

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Regular Meeting

December 18, 2024

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Mr. Doug Hill, Chair Ms. Audry Carter Ms. Kathy Speaker MacNett Ms. Elaine Barber	A Quorum Was Recognized
Ex-Officio Members in Attendance	Mr. Michael Wood, Office of the Budget Mr. Bryan McCutcheon, City of Harrisburg	
In Attendance	Mr. Jeffrey Stonehill Authority Manager	
Meeting Begins		5:02 p.m.
Welcome by Doug Hill, Chair	Mr. Hill opened the meeting.	
Approval of the Minutes • September 25, 2024	On a motion by Ms. MacNett, Second by Ms. Barber, the minutes were approved.	The minutes were approved by a vote of 3-0.
Report by the Chair	<p>Mr. Hill reviewed the budget discussions by City Council. He welcomed Bryan McCutcheon as the City's appointee to the ICA Board. He thanked Mr. McCutcheon for his assistance to the City Council in the budget review process.</p> <p>Mr. Hill reviewed his thoughts on the extension of the LERTA district. He noted that the Mayor established a committee to examine the LERTA rules. Mr. Hill will be on the committee. The committee hopes to deliver a recommendation by the end of 2025 to City Council.</p> <p>Mr. Hill noted that Gloria Martin Roberts is establishing a working group to help with the development of an economic development plan for the City.</p> <p>Mr. Hill thanked the members of the ICA Board for their review of issues associated with the 2025 budget as well as reviewing the letter that was delivered</p>	

	to the City. Comments and recommendations were delivered before the final approval of the budget.	
Report on City of Harrisburg Financial Activities	<p>Mr. Hill introduced Mr. McCutcheon.</p> <p>Mr. McCutcheon thanked the members of the Board for welcoming him onto the Board. He also appreciated the late starting time for the meeting as there was a call about the ongoing audit process for the City.</p> <p>He distributed handouts for the group. He reviewed the following information:</p> <ul style="list-style-type: none"> • General Fund summary through November 30th with a cash position around \$19.5 million. • He anticipates a \$17.7 million balance around December 31st. This is slightly above original estimates. • There was a discussion about “stop loss” for heavy medical claims. Mr. Stonehill asked about additional medical claims for the year. Mr. Hill asked if it is specific to claims or aggregate to all claims. Mr. McCutcheon said it was on a per claim basis. Mr. Hill asked about disputes. Mr. McCutchen noted that the City just switched “stop loss” insurance carriers. • Mr. Stonehill asked about end of year major expenses. • Mr. McCutcheon discussed the changes in revenue projections since approval of the Five-Year Plan. • Mr. McCutcheon noted the interest from the unused ARPA grant funding. Mr. Stonehill asked if the ARPA interest is in the grant fund? Mr. Stonehill asked about the Liquid Fuels funds. • Mr. McCutcheon commented on actual year-to-date revenues for 	

	<p>the General Fund in 2024. Mr. Stonehill asked when General Fund revenue starts to flow in the new year.</p> <p>Mr. McCutcheon reviewed the Council amendments to the approved 2025 budget. There were some changes made by Council before the budget was approved.</p> <p>Mr. McCutcheon pointed out that the 2025 budget was unique. It is larger for a number of reasons including ARPA and the RCAP grant for the stadium. It is an extraordinary year. If you back those out, it would be a more typical budget.</p>	
<p>Review of the City of Harrisburg’s 2025 Budget</p>	<p>Mr. Hill noted that originally the approval of the 2025 budget was scheduled for December 19th, but City Council switched that to December 17th and so the ICA Board was required to move up delivery of their review letter, which had been done. He pointed that a Board representative or the Authority Manager had monitored and taken notes at each City Council budget hearing. Mr. Hill noted that few departments could respond to the question about true and measurable goals or performance metrics. This was noted in the correspondence.</p> <p>There was a discussion about the over spending in Parks in 2024. Ms. Carter asked about the source of the cash to cover the overage. Ms. MacNett asked about how the overage occurred.</p> <p>Mr. Stonehill read the bullet list of budget observations from the correspondence into the record:</p> <ol style="list-style-type: none"> 1. 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 	<p>Motion to Submit the Correspondence Regarding the 2025 Budget. Ms. Barber and a second by Ms. MacNett, approved 4-0.</p>

	<p>the City to continue to take steps to maintain a structurally balanced budget across all funds, at all times.</p> <ol style="list-style-type: none"><li data-bbox="667 279 1117 1087">2. 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.<li data-bbox="667 1098 1117 1875">3. 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	
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	<p>program, and the anticipated formation of a work group to further refine that redevelopment tool.</p> <ol style="list-style-type: none"> 4. 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. 5. 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. 6. 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. <p>Additional comment:</p> <ul style="list-style-type: none"> • 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. <p>Ms. MacNett commented on the correspondence. Mr. Hill commented on the correspondence.</p>	
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	<p>Ms. Carter noted her lack of support for the continuing combination of the Housing Department and the Economic Development department. Ms. MacNett agreed.</p> <p>Mr. Stonehill reiterated the lack of a comprehensive economic development strategy. Ms. MacNett commented.</p> <p>Mr. Hill asked for a motion to ratify the delivery of the 2025 budget correspondence. With a motion by Ms. Barber and a second by Ms. MacNett, the motion to transmit the correspondence was approved.</p>	
Authority Manager's Report	<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 Monday, December 27, 2024.</p> <p>Mr. Stonehill provided the financial report for December 2024.</p>	<p>Motion to authorize the submission of the Annual ICA 2024 Section 207 Report. Ms. MacNett and a second by Ms. Carter, approved 4-0.</p>
Other Business	<p>Mr. McCutcheon asked about the submission of the budget as a revision to the Five-Year Plan. Mr. Stonehill responded.</p>	
Public Comments	<p>Eric Epstein, from Rock the Capitol, brought up a series of points and asked a series of questions.</p> <p>Brian Kimmet, from Rock the Capitol, asked what a normal budget year for expenditures would be and Mr. McCutcheon answer around \$72 million. Mr. Kimmet asked about the FNB Stadium project. Mr. Kimmet asked about the OPEB Trust. Mr. Stonehill referred Mr. Kimmet to the City Solicitor. Ms. MacNett commented.</p> <p>Mr. Hill thanked everyone for a successful 2024 and looked forward to working cooperatively with the City in 2025.</p>	

Adjourn meeting at 6:09 p.m.	Motion by Ms. MacNett. A second was not required.	Approved 4-0.
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Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager

Appendix Documents

SIGN-IN SHEET (ICA)

12/18/2024

Required of all attendees for an official record of public participation

Name (please print)	Address	Email	Phone
Troy Kieser	Key Stone	TKieser@ps.sou	
Alexander Davidson	City of Harrisburg	davidson@harrisburgpa.gov	
Bryan McSweeney	" " "	bmcsw@harrisburgpa.gov	
Erik Epstein	on file		
Brian Kimmeter	RTC		

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – October 1, 2024 to December 18, 2024

Starting balance (October 1):		\$134,459.54
10/1/24	Pursuit Co-Working Harrisburg	\$95.00
10/1/24	Digital Ocean	\$12.72
10/1/24	Digital Ocean	\$6.87
10/31/24	Monthly Interest on Checking Account	\$2.28
11/1/24	Pursuit Co-Working Harrisburg	\$95.00
11/1/24	Digital Ocean	\$12.72
11/1/24	Digital Ocean	\$6.87
11/29/24	Monthly Interest on Checking Account	\$2.13
12/2/24	Pursuit Co-Working Harrisburg	\$98.15*
12/2/24	Digital Ocean	\$12.72
12/2/24	Digital Ocean	\$6.87
12/3/24	Factory 44 (IT Services)	\$171.00
12/6/24	PA Media Group (September Ad)	\$146.08
12/6/24	PA Media Group (December Ad)	\$146.08
12/13/24	NameCheap Domain Registration	\$15.16
12/18/24	Johnson Duffie (Aug-Sep-Oct-Nov)	\$2,972.00
12/18/24	MESH PA 2 (Missing Week 4/29/24)**	\$1,050.00
12/18/24	Zelenkofske Axelrod (2023-2024 Audit)	\$1,700.00
Estimated Balance (October 1, 2024)		\$128,011.71

* - Increase rate for virtual office space

** - ICA Audit Determined that Authority Manager was not paid for one week in April 2024



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

CITY OF HARRISBURG
GENERAL FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE
For the Month ended November 30, 2024

<u>DESCRIPTION</u>	QTD Three Months ended <u>03/31/24</u>	QTD Three Months ended <u>06/30/24</u>	QTD Three Months ended <u>09/30/24</u>	Month ended <u>10/31/24</u>	Month ended <u>11/30/24</u>	YTD Eleven Months ended <u>11/30/24</u>
Beginning cash basis fund balance	19,643,269	25,370,167	24,014,893	26,791,174	19,758,591	19,643,269
<u>Revenue</u>						
Total revenue	24,328,074	41,223,903	19,879,388	3,601,630	9,949,370	98,982,365
<u>Expenditures</u>						
General Government	711,732	578,049	634,048	185,705	174,648	2,284,182
Administration	7,038,012	33,161,207	5,530,517	3,352,682	7,318,936	56,401,354
Building and Housing	113,720	97,696	116,011	35,303	27,018	389,748
Public Safety	8,402,287	6,811,312	7,516,447	6,131,867	1,818,779	30,680,692
Public Works	2,074,473	1,444,633	2,541,714	628,937	735,846	7,425,603
Parks and Recreation	260,952	486,280	764,370	299,719	82,288	1,893,609
Total expenditures	18,601,176	42,579,177	17,103,107	10,634,213	10,157,515	99,075,188
Net Revenue Over (Under) Expenditures	5,726,898	(1,355,274)	2,776,281	(7,032,583)	(208,145)	(92,823)
Ending cash basis fund balance	25,370,167	24,014,893	26,791,174	19,758,591	19,550,446	19,550,446

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ICA Report - 5-year Plan Summary
2023 thru 2028 - Key Operating Revenues for the General Fund (adjusted projections)

<u>DESCRIPTION</u>	<u>2023 Actual</u>	<u>2024 Projection</u>	<u>2025 Projection</u>	<u>2025 Approved Budget</u>	<u>Change from 2025 Projection</u>
Real Estate Tax	17,028,267	16,946,784	16,523,114	16,691,214	168,100
Real Estate Transfer Tax	990,262	1,000,000	1,000,000	1,000,000	-
Hotel Tax	714,000	1,000,000	1,000,000	1,000,000	-
Local Service Tax	6,638,483	6,800,000	6,834,000	6,834,000	-
Earned Income Tax	17,521,542	18,750,000	18,843,750	18,843,750	-
Mercantile/Business Privilege Tax	8,369,638	8,322,019	8,405,239	8,405,239	-
Department of Administration	419,016	451,634	460,667	460,667	-
Department of Building & Housing	2,084,111	2,100,000	1,900,000	1,900,000	-
Department of Public Safety	1,785,059	2,000,000	2,000,000	2,000,000	-
Department of Public Works	246,069	630,755	649,677	649,677	-
Department of Parks & Recreation	8,620	17,500	18,025	18,025	-
Fines & Forfeits	803,072	825,000	841,500	841,500	-
Licenses & Permits	431,117	450,000	459,000	400,000	(59,000)
Interest Income	964,631	900,000	750,000	750,000	-
Rental Revenue	625,938	90,000	92,700	92,700	-
Miscellaneous Revenue	8,028,622	3,400,000	7,590,000	7,590,000	-
Other Financing Sources	173,204	100,000	50,000	50,000	-
Intergovernmental Revenue	8,768,538	8,770,000	8,844,500	9,174,793	330,293
Interfund Transfers	1,245,978	32,135,224	6,000,000	10,335,586	4,335,586
Fund Balance Appropriation	3,502,235	7,312,889	-	-	-
Totals	80,348,402	112,001,804	82,262,172	87,037,151	4,774,979