,051	\$100,476,452	\$73,363,119	\$74,797,781	\$66,639,766	\$66,164,875
Plan Fiduciary Net Position	\$91,291,461	\$103,553,766	\$74,774,932	\$85,314,171	\$72,911,381	\$83,078,211
Net Pension Liability (Asset)	\$ 6,516,590	(\$3,077,314)	(\$1,411,813)	(\$10,516,390)	(\$6,271,615)	(\$16,913,336)
Plan Fiduciary Net Position as % of Total Pension Liability	93.34%	103.06%	101.92%	114.06%	109.41%	125.56%

⁶ Based on the measurement date of January 1, 2020

Projection – MMOs are projected to increase 2% annually, which is generally consistent with wage increases for each City Employee group.

Other Post Employment Benefit Summary

Other Post-Employee Benefits (“OPEB”) are benefits other than pension that are provided to retirees, including medical, prescription drug, dental, vision, hearing, life insurance, long-term disability, long-term care, death benefits, and any payments made to the retiree that are to be used for such coverage.

GASB rules require the use of accrual-based accounting methods for disclosure of the liabilities related to OPEB costs. The accrual-based accounting recognizes costs when benefits are earned, not when the benefit is actually paid.

Like most other governments, Harrisburg uses “Pay-as-you-go” approach for funding OPEB costs. Per the most recent actuarial valuation dated January 1, 2020, Harrisburg’s total OPEB liability was \$157.6 million, compared to a prior total liability of \$130.7 million per the actuarial valuation dated January 1, 2018.

Table 12
Other Post Employment Benefit Summary
January 1, 2020

Demographic Information	Police	Firefighters	Non-Uniformed	Total
Active Participants	140	61	111	312
Vested Former Participants	2	0	37	39
Retired Participants	173	108	121	402
Total	315	169	269	753

Financial Information	Police	Firefighters	Non-Uniformed	Total
Total OPEB Liability	\$79,541,739	\$49,827,254	\$28,207,281	\$157,576,274
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	\$79,541,739	\$49,827,254	\$28,207,281	\$157,576,274
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	849.59%	1177.66%	480.67%	809.67%
OPEB Expense	(\$944,401)	(\$43,163)	(\$111,896)	(\$1,099,460)

The City has begun to address this liability with provisions in its collective bargaining agreements eliminating post-retirement benefits for new hires. In addition, following the monetization of the parking system, the Commonwealth deposited \$3.3 million in a bank account established for an OPEB fund which has a December 31, 2021 year-end value of \$3.9 million. Such funds are to be transferred into the City’s OPEB Trust Fund which was authorized on March 23, 2021 by City Council, as required by Act 124.

**Table 13
Expense Growth Assumptions
2022-2025**

	2022	2023	2024	2025
Salaries and Wages	3%	3%	3%	3%
Overtime/Other Premium	2%	2%	2%	2%
Medical	5%	5%	5%	5%
Other Benefits	2%	2%	2%	2%
Pension	2%	2%	2%	2%
Services	2%	3%	3%	3%
Supplies	3%	5%	5%	5%
Debt	See Expense Initiatives 5.1(2)			

5.1 Expense Initiatives

1) Implement Steps to Reduce Health Insurance Costs

The City is exploring ways to reduce health insurance costs, including working with a broker to lower prescription drug costs, instituting a wellness program, and considering changing the structure of its self-insurance model. The City has secured annual medical cost savings of approximately \$1.1 million beginning in 2021.

2) Explore Opportunities to Restructure Debt Obligations

The City has engaged in negotiations with AMBAC regarding opportunities to reduce the forbearance liabilities, which are guaranteed by the City. In addition to prior years' work, the City is going to be focusing on:

Repay the Series 1997D&F Forbearance Liability

Last year's agreement with AMBAC involved the repayment of a portion of the Series 1997D&F forbearance liability at a discount. Per the agreement, for every \$1 the City pays towards the liability (up to \$4 million) through 2021, AMBAC will apply an additional \$0.38. The City did achieve the \$4 million paydown in November 2021, and also from simultaneously funding the related full defeasance of the Harrisburg Redevelopment Authority Revenue Bonds, Series A-2 of 2005 the City realized an additional credit of \$3,288,900 from AMBAC further reducing this bond insurance liability. Mayor Williams wishes to meet with AMBAC representatives to discuss terms to repay the full amount of the Ambac agreement in 2022.

(remainder of page intentionally left blank)

5.2 Expense Forecasts

Below is the multi-year expense forecast based on historical growth trends, planned initiatives, and other available data. The 2022 Projection refers to the final budget approved by City Council on February 15, 2022 which includes the budget reallocation approved by City Council on June 14, 2022.

As for the Personnel costs it is anticipated that these costs will increase 3%, Medical costs it is anticipated that these cost will increase by 5%, Services costs it is anticipated that cost will increase by 3%, Supplies Costs will increase by 5% based on the current CPI, and Other Operating Costs and Transfer costs are contingent on budgetary activity, Debt Service costs will significantly be reduced as the two bond payments anticipated to be paid with in 2022, will reduce debt to a pre- distressed level. Capital costs are contingent on the necessary capital needs of each City Department.

Table 14
Operating Expense Forecast

	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
Personnel (less Medical)	31,902,040	32,859,103	33,844,876	34,860,220	35,906,027
Medical/Employee Insurance	10,529,335	11,055,801	11,608,591	12,189,021	12,798,472
Services	6,098,323	6,220,289	6,344,696	6,471,590	6,601,021
Supplies	2,216,932	2,327,778	2,444,167	2,566,376	2,694,694
Other Operating/CAT	742,064	756,905	772,043	787,484	803,235
Transfers/Interfund	0	1,418,070	1,050,000	2,125,000	224,112
Total Expenses (Pre-Debt Service)	51,488,694	54,637,946	56,064,373	58,999,691	59,027,561
Debt Service	30,308,340	2,320,491	2,811,772	2,811,772	2,991,772
Total Operating Expenses	81,797,034	56,958,437	58,876,145	61,811,463	62,019,333
Capital Expenses	2,189,991	1,961,902	2,358,555	1,485,702	1,725,697
Total	\$83,987,025	\$58,920,339	\$61,234,700	\$63,297,165	\$63,745,030

(remainder of page intentionally left blank)

6 Other Initiatives

The City is committed to providing essential services to the community while securing its long-term fiscal stability. Below is a summary of the progress in implementing initiatives not already covered in the previous sections and additional actions the City is taking to achieve its goals:

1) Reestablish Access to the Debt Markets and Restore Credit Rating

Key to the City's long-term financial management viability is future access to the debt markets to fund capital projects and other deferred maintenance needs. Upon exit of Act 47, the City hopes to engage the rating agencies and strongly consider establishing a credit rating as part of the process once most current debt is paid off and the City continues to have a strong General Fund Unassigned Fund Balance.

2) Establish an OPEB Trust

On March 23, 2021, City Council approved an ordinance authorizing and directing the creation of an irrevocable special trust to be designated as the "OPEB Trust Fund" for the purpose of depositing and segregating funds to be restricted for other post-employment obligations of the City and related administrative costs of the Trust; providing for the appointment of a Board of Trustees to oversee the OPEB Trust Fund in accordance with the approved Act 47 Recovery Plan and any amendment thereto; providing for the Board to contract for services of a Trust professional; authorizing the execution of a Trust Agreement and related documents; authorizing the acceptance and deposit of designated funds provided through certain asset transfers under the Harrisburg Strong Plan; and adopting a Charter and Bylaws of the OPEB Board of Trustees so as to operate in accordance with the recommendations of the Governmental Accounting Standards Board as provided 16 in GASB Statement No. 74 and GASB Statement No. 75.

The ordinance provides for the establishment of a Board of Trustees consisting of nine members, with one member each to be appointed by the City's three local unions; two individuals to be appointed by the City Council; two to be appointed by the Mayor; and two members to be appointed by the Recovery Coordinator of the City. The Board of Trustees will be responsible for establishing how Trust will operate, including the terms under which the funds will be accessed, the Trust's investment policy, among other operating issues.

As determined from an updated actuarial valuation as of January 1, 2020, the City's estimated OPEB liability as of December 31, 2021 was \$157.6 million. Similar to other municipalities, Harrisburg does not prefund its OPEB liabilities. During 2021 the City paid \$5.3 million in "pay-as-you-go" retirement benefit costs and also accrued an additional \$2.1 million in service costs for future participant benefits.

If the City were to continue to pay the pay-as-you-go obligation and also contribute an annual amount equal to the Service Cost, the City would be funding the plan at a pace to eliminate the unfunded accrued liability in approximately 60 years, assuming no changes in actuarial assumptions. However, contributing an amount equal to the Service Cost in addition to the pay-as-you-go

obligation is not realistic for the City at this time meaning the liability is unlikely to be eliminated in the 60-year timeframe.

The Trust will be funded initially with approximately \$3.3 million in funds generated by asset transfers that were executed as a result of the implementation of the Harrisburg Strong Plan. Once the terms of the Trust are established by the appointed Board of Trustees, the City will consider a funding policy that will begin to address the significant liability and is also manageable within existing General Fund constraints. Because the terms of the Trust are unknown, the City cannot make an annual funding commitment as part of this five-year plan.

The City understands the relationship between controlling the OPEB liability and long-term fiscal stability. The City also appreciates the potential negative implications for its credit rating if a strategy for addressing the OPEB liability is not identified, though other municipalities that do not prefund the liability are still able to achieve a strong credit rating. Since the City cannot feasibly prefund the OPEB liability at a level to cover its Service Cost plus interest, annual OPEB costs will continue to grow, likely at a rate higher than other General Fund expenses. The growth, volatility, and size of these annual costs relative to the budget are of particular concern to the credit rating agencies.

While the City acknowledges that its OPEB liability will not be 100% funded for the foreseeable future, its past and planned actions signal its commitment to addressing this issue:

- Implemented employee benefit changes that eliminate post-retirement benefits for new employees, which will reduce and eventually eliminate the liability over time;
- Once terms of the Trust are adopted, consider a recurring OPEB Trust funding strategy, which will help address volatility inherent in this expenditure item;
- Order its actuary to prepare an actuarial valuation at least biennially, in accordance with generally accepted actuarial principles. Each valuation will include a gain/loss analysis that identifies the magnitude of actuarial gains and losses, based on variations between actual and assumed experience for each major assumption.

The City will review OPEB Trust funding options every two years and with the assistance of its actuary, determine the funding levels required for a fully funded plan within 10, 20, and 30 years. The City will adjust its funding strategy as necessary to meet its OPEB Trust funding goals.

3) Implement Workforce Stabilization Program

In late 2021, the City and AFSCME reached an agreement on a new contract that addresses pay and retention issues. Early in 2022, the City and FOP reopened the contract ratified in 2020, with hopes to address long-standing issues related to recruitment and retention. The FOP contract is in its final stages of review. Lastly, in the second half of 2022, the City and IAFF has begun negotiations on a new contract that will replace the current contract that ends December 31, 2022.

The City is mindful of strategies to recruit and retain qualified non-represented employees as well. In particular, the City is conducting a search to place a new City Engineer. The position has been vacant for many months. The City is advertising for the position with prominent Local Government and Trade Associations. The City is planning on interviewing experienced candidates for this position; we hope to fill it as soon as possible.

4) Promote Economic Development

Key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues. Even after securing its extraordinary taxing powers, the City's capacity to deliver basic services to its residents depends on a strong local tax base. The City's Economic Development efforts focuses on growing the City's economy in a diverse, equitable, and inclusive manner by retaining, expanding, and attracting businesses, promoting investments, and increasing career opportunities for residents. The City will accomplish these goals by providing a holistic approach that includes, innovation and equity, place and infrastructure, and governance and financial stewardship.

The City's economic development efforts over the past two years were focused on helping the local business community cope with COVID related pressures and hardships. The City's economic development efforts were focused on providing technical assistance and creating programs to help local small businesses to survive during this difficult time. The City plans to continue to provide this much-needed assistance, for as long as continued health threats to local businesses persist.

The following are examples of actions the City has taken to support businesses during this uniquely difficult time:

- In April 2020, the City partnered with Impact Harrisburg to build a \$1.5 million (Impact Harrisburg provided additional funds) grant fund to help Harrisburg small businesses impacted by the coronavirus shutdown.
- The City designed the Neighborhood Business Stabilization Program (NBSP) to provide emergency cash flow to help small businesses cope with the COVID crisis. A total of 313 businesses were awarded \$5,000 grants (of which 62 were minority-owned businesses) to assist with operating costs, such as rental and mortgage payments, utility payments, outstanding vendor invoices and payroll during this first funding round. A second round of this program began on December 1, 2020. Over 130 pre-applications have been received to date.
- In July 2020, the City provided a one-time credit on future trash bills opportunity for commercial refuse account holders, negatively impacted by the emergency closures and shutdowns due to the COVID pandemic. The City received 214 applications, of which 148 were approved. The total dollar amount credited for this program to date is approximately \$164,000.

Though the immediate crisis has required a series of policy responses that are short-term in nature, the Administration has not lost sight of its commitment to long-term economic development and growth. The Williams Administration has created initiatives that will help to grow the economy, revitalize neighborhoods, and provide opportunities for individuals and families to live, work, and play in Harrisburg. The Administration is nearing completion of a long-term economic development strategy that will serve as a framework for setting clear and attainable economic development objectives and design policies and programs to achieve them. The forthcoming plan will ensure goals are aligned and any new funding from the state and federal government are deployed tactically to achieve the City's economic development goals. The City has implemented the following initiatives to further Harrisburg's economic development efforts:

- In partnership with the Harrisburg Housing Authority (“HHA”), the City submitted application to HUD for the Choice Neighborhoods Planning Grant. If awarded, this grant will provide \$450,000 to the City for the development of a comprehensive neighborhood revitalization strategy (the “Transformation Plan”) for the South Harrisburg Neighborhood/Hoverter Homes Development.
- The HHA and the City also plan to submit application to HUD for the Choice Neighborhoods Implementation Grant, which provides up to \$30 million to implement Transformation Plan.
- The City, through the Bureau of Economic Development, created an Affordable Housing Taskforce to help guide and support the development of a new affordable housing policy, designed to make home renting and ownership more cost-effective in Harrisburg. This taskforce also assists in identifying tools, strategies, and incentives necessary to encourage affordable and mixed-use development. This led to the creating of an Affordable Housing Density Bonus Ordinance.
- The Department of Business Development continues to hold workshops to provide information, resources, and support to members of Harrisburg's small and diverse business community. In addition, the sessions create professional networking opportunities where attendees can develop relationships that will help further their business endeavors.

The City has completed an update of its Comprehensive Plan and planning, zoning, and subdivision criteria. City Council adopted the long-awaited plan in late 2021.

Local Economic Revitalization Tax Assistance Program Review

In addition to the initiatives described above, the City will revisit its Local Economic Revitalization Tax Assistance (“LERTA”) program in the hopes of improving its effectiveness. LERTA is a tax abatement program that was created in 1977 to incentivize property investment and redevelopment of difficult or undesirable properties- such as brownfields. LERTA creates a graduated increase in tax payments on new construction and property rehabilitation for owners of commercial, industrial, and business properties located within designated zones in the City.

A study of the program concluded that the LERTA program in its current form has not proven to be a largely effective tool for encouraging major redevelopment projects in Harrisburg. While many residential improvement projects have and will continue to benefit from LERTA, the same cannot currently be said for large commercial construction projects.

In order for Harrisburg to realize some of the benefits that the original LERTA Ordinance hoped to encourage such as elimination of blight and significant redevelopment, the LERTA program requires modifications. The City will consider altering or eliminating conditions for eligibility. The City will also consider increasing the level of tax abatement on commercial projects from 50% to 100%.

In 2022, the Williams Administration begun working with county and school district stakeholders to reform the dormant LERTA Appeals Board.

5) Improve Information Technology Capabilities

The City is implementing a number of initiatives to improve its information technology capabilities and infrastructure as outlined below:

1. The City has recently purchased and has begun to implement the replacement of the current disparate systems, including mainframe systems (City, Revenue, and Personnel), finance system (Central Square), and payroll system (Paychex) with the MUNIS ERP system from Tyler Technologies. The general ledger component of this system is currently being tested and full implementation of the finance system is expected to go live on January 1, 2023.
2. To obtain upgrades to the Office 365 Licenses to support our Microsoft suite of tools: Outlook (Email), Word, Excel, PowerPoint, etc.
3. Replace of the Data Center core switch, which controls the critical infrastructure for all City-deployed technology.
4. Replace the aging fleet of City-wide printers with new machines.
5. Replace the security camera system at Reservoir Park, which is unreliable and not integrated with our other camera systems.
6. Continue to implement a Laserfiche public portal that would allow for a single point of citizen access to City-related documents.
7. Continue to replace the equipment (servers and Storage Area Network (SAN)) in the Data Center and Co-location site, as they reach the end of their useful life.

(remainder of page intentionally left blank)

7 Capital Improvement Plan

The City has a backlog of deferred maintenance and unfunded capital needs. Capital needs far exceed funding capacity. Most critically important capital needs will remain unfunded unless operating projections outperform expectations or new funding sources are identified.

The tables below show the **baseline** capital projects the City plans to fund with General Fund transfers and other sources. The baseline projections are consistent with what was presented in the 2021 Five Year Plan. The Projections and Forecast for 2022-2026 for capital improvement projects are included below.

Table 15

Baseline Capital Improvement Projects - General Fund

Project Name	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total
Bureau of Information Technology						
DCIT & DREV System Replacement	625,000	331,000	331,000	350,000	360,000	1,997,000
Bureau of Police						
Police Patrol Vehicles	200,000	266,000	272,000	276,000	182,000	1,196,000
Other Police Vehicles	46,000	-	-	-	-	46,000
Radios	20,664	10,000	10,000	10,000	18,000	68,664
Surveillance Cameras	-	-	134,000	-	-	134,000
Other	-	-	-	-	-	-
Bureau of Fire						
Apparatus Replacement	100,000	350,000	365,000	400,000	100,000	1,315,000
Timesheet Management System	-	50,000	50,000	-	-	100,000
Fire House Repair/Replace	-	136,000	300,000	100,000	100,000	636,000
Other	-	-	-	-	-	-
Bureau of Public Works						
Vehicle Leasing Program ⁸	-	-	-	-	-	-
Other	105,498	-	-	-	-	105,498
Bureau of Engineering						
Lease Purchase	200,000	20,000	20,159	20,000	-	260,159
Other	40,060	-	-	-	-	40,060
Bureau of Facilities						
Other Facilities	844,569	790,538	867,865	321,000	956,821	3,780,793
Subtotal	\$2,181,791	\$1,953,538	\$2,350,024	\$1,477,000	\$1,716,821	\$9,679,174

⁸ The Vehicle Purchase Program has been moved to lease purchase which will be included in Debt Service.

Also, not reflected in these tables are potential funding from ARPA or part of the new Act recently passed for federal infrastructure funding program(s). Depending on the permitted use of these funds and the outcomes of the City’s planning process, the capital project funding sources and uses may change.

Note: Projected 2022 amounts may differ from the budget due to a reclassification of some capital expenditures.

Table 16
Capital Improvement Projects - Neighborhood Services Fund¹³

Project Name	Projected 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total
Vehicle Purchase Prog. ⁹	-	-	-	-	-	-
Equipment Leasing	341,003	400,000	300,000	300,000	300,000	1,641,003
Building Improvements	13,000	50,000	50,000	50,000	50,000	213,000
Equipment - Other	335,814	296,000	302,000	308,000	317,000	1,558,814
Subtotal	\$689,817	\$746,000	\$652,000	\$658,000	\$667,000	\$3,412,817

⁹ The Vehicle Purchase Program has been moved to lease purchase which will be included in Debt Service.

Table 17
Baseline Capital Improvement Projects - Capital Projects Fund¹⁰

Project Name	Projected 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total
Herr Street Underpass	50,000	50,000	50,000	-	0	150,000
2 nd Street	3,971,979	225,000	-	-	0	4,196,979
State Street Project	1,096,947	-	-	-	0	1,096,947
East-West Multimodal	33,262	743,070	-	1,725,000	0	2,501,332
Mulder Square	2,458,989	-	-	-	0	2,458,989
North 7 th Street	1,230,660	-	-	-	0	1,230,660
Allison Hill Paving	-	400,000	-	400,000	0	800,000
Capitol Gateway	139,500	-	1,000,000	-	0	1,139,500
South Paving Project	-	-	-	-	224,112	224,112
Subtotal	\$8,981,337	\$1,418,070	\$1,050,000	\$2,125,000	\$224,112	\$13,798,519

¹⁰ Other funding sources, in addition to Capital Projects Fund balance, includes grant funds and Liquid Fuels Funds.

Table 18
Summary by Fund

Fund	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total
General Fund (Baseline)	2,181,791	1,953,538	2,350,024	1,477,000	1,716,821	9,679,174
Neighborhood Services Fund	689,817	746,000	652,000	658,000	667,000	3,412,817
Capital Projects Fund (Baseline)	8,981,337	1,418,070	1,050,000	2,125,000	224,112	13,798,519
Subtotal	\$11,852,945	\$4,117,608	\$4,052,024	\$4,260,000	\$2,607,933	\$26,890,510

Funded and Unfunded Capital Improvement Projects Anticipated

The City has further prioritized its capital needs as Priority One and Priority Two level projects.

The City has 41 funded Priority One projects with costs up to \$11.6 million through 2026. The City has 75 Priority Two projects with a cumulative estimated total cost of \$37.2 million, including \$3.9 million funded and \$33.3 million unfunded. The table below summarizes the annual costs of the Priority One and Priority Two projects. A project listing is included in the Appendix.

**Table 19
Priority Capital Improvement Projects**

Level	Number of Projects	2022	2023	2024	2025	2026	Total
Priority One Funded	41	666,682	1,553,487	3,259,487	3,066,250	3,038,250	11,584,156
Priority Two Funded	27	0	2,070,700	1,070,836	529,088	249,250	3,919,874
Priority Two Unfunded	48	672,500	2,080,000	4,404,700	10,176,725	15,975,000	33,308,925
Totals	116	\$1,339,182	\$5,704,187	\$8,735,023	\$13,772,063	\$19,262,500	\$48,812,955

The total cost of the unfunded projects identified above is \$33.3 million. Not included in this listing are Priority Three projects, which are even farther beyond the City’s current funding capacity. Within this plan document, the City is proposing to obtain new other financing of \$15.5 million to achieve the above referenced funded priority one and two capital improvements.

Capital Project Budgeting

The City uses line-item bidding to estimate costs for its projects. The City calculates the proposed quantities for each project and multiplies the quantities by either historical unit price bid information from past City projects (if available) or PennDOT bid history from the PennDOT Engineering and Construction Management System (ECMS). These budgets are done once for small projects and four times during the stages of project design (initial, 30%, 60%, 100% plan submission) for larger projects.

**Table 20
2021 Completed Facilities Capital Projects**

Project	Budget	Actual	Difference
Market and Dewberry	325,087	224,772	100,315
State Street Light Upgrades	83,144	80,080	3,064
4th and McClay	235,000	314,705	(79,705)
Total	\$643,231	\$619,557	(\$23,674)

The table above shows budget versus actual reports for Bureau of Facilities projects completed in 2021 and 2022. Projects will deviate from the budget for a variety of reasons including, but not limited to, differences in anticipated versus actual grant funding and matching requirements, unforeseeable project/construction challenges, and variances between planned and actual project unit costs. The City’s capital projects are closely monitored not just by City staff, but also in most cases by auditors from other

state and federal agencies to ensure that project costs are justified and in compliance with applicable rules and regulations. Because of the nature of capital project budgeting, deviations from the plan are not uncommon, but are minimized and near budget on an overall basis. **Normally, for the past five years we have utilized pay-as-you-go or cash to pay for capital items, next year we plan to float a bond.**

(remainder of page intentionally left blank)

8 Financial Forecasts

The City will set a minimum General Fund, Fund Balance level target amount equal to two-months of annual operating expenses (approximately 17%). The funding target is consistent with the Government Finance Officer Association's minimum recommendation for all municipalities. The GFOA recommends that municipalities with a history of fiscal distress or budgetary volatility maintain a fund balance level higher than the 17% minimum. This fund balance level would also be viewed favorably by rating agencies that place strong emphasis on operating flexibility and accessible fund balance, especially for municipalities like Harrisburg that are trying to demonstrate its commitment to fiscal recovery and stability. In practice the City has already been managing its fund balance to above this level for several years.

The operating forecasts, which assume the full implementation of the initiatives described above, demonstrate the ability to maintain essential City services and address other priorities. In addition to the initiatives outlined in this plan, the City relies on its significant unreserved General Fund balance to fund capital needs and, under certain circumstances, cover the gap between annual revenues and expenses.

In 2022, Mayor Williams was able to present a balanced budget with an original budget surplus of \$1.5 million. The City will not increase the tax burden on its residents at a time when so many face job insecurity and are struggling just to pay their bills. Moreover, raising tax rates is counterproductive to Harrisburg's efforts to attract private investment and expand the tax base, especially during this challenging period for the local economy.

The Mayor did not use General Fund, Fund Balance in 2022 to balance the budget and it is likely the City will not use any portion of the fund balance in the coming fiscal years. General Fund should continue to have budgetary surpluses in 2023, 2024, 2025, and 2026. Key to achieving these surpluses is to eliminate as much outstanding debt service as possible in fiscal year 2022.

In addition, annual debt service obligations will fall significantly after the City's General Obligation Bonds mature in 2022, enabling the City to achieve surpluses in subsequent years and rebuild fund balance. As mentioned earlier, the City plans to issue debt in 2023 to finance capital improvements and other priorities while maintaining sufficient liquidity. The projections assume additional transfers for capital improvements projects in 2022 through 2026, while still maintaining the targeted fund balance level.

8.1 Initiatives Summary

Table 21
Five-Year Plan Initiative Summary

Initiative	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Five-Year Impact
Revenue						
Maintain Park Permit Revenues to Senator's Fund	375,000	375,000	375,000	375,000	375,000	1,875,000
Pursue Additional PILOT Agreements	125,000	125,000	125,000	125,000	125,000	625,000
Review Service Delivery Alternatives	50,000	75,000	85,000	95,000	100,000	405,000
Seek Increased Federal Grant Funding	25,000	25,000	25,000	25,000	25,000	125,000
Improve Neighborhood Service Fund Collection Rates	250,000	350,000	550,000	650,000	750,000	2,550,000
Expense						
Implement Steps to Reduce Health Insurance Costs	1,000,000	1,150,000	1,200,000	1,275,000	1,300,000	6,275,000
Explore Opportunities to Restructure Debt Obligations	0	-	-	-	-	-
Other						
Lessen Future Financial Budget Burdens via Full 2022 Pay-Off Bond Insurance Forbearance Liability	-	(3,888,905)	(3,888,905)	(3,888,905)	(3,888,905)	(15,555,620)
Establish an OPEB Trust	-	-	-	-	-	-
Implement Workforce Stabilization Program	-	-	-	-	-	-
Promote Economic Development	-	-	-	-	-	-
Total – Revenue	\$825,000	\$950,000	\$1,160,000	\$1,270,000	\$1,375,000	\$5,580,000
Total – Other Expenses Debt	\$0	(\$3,888,905)	(\$3,888,905)	(\$3,888,905)	(\$3,888,905)	(\$15,555,620)
Total – Expense	(\$1,000,000)	(\$1,150,000)	(\$1,200,000)	(\$1,275,000)	(\$1,300,000)	(\$5,925,000)
Indicates benefits Neighborhood Services Fund.						

9 Principal Proprietary Funds

The City maintains two main proprietary funds, which account for activities that involve business-like transactions: the Neighborhood Services Fund and the Harrisburg Senators Fund.

9.1 Neighborhood Services Fund

Created in 2016, the Neighborhood Services Fund (“NSF”) accounts for the revenues and expenses associated with the provision of refuse collection and disposal services to residential, commercial, and industrial establishments of the City, as well as Parks and Recreation maintenance services, and road repair services, as those are related to the facilitation of refuse collection and disposal services.

Table 22
Neighborhood Services Fund-Actuals
and Forecasts 2017-2026

	2017	2018	2019	2020	2021
Department of Public Works	7,791	16,857	13,986	1,747	22,315
Collection and Disposal Fees	14,454,514	14,482,391	18,137,116	15,336,996	16,112,684
Miscellaneous	167,336	241,303	313,878	460,390	228,287
Intergovernmental	93,582	58,282	66,497	58,724	0
Transfers	5,305,078	29,701	720,000	0	0
Total Revenue	20,028,301	14,828,534	19,251,477	15,857,857	16,363,286
Personnel	4,583,613	4,765,866	4,662,136	5,269,184	5,541,753
Services	8,140,847	8,135,452	8,236,775	8,548,808	8,839,004
Supplies	541,394	656,112	514,404	898,240	591,118
Other - Capital	1,501,981	2,364,065	4,030,760	1,983,192	1,411,580
Other - Transfers	4,949,465	0	0	0	162,133
Total Expenditures	19,717,300	15,921,495	17,444,075	16,699,424	16,545,588
Change in Cash Fund Balance	311,001	(1,092,961)	1,807,402	(841,567)	(182,302)
Cash - Beginning of Year	6,803,448	7,114,449	6,021,488	7,828,890	6,987,323
Cash - End of Year	\$7,114,449	\$6,021,488	\$7,828,890	\$6,987,323	\$6,805,021

	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Public Works	12,422	12,670	12,924	13,182	13,446
Collection and Disposal Fees	16,600,000	16,766,000	16,933,660	17,102,997	17,274,027
Miscellaneous	465,500	248,370	253,337	258,404	263,572
Intergovernmental	59,000	0	60,000	0	60,000
Transfers	347,725	0	150,000	0	150,000
Total Revenue	17,484,647	17,027,040	17,409,921	17,374,583	17,761,045
Personnel	6,082,291	6,284,033	6,492,790	6,708,823	6,932,399
Services	8,937,522	9,116,272	9,298,598	9,484,570	9,674,261
Supplies	939,675	986,659	1,035,992	1,087,791	1,142,181
Other - Capital	689,817	746,000	652,000	658,000	667,000
Other - Transfers	0	0	0	0	0
Total Expenditures	16,649,305	17,132,964	17,479,380	17,939,184	18,415,841
Change in Cash Fund Balance ¹¹	835,342	(105,924)	(69,458)	(564,601)	(654,796)
Cash - Beginning of Year	6,805,021	7,640,363	7,534,439	7,464,981	6,900,380
Cash - End of Year	\$7,640,363	\$7,534,439	\$7,464,981	\$6,900,380	\$6,245,584

¹¹The 2022 Neighborhood Services Fund budget was balanced by applying existing fund balance as “Cash Carryover” to avoid a deficit in 2022. For presentation purposes in this table, the Cash Carryover is shown in the “Change in Fund Balance” line.

The NSF’s primary revenue sources are garbage collection and disposal fees. For fiscal year 2022, the City budgets \$16.6 million in garbage collection fees and disposal fees. The City does not project any fee increases for Harrisburg residents. The City will continue to build on its efforts to maintain collection rates at an 89% or higher rate.

In addition, the City will set the goal of increasing the collection rate to 91% beginning in 2023.

The primary NSF expense is contracted service for garbage disposal of approximately \$6.3 million. The costs will increase 2.0% annually through 2025. The contracted payment to the Lancaster County Solid Waste Authority is also accounted for in this fund. The tipping fee is \$201.70 per ton in 2022 and will be adjusted on January 1 of each calendar year by the Consumer Price Index, which is assumed to be 2.0% in these projections.

Approximately 96.6 employee salaries are paid out of the NSF. Projected personnel cost increases mirror those in the General Fund – 3% annual salary increases and 5% annual medical insurance increases.

The City will manage its Neighborhood Services Fund to balance revenues and expenses in the long-term. The City will also target a fund balance equal to two months of annual operating expenses. While the GFOA recommends a fund balance target equal to 45 days of annual operating expenses for Proprietary Funds, the City has set its fund balance target at a level it feels is responsible and fair to fee payers. Maintaining this level of fund balance will ensure that service/operation disruptions will be avoided; the NSF will not be a burden on the General fund; and the fund will not maintain unnecessary balances that can otherwise be deployed to provide services to customers.

The City is also mindful of identifying funding sources for future capital improvement and vehicle replacement needs. The City plans on utilizing grant funds to defray the costs of these expenditures; however, if grant funding cannot be secured, the City will apply fund balance as a substitute.

If the NSF fund balance is depleted below the target levels, the City is committed to increase fees to ensure budgetary balance is restored in the fund and capital needs can be addressed. The City does not anticipate any fee increases through 2025.

9.2 Harrisburg Senators Fund

The Harrisburg Senators Fund accounts for the revenues and expenses associated with the payment of debt on the financing of the Harrisburg Senators new stadium. In recent years, the fund has been subsidized by in annual transfers from the City’s general operations. With the recent defeasance of stadium bonds, the Harrisburg Senators Fund is better able handle future costs associated with keeping the stadium up to the standards of Major and Minor League Baseball.

Table 23
Harrisburg Senators Fund Actuals
and Forecasts 2017-2026

	2017	2018	2019	2020	2021
Department of Parks and Recreation	108,646	62,016	87,792	20,795	56,642
Rental Income	379,738	379,738	379,738	18,129	199,362
Transfers	262,921	239,681	256,778	467,856	5,581,342
Total Revenue	751,305	681,435	724,308	506,780	5,837,346
Services	25,000	25,000	25,000	0	0
Other - Debt	616,738	644,569	642,043	646,552	5,581,342
Other - Capital	0	0	0	0	50,000
Total Expenses	641,738	669,569	667,043	646,552	5,631,342
Change in Cash Fund Balance	109,567	11,866	57,265	(139,772)	206,004
Cash - Beginning of Year	0	109,567	121,433	178,698	38,926
Cash - End of Year	\$109,567	\$121,433	\$178,698	\$38,926	\$244,930

	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Parks and Recreation	81,000	82,620	84,272	85,958	87,677
Rental Income	379,738	379,738	379,738	379,738	379,738
Transfers	0	0	0	0	0
Total Revenue	460,738	462,358	464,010	465,696	467,415
Services	0	0	0	0	0
Other - Debt	0	0	0	0	0
Other - Capital	100,000	125,000	150,000	175,000	200,000
Total Expenses	100,000	125,000	150,000	175,000	200,000
Change in Cash Fund Balance	360,738	337,358	314,010	290,696	267,415
Cash - Beginning of Year	244,930	605,668	943,026	1,257,036	1,547,732
Cash - End of Year	\$605,668	\$943,026	\$1,257,036	\$1,547,732	\$1,815,147

Appendix A

Baseline Financial Forecast by Department

The 2022 Projection in the tables below refers to the Approved 2022 Budget approved by City Council on February 15, 2022 and the Budget Reallocation approved by City Council on June 14, 2022.

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
General Government						
Personnel	1,386,767	1,405,770	1,447,944	1,491,382	1,536,123	1,582,207
Services	260,689	227,423	231,972	236,611	241,344	246,170
Supplies	30,437	49,872	52,365	54,984	57,733	60,620
Other-Debt	0	0	0	0	0	0
Other-Capital	84,849	8,200	8,364	8,531	8,702	8,876
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total General Government	<u>\$1,762,742</u>	<u>\$1,691,266</u>	<u>\$1,740,645</u>	<u>\$1,791,508</u>	<u>\$1,843,902</u>	<u>\$1,897,873</u>

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Administration						
Personnel	12,630,323	13,507,591	14,123,406	14,768,224	15,443,442	16,150,526
Services	3,066,070	3,091,165	3,152,988	3,216,048	3,280,369	3,345,976
Supplies	244,842	252,660	265,293	278,557	292,485	307,110
Other-Debt	0	0	0	0	0	0
Other-Capital	62,954	625,000	331,000	331,000	350,000	360,000
Other-Transfers	19,495,802	30,308,340	3,738,561	3,861,772	4,936,772	3,215,884
Other-Operating	785,734	742,064	756,905	772,043	787,484	803,234
Total Department of Administration	<u>\$36,285,726</u>	<u>\$48,526,819</u>	<u>\$22,368,153</u>	<u>\$23,227,644</u>	<u>\$25,090,553</u>	<u>\$24,182,730</u>

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Building and Housing						
Personnel	1,175,891	1,104,340	1,137,470	1,171,594	1,206,742	1,242,944
Services	108,286	106,523	108,654	110,827	113,043	115,304
Supplies	12,325	11,074	11,628	12,209	12,820	13,460
Other-Debt	0	0	0	0	0	0
Other-Capital	0	0	0	0	0	0
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Department of Building & Housing	<u>\$1,296,502</u>	<u>\$1,221,937</u>	<u>\$1,257,751</u>	<u>\$1,294,630</u>	<u>\$1,332,605</u>	<u>\$1,371,709</u>

City of Harrisburg
2022 Five-Year Financial Plan

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Public Safety						
Personnel	26,049,889	24,637,666	25,376,796	26,138,100	26,922,243	27,729,910
Services	1,164,376	1,050,471	1,071,480	1,092,910	1,114,768	1,137,064
Supplies	438,019	453,924	476,620	500,451	525,474	551,747
Other-Debt	0	0	0	0	0	0
Other-Capital	439,000	366,664	812,000	1,131,000	786,000	400,000
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Department of Public Safety	<u>\$28,091,283</u>	<u>\$26,508,725</u>	<u>\$27,736,896</u>	<u>\$28,862,461</u>	<u>\$29,348,485</u>	<u>\$29,818,721</u>

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Public Works						
Personnel	1,026,151	969,498	998,583	1,028,540	1,059,396	1,091,178
Services	818,884	1,289,422	1,315,210	1,341,515	1,368,345	1,395,712
Supplies	1,198,853	1,274,604	1,338,334	1,405,251	1,475,513	1,549,289
Other-Debt	0	0	0	0	0	0
Other-Capital	709,139	345,558	20,000	20,159	20,000	0
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Department of Public Works	<u>\$3,753,027</u>	<u>\$3,879,081</u>	<u>\$3,672,127</u>	<u>\$3,795,464</u>	<u>\$3,923,254</u>	<u>\$4,036,179</u>

	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Department of Parks, Recreation, and Facilities						
Personnel	807,102	806,510	830,705	855,627	881,295	907,734
Services	554,258	333,319	339,985	346,785	353,721	360,795
Supplies	223,746	174,798	183,538	192,715	202,351	212,468
Other-Debt	0	0	0	0	0	0
Other-Capital	1,090,928	844,569	790,538	867,865	321,000	956,821
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Dept. Parks/Recreation/Facilities	<u>\$2,676,034</u>	<u>\$2,159,196</u>	<u>\$2,144,767</u>	<u>\$2,262,992</u>	<u>\$1,758,367</u>	<u>\$2,437,819</u>

Total General Fund Expenditures **\$73,865,313** **\$83,987,025** **\$58,920,339** **\$61,234,700** **\$63,297,165** **\$63,745,030**

Appendix B

Financial History and Forecast – Non-Major/Special Revenue Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following are projections for those funds. The 2021 actual results reflect bottom-line revenues and expenses. Allocations between revenue and expense categories are likely to change. 2022 Projection reflects the January 2022 budget amendment and roll over expenses.

Capital Projects Fund— This fund accounts for revenues and expenses connected with the City’s capital projects.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Works	1,194,359	1,198,978	1,344,057	1,283,578	1,656,747	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Intergovernmental	-	2,380,532	1,387,078	1,880,709	3,030,703	7,333,068	200,000	200,000	-	-
Other Financing Sources	-	-	2,000,000	-	-	-	15,500,000	-	-	-
Miscellaneous	18,068	64,691	122,143	50,146	1,146	3,000	10,000	10,000	10,000	10,000
Transfers	500,000	200,000	3,807,755	324,432	1,165,901	-	1,418,070	1,050,000	2,125,000	224,112
Total Revenue	1,712,427	3,844,201	8,661,033	3,538,865	5,854,497	8,486,068	18,278,070	2,410,000	3,285,000	1,384,112
Other - Capital	223,543	2,017,866	7,884,745	2,460,649	5,930,588	8,981,337	1,418,070	1,050,000	2,125,000	224,112
Other - Priority 1 Cap Improvmts	-	-	-	-	-	-	2,220,169	3,259,487	3,066,250	3,038,250
Other - Priority 2 Cap Improvmts	-	-	-	-	-	-	2,070,700	1,070,836	529,088	249,250
Other - Transfers	250,000	527,784	1,150,000	1,150,000	1,582,907	926,200	1,150,000	1,150,000	1,150,000	1,150,000
Total Expenditures	473,543	2,545,650	9,034,745	3,610,649	7,513,495	9,907,537	6,858,939	6,530,323	6,870,338	4,661,612
Change in Cash Fund Balance	1,238,884	1,298,551	(373,712)	(71,784)	(1,658,998)	(1,421,469)	11,419,131	(4,120,323)	(3,585,338)	(3,277,500)
Cash - Beginning of Year	2,552,777	3,791,661	5,090,212	4,716,500	4,644,716	2,985,718	1,564,249	12,983,380	8,863,057	5,277,719
Cash - End of Year	3,791,661	5,090,212	4,716,500	4,644,716	2,985,718	1,564,249	12,983,380	8,863,057	5,277,719	2,000,219

State Liquid Fuels Tax Fund – Funded by an annual Commonwealth of Pennsylvania State Liquid Fuels Tax allocation. The fund is used to account for state aid revenue expended primarily for streets and traffic lighting, traffic controls, and maintaining City road and bridges in accordance with policies and procedures of the County Liquid Fuels Tax Act of 1931 and the Liquid Fuels Tax Act 655 of 1956 of the Commonwealth of Pennsylvania.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Works	1,342,534	1,430,015	1,492,007	1,422,384	1,285,187	1,289,000	1,430,000	1,430,000	1,430,000	1,430,000
Total Revenue	1,342,534	1,430,015	1,492,007	1,422,384	1,285,187	1,289,000	1,430,000	1,430,000	1,430,000	1,430,000
Personnel	-	-	-	-	-	-	-	-	-	-
Services	338,398	288,690	265,283	308,196	325,976	413,198	413,198	413,198	413,198	413,198
Supplies	63,496	209,869	135,170	103,879	265,221	267,719	267,719	267,719	267,719	267,719
Other - Debt	-	-	-	226,355	224,112	224,112	224,112	224,112	224,112	224,112
Other - Capital	602,410	314,346	162,273	589,294	213,994	743,070	700,000	400,000	-	-
Total Expenditures	1,004,304	812,905	562,726	1,227,724	1,029,303	1,648,099	1,605,029	1,305,029	905,029	905,029
Change in Cash Fund Balance	338,230	617,110	929,281	194,660	255,884	(359,099)	(175,029)	124,971	524,971	524,971
Cash - Beginning of Year	1,272,316	1,610,546	2,227,656	3,156,937	3,351,597	3,607,481	3,248,382	3,073,353	3,198,324	3,723,295
Cash - End of Year	1,610,546	2,227,656	3,156,937	3,351,597	3,607,481	3,248,382	3,073,353	3,198,324	3,723,295	4,248,266

Host Municipalities Fees Fund – Funded by quarterly amounts of host municipality benefit fees received from the incinerator for waste tonnage received and disposed at the Harrisburg Resource Recovery Facility. Proceeds made available as a funding source for critical environmental projects.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Dept. of Community/Economic Development (Environmental)	327,781	331,924	357,628	350,854	344,725	348,096	354,376	360,844	360,844	360,844
Total Revenue	327,781	331,924	357,628	350,854	344,725	348,096	354,376	360,844	360,844	360,844
Personnel	101,378	128,402	136,910	131,557	138,871	135,910	138,628	141,401	144,229	144,229
Services	29,605	77,609	58,620	57,949	82,311	95,350	95,350	95,350	95,350	95,350
Supplies	3,838	11,813	21,562	10,117	6,002	18,750	18,750	18,750	18,750	18,750
Other - Grant Distributions	10,000	243,980	158,482	22,832	56,144	30,000	30,000	30,000	30,000	30,000
Other - Capital	112,000	-	-	45,324	24,600	-	-	-	-	-
Total Expenditures	256,821	461,804	375,574	267,779	307,928	280,010	282,728	285,501	288,329	288,329
Change in Cash Fund Balance	70,960	(129,880)	(17,946)	83,075	36,797	68,086	71,648	75,343	72,515	72,515
Cash - Beginning of Year	489,241	560,201	430,321	412,375	495,450	532,247	600,333	671,981	747,324	819,839
Cash - End of Year	560,201	430,321	412,375	495,450	532,247	600,333	671,981	747,324	819,839	892,354

Blight Remediation Fund (Special Fund)—Accounts for fee revenues and expenses related to the City as they pertain to enforcement of ordinances regulating blight and local health, housing and safety codes and regulations.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Dept. of Community/Economic Development (Bldg and Housing)	75,135	91,727	68,825	63,848	52,037	48,000	48,000	48,000	48,000	48,000
Total Revenue	75,135	91,727	68,825	63,848	52,037	48,000	48,000	48,000	48,000	48,000
Personnel	-	-	-	7,809	9,654	-	-	-	-	-
Services	17,950	18,771	50,669	23,094	31,258	44,807	45,704	46,618	46,618	46,618
Supplies	5,820	5,138	1,933	-	1,181	19,369	19,757	20,152	20,152	20,152
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	23,770	23,909	52,602	30,903	42,093	64,176	65,461	66,770	66,770	66,770
Change in Cash Fund Balance	51,365	67,818	16,223	32,945	9,944	(16,176)	(17,461)	(18,770)	(18,770)	(18,770)
Cash - Beginning of Year	206,171	257,536	325,354	341,577	374,522	384,466	368,290	350,829	332,059	313,289
Cash - End of Year	257,536	325,354	341,577	374,522	384,466	368,290	350,829	332,059	313,289	294,519

Special Events/Project Reimbursement Fund (Special Fund) - Repository for funds generated from contributions from citizens interested in supporting the functions of the Department and revenue from the sale of recyclable materials collected by the Department. The fund is used for maintaining and supporting the various endeavors of the Department of Public Works.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Works	70,803	64,834	19,428	13,655	74,141	21,300	21,300	21,300	21,300	21,300
Total Revenue	70,803	64,834	19,428	13,655	74,141	21,300	21,300	21,300	21,300	21,300
Personnel	-	-	-	-	-	-	-	-	-	-
Services	-	5,250	5,250	-	-	1,000	1,000	1,000	1,000	1,000
Supplies	-	38,420	-	5,250	5,250	19,000	19,000	19,000	19,000	19,000
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	43,670	5,250	5,250	5,250	20,000	20,000	20,000	20,000	20,000
Change in Cash Fund Balance	70,803	21,164	14,178	8,405	68,891	1,300	1,300	1,300	1,300	1,300
Cash - Beginning of Year	31,625	102,428	123,592	137,770	146,175	215,066	216,366	217,666	218,966	220,266
Cash - End of Year	102,428	123,592	137,770	146,175	215,066	216,366	217,666	218,966	220,266	221,566

Fire Protection Fund (Special Fund) – Accounts for revenues and expenses supporting Fire department activities.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Safety	109,658	124,654	28,055	29,862	16,439	12,800	12,800	12,800	12,800	12,800
Total Revenue	109,658	124,654	28,055	29,862	16,439	12,800	12,800	12,800	12,800	12,800
Personnel	-	-	-	-	-	-	-	-	-	-
Services	63,560	68,787	3,249	4,122	-	-	-	-	-	-
Supplies	665	19,996	-	990	-	19,004	18,150	17,412	17,412	17,412
Other	-	5,100	11,058	-	15,000	-	-	-	-	-
Total Expenditures	64,225	93,883	14,307	5,112	15,000	19,004	18,150	17,412	17,412	17,412
Change in Cash Fund Balance	45,433	30,771	13,748	24,750	1,439	(6,204)	(5,350)	(4,612)	(4,612)	(4,612)
Cash - Beginning of Year	156,423	201,856	232,627	246,375	271,125	272,564	266,360	261,010	256,398	251,786
Cash - End of Year	201,856	232,627	246,375	271,125	272,564	266,360	261,010	256,398	251,786	247,174

Police Protection Fund (Special Fund) - Accounts for revenues and expenses supporting Police department activities.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Safety	91,784	152,586	122,168	207,989	118,865	89,000	89,000	89,000	89,000	89,000
Total Revenue	91,784	152,586	122,168	207,989	118,865	89,000	89,000	89,000	89,000	89,000
Personnel	13,267	-	-	-	-	-	-	-	-	-
Services	70,530	47,520	68,385	42,970	71,543	105,000	105,000	105,000	105,000	105,000
Supplies	11,745	-	1,851	-	8,350	48,900	48,900	48,900	48,900	48,900
Other	100,283	117,421	39,559	-	-	-	-	-	-	-
Total Expenditures	195,825	164,941	109,795	42,970	79,893	153,900	153,900	153,900	153,900	153,900
Change in Cash Fund Balance	(104,041)	(12,355)	12,373	165,019	38,972	(64,900)	(64,900)	(64,900)	(64,900)	(64,900)
Cash - Beginning of Year	516,648	412,607	400,252	412,625	577,644	616,616	551,716	486,816	421,916	357,016
Cash - End of Year	412,607	400,252	412,625	577,644	616,616	551,716	486,816	421,916	357,016	292,116

WHBG-TV Fund (Special Fund) – Accounts for financial activity related to the City’s government access cable television channel, station facilities and programming management.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Administration	7,598	4,529	1,511	1,042	29	9,500	9,500	9,500	9,500	9,500
Total Revenue	7,598	4,529	1,511	1,042	29	9,500	9,500	9,500	9,500	9,500
Personnel	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	3,000	3,000	3,000	3,000	3,000
Supplies	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000
Other	-	-	-	21,010	-	-	-	-	-	-
Total Expenditures	-	-	-	21,010	-	5,000	5,000	5,000	5,000	5,000
Change in Cash Fund Balance	7,598	4,529	1,511	(19,968)	29	4,500	4,500	4,500	4,500	4,500
Cash - Beginning of Year	20,136	27,734	32,263	33,774	13,806	13,835	18,335	22,835	27,335	31,835
Cash - End of Year	27,734	32,263	33,774	13,806	13,835	18,335	22,835	27,335	31,835	36,335

Events Fund (Special Fund) – Accounts for all revenue raised in support of the City’s events, including Arts Fest, the July 4th Celebration, Kipona, the Holiday Parade, and New Year’s Eve. This fund also accounts for related expenses and is overseen by the Director of Business Development and the Events and Marketing Manager.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Dept. of Community/Economic Development (Parks/Recreation)	168,391	196,177	148,710	83,517	190,053	321,200	321,200	321,200	321,200	321,200
Total Revenue	168,391	196,177	148,710	83,517	190,053	321,200	321,200	321,200	321,200	321,200
Personnel	2,996	2,784	-	-	-	-	-	-	-	-
Services	113,049	159,114	115,971	62,598	130,768	321,000	321,000	321,000	321,000	321,000
Supplies	834	259	20	-	-	1,100	1,100	1,100	1,100	1,100
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	116,879	162,157	115,991	62,598	130,768	322,100	322,100	322,100	322,100	322,100
Change in Cash Fund Balance	51,512	34,020	32,719	20,919	59,285	(900)	(900)	(900)	(900)	(900)
Cash - Beginning of Year	-	51,512	85,532	118,251	139,170	198,455	197,555	196,655	195,755	194,855
Cash - End of Year	51,512	85,532	118,251	139,170	198,455	197,555	196,655	195,755	194,855	193,955

Parks and Recreation Fund (Special Fund) - Accounts for revenues and expenses supporting the maintenance and betterment of the City's Parks and Recreation bureau, activities, and programming.

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Dept. of Community/Economic Development (Parks/Recreation)	207,765	268,168	203,646	95,603	95,917	202,500	202,500	202,500	202,500	202,500
Total Revenue	207,765	268,168	203,646	95,603	95,917	202,500	202,500	202,500	202,500	202,500
Personnel	49,643	46,193	38,272	14,284	4,862	45,131	45,131	45,131	45,131	45,131
Services	96,694	67,410	45,156	15,792	36,079	92,241	92,241	92,241	92,241	92,241
Supplies	52,996	46,700	24,919	4,525	19,499	40,105	40,105	40,105	40,105	40,105
Other	77,515	53,752	20,000	20,000	20,000	26,250	26,250	26,250	26,250	26,250
Total Expenditures	276,848	214,055	128,347	54,601	80,440	203,727	203,727	203,727	203,727	203,727
Change in Cash Fund Balance	(69,083)	54,113	75,299	41,002	15,477	(1,227)	(1,227)	(1,227)	(1,227)	(1,227)
Cash - Beginning of Year	305,081	235,998	290,111	365,410	406,412	421,889	420,662	419,435	418,208	416,981
Cash - End of Year	235,998	290,111	365,410	406,412	421,889	420,662	419,435	418,208	416,981	415,754

Appendix C

Funded Priority One Capital Improvement Projects

Department	Project Name	2022	2023	2024	2025	2026	Total
Parks/Facilities	Park Maintenance – Front End Loader	95,000					95,000
Parks/Facilities	Park Maintenance – Ventrac attachments	13,252					13,252
Parks/Facilities	Park Maintenance – Utility Trailer	12,386	15,000	15,000	15,000	15,000	72,386
Parks/Facilities	Park Maintenance – Full concrete floor replacement	10,728					10,728
Parks/Facilities	Parks Maintenance Building - Repair Main Electric Line	7,200					7,200
Parks/Facilities	Reservoir Park Brownstone – HVAC repairs and upgrades	23,000					23,000
Parks/Facilities	Park Maintenance Building – Plastic recycling pit	6,000					6,000
Parks/Facilities	Italian Lake/Riverfront Geese Management	30,000	30,000	30,000	30,000	30,000	150,000
Parks/Facilities	Additional video surveillance for highly trafficked park areas	9,000					9,000
Parks/Facilities	City Shade Tree Program	100,000	100,000	100,000	100,000	100,000	500,000
Parks/Facilities	Italian Lake Dredging	30,000	45,000	45,000	45,000	45,000	210,000
Parks/Facilities	Park Maintenance – Skid Steer driven snow blower	9,000					9,000
Parks/Facilities	Public Safety Building - Fire alarm system and smoke detectors	95,000					95,000
Parks/Facilities	Reservoir Park Mansion - New Windows	15,000					15,000
Parks/Facilities	Public Safety Building - Windows	85,000	71,250	71,250	71,250	71,250	370,000
Parks/Facilities	MLK - Heated Air Curtain	24,000					24,000
Parks/Facilities	Reservoir Park Mansion - Porch masonry, railings and wood		35,000				35,000
Parks/Facilities	Public Safety Building - 1st and 2nd floor flooring		84,000	84,000			168,000
Parks/Facilities	Public Safety Building - Ceiling Tiles		29,829	29,829			59,658
Parks/Facilities	Public Safety Building - Access Control	10,000	25,000	10,000	10,000	10,000	65,000
Parks/Facilities	Public Safety Building - Non-Working Valve in Mechanical Room		13,000				13,000
Parks/Facilities	MLK – Repair brick walkway	23,000					23,000
Parks/Facilities	Public Safety Building – Window Coverings	10,000	25,000	25,000			60,000
Parks/Facilities	1820 Paxton St. - Wet Glazing	7,866					7,866

City of Harrisburg
2022 Five-Year Financial Plan

Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	1820 Paxton St. - Exterior Fencing - VMC	8,000					8,000
Parks/Facilities	1820 Paxton St – Secondary bulk oil distribution system	15,000					15,000
Parks/Facilities	Reservoir Park Brownstone – Replace gutters	15,000					15,000
Parks/Facilities	MLK – Weather Stripping			50,000	50,000	50,000	150,000
Parks/Facilities	Reservoir Park Mansion - Garage Roof			21,000			21,000
Parks/Facilities	MLK – Complete Remodel			2,700,000	2,700,000	2,700,000	8,100,000
Parks/Facilities	MLK – Codes carpet replacement	13,250					13,250
Parks/Facilities	Reservoir Park Mansion - Lighting		160,000				160,000
Parks/Facilities	Reservoir Park Mansion – Cameras		10,000	12,000	15,000	17,000	54,000
Parks/Facilities	Public Safety Building – Carbon Monoxide Ventilation		19,000				19,000
Parks/Facilities	Public Safety Building – 1 st Floor Roof overhang		25,000				25,000
Parks/Facilities	Public Safety Building – LED Panel Lighting		15,500	15,500			31,000
Parks/Facilities	MLK – Window Coverings		25,908	25,908			51,816
Parks/Facilities	1820 Paxton St – Bathroom remodel		15,000	10,000	15,000		40,000
Parks/Facilities	1820 Paxton St – Access Control		15,000	15,000	15,000		45,000
Parks/Facilities	MLK – HVAC (GESA)		720,000				720,000
Parks/Facilities	City Island - Deck		75,000				75,000
	Total	666,682	1,553,487	3,259,487	3,066,250	3,038,250	11,584,156

Priority Two Capital Improvement Projects

Department	Project Name	2022	2023	2024	2025	2026	Total
Parks/Facilities	Park Maintenance – 6100m Motrim			160,000			160,000
Parks/Facilities	Park Maintenance – Small 8yrd sanitation packer	110,000					110,000
Parks/Facilities	Park Maintenance – 1-ton dump with brine system	105,000		105,000			210,000
Parks/Facilities	Park Maintenance – 72” Z turn mowers	37,000				37,000	74,000
Parks/Facilities	Park Maintenance – Walk behind mowers	6,000		6,000	6,000		24,000
Parks/Facilities	Park Maintenance Building – Update restrooms in both shops			6,200			6,200
Parks/Facilities	Park Maintenance – Repair flat roof at upper shop				7,000		7,000
Parks/Facilities	Park Maintenance – 8ft slit seeder				9,000		9,000
Parks/Facilities	Park Maintenance – 5-ton dump	155,000		155,000			310,000
Parks/Facilities	Park Maintenance – Backhoe			75,000			75,000
Parks/Facilities	Park Maintenance – Tractor				50,838		50,838
Parks/Facilities	Park Maintenance – Trackless Unit			149,886			149,886
Parks/Facilities	Park Maintenance – 2 bucket trucks				150,000	150,000	300,000
Parks/Facilities	Parks Maintenance Building – Rebuild front steps - masonry			115,000			115,000
Parks/Facilities	Public Safety Building - Basement ceiling-garage		30,000				30,000
Parks/Facilities							
Parks/Facilities							
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - expansion joint	100,000					100,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - new roof	22,000					22,000
Parks/Facilities	MLK - Non-Working Valves in Mechanical Room (GESA)	13,000					13,000
Parks/Facilities	Civil War Museum - Rotunda improvement				250,000		250,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) – Changing Rooms	250,000					250,000
Parks/Facilities	1820 Paxton St – Replacement Generator			165,000			165,000
Parks/Facilities	Public Safety Building – Bathroom Upgrades	56,250		56,250	56,250	56,250	225,000

City of Harrisburg
2022 Five-Year Financial Plan

Department	Project Name	2022	2023	2024	2025	2026	Total
Parks/Facilities	Public Safety Building – New elevator cars	241,450					241,450
Parks/Facilities	Reservoir Park Mansion – New roof			43,000			43,000
Parks/Facilities	Strawberry Alley – Bollards			28,000			28,000
Parks/Facilities	Public Safety Building – Expansion tank			6,500			6,500
Parks/Facilities	Stadium Lights	945,000					945,000
Parks/Facilities	Radnor Basketball Court			470,000			470,000
Parks/Facilities	Shipoke Playground	90,000					90,000
Parks/Facilities	Mansion and Brownstone	100,000					100,000
Parks/Facilities	Radnor Ballfield and Bleachers			350,000			350,000
Parks/Facilities	Hall Manor Pool – Spray park renovations			2,100,000			2,100,000
Parks/Facilities	Pleasant view Park				45,000		45,000
Parks/Facilities	City wide water fountains			250,000			250,000
Parks/Facilities	Riverfront Park – Electric	350,000					350,000
Parks/Facilities	City Island (Consultant)			100,000			100,000
Parks/Facilities	Morrison Park (Consultant)	65,000					65,000
Parks/Facilities	Argyle Park			25,000			25,000
Parks/Facilities	Reservoir Park – Phase 4 & 5 of Master plan				1,700,000		1,700,000
Parks/Facilities	City Island design – Phase 16				500,000		500,000
Parks/Facilities	14 th & Shoop (fencing) and Braxton			150,000			150,000
Parks/Facilities	City Island (Skyline field & Press Box area)				5,100,000		5,100,000
Parks/Facilities	Morrison Park renovation project				800,000		800,000
Parks/Facilities	Penn & Dauphin equipment and fencing				400,000		400,000
Parks/Facilities	4 th and Emerald – Walkways/Fencing					50,000	50,000
Parks/Facilities	Jackson Lick Pool – new location					11,000,000	11,000,000
Parks/Facilities	Reservoir Park – Phase 2, 6 & 7					2,500,000	2,500,000
Parks/Facilities	Reservoir Park – Phase 1 & 3					1,685,000	1,685,000
Parks/Facilities	Argyle Street					350,000	350,000
Parks/Facilities	Vernon Street Playground Equipment					180,000	180,000
Parks/Facilities	Stage					120,000	120,000
Parks/Facilities	Decking					90,000	90,000

City of Harrisburg
2022 Five-Year Financial Plan

Department	Project Name	2022	2023	2024	2025	2026	Total
Parks/Facilities	4 th & Dauphin playground	285,000					285,000
Parks/Facilities	Reservoir Park Chutes & Ladders	250,000		800,000			1,050,000
Parks/Facilities	Wilson Park (Consultant)	50,000					50,000
Parks/Facilities	Park Amenities (P&R)	30,000					30,000
Parks/Facilities	Radnor (Consultant)	30,000					30,000
Parks/Facilities	Small Projects	27,500					27,500
Parks/Facilities	Reservoir Park – Phasing		960,000				960,000
Parks/Facilities	Wilson Park Renovations		475,000				475,000
Parks/Facilities	City Island/Riverfront (Consultant)		30,000				30,000
Parks/Facilities	Public Safety Bldg. – Janitor Closets		10,000	10,000			20,000
Parks/Facilities	MLK – Janitor Closets			10,000	10,000		20,000
Parks/Facilities							
Parks/Facilities	Reservoir Park Brownstone – Replace roof			67,000			67,000
Parks/Facilities	Reservoir Park Brownstone – Exterior paint			6,700			6,700
Parks/Facilities							
Parks/Facilities	MLK Building – Exterior brick pavers and lighted bollards			66,000			66,000
Parks/Facilities	1820 Paxton St – Replace roof at VMC				500,000		500,000
Parks/Facilities	MLK – Elevator mechanical modernization				160,000		160,000
Parks/Facilities	MLK – Replace switchgear				350,000		350,000
Parks/Facilities	Public Safety Building – Hot water storage tank				20,000		20,000
Parks/Facilities	Public Safety Building – Replace switchgear				200,000		200,000
Parks/Facilities	Reservoir Park Brownstone– Bathroom remodel				5,725		5,725
Parks/Facilities	Broad Street Market – Replace roof				325,000		325,000
Parks/Facilities	1820 Paxton St – Building Automation System				27,000		27,000
Parks/Facilities	Reservoir Park Mansion – Exterior paint				34,000		34,000
	Total	\$672,500	\$4,150,700	\$5,475,336	\$10,705,813	\$16,224,250	\$37,228,849



Appendix D

Progress Towards Resolving Audit Findings

Initially, from a historical perspective, the City’s 2018 Independent Single Audit identified 12 findings, or areas of weakness, in its financial statements or processes. Progress in resolving such is noted as the number of findings diminished to 9 as reported within the 2019 single audit and was further reduced to 4 findings as contained in the more recent 2020 single audit report. The City is mindful of continuing to address the 4 remaining prior year 2020 audit findings as they were and are still affected, to various degrees, by current available staff and recent turnovers in key management positions; these four findings are included below in the summarized table.

The progress towards resolving weaknesses should preclude negative implications for the City’s credit rating related to the audit findings. The City will continue to update its auditor on status of prior findings and will also work to limit the occurrences of new findings.

Description	Finding #	Finding #	Status
Financial Reporting	2019-001	2020-001	Ongoing Resolution
Segregation of Duties	2019-002	2020-002	Pending Resolution
Reconciling Bank Accounts	2019-003	2020-003	Pending Resolution
Equipment & Real Property Management	2019-004	2020-004	Pending Resolution

ICA FIVE-YEAR FINANCIAL PLAN SUPPLEMENTAL LETTER

The City of Harrisburg is pleased to provide some additional updated information to the Intergovernmental Cooperation Authority (ICA) as it related to the 2022 ICA Five-Year Financial Plan submitted on August 4, 2022.

The City was awarded \$47.3 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery funds during fiscal years 2021 and 2022. The Mayor held several neighborhood meetings over the winter to gain input from the public. After those meetings were held, the Mayor proposed her own strategy for utilizing the ARPA federal funding. Mayor Wanda R.D. Williams' ARPA Plan is attached for your review.

The Mayor's ARPA Plan is under review by City Council. Together, they will determine an agreement to assure the ARPA funding is properly vetted and voted upon by City Council. This bicameral decision-making process is the hallmark of the City of Harrisburg's Third-Class City Charter. Once the plan is ratified, the City will make it available to the public and the ICA.

The Mayor has instructed the City's Department of Community and Economic Development Director to draft an Economic Development Plan for the City. It is expected that the Plan will be delivered in early Fall 2022. Once the plan is released, I am sure the City will accept additional input from the Community.

The Mayor and City Council have agreed to the development of an OPEB Trust Board. The Solicitor's Office is looking into the particulars of forming such a Board.

The Mayor and the Business Administrator have worked diligently to encourage more PILOT payments or payment in lieu of taxes by non-profit entities within the City. Fiscal Year 2022 has seen a definite uptick of contributors and the goal is to continue to enable these organizations to invest in the City of Harrisburg.

Assuming the City is able to negotiate and pay-off the AMBAC debt of nearly \$20 million dollars in fiscal year 2022, it is hopeful this will permit the City to eliminate the interest due on this current bond deal. As is evidenced in the ICA Five-Year Financial Plan, the City will require an investment into its capital infrastructure in the near future. As part of paying off the AMBAC debt the Department of Budget and Finance plans to enter into a new General Obligation Bond Agreement or borrowing agreement of \$15 million dollars with an interest rate proposed of 5.85% for fifteen years. This will allow the City an opportunity to properly manage its long-term investments into capital buildings, bridges, and streets. The ultimate goal is for the City to develop a long-term capital investment strategy.

The City hopes to have a sound fund balance in five-years; however, putting into place a long-term investment strategy which will include funding capital infrastructure, capital rolling stock, OPEB, and Pensions, will take fiscal discipline. Given the current supplies and capital supplies crisis, the cost of these items is climbing faster than their useful life.

Also, as requested by the ICA Board, the Accounting Manager, Bryan McCutcheon, has provided a financial schedule which outlines the Neighborhood Services Funds' delinquent accounts and the related status of these accounts.

Mayor Williams has made a commitment to meet all of the needs of the City in a wise and sound financial management strategy. Having just taken office nine months ago, it will take time to reach all of her fiscal goals and commitments. She would like to ask for patience and understanding as she traverses the complicated investment market while making sound financial management decisions.

As the City's reaches the end of the third quarter -- September 30, 2022 -- and the factual financial reporting defines the fiscal status, the hope is that the Department of Budget and Finance can continue to update the ICA Board. The goal is to provide more valuable and useful fiscal information in the upcoming ICA Five-Year Financial Plan anticipated for April 2023. This new report will include more robust explanations into the realm of the City's financial challenges. The 2023 plan, we hope, will be more helpful and provide more detailed financial information to the ICA Board as we develop better forecasting strategies and more useful capital investment tools.

Thank you in advance for your kind cooperation and collaboration in providing input into the 2022 ICA Five-Year Financial Plan.

Mayor Wanda R.D. William's ARPA Proposal

Mayor Williams's plan will include \$14.5 million to help lower-income residents in the City. Williams is calling for money to construct hundreds of affordable homes, small business grants of up to \$10,000, as well as payment of delinquent trash bills and direct payments of up to \$10,000 for home repairs for residents earning less than 250 percent of the federal poverty level.

More than \$9 million from William's proposal will go towards Public Safety initiatives.

Some of the the Public Safety money is to be spent on a new HVAC system in the city's public safety building at a cost of \$5.5 million, upgrading the Fire Bureau's radio system for \$900,000, and providing every police officer and firefighter employee who were employed by the City at the beginning of this year with a \$5,000 bonus. In total, the bonuses would cost the city \$1.26 million.

Mayor Williams's plan calls for \$10 million for beautification of the parks and recreational areas, including \$8 million for the creation of a water park with spray areas, a lazy river, and slides to replace the Hall Manor Pool on South 18th Street.

She is also asking for \$1.5 million to make the city's playgrounds more accessible for children with special needs and \$500,000 for tree removal and pruning for seniors and low-income households.



Office of Mayor Wanda R.D. Williams
MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

**Mayor's ICA Five-Year Financial Plan of the
City of Harrisburg Certification Letter**

August 4, 2022

Audrey Carter, Chair
Intergovernmental Cooperation Authority for the City of Harrisburg
Harrisburg, PA
Email: ica.cartera@gmail.com

Re: Submission of the Five-Year Financial Plan of the City of Harrisburg

Dear Chair Carter:

In accordance with Section 209 € of the Intergovernmental Cooperation Authority Act for Cities of the Third Class, 53 P.S. Subsection 42101, et seq. (Act 124 - 2018), I hereby submit on behalf of the 2022 City of Harrisburg, Five-Year Financial Plan for the City of Harrisburg. The City had previously provided a complete copy of the City of Harrisburg's 2022 Amended Budget.

In accordance with Section 209 € (3) (ii) of the Act, I confirm that I understand the 2022 Amended Budget documents for the City of Harrisburg includes a capital budget and otherwise satisfies the requirements of Act 124. In my official capacity of Mayor for the City, I hereby do now state as follows:

- (a) The 2022 Approved Amended Budget is consistent with the financial plans for the City;
- (b) The 2022 Approved Amended Budget includes funding that would be adequate for debt service payments, legally mandated services, and lease payments securing bonds of other government agencies;
- (c) The 2022 Approved Amended Budget is based upon prudent, reasonable, and appropriate assumptions, and methods of estimation; and
- (d) The 2022 Approved Amended Budget is compliant with the governing law and ordinances of the City or applicable State law regarding balanced budgets.

An initial digital copy of this packet is being transmitted to yourself and Jeffrey Stonehill, Authority Manager for the ICA. An original executed hard copy will also be delivered.

Please do not hesitate to contact me should the Board require additional information on this matter.

Sincerely,

Wanda R. D. Williams

Wanda R.D. Williams
Mayor

Encs.

CC: Jeffrey Stonehill, Authority Manager

Danielle Bowers, Council President

Ausha Green, Council Vice President, Budget & Finance Chair

Daniel Hartman, Business Administrator

Marita Kelley, Board Designee

Neil A. Grover, City Solicitor

Dan Miller, City Treasurer

Charles DeBrunner, City Controller



Office of the City Controller, Charlie DeBrunner
Martin Luther King City Government Center
10 N. Second St.
Harrisburg, PA 17101

August 11, 2022

Audry Carter, Chairperson
Intergovernmental Cooperation Authority for the City of Harrisburg

Re: Mayor's 2022 Five-Year Financial Plan for the City of Harrisburg

Dear Chair Carter:

Based on the Intergovernmental Cooperation Authority's request, I have reviewed the Administration's 2022 Five-Year Financial Plan and agree with the historical data presented in the report along with the assumptions contained in the revenue and expenditure projections.

As you may be aware, I have been a long-time advocate of paying off the Ambac liability in full and this Plan incorporates just that. This fiscal year (2022) will be noteworthy in that the City's 1997 General Obligation Bonds and Notes will be paid off and if the Administration is also financially able to payoff the Ambac liability this year, the City will free up approximately \$8.65 million of additional General Fund expenditure appropriation going forward. This added fiscal flexibility allows the City to have significant projected General Fund budgetary surpluses throughout the five-year projection period while also allowing for future debt service when the City eventually reenters the debt market. I believe the City's 2022 Five-Year Financial Plan portrays an optimistic and realistic future for the citizens of this City.

I would also like to take this opportunity to thank the Administration for their collaborative approach to producing this report. Staff from the Administration's Bureau of Financial Management worked diligently on the Five-Year Plan and coordinated with the Controller's Office on multiple financial schedules. We have worked closely with the staff of the new Administration on numerous instances and this report is no exception.

Sincerely,

Charlie DeBrunner
Controller

cc: Wanda R.D. Williams, Mayor
Dan Hartman, Business Administrator
Marita Kelley, MPA, Finance Director