

**ACT 47**  
**COORDINATOR STATUS REPORT**  
**JANUARY 3, 2018**

**Section No. 11**  
**Exhibit No. 73**



Respectfully submitted this 3<sup>rd</sup> day of January, 2018.



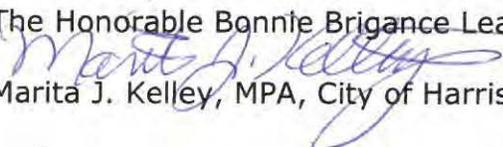
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Date: January 3, 2018

To: The Honorable Bonnie Brigance Leadbetter

From:  Marita J. Kelley, MPA, City of Harrisburg, Recovery Coordinator

Re: Update on Receiver's Plan Implementation

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I wanted to kindly remind you that I am the new Recovery Coordinator for the City of Harrisburg (Coordinator). I have been engaged with the implementation of the City's Strong Plan, formally as of August 1, 2017. As you may be aware, I have been on the team of the former Coordinator, Mr. Fred Reddig, team since its inception. I have spent the last several months introducing myself and meeting with Mayor Papenfuse, his Department Directors, and all the members of City Council to keep them apprised as I transition into the Coordinator's role. I have tried to have a smooth transition for all involved.

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan, as confirmed by the Court on March 9, 2012; on the Modified Plan, the Harrisburg Strong Plan ("Strong Plan"), confirmed by the Court on September 23, 2013 and the Strong Plan Modifications, as confirmed by the Court on July 20, 2016. This will be the sixteenth report to the Court since the appointment of the Coordinator, by then Department of Community and Economic Development (DCED) Secretary Walker, effective March 1, 2014.

Please keep in mind, as the Coordinator, in accordance with Act 47, the Municipalities Financial Recovery Program, I must provide an Exit plan for the City of Harrisburg by March 9, 2018, which will be quickly upon us. The Coordinator has three options: a rescission or exit recommendation from Act 47; a recommendation of a fiscal emergency; or a recommendation for a three-year extension. At this time, the Coordinator is not fully prepared to make a recommendation. The Coordinator has had some preliminary discussions with the Mayor and City Council regarding the options; however, as of the date of this report, the Coordinator team has not had a chance to review the final quarter's financial management data and finalize its recommendation. The Court will be informed as to the Recovery Coordinator's recommendation.

This memorandum, supported by the accompanying attachment, provides the Court with a summary of actions that have occurred and issues that are involved with the continued implementation of the Strong Plan, including the modifications thereto, through the fourth quarter of 2017.

During the past three months, (October, November, December,) the Coordinator and the rest of the Coordinator's team have been working with the City of Harrisburg's Mayor, Finance Department, and City Council to review the 2018 Proposed and Adopted Annual Budget. Our primary responsibility is to assure that the 2018 budget is aligned with the Harrisburg Recovery Plan. In fact, according to Act 199, the Coordinator must "verify that the proposed budget conforms with the plan. The Coordinator shall make any modifications necessary." On December 12, 2017, I presented the Coordinator's recommendation regarding the City of Harrisburg's 2018

proposed budget. The Pennsylvania Economy League and I indicated to the Mayor and City Council that the proposed 2018 budget conformed to the Harrisburg Strong Plan.

The Coordinator's team was pleased to see the Mayor's commitment to a strong fund balance, as he earmarked 17.5% of the General Fund Reserves to the Unassigned General Fund, Fund Balance. He also committed a significant amount of fund balance resources to various Capital Improvements defined later in various. This is identified in the discussion regarding the final adopted budget below.

The Coordinator team was engaged and involved, as the proposed budget moved forward toward formal adoption of the final approved budget. The approved budget was also reviewed to assure that it is in compliance with the Harrisburg Strong Plan. Act 199 requires that the Coordinator, provide "Notification to the Secretary of the Department of Community and Economic Development (DCED), within 30 days of the municipality's adoption of the budget, and they shall notify the Secretary once the adopted budget conforms to the plan." On December 29, 2017, I provided a letter to Secretary Davin, Secretary of DCED, indicating that the City of Harrisburg's adopted budget conforms to the Harrisburg Strong Plan.

### Office of the Receiver/Coordinator

It has now been just over three years since your honor issued an order on February 25, 2014 to vacate the Office of the Receiver, return the City to the underlying provisions of Act 47, and for DCED's Secretary to appoint a Coordinator who would oversee the further implementation of the Court confirmed Strong Plan. As part of the order vacating the Receivership, the Court retained jurisdiction over the further implementation of the Strong Plan. Consistent with the Court's order and to keep the Court apprised of the plan's status and Harrisburg's recovery, I am providing this fourth quarter report on the City's progress with further implementation activities.

The fourth quarter of 2017 saw continued activity with implementation of the Strong Plan modifications approved last year. The modifications provide financial projections through 2018 (the five-year initial term of Act 47), along with attendant recommendations that will advance the City's recovery towards the ultimate rescission of its Act 47 designation. The modifications recognize the current fiscal position of the City and provide a roadmap for City officials to advance their recovery to the point at which a rescission of its distress determination can occur. It provides the City with a comprehensive strategy to balance future budgets using the limited tools that are at the City's discretion. It offers preferred alternatives that attempt to assuage the fiscal burden of City taxpayers and current employees and gives the City's elected officials flexibility to achieve balanced operating budgets. It also provides opportunities for funding capital improvement programming for services that are essential to improve the City's quality of life and economic vitality, some of which are incorporated in the 2018 approved budget. In fact, the Mayor and City Council have committed an unprecedented \$6.5 Million dollars to the capital improvement and investment in the City. Most of the capital improvements are for IT, Public Works, and Public Safety facilities. There is also a considerable investment in the City's Park System for the first time in over a decade.

As Coordinator, I hold bi-weekly status conference calls with members of our consulting team to coordinate all aspects of plan implementation. The team of professional advisors comprised of the Novak Consulting Group, Pennsylvania Economy League, Dilworth Paxson, Public Resources Advisory Group and Harris, Wiltshire & Grannis, along with DCED and the Office of General Counsel, has and will continue to support the Coordinator with further implementation of the Strong Plan Modifications.

The following sections of the report provide an updated summary of progress made with respect to:

- Impact Harrisburg – Non-Profit for Infrastructure and Economic Development
- Fiscal Issues
- Operational Matters
- Collective Bargaining/Personnel matters
- Asset Related issues

### Impact Harrisburg

The fourth quarter of 2017 saw the Impact Harrisburg Board moving forward with Infrastructure and Economic Development project grants that the Board has awarded. The Board is responsible for the administration of the \$12.3 million set aside as part of the parking transaction to fund both economic development and infrastructure initiatives to aid the City in strengthening its tax base and addressing critical infrastructure needs, thus enhancing the quality of life for City residents.

As Coordinator, my office continues to provide administrative support to the nine-member Board and Sheila Dow-Ford, its Executive Director. I attend Board meetings and offer input as appropriate. I continue to meet with Ms. Dow-Ford to provide guidance and historic perspective on the role of the Board. I have provided input on contracting, contract compliance issues, disbursements, and related matters. My Administrative Assistant continues to provide administrative support to the Board including the recording and preparation of the Board's meeting minutes. The Board's minutes are posted on the Department's website.

The Board meets approximately twice monthly and during the fourth quarter met on November 7 and 21, and December 5 and 19. A meeting previously scheduled for October 10 was cancelled. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Brian Hudson as Secretary and Brittany Brock as Treasurer. Sheila Dow-Ford serves as Executive Director. The Board continues to hold its meetings at the PHFA office on North Front Street and maintains its office at the mid-town campus of HACC. The Board has decided to move their bi-monthly meetings to once a month going forward. The Board will meet the third Tuesday of each month during 2018.

The Board maintains an Operating account at Fulton Bank with a balance of \$739,844, as of the end of December 31, 2017. The remaining funds totaling \$9,899,192 are invested with Wilmington Trust. As of December 31, 2017, the allocation was 70.2% in money market funds and 29.8% in fixed income securities. The Board has authorized Wilmington Trust to gradually reduce its fixed income securities and increase its money market funds in anticipation of upcoming payments to grantees. As of December 31, 2017, Impact Harrisburg had disbursed \$1,136,487 to grantees.

Maher Duessel, the Board's auditor, completed the audit of the FY 15-16 year and provided it to the Board. The Board reviewed the audit and the Executive Director published a summary of the audit in a newspaper of general circulation on July 1, 2017. As the Board's operating year ended on June 30, the Treasurer and Executive Director will coordinate with the Board's auditor to engage with the preparation of the FY 16-17 audit.

Following a competitive application process, the Board awarded two infrastructure projects, one economic development contingency project, and 13 community and economic development projects during the second half of 2016. The City of Harrisburg and Capital Region Water were each awarded \$2,743,645 under the infrastructure program for a cooperative venture that supports the City's multi-modal transportation improvements funded by PennDOT. This multi-

modal project has been awarded by the City to Lamb Construction Inc. and preliminary engineering began in September. The major construction of this project will occur in the Spring and Summer of 2018. The project includes major improvements to numerous City streets and alleyways.

The Board also approved an economic development contingency grant for \$250,000 for Microsoft 365 software for the City. The acquisition and deployment of this software addresses a critical IT and communications issue for the City and is further discussed in the Information Technology section of this report. Finally, in October, the Board approved eight large economic development projects and five community building projects. Please see the projected schedule of all Impact Harrisburg awards provided as an attachment.

Since that time, the Board has focused on completing the contracting process for all the grantees, developing compliance and reimbursement procedures, and initiating project implementation. By year end, the Board had finalized a grant contract format and the Executive Director had met initially with all grantees to review the contract format and a project implementation process. The contracts with the Downtown YMCA, Camp Curtain YMCA, and Gamut Theatre are on hold due to issues involved with contract amendments and the matching portion of the grants.

Pursuant to the approach laid out in their proposal, Milligan & Company/Impact Pennsylvania Strategies undertook an initial assessment of each project in September and they reported their results to the Board. Based on this assessment, the Board authorized Milligan to move forward with Phase II, which involves working with all grantees to advance their projects, review reimbursement procedures, and ensure grant compliance.

During the fourth quarter, the Board continued to develop a reimbursement policy for grantees, as well as a package of forms that grantees would submit as part of the reimbursement process. Impact Harrisburg's Compliance Manager is now meeting with grantees to review the policy and information that will be needed to obtain grant reimbursements. Three projects have moved to the point where disbursements of funds have been fully executed and projects completed. These projects are WebPage FX for \$500,000, Paxton Ministries for \$42,183, and the Harrisburg City (Office 365 project) for \$250,000.

The set aside of funds from the parking monetization for infrastructure investment and incentivizing economic and community development projects is a critical element necessary to strengthen the City's tax base and move the City's recovery to a point of sustainability for the long term. The approved projects have advanced during fiscal year 2017, thus having their intended impact.

In September 2017, Executive Director Dow-Ford suggested that those serving on the Finance Committee should continue serving in that capacity; Committee Chair - Ms. Brittany Brock, Members - Mr. Neil Grover, Mr. Doug Hill and Mr. Brian Hudson. The Board approved keeping the same membership on the Finance Committee for Impact Harrisburg.

The Board's web site at [www.impactharrisburg.org](http://www.impactharrisburg.org) was launched last spring and continues to be used to further publicize the mission and work of the Board. The Executive Director has engaged a local IT firm to further enhance the website to make it more user friendly and useful.

As you are aware, the litigation involving PA Media Group related to the application of the Sunshine Act to the Board's meetings has concluded. The Court's Order of August 4, 2017, provides that, "Having concluded that Impact Harrisburg is not an agency for the purposes of Sunshine Act, 65, Pa, CS, Subsection 701-716, the application for Declaratory Relief filed by Impact Harrisburg is

granted and the cross application for Declaratory Relief filed by PA Media Group, WITF, and Hearst Properties, dba, WGAL-TV is denied.”

Judge Ledbetter did urge Impact Harrisburg’s Board to remain as transparent as necessary and to remain focused on its public mission and to remain as open as possible as the law permits.

The Board has committed to advertising an annual list of its meetings, as well as giving public notice of any special meetings. The legal advertisement for 2018 meetings will appear in the January 15 edition of the Patriot News. The Board has taken the position that its meetings are open to the media and has invited the media to attend, which they have done previously. Meetings will be held once on the third Tuesday of each month at 10:30 a.m. at the Pennsylvania Housing and Finance Administrative (PHFA) offices on North Front Street.

The Coordinator supports the Board’s need for transparency in its actions given that its funds were derived from public sources.

### Harrisburg Supplemental Growth Fund

The City has executed a construction contract in collaboration with PennDOT which was awarded to Lamb Construction, Inc. This award partially addresses the Harrisburg Supplemental Growth Fund that Dauphin County and Assured Guaranty Municipal Corporation (AGM) desired to address the \$10 million commitment from PennDOT that occurred as part of the Transportation Reform legislation passed in late 2013. An Escrow Agreement and the Escrow Disbursement agreement were both executed by all parties in February 2015. The escrow agreement accounts for the use of funds set aside in the Supplemental Harrisburg Growth Fund and their distribution to the Infrastructure, Economic Development and OPEB funds should the City not receive PennDOT funding. AGM and the County selected M&T Bank as the depository for these funds and the Coordinator transferred the \$6.666 million set aside in the Supplemental Harrisburg Growth Fund to M&T Bank in February 2015 pursuant to the agreement.

Dauphin County and AGM have expressed concerns over the time it has taken to obtain disbursements under the Escrow Agreement. Following discussions between all parties on how to expedite the allocation and disbursement of the remaining \$6.9 million, PennDOT advised the City to file an application under PennDOT’s FY 16/17 Multi-Modal application program for the remaining funds. On October 14, 2016 PennDOT announced the award of a \$2,236,667 grant to improve the vehicular, transit, pedestrian and bicycle movements in the City and to address several transportation safety issues. At the same time, PennDOT also committed a total of \$6,710,000 over the next three years for City projects. This approach will fully satisfy PennDOT’s commitment and is intended to expedite the process moving forward. Design work on these projects is currently underway and the Coordinator will work with the affected parties in connection with the funding to the City and disbursement of escrow proceeds.

PennDOT’s commitment is to provide \$2.0 million annually over a five-year period toward infrastructure repair in addition to existing funding commitments. In May 2015, the City received formal approval from PennDOT for an initial \$3.19 million grant to undertake street related improvements. A contract was executed, the City completed various resurfacing projects and an initial \$633,000 was disbursed to the City in April 2016 pursuant to the contract.

The City approved the Multimodal Grant reimbursement agreement with PennDOT for the remaining \$2.542 million at its March 21 meeting. This will complete the initial \$3.19 million PennDOT grant. These funds are designated for several City streets to be improved. By the end

of the first quarter all environmental clearances had been obtained for the project. Utility companies have finalized their work which was completed in advance of construction. NRG completed their work at the intersection of Third and Walnut, in advance of street construction. Final design work is complete, and the contract was awarded to Lamb Construction, Inc in late August and construction has started and will continue through Spring and Summer of 2018. The project includes significant modernization of the Third Street corridor in the City.

### Fiscal Matters

The Finance Office spent considerable time during the fourth quarter engaged in the preparation and development of the 2018 budget. Following September meetings with the various departments to review their budget requests, the Mayor provided a proposed budget to the Coordinator on October 12, 2017 for review. The proposed General Fund budget is \$72,088,104 and maintains tax rates at current levels though it includes approximately \$6.5 million in capital expenditures and \$2.0 million in debt replacement replacing the contributions from AMBAC under the Settlement Agreement. Prior to the 2017 Budget the City has not had the resources to make major investments in its infrastructure nor to replace the AMBAC contributions. The Strong Plan modifications include a number of recommendations related to capital improvements. As the City's recovery progresses, it will need to balance the need to fund capital projects through a combination of grant funds, borrowing, and pay as you go (PAYGO). The 2018 budget begins to take advantage of certain grants and likewise use a portion of its General Fund budget on a PAYGO basis to address targeted capital needs primarily in the IT, Public Safety, Public Works, and Recreation.

The Neighborhood Services Fund (NSF) budget is \$19.36 million. In addition, the City has a number of Special Revenue funds including Debt Service, Liquid Fuels, Host Municipality, WHBG, Police Protection, Fire Protection, Blight Remediation, Parks and Recreation, and Special Events and Projects Reimbursement funds though the vast majority of City operations are accounted for in the General Fund and NSF. The Coordinator completed her review and provided the City with a budget compliance response letter on November 15, 2017 indicating that the proposed budget was consistent with the goals of the City's Strong Plan modifications adopted in April 2016. The Mayor then submitted the proposed budget to Council on November 28 and following Council's budget hearings in early December, the 2018 budget was adopted with only minor amendments on December 19, 2017.

Following City Council's reorganization in January 2018 there will be the opportunity for a review of the adopted budget; however, any changes must be enacted by February 15, 2018.

The Coordinator continues to closely monitor the City's financial position and works with the City's Finance Office on cash flow related matters. The City's bi-weekly General Fund payroll averaged \$850,000 for the quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$110,000 for the quarter. The Coordinator reviews City payables for both the General and Neighborhood Services Funds on a bi-weekly basis to insure expenditures are consistent with the confirmed Strong Plan. During the fourth quarter, seven bi-weekly check runs were reviewed by the Coordinator with comments and approval provided to the City. Through very close monitoring of the City's cash flow and diligence by the City's Finance Office, the City has been able to meet payroll and creditor obligations through the fourth quarter as well as maintain a current status (within 30 days or less) for virtually all payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing "necessary and vital services".

A review of actual revenues and expenditures through the end of November finds that the City's total General Fund revenues were \$62,451,902 (102% of budget) while expenditures were \$58,880,242

(89.6% of budget). The City had received 98.4% of its real estate taxes for the year along with 98.6% of its earned income taxes thru November. The City also received \$3.681 million (95.38%) of its parking tax revenues and \$2.432 million (81.1% of budget) in ground lease and priority parking distributions. As the City approached year-end no significant revenue budget variances were apparent with the exception of the Local Services Tax (LST) which is at 156.7% of budget. The LST revenue budget to actual variance may be explained by a lower anticipated 2017 budget estimate due to the uncertainty of the second year collection of the increased LST. The 2017 cash flow summary attached with this report reflects actual revenues and expenditures through November with projections through year-end.

By the end of November, the City had timely met all of its debt service payments for the year. In March, the City took advantage of the AMBAC funding of \$250,000 towards its debt service payment; however, in September, the City paid the full amount without the AMBAC supplement. The City is to be commended for assuming higher debt service payments without using AMBAC Settlement Funds and for making payments on a timely basis.

The City's cash flow improved greatly during the second half of 2017. The receipt of tax revenues were on target with budget, parking system revenues were consistent with budget projections and the Asset Transfer Agreement; and, the receipt of the Commonwealth's \$5 million payment for Public Safety Services have all contributed to the City's solid cash position. The State Aid allocation for municipal pension funds was received the beginning of October and was slightly higher than last year which assisted the City in meeting its pension obligations.

Following the end of year check run and payroll, the Coordinator estimates the City's General Fund cash balance will be approximately \$18.4 million. This is \$6.2 million higher than at this point in 2016, when the City's cash position was \$12.2 million. Continued strength and stability in the City's cash position at year-end represents a very positive trend for the City's fiscal stability. This balance will preclude the need for a TRAN in 2018 as the City will have sufficient resources to meet obligations until 2018 tax revenues are received.

The Coordinator continues to support the work of the City Controller and Finance Office to provide budget vs. actual reports to the Administration and Council. This information is an important element in having transparent fiscal information available for elected officials to make timely decisions as well as keeping the public aware of the City's financial condition.

In December, the Finance Office opened a ledger so that requisitions and purchase orders for 2018 could be entered into the system.

The City's Audit Committee was established to provide an independent review and oversight of the City's financial reporting processes, internal controls, and its annual audit. The Committee is comprised of five voting members, and the Chair of the Budget and Finance Committee. The City's independent auditor now reports directly to the Audit Committee. The Committee continues to meet on a quarterly basis and to be quite active with fiscal management matters.

During the quarter, the City continued to provide the appropriate Material Event Notices on EMMA related to debt obligations and has maintained compliance with Securities and Exchange Commission (SEC) reporting requirements.

## Operational Issues

During the fourth quarter of 2017 Harrisburg, with the support of the Coordinator, the City made further progress on a number of key Strong Plan operational initiatives. A progress report regarding these areas, as well as other key Strong Plan operational priorities and initiatives, is detailed below.

In August of 2016 the City received a \$465,380 Act 47 grant to support implementation of four key Strong Plan initiatives relating to augmentation of managerial capacity. The primary areas of focus relate to the utilization of Act 47 grant resources to augment managerial capacity; enhance IT infrastructure development, strategic planning, project management capacity; and creating lasting improvements in the City's refuse and recycling collection operation. A progress report regarding these areas, as well as other key Strong Plan operational priorities and initiatives, is detailed below.

## Finance and Administration

One of the most significant initiatives in the Recovery Plan was to fill the position of Business Administrator. The Act 47 grant award provides a three-year salary supplement that allowed the City to increase the compensation package for the Business Administrator position. The adopted 2018 budget includes funding for the Business Administrator position.

After a lengthy recruitment process, the Mayor hired a Business Administrator, Mark Wholley, Esquire. Mr. Wholley has considerable experience in executive positions throughout the Commonwealth, including serving as Chester-Upland School District Recovery Coordinator, General Counsel at the Philadelphia Housing Authority, and as Deputy General Counsel, Chief Compliance Officer and Corporate Secretary with The Hershey Trust

Mr. Wholley will work closely with the Mayor on important business, finance, and operational issues for the City. With his host of executive experience, Mr. Wholley, is a welcome addition to the executive management team for the City.

Mr. Wholley has met with the Coordinator on multiple occasions since he has taken the position. Mr. Wholley has become familiar with the Harrisburg Strong Plan and has been very willing to meet and discuss the City's progress on a regular basis.

The Act 47 grant award also provided funding for a classification and compensation study for managerial and administrative employees. Since Harrisburg entered Act 47, the City has worked diligently to build staff capacity in critical managerial and administrative positions. Though there have been many successes in the effort to attract quality personnel, recruitment continues to be a significant challenge. Moreover, even in cases where the City has been able to recruit quality personnel, retention has been difficult. This significantly slows the City's efforts to initiate and maintain long-term improvements to operations and service delivery.

Although it is clear that salary and benefit packages need to be adjusted in order for the City to attract and retain the quality personnel required to carry the City beyond Act 47, it is not clear what positions should be adjusted or to what degree those positions need to be adjusted. As a result, a classification and compensation study is needed to assess where adjustments are required. At its April 11, 2017 City Council meeting, City Council approved a contract for \$44,500 with Springsted Incorporated to conduct a classification and compensation study of the City's exempt and non-exempt, non-represented employee job classifications. Springsted has started

work on the compensation study and has requested City management employees to complete surveys about their positions and commenced its analysis of the compensation of City management employees, benchmarking compensation to the relevant job titles in the job market. The study is to be completed by December 2017.

The Bureau of Financial Management has successfully implemented quarterly financial reporting, implemented a standard budget development calendar, and established a standard position control system. Most significantly, the Department of Administration has developed critical staffing capacity in the areas of financial management, purchasing, grant administration and Information Technology (IT) management. These improvements in internal expertise have resulted in real progress. Most recently, the City hired a staff accountant/financial analyst that further builds internal capacity. This individual has become a vital member of the Finance team with responsibility for the review and posting of journal entries as well as posting of accounts payable for each bi-weekly check run.

The City must also continue to develop and adopt comprehensive financial policies. The 2013 Strong Plan called for the development and adoption of comprehensive financial policies. These recommendations were continued in the Strong Plan modifications. The Financial Management Policies follow the Best Management Practices in Financial Policies from the Government Finance Officers Association (GFOA.) Such policies are looked upon favorably by rating agencies and are another important step for the City to regain credibility in the financial marketplace. The Act 47 Coordinator developed draft Debt and Fund Balance policies from GFOA Best Management Practices for review and adoption by the City. The Chair of Council's Finance Committee has expressed strong interest in advancing this policy and in the fourth quarter of 2016 City Council established an ad hoc committee comprised of the Finance Committee Chair, Controller, Treasurer and Finance Director to review the proposed finance policies. The Committee reached general agreement on the policies and they have been advanced for City Council's action. The Coordinator continues to advocate for the adoption of these policies at the earliest possible time.

In the Bureau of Financial Management, the fourth quarter of 2017 has largely been dedicated toward two key tasks: the annual financial audits and the budget development process. Bureau staff have been working with the City's auditors, Maher Duessel, to complete the audit. The audit was finalized and delivered to the City in October. In addition, the 2018 operating and capital budgets were adopted by City Council in December.

The Bureau of Financial Management worked with the Coordinator during the development and approval of the 2018 Budget Process, as discussed above.

Though the City has completed a number of important initiatives, there are still significant opportunities in the areas of executive management, financial management, and information technology that deserve attention and they are included in the Strong Plan modifications.

### Treasurer's Office

Dan Miller, CPA is now serving as Treasurer having been appointed by Council in June 2016 to fill the vacancy due to the resignation of Tyrell Spradley. Mr. Miller was sworn in on July 5 and is working to make the Treasury Department efficient and well run.

In order to improve the operation of the Treasurer's Office and address concerns that had arisen, the City engaged Alvarez & Marsal to undertake a review of the City's financial operation with a particular emphasis on the Treasurer's Office and its policies, procedures and processes. The

review was conducted in late 2015 and the report was issued in February 2016. Although the review did not find any instances of suspicious activity, it did identify a number of key findings including:

- A lack of segregation of duties with the Deputy Treasurer performing multiple tasks without necessary checks and balances.
- Lack of timely reconciliation of the City's bank accounts leading to unresolved variances between book balance and bank balance.
- No inventory of all City bank accounts.
- Adjusting entries are not always recorded in the general ledger by the Finance Bureau.
- A culture of the acceptance of errors in accounting and financial matters.
- Lack of written policies and procedures in the Treasurer's Office.

The report further recommended the following:

- Segregate responsibility for the approval and release of wire transfers from their initiation.
- Eliminate generic "Wires" bank token.
- Move responsibility for account reconciliations from Treasury to another office, possibly the Controller's Office.
- Bring all account reconciliations up-to-date and record all prior adjusting entries.
- Address all known discrepancies in City books in a timely manner.
- Create a master inventory of all City bank accounts/close unnecessary accounts.
- Hire a strong Assistant Deputy Treasurer and ensure that person is empowered to act independently.
- Create a set of written policies and procedures for all processes in Treasurer's Office.
- Improve physical security of Treasurer's Office.
- Address cultural issues related to acceptance and expectation of errors.

Treasurer Miller completed a review of the report in September and acknowledged certain of the findings, including the need for better segregation of duties to strengthen internal controls and the inability to reconcile the Treasurer's Office accounts with those of the Finance Office. He further stated, however, that certain findings were not correct according to practices currently in place.

Since September of 2016, the Treasurer's Office has worked to address those issues that were deemed substantive and accurately defined in the audit. For example, prior to the audit the Treasurer's Office had a generic login and banking token that was not assigned to a specific person. This issue has been addressed and the token is specifically assigned to the Treasurer.

The Treasurer's Office has finalized the process of closing dormant accounts and transferring those funds into the General and Neighborhood Services Funds, which represents the City's two major governmental funds. Payments are now made directly from the General and Neighborhood Services Funds thus increasing transparency for these transactions. Having completed this process for the City's major general and restricted funds, the Treasurer has begun meeting with the City's auditors to identify and clarify those accounts corresponding to minor governmental funds that can be consolidated or closed. This represents a continuation of the effort to streamline and simplify the City's accounting practices. To date, the Treasurer's Office has closed or consolidated over 40 dormant accounts.

The Office of Treasurer and the Controller's Office have also initiated a process whereby the Controller's Office provides additional segregation of duties for all wire transfers. All wire transfers

require review and sign off by the Controller's Office, which creates a best practice segregation of duties for such activities.

The Treasurer's Office and the Bureau of Financial Management have completed the effort to adjust historical journal entries to ensure that the Treasurer's accounting software pairs with the City's General Ledger, which is housed on the Pentamation financial system. This has created parity between the Office of the Treasurer's system, the General Ledger, and the City's prior year audit adjustments. In addition, the Office of the Treasurer and the Bureau of Financial Management have initiated a process to ensure that these reconciliations occur on a monthly basis so that backlogs do not occur again.

Collaboration between the Treasurer's Office and other City offices has significantly improved under the direction of the current City Treasurer. The Treasurer's Office has maintained a close working relationship with the Controller's Office and the Bureau of Financial Management. Meetings occur at least monthly to review accounts and address any issues that arise and staff in these offices work together on an almost daily basis to carry forward the financial management work of the City. The Treasurer and the Mayor have also begun meeting monthly to discuss projects of joint interest and foster cooperation and communication among the City's financial and executive management personnel. This cooperation is a fundamental goal of the Act 47 plan.

To further provide the necessary capacity to ensure better segregation of duties, the Treasurer's Office initiated recruitment for two positions – an Accounting Clerk and a Customer Service Representative in late 2016. The Accounting Clerk position was filled in January and the Customer Service Representative position was filled in May. Filling these two positions, and, more importantly, filling the position of Assistant Deputy Treasurer in 2016, has allowed the Treasurer's Office to institute the necessary segregation of duties in the office and address one of the A&M Study recommendations.

In addition, filling the Customer Service Representative position has not only enhanced customer service, but decreased the frequency with which other Treasury staff are drawn away from core responsibilities to address customer inquiries. In addition, the Treasurer has established a policy that all phone calls to the office be returned the same day and has assigned personnel to field and collate phone messages to ensure that these responses occur. This is another positive customer service development.

In the third and fourth quarters of 2017, the Treasurer's Office was engaged in a number of additional special projects. The Treasurer and the Mayor have initiated project planning to expand ACH participation, or automatic payments, for City licenses, permits, and service fees. Currently the City estimates that less than 6% of the eligible public utilize the ACH system. The Treasurer's Office and the Mayor's Office are seeking to dramatically expand participation in ACH, which will in turn generate significant process efficiencies in the City's financial management and accounting functions. Though the project plan is still under development, the initial goal is to develop an intensive marketing and public communication campaign.

Similarly, the Treasurer's Office and Mayor's Office are in active discussions to determine ways in which the sanitation billing and collections processes, and treasury/cash management processes can be better integrated to allow for timely response to customer inquiries, rapid follow-up on delinquent accounts, and timely processing of payments. This may involve the Treasurer's Office taking a more active role in supporting the billing process. Regardless of the outcome of this effort, this represents a strong effort on the part of elected officers to work together to streamline processes and improve service to the residents and business owners of Harrisburg.

The Treasurer's Office is also working to develop a more favorable banking arrangement for the City's workers' compensation account. Wells Fargo has traditionally managed the City's workers' compensation account and charged an annual management fee of \$6,500. This fee has often exceeded the interest generated in the account. The Treasurer's Office is working to establish an account with a local bank and estimates that doing so may result in new interest revenue to the City.

The Treasurer's Office has also agreed, in principle, to take over the management of the residential parking permit program from the Police Department. Historically, civilian staff in the Police Department have managed the process of distributing residential parking program renewal documents, processing applications, and receiving payments before conveying revenue to Treasury. Though this function has traditionally been performed by the Police Department, the limited civilian capacity at the Department has resulted in program management challenges. Given that the Treasurer's Office is responsible for ultimately processing revenue from the program, they have agreed in principle to take over program management. They intend to initiate a process whereby residential parking permit applications are mailed to residents well in advance of renewal deadlines. This will also streamline the cash receipt and reconciliation process. The Treasurer's Office and Police Department are working on the details of this change, and plan to initiate the change in time for the 2018 renewal period.

The Treasurer's Office, Controller's Office, Mayor's Office and Bureau of Financial Management are working collaboratively to improve the financial management operations of the City including addressing recommendations from the A&M report. The broader cooperation that is occurring will strengthen internal controls and improve overall efficiency in the City's financial operation. I have offered the Coordinator team's assistance with implementing the report's recommendations.

Lastly, staff from the Treasurer's Office has been working diligently to support the annual financial audit. The audit was delivered October with no major audit findings relating to Treasurer's Office functions.

### Information Technology

In June 2017 the IT Director resigned, and the Mayor acted quickly to hire a new Director, Steven Bortner. Mr. Bortner is in the process of hiring a new IT Assistant Director and has extended the contract for Steven Zimmerman, former IT Director for the City to assist him with some of the older IT infrastructure requirements. These new hires along with Mr. Zimmerman have provided significant capacity to the City's IT Executive Management. Mr. Bortner is undertaking a proposal to completely update the IT structure and system for the City.

A prevailing issue in the City has been deteriorating and antiquated IT infrastructure. The Strong Plan amendments included a recommendation for Act 47 funding support and following the approval of the City's application, an Act 47 contract that included \$75,000 for an outsourced Information Technology project manager was fully executed. The contract provides for the engagement of a third party to address mission critical IT infrastructure issues and assist the City in prioritizing and coordinating IT related needs. The City has engaged Sigma Resources to provide IT project management, assess IT needs, and develop an IT strategy moving forward.

As the new Coordinator, I met with Jeff Briel, Sigma Resources to discuss numerous IT concerns. He and I have set-up a meeting with Kelly Logan of Harrisburg University on October 4, 2017. We hope to further discuss ways that Harrisburg University could assist the City and its IT operations in the future.

A major initiative, in all activities, is to instill collaboration and acknowledge IT as a Service. While this "turn" won't occur immediately, as the problem took many years to manifest to this degree, the guidance provided by Sigma Resources is having an impact.

A Sigma facilitated IT retreat with all City departments last August resulted in the identification of three key IT objectives: Internal Communication; Document Management; and Business Processes. Sigma's implementation strategy is focusing on each objective on an enterprise wide basis as there is a critical need to share information across City departments which can result in greater efficiencies in City services. The first initiative, a Service Desk program, was deployed in early October. This requires any individual/department needing IT support to complete a service ticket which will then be tracked thru completion. This approach will eliminate the current crisis approach to service though its success to date has been limited. IT culture in the City remains a challenge with the implementation of this initiative though education to reinforce the need for this tracking is continuing.

Additional action taken by the City was the establishment of an IT Advisory Committee to provide input into the City's IT issues. The Advisory Committee is chaired by Charles Gerhard, the state's former IT manager, now with Harrisburg University's Government Technology Institute. The Committee includes individuals from Harrisburg University (HU), the state's Office of Administration, Sigma Resources, the Coordinator and City Department representatives. It meets on a monthly basis to provide guidance and coordinate IT related issues. I attended Committee meetings on April 5 and May 3. As part of this effort HU continues to provide in-kind services as have a number of local IT firms.

The City continues to experience significant problems with its IT infrastructure, especially with its network and the failure of its server drives. This resulted in considerable downtime, loss of information and productivity. It also prevents City officials from being able to access email, key documents, and files stored on the shared drives. This crisis has been long in the making after decades of neglect and failure to update IT infrastructure and provide staff training. Given the critical nature of this issue and its threat to access to financial, legal, police and fire records, the City and its new IT Executive Management Staff along with the support from Sigma Resources and the Coordinator's office, has moved forward to aggressively address IT issues.

The City included a number of IT investments in its 2017 Capital Budget, with approximately \$275,000 dedicated to server replacement, network switch replacement, and Office 365 implementation and related upgrades. The identified solution to the email situation was to acquire the Microsoft Office 365 software for the City's email needs. This software will take the City's email service away from the server and into the cloud. The acquisition was supported by a \$250,000 grant from Impact Harrisburg. Under the direction of Sigma Resources, City departments were introduced to the product, its features and the intended usage plan. A pilot license was acquired from Microsoft which allowed the pilot group to proceed with testing the software. The pilot ran thru early March while the City was concurrently obtaining the full license agreement with Microsoft. Users were grouped into logical segments and a migration schedule established. The migration began in mid-March and has continued thru the second quarter with approximately 20-25 employees migrated per week. By mid-June, all Departments were migrated. Sigma engaged a full-time project manager to manage this initiative and coordinate between Candoris (the Office 365 partner vendor), the internal user base and Microsoft. A plan to implement a Bring Your Own Device (BYOD) policy as well as archive, retention and usage policies have been discussed with the Mayor and Solicitor and are under review. It's important that these polices be enacted as part of the migration process.

The City has successfully completed the installation and implementation of Office 365 in all Departments through funding provided by Impact Harrisburg as discussed earlier.

Concurrent with the Microsoft 365 initiative, various elements of internal network infrastructure have been upgraded. This is another critical need so as to ensure that there is bandwidth available and equipment that is reliable to meet the City's needs. These items include new wiring, network switches, routers, firewalls and other infrastructure elements. As of June, all hardware, switches and wiring have been installed.

Another major problem the City has had to deal with is with its secondary SAN server which uses outdated technology. This unit failed last year and the remaining storage is quite old and at or very near capacity. Several efforts have been made to replace the failed SAN unit including a unit donated by Unisys, though after a significant effort, this unit was found to be defective or improperly cleared by Unisys and was unusable to the City without a significant, cost-prohibitive repair. A second donated SAN was found to be incompatible with the City's current IT Infrastructure. During the 2nd quarter the City acquired a SAN that will provide redundancy. It is a new state of the art, high performance SAN that will not be as susceptible to failure as the current SAN. A health check is being completed to insure redundancy prior to the shutdown that will occur when the new UPS is installed. It is anticipated that the UPS will be replaced by the end of June.

A variety of software upgrades and functional replacements are also being considered. Some of these offset legacy systems from the mainframe while others provide efficiency through automation that has not existed in the past. Where practical, software-as-a-service (SaaS) is being considered as the preferred paradigm as well as looking for solutions that support the Enterprise instead of only individual departments. Enterprise software is currently a challenge as no one has looked at IT needs across departments. Sigma Resources though is moving the City in this direction and undertaking due diligence on the above approaches.

The City's current Nortel phone system is quite old and requires significant effort to maintain. The obvious recommendation is to move toward a VoIP solution once the network infrastructure and budget permits. At this point though, with the exception of the replacement of a failed system at DPW which occurred in the first quarter, no enterprise upgrade is planned. A City-wide solution though is budget constrained and requires network upgrades to be completed first.

Morefield is also continuing to work with the Police Department to address phone communication issues for non-emergency calls. These calls are not accepted by the County's 911 center and are referred to the City. A phone tree is being established with protocols on processing these calls.

Harrisburg University's Government Technology Institute sponsored a review of the City's data analytics where Information Technology (IT) leaders participated in a ten-month (September 2016 – June 2017) Information Technology Manager (ITM) program. They undertook a review of Open Data and Data Analytics with a goal to provide recommendations to the City that would be of benefit to those living, visiting, and working in the City. The City faces many obstacles to developing an Open Data Initiative including limited funding and legacy systems. Data is not currently available to citizens; and internally, operations are divided among multiple departments and information is not shared resulting in much frustration and inefficiencies. The report including its recommendations was presented to the City in mid-June and will be used to focus on future IT system enhancements.

During the fourth quarter of 2017, the Coordinator met with the Finance Director, City Controller, City Treasurer, and the new IT Director to discuss how the City might examine new hardware and software options. The new IT Director has an excellent perspective on the issues relating to the existing IBM driven system and the financial management General Ledger software system. The team agreed to meet monthly to discuss how the City can improve its IT operations, specifically, as they relate to financial management reporting and integration. The next meeting is scheduled for January 25, 2017. The goal is to have a strategic IT plan within the next six months.

### Solicitor's Office

Although the Solicitor's office had filled two additional positions, an Assistant Solicitor for Collections and an Assistant Solicitor for Litigation late last year, the Litigation Solicitor resigned in May. Although both of these positions were filled in 2017; unfortunately, the Deputy City Solicitor also resigned. Recruitment for this position is currently underway. In addition, the City retained outside real estate counsel to assist in a variety of title and transfer issues, both current and historic. The Solicitor's Office also accepted the assignment of a management employee who assists with much needed record keeping system and filing updates.

The collections attorney has been involved in numerous trainings of the varied record keeping systems, including main frame searches, as well as reviewing files and opening negotiations with large sanitation accounts. Notices of intent to commence litigation on select sanitation accounts are being pursued if the accounts cannot be promptly resolved.

As of June 2017, the City had received \$10,000 from the first major delinquent waste account. In addition, several other settlements are pending. Neighborhood Services, the Bureau of Financial Management, the Treasurer's Office, and the City Solicitor's Office are working together on an initiative to create automatic electronic collection of sanitation fees as well as other City licenses and fees.

This will represent a significant improvement in customer service and also serve as an opportunity to generate consistency in cash flow and limit account delinquency. Once this system is in place and fully communicated to the public, the City will cease the practice of granting waivers on penalties for late payments. This not only represents an improved sanitation and revenue collection process, but reflects functional cooperation between City Departments and the Treasurer's Office to address operating challenges. This is a fundamental goal of the Act 47 plan and a positive reflection on the City's progress.

The City's Risk Manager resigned the end of May to take a position with a local university. This was a big loss as the individual was an attorney and brought an excellent skill set to the position. She handled collective bargaining, grievance, and arbitration issues as well as insurance and risk management issues. The Law Bureau has decided to take back the responsibilities for this position and they will continue to include a labor focus in light of the Risk Manager's departure.

There are several litigation issues that could pose a liability for the City. One involves a civil dispute between landowners and insurance carriers over the 2016 collapse of a wall and parking lot onto a Cameron Street business. There are at least 10 parties involved in this matter and though the City should have no exposure related to the collapse and there are other legal costs involved for the City that are significant.

There is also a federal civil rights claim challenging the City's Buffer Zone Ordinance, which was remanded by the Third Circuit Court of Appeals to the U.S. District Court for the Middle District of

Pennsylvania for that Court to consider anew a request for preliminary injunctive relief. A hearing was held in October and several City officials testified. A final ruling has not been issued in this case.

The Strong Plan modifications provided for the City to again retain experienced public-sector employment labor counsel for its labor relations activities including the negotiation of FOP and AFSCME contracts that expired the end of 2016 and the IAFF contract that expires the end of 2017. The City engaged John Dean of Elliott Greenleaf to serve as outside labor counsel to assist with these contracts. During the first quarter, Elliott Greenleaf attorneys successfully negotiated both the FOP and AFSCME contracts and negotiations with the IAFF have recently concluded. The IAFF voted on December 29, 2017 to not to accept the City's proposal. A further discussion on labor issues is found in the collective bargaining section of this report.

### Fire Service

In the 2013 Harrisburg Strong Plan, the Bureau of Fire had a total of 13 initiatives that were the direct responsibility of the Bureau of Fire. The Bureau has made significant progress toward implementing many of those initiatives. Notably, through collective bargaining negotiations, the Department closed one fire station and adjusted its company staffing level to 14 firefighters/lieutenants and one command officer per shift. This has in turn allowed the Bureau to significantly reduce its overtime expenses and added significant value from both a public safety and firefighter safety and response perspective.

In March of 2017, the Bureau sent 12 new recruits to the Fire Academy. Eleven of those recruits successfully graduated from the Academy and were incorporated into active service in mid-June. These new recruits will augment firefighting capacity, while continuing to be mentored and trained by senior firefighters and company officers. These recruits replace senior firefighters who have retired from service and so represent a cost savings in salary and benefits. In addition, this on shift capacity will limit the need to rely upon overtime to meet minimum staffing requirements. The total career firefighter complement in June is 80 personnel with five vacancies. The Bureau plans to move to fill these vacancies in the new year.

Though these recruits will add capacity, the Bureau will continue to experience retirement attrition. The Bureau anticipates at least two retirements by year end. This will in turn require regular, recurring hiring to ensure that firefighting capacity remains strong and to limit growth in overtime expenses. The Bureau's current Civil Service list is valid through October 2018. The Bureau will be able to draw upon this list for hiring in January 2018 and to address any unanticipated vacancies that may occur.

In addition, in the second quarter of 2017, the Fire Bureau completed a promotional exam process to backfill vacated company officer positions. The Bureau promoted two Captains to Battalion Chiefs and promoted two Firefighters to Lieutenants. The Bureau will initiate another promotional exam in the fall of 2018, per the process defined in the collective bargaining agreement. In summary, the Bureau has been diligent in its effort to maintain an effective firefighting force and limit overtime expenses. This is a positive practice that has been institutionalized as a management expectation and deserves recognition.

In addition to the personnel matters discussed above, the Bureau has been updating its fire suppression and emergency response apparatus. In June, the Bureau added a new fire engine – Engine 4 – into the fleet. This engine was activated into service in early August and replaces aging apparatus and allows the former front-line apparatus to replace inadequate and antiquated reserve

apparatus. Unfortunately, the new fire engine was seriously damaged in an accident and it will take several weeks for it to return to full function. Once the vehicle is repaired, it will better equip the Bureau to maintain consistent response and service when front-line apparatus is deactivated for inspection, maintenance, or repairs.

The Bureau is also in the initial stages of writing specifications to replace the Tower 1 ladder truck with the intent to include the truck purchase in the 2019 budget. The Bureau is evaluating the possibility of a re-chassied ladder truck as a cost saving measure. A new ladder truck will cost approximately \$1.3 million while a re-chassied ladder truck will cost approximately \$900,000 and last 10 to 15 years. In addition, the Bureau purchased a new rescue truck to replace the 1990 Mack that failed early in 2017.

The Bureau has also been confronted with a number of facility repair challenges. It has been proactively addressing issues when funds can be obtained through grant resources or the City budget, but there are a number of facility repairs that still need to be funded; for example, roof replacements are needed at all three fire stations. The Bureau will continue to seek grant funds for repairs; however, the Mayor is planning to fund roof replacement for all three stations through the 2018 capital budget.

The Bureau has also been actively working to replace its aging fire hose inventory. It is currently working with a hose manufacturer to design new 2 1/2" and 3" hoses to replace the Bureau's current inventory, which has exceeded the National Fire Protection Association's recommended life cycle. This will not only upgrade the quality and reliability of fire hoses, but will standardize threads and connections between all Harrisburg fire companies and all neighboring fire departments. These purchases, which are partially grant funded, are an important operational improvement and will serve to improve efficiency at fire scenes and streamline multi-departmental cooperation in mutual aid situations.

With changes to the deployment model and the addition of personnel to the Bureau of Fire, staffing and deployment have stabilized. The Bureau has placed increased emphasis on training and procedure updates and reviews, and regularly utilizes a safety committee to review workplace injuries and mitigate risks. The Bureau has adjusted its fire academy curriculum to provide an additional three weeks of training for new recruits on special rescue operations. In addition, the Bureau is currently completing a review and update of the standard operating guidelines (SOG) to ensure that they represent current best practice and maximize the safety of firefighters and the public. The Fire Chief attended an International Association of Fire Chiefs conference in Charlotte, North Carolina, and the Deputy Chief attended fire service legal training in Massachusetts. These trainings are being used to help the Bureau structure and prioritize SOG updates. To date, ten SOGs have been updated and rolled out to Bureau staff. Other SOG updates are underway and will be completed as time and workload prioritization allows.

There are, however, additional initiatives and opportunities that should be pursued by the Bureau in the coming years. The most significant initiative with the potential to both enhance service levels and revenue relates to regional fire service delivery.

Given the level of service provided by the Bureau, and the Bureau's proximity to municipalities surrounding the City, there are opportunities to develop regional partnerships or contracting models whereby the City could provide fire suppression, special rescue, and fire prevention services to neighboring municipalities. This is especially true given the loss of volunteers across the Commonwealth. Such initiatives have the potential to serve the purpose of improving fire services in neighboring communities while also serving as a potential revenue source for the City.

The Bureau of Fire has begun evaluating these opportunities and participated in a Firefighters Forum organized by the Capital Region COG in August 2016. The goal of the Forum was to start a conversation on the need to address the significant decline in volunteer firefighters. Fire Chief Enterline participated in the Forum and voiced the opinion that fire companies should look at a regional staffing model that would be administered by an authority or possibly the COG. A full evaluation of options available will require detailed deployment and staffing analysis, cost estimates, and extensive conversations with neighboring communities and their elected officials. The Bureau is dedicated to exploring these options, however, there appears to be hesitancy from volunteer fire companies in the area. The costs associated with moving from volunteer to career firefighting models, even on a regional basis, can be daunting to small neighboring communities. In addition, initial conversations with neighboring communities indicate a reluctance to enter into agreements with the City while the City is in fiscally distressed status. However, the Bureau continues to serve as a regional partner and resource to neighboring communities and actively explores every opportunity to enhance its role as a partner.

Another initiative in the Strong Plan modifications calls for the City to evaluate the hiring of a Deputy Fire Chief who would be responsible for inspection and fire prevention programs as well as reporting and billing. The salary for this position has the ability to be fully offset by revenue increases and/or expenditure reductions. The position is included in the 2018 budget.

In the fourth quarter of 2016, the Fire Department began proactively working with the City's IT Advisory Committee to address its IT needs. Harrisburg University and the Fire Department initiated a pilot IT training program involving six students who began working one on one with Fire Department employees. The pilot program, which focused on Office 365 training for the Bureau's Fire Inspector and Administrative Assistant position, concluded in May of 2017. The Bureau is highly satisfied with the training that was offered and is working with Harrisburg University to expand the program in the fall of 2017. The goal will be to train firefighters on various features and functionality of Office 365, and to augment the Office 365 roll-out being completed City-wide. Lastly, the Bureau is evaluating the potential to purchase and implement a scheduling and time keeping system to assist with shift scheduling and record keeping in 2018. The Bureau is in discussion with Telestaff to develop specifications for a Bureau system.

## Police Service

The Bureau of Police has made strides in implementing many of the initiatives outlined in the 2013 Strong Plan. The Bureau has consolidated the use of specialized units in favor of assigning additional personnel to the patrol function and has reduced civilian staffing in the parking enforcement function as a result of the monetization of parking assets.

The most significant operational and financial challenge confronting the Bureau of Police relates to sworn staffing, especially in the Uniformed Patrol Division, which is the largest sworn police function. The Patrol Division targets a daily shift staffing goal of 15 patrol officers per shift to meet its calls for service demand and adequately engage in proactive policing activities, such as foot and bicycle patrols, according to interviews the Bureau's senior executive officers. This is based on the Bureau's existing patrol beat and response structure. Though the target for the daily shift staffing is 15 patrol officers, the Department maintains a minimum required staffing level of 10 officers per shift. If staffing falls below the 10-officer minimum, officers are called in on overtime to meet minimum staffing targets. According to Bureau estimates, each platoon requires a target staffing of 25 officers in order to consistently meet the patrol officer staffing goal of 15 officers per shift; the current budgeted patrol officer staffing level per platoon is 21 patrol officers.

As with the Fire Bureau, there are opportunities in the policing area to promote regional efforts that can enhance service and potentially generate revenue or reduce expenses. In 2015, Dauphin County and the District Attorney's Office, with support from the Act 47 program, contracted with the Police Executive Research Forum (PERF) to assess opportunities for regional police initiatives in the County. Harrisburg's Bureau of Police, as the largest police department in the County, was included as an important participant in that assessment and the City's Police Chief and an FOP representative both participated as members of the Task Force.

The final report with recommendations for service and cost sharing was completed at the end of 2015. The report identified opportunities for the City's Police Bureau to engage in cooperative efforts that may enhance service and potentially reduce expenses. Though opportunities have not presented themselves yet, it is recommended that the City aggressively and proactively pursue those opportunities as this intergovernmental initiative is consistent with the Strong Plan's goals and could open the door to even greater cooperative ventures in the future.

In their efforts to reduce crime, the City's Police Department deployed two new tools in mid- 2016. A database of businesses and residences with video surveillance systems to help streamline investigations was established. The effort began in the police department's forensics unit and is designed to help direct detectives to known camera systems nearby after a crime is reported. The system can provide valuable information to identify individuals involved in criminal activity.

Police have also reactivated a crime mapping database for all reported crimes in the City. The system went down at end of 2015 and after resolving technical issues the searchable database went live in June. The new system known as RAIDS Online is a significant upgrade and now allows residents and others to conduct research on the City's real-time crime reports. It provides layers of useful data in maps, grids, and charts with analyses that show the frequency of crime by hour and day of the week. Residents can search by address or citywide and for crimes by date or type of crime and also sign up for email alerts. The crime analyst position, when filled, will further enhance proactive and intelligence led policing initiatives.

The Bureau is also actively pursuing three new technological tools that are designed to generate efficiencies in policing processes. The first tool is called CopLogic. CopLogic, a Lexipol product, is an online reporting system that will allow citizens to file police reports for certain types of incidents online or at a terminal located at Police headquarters. (City Council approved the purchase of this system in December 2017.) This software has the dual benefit of improving customer service and limiting the frequency with which sworn officers are drawn away from the street to take minor police reports. The second tool is IAPro. IAPro is an investigative case management system for all internal investigations. IAPro allows for the investigative data to be tracked and shared among key personnel and also provides reporting tools. The third tool is called PowerDMS. Power DMS is an electronic General Order (GO) repository and training tool. It provides a central, electronically accessible repository for all General Orders and allows the Bureau to disseminate updated General Orders electronically, train personnel on updates, and test/verify comprehension. Each of these tools are included in the 2017 budget. The Bureau has initiated agreements with vendors and the contracts are currently under review in the Solicitor's Office.

The Bureau is also replacing aging police vehicles. In June, the Bureau received five new K-9 vehicles funded through local gaming grants. These vehicles were outfitted and deployed. The Bureau has also purchased an additional five patrol vehicles using City budgeted resources. These vehicles are currently being outfitted with light bars, decals, radios, and other necessary unit equipment, and will be deployed in October. This will help sustain a pool of functional patrol vehicles; however, it will continue to be important for the City to maintain an annual replacement schedule. Police patrol vehicles

are operated 24 hours per day, seven days per week, in urban traffic conditions, and so the life expectancy of a patrol vehicle in Harrisburg rarely exceeds three years.

Also in June, the South Central Task Force partnered with the Bureau to complete a physical security assessment of police headquarters and the City government building. The Task Force provided an assessment report to the City that outlined security risks and recommended actions to mitigate those risks. The Department has begun making the recommended security improvements where funding is available. In addition, funding is included in the 2018 budget to address other issues outlined in the report.

The Bureau also initiated a pilot program for body worn cameras. Beginning the week of September 11, the Bureau deployed body cameras from five different vendors to test and evaluate camera options and inform the development of bid specifications. The Bureau has issued a bid request and intends to fully implement a body worn camera program in 2018.

Lastly, the Bureau is in the concept planning stage to evaluate the opportunities to create a neighborhood substation on 15<sup>th</sup> street. This is one of the highest crime areas in the City and Bureau intends to develop a substation as mechanism to increase police presence and community access in the area.

### **Public Works – Sanitation System**

The Department of Public Works (DPW) has undergone considerable change since the passage of the Strong Plan in 2013. The Bureaus of Water and Sewerage, and the responsibilities of those bureaus, have been transferred to Capital Region Water (CRW). This transfer, though a necessary element of the Strong Plan, decreased the number of Public Works staff that could be drawn upon to meet the department's maintenance responsibilities.

Staffing availability has further been limited as a result of systematic issues in the sanitation operation. Recurring staffing shortages in the sanitation operation historically forced the department to regularly draw upon street maintenance personnel to effectively perform refuse and recycling routes. As a result, the City had been unable to dedicate sufficient resources to street maintenance operations which impacted the City's ability to maintain its roads and streets in a timely and proactive way.

With Act 47 funding and support from the Act 47 Coordinator, a comprehensive sanitation program evaluation was completed in mid-2015 by Barton & Loguidice. The study concluded that the sanitation system was *broken and unsustainable without significant change* and provided a plan to modernize the sanitation operation which built on recommendations from the 2013 Strong Plan. Their report recommended a managed competition approach through a partnership between the City and the union with the goal of creating an efficient refuse collection system. Recommendations focused on obtaining new or refurbished collection vehicles, purchasing and deploying new trash and recycling containers, increasing recycling through educational efforts, enforcing current ordinances, and validating all commercial and residential billing information.

In response to the study and as part of the 2016 budget process, the City restructured the sanitation and public works operations through the creation of the Bureau of Neighborhood Services. This restructuring added staffing resources to the sanitation operation, thereby allowing street maintenance personnel to be fully dedicated to their assigned tasks. This restructuring addressed both operational and financial needs and has enhanced the City's ability to provide more efficient sanitation and street related services to its residents.

In May 2016, the City hired a sanitation logistics coordinator (management position) to provide technical and project management support and to systematically incorporate commercial accounts into the refuse collection system. Another recommendation, to hire an administrative assistant to help manage solid waste accounts and billing for these accounts, was also implemented with the position filled as of the end of September. The City made great strides to bring the sanitation operation up to a full staffing level during 2016 and has implemented, or is currently implementing, a number of key initiatives relative to sanitation system improvements. The City continues to work to upgrade its ability to process unpaid waste invoices. The backlog of unpaid accounts is decreasing. The City Attorney assigned to assist BNS with collections on aged accounts has recently achieved some successes and has developed a template that will serve for future account settlements.

In 2016, the City completed an audit of commercial accounts and revised the billing database to reflect the current status of each account. Commercial accounts using private haulers continue to be added to the City routes as contracts expire. The City hired another billing clerk the second half of 2016. The City also hired a new assistant attorney the end of 2016 who is dedicated full-time to the Bureau of Neighborhood Services with a focus on collections from delinquent commercial accounts that collectively are in excess of \$1 million as well as locating current residents for accounts of deceased account holders. The audit of all commercial accounts was completed the end of November and identified some additional accounts that were not previously included in the City's system. The Director of Public Works is in the process of finalizing a summary memorandum of the audit's findings for delivery and review by the Mayor of Harrisburg. The Coordinator's team will complete a review of the audit findings and actions and will include significant details in future quarterly updates.

In addition, the audit of commercial waste accounts identified approximately 30 accounts that use roll-off/compactor boxes for storage of waste. The City does not currently have capability to transport roll-off containers, but is preparing a specification to obtain a vehicle that will expand its service capability by end of 2017. These adjustments will further add to the waste stream and help the City meet its put or pay agreement, even as recycling rates increase.

From 2014 through 2016, the City has seen marked increases in its recycling rates. In 2014, approximately 1.9% of the City's waste stream was diverted due to recycling while in 2016, approximately 5.5% of the City's waste stream was diverted due to recycling. Concurrently, the City has continued to meet its "put or pay" requirement. The more the City recycles, the less it pays for disposal costs, which is all-in-all, a good thing. Though there are still significant opportunities to improve recycling, this is a noteworthy improvement. The City is also actively pursuing opportunities to increase its recycling capacity. The City has completed negotiations with a glass recycling outlet near Allentown to begin glass recycling and is evaluating options for temporary glass storage location. A trial run of commercial glass collection began in October 2017 with full City participation in 2018. In addition, the City is implementing a resident recycling drop off site in 2018 for glass products. City Council has approved the purchase of an application software, "Recycle Coach," to provide up-to-date details regarding recycling, in multiple languages. The City intend to use the software for many public notices regarding the Bureau of Neighborhood Services.

The City's aged refuse and recycling vehicle infrastructure has been plagued with reliability issues. Collection vehicles have been regularly out of service for extended periods of time, which significantly impacts the City's ability to effectively meet its collection expectations. Much effort was devoted in 2016 to the purchase of new waste collection vehicles to replace the unreliable refuse and recycling fleet. A flexible purchase contract produced a good value to the City that

allowed for the purchase of two new truck chassis, allowing the transfer of existing functional packer bodies onto the two new trucks. In addition, the City has finalized a lease purchase agreement to procure seven additional refuse trucks. The first vehicles were delivered in July and were placed into service immediately. All of the trucks have been delivered and most are fully in service with the remainder in service in early 2018. The City continues to get requests from commercial accounts to convert from rear loading dumpsters to front loading dumpsters. As a result, the City is focused on getting a purchase order issued in November 2017 for another front-loading garbage truck that will add reliability for commercial service. Bids for front loading garbage trucks were opened and the contract is under review by the City Solicitor.

The City has finalized specifications for new leaf collection vehicles. The adopted 2017 budget includes funding for additional collection equipment and approval of a DEP Recycling Performance 902 grant provides for the purchase of several leaf collection trucks. The City completed specifications and issued a purchase order for the trucks on June 22. Assembly of the units has begun, and the leaf collection trucks was delivered in October in time for deployment during the leaf collection season.

With technical support from the Coordinator's team, research has continued on development of specifications for sanitation route management and billing software and is coordinating this effort with the City's IT consultant. This software would create valuable management billing process efficiencies. The goal is to maximize route efficiency and ensure maximum revenue collection for value added services performed. Current findings are that billing software will not coordinate with the City's mainframe computer. Route management software uses either Bing or Google maps and the City is trying to standardize using ESRI based GIS software. This matter is on hold pending further research on how best to implement an enterprise solution. With the expansion of the City's commercial dumpster service and the desire to provide a roll-off service in 2018, this matter of route management and commercial billing will require further examination and determination.

Another major sanitation issue being addressed during 2017 involves the development of a Yard Waste facility. There have been discussions with the Harrisburg School District and Susquehanna Township on the development of an intergovernmental cooperation agreement to utilize a school district site as the location for this facility. The Coordinator's Team worked with the City to develop a conceptual layout of the yard waste composting site and coordinated with PADEP to review the site layout to ensure that all regulatory requirements are accounted for in the design. Earlier this year and after much discussion, Susquehanna Township decided not to participate in the program, choosing instead to take advantage of a privately managed composting operation in the Township.

Since the DEP application was submitted in April, the City and the Coordinator's team have been working with DEP to address plan review comments and meet all necessary public hearing requirements. On June 22, DEP in conjunction with City officials and representatives from the Coordinator's team held an Environmental Justice Public Information Hearing on the Yard Waste project. The meeting was advertised to residents around the composting site. The purpose of this meeting was to make sure residents were aware of and understood the composting project and that they have a chance to provide comments for consideration by DEP and the City. The process is designed to ensure that in areas of lower incomes or higher minority populations, a public information process is conducted to apprise local residents of a permit application and to solicit their input.

The meeting was co-sponsored and jointly presented by DEP and City representatives. A presentation of technical details of the project was presented by the Technical Assistance Team, and a question/answer, and comment period followed. A number of residents expressed support

for composting, but shared concerns that this facility may negatively impact them as a neighbor. A dialogue was opened to help DEP and the City better understand local concerns, and to create a venue to educate local residents on the minimal adverse impacts that the project is expected to have on the community. The City is also considering the possibility of taking concerned residents on a tour of a similar facility to demonstrate the relatively benign nature of the site and alleviate their concerns. Local residents were also notified on how to provide written comments to DEP on the permit application, and the City agreed to post a copy of DEP's General Guidelines as well as the City's April 17, 2017 permit application on the City website for informational and review purposes. The Mayor and his staff have met with some of the local residents to discuss this important opportunity.

In late May, DEP submitted an administrative review letter that included a number of follow-up items for the City. The Coordinator's team is assisting with two significant actions. First, we are working with Capital Region Water and the Harrisburg School District to obtain the necessary documentation to verify water service at the composting site. Second, the City is required to complete an erosion and sediment control plan that meets the requirements of Susquehanna Township's stormwater ordinance. The City is undertaking the development of this plan and the Coordinator's team will provide consultation and review.

Due to the large public rejection of the yard waste proposal, mostly due to the inclusion of food waste into the operations, the City has reached out to nearby residents to revise the yard waste proposal. The City believes that a yard waste only operation will be better received by nearby residents. At the time of this report, the City has withdrawn the WMGR025 general permit application from DEP and had developed a revised draft application to address these issues. The City, with the help of the Coordinator's team, has developed a revised permit application and presented the details of the application to Susquehanna Township residents on December 14, 2017. The City is initiating a pre-application meeting with the DEP for early January and will also place the application on the City's website for public comment through January. The City will then incorporate any necessary adjustments and submit the revised WMGR025 general permit application to DEP for consideration.

In late May 2017, City administration submitted a revised waste collection ordinance to City Council for consideration. The revision reconciles the ordinance to reflect the current approach to waste and recycling collection, enforcement, fee payment, collection location, waivers, and methods of citation. The Coordinator's team reviewed a draft of this ordinance to ensure that it was consistent with sanitation system improvements identified in the Act 47 plan. City Council has initiated its review of the ordinance, but it is unlikely to take action until after its summer recess. Adoption of the revised ordinance is targeted for January or February. One of the important goals of the revised ordinance is the enforcement and collection of waste revenues. The City has already begun a public relations effort notifying customers that effective January 1, 2018, the City will be collecting penalties and interest for late payments. In the intervening period, customers are allowed to make their accounts current without penalties.

Key to continuing to maximize the tonnage that needs to be disposed of at the incinerator is ensuring that all of the waste, especially commercial waste, that is generated in the City is attributed to the City's waste stream. Although difficult to fully identify leakage in the system, the City has taken an aggressive approach with commercial accounts to ensure that all waste generated in the City is taken to the LCSWMA facility and credit given to the City. As of June 2017, the City reports that it has fully converted all private accounts that are eligible for conversion to City service. A total of 146 commercial accounts have been transitioned to date. The remaining 55 private accounts have roll-off dumpster services, which the City currently cannot service with

the existing fleet. However, as previously mentioned, the City intends to purchase the necessary roll-off trucks and complete the conversion of all private accounts in 2018. This will further add to the City's sanitation revenue and waste stream, helping to fund further systematic improvements and meet the City's put or pay tonnage obligations. The City currently operates two front loading garbage trucks which are fully deployed. A third truck is desired to have backup fleet capacity, and specifications are currently being reviewed by the Coordinator's team prior to being bid by the City's purchasing agent.

The progress that has occurred in the sanitation operation is to be commended. There are, however, additional steps that must be taken moving forward to ensure that the City can capitalize on this progress and advance further improvements in the sanitation operation. The 2016 Strong Plan outlines many of those initiatives, which, in most cases, will require further investment by the City.

The development of a comprehensive Capital Improvement Plan, as called for in the Strong Plan, is one of those actions. In 2016, the City began this effort with the development of a stand-alone capital budget for 2017 that is segregated from the operating budget. The City has further expanded that effort in preparation for the 2018 budget process. The Bureau of Financial Management has developed three-year capital planning budget templates and guidelines and distributed them to departments for completion as part of the upcoming budget process. Department capital requests were submitted to the Bureau of Financial Management in mid-June and a representative from Barton and Loguidice, as a member of the Coordinator's team, provided guidance on sanitation-related capital budget request development for the 2018 process. The Coordinator's team completed a comprehensive review of these capital requests prior to the adoption of the 2018 operating and capital budgets.

The City has proceeded cautiously in staffing decisions and has followed recommendations in the B&L report – to undertake a trial period, evaluate the results, and determine whether there are specific and measurable changes and improvements. If the changes do not result in measurable and observable system improvements, "then acknowledge this and move on to a private bid process to procure waste and recycling collection system services..." In evaluating whether the current effort is cost effective (that is, whether the increases in expenditure will be offset by revenue increases), the City should make sure it includes the salaries resulting from new hires, as well as associated health care and pension costs. The sanitation reform process will be further evaluated after the close of 2017 to determine success and viability in the future.

Going forward into 2018, the Coordinator's team can provide the following assistance to the City and DPW to improve the efficiency of the services provided to its citizens and to further the progress of the City made under Act 47:

The Coordinator will assist the City in getting a DEP permit for the yard waste composting site. The Coordinator's team will help the City prepare and submit a revised permit application for this operation, working to meet local and state requirements for a modified operation at the currently proposed site (or, if required, to identify and pursue permitting at an alternate site). The Coordinator's team will also support City actions to implement site improvements and provide guidance on equipping and staffing the operation.

City staff is continuing to upgrade their body of knowledge about the various DPW services provided and newer techniques that are available for providing such services. The Coordinator's team has been available to DPW staff to respond to questions and to provide opportunities to learn about new equipment and techniques. One example is a recent demonstration for a road milling

machine that operates on a rubber tired front loader. The City is looking to perform repaving of alleys and smaller street paving projects where alligator pavement is present.

The City has done well in assimilating the commercial waste accounts into its service. Going forward, the City desires to implement roll-off service in 2018. Roll-off service combined with front loading dumpsters is a big step forward for the City that is logical, especially the use of roll-off dumpsters for use in the City-performed, vacant building demolition. DPW staff has demonstrated commitment in providing quality customer service. In addition to purchasing the roll-off equipment in 2018, management tools in the form of route software will greatly aid the City's ability to efficiently provide economical commercial service. DPW staff is getting the message that besides providing good and reliable customer service, the City needs to get paid for the service.

At the end of June 2017, the City will have provided its last rent payment to the owner of the property used for the DPW facility located on Paxton Street. The Law Department continues discussion with the property owner about City purchase of the property which is anticipated, but is still negotiating price. The City is in great need to begin the process of making some additional repairs to the existing structure and to determine the schedule of a new public works facility on the property. A sequenced construction of a replacement structure is possible while maintaining the existing facility. However, the City will need temporary parking storage during the construction period to accomplish this sequenced construction. The City is again investigating the use of the former PennDOT lab site at Cameron and State Streets for additional DPW storage. The Coordinator's team will assist the City in facilitating the planning for a replacement facility.

While the City continues to study and debate its options regarding the City's mainframe computer, specialty public works software is available to BNS to help maintain waste and public works services. Of concern to the Coordinator's team is that value added services are being provided without appropriate invoicing of those services. City staff has been making a significant effort to work with other City department staff to get invoices sent to customers. This billing issue is very important with roll-off dumpster service since the service is not routine and the industry charges both rent and waste tonnage for the roll-off dumpster.

### Transportation Infrastructure

The City, with Commonwealth funding, is making significant investments in the City's infrastructure. In 2014, the Pennsylvania Department of Transportation (PennDOT) committed to providing \$10 million over a five-year period for street related infrastructure improvements in the City. This commitment stood in addition to PennDOT's planned repairs and projects on Commonwealth managed roads in Harrisburg. The City was awarded \$3.19 million in May 2015 by PennDOT as the first phase of this commitment and used a portion of these funds to pave heavily traveled City streets that are used to enter and leave the City. They were reimbursed for \$633,000 for this work in April 2016.

The City plans to use the remaining \$2.542 million from the initial \$3.19 million grant for the Third Street Improvement Project which involves the significant modernization of the Third Street corridor in the City. Through the second half of 2016 and into 2017 the City undertook design work, addressed numerous environmental approvals required by PennDOT, and in conjunction with utility companies, undertook utility adjustment work for the Third Street project. Final environmental clearances were obtained on January 31, 2017. A contract for funding was issued by PennDOT on February 22, approved by Council at its March 21 meeting and is now going through PennDOT's approval process. At its June meeting, Council also approved a contract with Urban Engineers, Inc. to provide construction management and inspection services for the Third

Street Multimodal Project. Final design work for project is nearing completion and utility companies are finishing advance work. The construction contract was let to Lamb Construction and construction did begin in late fall of 2017 with expected completion in Spring-Summer 2018.

Following meetings with PennDOT and based on their recommendation, the City submitted an application to PennDOT under its multi-modal program for the balance of the \$10 million. On October 14, 2016 PennDOT announced the award of a \$2,236,667 grant to improve the vehicular, transit, pedestrian and bicycle movements in the City and to address several transportation safety issues. As part of this award, PennDOT also committed a total of \$6,710,000 over the next three years for this project. This approach will satisfy PennDOT's commitment and will expedite the process moving forward though releases will occur on a project by project basis. Initial design work on these projects is complete. The City has awarded the construction contract to Lamb Construction, Inc. and it began in late fall 2017 and the City has applied to the Department of Transportation's TIGER grant program to fund this extensive road project. The project has five discrete tasks which must be preceded by a detailed, longitudinal traffic study to define project impacts for the Second Street Two-Way conversion. This traffic study is underway and is expected to be completed by September 2018.

The Bureau of Engineering is also in the final stages of completion of a comprehensive street light upgrade program to replace the City's incandescent street lights with Light Emitting Diode (LED) lights. This project was funded through an Energy Savings Performance Contract (ESCO), with initial funding from a \$3.2 million loan from M&T Bank and a \$500,000 PEDA grant. Substantial completion of the street light conversion project occurred in 2016 with all the City owned HPS and Mercury Vapor streetlights converted to LEDs (over 6,000 lights) resulting in a significant energy cost savings. The City has also been working with PPL to purchase 211 PPL owned lights that are located in the downtown from PPL. PPL regulations require that the feed origination be separated with hand holes and fuses which involves excavation and rewiring. PPL is requiring \$2.2 million from the City to complete this infrastructure work. Given this high cost, the City is exploring other options; and has opted to pay PPL \$44,000 to make the necessary upgrades. Under the arrangement, PPL will maintain ownership and maintenance responsibility of the street lights.

Savings from the LED project allow the City to dedicate its entire \$1.3 million liquid fuel revenue allocation to capital street repairs. The Department of Public Works is proposing to use this revenue to repave sections of five city streets in 2018, including; Brookwood Street; Berryhill Street; 13<sup>th</sup> street; Sycamore Street; and Burchfield Street. Specifically, the City has applied for a 10-year loan through the Pennsylvania Infrastructure Bank to fund these projects and intends to utilize a portion of liquid fuels revenue to support debt service for these projects. This grant is under financial review with the Department of Community and Economic Development.

The City has also made significant progress updating its traffic signal system. The City's traffic lights have long been operated with outdated, Windows 95 based traffic computer and signalization systems. To date, the City has replaced approximately 80 controller cabinets and only has 13 Windows 95 systems to replace. The City has also partnered with PennDOT through a Green Light Go Grant to resignal 11 downtown intersections and integrate them on a unified timing and traffic computer.

PENNDOT provided a grant of \$680,000 to support this project and is serving as project manager. Design work for the project is currently underway.

At its April 24, 2017 City Council meeting, IMS Infrastructure Management Services was awarded a contract to provide professional consulting services to complete an Asset Management Program

that will provide a comprehensive database of all City streets, their structure, condition, and maintenance. It will assist the City with prioritizing areas for maintenance and capital improvements and be integrated into the City's Capital Improvement Program. The consultant has begun work and is currently collecting existing data on asset condition. The review and consultant report are expected to be completed by the first quarter of 2018.

The Department has also made significant improvements in its fleet maintenance operation. It appointed a full-time fleet manager and in September filled vacant auto mechanic and secretary positions; however, the Department lost two Auto Mechanics this summer due to retirements. There continue to be opportunities for the Bureau of Vehicle Management to more proactively take advantage of existing software to improve fleet management and to implement practical best practices.

### **Capital Improvement Program (CIP)**

The City has made strides in refining and improving its operating budget process, and, now with the 2017 budget, for the first time has segregated capital expenses from operating expenses. Consistent with the Strong Plan modifications, the City prepared an initial Capital Improvement Plan (CIP) budget with significant capital expenditures for 2017 that address capital needs ranging across many departments. By segregating the capital and operating budgets, policy makers and managers are better able to interpret and evaluate competing needs.

As part of the 2018 budget process, the Bureau of Financial Management has developed the necessary process and budget development templates to create a 3-year Capital Improvement Plan (CIP). In May 2017, The Bureau of Financial Management distributed 3-year CIP budget development guidelines and budget request templates to all City Departments for development. Departments have developed and submitted their capital budget requests to the Bureau of Financial Management and they are currently being assembled and analyzed by the Bureau. Once the capital budget requests are made available to the Coordinator's team, capital budget items will be evaluated within the context of the City's overall condition and infrastructure repair needs. The proposed 3-year CIP will be presented to City Council for consideration in the coming year.

This process will serve to develop a longer-term, strategic framework, and prioritization process as part of the budget development process. It will equip the City with improved access to the project planning tools necessary to take advantage of grant opportunities and provide a basis for determining capital funding needs as capital markets become more accessible to the City. It will also better enable the City to evaluate its annual operating budget decisions not just within the context of the current budget year, but within the framework of longer term obligations and liabilities.

This development represents a positive step in addressing the City's long neglected capital facility and infrastructure needs. However, there are still clear opportunities for further process improvement.

The City should continue to work to expand the CIP into a five-year Capital Improvement Planning process. This process should also be expanded to incorporate strategic project prioritization criteria that reflects input from City Council and the citizenry at large. The Coordinator's team is pleased with the development of a 3-year CIP, as the ability to sustainably maintain the City's infrastructure is a key requirement to exit fiscally distressed status. We will also continue to advocate for further improvements in the CIP process.

The City has previously not had access to the financial resources necessary to fund a capital improvement program, however the Strong Plan has provided certain resources as well as a pathway back into the credit markets. Access to the marketplace has improved with the City's ability to obtain TRAns for three successive years and its successful financing of the LED streetlight project.

Resources provided through the parking monetization to Impact Harrisburg, the non-profit corporation that administers \$12.3 million for infrastructure and economic development, along with the completion of the City's comprehensive plan, will serve as a foundation for a capital improvement program. In addition, the Act 47 enabled revenue has provided the City with the ability to build cash reserves that can be applied to capital projects. Finally, grant funding opportunities from state and federal agencies also provide resources to support capital investment.

### **Community and Economic Development**

In 2014, Harrisburg amended its organization structure to create a consolidated Department of Community and Economic Development led by a new position, the Director of Community and Economic Development. This reorganization consolidated the Bureaus of Planning, Business Development, Building and Housing Development, and Parks and Recreation under the direction of one Department Director. In addition, the reorganization created a new Bureau of Arts, Culture, and Tourism under the direction of the Director.

The Bureau's that now comprise the Department of Community and Economic Development have made noteworthy progress toward the implementation of key 2013 Strong Plan initiatives and are now focusing on the 2016 Plan modification initiatives. In late 2014, the City began the process to update its 30-year-old Comprehensive Plan. With the Court's approval to allocate up to \$75,000 from the funds set aside for economic development in the Harrisburg Growth Fund, the City reinitiated the Plan update process. Council and the Planning Commission took action to move forward with the update in early 2015. In April 2015, the City awarded the contract to Office of Planning and Architecture (OPA) of Harrisburg to lead the process supported by 5 other firms (K&W Engineers & Consultants, Good Land Collaborative, ARUP Americas, CSPM Group and AB3 Development). Following a public contest, "BeHBG" was selected as the "brand" name for the update. A "BeHBG" web site was established to provide the community with ongoing updates and allow further community input. To date over 500 users have provided over 1,200 ideas in topical areas of transportation, housing, economic development, historic resources and parks and recreation.

The process included extensive public engagement with numerous stakeholder meetings and community workshops. Staff also participated in 24 community events in getting the word out about the update, to gather further input on how the City should evolve and develop over the next twenty years and to obtain a sense of the priority of City issues. The consultants met with PennDOT to coordinate transportation issues and with Harrisburg Housing Authority representatives to discuss housing issues. A day long community workshop was held in December 2015 at the Capitol View Commerce Center to summarize the results. The entire consulting team presented information the status of the plan including specific presentations on housing and transportation to about 150 people who attended throughout the day.

Retooling the Plan based on the public input received was the focus in 2016. The Planning Director spent considerable time reviewing and editing the consultant's draft though the process was slowed due to staff limitations in the Planning Office.

The process though has been stymied since late 2016 due to a contract dispute between the City and the Office of Planning and Architecture resulting in the City's termination of the contract in early 2017. The City is actively working to advance the plan and has engaged two of the sub-contractors to assist in completing a final draft and expedite the presentation of a final plan for public review and consideration. The Planning Commission has also become more engaged in the process. Council and the Planning Commission held a meeting for April 6, 2017 to discuss the Plan's status. The meeting was also attended by the Administration and Mr. Peters, the primary consultant. Comment at the meeting pointed to a lack of communication between the parties. The Coordinator offered guidance and resources to move the Plan forward. The Planning Commission and City staff are attempting to work together to advance completion of the Plan to a point where the requisite public hearings can be held.

The successful completion and adoption of the comprehensive plan is a critical element for future revitalization and development as it will provide land use guidance and strategies for housing and economic development and will serve to guide the City's strategic investments going forward.

The City and its Redevelopment Authority (HRA) continue to work closely with PennDOT on a plan to make major improvements to the Harrisburg Transportation Center (HTC). The Center serves as a key anchor for the downtown and a hub for both rail and bus service for the City and region. Following last year's award of \$15 million by PennDOT to fund a number of needed physical improvements, PennDOT has moved forward with design work that will address improvements including new roofs an energy efficient HVAC system and improved ADA access. They are currently working with the Federal Transportation Administration on environmental clearances. Design work is 60% completed and will need Amtrak review prior to going to bid. When completed, the HTC will provide an overall enhanced customer experience and serve as the foundation for the transit oriented redevelopment of surrounding, underutilized properties including the sizeable former U.S. Postal Service property on Market Street, and possibly the former Patriot News Building also located on Market Street.

To further build on the Transportation Center project, PennDOT initiated a Transit Oriented Development (TOD) concept study. In partnership with the City and HRA, PennDOT engaged the Michael Baker firm as consultant to study the reuse and redevelopment of the area adjacent to the HTC. The study focuses on a four block area surrounding the HTC and will provide different scenarios that may be advanced for implementation to promote redevelopment, business attraction and connectivity of the Center to the adjacent neighborhoods. PennDOT, the City and Baker held a Visioning Week exercise last fall to solicit as much input as possible on the reuse and redevelopment of the Market Street corridor and surrounding area. Public engagement and response was enthusiastic. The HTC and surrounding properties possess great potential for supporting mixed use residential and commercial development designed to maximize access to public transportation and incorporate features encouraging transit ridership all with a resulting positive impact on the City's tax base. The consultant has reviewed all of the input received and at year end provided 3 different concepts for further consideration. The next step in the TOD development is to complete a Hydrological and Hydraulic study of the Paxton Creek corridor to assess its impact on the TOD development area. This study, also funded by PennDOT with Michael Baker as the consultant, was released for public review in October 2017.

The City has developed and adopted a Local Economic Revitalization Tax Assistance (LERTA) program. LERTA is a tax abatement program designed to incentivize development within Harrisburg by offering tax abatement programs for those individuals and businesses interesting investing in targeted neighborhoods. Priorities of the LERTA program will be further informed by the City's updated comprehensive plan. Both the Harrisburg School District and Dauphin County

also approved participation in the LERTA program in 2016. With approval by the three taxing bodies, the City undertook recruitment efforts for a LERTA program administrator and hired an individual who started in January. The primary focus of the LERTA Administrator to date has been public outreach. The LERTA Administrator has met with a number of developers, bankers, and real estate professionals through both workshops and individual meetings to articulate the details of the program and advocate for program participation. In addition, the LERTA Administrator and planning staff reviewed all redevelopment projects and met with property owners to discuss and advocate for the LERTA. Currently, four applicants have applied for LERTA and they are waiting for the final LERTA assessment to be conducted.

At the end of 2016, a \$3.5 million state Redevelopment Assistance Capital program (RACP) grant was awarded to developers to assist with an \$8 million investment in commercial and residential revitalization in mid-town. A second RACP grant of \$3 million was awarded to the City in October 2017 to launch the revitalization of an entire neighborhood in Allison Hill (Mulberry Derry Square know as MulDer Square) with new streetscaping, affordable apartments and retail stores. This project builds on the recent completion by PennDOT of the rehabilitation of the Mulberry Street Bridge. The MulDer Square project is currently underway, with program partners HHA and Tri-County Housing beginning their housing development efforts this summer. This project provides a foundation for further development in the South Allison Hill neighborhood.

To further advance economic development the City also submitted five new applications totaling \$135 million for consideration in the upcoming RACP funding legislation. Projects include further support of the TOD study recommendations, the Paxton Creek Channelization, City Island redevelopment, City Hall rehabilitation and City-wide economic development projects. Although the time line for these projects is long and approval uncertain, it's important that they are included in the legislation and represent priorities for the City. It will be incumbent for the City to proactively engage with their legislative representatives on these projects

Economic development activities are continuing on various fronts in the City and are discussed in several sections of this report. The City's economic recovery is building on its assets, one of which is the strong educational presence in the City that includes Harrisburg University (HU), Harrisburg Area Community College, and branches for Temple University and Messiah College. HU in particular is serving as the foundation for economic development in the downtown and fueling a boom in the tech industry. More than 20 tech firms have been established in the last several years employing over 800 in the downtown. The opening of the Blackberry Technology Center in March and the current expansion of WebPage FX highlight the tech industry's development with other tech startups expected in the coming months.

The City continues moving forward with the organization of its Land Bank which will focus on blighted properties and provide the ability to acquire vacant or abandoned properties, undertake improvements and return them to the tax base. The Land Bank will use available resources to facilitate the return of vacant, blighted, abandoned and tax-delinquent properties to productive use, thus combating community deterioration, creating economic growth and stabilizing the housing and job market. This will provide the City with a major tool to tackle blight and assist in growing the City's tax base and furthering its recovery. The Board is looking at judicial sales for potential acquisition and is awaiting finalization of the comprehensive plan to provide further strategic direction.

In lieu of the comprehensive plan framework, the Land Bank Board has been meeting regularly with support from the Community and Economic Development Director to evaluate and act on opportunities. However, its Solicitor resigned late last year and though efforts to recruit a new

Solicitor have been undertaken, an individual has yet to be found. This has limited the scope and scale of Land Bank projects to date. Despite these limitations, the Land Bank has made some small property acquisitions to assist with land assembly for development. These efforts will assist with economic development in the City and should be augmented once the solicitor position is filled and the necessary labor capacity added to proactively pursue further acquisitions. To date, the Land Bank has been utilized for land acquisitions associated with the 14<sup>th</sup> Street sink whole project.

The Federal Courthouse project took another step forward during the quarter. President Trump's budget proposal for FY 18 released May 23 included \$137.2 million for construction of new 243,000 square foot Federal Courthouse at Sixth and Reily Streets. This followed action in January 2017 by the U.S. General Services Administration (GSA) to award a \$9,194,935 contract to Ennead Architects of New York to provide architectural/engineering services for the Courthouse. The services include revising the former approved design concept and completing the design services for the new courthouse. Design services are estimated to be completed in fall 2018; planning and engineering staff are meeting with the design team every three weeks to review design progress and to identify, discuss, and address infrastructure impacts associated with the project.

Over the last quarter the City has made further progress with the sinkhole mitigation project on South 14<sup>th</sup> Street in their efforts to address the significant housing and infrastructure issues on this street. At its 4/24 meeting Council awarded a contract to Navarro & Wright Consulting Engineers, Inc. for project management services in connection with the sinkhole mitigation project in the 1400 block of South 14<sup>th</sup> Street. With the federal government's expansion of the definition of a disaster in late 2014 to include sinkholes, Harrisburg was the recipient of federal mitigation funds to buy homes ruined by sinkholes on South 14<sup>th</sup> Street. Although initially denied funding, in September 2016, FEMA awarded the City \$1.65 million to undertake an initial phase of the project to acquire and demolish approximately 25 homes in the center of the block. DCED also identified approximately \$8.5 million in Disaster Recovery funding available statewide through the Department of Housing and Urban Development (HUD). The South 14<sup>th</sup> Street project has been prioritized by DCED for this funding which would be used for the acquisition and demolition of the remaining South 14<sup>th</sup> Street properties impacted by the sinkholes. DCED submitted its formal request to HUD and in late October HUD announced its approval of the additional funding needed to complete the sinkhole mitigation project.

Since then, DCED and PEMA have been working with the City and residents to move forward with property acquisition. A relocation consultant, Capital Access, Inc., was engaged by DCED to assist with ensuring compliance with federal regulations related to relocation. To date, DCED and Capital Access staff have met with 10 tenant households and is reviewing their eligibility for relocation assistance. PEMA staff has also been meeting with property owners to inform them of the buyout process. A contract between the City and PEMA has been executed by the City and returned to PEMA for processing. At its March 28 meeting Council authorized moving forward with the purchase of 53 of the properties based on a letter received from PEMA indicating finalization of the contract was pending. Council's action allows the City to front the initial acquisition cost and then be reimbursed by PEMA. On May 18, HUD announced that the May 31 deadline to expend funds had been extended for an additional 2 years thus providing time to complete the relocation and buyout process. The City is moving aggressively to purchase the properties in question. The combination of the FEMA and HUD funds will allow for the acquisition and demolition of all of the properties on South 14<sup>th</sup> Street that were adversely impacted by the sinkholes. Following their demolition, the site will become a greenspace with no further development.

## Parks and Recreation

The Bureau of Parks and Recreation is responsible for the management of recreation programming at the City's active recreation areas, such as the City's two pools, Reservoir Park, and the City Island beach. Park maintenance is completed by park maintenance staff housed in the Bureau of Neighborhood Services. It is important for recreation programming to be closely coordinated with park maintenance. The Bureaus of Park Maintenance and Neighborhood Services have a good working relationship and coordinate with each other well but there are opportunities to build upon this relationship. This opportunity is further emphasized by the fact that park maintenance was transferred from the Bureau of Public Works to the Bureau of Parks and Recreation in the 2016 budget.

The Bureau of Parks and Recreation is also actively engaged in planning for an estimated \$1.8 million in upgrades to five parks and playgrounds in the City. They have obtained grant commitments from DCNR, DCED, Impact Harrisburg, and Capital Region Water to complete major repairs to the Heights playground, Royal Terrace playground, Penn and Sayford playground, Norwood and Holly playground, and the Fourth and Dauphin playground. The City worked with these partners to formalize project parameters in a memorandum of understanding and has issued a request for bids to repair four of the five playgrounds. A pre-bid meeting was completed the week of September 25, 2017 and work began in the fourth quarter. This series of projects represents an example of excellent intergovernmental cooperation and demonstrates the tangible impact of the capital project funding made available through Impact Harrisburg and the Act 47 process.

City Island is a significant asset not only for the City but also the region. It offers many opportunities that can support the City's economic development plans though without a thoughtful strategy the Island's full potential will not be achieved. The City has undertaken a more comprehensive view of City Island and continues its efforts to try to determine its best use as a regional asset. The City participated in a charrette undertaken by the Urban Land Institute (ULI) that provided both short-term and long-term recommendations. Key recommendations included developing a master plan for the Island and centralizing management for island related activities.

There are also outstanding issues related to permits and prior grants the City received under the Federal Land and Water Conservation Program (LWCP) for work on City Island including the stadium area. Department of Conservation and Natural Resources (DCNR) is the administrator for these grants and close coordination with them is needed to resolve outstanding issues. There remain numerous City Island issues that are yet to be fully addressed including parking issues, DCNR related matters and the Senator's park permit. The Strong Plan modifications address moving forward with the development of a long-term plan for the Island that addresses these issues and enhances the Island's role in the City's recovery. In April, the City submitted a grant application to DCED for City Island Master Plan funding to help guide future development on the Island. That application is currently under review.

Another of the City's park and recreation assets is Reservoir Park which the Mayor has referred to as the "crown jewel" of the City's park system. Following DCNR's award of a \$50,000 matching grant to develop a master site plan to reimagine the historic park, the City retained H. Edward Black and Associates as lead consultant supported by Simone Collins landscape architects and Urban Partners to undertake the study. Work was initiated in late 2016 with an initial public forum to gather input from City residents on the park's future. The study is being guided by a Steering Committee working in concert with the consultant. Four public meetings have been conducted to

gather input. The study was completed in the fourth quarter and will serve as a framework for strategic investment.

In April, the City awarded a \$50,000 contract to repair and repaint the Bandshell at Reservoir Park. Work was completed in time for the annual Shakespeare in the Park performances that occurred earlier in June. Further, in March the City received an insurance settlement of \$175,000 for two pistols stolen from the Civil War museum. These funds will serve as a resource to assist with the implementation of the study's recommendations for Reservoir Park.

### Intergovernmental Cooperation

While there are specific instances of cooperation between and among the City, various Commonwealth agencies, Dauphin County, the Harrisburg School District and other neighboring municipalities as discussed below and elsewhere in this report, it remains important for the City to continue to take a proactive role in pursuing intergovernmental cooperation opportunities.

Prior to, and since the City's entrance into the Act 47 program, the City has engaged in collaborative work with a variety of intergovernmental agencies. Examples include the City producing, distributing and collecting real estate taxes on behalf of the School District and performing a similar function for the shared Business Privilege/Mercantile Tax and the recent cooperation on the establishment of a yard waste facility and LERTA program.

The City and Dauphin County collaborate in the provision of various public safety services. The Harrisburg Police Bureau participates in the Dauphin County Special Weapons and Tactics Team (SWAT) and works closely with the Dauphin County District Attorney's Office in criminal investigations. Since June 2011, the Dauphin County Communication Center has provided 911 and dispatch operations for the City, resulting in a significant savings to the City.

Following a Strong Plan recommendation, the City also became a member of the Capital Region Council of Governments (CRCOG) in 2014. CRCOG is a voluntary association of 40 member municipalities from Cumberland, Dauphin, Perry and York Counties, formed to promote intergovernmental communication and cooperation. Among its programs are a joint purchasing program and an auction for surplus property and equipment. The City's participation in the COG has resulted in cost savings for various commodities and services. The COG also provides a forum to discuss common issues in the Harrisburg region. **The City also uses the COG's job opening website for recruitment of personnel.**

The City is also a member of the Dauphin County Tax Collection Committee which has engaged Keystone Municipal Service to collect the Earned Income Tax for all municipalities and school districts in the County. Beginning in 2016 the City entered into a contract with Keystone Municipal Service for the collection of the Local Services Tax in order to have a more efficient collection operation for its employment based taxes.

The City is currently engaged in active discussions with the Harrisburg School District on a joint yard waste facility project that is discussed further under public works. It is partnering with PennDOT on a Transit Oriented Development study of the Transportation Center and surrounding area and as a supplement to this project also working with PennDOT and their engineering consultant on a Paxton Creek Evaluation Study to understand the existing flood potential and identify different options to help mitigate flooding within the TOD project area.

The Act 47 Plan includes a number of initiatives relating to intergovernmental relations. In the area of public safety, there are two major opportunities going forward. The first opportunity relates to the recommendations of the regional policing study which was completed in December 2015. The study, funded partially by the Act 47 program, and completed by the Police Executive Research Forum (PERF), identifies multiple opportunities for intergovernmental service sharing and cooperation in the policing area. It is important for the City to pursue those opportunities to determine where costs savings and/or service enhancements can be achieved.

The second public safety opportunity relates to the fire service. With staffing in the Bureau of Fire, and volunteer firefighter availability in surrounding communities declining, the City is in a position to offer fire service to its neighbors. The deployment approach, service impact, and financial implications of such opportunities must be fully vetted but they potentially serve as an opportunity to enhance service levels and secure valuable revenue for the City, while potentially enhancing fire service quality in neighboring communities. These opportunities should be aggressively pursued as part of the City's recovery effort.

The City must continue to work closely and cooperatively with the County and Commonwealth agencies on infrastructure and economic development initiatives. PENNDOT has committed to contribute significant resources to the City for infrastructure repair and development that is critical in fostering the City's economic recovery. The County along with the Harrisburg Regional Chamber and CREDC are important partners in the region's economic development. These efforts, and others, should be aggressively pursued to strengthen the City's recovery and support its sustainable exit from Act 47.

### **Collective Bargaining**

The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 ("FOP"), the American Federation of State County and Municipal Employees District Council 90, Local 521 ("AFSCME"), and the International Association of Firefighters, Local No. 428 ("IAFF"). Each of the City's three unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the initial Strong Plan in August 2013. The amendments to the prior collective bargaining agreements for the bargaining units, as well as those initiatives for the non-union City employees, were implemented, and cost reductions resulting from these changes continue to be monitored. Although the formal Amendment documents setting forth the revised contract language were finalized and agreed to by AFSCME and the FOP, an amendment document for the IAFF was never completed. The City prepared a formal Amendment document setting forth the changes in the Tentative Agreement document – which was formally ratified by both the IAFF and the City and provided it to the IAFF for execution – however, the IAFF never responded to this formal Amendment document. The Coordinator has continued to insure implementation of the negotiated changes and assist as necessary with respect to any issues and grievances that arise relating to those changes or to any of the Plan initiatives.

In the Amended Strong Plan that was passed by City Council in April 2016 and approved by the Commonwealth Court on July 20, 2016, the Coordinator established new compensation allocations for the FOP, AFSCME, and IAFF units that are consistent with significant amendments which were made to Act 47, commonly referred to as the Act 133 Amendments of 2012 ("Act 133 Amendments"). As amended, Act 47 now requires the Coordinator to project revenues and expenditures for the current and next three fiscal years, and develop a capped amount for each city bargaining unit to be available for total compensation and benefits for employees in that unit. For that reason, and unlike the predecessor Strong Plan, the new Plan separates the costs related

to each of the City's collective bargaining units included in the overall cost projections in the Plan so that each bargaining unit can have an active role in collectively bargaining for those compensation items that are most important to the employees in each unit.

Because the CBAs with FOP and AFSCME expired on December 31, 2016, the City started negotiations with the FOP in September 2016, with AFSCME negotiations starting thereafter. The negotiations for the FOP and AFSCME successor agreements are the first time since the City entered into Act 47 that the unions are obligated to negotiate all terms with the City and that the City has the right to renegotiate employment terms with the unions. The City retained the law firm of Elliott Greenleaf to handle its labor negotiations. Members of the Coordinator team met with the City's officials and its new outside labor counsel to discuss negotiation topics in light of the Amended Strong Plan.

Elliott Greenleaf represented the City in its negotiations with the FOP and AFSCME throughout the fourth quarter of 2016 and the first two quarters of 2017. While negotiations with the FOP did not result in a successor contract being reached by the end of 2016, the parties eventually reached an agreement without needing to resort to interest arbitration in March 2017. The agreement covers fiscal years 2017-2020 has since been executed and ratified by the FOP membership by an 89-7 vote and City Council passed a resolution at its May 23 meeting approving its terms. The City provided cost information on the proposed contract terms and upon review by the Coordinator's Team, the proposal was found to be consistent with the labor provisions of the Strong Plan modifications.

While negotiations with AFSCME started more slowly, the City quickly reached a successor agreement with that union as well. The City also provided cost information on the proposed contract terms and upon review by the Coordinator's Team found the AFSCME proposal also consistent with the labor provisions of the Strong Plan modifications.

On January 10, 2017, City Council passed a resolution approving the terms of a CBA with AFSCME to cover the years 2017 and 2018; however, at this juncture, the parties do not yet have an executed version of the final contract. Execution of the CBA was stalled in January because the parties required a study from the Pennsylvania Municipal Retirement System ("PMRS") regarding the actuarial information on the impact of certain provisions in the new CBA. The City cannot execute the new agreement or honor the new pension terms until the PMRS Board formally approves the negotiated changes to the pension terms. Nonetheless, the City has already implemented all other aspects of the CBA as amended, and the PMRS Board met in July 2017 to approve the pension changes reflected in the new CBA.

Meanwhile, the CBA with the IAFF was set to expire on December 31, 2017, so the City entered into preliminary discussions with the union. At the IAFF's invitation, the Coordinator made a presentation in April to the IAFF's entire membership, providing an overview of the Act 133 Amendments to Act 47 and the terms of the Amended Strong Plan, and held a discussion for any questions that the membership might have. The Coordinator felt that this meeting was positive and set the stage for constructive negotiations for a successor agreement. Elliott Greenleaf represents the City as its labor counsel in connection with negotiations with the IAFF. The IAFF is represented by Stephen Holroyd of Jennings Sigmond, P.C. On November 21, 2017, John Dean of Elliot Greenleaf advised the Coordinator that the City and IAFF have reached a tentative agreement for a successor CBA as a result of the negotiations. The Coordinator reviewed the contract proposal to ensure that it was in compliance with the Strong Plan. The City and the IAFF presented a final agreement to the IAFF membership on December 29, 2017 and the union

members rejected the IAFF agreement. The City and the Coordinator are in discussions with the Union's Labor Counsel as to next steps.

In terms of pending grievances, AFSCME's grievance regarding the manner in which the bonus provision in the amended CBA is being interpreted remains pending. In accordance with the successor CBA, the City has paid bonuses to "all employees in the bargaining unit as of December 31, 2016. AFSCME, however, contends that "all employees in the bargaining unit" includes those individuals who are not yet bargaining unit members because of their probationary status and lack of dues obligation. The Coordinator and the City believe that payments have been made appropriately and will prevail if this grievance proceeds to arbitration.

Other grievances previously mentioned in prior reports remain pending, including an FOP grievance that was filed after the Police Chief would not allow officers to perform off-duty work at the Great American Outdoor Show. An FOP grievance is also pending on an individual employee suspension issue, and there is a pending request for arbitration from the FOP related to a police officer's request to return to work or receive injury-on-duty benefits. An IAFF grievance is also pending regarding the City's failure to implement promotions related to civil service testing and the parties' prior agreement related to same. From the Coordinator's understanding, there is not a significant risk of exposure on any of these pending matters, and the Coordinator will provide further information when it becomes available.

Fire overtime has been a continuing issue for the City since long before the City entered into Act 47, as the expenses were constantly exceeding budget. However, the City has been able to significantly reduce its overtime expense after the IAFF CBA was amended in April 2014, one fire station closed, and new firefighters were appointed in June 2014. Through prudent personnel management, the City's Fire Chief has successfully been able to continue to contain Fire overtime costs. For example, for the first quarter of 2014, total overtime (inclusive of premium pay) was \$727,432 or 64% of salary, while for the balance of 2014 total overtime was \$1,100,943 or 32.5% of salary, half of what it had been averaging before the CBA amendment. For the full 2014-year, overtime was 40.5% of salary and 91% of the \$2,000,000 budget for overtime. Positive trends have continued in 2015, 2016 and to date in 2017. The City has been able to contain overtime and stay within the \$1,015,000 annual budget for overtime and premium pay – which budget is nearly half of what the budget was in 2014. In 2017 thru May, expenditures for overtime combined with premium pay total \$452,302.37, or 23.5% of regular salary. This expense is at 44.7% of budget for these items. Needless to say, this pattern of reduced overtime has had a positive impact on City finances and is anticipated to continue through 2017.

### Asset Monetization Matters

This section of the report provides an updated summary of progress made with respect to:

- Long-term capital lease of Harrisburg's parking assets from the City and the Harrisburg Parking Authority (HPA) to the Pennsylvania Economic Development Financing Authority (PEDFA),
- The sale of the incinerator from The Harrisburg Authority, now Capital Region Water (CRW) to the Lancaster County Solid Waste Management Authority (LCSWMA),
- Activities related to the "Verizon Bonds," and
- Activities related to the transfer of the water and sewer operation from the City to CRW.

After the December 2013 consummation of the Strong Plan, the City no longer is a guarantor of debt payable on either the Resource Recovery Facility or Parking System. Debt service on these

assets is now payable by the Lancaster County Solid Waste Management Authority and the Pennsylvania Economic Development Financing Authority (PEDFA) respectively.

The Strong Plan focused not merely on restructuring City liabilities, but also the elimination of the vast majority of the City's debt and other obligations. The exceptions were the City's General Obligation Bonds and to a more limited extent, the so-called "Verizon Bonds." The former were restructured as part of the Strong Plan's consummation. As to the latter, over half of the debt service will be paid for by lease payments made by the Commonwealth and expense reductions achieved by management. The remaining obligation of the City was restructured as part of the Settlement Agreement on the Verizon bonds in January 2015.

During the course of 2017, PEDFA has engaged in conversations with all affected parties, engaged its professionals and staff to craft an amendment to the indenture and has as of December 12, 2017 sent to all interested parties an amendment to the trust indenture for their review. PEDFA believes the amendments will resolve the outstanding ambiguities, repay SP+ for its inadvertent overpayment in 2014, make distributions in excess of \$180,000 to the City and HPA and provide much needed funding for the Capital Reserve. It is PEDFA's desire to resolve these issues as soon as possible.

### Harrisburg Parking

The parking monetization was the cornerstone of the City's recovery plan. The choice faced by the Office of the Receiver was whether to sell the system to a private equity firm or hedge fund, or put in place a monetization structure that maintained ownership of the assets for Harrisburg, and aligned the incentives of the parties, so that the better the system performed, the more the City would benefit. The latter approach was chosen and therefore it is to the City's benefit that it does everything in its power to improve revenues and support the parking system. This includes recognition that proper maintenance of the parking system is critical to the continuing flow of revenue for the City.

The proceeds of the parking monetization that were received in December 2013 were allocated to the "Acquisition Price" used by the HPA and City as follows:

1. Repay the balance of negotiated settlement with Resource Recovery Facility creditors (\$128 million).
2. Pay debt service on GO Bonds for first time since 9/15/11 (\$6 million).
3. Repay all of the Harrisburg Parking Authority's debt (\$99.8 million).
4. Pay \$36 million to the City of Harrisburg to be used to:
  - a. Reduce payables
  - b. Create an OPEB Irrevocable Trust and fund an initial deposit – (The OPEB Board remains to be created by the City; however, the Coordinator has met with the City's Business Administrator, Mark Wholley, City Solicitor, Neil Grover, and City Finance Director, Bruce Weber to discuss its' construct. The goal is to have the OPEB Board selected within the first half of 2018.)
  - c. Fund deposit to Impact Harrisburg
  - d. Fund a budgetary reserve to get through first three months of each year (This has worked well as the City has not needed to draw on a TRAN)
  - e. Repay Pennsylvania Investment Bank
  - f. Repay agreed upon amounts to equipment lender

Subsequent to Plan consummation, the parking assets are under the auspices of the PEDFA who engaged Capital Region Economic Development Corporation (CREDC) as their agent to oversee

the operation and management of the parking operation. (Please see the note above about the PEDFA proposed amendments.) PK Harris/Trimont Real Estate Advisors is responsible for managing the parking assets and Standard Parking Corporation/SP+ is managing day to day operations. PEDFA contracted with CDM Smith in the fall of 2015 to review certain financial elements of the Park Harrisburg System, given the failure to satisfy the 125% rate covenant under the bond indenture. PEDFA in consultation with the bond guarantors determined that a review of the operational issues to provide recommendations aimed at improving the system's operations and financial performance would be undertaken. CDM Smith issued its report at PEDFA's October 21, 2015 meeting. Key comments and recommendations were:

### **SP+**

- *It is the opinion of CDM Smith that a much smoother handover from HPA to SP+ could have taken place, including temporarily hiring former HPA employees. Hence, we believe that SP+ management should have better planned for the transition from HPA to their firm. This transition also should have included more support from SP+ managers outside Harrisburg.*
- *It would have been difficult to completely mobilize because the transfer date was uncertain. Devoting resources in a standby capacity during the holiday season would have been difficult.*
- *Further complicating the transition period from HPA to SP+ was the company's recent merger between Standard Parking and Central Parking becoming SP+.*
- *PK Harris also expressed concern with the on street parking enforcement equipment's inability to allow a 5 minute grace period on parking meter violations. According to SP+, it is a technology issue, and the vendor had not provided a solution. A 5 minute grace period would engender some goodwill with downtown Harrisburg parkers. (The grace period was subsequently implemented)*

### **Fiscal Year 2016 Results**

For calendar year 2016, all project revenue line items were basically on budget. For the same period, operating expenses were slightly over budget (3%) due to higher legal expenses and higher utility expense.

### **Fiscal Year 2017 Results**

Through November 2017, revenue from the parking system has increased by 4.3% over the eleven months ending November 2016.

For the same period, operating expenses are lower by 1.2% than eleven months ending November 2016.

### **Fiscal Year 2018 Operating and Capital Budgets**

The proposed 2018 operating and capital budgets have not been approved yet in accordance with the Indenture and thus interim budgets will be utilized. In general, the 2018 interim operating budget will reflect the current rates for monthly, transient, and meter parking while the DGS lease rate will increase per the terms of the lease. The 2018 interim operating expenses will be equal to 2017 budgeted operating expenses increased by Consumer Price Index (CPI.) The 2018 interim capital budget will be equal to the amount in the CDM Smith report for 2018 which is \$1,394,580.

### Payments to the City and Harrisburg Parking Authority

With regard to the City/HPA payments through December 1, the City has been paid \$1,583,048, as compared to maximum scheduled payments of \$1,798,000. HPA has been paid \$1,058,301, as compared to maximum scheduled payments totaling \$1,202,000.

As to other subordinate expenses, there have been no Performance Fee deposits/payments made in 2017 and no PEDFA fee deposits/payments made in 2017.

The Trustee is holding \$1,160,881 pending resolution of issues related to ambiguities in the Trust Indenture, and certain previously described underpayments and over payments from previous periods.

There have not yet been any payments of projected cash flow to SP+ for the 2014 overpayment it inadvertently made into the Indenture.

Notwithstanding, the fact that the parking system is generating insufficient amounts to pay all subordinate expenses, Tables 1 and 2 below reflects the significant positive impact the parking transaction has had on revenues of the City derived from parking related fees and charges. In 2012 and 2013, parking tax receipts that the City collected and retained in its general fund were approximately \$1.5 million and \$1.6 million respectively. Parking tax revenues have consistently risen year over year and are expected to do so again this year.

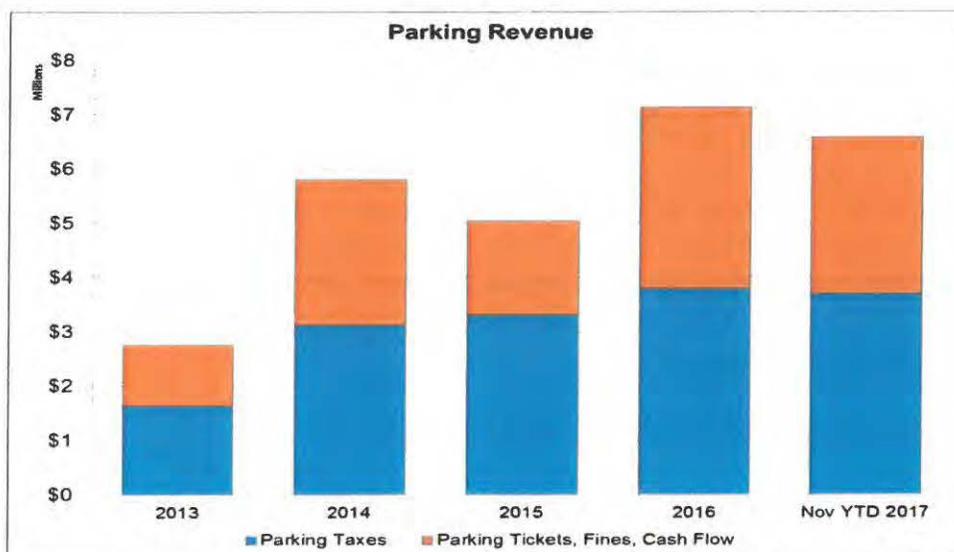
The 2016 budget for Parking Taxes was \$3.8 million and the City received \$3,769,704 (unaudited). The 2014 payments include what has been identified as an overpayment by SP+, otherwise this amount would be significantly lower. As of year-end 2016, the new parking construct has succeeded in generating in excess of \$4 million more in 2016 than the old construct generated in 2013 (prior to the parking transaction's closing that occurred on December 23, 2013).

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**Table 1  
City of Harrisburg  
Parking Revenues**

**Table 1 City of Harrisburg, Parking Revenues**

Group	Account Description	2013	2014	2015	2016	Nov YTD 2017
Parking Taxes	MBP PARKING TAXES CURRENT	1,613,906	3,100,722	3,289,446	3,769,704	3,668,788
Parking Taxes	MBP PARKING FEE	13,271	16,721	11,573	13,724	12,580
Parking Fees	PARKING LICENSE FEE-PRIOR	476	3,266	2,131	710	4,076
Parking Fees	PARKING LICENSE FEE-PENAL	668	3,477	2,007	3,010	3,284
Parking Fees	TOWING FEES	24,954	28,360	21,665	22,595	20,706
Parking Fees	METER BAG RENTAL	149,706	62,834	21,504	24,116	49,312
Parking Fees	FINE AND COSTS	72,919	72,570	49,535	42,244	13,627
Parking Fees	BOOTING FEES	1,925	14,595	8,850	3,300	2,925
						0
Parking Tickets	PARK TICKETS-VIO FINE	880,585	475,248	463,641	447,119	376,923
						0
Ground Lease Payment	PRIORITY PARKING DISTR.	0	900,000	527,900	1,093,623	974,526
						0
Priority Parking Distribution	PRIORITY PARKING DISTRIBUTION		1,100,000	636,951	1,717,788	1,457,735
						0
Rental Income	HPA RENTAL INCOME	0	20,800	0	0	0
HPA Coordinated Pkg	HBG PRK AUTH COORD PKG	0	0	0	0	0
	<b>Total Parking Revenue</b>	<b>2,758,410</b>	<b>5,798,593</b>	<b>5,035,203</b>	<b>7,137,933</b>	<b>6,584,482</b>

**Table 2**

### Additional Incentive Programs

A 15 minute free parking program was initiated last year for several parking areas in the Central Business District (CBD) of Harrisburg previously marked as loading zones. To date, parking revenue from meters located around the free parking spaces have not been less than budgeted. The program was expanded in early 2017 to include conversion of 22 additional loading zones in the Harrisburg Central Business District to 15 minute free parking areas.

### Parkmobile

Parkmobile was selected by Park Harrisburg to replace Pango as the provider for mobile-payment solutions effective March 1, 2017. Parkmobile is the leading provider of mobile-enabled parking and mobility-related services in North America. The company's mobile payments solution will allow parkers to use their mobile phones to pay for parking at all of the on-street spaces managed by Park Harrisburg. Customers can pay with their smartphones using Parkmobile's mobile applications for iPhone, Android, and Windows phones, or by calling the toll-free number on the Parkmobile meter stickers. Park Harrisburg in partnership with the City and Parkmobile has implemented two other promotional programs that can provide a more customer friendly parking experience. LUV HBG provides 4 hours of free metered parking on Saturdays and AFTER 5 provides \$1/hour meter rates from 5:00 to 7:00 p.m. in the central business district. Park Harrisburg and Parkmobile are working with local businesses on other promotional programs utilizing this application.

In May 2017, Parkmobile had approximately 9,200 transactions. This compares quite favorably to the PANGO transactions which were approximately half this amount in May 2016. Public response to Parkmobile to date has been favorable.

## Accruals

The trustee has provided an opinion on language in the trust indenture related to the waterfall payments and stated that the language related to accruals is ambiguous. In light of this opinion, PK Harris has made the City's payments for 2016 (and thus far in 2017) consistent with the schedules in the Asset Transfer Agreement until such time as all parties agree to any changes. The Asset Manager engaged CDM Smith to update the capital study in order to factor in capital requirements for the system as part of a term sheet. Subsequent to the completion of the updated capital study in the fall of 2016, AGM and Dauphin County in their role as credit enhancers and creditors prepared a proposed term sheet for discussion. Several positive meetings were held during the fourth quarter and first quarter of 2017 between the creditors and the City to discuss the term sheet. It is the Coordinator's belief that a mutually acceptable resolution can be reached by the parties, that balances the needs of the parking system and the City.

## Capital and Operational Improvements

Capital Improvement projects completed in 2017 include:

1. Concrete repairs at the Locust, Market Square and Chestnut garages.
2. Repaving of the 7th Street Lot and sealcoating of the 10th Street Lot and Mulberry Street Lots. As a result of additional research on cost saving measures by the Operator, SP+, the final cost of repaving the 7th Street lot was \$300,000 below estimates in the Capital Study.
3. A new 10-year Capital Study has been completed and will be utilized for identification of capital improvements by year for the future.
4. The project entered into an energy saving contract and has saved \$78,023 through November of 2017.

## Parking Advisory Committee

A Parking Advisory committee chaired by PK Harris/Trimont Real Estate Advisors, the Asset Manager, and comprised of representatives from CREDC (as PEDFA's representative); SP +, the Operator; HPA; the Mayor; City Council; Department of General Services (DGS); AGM; and the County was established under provisions of the Asset Transfer Agreement and continues to meet periodically to keep stakeholders informed on the system's operation. Although it has no decision-making authority, the Advisory Committee serves as a forum for communication and interaction among the parties with interests in the operation of the Parking System and as a vehicle for customer and public input with respect to the operation of the system. The Committee's last meeting was held on December 12. No additional meetings have been scheduled at this time.

## Resource Recovery Facility

### **Results for 2014 - 2017**

The Lancaster County Solid Waste Management Authority (LCSWMA) has operated the resource recovery facility since December 2013. Tonnage from the City, delivered to the Susquehanna Resource Management Complex (SRMC) exceeded the City's minimum required 35,000 tons in 2014, again in 2015 when the City disposed of 36,636 tons (105%), and again in 2016 when the City disposed of 35,953 tons (103%). As of the end of August, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was 25,223 tons (72.2%) of the

City's 35,000 ton minimum put or pay requirement. It is running slightly above last year at this point and is on target to again meet or exceed the 35K minimum.

Tipping fees were reduced in 2014, and have remained the same since that time. The more the City diverts from the waste stream through recycling, the less it has to pay for disposal costs. The plan to avoid using general fund monies to pay for any costs resulting from the put or pay provisions being activated included the combination of increasing recycling which will result in payments for recyclable materials, savings from reducing disposal charges (freeing up additional disposal fees) and reducing "leakage" from the system.

The City also receives an annual Host Fee from SRMC. For 2016 the City received \$315,986 in Host Fees which exceeded the budget of \$280K. Through August, the City had received \$215,975 in Host Fees which is significantly above the host fee that it had received thru August 2016.

### **The "Verizon Bond Problem"**

The resolution of the Verizon Bond matter has resulted in significant positive benefits to the City. The resolution has been discussed thoroughly in prior reports. The benefits though are continuing to have a positive impact on the City. The lease between Harristown Development Corporation (HDC) and the Department of General Services (DGS) of what is now known as the Commonwealth Tower has resulted in approximately 780 people moving into the Tower in 2016. This influx of employees in the central business district has increased Local Service Tax revenues by approximately \$120,000 per year and also spurred increased economic activity throughout the Strawberry Square and Market Street areas.

### **Current Status of Commonwealth (formerly Verizon) Tower Project**

The Commonwealth renamed the Tower, the Commonwealth Tower, and by mid-2016 DGS had completed the build out and all Human Services employees had been transferred to the Tower. All told approximately 780 new Commonwealth employees now work in the Commonwealth Tower. By all accounts the project is one of the biggest improvement projects that has been undertaken in downtown Harrisburg and has spawned considerable additional activity in the Strawberry Square complex. This project has resulted in considerable savings to both the City and the Commonwealth (the former in regard to reduced total debt service obligations and the latter in regard to reduced energy costs under its lease).

### **Additional Improvements to Solution to the Verizon Bonds/Building Problem**

A recent negotiated settlement relating to the real property assessment of the parcel is expected to yield a significant, beneficial economic impact for the City. As built into the transaction's legal structure, operating expense savings inure to the benefit the landlord (Redevelopment Authority of the City of Harrisburg - the "RDA") and to the manager of the buildings (Harristown Development Corp.). To the extent additional cash flow - or conditional rent - is directed to the RDA, there is a dollar for dollar reduction in the obligations of the City under its Guaranty of the RDA's Federally Taxable Guaranteed Revenue Bonds, Series A of 1998.

The Stipulation and Joint Motion document and Amended Order of Court executed in July and August 2017, respectively, state that the assessment of the parcel changed effective January 1, 2016. The first conditional rent that would include any tax savings would be paid in April 2018 for the calendar year ending December 31, 2017 (because calendar year 2016 is already closed). Although not yet final, and subject to the taxing bodies' further review, calculations provided to

the Coordinator of the refunds/credits due from the County, City and School District for calendar years 2016 and 2017 approximate \$517,000 and may be available in April 2018, assuming no other offsetting items in the conditional rent calculation, assuming the taxing bodies issue the checks in 2017, and after recovery by HDC of \$51,000 in unreimbursed losses per the 2016 conditional rent calculation provided by HDC. HDC is awaiting confirmation from the City and School District regarding their calculations of the amounts of refunds/credits due and no actual refunds/credits have yet been issued.

In the original structure, HDC agreed to assume certain operational risks and subordinate certain payments to it to payments to the Trustee on the 1998 Bonds. They did so fully intending to bring this tax appeal, reduce energy costs and reduce as many expenses relating to the project as possible. Under the applicable documents, if there are "excess funds" (gross rent less operating expenses and fixed rent) the first \$150,000 goes to HRA as conditional rent and the balance is split 50/50 between HRA and the HDC.

HDC's estimate of the amount of conditional rent that they expect to be paid to the RDA beginning in April of 2019 is \$282,000 per year through 2025. This is comprised of the first \$150,000 plus 50% of the remaining excess funds.

### Harristown Development Corporation Activities

In December 2016, the Certificate of Participation Bonds, (debt on the Commonwealth leases for the Strawberry Square Tower and 333 Market Street Tower) were refinanced as part of the agreement with the Commonwealth under the Modernization and Cooperation Agreement executed in January 2015. As part of the agreement the Maintenance reserve fund for the Towers was "refilled" to its agreed upon ceiling at \$2 million. The fund had been depleted by the energy projects, thus \$1.2 million of the excess bond proceeds were transferred into the fund. This provides a revenue source to address certain capital needs in the SS complex including the replacement of the 333 Market Street escalator later this year at an estimated cost of \$450,000. Planning is also underway for new elevators in the public areas of SS with an estimated cost of \$350,000-\$400,000. Both of these projects represent about an additional \$1 Million investment in the SS complex.

Harristown Development Corporation (HDC) continues to actively pursue additional development opportunities in Strawberry Square and the surrounding neighborhood. Strawberry Square itself is a great redevelopment story based in large part on the 17 year Commonwealth lease for the Commonwealth Tower. Building on last year's successes that included a new Hallmark store, and expansions of apparel retailer, Amma Jo and Capital Area School for Arts several additional projects have moved forward during the second quarter.

Rite Aid opened its new store in Strawberry Square on May 25, 2017. This is the largest retail lease HDC has experienced in its 40 year history. The 14,000 square foot store is double the size of its previous location on Market Street and is considered one of Rite Aid's Flagship stores. It offers an extensive number of new products and services and has a special partnership with The Hershey Company with a "Chocolate World" style display and gift area. In the month since its opening, sales have been brisk and exceeded Rite Aid's expectations.

Fresa Bistro, a new 50 seat sit-down restaurant opened in at the end of the first quarter and is doing extremely well. It offers a menu of freshly made items, including sandwiches, panini, salads, wraps and soups. HDC has also just signed a lease for a new fast casual Asian/Fusion restaurant to be known as "Freshido." The 2,500 square foot restaurant will be located at the corner of 3<sup>rd</sup>

and Market Streets and have seating for approximately 60. It is expected to open by October 1 and provide yet another dining option in the downtown.

Best Friends Day Care which opened in 2015 has seen its business grow with the influx of new office employees and has just signed a lease for an additional 1,000 square feet that will be ready for occupancy by the end of the summer.

HDC is also hosting a monthly Pop-Up Happy Hour in SS that creates additional foot traffic in the SS complex and is a plus for retail establishments.

Public Financial Management, a major downtown employer announced in mid-June that it will expand and relocate to the M&T Bank building taking about 63,000 sq. ft. which is all the available office space remaining in this building. It's 150 employees will make the move by year-end. The move represents PFM's long-term commitment to the City as one of the leading businesses in the region.

Residential development also is continuing in both Strawberry Square and the surrounding Third Street neighborhood. Demand for residential housing in downtown Harrisburg is strong as evidenced by a study commissioned by Harristown Enterprises, Inc. The "residential opportunity assessment" report was completed by the national consulting firm, Real Property Research Group (RPRG) and concluded that downtown Harrisburg has great potential to absorb as many as 300 new market rate apartments over the next three years — a very encouraging sign for the City's future. HDC's focus is to create an environment where you can walk to almost everything you need."

In 2016 HDC completed renovations and placed into the market 51 high-end apartments in three complexes: The Flats at Strawberry Square (22 units); F@TT (Fifteen at 22 S. Third) (15 units) and South of Market (SoMa) (14 units). By March all of these units were occupied and there is a waiting list for openings. HDC is currently constructing two additional units at the Flats and has purchased three additional row buildings on South Third Street that it is renovating into six apartment units. HDC is also looking for opportunities to convert older class B and C office buildings into apartments given the demand for housing.

The Downtown Improvement District and Harrisburg Property Services recently partnered to open a new safety and security sub-station in the SoMa district. They will work closely with the City's police department and provide safety and security service to residents and patrons of businesses in this neighborhood.

Two other developers, WCI Partners, LP and the Vartan Group have been partners in the development of residential properties in the City. WCI recently developed the Union Street Lofts (33 units), the Locust Street Apartments (14 units) and Walnut Court Apartments (21 units). Both Locust Street and Walnut Court projects were leased in 6-8 weeks and the Union Street Lofts are already about half leased. WCI will bring on an additional 8 units at 916, 918, and 920 North Third St., adjacent to the Union Street Lofts, during 2017.

On the educational and technology front, the Blackberry Technology Center opened in the SoMa neighborhood in mid-March. The project involved the redevelopment of a blighted former hardware store that had been vacant for over 30 years into a three story, 4,500 sq./ft. building that now houses three technology based companies that employ approximately 30 individuals. All three companies are a product of Harrisburg University's (HU) technology accelerator. HU has been a key player in the development of a burgeoning technology industry in the City as evidenced by a

number of technology initiatives. Adjacent to SS, HU has recently completed the build out of its current building and is pursuing additional space in the downtown area. The technology sector has grown nicely with over 20 firms located in and around downtown employing over 800 individuals. Many of these individuals desire housing in the downtown and contribute to the economic growth evidenced in downtown.

Temple University is also part of the educational corridor with its location in Strawberry Square and has also experienced strong growth in both undergraduate and graduate programs. The Capital Area School for the Arts in Strawberry Square is entering its fifth year as a charter school. It now boasts over 200 students and is expected to renew its charter in 2018.

### **Strawberry Square Energy Efficiency Upgrade**

The Energy Upgrade in Strawberry Square was a separate Project thru DGS and HDC that was coordinated with the build out in PHASE 1 and 2 and is now complete. HDC entered into the performance agreement phase of the contract where the guarantee of savings by Siemens should be sufficient to pay the debt service on the loans. Siemens as part of their performance agreement maintains very tight oversight of the building's operation during the ten-year period. Comparative data for 2016 reflects an overall energy cost savings of 31% over 2015 with continued savings being experienced in 2017.

### **Senator's Stadium Bonds**

The park permit/lease with the Harrisburg Senators for the City Island stadium remains an issue as the City has had to make up the difference in debt service from what the permit revenue provides. This amounted to between \$180,000 and \$200,000 annually between 2012 and 2013 and has continued to be a growing obligation. The goal of the Receiver and now Coordinator was for the City to enter into a new permit/lease that insured adequate revenues paid from operations of the Stadium to fulfill the debt service obligations on the stadium bonds without further burdening City taxpayers. The City and Coordinator met on several occasions to discuss options and staffing for reaching out to the parties involved. The City has now assumed responsibility for the "Senators' Stadium" financing matter though the Coordinator's team continues to be available to assist should the City desire.

In 2015, the owners of the team held back certain payments to the City in order to fund capital improvements to the stadium, thereby increasing the amount of debt service the City was required to pay under the Guaranty of the bonds. In October 2015, the City had to transfer an additional \$85,000 (beyond a May payment of \$163,061) to meet the debt service requirement for a total of \$248,061 on the bonds for the year. In May 2016, the City made a payment of \$241,362 and in October paid an additional \$91,272 for a total of \$332,634. Annual debt service obligations on the stadium bonds will exceed \$650,000 in 2017. It is unknown the exact amount the City will need to contribute though it is likely to be similar to the 2016 payment which represented about half of the total debt service unless a resolution is found. The increase in debt service being paid by the City versus the Strong Plan projections heightens the reasons for making best efforts to use all resources and capacity available to reduce or eliminate this obligation. A resolution of the Stadium Bonds in a manner where they become self-supporting would save the City hundreds of thousands of dollars in debt service each year.

The Mayor has met with the Senators new owner, a local businessman, multiple times and continues to pursue additional uses for the stadium that would generate additional revenue for the City. Initiatives that increase cash flow to support the Stadium's expenses would inure to the

benefit of the City and are recognized by the Coordinator as positive steps by the City.

The Coordinator has recommended in the adopted Plan modifications that so long as the City is making payments under its guaranty of these bonds; all advances made are memorialized in a manner that enables the City to maximize its ability to be reimbursed by the team ownership out of excess revenues, if and when they become available.

Finally, both installments of settlement proceeds from the *In Re Derivatives* class action law suit have been paid to the Harrisburg Redevelopment Authority and should be used to defray some of the debt service expenses of this bond issue and the Verizon Bond issue. The Coordinator has stressed the importance of applying the proceeds of the settlement assets award to the respective obligations.

### Water Sewer and Storm Water Operation - Transfer of Assets

When the Receiver's Team looked at the City's assets and assessed options, three different strategies for three different assets were pursued. The incinerator was sold, the parking system was "monetized," and water and sewer (wastewater and stormwater) operations were transferred to The Harrisburg Authority, now Capital Region Water ("CRW"), which was converted into an operating authority (from a financing authority). Under this structure, water and sewer revenues would be insulated and separated from the City's general fund; and the infrastructure would be improved through expert and focused management and by eventually reinstating an investment grade credit rating.

The transfer, effectuated in late 2013, consolidated the ownership, administrative, operational and financial responsibilities for the drinking water, wastewater and stormwater operations to CRW. All City employees from the Bureaus of Water, Sewerage, and Operations & Revenue became employees of CRW. This transfer and consolidation was supported by the suburban communities served by the water systems, as well as regulators, and has been well-received by the citizens of Harrisburg. The organization is managed by a five-member City-appointed Board of Directors with an administration comprised of a Chief Executive Officer, Chief Financial Officer, and Directors of Engineering, Operations and Administration. It has grown from approximately 80 staff to over 115 since late 2013, vastly improving the quality of service being provided to the City's water and sewer customers.

### Strategic Planning

Capital Region Water's Strategic Plan was approved and adopted by its Board of Directors at its October 26, 2016 Board meeting.

The Strategic Plan identifies the following guiding principles that will lead the organization's decision making process in the coming years:

**Vision:** To be a leading, innovative and efficient water utility focused on serving our community.

**Values:** Capital Region Water has a shared commitment to sustainability and to doing the right thing for public health and the environment, customers and coworkers.

**Mission:** Capital Region Water is a dedicated team of professionals devoted to customer satisfaction and stewardship of our community's water systems from raindrop to river.

**Goals:** (1) Efficient Use of Resources, (2) Public Health & the Environment, (3) Customers & Stakeholders, (4) Workforce, and (5) Infrastructure Stability.

All departments of CRW have begun using the Strategic Plan as a guide toward project prioritization. A system of program tracking and reporting is being developed. More specific updates will be provided in future reports.

### Wastewater and Stormwater Compliance – Partial Consent Decree

The US Department of Justice and the US Environmental Protection Agency ("EPA"), along with the Pennsylvania Department of Environmental Protection ("DEP"), viewed the transfer favorably due to the capacity and expertise at CRW that would ensure the system's compliance with the Clean Water Act and Chesapeake Bay requirements.

Due to the authority's ability to access capital and work closely with the regulatory agencies, the conversion of CRW into an operating authority resulted in millions of dollars in savings to the City and rate payers through fine and penalty avoidance and lower cost of debt associated with environmental compliance orders including improvements to the Advanced Wastewater Treatment Facility ("AWTF") and significant wet weather pollution initiatives.

The City faced millions of dollars in fines and penalties from the Department of Justice (representing the EPA) and from DEP, due to failure to treat sewage properly and comply with applicable effluent treatment and combined sewer overflow standards. With the support of the Commonwealth, Capital Region Water secured a \$24 million low interest loan from PENNVEST for construction of the AWTF upgrades. With this low interest loan commitment, CRW was able to arrange for a private placement for the balance of the \$50 million AWTF project. Construction on the project was completed as of December 2016 (pending final documentation) and when final costs are tabulated is projected to come in under budget.

CRW has complied with all milestones of the Partial Consent Decree entered into by CRW, the City, the State Department of Environmental Protection, the US Environmental Protection Agency, and the US Department of Justice. The potential fines and penalties that would have been imposed on the City appear to have been avoided.

### City Beautiful H<sub>2</sub>O

"City Beautiful H<sub>2</sub>O" is a community based campaign to improve the health of local waterways and green the City while meeting stormwater and combined sewer system compliance issues. This campaign includes a Green Stormwater Infrastructure plan for CRW's stormwater service area, a partnership with Lower Paxton and Susquehanna Townships to complete a watershed-wide compliance strategy to meet Paxton Creek water quality standards, and a robust community education and engagement process. These plans will be incorporated into CRW's Wet Weather Planning for regulatory compliance and the has indicated that it will be included in their Comprehensive Plan update currently underway. These plans will result in significant investment into the community while attempting to minimize the financial impact to rate payers.

CRW held a series of "Community Greening Parties" throughout the City over the last year to provide education and receive resident feedback on the development of the Green Stormwater Infrastructure Plan. The Green Stormwater Infrastructure Plan was presented to the CRW Board of Directors at its December 21, 2016 meeting and adopted by the Board at its January 25, 2017 meeting. The project team has taken the feedback received and is preparing several conceptual designs including creating a "green block" between the Camp Curtain YMCA and Camp Curtain Memorial-Mitchell United Methodist Church on North 6<sup>th</sup> Street. The Green Stormwater Infrastructure Plan was presented to the CRW Board of Directors on December 21 and adopted by the Board at its January 25, 2017 meeting. CRW and its consultants are also working with the City's Parks and Recreation Department on the development of a master plan for the City's Reservoir Park and the incorporation of green elements into five city parks, three of which will receive pervious basketball courts.

Harrisburg's municipal separate storm sewer system (MS4) is permitted by the Pennsylvania Department of Environmental Protection. The system is operated under a permit issued to the City of Harrisburg. This permit could not be transferred to CRW as part of the transition in 2013 because the permit had expired. CRW applied for a permit in October 2014 and has provided all information requested by DEP, but a permit has yet to be issued. CRW continues to operate the system under the City's permit through a cooperative agreement.

Close coordination and cooperation with the City is imperative to being able to meet the requirements of the MS4 permit and our NPDES permit for Combined Sewer Overflows. CRW and its consultants continue to coordinate and facilitate multiple meetings with representatives from the City's Codes, Engineering, Planning, Parks and Recreation, and Fire Departments to discuss the best way to jointly meet the requirements of the permits and City Ordinances. CRW is currently drafting Consolidated Rules and Regulations for its Drinking Water, Wastewater, and Stormwater systems, and will be providing requests/recommendations to the City for modification to City ordinances to ensure consistency between the two.

## **Project Funding**

CRW has been successful in preventing large costs of borrowing by developing successful financial strategies. CRW has completed five successful borrowings since 2013 and is scheduled to complete one additional borrowing in the third quarter of 2017.

Due to many factors, including purchase of the water system from the City, water system debt service grew to 60% of operating expenses. In 2014, certain short term finance deals were scheduled to begin collecting accelerated principal and interest payments. Because of the transition, CRW was able to refund these amounts resulting in a present worth savings of over \$2-million.

Prior to 2016, CRW had not been able to access the financial bond markets due to the withdrawal of its bond ratings by the rating agencies. In early 2016, with two years of financial records and operating history, CRW was able to restore its Water bond rating (A+ from Standard and Poor's) and refinance over \$52 million in water bonds, resulting in a present worth savings of approximately \$9 million.

The rating agency report had several notable remarks including:

"Based on our Operational Management Assessment (OMA), we view Capital Region Water to be a '3' on a scale of 1-6, with '1' being the strongest. This indicates, in our view, that

operational and organizational goals are generally well-aligned, even if some challenges exist. The OMA of "good" includes a secure long-term water supply by way of a CRW-owned-and-operated dam and reservoir on the Susquehanna River that, combined with existing treatment facilities, provides the system with more than twice its peak day demand requirements."

"The water system's financial risk profile is an area of strength, with only minimal qualifications. The current management team has been very aggressive in ensuring that asset management and preventive maintenance are the focus of the capital improvement program. Therefore, the current five-year capital improvement plan (CIP) through 2020 has identified about \$23.7 million in capital commitments, a number that has been verified by an external consulting engineer that provides annual updates to the general system condition and the financial forecast."

In April of 2017, CRW was successful in re-establishing its Sewer Bond Rating to an investment grade level (A+ S&P). Additionally, CRW successfully marketed \$43,915,000 of Sewer Bonds which were utilized to refund M&T Bank's portion of the AWTF project financing and to provide necessary funding for 2017 and 2018 capital projects.

On June 8, 2016, CRW submitted two applications to Impact Harrisburg to offset capital expenses. A "Contingency Application" was submitted requesting \$500,000 to offset an estimated \$1.5 million cost of emergency repair and rehabilitation of the sewer system in the vicinity of Arsenal Boulevard. This project was not included in either the 2016 budget or the Capital Improvement Plan due to the lack of condition information gathered by the City during their ownership. The condition became apparent when raw sewage was observed in an unnamed tributary to Asylum Run. Impact Harrisburg did not award funding for this work. Given the nature of this project CRW has proceeded with design for this project.

The second application stems from the Impact Harrisburg Board's desire for collaborative projects between the City and CRW. After learning of the City's plans for street restoration in areas with underground infrastructure ("Multimodal Transportation Projects") and the importance for their receiving funding for that work, CRW laid aside plans to apply for funding to offset project costs included in the 5-year Capital Improvement Plan, and submitted an application requesting funding for water and sewer infrastructure to align with the City's Multimodal Transportation Projects.

CRW was notified on July 22, 2016 that Impact Harrisburg had approved a grant in the amount of \$2,743,645.25 to CRW for work associated with the City's Multimodal Project. This funding will offset up to \$8 million in CRW costs for condition assessments, design, bidding, and construction of rehabilitation of drinking water, wastewater and stormwater infrastructure. The project also includes the incorporation of Green Stormwater Infrastructure as practical in accordance with CRW's City Beautiful H2O wet weather and community greening plan. CRW is working to complete work in coordination with the City. Representatives of both bodies met with the IH Board on August 16, to discuss their plans and address concerns of the Board. The City's projects include: 3<sup>rd</sup> Street Resurfacing Project; 2<sup>nd</sup>, 7<sup>th</sup> and Division St Project; Berryhill Pedestrian Improvements Project; and North 17<sup>th</sup> Street Reconstruction.

CRW's general counsel provided a draft grant agreement to the Impact Harrisburg Board to establish terms of receipt, however, we have not received a response from the Impact Harrisburg Board regarding the acceptance of the grant agreement.

CRW is actively coordinating sewer infrastructure repair work and stormwater collection and management, both green infrastructure and conventional (catch basin) as part of the City's 3<sup>rd</sup> St improvement project. The timeline is controlled by the City, as CRW's work is supplementary to the primary City work. The City is issuing the bid advertisement in late June with bids due in July and construction beginning by September.

### Relationship with City

In 2013, the City and CRW entered into a Shared Services Agreement to facilitate the transition of service from the City to CRW and to provide for the effective coordination of services between the parties. The Coordinator continues to encourage the City and CRW to work cooperatively on a number of fronts pursuant to the Shared Services Agreement; however, areas for mutual service cooperation may disappear entirely unless current disputes are resolved, and additional service agreements are negotiated.

CRW met with representatives from the City the first week of March 2017 to discuss the remaining outstanding issues related to the transfer of operations and the Shared Services reconciliation. It is believed that there is agreement on the majority of the items in question. One of the remaining areas to be reconciled is the Street Sweeping portion of the Shared Services agreement. The City provided the Street Sweeping expense summary and CRW is working with City personnel to resolve any remaining issues with the Street Sweeping charges and to effectuate a resolution prior to December 31, 2017.

At the request of the City, CRW prepared a new Shared Services Schedule wherein CRW would complete water and sewer service disconnects on City-demolished properties at the City's expense. CRW has completed work on a dozen of these properties and is waiting for the City to approve the proposed schedule or offer any amendments to the agreement.

One project that CRW is providing service to the City for is related to sanitary sewer overflows at the Harrisburg Transportation Center (HTC). The HTC has experienced sanitary sewer overflows into its lower areas for quite some time, though until recently nothing had been done to remedy the situation. Following several months of investigative work by CRW, their staff met with Harrisburg Redevelopment Authority on March 15, 2017 to review findings from site analysis and hydraulic modeling of the area.

The local plumbing back-up issues in the station floor drains have been abated with HRA's installation of flap-gates on the building discharge lines. Though several significant infrastructure issues on and around the site have been identified, the cause of the back-up appears to be the connection of train shed downspouts to the building discharge sewer (about 15-years ago). Some additional site work to verify connectivity through dye-testing in the railroad track right-of-way will be coordinated with Amtrak to determine whether there are additional short term improvements that could further reduce the back-up conditions.

CRW is proceeding on the modeling and planning schedule of our Consent Decree with USEPA, PADEP and USDOJ. The analysis will be largely completed before the end of 2017 with the final plan submission due on April 1, 2018. HTC is in the middle of three sewer sheds, and our long-term plans will likely consolidate two or all of those sewer sheds into a single shed. We will also likely separate stormwater from the sanitary sewer system in part or all of the area, and we will evaluate the potential for attenuation of stormwater with green infrastructure. These changes will require substantial investment and infrastructure relocation complicated by the obstacle created by the railroad tracks. The schedule for implementation of such improvements may well be more

than ten years out, and the improvements themselves would not address the building back-up issues as they are created by a site impact (roof drainage) and not combined sewer interceptor or creek backwater. CRW will continue to partner with HRA and PENNDOT on the best collaborative solutions for HTC.

Cooperation between the City and CRW has improved through the regular meetings discussed above and through improved communication of issues between parties. A large part of this improvement is the result of revised channels of communication that allow better management of tasks. There are numerous areas where CRW and the City can collaborate for the benefit of all including comprehensive and green infrastructure planning (including parks and playgrounds), coordination of roadway and utility capital improvement plans, increasing code enforcement, and issues related to the sinkhole and utility line collapse problems. As Coordinator, I continue to encourage such collaboration as it benefits the City's recovery process.

### Forensic Claims

To date many parties have been impacted by the Strong Plan and participated in the resolution of the City's debt related issues. This includes City residents who are faced with higher taxes, City employees who suffered wage freezes and made other concessions; creditors of the City and Authority, including AGM, Dauphin County, and AMBAC; and other creditors who were involved in the renovations to the Resource Recovery Facility and the monetization of City assets. Parties that have not participated to date in the City's recovery are the various professionals who were involved in the financing transactions related to the Resource Recovery Facility. Pursuant to the provisions of the Strong Plan, the Receiver and now the Coordinator have continued to actively pursue the forensic claims.

The Receiver initially engaged the firm of McKenna Long & Aldridge, (now Dentons) as Counsel in the pursuit of these claims. With the forensic audit completed by The Harrisburg Authority as background, the Coordinator is engaged with the parties involved in the various financings related to the Resource Recovery Facility in an effort to achieve a consensual resolution as to their role in the financings.

In the absence of an amicable resolution of the claims, the Coordinator through the Office of General Counsel solicited proposals and engaged the Washington D.C. firm of Harris Wiltshire & Grannis, LLP to represent the Coordinator in the further pursuit of all outstanding claims up to and including litigation, if necessary. The pursuit of a resolution of these claims remains a high priority for the Coordinator.

Concurrently a separate claim related to the Harrisburg Parking Authority (HPA) and Harrisburg University has also been pursued. This claim relates to the payment of \$3.6 million that was to be made at plan consummation in order to obtain free and clear title to the Harrisburg Parking Authority facilities at Harrisburg University. Under an agreement with HPA this claim was assigned to the City through the Office of the Coordinator. Counsel selected by AGM and Dauphin County determined to opt out of representation of the Coordinator in the complaint originally filed by that counsel in the Dauphin County Court of Common Pleas. As a result, the Coordinator selected Harris, Wiltshire & Grannis to represent him in this matter. After considerable due diligence, it was determined that the basis of any claims involving Buchanan Ingersol and Rooney (BIR) could not be supported. The Coordinator thus filed a Motion for Partial Discontinuance with the Court to dismiss further pursuit of this claim. In June, the Coordinator and BIR executed a Settlement Agreement in late June that is being filed with the Court that dismisses BIR from the action. Settlement discussions continue with the Foreman firm.

## Summary

As I author the fourth quarterly update, I want to express my appreciation for the leadership exhibited by the City's elected officials. The City's elected and appointed officials have welcomed me and helped me to get acquainted with the City's Operations as they relate to the Strong Plan. As a former City of Harrisburg Budget Director, I am very familiar with the accounting, budgeting, and financial management of the City, and I have been able to re-establish relationships with the City elected and appointed officials.

An updated recovery strategy is in place that addresses both statutory changes to Act 47 and the City's current fiscal position. The Plan modifications provide direction on a number of issues which include fiscal projections for 2016-18 and parameters for the current collective bargaining processes. The enactment of the Strong Plan modifications was a critical next step in the City's recovery and its move towards a path of sustainability and an exit from Act 47.

Although challenges remain, the City has made significant progress on many fronts. Through the end of the fourth quarter of 2017, the City's operating position is healthy and its cash position strong. The first half of 2017 saw additional revenue from the Local Services tax along with significant EIT revenues. The Fiscal Year 2017 ends with a General Fund cash balance of \$18.4 Million. This is \$6.2 million higher than at the end of 2016 when the City's cash position was \$12.2 million. Continued strength and stability in the City's cash position is a very positive sign and negated the need for a Tax and Revenue Anticipation Note (TRAN) for 2018.

The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including keeping their audits up-to-date, securing TRANs for three consecutive years, compliance with SEC disclosure requirements, making timely debt service payments, bringing all payables into a current status and undertaking its first capital borrowing since entering Act 47. The City made the bond payment in October and will make both bond payments in 2018, so it will not need to rely on AMBAC to make its bond payments for the City. The current discussions related to possible repayment of the advances made by AMBAC also bodes well for the City's fiscal credibility. The City recently hired Fairmount Capital Advisors, as their Financial Advisors to assist with the negotiations with AMBAC. It is imperative that the Mayor and Financial Advisors continue to keep the Coordinator apprised of their progress regarding these negotiations with AMBAC since the original agreement(s) were orchestrated by the Receiver and the Coordinator. The City is eagerly approaching the time when it can re-enter the bond marketplace to assist in financing needed capital infrastructure for the future.

Restructuring City operations has played a key role in the City's positive current fiscal position. Ensuring long-term sustainability remains, though, a challenge and requires the revitalization of the City's tax base to generate sufficient revenues to meet service needs of City residents. Progress on this front is typically slower, though we are seeing many positive signs. With full occupancy of the Commonwealth Tower by almost 800 Pennsylvania Department of Human Services employees, the City is seeing a number of positive economic benefits in Strawberry Square and surrounding area including new businesses and residences resulting in increased tax and parking revenues.

The Commonwealth Tower project, along with the Transit Oriented Development (TOD) study of the Transportation Center area, can serve as a further stimulus for additional economic activity in the downtown. The City is also experiencing growth in the technology sector industry that is supported by Harrisburg University and other educational institutions in the City. Likewise, the continued advance of plans and funding for the new Federal Courthouse in mid-town will spur

further economic activity in that area. Recent state Redevelopment Assistance grants for revitalization efforts in both mid-town and Allison Hill will further incentivize economic activity, all of which serves to strengthen the City's tax base. It is important that the City continue to build on these successes and partner with governmental and community stakeholders to further advance revitalization efforts.

I, as the new Coordinator, and my team will continue to work with Mayor Papenfuse and his Administration, as well as City Council and other City elected and appointed officials to assist the City as it moves forward with Strong Plan initiatives and other operational enhancements. Regular interaction with the City administration on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and human resources is an important element to the City's recovery. The Coordinator team will continue to work with City officials to effectively manage the adopted 2018 budget, including its capital improvement programming component, increase the City's management capacity, and continue to enact sound financial management policies. City Council Finance Chair, Ben Allat plans to adopt several financial management policies the first fiscal quarter of 2018. My team and I worked closely with the Mayor and the City Council during the proposed and adopted budget processes. I presented a review of the 2018 proposed budget to the City on December 12, 2017 and on December 29, 2017. I informed Secretary Dennis Davin that the 2018 approved budget is in compliance with the Harrisburg Strong Plan.

I will also work to further strengthen public safety, implement additional sanitation system improvements, address City Island matters, pursue intergovernmental initiatives, finalize work on the City's comprehensive plan update and work with the Impact Harrisburg Board to implement the approved infrastructure and economic development projects to spur development and improve the quality of life for City residents.

I am pleased to inform the court that I have met with Mayor Papenfuse, Solicitor Neil Grover, Finance Director, Bruce Weber, and the Controller Charles DeBrunner to discuss the transfer of the Other Post-Employment Benefits (OPEB) funds of \$3.2 Million dollars from the Harrisburg Recovery Coordinator to the City of Harrisburg in the form of an OPEB Trust. I will continue to work with the Mayor and Solicitor to move this effort forward and to begin to construct the OPEB Trust Board. The formulation of this trust will have multiple benefits to the City of Harrisburg including a possible improvement in the City's bond rating. I am committing to the Court that this process will proceed and will be effectuated in 2018.

As the new Coordinator, I want to recognize the significant progress that has occurred since Harrisburg entered the Act 47 program in 2010. Looking forward, I have an optimistic outlook for the future of Pennsylvania's Capital City and I am proud of its renaissance. It is now a place that individuals want to come to work and live in, to serve their community through service on the City's non-profit boards, and to socialize in and to take in a baseball game on a summer's eve. Indeed, Harrisburg is a shining example of how, by working collaboratively, engaging in partnerships, and sharing in both the pain and success, a City can transition from near bankruptcy to a city that is fiscally healthy and has a vibrant economy that will carry it forward into the next decade.

**IMPACT HARRISBURG  
2018 MEETING SCHEDULE  
AND  
STATUS OF PROJECTS**

## **IMPACT HARRISBURG BOARD of DIRECTORS**

### **2018 MEETING SCHEDULE**

The board of directors is scheduled to meet once per month, on the third Tuesday of each month. All board meetings are scheduled to start at 10:30 AM. Meetings are held at The Pennsylvania Housing Finance Agency, 211 N. Front Street, Harrisburg, PA 17101.

In the event of a scheduling conflict an alternative meeting date shall be established by the board.

### **MEETING DATES**

**January: Tuesday, January 16, 2018**

**February: Tuesday, February 20, 2018**

**March: Tuesday, March 20, 2018**

**April: Tuesday, April 17, 2018**

**May: Tuesday, May 15, 2018**

**June: Tuesday, June 19, 2018**

**July: Tuesday, July 17, 2018**

**August: Tuesday, August 21, 2018**

**September: Tuesday, September 18, 2018**

**October: Tuesday, October 16, 2018**

**November: Tuesday, November 20, 2018**

**December: Tuesday, December 18, 2018**

Status of Projects – Updated December 19, 2017

Project Name	Compliance Process Started/Completed	Draw Requests Submitted	Status/Comments
Camp Curtin YMCA	Started		Received grant amendment signed by the YMCA. Waiting for IH Board execution.
Capital Region Water Parks and Rec	Started		Forms sent. Project was rebid due to lack of responses.
Capital Region Water Multi-Modal	See City Multi-Modal.		See City multimodal. Do not have executed grant agreement with CRW.
City of Harrisburg Multi-Modal	Started	Draft request #1	Preliminary meeting held. Waiting for clarification about scope and approach to City and CRW grant before sending compliance forms. Payrolls were submitted for review. Draw request #1 is being prepared and under review.
City of Harrisburg-software purchase	Completed	Yes	Project is complete.
Community First Fund	No		Board discussed requirements and process. Do not have executed grant agreement with CFF.
East Shore YMCA	Started		Met with East Shore. The Board approved project with revised match.
Gamut Theatre Group-Education Center	No		Do not have executed grant agreement with Gamut.
Harrisburg Redevelopment Authority	Started		Met with HRA.
Harrisburg River Rescue	Completed	Received draw request #1.	Project is complete and payment request processed. Project was not compliant with Prevailing Wage or DBE/MBE requirements.
Paxton Place	Completed	Yes	Project is complete; three draw requests submitted, with \$3,188.53 unused.
Salvation Army of Harrisburg	No		Waiting on RACP grant decision before beginning the project.
TLC Construction /Hamilton Healthcare Building	Started	Yes	Submitted third draw request. Project is at 86% complete. In compliance with Prevailing Wage and DBE/MBE. Requested payroll certs from one sub.
Tri-County Community Action	Started		Starting in early 2018. Compliance forms sent.
Tri-County HDC	Started		Compliance forms were sent, and teleconference was held. Project has been rebid.
WebpageFX	Completed	Yes	Project is complete.

**CITY OF HARRISBURG  
CASH FLOW**

City of Harrisburg  
 General Fund  
 2017 Estimated Cash Flow

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	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual June	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Estimated Dec	
<b>Cash Summary</b>													
<b>Unrestricted Cash Balance Beginning of Month</b>	<b>13,285,220</b>	12,187,687	17,974,584	24,429,428	21,131,417	23,442,461	21,616,482	21,507,147	21,794,145	21,151,126	16,614,585	21,791,792	
Surplus/(Deficit)	-1,138,304	3,617,560	3,730,040	-3,298,011	2,311,044	-1,825,979	-109,335	286,997	-643,019	-4,536,541	5,177,207	-3,356,330	
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0	
Other items affecting Cash	-22,047	1,433,048	3,628,680	0	0	0	0	0	0	0	0	0	
<b>Unrestricted Cash Balance End of Month</b>	<b>12,187,687</b>	<b>17,974,584</b>	<b>24,429,428</b>	<b>21,131,417</b>	<b>23,442,461</b>	<b>21,616,482</b>	<b>21,507,147</b>	<b>21,794,145</b>	<b>21,151,126</b>	<b>16,614,585</b>	<b>21,791,792</b>	<b>18,435,462</b>	
<b>Revenues, Expenditures, Surplus/(Deficit)</b>													
Revenues without Transfers	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	5,553,901	3,110,773	9,502,417	3,568,932	65,209,771
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	811,063	0	0	0	811,063
Transfer in from Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	67,400	67,400
Transfer in from Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer in from Host Fee for Enviromental Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from Other Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>3,089,211</b>	<b>7,159,249</b>	<b>12,850,326</b>	<b>3,602,912</b>	<b>6,523,855</b>	<b>2,694,269</b>	<b>2,707,049</b>	<b>4,846,876</b>	<b>6,364,964</b>	<b>3,110,773</b>	<b>9,502,417</b>	<b>3,636,332</b>	<b>66,088,234</b>
Expenditures													
Personnel	3,489,259	2,351,213	2,628,905	2,083,234	2,871,068	3,241,938	2,074,129	2,520,596	2,476,153	6,213,282	2,897,491	4,570,978	37,418,247
Services	320,488	362,873	765,768	332,904	290,671	525,425	169,019	368,820	233,536	447,975	452,980	975,477	5,245,935
Supplies	117,061	186,191	256,319	161,515	161,750	296,167	215,106	163,520	149,762	164,445	413,818	571,129	2,856,782
Other	300,706	641,413	398,947	3,744,456	792,787	456,718	358,130	1,410,408	387,463	821,612	464,387	875,079	10,652,106
Debt Service	0	0	5,070,346	578,814	96,535	0	0	96,535	3,761,069	0	96,535	0	9,699,834
<b>Total Expenditures</b>	<b>4,227,515</b>	<b>3,541,690</b>	<b>9,120,286</b>	<b>6,900,923</b>	<b>4,212,811</b>	<b>4,520,248</b>	<b>2,816,384</b>	<b>4,559,879</b>	<b>7,007,982</b>	<b>7,647,314</b>	<b>4,325,210</b>	<b>6,992,662</b>	<b>65,872,904</b>
<b>Operating Surplus/(Deficit)</b>	<b>-1,138,304</b>	<b>3,617,560</b>	<b>3,730,040</b>	<b>-3,298,011</b>	<b>2,311,044</b>	<b>-1,825,979</b>	<b>-109,335</b>	<b>286,997</b>	<b>-643,019</b>	<b>-4,536,541</b>	<b>5,177,207</b>	<b>-3,356,330</b>	<b>215,330</b>
<b>Accounts Payable</b>													
Accounts Payable Beginning of Month	-967,572	-1,030,390	-1,766,678	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	
<b>Accounts Payable End of Month</b>	<b>-1,030,390</b>	<b>-1,766,678</b>	<b>-862,802</b>										
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0	

Note: Harrisburg's Budget included \$4.3 million of Cash Carryover to balance the budget  
 That money is not reflected in the Revenues.

City of Harrisburg  
 General Fund  
 2017 Estimated Cash Flow

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Cash Summary

Revenues, Expenditures, Surplus/(Deficit)	Actual 1st Quarter	Actual 2nd Quarter	Actual 3rd Quarter	Est 4th Quarter	Total
<b>Revenues</b>	23,098,786	12,821,036	13,918,889	16,249,523	66,088,234
<b>Expenditures</b>	16,889,490	15,633,982	14,384,245	18,965,187	65,872,904
<b>Operating Surplus/(Deficit)</b>	<b>6,209,296</b>	<b>-2,812,946</b>	<b>-465,356</b>	<b>-2,715,664</b>	<b>215,330</b>
<hr/>					
<b>Unrestricted Cash Balance Beginning of Quarter</b>	13,285,220	24,429,428	21,616,482	21,151,126	
Surplus/(Deficit)	6,209,296	-2,812,946	-465,356	-2,715,664	
Change in Accounts Payable	-104,769	0	0	0	
Other items affecting Cash	5,039,681	0	0	0	
<b>Unrestricted Cash Balance End of Quarter</b>	<b>24,429,428</b>	<b>21,616,482</b>	<b>21,151,126</b>	<b>18,435,462</b>	

Note: Harrisburg's Budget included \$4.3 million of Cash Carryover to balance the budget  
 That money is not reflected in the Revenues.

<b>Accounts Payable</b>				
Accounts Payable Beginning of Quarter	-967,572	-862,802	-862,802	-862,802
<b>Accounts Payable End of Quarter</b>	<b>-862,802</b>	<b>-862,802</b>	<b>-862,802</b>	<b>-862,802</b>
Change in Accounts Payable	-104,769	0	0	0

City of Harrisburg  
2017 Actual General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2017	Budget 2017	Variance
Real Estate Taxes Current	233,376	2,338,196	9,876,701	356,392	1,133,826	123,138	87,206	117,370	76,590	413,256	118,965	475,949	15,350,966	14,703,172	647,794
Real Estate Taxes Delinquent	96,927	6,908	196,518	242,328	133,621	211,405	282,159	139,458	400,410	452,405	0	73,619	2,235,757	1,928,260	307,497
Tax Liens Principal	0	0	0	-1	-27	-10	0	-2	-14	0	0	0	-54	0	-54
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EIT	141,719	535,065	298,026	199,535	464,906	318,586	154,462	493,386	273,608	166,127	509,142	234,943	3,789,506	3,605,642	183,864
Act 47 EIT	283,438	1,070,130	596,053	399,070	929,812	637,172	308,924	986,772	547,216	332,253	1,018,285	469,887	7,579,013	7,211,285	367,728
EMS/LST	312,139	1,930,717	276,878	71,365	1,422,782	117,487	35,566	1,411,439	201,462	251,478	1,277,011	90,551	7,398,874	5,561,176	1,837,698
Mercantile Business Privilege	194,295	245,624	435,324	964,316	695,330	150,262	171,591	165,774	62,777	223,865	203,311	103,337	3,615,805	3,434,208	181,597
Other Act 511 Taxes	12,630	57,546	54,361	222,752	34,044	38,808	43,895	45,683	65,296	37,245	5,670	49,328	667,258	1,471,000	-803,742
Capital Fire Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cdbg Reimb. - Demolition	0	0	0	0	0	0	0	0	0	0	0	14,909	14,909	115,000	-100,091
District Justice Fees	85,806	0	41,708	37,932	40,276	30,733	60,287	33,181	2,943	67,220	1,360	18,696	420,142	383,000	37,142
Fed/State(Fed)Pass Thr Gr	0	0	0	0	0	0	0	0	0	0	0	17,859	17,859	377,380	-359,521
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	51,546	51,546	51,546	0
Fees/Permits	190,095	128,481	48,213	198,656	374,535	85,138	265,677	294,663	120,339	138,191	321,950	176,341	2,342,279	1,360,731	981,548
Government Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	2,801	3,054	3,375	4,002	3,826	3,922	5,924	16,484	16,187	13,982	12,800	4,324	90,681	33,752	56,929
License	0	148,917	0	0	174,840	0	0	154,577	0	6,350	150,825	296	635,805	581,744	54,061
Miscellaneous	791,033	140,650	410,637	65,596	91,060	289,265	205,719	89,182	84,861	270,236	129,479	480,397	3,048,116	2,227,799	820,317
Pension System State Aid	0	0	0	0	0	0	0	10,660	2,629,069	0	0	0	2,639,729	2,532,920	106,809
Public Safety Fees/Permits	17,388	11,667	25,104	23,329	30,697	14,323	13,803	10,937	10,981	13,747	11,230	15,174	198,380	189,151	9,229
Public Safety Grants	26,841	5,823	4,022	23,964	12,552	3,466	24,348	3,919	310,309	34,595	5,017,163	14,982	5,481,984	5,308,932	173,052
Public Safety Reimbursements	62,220	57,213	50,415	85,296	163,400	52,650	63,165	41,837	66,878	56,780	52,110	52,173	804,138	1,019,502	-215,364
Public Works Fees/Permits	0	0	0	0	0	0	0	0	0	0	0	139,030	139,030	250,000	-110,970
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	238	163	163	163	163	238	163	163	163	163	163	178	2,116	2,113	3
Recreation Fees	15	0	0	10	20	5,367	3,751	816	41	60	15	32	10,127	14,678	-4,551
Sale Of Assets	0	0	0	0	0	9,912	0	0	0	0	17,500	0	27,412	0	27,412
Vehicle Maintenance Charges	6,062	26,610	65,374	104,277	40,454	0	44,601	55,653	33,864	6,956	3,294	14,473	401,620	293,243	108,377
PILOTS	0	0	698	0	38,545	0	319,845	107,444	75,861	5,500	0	0	547,894	500,000	47,894
Pub Utility Realty Tax	0	0	0	0	0	0	0	0	0	42,611	0	0	42,611	45,000	-2,389
Sewer Maint Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint Liens-Penalty	0	0	42	18	0	64	3	0	5	0	81	1	215	24	191
Sewer Maint Liens-Princip	0	0	125	16	0	103	27	18	79	10	286	11	676	160	516
Sewer Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sanitation Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Neighborhood Services Fund	0	0	0	0	0	0	0	0	811,063	0	0	0	811,063	811,063	0
Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	67,400	67,400	67,400	0
Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Water Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Prk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	0	0	0	0	0	0	0	0	0	0	28,875	28,875	28,875	0
Parking Taxes	348,172	312,819	281,438	319,231	452,765	296,050	335,167	362,178	281,934	332,232	359,381	735,688	4,417,056	3,864,000	553,056
Parking Fees	11,103	7,658	8,424	11,507	9,228	22,057	6,785	5,500	4,939	2,484	4,244	19,179	113,108	104,225	8,883
Parking Tickets	38,394	27,400	29,678	23,157	33,588	34,133	23,982	49,782	38,104	40,555	38,150	36,801	413,724	350,000	63,724
Ground Lease Payments	93,964	41,913	58,917	100,167	97,607	100,167	100,167	100,167	100,167	81,125	100,167	97,946	1,072,473	1,202,000	-129,527
Priority Parking Distribution	140,555	62,695	88,131	149,833	146,005	149,833	149,833	149,833	149,833	121,349	149,833	152,406	1,610,141	1,798,000	-187,859
THA Shared Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harrisburg Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>3,089,211</b>	<b>7,159,249</b>	<b>12,850,326</b>	<b>3,602,912</b>	<b>6,523,855</b>	<b>2,694,269</b>	<b>2,707,049</b>	<b>4,846,876</b>	<b>6,364,964</b>	<b>3,110,773</b>	<b>9,502,417</b>	<b>3,636,332</b>	<b>66,088,234</b>	<b>61,426,981</b>	<b>4,661,253</b>

**City of Harrisburg  
General Fund  
2017 Estimated Expenditures by Month**

	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
Office of City Council Personnel	21,953	21,953	17,569	17,566	17,566	31,301	21,530	21,116	20,288	21,116	31,881	21,116	264,956	285,812	-20,856
Office of City Council Services	533	21,265	1,612	693	1,368	1,176	4,286	0	252	5,365	1,362	27,083	64,995	100,880	-35,885
Office of City Council Supplies	0	496	0	1,156	0	72	93	12,175	300	550	1,313	7,144	23,299	26,050	-2,751
Office of City Council Other	0	444	0	222	222	444	222	0	222	222	444	0	2,440	3,000	-560
Office of City Council	22,486	44,158	19,180	19,637	19,156	32,993	26,131	33,291	21,062	27,252	35,000	55,342	355,689	415,742	-60,053
Office of Mayor Personnel	1,162	1,162	1,162	1,162	1,162	1,742	1,162	1,162	1,162	935	1,257	1,257	14,484	15,983	-1,499
Office of Mayor Services	539	164	147	495	0	137	988	760	2,307	190	168	2,386	8,282	16,180	-7,898
Office of Mayor Supplies	1,475	190	0	0	0	-6	54	65	1,025	0	0	1,234	4,037	3,200	837
Office of Mayor Other	15,869	15,869	15,869	15,869	15,869	23,813	15,869	15,869	15,869	12,907	17,407	17,388	198,466	207,000	-8,534
Office of Mayor	19,044	17,385	17,177	17,525	17,031	25,686	18,072	17,856	20,362	14,032	18,833	22,266	225,270	242,363	-17,093
Office of City Controller Personnel	828	757	777	766	767	1,149	765	766	764	766	1,149	1,149	10,402	10,357	45
Office of City Controller Services	40	0	0	0	0	0	0	0	61	0	42	340	483	9,537	-9,054
Office of City Controller Supplies	18	0	41	18	67	47	0	2,854	20	32	33	2,502	5,631	7,457	-1,826
Office of City Controller Other	10,208	10,281	10,544	10,405	10,422	15,606	10,390	10,400	10,385	10,407	15,603	15,603	140,255	135,372	4,883
Office of City Controller	11,094	11,037	11,361	11,190	11,256	16,802	11,155	14,020	11,231	11,206	16,826	19,593	156,771	162,723	-5,952
Office of City Treasurer Personnel	1,485	1,541	1,541	1,541	1,541	2,525	1,686	1,731	1,731	1,731	2,604	2,231	21,884	34,275	-12,391
Office of City Treasurer Services	357	314	25,650	2,833	62	1,768	131	0	177	168	130	1,963	33,553	57,062	-23,509
Office of City Treasurer Supplies	0	520	85	224	0	1,906	0	0	0	0	66	1,799	4,600	24,000	-19,400
Office of City Treasurer Other	17,946	20,680	20,680	20,680	20,680	33,927	22,618	23,163	23,163	23,163	34,844	23,163	284,706	310,744	-26,038
Office of City Treasurer	19,788	23,055	47,955	25,278	22,282	40,126	24,435	24,894	25,070	25,062	37,643	29,155	344,743	426,081	-81,338
Office of City Solicitor Personnel	2,197	2,125	2,126	2,332	2,644	2,925	1,781	1,490	1,734	1,999	2,426	1,735	25,515	29,710	-4,195
Office of City Solicitor Services	9,596	9,995	8,776	15,741	27,388	7,459	18,895	3,373	4,867	27,441	9,243	53,982	196,756	249,942	-53,186
Office of City Solicitor Supplies	1,900	1,037	2,316	4,943	2,062	2,376	1,104	2,144	2,144	2,969	2,675	9,004	34,573	41,650	-7,077
Office of City Solicitor Other	28,798	28,862	28,871	29,082	26,520	36,304	24,275	20,139	23,520	23,537	32,890	23,537	326,335	376,463	-50,128
Office of City Solicitor	42,491	42,019	42,089	52,098	58,615	49,064	46,994	26,106	32,266	55,946	47,234	88,258	583,180	697,765	-114,585
Office of Business Administrator Personnel	335	335	335	335	335	503	335	458	458	808	1,727	808	6,774	16,383	-9,609
Office of Business Administrator Services	0	0	0	0	0	0	0	0	0	0	0	118	118	65,510	-65,392
Office of Business Administrator Supplies	4,615	4,615	4,615	4,615	4,615	6,923	4,615	6,279	6,279	10,860	23,026	11,153	92,213	207,700	-115,487
Office of Business Administrator Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of Business Administrator	4,951	4,951	4,951	4,951	4,951	7,426	4,951	6,736	6,736	11,668	24,754	12,079	99,105	289,593	-190,488
Bureau of Financial Management Personnel	2,296	2,653	3,273	2,510	2,396	3,619	2,537	2,251	2,251	2,341	3,825	2,536	32,487	32,462	25
Bureau of Financial Management Services	252	30,230	13,605	914	265	5,414	42,177	59,777	87	164	21,555	31,102	205,544	253,681	-48,137
Bureau of Financial Management Supplies	2,335	30	303	37	51	430	41	69	418	110	799	2,854	7,476	12,100	-4,624
Bureau of Financial Management Other	28,325	30,410	30,410	30,410	30,410	45,615	30,410	30,410	30,410	30,410	45,615	30,410	393,248	395,557	-2,309
Bureau of Financial Management	33,207	63,323	47,592	33,871	33,122	55,078	75,165	92,507	33,167	33,025	71,795	66,903	638,755	693,800	-55,045
Bureau of Communications Personnel	1,198	1,198	1,198	1,198	1,198	1,809	1,198	1,077	956	956	1,434	956	14,381	20,948	-6,567
Bureau of Communications Services	234	307	376	622	60	289	2,895	430	667	765	4,544	7,315	18,502	18,600	-98
Bureau of Communications Supplies	1,185	1,451	1,869	90	10	2,965	193	435	2,128	1,646	2,953	442	15,366	17,500	-2,134
Bureau of Communications Other	16,308	16,308	16,308	16,308	16,308	24,613	16,308	14,692	13,077	13,077	19,615	13,077	195,998	212,000	-16,002
Bureau of Communications	18,925	19,264	19,752	18,218	17,576	29,676	20,594	16,635	16,827	16,444	28,546	21,790	244,247	269,048	-24,801
Bureau of Risk Management Personnel	415	415	415	415	415	309	179	480	480	492	746	492	5,253	7,421	-2,168
Bureau of Risk Management Services	0	0	0	0	20	793	497	1,295	604	0	0	0	3,208	17,775	-14,567
Bureau of Risk Management Supplies	5,538	5,538	5,538	5,538	5,538	4,154	2,385	6,433	6,433	6,591	9,988	6,591	70,266	97,400	-27,134
Bureau of Risk Management Other	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200	-1,200
Bureau of Risk Management	5,954	5,954	5,954	5,954	5,974	5,256	3,060	8,207	7,516	7,083	10,733	7,083	78,727	123,796	-45,069
Bureau of Information Technology Personnel	1,713	1,550	1,550	1,550	1,550	2,324	1,440	1,323	1,741	1,741	2,611	1,741	20,833	39,444	-18,611
Bureau of Information Technology Services	2,500	10,489	84,824	38,753	22,445	13,614	8,333	63,026	13,532	37,064	99,713	74,612	468,905	422,383	46,522
Bureau of Information Technology Supplies	22,141	37,504	30,317	27,570	27,620	39,674	22,927	18,387	23,286	26,499	47,985	32,281	356,191	548,888	-192,697
Bureau of Information Technology Other	0	28,417	147,404	161,175	147,419	0	20,160	18,270	18,270	1,943	0	196,898	721,686	309,451	412,235
Bureau of Information Technology	26,354	77,960	264,095	229,047	199,034	55,612	32,701	102,896	56,829	67,246	150,309	305,532	1,567,615	1,320,166	247,449
Bureau of Human Resources Personnel	1,293	1,299	1,296	1,296	1,296	1,945	1,296	1,296	1,296	1,296	1,945	1,296	16,852	17,884	-1,032
Bureau of Human Resources Services	5,764	5,295	3,458	3,276	3,975	5,655	3,877	3,814	3,189	3,115	5,330	9,645	56,393	46,975	9,418
Bureau of Human Resources Supplies	0	0	0	0	0	582	0	582	0	0	0	558	1,140	1,500	-360
Bureau of Human Resources Other	17,587	17,676	17,638	17,638	17,638	26,467	17,638	17,638	23,132	17,638	26,407	17,638	234,736	231,696	3,040
Bureau of Human Resources	24,644	24,270	22,393	22,211	22,909	34,067	22,812	23,330	27,617	22,049	33,681	29,138	309,122	298,055	11,067
Operations and Revenue (Office of the Director) Personnel	1,429	1,294	1,316	1,333	1,350	2,178	1,350	1,359	1,363	1,366	2,055	1,366	17,759	19,400	-1,641
Operations and Revenue (Office of the Director) Services	13,374	14,665	10,994	7,380	2,880	4,062	2,880	14,320	18,188	9,614	14,607	24,741	137,622	214,081	-76,459
Operations and Revenue (Office of the Director) Supplies	262	4,706	99	0	3,126	6,120	2,219	2,642	1,643	1,729	4,936	4,966	32,448	28,200	4,248
Operations and Revenue (Office of the Director) Other	17,416	17,645	17,945	105,541	18,400	27,600	18,400	18,447	18,505	18,547	27,897	27,307	333,649	273,040	60,609
Operations and Revenue (Office of the Director)	32,482	38,311	30,353	114,253	25,756	39,960	24,766	36,768	39,699	31,256	49,494	58,380	521,479	534,721	-13,242

**City of Harrisburg  
General Fund  
2017 Estimated Expenditures by Month**

	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
General Expenses Personnel	2,001,442	726,321	945,996	534,079	898,650	779,727	440,471	919,639	778,499	918,408	636,469	1,555,288	11,134,991	12,279,052	-1,144,061
General Expenses Services	112,298	51,718	148,349	87,239	60,046	131,525	41,456	49,133	45,980	158,077	62,723	126,277	1,074,821	1,295,897	-221,076
General Expenses Supplies	1	0	0	0	0	0	0	0	0	0	0	102	104	306	-202
General Expenses Other	64,024	325,025	25	1,027,642	114,024	1,690	25	72,669	10,184	25	64,992	100,948	1,781,272	1,614,296	166,976
General Expenses	2,177,765	1,103,065	1,094,370	1,648,961	1,072,720	912,942	481,952	1,041,441	834,663	1,076,511	764,184	1,782,615	13,991,187	15,189,551	-1,198,364
Transfers to Other Funds Debt Service	0	0	5,070,346	578,814	96,535	0	0	96,535	3,761,069	0	96,535	0	9,699,834	7,949,834	1,750,000
Transfers to Other Funds Other	0	0	0	2,200,000	229,426	0	33,495	925,870	0	325,796	0	0	3,714,587	1,089,390	2,625,197
Transfers to Other Funds	0	0	5,070,346	2,778,814	325,961	0	33,495	1,022,405	3,761,069	325,796	96,535	0	13,414,421	9,039,224	4,375,197
Office of the Director for the DCED Personnel	830	962	962	962	962	1,444	-1,092	689	689	689	1,033	689	8,818	10,328	-1,510
Office of the Director for the DCED Services	0	0	0	0	0	0	3	0	-3	0	0	0	0	1,425	-1,425
Office of the Director for the DCED Supplies	0	3,008	0	0	0	0	0	0	0	0	1,463	0	4,471	25,000	-20,529
Office of the Director for the DCED Other	11,038	12,769	12,769	12,769	12,769	19,154	-15,500	9,000	9,000	9,000	13,500	9,000	115,269	135,000	-19,731
Office of the Director for the DCED	11,869	16,740	13,732	13,732	13,732	20,598	-16,589	9,689	9,686	9,689	15,996	9,689	128,559	171,753	-43,194
Bureau of Planning Personnel	7,938	7,938	7,938	7,938	8,145	12,031	8,021	8,021	8,021	6,601	5,954	6,601	95,148	93,871	1,277
Bureau of Planning Services	576	5,447	7,489	14,401	4,162	7,755	4,434	2,806	3,686	165	2,570	16,329	69,820	97,650	-27,830
Bureau of Planning Supplies	0	0	0	0	1,682	868	0	186	0	0	167	483	3,387	3,000	387
Bureau of Planning Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning	8,514	13,386	15,427	22,339	13,989	20,654	12,455	11,014	11,707	6,766	8,691	23,413	168,355	194,521	-26,166
Bureau of Codes Personnel	49,651	49,208	54,611	56,710	58,733	88,126	58,556	57,700	58,896	59,019	88,136	59,019	738,367	882,692	-144,325
Bureau of Codes Services	1,110	3,007	2,204	3,897	1,177	2,604	1,942	733	1,111	1,271	4,761	5,473	29,291	40,948	-11,657
Bureau of Codes Supplies	479	966	1,952	699	2,149	2,259	713	1,287	295	327	322	3,136	14,585	24,200	-9,615
Bureau of Codes Other	91	91	91	91	91	146	91	91	91	91	91	0	1,059	1,095	-37
Bureau of Codes	51,332	53,273	58,857	61,398	62,151	93,135	61,303	59,811	60,393	60,708	93,311	67,629	783,301	948,934	-165,633
Economic Development Personnel	4,614	4,556	4,556	4,556	4,556	6,834	34,880	8,599	8,599	8,599	12,899	8,599	111,850	111,957	-107
Economic Development Services	0	0	0	0	0	1,113	0	0	0	0	0	1,500	2,613	8,400	-5,787
Economic Development Supplies	0	0	0	0	0	0	0	0	903	658	0	0	1,561	800	761
Economic Development Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development	4,614	4,556	4,556	4,556	4,556	7,947	34,880	8,599	9,503	9,257	12,899	10,099	116,024	121,157	-5,133
Office of the Police Chief Personnel	870,852	908,710	846,652	867,235	1,158,943	1,284,576	864,970	878,801	891,359	4,256,476	1,280,690	2,078,151	16,187,415	16,560,687	-373,272
Office of the Police Chief Services	73,329	40,583	174,194	27,279	23,763	121,296	18,868	16,600	28,005	83,992	14,529	72,978	695,415	769,450	-74,035
Office of the Police Chief Supplies	11,225	41,001	24,023	19,641	12,897	4,129	86,780	9,293	25,238	6,375	6,517	46,202	293,321	256,160	37,161
Office of the Police Chief Other	11,424	28,800	83	83	278	11,523	954	29,201	36,748	25,078	83	280,105	424,360	497,748	-73,389
Office of the Police Chief	966,829	1,019,095	1,044,951	914,238	1,195,881	1,421,524	971,572	933,896	981,350	4,371,921	1,301,819	2,477,435	17,600,511	18,084,046	-483,535
Bureau of Fire Personnel	457,263	558,252	660,635	520,515	646,603	877,414	497,027	504,627	626,777	866,242	724,264	762,919	7,702,538	7,389,364	313,174
Bureau of Fire Services	18,384	58,562	8,774	26,485	36,955	22,785	16,265	6,834	20,471	28,174	40,653	92,021	376,362	362,050	14,312
Bureau of Fire Supplies	16,555	6,695	1,972	11,169	3,249	3,549	27,910	27,782	5,417	20,380	42,957	169,878	337,515	432,750	-95,235
Bureau of Fire Other	0	10,917	0	0	0	21,598	0	0	0	121,342	0	0	153,857	130,000	23,857
	492,202	634,426	671,380	558,169	686,807	925,346	541,202	539,244	652,665	1,036,138	807,874	1,024,818	8,570,271	8,314,164	256,107

**City of Harrisburg  
General Fund  
2017 Estimated Expenditures by Month**

	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
Office of Traffic and Engineering Personnel	55,849	55,228	63,299	54,153	57,764	89,965	57,248	56,285	58,645	57,377	88,074	57,745	751,633	834,183	-82,550
Office of Traffic and Engineering Services	58,209	81,555	231,767	79,432	80,647	163,359	-20,467	104,947	54,300	45,707	121,292	314,133	1,314,880	1,712,500	-397,620
Office of Traffic and Engineering Supplies	8,946	12,223	123,905	8,432	25,476	141,506	2,189	18,187	20,637	23,716	200,333	43,522	629,073	1,012,550	-383,477
Office of Traffic and Engineering Other	11,687	26,154	25,254	42,204	37,204	69,897	111,921	138,139	96,854	137,772	92,433	72,728	862,248	1,457,370	-595,122
Office of Traffic and Engineering	134,692	175,160	444,226	184,221	201,090	464,727	150,891	317,559	230,436	264,571	502,132	488,129	3,557,834	5,016,603	-1,458,769
Bureau of City Services Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Vehicle Management Personnel	3,226	2,590	10,462	3,178	2,761	4,534	3,005	2,578	2,582	2,658	3,496	2,804	43,874	54,513	-10,639
Bureau of Vehicle Management Services	17,576	14,605	25,202	22,807	20,834	22,243	16,687	19,778	4,745	22,185	15,591	56,487	258,740	304,608	-45,868
Bureau of Vehicle Management Supplies	38,457	53,028	54,632	63,978	54,249	65,672	57,003	48,490	48,019	53,598	56,269	211,712	805,108	1,141,658	-336,550
Bureau of Vehicle Management Other	34,673	35,388	33,276	36,404	37,688	56,308	47,321	34,666	38,934	27,945	40,391	27,945	450,940	677,654	-226,714
Bureau of Vehicle Management	93,931	105,612	123,572	126,367	115,531	148,757	124,016	105,512	94,281	106,386	115,747	298,949	1,558,663	2,178,433	-619,770
Office of the Director of Parks, Recreation and Enrichment Personnel	1,289	1,164	1,236	1,901	1,728	44,957	75,783	49,148	7,862	1,665	2,819	2,480	192,033	247,071	-55,038
Office of the Director of Parks, Recreation and Enrichment Services	5,817	14,669	18,348	658	4,625	12,379	4,955	21,194	31,310	24,519	34,167	56,992	229,633	212,600	17,033
Office of the Director of Parks, Recreation and Enrichment Supplies	1,929	13,181	4,651	13,403	18,957	13,522	5,939	7,270	5,577	8,406	12,015	15,563	120,415	113,000	7,415
Office of the Director of Parks, Recreation and Enrichment Other	15,311	15,677	21,781	17,932	57,419	42,014	23,694	29,853	19,097	22,712	32,174	19,331	316,995	406,932	-89,937
Office of the Director of Parks, Recreation and Enrichment	24,345	44,691	46,017	33,894	82,730	112,872	110,372	107,465	63,846	57,302	81,175	94,367	859,076	979,603	-120,527
Bureau of Act, Culture & Tourism Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	4,227,515	3,541,690	9,120,286	6,900,923	4,212,811	4,520,248	2,816,384	4,559,879	7,007,982	7,647,314	4,325,210	6,992,662	65,872,904	65,711,842	161,062



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