

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Regular Meeting

January 22, 2025

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. Bryan McCutcheon, City of Harrisburg Mr. Michael Hill, Department of the Budget	
In Attendance	Mr. Michael Cassidy, General Counsel Mr. Jeffrey Stonehill, Authority Manager	
Meeting Begins		3:02 p.m.
Welcome by Doug Hill, Chair	Mr. Hill opened the meeting.	
Approval of the Minutes <ul style="list-style-type: none"> <li>December 18, 2024</li> </ul>	On a motion by Ms. Carter, Second by Ms. MacNett, the minutes were approved.	The minutes were approved by a vote of 4-0.
Report by the Chair	Mr. Hill reviewed that the 2025 City budget was completed. He congratulated the finance staff for their accomplishments. He noted the changes made by City Council and the subsequent line-item vetoes by the Mayor.  Mr. Hill noted the upcoming completion of the 2022 audit.  Finally, Mr. Hill introduced Mr. Bob Kennick, the new Director of Finance, for the City of Harrisburg.	
Report on City of Harrisburg Financial Activities	Mr. Hill introduced Mr. McCutcheon, Accounting Manager. There were two handouts to review.  He reviewed the following information: <ul style="list-style-type: none"> <li>The City ended the 2024 fiscal year with approximately \$1.2 million in expenses over revenue.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The General Fund ended with a cash fund balance of approximately \$18.5 million.</li> <li>• Mr. McCutcheon explained that he calculates the fund balance on a cash basis whereas the Controller calculations includes encumbrances.</li> <li>• The City is carrying some significant encumbrances related to the renovation of the FNB Stadium on City Island.</li> <li>• Mr. McCutcheon said the cash balance is higher than anticipated. This includes a stop loss insurance reimbursement for extraordinary health insurance costs.</li> </ul> <p>Mr. Stonehill asked about the reimbursement schedule of the RCAP grant related to the FNB Stadium project.</p> <p>Mr. Stonehill asked about the Stop Loss Insurance policy.</p> <ul style="list-style-type: none"> <li>• A Neighborhood Services Fund summary through December 31<sup>st</sup> with a \$5.2 million balance cash fund balance. This is slightly below original estimates.</li> <li>• Mr. McCutcheon said there was an extra disposal invoice in 2024 compared to other years.</li> <li>• Mr. McCutcheon discussed the changes in revenue projections throughout 2024.</li> <li>• He said that revenue was in excess of estimates and that while expenses were also higher, the General Fund performed better than originally forecasted.</li> <li>• Mr. McCutcheon noted the various uses of the ARPA grant funding using a summary exhibit.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• Mr. McCutcheon noted how the money transfers to the General Fund for use.</li> <li>• He reviewed the project uses.</li> </ul> <p>Ms. Carter asked if the ARPA funding transfers and their impact on Fund Balance, as well as reporting requirements for the US Treasury Department.</p> <p>Mr. Neil Grover, City Solicitor, explained the ARPA funding reporting requirements.</p> <p>Mr. Kennick commented on federal funding requirements.</p> <ul style="list-style-type: none"> <li>• Mr. McCutcheon noted that there was now a final draft of the proposed 2022 City Audit, which was originally expected sometime in 2024.</li> <li>• There will be an Audit Committee meeting.</li> <li>• Boyer &amp; Ritter was ready to begin working on the 2023 City Audit.</li> <li>• Maher Dussel has already begun on their sections of the 2023 City Audit.</li> </ul> <p>Ms. Carter asked that the ICA Board be invited to the upcoming Audit Committee meeting.</p>	
<p>Discussion with the City Solicitor</p>	<p>Mr. Hill introduced Mr. Neil Grover, City Solicitor. There were some questions provided to the Solicitor in advance.</p> <p>Mr. Grover explained the role of the Law Bureau.</p> <p>He noted the post-COVID impact of office tower uses and assessment and taxes. The changing cultural change of remote work. It may require constitutional changes in Pennsylvania. There are long term projections for drops in many revenue categories as a result.</p>	

	<p>Mr. Grover gave examples of office towers being vacant and having little value.</p> <p>Mr. Hill asked about Act 47 status. Mr. Grover reviewed the status of the Harrisburg Incinerator Litigation, which is the impediment to ending Act 47 status.</p> <p>Mr. Grover mentioned another case, a Sanitation rate challenge case.</p> <p>Mr. Hill asked about the City recovery and relationship to the Broad Street Market. Mr. Stonehill clarified asking about the obligations of the City. Mr. Grover explained the complex situation and real expenditures.</p> <p>Mr. Hill asked about the obligation of the City relative to the FNB Stadium project. Mr. Grover explained that the lease places the responsibility on the City to provide a stadium to the team's standards. There is a \$12 million project underway financed by an RCAP grant. Mr. Stonehill inquired about future demands with inability to borrow money.</p> <p>Mr. Hill asked about collections in the Neighborhood Services Fund. Mr. Grover does not believe the proposal to switching to a collection through property taxes may not be legally permissible. He added that there is no statute of limitations on filing for liens for unpaid trash bills. The City has never sent liens out to force sale of homes. The lien system is working. Mr. Grover explains how and when liens are paid, or not paid.</p> <p>Ms. MacNett asked if any unpaid trash bills are for non-residents. Mr. Grover said there is an issue with a bad debt in Steelton Borough.</p> <p>Ms. MacNett asked about the Other Post-Employment Benefits (OPEB) Trust Board. Mr. Grover said it was a great idea but</p>	
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	<p>not feasible. There will need to be petition to the court to change the plan in its current design. Otherwise, it will not happen. Ms. MacNett asked if there were discussions of changing from a pay-as-you-go policy. Mr. Stonehill clarify. Mr. McCutcheon clarified the current use of pay-as-you-go obligations to post-retirement medical claims.</p> <p>Mr. Grover noted union contacts have changed to eventually phase out the OPEB liability.</p> <p>Mr. McCutcheon clarified that the actuarial calculation of the current OPEB liability for the City of Harrisburg is approximately \$125-\$170 million. There is an update every other year.</p> <p>Ms. MacNett asked about when it will end. Mr. Grover said when the last retiree or the last retiree spouse dies.</p> <p>Mr. Stonehill clarified that the court will need to be involved in a request to exit Act 47, Act 124, and the Strong Plan to eliminate the requirement of the OPEB Trust.</p> <p>Ms. Carter made a statement about other changes that may be needed. Mr. Grover said he will present his opinion of Act 124 to the court.</p> <p>Mr. Hill thanked him for his attendance.</p> <p>Mr. Grover mentioned an issue with a deadbeat landlord who owns an apartment tower in the City.</p>	
Authority Manager's Report	<p>Mr. Stonehill provided the financial report for January 2025.</p> <p>Mr. Stonehill said that taxes will be filed in January.</p>	
Other Business	None	
Public Comments	Eric Epstein, from Rock the Capitol, brought up a series of points and asked a series of questions.	

	<p>Mr. Hill commented on the establishment of a Local Economic Revitalization Tax Assistance (LERTA) work group.</p> <p>Mr. Stonehill introduced Sam Sulkosky, the newly appointed Business Administrator, for the City of Harrisburg.</p> <p>There are now meetings with the Mayor during in-between months. Ms. Carter added to this point.</p>	
Adjourn meeting at 4:38 p.m.	Motion by Ms. Barber. 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 18, 2024 to January 22, 2025

Starting balance (October 1):			\$128,011.71
12/31/24	Monthly Interest on Checking Account	+\$2.28	
1/1/25	Digital Ocean	\$12.72	
1/1/25	Digital Ocean	\$6.87	
1/1/25	Pursuit Co-Working Harrisburg	\$98.15	
1/2/25	Factory 44	\$300.00	
1/22/25	MESH PA 2 (Jan, Feb, and Mar 2025)	\$13,650.00	
Estimated Balance (January 22, 2025)			\$113,946.31

SIGN-IN SHEET (ICA)

1/22/2025

Required of all attendees for an official record of public participation

Name (please print)	Address	Email	Phone
Brian Kimochi		btkimochi@epnet.com	
ERIC EPSTEIN			
Madra Gloy	DCED	maclay@pa.gov	
SAMUEL SULKOSKY	City of Harrisburg	ssulkosky@harrisburgpa.gov	
TROY KIESSER	Gaston		

**CITY OF HARRISBURG**  
**GENERAL FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE**  
**For the Month ended December 31, 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>12/31/24</u>	QTD Three Months ended <u>12/31/24</u>	YTD Twelve Months ended <u>12/31/24</u>
Beginning cash basis fund balance	19,643,269	25,370,167	24,014,893	19,550,446	26,791,174	19,643,269
<b>Revenue</b>						
Total revenue	24,328,074	41,223,903	19,879,388	5,497,388	19,051,098	104,482,463
<b>Expenditures</b>						
General Government	711,732	578,049	634,048	270,581	633,644	2,557,473
Administration	7,038,012	33,161,207	5,530,517	3,291,050	13,962,668	59,692,404
Building and Housing	113,720	97,696	116,011	30,251	92,572	419,999
Public Safety	8,402,287	6,811,312	7,516,447	2,181,691	10,132,337	32,862,383
Public Works	2,074,473	1,444,633	2,541,714	694,587	2,059,370	8,120,190
Parks and Recreation	260,952	486,280	764,370	110,421	492,428	2,004,030
Total expenditures	18,601,176	42,579,177	17,103,107	6,578,581	27,373,019	105,656,479
Net Revenue Over (Under) Expenditures	5,726,898	(1,355,274)	2,776,281	(1,081,193)	(8,321,921)	(1,174,016)
Ending cash basis fund balance	25,370,167	24,014,893	26,791,174	18,469,253	18,469,253	18,469,253

**CITY OF HARRISBURG**  
**NEIGHBORHOOD SERVICES FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE**  
**For the Twelve Months ended December 31, 2024**

<u>DESCRIPTION</u>	<u>Neighborhood Services Fund, main (NSF)</u>	<u>NSF portion for Intergov't Municipalities</u>	<u>NSF - Total Specific Fund</u>	<u>Sanitation Fund (old) for Liens Revenue</u>	<u>Disposal Fund (old) for Liens Revenue</u>	<u>Combined Reporting for NSF</u>
Beginning cash basis fund balance @ 12/31/2023	4,687,652	1,123,754	5,811,406	133,700	210,724	6,155,830
<b>Revenue</b>						
Total revenue	17,002,842	1,361,402	18,364,244	81,412	-	18,445,656
<b>Expenditures</b>						
Total expenditures - Public Works, with Parks Maintenance	18,107,690	874,771	18,982,461	-	-	18,982,461
Net Revenue Over (Under) Expenditures	(1,104,848)	486,631	(618,217)	81,412	-	(536,805)
Ending cash basis fund balance @ 12/31/2024	3,582,804	1,610,385	5,193,189	215,112	210,724	5,619,025

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**SUMMARY SCHEDULE - DISBURSEMENTS AND PROPOSED ALLOCATIONS FOR APPROPRIATION  
under consideration of the American Rescue Plan Act funds**

<u>DESCRIPTION</u>		<u>Wire Transfer to General Fund</u>	<u>Wire Memo Date</u>
Funds received, May 2021	23,536,812.50		
Funds received, July 2022	<u>23,536,812.50</u>		
Total receipts	47,073,625.00		
 <u>Revenue Replacement Classification:</u>			
2022 Engineering salaries and wages	500,000.00	8,863,000.00	7/18/2022
2022 Codes Enforcement salaries and wages	500,000.00		
2022 Parks, Recreation, and Facilities salaries and wages	1,000,000.00	1,190,000.00	9/18/2023
2022 Fire salaries and wages	3,000,000.00		
2022 Police salaries and wages	3,863,000.00	18,850,000.00	4/15/2024
General Fund administrative support	200,000.00		
upgraded Motorola radios system for Fire Bureau	989,469.35	8,000,000.00	4/21/2024
General Fund administrative support	600,000.00		
2024 Fire salaries and wages	4,275,193.15	3,818,932.50	10/31/2024
2023 and 2024 Police salaries and wages	25,314,280.35		
2023 Fire salaries and wages	<u>479,989.65</u>		
Subtotal for revenue replacement	(40,721,932.50)	<u>40,721,932.50</u>	
 <u>Direct Payments from Federal Grants Fund</u>			
McClure Company - Public Safety Bldg renovations project	5,250,960.00		
awarded bonuses - Police and Fire, first responders	1,085,000.00		
related employer FICA expense on above awarded bonuses	<u>15,732.50</u>		
Subtotal for direct payments made from Federal Grants Fund	<u>(6,351,692.50)</u>		
Remaining ARPA Funds	<u><u>-</u></u>		

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SUMMARY SCHEDULE - DISBURSEMENTS AND PROPOSED ALLOCATIONS FOR APPROPRIATION

under consideration of the American Rescue Plan Act funds

<u>Initially Approved Public Health and Economic Impact Programs</u>	<u>Budget</u>	<u>Expended</u>	<u>Open Encumbrances</u>	<u>Remainder</u>
Affordable Housing Program	8,000,000.00	-	-	8,000,000.00
home repairs	5,000,000.00	283,904.00	190,225.48	4,525,870.52
delinquent refuse/disposal bill aide	2,000,000.00	-	-	2,000,000.00
Bridge Housing	1,000,000.00	500,000.00	500,000.00	-
Tree Removal and Pruning Program	500,000.00	18,421.00	481,579.00	-
Senior Programs	250,000.00	-	-	250,000.00
demolition of blighted property	1,500,000.00	507,100.00	964,600.00	28,300.00
Hall Manor Pool project - phase I	2,000,000.00	-	-	2,000,000.00
Hall Manor Pool project - phase II	6,000,000.00	-	-	6,000,000.00
<b>Total</b>	<b>26,250,000.00</b>	<b>1,309,425.00</b>	<b>2,136,404.48</b>	<b>22,804,170.52</b>