

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing ICA Board

Regular Meeting

December 20, 2023

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Ms. Audry Carter Mr. H. Ralph Vartan Mr. Doug Hill Ms. Kathy Speaker MacNett	A Quorum Was Recognized
Ex-Officio Members in Attendance	Ms. Marita Kelley, City of Harrisburg Mr. Michael Wood, Office of the Budget	
In Attendance	Mr. Jeffrey Stonehill Authority Manager	
Meeting Begins		3:01 p.m.
Welcome by Audry Carter, Chair	Ms. Carter opened the meeting.	
Approval of the Minutes	Ms. Carter noted that there were two sets of minutes for approval. She asked for a motion to approve the minutes of the ICA Board meeting on October 25, 2023, and November 15, 2023.	Motion by Mr. Hill and a second by Ms. Speaker MacNett, the minutes were approved 4-0.
Discussion of the City of Harrisburg proposed 2024 Budget	Ms. Carter noted that members of the ICA Board attended the short Mayor’s budget presentation as well as lengthy budget hearings. On the previous evening, December 19, 2023, there was scheduled a vote of City Council. However, after a long meeting, with fourteen budget amendments proposed, no vote was taken. The City Council will reconvene on Thursday, January 21, to consider adoption of the 2024 budget.  Mr. Bryan McCutcheon, Accounting Supervisor, City of Harrisburg, passed around the same handouts from the City Council budget workshop.  Mr. McCutcheon noted that they had met with Budget Chair Ausha Green to	Motion by Mr. Vartan and a second by Ms. MacNett, the 2024 Five-Year Plan was approved 4-0.  Motion by Mr. Vartan and a second by Mr. Hill, to prepare and transmit correspondence detailing the approval and supplemental information to the City of Harrisburg was approved 4-0.

	<p>discuss the budget in more detail than was discussed during the City Council workshop.</p> <p>He reviewed the materials with the ICA Board.</p> <p>He compared starting and forecasted ending fund balance for the General Fund and discussed specific large variances throughout 2023.</p> <p>Mr. Stonehill asked about the City of Harrisburg’s General Fund, fund balance policy.</p> <p>Mr. McCutcheon talked about Local Services Tax and Earned Income Tax forecast revenue projections. He noted that there were significant medical costs for employee healthcare.</p> <p>Mr. Vartan asked about the use of fund balance. Mr. McCutcheon detailed the use of money for the Senator’s baseball stadium.</p> <p>Mr. Stonehill asked about the Redevelopment Capital Assistance Program grant and the reimbursement.</p> <p>Mr. Vartan noted it would be nice if the City had the ability to borrow money for capital improvements.</p> <p>Mr. McCutcheon summarized the estimated future cash balance in the General Fund.</p>	
<p>Authority Manager’s Report</p>	<p>Mr. Stonehill noted a draft of the final Annual Report for the ICA was in everyone’s packets. The document is to be transmitted to the Chairs of the Appropriations Committees on Friday, December 22, 2023.</p> <p>Mr. Stonehill provided the financial report for December 2023.</p>	<p>Motion to authorize the submission of the Annual ICA 2023 Section 207 Report. Mr. Vartan and a second by Ms. MacNett, approved 4-0.</p>

Other Business	Ms. Carter noted that this is the final meeting for Vice-Chair H. Ralph Vartan.	
Public Comments	There were none.	
Adjourn meeting at 3:46 p.m.	Motion by Mr. Vartan. A second was not required.	Approved 4-0.

Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager

## Appendix Documents



## Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – December 20, 2023

Starting balance:	\$107,888.83	
• Commonwealth Funding 2023–2024 PA Department Community & Economic Development		
	+\$100,000.00	December 2, 2023
• Digital Ocean <i>Website software licenses</i>	\$12.72	December 1, 2023
• Digital Ocean <i>Web Host</i>	\$6.87	December 1, 2023
• Pursuit Co-Working Harrisburg <i>Virtual Office Monthly Subscription</i>	\$95.00	December 1, 2023
• Zelenkofske Axelrod <i>Annual ICA Audit</i>	\$1,650.00	December 20, 2023
• Johnson Duffie LLC <i>General Counsel</i>	\$945.00	December 20, 2023
• MESH PA LLC <i>Authority Manager</i>	\$4,200.00	December 20, 2023
Ending balance:	\$200,884.24	
• Interest earnings Y-T-D	\$26.32	
• Fees Y-T-D	\$0	



The Intergovernmental Cooperation Authority  
for Harrisburg  
922 N 3rd Street  
Harrisburg, PA 17102

December 18, 2023

The Honorable Wanda R.D. Williams  
Mayor, City of Harrisburg  
Dr. Martin Luther King, Jr., Government Center  
10 N. Second Street  
Harrisburg, PA 17101

Dear Mayor Williams:

Pursuant to the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act 124 of 2018), the Intergovernmental Cooperation Authority for Harrisburg (the “Authority”) is tasked to review and make recommendations concerning the budgetary and fiscal affairs of the City of Harrisburg.

The Authority received and reviewed the proposed 2024 budget and additional information provided by the City for conformance with the criteria set forth in Act 124. Additionally we have observed the City Council’s budget hearings and workshops. Three broad observations follow:

- The proposed 2024 budget includes notable revenue increases above those provided in the City’s Five-Year Financial Plan, as approved by the Authority October 25, 2023. Please note that pursuant to Act 124, after the budget is adopted, the City should submit the enacted budget to the Authority as a proposed revision to the Plan.
- The Controller for the City of Harrisburg rendered an opinion by letter on September 18th on the proposed Five-Year Financial Plan in which he observed the City’s assumptions and projections were too optimistic and if not scaled back, the numbers should be monitored very closely. Given these current revenue projections are even more optimistic, we encourage you to work to defer expenses as much as possible in 2024.
- The proposed 2024 budget includes a fund balance transfer from the General Fund leaving it at a precariously low 7% at the end of 2024. Because the use of the transfer is to cover capital improvements it is acceptable relative to our focus on avoiding true deficit budgets.

- The Neighborhood Services Fund also draws on the fund balance again though with the increase in fees, it should be mitigated in future years. The financial viability of the Neighborhood Services fund remains a major concern for the Authority.

As we move forward into 2024 and in summary:

- The Authority remains worried about the City's use of fund balance in both the General Fund and the Neighborhood Services fund. We acknowledge that the City supports and maintains a Fund Balance Policy and we urge the City to continue to take steps to maintain a structurally balanced budget across all funds at all times.
- In your narrative, you share that the Budget staff has incorporated policy objectives and performance measurements into the budget document to analyze the effectiveness and efficiency of service delivery. We believe implementing a system of performance measurement will enhance the management and fiscal performance of the City.
- As previously stated, the Authority is interested in your approach to a comprehensive Community and Economic Development Plan, which we understand, is nearly complete. We look forward to working with members of your administration to get this finalized as soon as possible.

As a whole, the City's proposed 2024 budget meets the Authority's expectations for the proper financial management of the City of Harrisburg. We congratulate you and your Finance Department team on your efforts to build a foundation of stability for the City's financial future.

We look forward to working with you as we move forward in collaboration for the benefit of the citizens of Harrisburg.

Sincerely,



Audry Carter  
Chair

cc: Authority Members  
Honorable Danielle Bowers  
Honorable Ausha Green  
Honorable Charles DeBrunner  
Honorable Dan Miller