

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Regular Meeting

December 17, 2025

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Mr. Doug Hill, Chair Ms. Kathy Speaker MacNett Mr. Kevin Hancock	A Quorum Was Recognized
Ex-Officio Members in Attendance	Mr. Bryan McCutcheon, City of Harrisburg Mr. Michael Wood, Pennsylvania Office of the Budget	
In Attendance	Mr. Jeffrey Stonehill, Authority Manager Mr. Michael Cassidy, General Counsel	
Meeting Begins		3:00 p.m.
Welcome by Doug Hill, Chair	Mr. Hill opened the meeting.	
Approval of the Minutes ● September 24, 2025	On a motion by Ms. MacNett, Second by Mr. Hancock, the minutes were approved.	The minutes were approved by a vote of 3-0.
Report by the Chair	Mr. Hill reported that he met with Mayor Williams a couple times since the last meeting of the ICA Board. He noted that the staff was preparing the 2026 City Budget for adoption by City Council. Mr. Hill reviewed the issue of Local Economic Revitalization Tax Assistance (LERTA) reauthorization and that the current program has been extended one more year by City Council. Mr. Hill reported on the progress of the economic development plan project. He explained that the State budget has been approved and funding was included for the joint project with the Capital Region Economic Development Corporation	

	<p>(CREDC) for downtown Harrisburg. The initial attempt is to focus on downtown. A consultant will be hired. The model is a little like what was done in Pittsburgh. Governor Shapiro is engaged and encouraging of the project.</p> <p>There was a discussion about the procurement process for the consultant.</p>	
<p>Discussion with Karen M Balaban, the Newly Elected Controller for the City of Harrisburg</p>	<p>Mr. Hill welcomed Ms. Balaban to the meeting.</p> <p>Ms. Balaban reviewed her plans for the staff and the office.</p> <p>Mr. Hill noted the monthly financial reviews of the Controller’s Office and the value to the ICA Board.</p> <p>Mr. Stonehill reviewed the two times per year that the ICA Board is required to receive a financial opinion from the Controller’s Office and spoke of the continuing partnership to obtain those statements of opinion.</p> <p>Mr. Hill noted the development of the Five-Year Financial Plan requires analysis for the projections submitted by the City staff.</p> <p>Mr. Stonehill introduced Mr. Bryan McCutcheon.</p> <p>Ms. MacNett asked about audit functions in the office.</p> <p>Mr. Hancock asked about forensic audits.</p> <p>Ms. MacNett stated that she was very pleased with the election of Ms. Balaban as well as the retention of the office’s competent staff.</p> <p>Mr. Hill concurred with positive comments.</p>	
<p>Discussion re City of Harrisburg Proposed 2026 Budget and Authorization to Send a Letter of Review</p>	<p>Mr. Hill introduced everyone to the efforts that have been made regarding the proposed budget. He thanked City</p>	<p>On a motion by Ms. MacNett and a second by Mr. Hancock, the ICA Board approves the</p>

	<p>staff regarding summary, presentations, and comments.</p> <p>As of this day, Council has approved the proposed budget but the Mayor has not yet. The comments will help inform her decision.</p> <p>There is a draft letter that was shared meant to incorporate every thought and comments from the ICA Board. The goal is to issue a final document on Thursday, December 18, 2025.</p> <p>Mr. Hill summarized the key points of the budget.</p> <p>He then summarized the points in the letter.</p> <p>Mr. Hancock noted his appreciation for the City's and staff's work on summarizing the budget. He added his support of the letter.</p> <p>Ms. MacNett stated that the proposed letter properly notes that the City is making progress but much more work needs to be done.</p> <p>Mr. Stonehill agreed that the proposed letter adequately addresses the personnel funding cuts made by City Council.</p> <p>Mr. Eric Epstein, Rock the Capital, made statements regarding Mr. Bryan McCutcheon's role of the Board and his opinion on the lack of strength for the proposed correspondence.</p> <p>Mr. McCutcheon answer technical budget questions.</p> <p>A motion was made by Ms. MacNett, seconded by Mr. Hancock.</p> <p>Mr. Epstein noted there is still no economic development plan for the City. He asked about reverse tax appeals. He</p>	<p>correspondence drafted by the Chair to notify the Mayor of the City of Harrisburg regarding comments and review of the proposed 2026 Budget; the motion was approved 3-0.</p>
--	---	--

	<p>made a statement about the Broad Street Market. He commented on the City audits.</p> <p>Mr. Stonehill responded about the audits.</p> <p>Mr. Sam Sulkowski, City of Harrisburg Business Administrator, responded to the issue of no economic development plan.</p> <p>The question was called resulting in an approval.</p> <p>Mr. McCutcheon thanked Mr. Hill for his attendance and participation at a recent budget hearing. He thanked Mr. Stonehill for his budget summary. He thanked City staff for all their work on the budget.</p>	
<p>Authorization for the Solicitor and Authority Manager to Draft a Grant Agreement to Provide \$50,000 in Funding to CREDC to Undertake a Comprehensive Economic Development Plan</p>	<p>Mr. Hill summarized the work in progress to develop a project in the cooperation of the Capital Region Economic Development Corporation (CREDC) and the City of Harrisburg to address the need for a comprehensive economic development plan for Downtown Harrisburg.</p> <p>With that in mind, today the ICA Board is being asked to consider the drafting of a Grant Agreement to provide funding to the effort from the ICA Board. The funding would be \$50,000.</p> <p>Mr. Stonehill introduced Michael Cassidy, General Counsel, to speak to the legal authority of the ICA Board to invest funding in this manner and for this purpose.</p> <p>Mr. Cassidy summarized his findings.</p> <p>Mr. Hill noted that it would be the intent of the motion to allow the agreement to be created and executed.</p> <p>Mr. MacNett clarified that the ICA Board has a surplus of funding and that this</p>	<p>On a motion by Mr. Hancock and a second by Ms. MacNett, the ICA Board approves the Solicitor and Authority Manager draft a Grant Agreement to provide \$50,000 in Funding to CREDC to undertake a Comprehensive Economic Development Plan; and further, to authorize its execution; the motion was approved 3-0.</p>

	<p>project is important enough to authorize its use for this purpose.</p> <p>Mr. Stonehill clarified that the funding would be in the form of a grant, which repayment could be forgiven by the ICA Board by a subsequent action.</p> <p>Mr. Hancock asked about timetable for performance of the project.</p> <p>Mr. Hill asked for a motion and summarized the details.</p> <p>A motion was made by Mr. Hancock, seconded by Ms. MacNett.</p> <p>Mr. Epstein made a comment.</p> <p>Mr. Sulkowski noted that the upcoming Grant Agreement would not require City Council approval as the grant is between the ICA Board and CREDC. Mr. Hill pointed out that the project itself requires City participation.</p> <p>The question was called resulting in an approval.</p>	
<p>Update on City Finances</p>	<p>Mr. Hill introduced Mr. McCutcheon, Accounting Manager for the City of Harrisburg, who provided the attendees with a handout about the General Fund.</p> <p>He reviewed the handout.</p> <p>The first page is a summary of the General Fund. He discussed unusual project expenses and funding sources which impact the General Fund.</p> <p>Mr. McCutcheon discussed the increase in fire subsidies from the State. Mr. Stonehill asked about the additional funding uses.</p> <p>Mr. McCutcheon introduced Brian Enterline, Fire Chief, Harrisburg Bureau of Fire, to explain the uses of the</p>	

	<p>additional funding. Chief Enterline explained the process to get the funding appropriated by the State.</p> <p>Ms. MacNett asked about the cost of fire apparatus.</p> <p>Mr. McCutcheon did not bring a Neighborhood Services Fund review. However, he feels that 2025 will be a breakeven year but is concerned about a deficit in costs in 2026.</p> <p>Mr. McCutcheon talked about the long-term plan on how to make the Neighborhood Services Fund self-sustaining. Mr. Stonehill noted that some other expenses and services are provided by Neighborhood Services which might be more appropriate not in an Enterprise Type Fund. Mr. McCutcheon noted Park Maintenance. He also noted the outstanding receivables for uncollectable trash fees.</p>	
Authority Manager's Report	<p>Mr. Stonehill provided the financial report for December 2025.</p> <p>Mr. Stonehill distributed the ICA's FY2024-2025 Audit from ZA.</p> <p>Mr. Stonehill discussed the draft Annual Report for ICA Activities known as the Sect. 207 Report. An Executive Summary and other sections had been shared with the ICA Board. Mr. Stonehill will work with the Chair to do a cover letter. Mr. Hancock asked if they would have a draft to review and Mr. Stonehill said he would make sure that was done.</p>	
Update on Appointments	There is no news to report.	
Other Business	None.	
Public Comments	Mr. Eric Epstein, Rock the Capital, asked about the status of the incinerator litigation. Mr. Hill related his knowledge of where the litigation stands. He asked	

	<p>about the work being undertaken by Barton & Loguidice (B&L). Mr. McCutcheon noted it was a cost study of the borough trash agreements and no output has been delivered. Mr. Epstein confirmed that the City is still in Act 47 Status.</p> <p>Brian Kimmett, Rock the Capital, asked about the OPEB Trust. It was confirmed that the City is on a pay-as-you-go status.</p> <p>Mr. Troy Kieser, Local Government Policy Specialist, PA Department of Community & Economic Development, asked about the status of the City audits.</p> <p>The next meeting will be on January 28, 2026.</p>	
Adjourn meeting at 4:48 p.m.	<p>Motion by Ms. MacNett.</p> <p>A second was not required.</p>	Approved 3-0.

Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager

Appendix Documents

SIGN-IN SHEET (ICA)

12/17/2025

Required of all attendees for an official record of public participation

Name (please print)	Address	Email	Phone
Troy Kieser	DCED		
Alexandra Jones	THEBURGH		
Michael Thomas	City		
Roshan Adhikari	City		
Alexander Beahm	City		
Bob Kennick	COH		
BRIAN ENTERLINE	CITY OF HSB		
Ramon M. Galan			
Eric Epstein	KTC		
Pam Hunt	ZTL		

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – October 1, 2025 to December 17, 2025

Starting balance (October 1): \$165,788.20

10/1/25	Pursuit Co-Working Harrisburg	\$98.15
10/1/25	Digital Ocean	\$12.72
10/1/25	Digital Ocean	\$6.87
10/6/25	Westfield Insurance (Late Fee from 7/25/25)	\$30.00
10/20/25	Subscription Error on Behalf of MESH PA2	\$14.83
10/31/25	Monthly Interest on Checking Account	+\$1.41
11/3/25	Digital Ocean	\$6.87
11/3/25	Digital Ocean	\$12.72
11/3/25	Pursuit Co-Working Harrisburg	\$98.15
11/4/25	Factory 44 (IT Subscription)	\$169.00
11/28/25	Monthly Interest on Checking Account	+\$1.27
12/1/25	Digital Ocean	\$6.87
12/1/25	Digital Ocean	\$12.72
12/1/25	Pursuit Co-Working Harrisburg	\$98.15
12/15/25	NameCheap (Domain Registration)	\$16.18
12/17/25	Johnson Duffie Legal Expenses (Aug & Sep)	\$6,040.00
12/17/25	MESH PA2 (December & Credit for Error)	\$5,235.17
12/17/25	Zelenkofske Axelrod (2024-2025 Audit)	\$1,750.00

Estimated Balance (December 17, 2025)

\$152,182.48

COH
Summary for 2025 Revenue Projection
General Fund

<u>DESCRIPTION</u>	2025 Actual Projection <u>5-year Plan</u>	Updated 2025 Actual <u>Projection</u>	2025 Comparative <u>Increase/(Decrease)</u>
Revenues			
Real Estate Tax	16,691,216	16,590,652	(100,564)
Real Estate Transfer Tax	1,000,000	2,099,671	1,099,671 significantly more realized transfer tax revenue
Hotel Tax	1,000,000	1,000,000	-
Local Service Tax	6,834,000	6,654,961	(179,039)
Earned Income Tax	18,843,750	18,686,463	(157,287)
Mercantile/Business Privilege Tax	8,675,000	8,466,651	(208,349)
Department of Administration	460,669	421,471	(39,198)
Department of Building & Housing	1,900,000	2,250,727	350,727
Department of Public Safety	1,999,997	2,052,313	52,316
Department of Public Works	649,677	13,029	(636,648)
Department of Parks & Recreation	18,025	9,500	(8,525)
Fines & Forfeits	841,499	860,110	18,611
Licenses & Permits	400,000	327,262	(72,738)
Interest Income	750,000	737,982	(12,018)
Rental Revenue	92,700	89,103	(3,597)
Miscellaneous Revenue	5,804,947	3,143,843	(2,661,104) no additional allocated BSM insurance proceeds
Other Financing Sources	50,000	187,072	137,072
Intergovernmental Revenue	11,174,793	11,753,220	578,427
Interfund Transfers	12,310,611	4,716,805	(7,593,806) no RACP for stadium project, less in accum int inc
Fund Balance Appropriation		-	-
Subtotal - Revenues/Resources	<u><u>89,496,884</u></u>	<u><u>80,060,835</u></u>	<u><u>(9,436,049)</u></u>
Projected YTD expenses thru 12/31/25		<u>76,400,000</u>	
Increase change in cash fund balance		3,660,835	
Beginning cash fund balance 12/31/2024		<u>18,469,253</u>	
Projected cash fund balance 12/31/2025		<u><u>22,130,088</u></u>	

COH
Summary for 2026 Revenue Projection
General Fund

<u>DESCRIPTION</u>	2026 Budget Projection 5-year Plan	Proposed 2026 Budget	2026 Comparative Increase/(Decrease)	
<u>Revenues</u>				
Real Estate Tax	16,250,000	16,605,200	355,200	
Real Estate Transfer Tax	1,000,000	1,125,000	125,000	
Hotel Tax	1,000,000	1,000,000	-	
Local Service Tax	6,868,170	6,868,170	-	
Earned Income Tax	18,937,969	18,937,969	-	
Mercantile/Business Privilege Tax	8,700,000	8,700,000	-	
Department of Administration	469,882	469,882	-	
Department of Building & Housing	1,900,000	1,900,000	-	
Department of Public Safety	2,000,000	2,000,000	-	
Department of Public Works	662,671	617,671	(45,000)	
Department of Parks & Recreation	18,566	18,566	-	
Fines & Forfeits	858,329	858,329	-	
Licenses & Permits	408,000	305,000	(103,000)	
Interest Income	650,000	650,000	-	
Rental Revenue	95,481	95,481	-	
Miscellaneous Revenue	5,886,816	9,665,900	3,779,084	realize additional BSM insurance proceeds
Other Financing Sources	75,000	75,000	-	
Intergovernmental Revenue	11,170,000	11,850,000	680,000	
Interfund Transfers	2,825,512	8,587,269	5,761,757	realize RACP grant for stadium project
Fund Balance Appropriation	1,968,991	-	(1,968,991)	
Subtotal - Revenues/Resources	<u><u>81,745,387</u></u>	<u><u>90,329,437</u></u>	<u><u>8,584,050</u></u>	
Projected YTD expenses thru 12/31/26 (amended)		<u>88,020,172</u>		
Increase change in cash fund balance		2,309,265		
Projected cash fund balance 12/31/2025		<u>22,130,088</u>		
Projected cash fund balance 12/31/2026		<u><u>24,439,353</u></u>		

I. Financial Risks and Opportunities: City of Harrisburg – 2026 Budget Cycle

The City of Harrisburg enters 2026 with a **strong cash position**, an improving fund balance, and no reliance on reserves to balance its proposed budget. The ICA affirms that the City is making measurable progress toward structural balance, improving collections, and modernizing core systems. However, several **structural vulnerabilities**, unresolved compliance issues, and governance challenges threaten long-term fiscal stability. The most consequential risks involve declining revenue sources, weakened administrative capacity due to defunded or vacant positions, and downtown economic fragility that limits future growth.

At the same time, substantial **opportunities** exist: the City's growing fund balance, an emerging comprehensive economic development strategy, ARPA-funded community improvements, and a maturing IT modernization plan. The City also benefits from predictable ICA oversight and growing internal capabilities such as the Communications Bureau's in-house infrastructure and website cost savings.

The **near-term imperative** is to stabilize administrative capacity, complete overdue audits, adopt the OPEB Trust Fund, and invest in revenue-generating economic initiatives. Over the medium term, the City must transition from short-term stabilization to strategic growth—particularly through downtown revitalization, technology modernization, improved fee structures, and risk-management reforms. With focused action, Harrisburg is positioned to convert current fiscal stability into long-term resilience.

II. RISK HEAT MAP (Qualitative Assessment)

Risk Area	Description	Likelihood	Impact	Risk Level
Declining Real Estate + Parking Revenues	Reassessments + persistent Strong Plan limits on parking revenue	High	High	Severe
Defunding of Key Admin Positions	Loss of Business Administrator (statutory) + economic development leadership	High	High	Severe
Downtown Economic Decline	Vacancies, business relocations, reduced activity-based revenues	Medium–High	High	Severe
Delayed City Audits	FY2023/2024 pending; risks to compliance & transparency	High	Medium–High	High
Neighborhood Services Collections Risk	Need to achieve 95% current-year collection rates	Medium	Medium	Moderate
HUD HOME Program Corrective Action	~\$113k in required repayment awaiting federal approval	Medium	Medium	Moderate

EXECUTIVE SUMMARY AND ANALYSIS

Risk Area	Description	Likelihood	Impact	Risk Level
Technology Failures (Channel 20)	Broadcast collapse risking legal transparency & emergency messaging	Medium	High	High
Legacy Mainframe Dependence	Not decommissioned until 2027; security + operational risk	Medium	Medium–High	High
OPEB Liability Without Trust Fund	Lack of prefunding creates long-term structural strain	Medium–High	High	High
Workforce Capacity Gaps	Critical vacancies (Budget Manager, ARPA, CED)	High	Medium	High
Self-Insurance Medical Cost Volatility	Potential large claims; insufficient risk pooling	Medium	Medium–High	High
Reputation & Transparency Risk	Communications infrastructure failures	Medium	Medium–High	Moderate–High

Summary:

Harrisburg’s risk profile is dominated by **structural revenue threats, governance/staffing instability, and technology infrastructure vulnerabilities**. These are solvable but require sustained administrative and political alignment.

III. FINANCIAL STABILITY FORECAST NARRATIVE (2026–2030)

Short-Term Forecast (2026–2027)

Harrisburg begins 2026 with a **relatively strong financial foundation**, marked by an expected General Fund balance of ~\$20.5 million and a balanced 2026 budget that does not draw from reserves. Near-term risks lie primarily in **administrative capacity**, as the defunding of critical positions disrupts statutory compliance and compromises essential functions such as budgeting, procurement, and economic development oversight. Downtown economic deterioration may accelerate if the City lacks leadership to coordinate revitalization.

Projected revenue growth is likely flat or slightly negative in 2026–27 due to reassessment adjustments and parking revenue constraints. However, the City’s IT modernization, improved collections, and cost-saving measures (such as internalizing website maintenance) provide important offsets.

Mid-Term Forecast (2028–2029)

The City’s outlook becomes increasingly dependent on **economic development execution**. If the City successfully advances its comprehensive economic development plan, leverages CREDC’s support, and executes on major redevelopment projects (Penn Center, Blueprint Communities, M&T Business Lab,

EXECUTIVE SUMMARY AND ANALYSIS

Choice Neighborhoods), moderate revenue recovery is likely. Without such progress, the City risks erosion of EIT, LST, mercantile taxes, and occupancy-based revenues.

During this period, the City must also address long-term liabilities—most notably OPEB. Failure to establish an OPEB Trust Fund will increase out-year structural imbalance as retirement obligations grow.

Completion of the mainframe migration by mid-2027 will reduce cybersecurity and operational exposure, improving long-term stability.

Long-Term Forecast (2030 and Beyond)

If the City:

- stabilizes administrative staffing,
- successfully executes downtown revitalization,
- modernizes digital infrastructure,
- implements consistent performance metrics, and
- rebalances fee structures for full cost recovery,

—then Harrisburg is well-positioned to transition from post-Act 47 stabilization to **sustained fiscal resilience**.

However, if economic conditions continue to deteriorate downtown and staffing gaps persist, the City risks re-entering a structural deficit posture by 2030—driven by stagnant revenues, rising labor/benefit costs, and insufficient investment in economic growth.

Conclusion:

Harrisburg’s financial future is not constrained by insolvency but by **execution capacity**. Administrative stability, economic development leadership, and technology modernization are the decisive variables in determining long-term solvency.

IV. CROSSWALK: ICA RECOMMENDATIONS vs. CITY ACTIONS / GAPS

(Based on the 2026 Budget Review Letter, departmental hearings, and ICA minutes)

ICA Recommendation / Concern	City Action Documented	Gap / Further Need
Maintain structurally balanced budget without fund balance use	2026 Budget meets this standard	Must continue trend through 2027–2030 amid revenue declines
Protect fund balance and monitor long-term revenue risks	City projects strong FY2025 ending balance	Need long-term strategy for real estate, parking, downtown revenue decline

EXECUTIVE SUMMARY AND ANALYSIS

ICA Recommendation / Concern	City Action Documented	Gap / Further Need
Restore funding for Business Administrator & CED leadership	City Council defunded positions	Major unresolved risk; statutory non-compliance for BA role
Develop and implement performance metrics city-wide	IT, Communications, and Taxation provide metrics	Still uneven across departments; ICA requests broader adoption
Improve Neighborhood Services Fund collections; ensure fees cover costs	Collections improving per hearings; reviewing fees	Must reach ICA's 95% current-year collection target; require fee recalibration
Advance economic development strategy (downtown first)	Governor's Office funding pending; CREDC grant approved; task force forming	Execution capacity unclear due to leadership vacancies
Create OPEB Trust Fund	No trust fund implemented	ICA recommends immediate adoption
Address HUD HOME compliance findings	City initiated voluntary grant reduction request	Awaiting HUD approval; must prevent recurrence
Complete overdue audits	City working on FY2024 audit	Still behind statutory schedule
Complete mainframe migration	Timeline established through 2027	Need sustained funding and staffing
Upgrade failing broadcast infrastructure	Communications Bureau identified \$202k need	Funding gap of ~\$106k remains; risk to transparency and emergency messaging
Strengthen workforce development	Communications requested professional development; ARPA Program Manager vacancy being filled	Systemic training and staffing gaps remain across City operations



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

December 18, 2025

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 2026 budget and additional information provided by the City for conformance with the criteria set forth in Act 124, as well as comparison with the adopted Five Year Plan. Additionally, we have observed the City Council’s budget hearings and workshops. As we write this letter, Council has adopted the budget with amendments, and it is before you for consideration. We have several observations that may inform your review and action and that apply to administration of the budget going forward:

- The pending 2026 budget includes no substantial changes beyond those provided in the City’s Five-Year Financial Plan, as approved by the Authority on September 24, 2025. Please note that pursuant to Act 124, after the budget is finally adopted, the City may submit the enacted budget to the Authority as a proposed revision to the Plan.
- The pending 2026 budget makes no draw from the fund balance in either the General Fund or the Neighborhood Services Fund. Additionally, we were pleased with the report of the Accounting Manager that the City is projected to finish FY 2025 with a positive fund balance of more than \$3 million, and should break even on the Neighborhood Services Fund. The General Fund fund balance coming in to 2026 would total approximately \$20.5 million. While the City is to be commended on these outcomes, as we have noted in prior years and in the Five Year Plan, the City must remain vigilant that the cash balances in both funds remain sufficient to fund future obligations, particularly given the revenue projections the City faces.
- 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, scheduled reductions in the Local Services Tax rates, and the precarious nature of the local economy in the City (and particularly the downtown), were acknowledged in the proposed budget and in Council's budget deliberations. We emphasize that recognition of these pressures and a strategy to maintain both service levels and fiscal solvency needs to be part of upcoming Five Year Plan revisions and future budgets.

- Because this letter is being crafted between Council action and your action on what has been presented to you, we are obliged to comment on the full or partial defunding of the positions of Business Manager, Director of Community Economic Development and Building and Housing, and Director of Economic and Business Development / LERTA Administrator. We understand and respect the dynamic created by the City Charter's provisions regarding advice and consent by Council for the hires into the first two positions. At the same time we are informed by the City Solicitor's commentary that defunding the three positions does not simply remove the incumbent individuals from those positions; the lack of funding has the additional consequence of preventing the City from filling those positions. As such the City is failing to fund a statutorily-required position (Business Administrator) and strategically is failing to fund three positions critical to its present and future fiscal stability and economic growth. We do not opine on the matters causing this disagreement between the administrative and legislative branches, but we strongly request that a means be found to productively address the matter, and one which does not reflect badly on the City's commitment to responsible budgeting, sound administration of City government, and its economic development progress. In the interim, funding must be restored for 2026 for these positions, in part to meet statutory requirements and in part to affirm the City's commitment to sound administration, sound financial management, and sound planning for economic revitalization and growth.

As we move forward into 2026:

- The Authority remains alert to the City's maintenance of fund balance in both the General Fund and the Neighborhood Services fund, the former driven in particular by property assessment and parking revenue pressures. 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, and to develop a strategic plan to address these pressures in future five year plans and budgets.
- The Authority appreciates the work to improve collection rates for aged receivables in the Neighborhood Services fund. The goals remain of 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. Additionally, we encourage 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 is encouraged by recent activity toward an economic development strategy, noting in particular our understanding that the Commonwealth is stepping up with funding for consulting assistance in downtown revitalization. While we ultimately need a City-wide plan, the highly visible pressures on the downtown, including business relocations and retail and restaurant closures, make it a focal point and bellwether that demands first priority. We

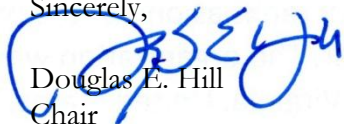
are pleased with the cooperative work with the Capital Region Economic Development Corporation and the strategy of a broad-based, community-involved consultative approach comparable to the successful efforts in Pittsburgh that point to specific projects and results. Apart from its importance for the 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.

- Relatedly, we note an additional one-year extension of the LERTA program, and look forward to the final recommendations of the City-convened work group to further refine that redevelopment tool.
- As noted repeatedly, the Authority is interested in the formal adoption of an OPEB Trust Fund. While we acknowledge the realities of the significant unfunded liability attached to the City's OPEB obligations, we think it worthwhile and necessary to create the trust to allocate the available funds toward that liability and to examine the City's strategy for dealing with its obligations going forward – an exercise important in its own right as well as necessary to satisfy the parallel requirements of Act 124 and the Strong Plan, and for the City's planned exit from Act 47.
- We appreciate the work done by the finance staff to bring the City's audits up to date, while acknowledging that their initial calendar to do so was stretched based on staff commitments elsewhere. Continued progress toward currency in completion of audits is necessary for the City to have knowledge of its financial position, to maintain its eligibility for state and federal funding, and to provide assurances to creditors as the City works to reenter the bond market.
- As in prior years, we recommend City development and implementation of uniform and meaningful performance metrics as a means to conduct statistical analysis and optimize service delivery. 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.

As a whole, the City's pending 2026 budget meets the Authority's expectations for the proper financial management of the City of Harrisburg. We appreciate the level of detail contained in the budget documents, and commend the finance and administrative staff for their responsiveness in their budget presentations to City Council and information furnished to the Authority.

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

Sincerely,


Douglas E. Hill
Chair

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