



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

December 13, 2024

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 2025 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 2025 budget includes no substantial changes beyond those provided in the City’s Five-Year Financial Plan, as approved by the Authority on September 9, 2024. Please note that pursuant to Act 124, after the budget is adopted, the City may submit the enacted budget to the Authority as a proposed revision to the Plan.
- The proposed 2025 budget includes the maintenance of a cash fund balance in the General Fund of approximately \$17 million, by the end of 2025. The City should remain vigilant that the cash balances in the General Fund remain sufficient to fund future obligations.
- Specific concerns impacting future revenue for the City, including diminishing real estate tax revenue from reassessment of properties, the continuing lack of revenue from the parking scheme implemented by the Strong Plan, and the precarious nature of the local economy in the City, are not sufficiently addressed in the proposed 2025 budget.

As we move forward into 2025 and in summary:

- The Authority remains alert to the City’s maintenance 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.

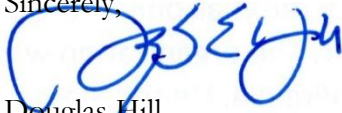
- The Authority remains concerned about the collection rate for aged receivables in the Neighborhood Services fund. Achieving a rate of collection on current receivables above 95% as soon as possible and a commitment to review and adjust fees as necessary for sufficiency to meet expenses and avoid drawing from reserves is needed. Additionally, accounting for the revenue/expenditure figures individually for the partner municipality contracts is a welcome improvement; with the next steps including an ongoing analysis of the balance by contract in a way that assures rates for our neighboring communities are sufficient to fund those services in their entirety, both individually and collectively.
- The Authority encourages the Administration to prioritize the development of a comprehensive Economic Development Plan. Apart from its importance for the vitality and opportunity it affords the downtown and our neighborhoods, it is an integral tool for the City to build long-term economic growth in the face of future trends including concerns about the diminution of property tax revenue. It also informs the work now underway for updates to the zoning ordinance and potential updates to the comprehensive plan. We acknowledge a broad-based work group is being put together and hope its work is expedited this year. Relatedly, we also note the one-year extension of the LERTA program, and the anticipated formation of a work group to further refine that redevelopment tool.
- As previously stated, the Authority is interested in the formal adoption of an OPEB Trust Fund. It is a required step for the City's planned exit from Act 47. We believe it important in its own right as well as necessary to satisfy the parallel requirements of Act 124 and the Strong Plan.
- Unfortunately, the City's proposed 2025 budget does not adequately demonstrate a commitment to performance metrics or statistical analysis, both of which we believe would benefit the City. While some departments and bureaus have made progress in this respect, and some have begun to exploit the management tools available through the Munis software conversion, we think this standard should be promoted and implemented more uniformly and more broadly.
- We applaud the efforts to develop a comprehensive Capital Improvements Plan for the City. It is long overdue and its breadth may indicate the challenges that the City faces in maintenance of infrastructure far in excess of available resources.

Finally, the ICA is following with interest the redevelopment of the Broad Street Market and the investments in the FNB Stadium project as both may generate a local burden on future budgets.

As a whole, the City's proposed 2025 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,



Douglas Hill
Chair

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