

ACT 47
COORDINATOR STATUS REPORT
APRIL 3, 2017

Section No. 11
Exhibit No. 70

Respectfully submitted this 3rd day of April, 2017.



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Date: April 3, 2017

To: The Honorable Bonnie Brigance Leadbetter

From: ^{FAR} Fred A. Reddig, Coordinator

Re: Update on Receiver's Plan Implementation

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, 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 my thirteenth report to the Court since my appointment by then Department of Community and Economic Development (DCED) Secretary Walker as Coordinator effective March 1, 2014.

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 Harrisburg Strong Plan including the modifications thereto through the first quarter of 2017.

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 Harrisburg 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 will continue to provide quarterly reports on the City's progress with further implementation activities.

The first quarter of 2017 saw continued activity with the implementation of the Strong Plan modifications approved last year. The modifications now 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 improvements for services that are essential to improve the City's quality of life and economic vitality, some of which are incorporated in the 2017 budget.

Among its many recommendations the Plan provides parameters for negotiations with the City's three bargaining units, FOP, IAFF and AFSCME, two of which were consummated during the first quarter. More on the status of collective bargaining can be found later in this report.

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 continued to support the Receiver during this time.

This section of the report provides 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 first quarter of 2017 saw continued activity by the Impact Harrisburg Board in 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 Shelia 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've provided input on program guidelines, contracting and related matters. My 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 continues to meet approximately twice monthly and during the first quarter met on January 17, February 7 and 21 and March 7 and 21. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Brian Hudson as Secretary and Brittany Brock as Treasurer. The Board now holds its meetings at the PHFA office on North Front Street. The Board also entered into an MOU with HACC in September for office space at their mid-town campus, Ms. Dow-Ford moved Impact Harrisburg's office into this space in late September and now operates out of that location.

The Board is carrying an Operating account at Fulton Bank with a balance of \$144,038 as of mid-March. The Board authorized a transfer of \$155,000 from its investment account to the operations account at its December meeting to address 2017 operating budget expenditures. The balance of its funds is invested with Wilmington Trust. Currently \$9.209 million is invested in money market funds with \$2.769 million invested in short-term securities.

As the Board's operating year ended on June 30, the Treasurer and Executive Director have coordinated with Maher Duessel, the Board's auditor, on the audit of the FY 15/16 year. A draft audit was completed in February and provided to the Board along with certain findings which the auditors have asked management for their response. Upon receipt of their response the audit should be finalized and released in early April.

Following its approval of the 2 infrastructure projects, 1 economic development contingency project and 13 community and economic development projects the second half of 2016, the Board focused on completing the contracting process for all of the grantees during the first quarter. The Board awarded \$2,743,645 each to CRW and the City under the infrastructure program for a cooperative venture that supports the City's multi-modal transportation improvements funded by PennDOT. The Board also approved the City's application under the economic development contingency category for

\$250,000 for the Microsoft 365 software. The acquisition and deployment of this software will address 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 8 large economic development projects and 5 community building projects. By the end of the year 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. As of mid-March, 4 contracts had been fully executed and it's anticipated the remaining contracts will be executed by April.

During the first quarter the Board also issued an RFP for a Project Compliance Manager. Three responses were received and following interviews with the three firms at its February 21 meeting, Milligan & Company/Impact PA Strategies was selected to serve as Project Compliance Manager. Milligan & Company provided a two-step approach where initially they would evaluate each project and determine the scope of work necessary to monitor the project. Upon completion of this task, the results would be reviewed with the Board and if in agreement then they would proceed with the monitoring the project's implementation. A contract with Milligan & Company was approved by the Board at its March 21 meeting and forwarded to Milligan & Company for execution.

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 should all advance during 2017, thus having their intended impact.

The Board's web site at 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 is currently working with a local IT firm to assist with further updates to the site.

The Board is also involved with litigation involving PA Media Group related to the application of the Sunshine Act to the Board's meetings. An agreement was reached in June between the parties on the facts of the case with the matter being an interpretation of the law. During the third quarter of 2016 Impact Harrisburg and PA Media Group both filed briefs with Commonwealth Court in response to the application for a declaratory judgment to determine the Board's status under the Sunshine Act. At the July 20 status conference, the Court asked Board Chair Neil Grover to pursue a course of mediation to attempt to resolve the dispute without the matter being decided by the Court. Counsel for the parties and Board Chair Neil Grover then participated in an in-person conference with the Court in an effort to resolve the matter. Consistent with that meeting, the Board committed to advertising an annual list of meetings. The legal advertisement for 2017 meetings appeared 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 sporadically. Meetings will continue to be held twice a month at 10:30 a.m. at the PHFA offices on North Front Street. Unfortunately however, counsel for the media parties advised the Board that their clients are unwilling to compromise the matter, as they see a pure legal question at issue. On January 13, Judge Leadbetter acknowledged the inability to reach consensus and stated that there would be no oral argument and the matter now lies with the Court.

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 continues to work with PennDOT, Dauphin County and Assured Guaranty Municipal Corporation (AGM) 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 saw that the \$6.666 million set aside in the Supplemental Harrisburg Growth Fund was transferred to M&T Bank in February 2015 pursuant to the agreement.

PennDOT's commitment was to provide \$2 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 plans to use the remaining \$2.542 million from the initial \$3.19 million grant for the Third Street Improvement Project. Through the second half of 2016 and into 2017 they completed design work and addressed numerous environmental reviews required by PennDOT for the Third Street project. These included approvals from DEP, DCNR, Fish and Boat Commission, Game Commission and PA Historic and Museum Commission and PA State Historic Preservation Office. Final clearances were obtained on January 31. A contract was issued by PennDOT on February 22 and is now going thru the City's approval process. The project involves significant modernization of the Third Street corridor in the City. Final design work for the project is nearing completion and utility companies are finishing advance utility work. Bids for the project are anticipated to be let in late April/early May with construction during the summer and fall.

Dauphin County and AGM have expressed concerns over the time it has taken to obtain the PennDOT funding. Several meetings have been held over the last year with representatives of AGM, Dauphin County, PennDOT, the City and the Coordinator to discuss the best way to proceed with respect to the remaining \$6.9 million and how to expedite payments under the reimbursement agreement. At PennDOT's recommendation, the City filed an application under PennDOT's FY 16/17 Multi-Modal application program for the remaining funds. On October 14, 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 will expedite the process moving forward though releases will occur on a project by project basis. Design work on these projects is currently underway.

Fiscal Matters

As reported in the fourth quarter report the City moved through its budget development and approval process culminating in Council's adoption of the 2017 budget at its December 13 meeting. Council made only minor amendments to the budget submitted by the Mayor on November 22. The adopted budget is balanced, totals \$109,559,760 and maintains tax rates at current levels. The two major funds are the General Fund at \$65,738,746 and the Neighborhood Services Fund at \$20,472,046. The budget also includes a Debt Service Fund of \$7,984,578 that accounts for the City's annual debt service payments. There is also a Capital Projects Fund of \$6,293,645. Prior to this year's budget the City had not had the resources to make major investments in its infrastructure though they are sorely needed. The Strong Plan modifications include a number of recommendations related to capital improvements. As the City's recovery progresses it will need to balance funding capital projects thru a combination of grant funds, borrowing and pay as you go (PAYGO). The 2017 budget begins to take advantage of certain grants and uses a portion of its budget on a PAYGO basis to address targeted capital needs primarily in the IT, public safety and public works areas.

The establishment of the Neighborhood Services Fund (NSF) in 2016 has worked well. This fund is used to account for revenues and expenditures associated with refuse collection and disposal services as well as Parks and Recreation maintenance and road repair services, as those relate to the facilitation of refuse collection and disposal services. The fund provides greater accountability for these services as well as fee based support. In addition, the budget has a number of smaller Special Revenue funds including Liquid Fuels, Host Municipality, WHBG, Police Protection, Fire Protection, Blight Remediation, Parks and Recreation, and Special Events and Projects Reimbursement funds.

After adoption, the City submitted its budget to the Coordinator for review pursuant to the Act 199 amendments. The Coordinator completed his review and provided the Secretary with a budget compliance response letter on January 20 indicating that the adopted budget was consistent with the goals of the Strong Plan modifications adopted in April 2016 and confirmed by the Court in July.

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 strong year-end cash position was such that it did not need to pursue a TRAN for 2017. It's important to note that for each prior year since the Strong Plan's consummation in December 2013, the City had been able to obtain a TRAN from the banking community. This has been an important step in enhancing the City's credit worthiness as prior to 2014, the City had been unable to obtain a TRAN.

The City's bi-weekly General Fund payroll averaged \$850,000 for the quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$125,000 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 first quarter, 6 bi-weekly check runs were reviewed, comments provided and approved. Through the continued diligence of the City's Finance Office, the City has been able to meet payroll and critical creditor obligations through the first quarter and has continued to 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 February finds that the City's total General Fund revenues were \$10,248,460 (15.6% of budget) while expenditures were \$5,062,712 (7.7% of budget). The City received significant Local Services Tax and Earned Income Tax revenues during January and February which has further strengthened its cash position. The 2016 budget included an increase in the Local Services Tax (LST) from \$52/year to \$156/year and was an element of the Court confirmed Strong Plan modifications. The increased LST though effective for calendar year 2016, was not implemented until July 1. It was withheld at a rate of \$5/week thru the end of 2016 thus the LST's strong revenue performance was due to the fourth quarter filings received in January and February. Other revenues of note thru February include parking tax revenues of \$660,991 (17% of budget) and priority parking and ground lease revenues of \$339,127 (11.3%) of budget. The 2017 cash flow summary attached with this report reflects actual revenues and expenditures through February with projections through year-end.

As of the end of March the City had timely met all of its initial debt service payments for the quarter. This included the first of its semi-annual debt service on its General Obligation bonds with a payment of \$4,676,069 on the 1997 Series D and F GO bonds; payment of \$297,742.41 on the PA Infrastructure Bank loan; and payment of \$96,534.90 to M&T Bank on the streetlight LED conversion loan. The City is to be commended for fulfilling its debt service payments on a timely basis.

Given the City's improved fiscal condition, I suggested that the City consider availing itself to the prepayment provisions of the Settlement Agreement with AMBAC. To address both the debt service payments not made in FY 12-13 and to provide the City with cash liquidity in the early years of its recovery, AMBAC agreed to a 10 year extension of the loan and a reduction in the early years of its repayment obligations, in essence it provided a loan to the City at an interest rate of 6.07%. For every \$1 million the City repays early, it would save \$60,000 in annual interest through 2022. Further because this amount would not be borrowed and interest would not accrue, the City would realize a further savings of approximately \$400,000/year from FY 23-32. I've encouraged the City's elected officials to give this option serious consideration as it would help them in their path towards sustainability.

Following the March 23 check run and payroll, the City's General Fund cash balance was \$18,124,100. This is \$10.6 million higher than at this point in 2016 when the City's cash position was \$7.5 million. The increase in part is due to the closure of the impress account that was used for medical reimbursements and resulted in the transfer of approximately \$4 million to the General Fund.

A comprehensive review of the City's current and projected financial position, the status of major recovery plan initiatives along with challenges faced by the City was provided to AMBAC in March at the request of AMBAC's account manager for the City.

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. The Controller's December year-end report reflected a Budgetary Fund balance at December 31, 2016 of \$18,201,820 in the General Fund, and \$6,894,449 in the Neighborhood Services Fund. The Budgetary Fund balance is the cumulative residual balance after subtracting expenses from revenues, on a cash basis. After review with the Finance Office, the Finance Office agreed on February 6 as to the accuracy of the December 2016 Budgetary Fund balance.

The Controller's Office continues to monitor compliance with purchase order procedures and recently updated its review of City purchasing procedures through March. The review found continued improvement in the various departments complying with purchasing procedures. When the Controller began his review in 2015 each individual department, bureau and office was acting as an autonomous purchasing entity operating under its own policies. Significant improvements have occurred over the last two years with the filling of the Purchasing Manager position and a commitment made to follow City procedures for purchasing. In December, the Mayor issued an Executive order updating the City's Purchasing policy to conform to municipal code and Commonwealth requirements. Instances where individuals purchased goods and services prior to a fully executed purchase order being generated have been greatly reduced and there has been a marked improvement in adherence to related fundamental internal controls. The non-compliance rate dropped from 81% in the first quarter of 2015 to 26% in the second quarter and further dropped to 8% for the last two quarters of 2015. For 2016 the non-compliance rate was 3% and for the first quarter of 2017 was 8%. It's important that all City personnel follow the City's purchasing procedures and obtain purchase orders prior to a purchase to ensure available funding.

The Finance Office spent considerable time during the first quarter in initially closing the accounting records on 2016 activity and then opening the 2017 books on January 5. Work also began on pre-audit preparation. Maher Duessel (MD), the City's independent auditor, came in during mid-February to perform their interim procedures, which included testing cash disbursements, reviewing previously

provided updated internal control narratives/memos, and confirming their work chart for the various sections of the audit. At that time all audit confirmations (mostly for restricted cash or trust accounts and debt) were completed/signed and provided to MD for handling. MD also has obtained the following items as part of their preliminary work: internal control updates, bank statements for testing, 2016 budget info, 2016 journal entries, OPEB valuation, new debt documentation, and some IT reports.

Significant areas of the audit completed or near completion to date include: the HBG Senators Fund, City debt, and capital leases; other areas underway include fixed assets, workers' comp/medical benefit cost expenditures, payroll, DBHD loan activity, and input of period 13 adjusting entries. Currently the Finance Office is working on items needed for Trout, Ebersole & Groff to complete their audit preparation work in the areas of OPEB, compensated absences, and utility receivables (refuse and disposal). MD is planning to come in the first week of May to commence their work with a goal of completing the audit by mid-late summer.

In 2016, DCED entered into a contract with OpenGov to provide software to all Act 47 municipalities that will provide clear, up-to-date, and transparent governmental financial information to citizens, governments, and other entities. The software serves as a one-stop shop for comprehensive municipal financial information. This software drives civic engagement, and allows users to access financial data from all municipal departments, allowing for full transparency. The municipality though maintains full control of what data is displayed. Comprehensive data is displayed in multiple views/filters, allowing users to isolate revenues/expenditures for specific departments. This information can be as specific as transactional-level data or as broad as total operating budget. Users can drill down to information as detailed as revenue generated by a specific parking spot or as broad as annual departmental revenues.

The software was reviewed with City personnel last summer and OpenGov staff has worked with the Finance and Controller's Offices since that time on aligning codes in preparation for importing the data. The Finance Office completed its review of the expenditure codes and made recommendations for some revisions. They are currently reviewing revenue codes in the same manner. An OpenGov representative met with the Finance Office in late September to further assist with this effort. Due to the need to focus on the 2017 budget further work has been deferred until 2017. The OpenGov technology allows governments to collaborate more effectively through their budgeting process, make data-driven decisions, and build civic engagement through transparency.

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 regular basis and to be quite active with fiscal management matters. The Committee met in early 2017 to reorganize and receive a status report on the 2016 audit planning process.

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. Further, 15 City personnel completed annual training on the requirements of the City's Continuing Disclosure Policy and the City's obligations under SEC laws.

Operational Issues

During first quarter of 2017 Harrisburg, with the support of the Act 47 Coordinator, made further progress on a number of key Strong Plan operational initiatives. The primary areas of focus relate to the acquisition of Act 47 grant resources to augment managerial capacity; enhance IT infrastructure development, strategic planning, project management capacity, and; create 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

Following the approval in August of a \$465,380 Act 47 grant to support implementation of four key Strong Plan initiatives, the contract was fully executed in November. Since then the City has proceeded with implementing the various projects funded by the grant.

One of the most significant longstanding initiatives in the Recovery Plan is to fill the position of Business Administrator. The City has been without a Business Administrator for approximately two years and, as a result, the Mayor has served as both the chief executive officer and chief administrative officer of the City. The complexity of the City's operational and financial challenges and prospective special projects warrant a full-time professional manager; however, the City has been unable to attract suitable candidates due to salary limitations. The Act 47 grant award provides a three year salary supplement that will allow the City to increase the compensation package for the Business Administrator position. This is intended to increase the number and quality of candidates attracted to the position. The adopted 2017 budget includes funding for the Business Administrator position. Recruitment for the position was initiated in early 2017 with advertisements placed in 7 different local, state and national publications and websites. To date a number of applications have been received and the City is in the process of reviewing resumes to select candidates for interviews. It is anticipated that interviews will be completed by the end of April. The Coordinator's team will assist City officials as necessary and will participate in the selection process.

The grant award also includes 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. 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, however, as to what positions should be adjusted or to what degree those positions need to be adjusted. As a result, a classification and compensation study is necessary to assess where investment is needed.

This study will assist in properly assessing where the City should invest resources to attract and retain the caliber of employee necessary to continue its effort toward sustainable financial recovery. In addition to providing grant funds to support the study, the Act 47 Coordinator's Team assisted the City in the development of a Request for Proposals for the classification and compensation study. The City issued the RFP in January and received 7 responses. A Review Committee comprised of the Finance Director, HR Director and a City Councilmember scored the 7 proposals and selected 3 firms for interviews which were held in February. Based on the results of the interviews Springsted, Inc. was selected. A resolution to approve a contract with Springsted was introduced at Council's March 21 meeting and is currently under review by the Solicitor's office. It is anticipated that the consultant will be in place in April and the study completed by the end the third quarter, prior to the FY 18 budget process.

The Bureau of Financial Management has successfully implemented quarterly financial reporting, implemented a standard budget development calendar, and established a standard position control system. The Department has also modified the existing chart of accounts to track grant program funds on an individual basis. Most significantly, the Department of Administration has developed critical staffing capacity in the areas of financial management, purchasing, grant administration and IT management. These improvements in internal expertise have resulted in real progress. The City recently recruited for a staff accountant/financial analyst to further build internal capacity. An individual was selected, started on January 9 and 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. Such policies are looked upon favorably by rating agencies and are another important step for the City to regain credibility in the financial marketplace. In December, the Mayor issued an Executive order updating the City's Purchasing policy to conform to municipal code and Commonwealth requirements. The Act 47 Coordinator also developed draft debt and fund balance policies 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 City Council established a committee comprised of the Finance Committee Chair, Controller, Treasurer and Finance Director to review the proposed policies. Both policies are currently in the Budget and Finance Committee. There is general agreement on the debt policy and this is to be considered by Council in the second quarter of 2017. The Committee feels there is still work to be done on the fund balance policy. The Coordinator's Team has provided support to the Committee and will continue to advocate for policy adoption as soon as possible.

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 are therefore included in the Strong Plan modifications.

Treasurer's Office

Dan Miller 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 begun the process of closing dormant accounts and transferring those funds into the General Fund. Treasury and Finance worked together in January 2017 to close the impress account that was used for medical reimbursements. This resulted in an increase of approximately \$4 million to the General Fund. These payments will now be made directly from the General and Neighborhood Services Funds thus increasing transparency for these transactions.

The City is also currently implementing a process whereby the Controller's Office provides additional segregation of duties for all wire transfers. The Bureau of Financial Management has also begun the process of completing adjusting historical journal entries to ensure that the Treasurer's accounting software pairs with the City's General Ledger, which is housed on the Pentamotion financial system. Finally, 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.

To 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. The Customer Service Representative position is still vacant; however, the City has identified a candidate and is currently conducting a background check in the hopes of filling the position in April 2017

It is very important that the Treasurer, Controller and Finance Offices work together to further address the report's substantive findings in an expeditious manner. The recommendations 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.

Information Technology

A prevailing issue in the City has been deteriorating and antiquated IT infrastructure as further discussed below. The City has had limited capacity to address these issues due to finite resources as

well as difficulty maintaining a full complement of IT personnel. The City's IT staffing capacity is very limited and its Director is constantly putting out fires. This situation was addressed in the 2016 Strong Plan modifications as it was recognized there was a need to make significant improvements in the City's IT infrastructure as a critical step to improve the efficiency of City services. 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.

The overall culture and climate of the City has been one of silo and franchise preservation. The culture of IT in particular has been one of reactivity. 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 in August 2016 resulted in the identification of three key IT objectives: Internal Communication; Document Management; and Business Processes. Sigma's implementation strategy is now 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. They view IT as a service and are working to instill this concept throughout City government. 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. 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.

As a further action the City established 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 February 1 and March 1. As part of this effort HU continues to provide in-kind services as have a number of local IT firms.

Last summer the City experienced 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 prevented 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 with support from the Coordinator's office, moved forward to aggressively address this issue.

The identified solution 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 its implementation began with a kickoff meeting and demo on December 14 where a pilot group of about 21 employees from across 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 have been grouped into logical segments and a migration schedule established. The migration began in mid-March and will continue thru the end of April with approximately 20-25 employees migrated per week. Sigma engaged a full-time project manager in December to manage this initiative and coordinate between Candoris (the Office 365 partner vendor), the internal user base and Microsoft. There have been a few issues raised by HR and Risk Management related to the Unions and their use of Office 365 on personal phones though that issue should be resolved soon. A plan to implement a Bring Your Own Device (BYOD) policy as well as archive, retention and usage policies was recently discussed with the Mayor and Solicitor and are under review. It's important that these policies be enacted as part of the migration process.

Concurrent with the Microsoft 365 initiative, various elements of internal network infrastructure are being upgraded. This is another critical need so 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. All hardware has been ordered and will be installed upon delivery. Most of City Hall and the Public Safety building have been rewired though an issue recently developed with the wiring and the applicability of prevailing wage that is being worked thru with a resolution anticipated by early April.

A major problem exists with the City's secondary SAN server which uses outdated technology. This unit failed in early 2016 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 used unit donated by Unisys that had been housed in the Commonwealth's Data Center. After a significant effort, this donated 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 identified but was found to be incompatible with the City's current IT Infrastructure and requirements.

The City has recently acquired a reconditioned SAN that will provide redundancy. It is currently being shipped and should be in the City by early April. They also are pursuing the lease/purchase of another SAN from DELL at a very reasonable rate. This will be a new state of the art, high performance SAN that will not be as susceptible to failure as the current SAN. In the meantime the City is going to provide the UPS with a second source of power at a cost of \$6,000 that will allow the UPS to charge. It is hoped that this will provide time to complete the replacement of the UPS by the end of April at the latest.

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. Implementation of these initiatives will be budget dependent.

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 Department of Public Works, no enterprise upgrade is planned. The City obtained a proposal from Comcast and during the first quarter the DPW phone system was upgraded. A City wide solution though is budget constrained and requires network upgrades to be completed first.

Representatives of Morefield Communications worked with the City to identify inactive lines and have them disconnected. After extensive discussions with Windstream over the amount of a refund, the City and Windstream reached agreement on a refund of \$24,000 for the discontinued lines. Morefield is also working 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.

Finally, the City has 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. These investments are further supported by Act 47 and Impact Harrisburg funding and have been prioritized with the assistance of the IT advisory committee. They will serve to fundamentally improve the reliability and utility of the City's IT infrastructure.

Solicitor's Office

Following recruitment efforts over the summer and fall months, the City filled two additional positions, an Assistant Solicitor for Collections in November and an Assistant Solicitor for Litigation in December. The office is now fully staffed and the Solicitor has 4 attorneys assisting him on various legal matters. In addition, the City retained outside real estate counsel to assist in a variety of title and transfer issues, both current and historical. The Solicitor's Office also accepted the assignment of a management employee who has been the subject to a disciplinary action. The employee is tasked with much needed record system and filing updates. It is an assignment that is anticipated to last several months.

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.

Also on the litigation front, the City was notified of an intent to proceed on 2 different historical (2008) complex litigation matters. One is related to the Capital View Commerce Center for unpaid labor costs. The preliminary determination is that the matter does not present a liability for the City. The initial claim presented was for \$1.3 million. The second is in excess of \$500,000 and involves the interpretation of a clause involving an escalator for the cost of paving materials. Both matters are under review by the Solicitor's Office.

The City also utilized contracted professional assistance for labor negotiations in 2013 and 2014 as provided for in the Strong Plan. With the expiration of the FOP and AFSCME contracts in December 2016, the City was faced with negotiating two collective bargaining agreements at present and an IAFF contract in 2017. The Strong Plan modifications provided for the City to again retain experienced public-sector employment labor counsel for its labor relations activities. Following a proposal solicitation process, the City entered into agreement with Elliott Greenleaf to serve as outside labor counsel to assist with the 2016 bargaining processes. During the first quarter, Elliott Greenleaf attorneys successfully negotiated both the FOP and AFSCME contracts. 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 firefighter/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.

As of March 2017 the Bureau is sending 12 firefighters through the Fire Academy with the expectation of assigning those firefighters to shift duty by the close of the second quarter. This will bring career staffing to 83 FTE, which is close to the budgeted staffing level of 85 career firefighter FTE. Current projected retirements and vacancies indicate an additional four firefighter vacancies will need to be filled with a fall fire academy class. In addition, the Bureau is completing a promotional exam process in March and April. These actions indicate that the Bureau is well positioned to deal with attrition in a timely manner and maintain the overtime savings realized to date.

The Bureau has also worked to cover the cost of special services provided outside the course of normal firefighting services. City Council adopted an ordinance increasing emergency response and vehicle extrication fees and the City is now aggressively billing insurance companies accordingly. City Council also approved increased fire alarm fees that more accurately reflect the cost of providing services, though the Plan modifications address the need for additional adjustments to the false alarm fee structure based on current costs.

The Bureau, with the cooperation of the IAFF, converted an Administrative Assistant position to a civilian position. The Bureau also created a formal Safety Committee to review each work-related injury, as well as observed safety issues, so that effective action can be taken to reduce the incidence of injury going forward.

With changes to the deployment model and the addition of personnel to the Bureau of Fire, staffing and deployment has stabilized in the Bureau. In the fourth quarter of 2016 and first quarter of 2017, the Bureau has placed increased emphasis on training and procedure updates and reviews. 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 to ensure that they represent current best practice and maximize the safety of firefighters and the public. The Bureau provides a high level of service to residents, businesses and visitors, and maintains a complement of highly trained firefighters and command staff.

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 boroughs and township's 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 COG is sponsoring a program titled Building and Maintaining Effective Relationships with Public Officials on April 10 that will further the discussion on regional approaches to fire service. It is therefore recommended that the City continue to engage with the COG and with the Coordinator's support seek to partner with surrounding municipalities to conduct a fire regionalization and service sharing study to identify and prioritize opportunities.

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.

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. This initiative has continued into 2017 with meetings with the Deputy Fire Chief to identify certain training needs and the students have begun working individually with the employees to address their IT issues. If this program is successful, it will be expanded City wide.

Finally, this report would be remiss if it did not recognize the heroic work of the fire department in several major fires that occurred during the quarter. A house fire earlier this year resulted in a dramatic rescue in which Lt. Dennis DeVoe's squad arrived at the scene and was greeted by screams from neighbors that someone was inside the burning home. Lt. DeVoe and another firefighter went into the inferno and safely rescued the occupant, earning DeVoe the department's Award of Heroism. Then on March 11, another house fire occurred as a result of an exploding hoverboard battery. Two young girls perished in this fire and Lt. DeVoe while responding to this fire also died after his car was hit by an individual who was under the influence. Firefighters from across the state along with many City residents honored his courageous actions with a procession through the City and an emotional service at the Forum auditorium.

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 pressing issue confronting the Bureau though continues to be staffing shortages and the lack of sufficient resources to both hire new officers and outfit those officers with reliable and functioning equipment. To that end, it is appropriate to evaluate what steps can be taken to increase the availability of officers within the Bureau and to prioritize the funding of equipment deemed necessary and critical to effective public safety.

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 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. According to the Department's staffing estimates, an additional 18 patrol officers are required to meet the shift target staffing level.

The FY 17 budget provides for a staffing complement of 166. There are 6 management level positions that include a new crime analyst position and 160 bargaining unit positions. As of late December, the Department had 21 sworn officer vacancies. In January conditional employment offers were made to 11 candidates on the existing civil service list. Ten accepted and entered the first Police Academy class in 2017. Recruitment for the July Police Academy is now underway. The Bureau is also recruiting for a Crime Analyst, a new position included in the FY 17 budget to support proactive policing initiatives, and for a Parking Enforcement Officer. Recruitment efforts are only minimally able to maintain staffing levels in the face of naturally occurring attrition and will not resolve the staffing shortfall discussed above. Further, it is not clear that sufficient financial resources will be available to the City in the coming years to fund significant increases in staffing.

In the alternative, it is appropriate to evaluate if other deployment schedules are available to enable the Bureau to more effectively, or more efficiently, deploy its limited staffing resources. Police officers who are assigned to uniformed patrol perform regular tours of either 7:00 a.m. to 3:00 p.m.; 3:00 p.m. to 11:00 p.m.; or 11:00 p.m. to 7:00 a.m.; with steady days off. Although a steady tour schedule provides a welcome measure of regularity for the workforce, there are a number of other schedule alternatives that can be evaluated to determine if deployment and schedule changes can mitigate the impact of staffing shortages. For example, implementation of 12 hour schedule deployment models has demonstrated value in decreasing the incidence of unexpected time off, which impacts staffing availability and potentially overtime usage.

Effective scheduling requires analysis of operational and financial efficiencies, the unique needs of the Bureau and the community, and the impact of the schedule on its employees. There are numerous possible alternatives, and the evaluation of those alternatives must be made to ensure that they result in a more efficient use of resources that will enhance police service without creating undue stress on officers.

Before a new duty schedule is implemented, an in-depth study should be conducted to ensure that the nuances of the Bureau are explored and addressed. Therefore, a committee consisting of the Chief of Police and/or designees, representative(s) of the Fraternal Order of Police, and the Act 47 Coordinator should be established to implement this initiative and make the final determination on a new schedule that meets the operational needs of the Bureau, enhances efficiency and reduces expense to the greatest degree possible.

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 the 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 City's crime analyst position, which is funded in the 2017 budget, will further enhance proactive and intelligence led policing initiatives.

The Act 47 grant award also provided funding to replace 28 Mobile Data Terminals (MDTs) in City police patrol cars. An MDT is the patrol car computer that allows an officer to access police records, driver information, and national warrant and stolen vehicle databases. Currently, 28 MDTs are operating on Windows XP – a system that is no longer supported by Microsoft security updates and so precluded from connecting with county and national policing databases. In addition, many MDTs are beyond their life cycle and suffer from recurring reliability issues. Unreliable MDTs overburden dispatch, resulting in delays for officers doing traffic stops as they cannot run the tags on a vehicle. In addition, the inability to access regional and national crime databases could result in a significant life safety issue in the field thus their replacement will address a critical public safety issue for the police department. Now that the contract for the Act 47 grant is in place, the City is proceeding with the acquisition of these MDTs with installation to occur during the second quarter.

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 and the individual began work the end of September. The City also made a great effort 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 is working to upgrade its ability to process unpaid waste invoices. 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. In late November, the City also hired a new assistant attorney 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. A final report based on the audit is being completed and should be released in the near future.

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.

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 2 new trucks. In addition, in October the City finalized a lease purchase agreement to procure seven additional refuse trucks. The vehicles are anticipated for delivery in June 2017 and will allow the City to enhance its collection procedures and provide additional commercial properties with collection service. The City is also developing 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 will provide for the purchase

of several vacuum sweeper trucks to assist with leaf collection and street sweeping with the goal of having these vehicles in place by the 2017 leaf collection season.

With technical support from the Act 47 Coordinator's team, research has continued on development of specifications for sanitation route management software for purchase and implementation prior to receipt of the new trucks. This software will serve to create valuable management billing process efficiencies. The City is also considering a comprehensive billing and route management software package. The goal is to maximize route efficiency and ensure maximum revenue collection for value added services performed. The team is still researching software opportunities for both route management and billing and coordinating their effort with the City's IT consultant. 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.

Another major sanitation issue that continued from the fourth quarter of 2016 into early 2017 has been discussions with the Harrisburg School District and Susquehanna Township on the development of an intergovernmental agreement to utilize a school district site as the location for a yard waste composting facility. The Coordinator's Team worked with the City to develop a conceptual layout of the yard waste composting site and has coordinated with PADEP to review the site layout to ensure that all regulatory requirements are accounted for in the design. In November the School Board authorized entering into negotiations with the City on an intergovernmental agreement for the yard waste site. Action on the agreement is currently pending.

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. The City and Act 47 Coordinator's team developed a PA DEP permit application that includes the City and the School District as program participants. This application is currently being reviewed by internal stakeholders and is expected to be submitted to DEP by the end of March. After submission of the permit application, the City intends to review two other yard waste alternatives to compare program reliability and fiscal requirements. The development of a composting site will serve two important goals. First, it will enhance the City's yard waste collection and composting program which will in turn decrease the number of tons of waste disposed of at the Harrisburg incinerator thus reducing disposal expenses. Second, it will advance intergovernmental corporation in the Harrisburg metropolitan area, though as a City only facility, shared resources and expenses are not possible.

The City has also developed a draft of a new waste ordinance and is planning on presenting the recommended changes to City Council for consideration in April 2017.

For 2016, the City disposed of 35,953 tons which exceeded the 35,000 minimum put or pay provision. Tonnage was 683 tons less than 2015 (1.9%) which could be due to increased recycling, though it was hoped that previously unaccounted for waste, especially from commercial accounts, would offset any loss due to recycling. In 2016, the City recycled approximately 2,120 tons of material, which represents approximately 5.6% of the total waste stream. This represents a 66% increase in tonnage diverted from the RRF due to recycling since 2015. The City also received \$315,986 in host fees in 2016 which exceeded the \$280K budget. Tipping fees were reduced in 2014, and have remained the same since that time.

As of the end of February, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was 5,646 tons (16.1%) of the City's 35,000 ton minimum put or

pay requirement. It is running slightly below the 35K minimum though tonnage is typically lower during the winter months. It is slightly ahead of tonnage at this point in 2017 compared to last year.

Plant productivity was very favorable with boiler availability of 92.2% for January and 93.8% for February. Regrading and additional stone subbase was completed for the ash truck loading area which will improve storm water management at the facility. Another DEP inspection during the quarter found the site operating well within regulatory guidelines and acknowledged LCSWMA's efforts to improve groundwater quality onsite.

A major project currently underway involves the construction of a new cooling tower. Work progressed well during the quarter with the structure completed on March 10. The electrical equipment component is 50% complete and the mechanic component 40% complete as of mid-March. The project remains on schedule with full completion and tie in to the plant anticipated by mid-May.

With the education and outreach program now underway, and through coordination with the County's recycling office, the City should be able to further increase recycling tonnage while still meeting the put or pay tonnage by monitoring and deterring diversion of municipal solid waste from exempt commercial establishments. Although glass is not currently part of the recycling program due to the lack of a market, the City is pursuing a glass recycling program in concert with LCSWMA. The more the City recycles, the less it pays for disposal costs, which is all-in-all, a good thing. These improvements will help stabilize the refuse and recycling collection operation and improve the overall appearance of the City.

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. The Mayor continues to meet with various commercial accounts to facilitate transition of these accounts from private haulers to the City. Another round of commercial accounts transition to the City's system from private collection in December based on the expiration of the private collector contracts. The next transition will occur in June 2017.

These are all positive steps that are being taken to address sanitation system responsibilities. The progress that has been made 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. This will allow capital needs involving sanitation to be prioritized along with other pressing needs. The City has begun this effort with the development of a stand-alone capital budget for 2017 that is segregated from the operating budget. A representative from Barton and Loguidice, as a member of the Act 47 Coordinator's Team, continues to provide implementation support to the City and meets with City leadership on a regular basis to provide consultation services and assist with implementation matters.

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 measureable changes and improvements. If the changes do not result in measurable and observable system improvement, "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 going forward.

Public Works Facility

Though the Department has made strides in the area of infrastructure repair, the City will be confronted with significant facility viability issues in the future. The Strong Plan modifications address the need to develop a long range plan for a public works facility. The City, with the support of the Act 47 Coordinator's Team, has been engaged in an effort to determine what the long term plan is for its DPW facility and has explored alternate sites, however, options are extremely limited due to available land and flood plain issues. The City has included funding in the FY2017 budget for this project as it continues to explore options. The City's current lease on the Department of Public Works garage facility on Paxton Street expires in March of 2017. The City was notified in late 2016 that its lease would not be renewed though the City has been able to negotiate a month to month extension while negotiations continue. At Council's March 28 meeting, Council authorized the pursuit of eminent domain as a last resort should other efforts fail in negotiating an amicable acquisition of the property.

Transportation Infrastructure

The Bureau of Engineering, with Commonwealth enabled funding, has also made 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. Through the second half of 2016 and into 2017 they completed design work and addressed numerous environmental approvals required by PennDOT for the Third Street project. The final clearances were obtained on January 31. A contract was issued by PennDOT on February 22 and is now going thru the City's approval process. The project involves significant modernization of the Third Street corridor in the City. Final design work for project is nearing completion and utility companies are finishing advance work. Bids for project will be let in late April/early May with construction during the summer and fall.

Following meetings with PennDOT and based on their recommendation, the City submitted an application under its multi-modal program for the balance of the \$10 million. On October 14, 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 currently underway.

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). Per the contract terms substantial completion occurred when work was 95% complete. The City is in the process of purchasing 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. The make ready design work is underway and the buyout is expected to be completed in late 2017 or early 2018. The acquisition will ultimately require PUC approval though it should result in an annual savings for electricity in excess of \$400,000. Also as part of the PPL purchase process, PPL had to inventory the PPL owned lights. The inventory revealed that the City was paying PPL for 41 lights that did not exist. As a result, the City received a credit in the amount of \$63,640. This is in addition to the credit related to the billing anomalies of the City owned lights. Finally, on November 28, 2016, the City received the Act 129 rebate in the amount of \$374,141.77.

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. In February the City issued an RFP for Fleet Management services with responses due in mid-March. 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

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 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.

It is important for the City to develop the necessary process and planning tools to take advantage of funding opportunities that become available. It is especially important to have a structure in place to centrally and comprehensively evaluate all capital needs and prioritize investment within the strategic priorities of the City. Those needs must be professionally assessed and options evaluated so that both daily maintenance plans and capital investment requirements can be appropriately prioritized. The City's Finance Director has indicated that building on the initial FY 17 capital budget, the FY 18 capital budgeting process is under development and currently expected to be initiated in late spring/early summer. This represents a positive step in addressing the City's long neglected facility and infrastructure needs and should be further expanded to a five year capital improvement planning process with input from Council and the citizenry at large.

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 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 contest to brand the planning process, "BeHBG" was selected as the name for the update. A "BeHBG" web site was established to provide the community with ongoing updates and to allow further community input. To date over 500 users have registered and generated 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.

2016 focused on retooling the Plan based on the public input received. 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 recent action by the City to terminate the contract. The City is actively working to resolve these issues 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 Plan was presented to the Planning Commission during the first quarter for its review. The revised timeline now calls for the plan to be presented to Council in June.

Council and the Planning Commission have scheduled a meeting for April 6 to discuss the Plan's status. As Coordinator I am quite concerned over the current status and have met with both the City's Community and Economic Development Director and the consultant to see if an amicable resolution can be achieved.

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) have continued 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. In the spring of 2016 PennDOT announced the award of \$15 million to fund a number of needed physical improvements to the Center including new roofs, energy efficient heating and cooling systems and replacement windows. Expansion of the HTC's multi-modal transportation services can serve as the foundation for the transit oriented redevelopment of surrounding and 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, in late August PennDOT announced the initiation of 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 undertook a Visioning Week exercise September 19-22. The consultant team held 18 different events during the week to solicit as much input as possible on the reuse and redevelopment of the Market Street corridor and surrounding area. Public engagement and response to these events 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 in late fall 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, began during the first quarter and is also being undertaken by Michael Baker.

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. In May, with the support of the City, the Harrisburg School District approved its participation in the LERTA program. This was followed by Dauphin County's approval over the summer. With approval by the three taxing bodies, the City undertook recruitment efforts for a LERTA program administrator and recently selected an individual who started in January 9, and during the quarter met with developers and investors. An informational session on the City's LERTA program was also held thru CREDC.

During the fourth quarter 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 to launch the revitalization of an entire neighborhood in Allison Hill (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 City is currently completing the RACP application and anticipates its submission to the State Budget Office in April. This project provide 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 by the end of the quarter for consideration in the 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 has been fueling a boom in the tech industry with 18 new tech firms being established in the last two years. HU is serving as the foundation for economic development in the downtown. The opening of the Blackberry Technology Center in March highlights this development and is expected to be followed by other tech hubs in the coming months.

The City continues moving forward with the organization of a Land Bank Board, following the enactment of an ordinance to create a Land Bank which will assist the City with its 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 Board has been meeting regularly with support from the Community and Economic Development Director. Its Solicitor resigned late last year and though efforts to recruit a new Solicitor have been undertaken, an individual has yet to be found. 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.

Another recent positive development was the September action by the House of Representative's Transportation and Infrastructure Committee to approve a resolution that among other projects included \$194.4 million in funding for the design and construction of a new 243,000 square foot Federal Courthouse to be built at 6th and Reily Streets in Harrisburg. The existing Ronald Reagan Federal Building and U.S. Courthouse in downtown Harrisburg does not meet the federal government's security and expansion requirements. The 1960s era building was initially built with two courtrooms and later, two more courtrooms were added. However, the four courtrooms are not enough to accommodate the increasing caseload of the U.S. District Court for the Middle District of Pennsylvania. Subsequent to the September action, on January 25, 2017, the U.S. General Services Administration (GSA) awarded \$9,194,935 to Ennead Architects of New York to provide archectual/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. Although there is still an authorization needed for construction, this action is a significant step forward for the project which should spark further economic development in mid-town.

The City remains faced with significant housing and infrastructure issues related to the sinkholes on South 14th Street. With the federal government's expansion of the definition of a disaster in late 2014 to include sinkholes, Harrisburg is now eligible to apply for federal mitigation money to buy homes ruined by sinkholes on South 14th 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 14th Street project has been prioritized by DCED for this funding which would be used for the acquisition and demolition of the remaining South 14th Street properties impacted by the sinkholes. DCED held a public hearing on the use of the funds on July 25 where approximately a dozen residents, City officials and the Coordinator testified in support of the use of these funds for the South 14th Street project. Subsequent to the hearing 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 and PEMA staff have been meeting with property owners and residents to inform them of the buyout process. A contract between the City and PEMA is in process, and 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 the contract was pending. Council's action allows the City to front the initial acquisition cost and then be reimbursed by PEMA as the buyout process is under a May 31 deadline. The combination of the FEMA and HUD funds will allow for the acquisition and demolition of all of the properties on South 14th 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 Bureau of Park Maintenance and the Bureau of 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 adopted 2017 budget also includes funding for eight new positions in the Bureaus of Parks and Recreation and Neighborhood Services who will be dedicated to park maintenance and management. They include six laborers, one secretary, and one park ranger and are intended to enhance park infrastructure and recreation programming quality. Further, they are intended to ensure that skilled laborers in Neighborhood Services can dedicate attention toward other infrastructure maintenance that may require specialized skill sets (e.g., transportation infrastructure maintenance).

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. The Administration is currently completing an application for DCNR funding for a master plan to address these issues and anticipates it going to Council this spring for action.

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. DCNR recently awarded the City a \$50,000 matching grant to develop a master site plan that will reimagine the large and historic park. The City has retained H. Edward Black and Associates as lead consultant supported by Simone Collins landscape architects and Urban Partners to undertake the study which was initiated with an October 25 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. It is well under way with two public meetings held during the first quarter to obtain input from the public. Two additional public meetings are scheduled for the second quarter and the study is to be completed by late summer. 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, the Commonwealth, Dauphin County, the Harrisburg School District and other neighboring municipalities as discussed below, it remains important for the City 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.

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 boroughs and townships 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 and last summer sponsored the Firefighters Forum discussed in the Fire Bureau section of the report. Building on that program, in April it is hosting a session on Building and Maintaining Effective Relationships with

Public Officials on Fire service issues in Today's Challenging World. The City also uses the COG's job opening website for recruitment.

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. The City also entered into a new intergovernmental agreement with the Commonwealth in 2016 for the collection of solid waste from all state facilities in the City. 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 improvements 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 declines, the City may be 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 provided for 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 Plan modifications separate 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 shortly 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 have met with the City’s officials and its new outside labor counsel to discuss negotiation topics and the labor provisions of Act 47 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 quarter of 2017. Negotiations with the FOP were proceeding well; however, in mid-December 2016, the FOP voted down the proposed CBA that had been negotiated by its bargaining committee with the City’s labor counsel, and an interest arbitration hearing was tentatively scheduled for March 20, 2017. Negotiations, however, continued into the new year and as of mid-March the parties reached tentative agreement on terms of a new contract without having had to resort to interest arbitration. The FOP bargaining committee recommended the proposal to the membership and on March 27 the membership voted overwhelmingly in favor of the contract terms by a 89-7 vote. 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 has also reached a successor agreement with that union. 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 hopes that it will have a contract

executed shortly after the PMRS Board meets on May 18, 2017 to approve the pension changes reflected in the new CBA. 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.

Meanwhile, the CBA with the IAFF is set to expire on December 31, 2017, so the City has entered preliminary discussions with the union. Negotiation teams have been identified, and the City anticipates meeting with the IAFF negotiations team soon in order to review several memorandums of understanding to ensure that they are either included in or excluded from the new CBA. The Coordinator plans on meeting with the IAFF's negotiation team in April to present an overview of the Act 133 Amendments to Act 47, as well as the Amended Strong Plan, prior to negotiations. Elliott Greenleaf has sent a letter of representation on behalf of the City to Attorney Stephen Holroyd of Jennings Sigmond, P.C. who represents Local 428.

In terms of pending grievances, AFSCME recently filed a grievance regarding the manner in which the bonus provision in the amended CBA is being interpreted. 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.

Other grievances previously mentioned in prior reports remain pending, without any progression to arbitration. These include 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. A 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. For the first quarter of 2017, expenditures for overtime combined with premium pay total \$141,128.23, or 18.8% of regular salary. This expense is at 13.9% of budget. 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",
- Activities related to the transfer of the water and sewer operation from the City to CRW.

After consummation of the Strong Plan in December 2013, the City no longer is a guarantor of debt service 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 a restructuring of City liabilities, but 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.

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 do 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 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,
 - c. Fund deposit to Impact Harrisburg,
 - d. Fund a budgetary reserve to get through first three months of each year,
 - e. Repay Pennsylvania Investment Bank, and
 - 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. 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 (unaudited)

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 Operating and Capital Budgets

Initial drafts of the 2017 Operating and Capital budgets were prepared by the Asset Manager as required under the Indenture and distributed to all parties. The budgets are part of the current discussions related to the Accrual issue and Term sheet. Interim budgets are in place pursuant to the terms of legal documents pending the results of the ongoing discussions. Effective January 1, 2017 rate increases for the garages and transient parking went into effect though there were no increases in on street meter rates or parking violations.

The Trustee is holding \$334,943 pending resolution of issues related to ambiguities in the Trust Indenture over payment of unpaid amounts from previous periods. There have been no payments of project cash flow to SP+ for the 2014 overpayment of approximately \$800,000 of which the City's portion is approximately \$500,000.

Additional Incentive Programs

A 15 minute free parking program was initiated last year for several parking areas in the Central Business District of Harrisburg previously marked as loading zones. To date, parking revenue from meters located surrounding the free parking spaces have not been less than budgeted. This has led to the program's expansion in February 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.

Payments to the City and Harrisburg Parking Authority

For the year 2016, the City was paid \$1,717,787 under the Priority Parking distribution while scheduled payments were \$1,833,000. HPA was paid \$1,093,623 for the Ground Lease while scheduled payments were \$1,166,940.

Through the monthly trustee waterfall run on 3/1/2017, the City has been paid \$291,381 of a total \$449,500 of scheduled payments and HPA paid \$194,794 of \$300,500 of scheduled payments.

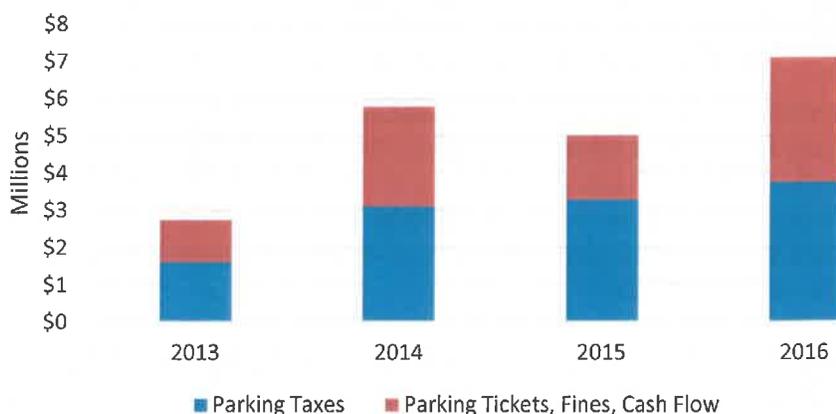
With respect to other expenses paid at the subordinate expense level of the Trustee waterfall, there have been no Performance Fee deposits/payments made in 2016 or 2017 and no PEDFA fee deposits/payments made in 2016 or 2017.

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 has received \$3,769,704 (unaudited) during 2016. 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).

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

Group	Account Description	2013	2014	2015	2016
Parking Taxes	MBP PARKING TAXES CURRENT	1,613,906	3,100,722	3,289,446	3,769,704
Parking Taxes	MBP PARKING FEE	13,271	16,721	11,573	13,724
Parking Fees	PARKING LICENSE FEE-PRIOR	476	3,266	2,131	710
Parking Fees	PARKING LICENSE FEE-PENAL	668	3,477	2,007	3,010
Parking Fees	TOWING FEES	24,954	28,360	21,665	22,595
Parking Fees	METER BAG RENTAL	149,706	62,834	21,504	24,116
Parking Fees	FINE AND COSTS	72,919	72,570	49,535	42,244
Parking Fees	BOOTING FEES	1,925	14,595	8,850	3,300
Parking Tickets	PARK TICKETS-VIO FINE	880,585	475,248	463,641	447,119
Ground Lease Payment	PRIORITY PARKING DISTR.	0	900,000	527,900	1,093,623
Priority Parking Distribution	PRIORITY PARKING DISTRIBUTION		1,100,000	636,951	1,717,788
Rental Income	HPA RENTAL INCOME	0	20,800	0	0
Hbg Prk Auth Coord Pkg	HBG PRK AUTH COORD PKG	0	0	0	0
	Total Parking Revenue	2,758,410	5,798,592	5,035,204	7,137,933

Table 2
General Fund
Parking Revenues



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. Several meetings have taken place with all parties to discuss a resolution of this matter. The meetings have resulted in positive discussions though no agreement has been reached. 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, AGM and Dauphin County in their role as 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. The last meeting occurred on February 2 and resulted in requests for additional information. 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 & Operational Improvements

- Many enhancements to the system have occurred and continue to occur since the monetization. Over \$9 million in capital investment was set aside for improvements to on-street and off-street parking facilities and technology. The capital budget for 2016 was \$2.7 million. A new 10-year capital study has been completed by CDM Smith and will be utilized to generate a 10 year cash flow projection and identify and prioritize capital improvements to the system in coming years. This budget is currently part of the current discussions between the parties.
- Capital Improvement projects completed during 2016 included repair of concrete, major caulking repairs at four garages and other minor repairs.
- An energy saving contract was entered into that saved \$36,000 through 2016 and is projected to provide savings of approximately \$120K in electricity costs annually.
- Lighting improvements at four garages were also completed that will save \$100K in utility expenses per year and increase visibility and enhance safety. Various other safety improvement measures were also undertaken during the year.

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 with all members in attendance. The Committee heard comments from several community residents on issues related to the need to have improved technology and a more customer friendly system.

Resource Recovery Facility

Results for 2014 - 2016

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, and in 2015 when the City disposed of 36,636 tons (105%) of the put or pay minimum. For 2016, the City disposed of 35,953 tons (103%) which again exceeded the put or pay provision. Tonnage was 683 tons less than 2015 (1.9%) which could be due to increased recycling, though it was hoped that previously unaccounted for waste, especially from commercial accounts, would offset any loss due to recycling. The City also received an annual Host Fee from SRMC of \$299,277 for 2015, slightly exceeding the estimated \$285,000 per year. For 2016 the City received \$315,986 in host fees which exceeded the budget of \$280K. 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 "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 provided 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 (SS) complex. This project will result 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).

Harristown Development Corporation Activities

In December 2016, after much work, 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 per the agreement. This will greatly assist in dealing with certain capital needs in the SS complex including the replacement of the 333 Market Street escalator in early summer 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.

Harristown Development Corporation (HDC) continues to actively pursue additional development opportunities in SS 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. Work continues on the relocation of the Rite Aid store from across Market Street to the Square. Retrofit of 14,000 square feet began the end of September and has proceeded well with an expected opening this spring. Several new establishments opened the second half of last year including a child care center and a Hallmark store. An apparel retailer, Amma Jo has expanded and Capital Area School for Arts leased an additional 2,000 square feet for their charter arts school. In addition, Fresa Bistro, a new 50 seat sit-down restaurant opened in early March and is doing extremely well. HDC is now 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. Discussions are also underway with several additional restaurant and commercial office prospects which will further build on SS's success. Three commercial projects have recently signed letters of intent and appear very favorable. They would represent an additional 20,000 sq./ft. of leased space in the SS complex and create 50-60 new jobs.

Residential development has also occurred in both SS and the surrounding Third Street neighborhood with HDC completing renovations that created 22 upscale apartments known as The Flats at Strawberry Square. They opened for lease in August 2016 and by early 2017 all units had been leased. Two additional residential projects -- F@TT (Fifteen at 22 S. Third) and South of Market (SoMa) on Third - opened with a ribbon cutting on November 15 and provide an additional 29 new upscale apartment units for lease. By March, 47 of the 51 available units were leased. Also, Jump Street Arts Development group leased and moved into an entire 5,000 square foot row building in the middle of the SoMa project last fall. Further, the Downtown Improvement District and Harrisburg Property Services 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. HDC also recently acquired 3 additional properties on South Third Street that are being renovated into 6 new apartment units.

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."

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, in early Spring. The Vartan Group, over the last several years, developed the Briggs House apartments on Front Street (7 units), the 1500 Condominiums, and the Carson Coover House on Locust Street (6 units).

Further in mid-March, the Blackberry Technology Center opened in the SoMa neighborhood. 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.

All told the positive resolution of the Verizon Tower matter has had a very significant impact on economic development in downtown Harrisburg.

Strawberry Square Energy Efficiency Upgrade

The Energy Upgrade was a separate Project thru DGS and HDC that was coordinated with the build out in PHASE 1 and PHASE 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. One very positive outcomes that has surfaced relates to the ability of the engineers to now have real data to test the assumptions used in creating the savings forecast, as one might expect, the savings forecasts were conservative, the real data now being seen predicts an even higher potential for savings. Comparative data for 2016 reflects an overall energy cost savings of 31% over 2015.

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 have saved 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 is pursuing additional uses for the stadium that would generate additional revenue for the City. The City Islanders soccer team played ten games in the stadium in 2016 and are expected to play there again this year. This has been a successful additional use for the stadium with the final game at FNB field on August 30. Uses of the stadium for other events are also being discussed by the City. The addition of the City Islanders to the schedule and other 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, the first installment 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. A second payment of like amount is expected sometime during the next several months.

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.

Goal teams created measurable objectives and strategies for each of the above Goals and will lead implementation of the Plan.

Effluent Water Reuse (CRW and LCSWMA agreement)

As part of the sale of the incinerator from The Harrisburg Authority to the Lancaster County Solid Waste Management Authority (LCSWMA), the two parties entered into an Effluent Water Reuse System (EWRS) Agreement wherein LCSWMA would replace potable water with effluent water from (now) CRW's Advanced Wastewater Treatment Facility for use in the incinerator's cooling processes. CRW received the benefit of receiving funds from LCSWMA to repay PENNVEST for the construction loan taken out to complete the EWRS (approximately \$1-million). LCSWMA received the benefit of a reduced cost of water (the effluent rate was established as \$2.00 per 1,000 gallons compared to the potable water rate in excess of \$7.00 per 1,000 gallons). While revenue to CRW's wastewater system would be enhanced through the receipt of approximately \$125,000 per year in non-rate revenue, CRW's water system would lose revenue on the order of \$500,000 annually. This arrangement was one of the many items necessary to reach the necessary purchase price negotiated by the Office of the Receiver.

In November 2015, LCSWMA approached CRW with a proposal to abandon the EWRS and to drill onsite wells to meet all of their non-potable water demands. LCSWMA offered to pay CRW the EWRS rate for all water pumped from the wells. Because there would be no expense to CRW's wastewater customers, there would be no reason to offset with non-potable rate revenues. CRW would instead deposit non-potable water revenues into the water revenue fund to help to offset the loss due to the difference in retail and contracted rates. Because LCSWMA's non-potable demand is much greater than just the cooling usage originally contemplated, this proposal would result in zero revenue to CRW's wastewater system and a loss of rate revenue to CRW's water system of \$1.17-million (or almost 6% of the total water rate revenue).

LCSWMA and CRW successfully negotiated, and their Boards approved, the terms of an Amendment to the Effluent Reuse System Agreement needed to allow LCSWMA to obtain water for non-potable uses in the most cost efficient manner (which will indirectly have a positive impact on CRW's customers through lower solid waste disposal rates) while reducing the negative impact to CRW's water customers. Under the terms of this agreement, LCSWMA will pay CRW \$4.70 per 1,000 gallons of water consumed for non-potable uses beginning January 1, 2017. This agreement reduces the loss of rate revenue to CRW's water system by \$695,000.

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 H₂O

"City Beautiful H₂O" 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 the City's Comprehensive Plan and CRW's Wet Weather Planning for regulatory compliance and will result in significant investment into the community while attempting to minimize the financial impact to rate payers.

CRW held three "Community Greening Parties" throughout the City over the last year to provide education and receive resident feedback on the plan's development. The project team then took the feedback received and prepared several conceptual designs including creating a "green block" between the Camp Curtain YMCA and Camp Curtain Memorial-Mitchell United Methodist Church on North 6th 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 submitted an application 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.

Drinking Water Compliance

In April 2016, the Department of Environmental Protection (DEP) issued results of their January 2016 Filter Plant Performance Evaluation (FPPE) of the Dr. Robert E. Young Water Services Center Water Treatment Plant. In 2012-13, the last time the evaluation was completed, DEP issued a performance rating of "Needs Improvement". DEP issued an upgraded performance rating of "Satisfactory" in April and noted that "...many improvements have been made at this facility...", and that "...significant progress..." has been made.

Following an aggressive leak detection and repair program from January through May 2016, improvements were made that have reduced leaks in the distribution system. Finished water production decreased from a 10-year average of 8.5 MGD to 7.0 MGD. Additional reduction in non-revenue water is anticipated as CRW takes additional steps on several fronts – from meter accuracy and billing system optimization to additional leak detection and repair work.

Also in April 2016, CRW's Board unanimously approved an agreement to conserve its 8,200 acre DeHart Property in Dauphin County by easement in partnership with the Ward Burton Wildlife Foundation, Nature Conservancy, and Fort Indiantown Gap. The agreement will result in up to \$9 million in one-time revenue and the potential for ongoing revenue through the sale of timber and pulpwood and carbon credits. CRW also engaged a forestry consultant to advise on timbering operations and prepare a Forest Stewardship Plan which was approved at the Board's September 2016 meeting. At its December 2016 meeting the Board adopted a Forest Management Plan and at its January meeting the Board further authorized a Forest Management Services agreement with Appalachian Forestry Consultants to provide management of the watershed.

The easement purchase will be phased based on funding availability. During each funding round, a portion of the property will be eased and the purchase price (\$1,125/acre) will be paid to CRW. Revenues received will go to the direct benefit of the drinking water system. The intent of all partners is to enroll the entire DeHart Property under a Conservation Easement with The Nature Conservancy by September 30, 2019. In the first round of funding that ended September 30, 2016, CRW received \$4,407,300, representing payment for 3,917.6 acres (19 of 30 total parcels). During each subsequent Funding Round, additional property will be eased and the purchase price (\$1,125/acre) will be paid to CRW. Revenues received will go to the direct benefit of the drinking water system.

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 working on an additional borrowing in early 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. In

early 2016, with two years of financial records and operating history, CRW was able to restore its credit rating and refinance over \$52 million in bonds. Until last year, CRW had not been able to access the financial bond markets due to withdrawal of the bond ratings of the City and then of The Harrisburg Authority in 2011. With the restoration of a rating on March 25, 2016 (A+ from Standard and Poor's with respect to the water bonds), CRW successfully marketed refinancing bonds in April 2016 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."

CRW anticipates the issuance of \$65 million in 2017 Sewer Bonds in the 2nd quarter of 2017 and took action at its February 22 meeting to proceed with this financing. These bonds will be used to refinance M&T Bank's portion of the AWTF project financing in addition to providing necessary funding for 2017 and 2018 capital projects. Morgan Stanley was selected as bond underwriter and is preparing the Preliminary Official Statement for the Board's review. At its February 22 meeting the Board also took action to engage Public Resources Advisory Group to provide financial advisory services for this matter.

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. The condition became apparent when raw sewage was observed in an unnamed tributary to Asylum Run. Impact Harrisburg did not award funding for this project. Given the nature of this project CRW is proceeding with design for this project.

The second application stems from the Impact Harrisburg Board's desire for collaborative projects between the City and CRW. Understanding 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: 3rd Street Resurfacing Project; 2nd, 7th and Division St Project; Berryhill Pedestrian Improvements Project; and North 17th Street Reconstruction.

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 3rd St improvement project. The timeline is controlled by the City, as CRW's work is supplementary to the primary City work. A mid to late April bid advertisement date is anticipated.

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.

By the second half of 2015, CRW had implemented its new billing system for water and sewer and separated from the City's utility billing system ending several areas of shared service. The amount paid the City under the Shared Services Agreement diminished significantly as a result. Adding further to the reduction in City revenue under the Agreement, CRW notified the City in June 2016 that after December 31, 2016, it would no longer pay 70% of the City's street cleaning expenses as a shared service due to the inability of the City to provide the standard of service necessary for CRW to meet its regulatory requirements. CRW received bids for street sweeping in December and its January meeting awarded a contract to Reilly Sweeping, Inc. for a not to exceed fee of \$575,000. Although CRW invited the City to submit a bid the City chose not to do so.

CRW met with representatives from the City the first week of March to discuss the remaining outstanding issues related to the transfer of operations and the Shared Services reconciliation. It is believed 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. CRW recently received the COH's Street Sweeping expense summary and will be analyzing that data over the next few weeks.

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. While CRW has completed work on a dozen of these properties, the City has yet to approve the proposed schedule.

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, but until now, nothing had been done to remedy the situation. To date, CRW has completed significant onsite inspection and investigation into possible factors contributing to the problem. In-house and hired contractors were used to complete pipe and manhole inspections and determine connectivity of pipes and drains/downspouts. Consultants mapped and modeled the system to trouble shoot the problem. Initial results point to several

compounding and separate factors with no cheap or easy system-based remedy likely. CRW met with PennDOT in December to review these findings and discuss alternatives.

CRW further 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 its Consent Decree with USEPA, PADEP and USDOJ. The analysis will be largely completed before the end of 2017 with the final plan submission due April 1, 2018. HTC is in the middle of three sewer sheds, and long term plans will likely consolidate two or all of those sewer sheds into a single shed. It is also likely that stormwater will be separated from the sanitary sewer system in part or all of the area, and the potential for attenuation of stormwater with green infrastructure will be evaluated. These changes will require substantial investment and infrastructure relocation complicated 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, AGM, Dauphin County and AMBAC creditors of the City and Authority, other creditors who were involved in the renovations to the Resource Recovery Facility and the monetization of City assets. The one group of parties that has not participated to date in the City's recovery is 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 continues 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, letters were sent to parties involved in the various financings related to the Resource Recovery Facility. Meetings were also held with various parties 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 firm of Harris Wiltshire and Grannis LLP with their main office in Washington 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 action originally filed by that counsel. As a result, the Coordinator has selected Harris, Wiltshire & Grannis to represent him in this matter.

Summary

The City continues to make progress on many fronts with the further implementation of the Harrisburg Strong Plan modifications. Following the Office of the Receiver being vacated in March 2014, the City returned to the underlying Act 47 process with continued oversight of Strong Plan implementation provided by the Court. With the adoption of the Strong Plan modifications by the City and their subsequent approval by the Court, an updated recovery strategy is now 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 represents a critical next step in the City's recovery and its move towards a path of sustainability and an exit from Act 47.

The Coordinator's Team continues to work with Mayor Papenfuse and his Administration as well as City Council and other City officials to assist the City as it moves forward with Strong Plan initiatives and other operating matters. Regular interaction with the City administration occurs on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and personnel. Agendas have focused on the most significant issues that are pending at the moment with the plan modifications being high priority. Discussions have been productive and resulted in addressing plan related issues in a constructive and positive way.

Through the end of the first quarter of 2017, the City's operating position is healthy and its cash position strong. The first quarter was helped by additional revenues from the Local Services tax along with significant EIT revenues. March ends with a General Fund cash balance of \$18,124,100. This is \$10.6 million higher than at this point in 2016 when the City's cash position was \$7.5 million. The increase is due in part to the closure of the impress account that was used for medical reimbursements and resulted in the transfer of approximately \$4 million to the General Fund. Continued strength and stability in the City's cash position is a very positive sign and negated the need for a TRAN for 2017.

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. It is approaching the time where it can re-enter the bond marketplace to assist in financing needed capital infrastructure.

With full occupancy of the Commonwealth Tower by almost 800 DHS 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. This project along with the 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 announcement in the fall of funding for the new Federal Courthouse in mid-town will likely spur further economic activity in that area. Recent state Redevelopment Assistance grants for revitalization efforts in both mid-town and Allison Hill will further incent economic activity all of which serves to strengthen the City's tax base.

As the City finishes the first quarter of 2017 our focus is on the continued implementation of the Strong Plan modifications that will further advance the City's recovery process. We will continue to work with City officials to effectively manage the adopted 2017 budget including its capital improvement component, increase the City's management capacity, enact sound financial management policies, further strengthen public safety, further implement 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.

As Coordinator, I will continue to keep the Court apprised of the progress on these initiatives through subsequent reports.

**CITY OF HARRISBURG
CASH FLOW**

City of Harrisburg
 General Fund
 2017 Estimated Cash Flow

4/3/2017
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	Actual Jan	Actual Feb	Estimated Mar	Estimated Apr	Estimated May	Estimated June	Estimated Jul	Estimated Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec	Total
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	3,089,211	7,159,249	11,670,071	5,424,163	4,435,904	3,069,662	2,469,244	3,956,946	5,189,606	3,014,630	3,399,052	3,639,473	56,517,212
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	811,063	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	5,000,000	0	0	0	5,000,000
Total Revenues	3,089,211	7,159,249	11,670,071	5,424,163	4,435,904	3,069,662	2,469,244	3,956,946	10,189,606	3,014,630	4,210,115	3,706,873	62,395,675
Expenditures													
Personnel	2,009,378	2,224,093	3,056,190	3,511,339	2,978,345	3,544,263	4,095,715	3,457,797	3,302,055	6,670,625	2,575,249	4,281,681	41,706,729
Services	362,570	259,957	681,144	491,249	483,780	479,376	475,757	538,593	386,363	600,677	413,431	987,583	6,160,479
Supplies	61,606	118,156	148,738	275,880	205,129	269,577	303,093	187,197	163,857	220,077	174,879	545,395	2,673,584
Other	1,085	25,867	617,155	1,008,981	31,785	1,452,166	364,187	122,861	461,272	491,695	361,430	1,046,038	5,984,521
Debt Service	0	0	5,070,346	105,086	241,362	596,535	0	0	1,845,233	0	0	91,272	7,949,835
Total Expenditures	2,434,638	2,628,074	9,573,573	5,392,535	3,940,401	6,341,917	5,238,752	4,306,448	6,158,780	7,983,073	3,524,988	6,951,970	64,475,149
Operating Surplus/(Deficit)	654,573	4,531,176	2,096,498	31,629	495,503	-3,272,255	-2,769,508	-349,502	4,030,826	-4,968,443	685,127	-3,245,097	-2,079,474

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

4/3/2017
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	Actual Jan	Actual Feb	Estimated Mar	Estimated Apr	Estimated May	Estimated June	Estimated Jul	Estimated Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec	Total
Cash Summary													
Unrestricted Cash Balance Beginning of Month	13,285,220	13,980,564	20,681,076	21,943,581	22,802,398	23,330,972	19,937,879	16,365,253	16,114,355	20,009,500	15,047,065	15,682,192	
Surplus/(Deficit)	654,573	4,531,176	2,096,498	31,629	495,503	-3,272,255	-2,769,508	-349,502	4,030,826	-4,968,443	685,127	-3,245,097	
Change in Accounts Payable	62,818	736,289	-833,993	827,189	33,071	-120,839	-803,118	98,604	-135,681	6,008	-50,000	74,883	
Other items affecting Cash	-22,047	1,433,048	0	0	0	0	0	0	0	0	0	0	
Unrestricted Cash Balance End of Month	13,980,564	20,681,076	21,943,581	22,802,398	23,330,972	19,937,879	16,365,253	16,114,355	20,009,500	15,047,065	15,682,192	12,511,978	
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	3,089,211	7,159,249	11,670,071	5,424,163	4,435,904	3,069,662	2,469,244	3,956,946	5,189,606	3,014,630	3,399,052	3,639,473	56,517,212
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	811,063	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	5,000,000	0	0	0	5,000,000
Total Revenues	3,089,211	7,159,249	11,670,071	5,424,163	4,435,904	3,069,662	2,469,244	3,956,946	10,189,606	3,014,630	4,210,115	3,706,873	62,395,675
Expenditures													
Personnel	2,009,378	2,224,093	3,056,190	3,511,339	2,978,345	3,544,263	4,095,715	3,457,797	3,302,055	6,670,625	2,575,249	4,281,681	41,706,729
Services	362,570	259,957	681,144	491,249	483,780	479,376	475,757	538,593	386,363	600,677	413,431	987,583	6,160,479
Supplies	61,606	118,156	148,738	275,880	205,129	269,577	303,093	187,197	163,857	220,077	174,879	545,395	2,673,584
Other	1,085	25,867	617,155	1,008,981	31,785	1,452,166	364,187	122,861	461,272	491,695	361,430	1,046,038	5,984,521
Debt Service	0	0	5,070,346	105,086	241,362	596,535	0	0	1,845,233	0	0	91,272	7,949,835
Total Expenditures	2,434,638	2,628,074	9,573,573	5,392,535	3,940,401	6,341,917	5,238,752	4,306,448	6,158,780	7,983,073	3,524,988	6,951,970	64,475,149
Operating Surplus/(Deficit)	654,573	4,531,176	2,096,498	31,629	495,503	-3,272,255	-2,769,508	-349,502	4,030,826	-4,968,443	685,127	-3,245,097	-2,079,474
Accounts Payable													
Accounts Payable Beginning of Month	-967,572	-1,030,390	-1,766,678	-932,685	-1,759,874	-1,792,945	-1,672,106	-868,988	-967,592	-831,911	-837,919	-787,919	
Accounts Payable End of Month	-1,030,390	-1,766,678	-932,685	-1,759,874	-1,792,945	-1,672,106	-868,988	-967,592	-831,911	-837,919	-787,919	-862,802	
Change in Accounts Payable	62,818	736,289	-833,993	827,189	33,071	-120,839	-803,118	98,604	-135,681	6,008	-50,000	74,883	

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

4/3/2017
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Cash Summary

	Est 1st Quarter	Est 2nd Quarter	Est 3rd Quarter	Est 4th Quarter	Total
Revenues, Expenditures, Surplus/(Deficit)					
Revenues	21,918,532	12,929,730	16,615,795	10,931,618	62,395,675
Expenditures	14,636,286	15,674,852	15,703,979	18,460,032	64,475,149
Operating Surplus/(Deficit)	7,282,246	-2,745,123	911,816	-7,528,413	-2,079,474
Unrestricted Cash Balance Beginning of Quarter	13,285,220	21,943,581	19,937,879	20,009,500	
Surplus/(Deficit)	7,282,246	-2,745,123	911,816	-7,528,413	
Change in Accounts Payable	-34,887	739,421	-840,195	30,891	
Other items affecting Cash	1,411,001	0	0	0	
Unrestricted Cash Balance End of Quarter	21,943,581	19,937,879	20,009,500	12,511,978	

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

Accounts Payable

Accounts Payable Beginning of Month	-967,572	-932,685	-967,572	-831,911
Accounts Payable End of Month	-932,685	-1,672,106	-831,911	-862,802
Change in Accounts Payable	-34,887	739,421	-135,660	30,891

City of Harrisburg
2017 Actual General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Estimated March	Estimated April	Estimated May	Estimated June	Estimated July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2017	Budget 2017	Variance
Real Estate Taxes Current	233,376	2,338,196	9,005,069	1,194,858	749,842	278,927	152,392	110,635	71,865	74,484	90,321	475,949	14,775,915	14,703,172	72,743
Real Estate Taxes Delinquent	96,927	6,908	77,601	154,209	245,984	77,901	315,963	134,589	178,306	473,538	97,655	73,619	1,933,200	1,928,260	4,940
Tax Liens Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EIT	141,719	535,065	329,733	379,553	213,582	324,300	128,722	362,346	349,105	218,159	410,198	234,943	3,627,426	3,605,642	21,783
Act 47 EIT	283,438	1,070,130	659,465	759,106	427,165	648,600	257,444	724,692	698,211	436,318	820,395	469,887	7,254,851	7,211,285	43,567
EMS/LST	312,139	1,930,717	257,863	262,106	516,023	283,363	226,596	608,485	252,264	176,334	554,799	240,551	5,621,239	5,561,176	60,063
Mercantile Business Privilege	121,745	230,994	376,639	1,182,077	427,895	142,157	79,357	147,777	64,897	166,280	133,633	15,735	3,089,184	3,116,708	-27,524
Other Act 511 Taxes	85,180	72,176	61,556	245,256	164,443	40,846	93,637	359,104	65,386	73,103	436,590	136,930	1,834,208	1,788,500	45,708
Capital Fire Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cdbg Reimb. - Demolition	0	0	0	6,512	0	32,816	5,315	0	15,632	39,817	0	14,909	115,000	115,000	0
District Justice Fees	85,806	0	17,173	67,473	30,865	16,794	24,112	11,827	55,020	67,514	29,270	18,696	424,552	383,000	41,552
Fed/State(Fed)Pass Thr Gr	0	0	37,738	37,738	37,738	37,738	37,738	37,738	37,738	37,738	37,738	37,738	377,380	377,380	0
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	103,018	100,000	61,833	49,165	123,635	116,713	76,669	126,676	112,416	202,997	1,391,698	1,360,731	30,967
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	2,331	2,322	1,985	2,249	6,459	4,415	2,761	1,814	1,830	4,324	36,345	33,752	2,593
License	0	148,917	24,728	296	137,865	0	0	142,269	6,704	3,951	134,408	296	599,433	581,744	17,689
Miscellaneous	791,033	140,650	176,215	149,567	130,580	297,654	189,882	190,683	225,332	151,396	77,117	436,977	2,957,088	2,227,799	729,289
Pension System State Aid	0	0	0	0	0	0	0	0	2,532,920	0	0	0	2,532,920	2,532,920	0
Public Safety Fees/Permits	17,388	11,667	15,407	30,256	13,084	14,371	15,742	10,617	17,316	15,839	11,823	15,174	188,684	189,151	-467
Public Safety Grants	26,841	5,823	12,913	22,488	125,598	45,394	4,484	3,571	5,021,208	6,416	5,438	8,899	5,289,072	5,308,932	-19,860
Public Safety Reimbursements	62,220	57,213	38,467	223,947	57,732	107,637	80,636	116,516	43,831	99,296	78,085	66,610	1,032,191	1,019,502	12,689
Public Works Fees/Permits	0	0	636	0	0	0	0	0	0	0	110,335	139,030	250,000	250,000	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	238	163	283	160	160	197	178	160	160	200	157	178	2,233	2,113	120
Recreation Fees	15	0	5	62	238	3,052	8,067	3,067	139	9	3	32	14,689	14,678	11
Sale Of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicle Maintenance Charges	6,062	26,610	37,217	21,122	26,033	19,092	28,723	29,161	38,391	29,349	3,026	14,473	279,259	293,243	-13,984
PILOTS	0	0	4,847	122,648	44,478	29,847	112,745	8,955	8,955	148,858	31,941	-90,929	422,343	500,000	-77,657
Pub Utility Realty Tax	0	0	0	0	0	0	0	0	0	45,000	0	0	45,000	45,000	0
Sewer Maint Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint Liens-Penalty	0	0	2	0	0	2	10	0	0	4	0	1	19	24	-5
Sewer Maint Liens-Princip	0	0	18	4	21	21	25	5	10	14	4	11	132	160	-28
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	0	0	811,063	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	139,602	142,881	614,233	223,150	298,597	502,042	160,230	385,448	-17,752	735,688	3,845,110	3,864,000	-18,890
Parking Fees	11,103	7,658	6,245	8,015	4,966	14,911	7,300	9,539	6,574	6,537	3,054	19,179	105,081	104,225	856
Parking Tickets	38,394	27,400	15,146	22,556	32,405	31,942	29,829	52,368	38,714	34,199	25,979	36,801	385,733	350,000	35,733
Ground Lease Payments	93,964	41,913	81,366	95,820	160,463	187,653	81,772	157,412	61,385	72,948	75,376	97,946	1,208,019	1,202,000	6,019
Priority Parking Distribution	140,555	62,695	188,793	193,128	210,693	159,884	159,884	112,260	159,884	123,393	135,213	152,406	1,798,786	1,798,000	786
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
															0
Total Revenues	3,089,211	7,159,249	11,670,071	5,424,163	4,435,904	3,069,662	2,469,244	3,956,946	10,189,606	3,014,630	4,210,115	3,706,873	62,395,675	61,426,981	968,694

**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	Actual December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
Office of City Council Personnel	Personnel	21,460	21,457	21,122	21,125	20,789	25,120	28,078	24,672	22,300	22,300	22,086	31,233	281,743	285,812	-4,069
Office of City Council Services	Services	1,024	21,829	3,424	1,148	2,198	2,849	4,319	395	4,177	26,939	2,179	27,116	97,597	100,880	-3,283
Office of City Council Supplies	Supplies	331	1,247	6,616	565	1,273	1,221	2,707	1,076	482	496	416	7,527	23,955	26,050	-2,095
Office of City Council Other	Other	0	0	250	250	250	250	250	250	250	250	250	250	2,500	3,000	-500
Office of City Council		22,815	44,533	31,412	23,089	24,509	29,440	35,353	26,393	27,210	49,985	24,931	66,126	405,795	415,742	-9,947
Office of Mayor Personnel	Personnel	17,888	16,724	16,939	16,747	16,747	18,883	21,643	18,467	16,792	16,536	16,695	23,546	217,606	220,683	-3,077
Office of Mayor Services	Services	165	1,668	1,774	643	762	879	1,534	662	1,094	706	975	2,860	13,721	16,480	-2,759
Office of Mayor Supplies	Supplies	0	0	364	1,216	0	0	0	110	78	0	59	1,234	3,063	3,200	-137
Office of Mayor Other	Other	100	100	27	27	27	707	648	27	27	27	295	80	2,092	2,000	92
Office of Mayor		18,152	18,492	19,105	18,633	17,535	20,470	23,825	19,266	17,991	17,269	18,025	27,721	236,482	242,363	-5,881
Office of City Controller Personnel	Personnel	10,836	10,873	11,060	11,042	11,035	12,587	13,544	12,719	11,166	11,213	11,135	15,440	142,650	145,729	-3,079
Office of City Controller Services	Services	40	0	127	125	7,557	125	125	125	125	290	125	465	9,229	9,537	-308
Office of City Controller Supplies	Supplies	46	5,108	7	101	27	398	1,284	257	136	67	147	2,502	10,079	7,457	2,622
Office of City Controller Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Controller		10,922	15,980	11,193	11,269	18,619	13,110	14,953	13,101	11,427	11,570	11,408	18,407	161,958	162,723	-765
Office of City Treasurer Personnel	Personnel	17,567	22,021	26,267	26,156	26,437	29,461	32,208	31,147	28,573	26,702	24,851	31,074	322,463	344,519	-22,056
Office of City Treasurer Services	Services	12,391	48	6,091	19,684	6,778	295	3,529	3,168	1,378	2,352	1,419	3,296	60,431	57,562	2,869
Office of City Treasurer Supplies	Supplies	0	0	936	2,382	83	165	355	1,398	109	6,322	162	1,883	13,794	14,000	-206
Office of City Treasurer Other	Other	0	0	833	833	833	833	833	833	833	833	833	833	8,333	10,000	-1,667
Office of City Treasurer		29,958	22,070	34,128	49,055	34,132	30,754	36,924	36,548	30,893	36,209	27,265	37,086	405,021	426,081	-21,060
Office of City Solicitor Personnel	Personnel	23,413	24,708	29,656	29,499	28,937	33,530	35,409	35,620	32,487	31,859	31,371	46,869	383,358	403,978	-20,620
Office of City Solicitor Services	Services	2,739	50,169	10,821	35,714	14,483	22,717	26,556	18,321	18,013	11,529	14,478	54,398	279,939	250,942	28,997
Office of City Solicitor Supplies	Supplies	1,716	1,876	3,175	3,550	1,488	4,073	3,869	3,489	2,957	4,009	3,197	9,004	42,403	41,650	753
Office of City Solicitor Other	Other	100	100	100	100	100	50	149	100	100	100	100	100	1,195	1,195	0
Office of City Solicitor		27,968	76,853	43,751	68,862	45,008	60,370	65,983	57,530	53,557	47,496	49,145	110,371	706,895	697,765	9,130
Office of Business Administrator Personnel	Personnel	4,953	4,951	14,333	15,233	15,233	11,897	19,903	23,166	18,794	18,794	18,844	23,918	190,019	220,683	-30,664
Office of Business Administrator Services	Services	0	0	5,246	5,847	5,196	5,469	5,162	5,869	5,619	5,934	6,121	5,259	55,722	66,210	-10,488
Office of Business Administrator Supplies	Supplies	27	0	112	178	110	1,139	155	106	127	75	149	368	2,548	2,700	-152
Office of Business Administrator Other	Other	199	0	0	0	0	0	0	0	0	0	0	0	200	0	200
Office of Business Administrator		5,179	4,951	19,691	21,259	20,539	18,505	25,220	29,141	24,540	24,803	25,114	29,546	248,488	289,593	-41,105
Bureau of Financial Management Personnel	Personnel	26,326	27,530	34,328	34,187	34,187	37,164	38,754	36,799	30,799	31,644	31,076	42,632	405,427	425,819	-20,392
Bureau of Financial Management Services	Services	21,169	2,270	20,360	1,056	7,311	7,883	52,127	68,637	8,389	27,777	12,300	31,304	260,583	255,881	4,702
Bureau of Financial Management Supplies	Supplies	16	6,148	1,809	3,488	7	7	1,290	57	95	317	360	2,854	16,448	12,100	4,348
Bureau of Financial Management Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Financial Management		47,511	35,949	56,497	38,732	41,505	45,054	92,171	105,492	39,283	59,737	43,736	76,791	682,458	693,800	-11,342
Bureau of Communications Personnel	Personnel	12,712	13,868	16,613	16,613	16,613	22,555	19,752	19,323	19,323	20,186	19,323	28,857	225,737	231,448	-5,711
Bureau of Communications Services	Services	1,060	217	461	497	461	1,566	632	1,379	564	1,019	2,804	5,695	16,354	16,600	-246
Bureau of Communications Supplies	Supplies	431	0	2,602	917	917	948	917	3,935	3,487	3,487	1,119	3,104	19,292	21,000	-1,708
Bureau of Communications Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Communications		14,203	14,085	19,675	18,026	17,990	25,069	21,301	21,618	23,822	24,692	23,246	37,656	261,383	269,048	-7,665
Bureau of Risk Management Personnel	Personnel	5,706	5,706	8,015	8,015	8,015	11,117	10,193	8,189	8,189	8,189	8,189	12,283	101,804	104,421	-2,617
Bureau of Risk Management Services	Services	259	0	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	13,092	15,400	-2,308
Bureau of Risk Management Supplies	Supplies	0	0	231	231	231	231	231	231	231	231	231	2,313	2,775	-463	
Bureau of Risk Management Other	Other	0	0	100	100	100	100	100	100	100	100	100	1,000	1,200	-200	
Bureau of Risk Management		5,965	5,706	9,629	9,629	9,629	12,732	11,807	9,803	9,803	9,803	9,803	13,898	118,209	123,796	-5,587
Bureau of Information Technology Personnel	Personnel	28,183	28,389	33,490	33,360	33,715	40,875	45,395	43,998	38,668	38,461	35,622	47,710	447,866	470,581	-22,715
Bureau of Information Technology Services	Services	7,768	9,644	15,482	96,532	80,448	13,874	14,318	22,306	15,612	20,868	38,317	76,845	412,015	423,383	-11,368
Bureau of Information Technology Supplies	Supplies	6,945	5,683	3,488	8,260	21,850	8,285	8,224	8,160	13,960	13,051	8,719	115,619	8,995	116,751	-1,132
Bureau of Information Technology Other	Other	0	24,500	141,215	5,371	5,371	5,371	5,371	7,457	5,371	5,371	29,639	66,425	301,462	309,451	-7,989
Bureau of Information Technology		42,896	68,216	193,675	143,522	141,384	68,405	73,307	81,922	73,610	77,751	112,297	199,976	1,276,962	1,320,166	-43,204
Bureau of Human Resources Personnel	Personnel	17,710	18,451	19,744	19,619	19,619	22,102	22,502	21,423	18,469	18,664	18,414	25,042	241,760	248,134	-6,374
Bureau of Human Resources Services	Services	1,041	2,640	3,452	3,517	2,770	3,592	4,504	3,464	4,726	2,717	3,097	9,645	45,166	46,725	-1,559
Bureau of Human Resources Supplies	Supplies	0	0	45	1,210	0	0	24	62	0	0	101	558	2,000	2,000	0
Bureau of Human Resources Other	Other	100	100	100	100	100	100	149	100	100	100	100	100	1,196	1,196	0
Bureau of Human Resources		18,851	21,191	23,340	24,445	22,488	25,744	27,180	25,049	23,295	21,481	21,713	35,346	290,122	298,055	-7,933
Operations and Revenue (Office of the Director) Personnel	Personnel	14,529	15,228	18,668	20,643	20,931	23,456	23,587	24,539	20,378	20,757	18,602	24,047	245,366	258,900	-13,534
Operations and Revenue (Office of the Director) Services	Services	15,069	6,602	25,874	28,577	15,216	11,503	19,075	17,065	11,528	16,673	9,472	24,825	201,479	211,909	-10,431
Operations and Revenue (Office of the Director) Supplies	Supplies	0	1,521	3,345	2,142	2,099	5,740	1,798	5,494	683	2,423	2,279	4,966	32,489	31,372	1,117
Operations and Revenue (Office of the Director) Other	Other	0	99	584	584	584	0	1,168	5,093	584	12,848	584	8,760	30,889	32,540	-1,651
Operations and Revenue (Office of the Director)		29,599	23,451	48,471	51,946	38,830	40,699	45,628	52,191	33,173	52,701	30,937	62,598	510,223	534,721	-24,499

**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	Actual December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
																0
General Expenses Personnel	Personnel	211,915	504,877	988,922	1,402,342	1,064,532	927,713	1,523,094	1,054,353	894,375	1,324,306	704,556	1,554,283	12,155,269	12,279,052	-123,782
General Expenses Services	Services	121,576	57,173	128,662	82,368	121,062	116,462	68,158	77,594	62,735	152,934	86,671	127,767	1,203,162	1,270,897	-67,735
General Expenses Supplies	Supplies	0	0	0	0	0	25,000	173	31	0	0	0	102	25,306	25,306	0
General Expenses Other	Other	128	0	64,068	894,187	25	135,598	533	35,081	64,630	291,525	24,570	100,381	1,610,726	1,614,296	-3,570
General Expenses		333,618	562,050	1,181,653	2,378,897	1,185,619	1,204,773	1,591,957	1,167,060	1,021,740	1,768,766	815,797	1,782,533	14,994,463	15,189,551	-195,088
Transfers to Other Funds Debt Service	Debt Service	0	0	5,070,346	105,086	241,362	596,535	0	0	1,845,233	0	0	91,272	7,949,835	7,949,834	0
Transfers to Other Funds Other	Other	0	0	294,695	0	0	0	0	0	294,695	0	0	500,000	1,089,390	1,089,390	0
Transfers to Other Funds		0	0	5,365,041	105,086	241,362	596,535	0	0	2,139,928	0	0	591,272	9,039,225	9,039,224	0
Office of the Director for the DCED Personnel	Personnel	6,046	5,962	9,311	10,593	11,874	15,085	12,550	13,926	11,874	11,898	11,947	15,879	136,946	145,328	-8,382
Office of the Director for the DCED Services	Services	0	0	0	0	0	1,425	0	0	0	0	0	0	1,425	1,425	0
Office of the Director for the DCED Supplies	Supplies	0	0	167	167	167	167	167	167	167	167	167	167	1,667	2,000	-333
Office of the Director for the DCED Other	Other	0	0	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	19,167	23,000	-3,833
Office of the Director for the DCED		6,046	5,962	11,395	12,676	13,958	18,593	14,633	16,009	13,958	13,982	14,031	17,963	159,204	171,753	-12,549
Bureau of Planning Personnel	Personnel	6,946	6,946	6,837	6,659	6,659	7,350	7,418	6,470	7,560	8,354	8,799	13,195	93,193	93,871	-678
Bureau of Planning Services	Services	14,765	764	4,481	5,201	2,765	3,544	19,026	16,172	9,369	10,911	4,167	16,621	107,786	97,650	10,136
Bureau of Planning Supplies	Supplies	0	0	83	144	83	83	83	109	724	565	284	566	2,725	3,000	-275
Bureau of Planning Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning		21,711	7,710	11,401	12,004	9,507	10,977	26,527	22,751	17,654	19,829	13,249	30,382	203,704	194,521	9,183
Bureau of Codes Personnel	Personnel	41,470	42,172	66,525	68,456	67,693	79,582	83,216	71,532	64,601	65,399	66,061	99,220	815,928	882,692	-66,764
Bureau of Codes Services	Services	1,056	1,224	4,663	3,039	2,438	3,290	2,391	3,589	5,920	2,590	3,272	6,306	39,778	40,948	-1,170
Bureau of Codes Supplies	Supplies	0	1,995	3,440	1,292	6,573	1,505	1,344	704	1,189	792	2,603	3,136	24,573	24,200	373
Bureau of Codes Other	Other	0	100	91	91	91	91	91	91	91	91	91	91	1,012	1,095	-83
Bureau of Codes		42,527	45,489	74,719	72,878	76,795	84,468	87,043	75,916	71,802	68,871	72,027	108,755	881,291	948,934	-67,643
Economic Development Personnel	Personnel	4,548	4,548	6,333	8,964	8,964	10,279	11,208	9,886	8,946	8,946	8,573	12,550	103,747	111,957	-8,210
Economic Development Services	Services	0	0	1,250	0	5,500	0	0	150	0	0	0	1,500	8,400	8,400	0
Economic Development Supplies	Supplies	0	0	800	0	0	0	0	0	0	0	0	800	800	800	0
Economic Development Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development		4,548	4,548	8,383	8,964	14,464	10,279	11,208	10,036	8,946	8,946	8,573	14,050	112,947	121,157	-8,210
Office of the Police Chief Personnel	Personnel	939,925	856,374	975,644	1,058,058	935,727	1,404,691	1,226,990	1,157,283	1,051,961	4,329,642	897,138	1,298,316	16,131,748	16,560,687	-428,940
Office of the Police Chief Services	Services	95,630	37,498	122,340	49,328	38,715	97,362	29,290	39,643	49,456	109,148	27,836	73,103	769,347	769,450	-103
Office of the Police Chief Supplies	Supplies	505	3,196	18,226	29,317	8,891	10,686	46,186	14,464	36,218	14,824	20,973	46,259	249,745	256,160	-6,415
Office of the Police Chief Other	Other	0	0	7,883	7,883	7,883	7,883	7,883	7,883	7,883	28,453	78,142	283,105	492,748	497,748	-5,000
Office of the Police Chief		1,036,059	897,068	1,124,093	1,144,585	991,216	1,520,622	1,310,349	1,219,272	1,166,088	4,531,756	1,001,697	1,700,782	17,643,587	18,084,046	-440,458
Bureau of Fire Personnel	Personnel	499,576	489,841	625,334	579,067	505,784	631,037	659,242	630,848	852,471	527,334	489,017	729,831	7,219,382	7,389,364	-169,982
Bureau of Fire Services	Services	16,972	12,683	22,498	28,550	41,652	27,069	33,023	24,301	17,897	25,730	14,297	93,479	358,152	362,050	-3,898
Bureau of Fire Supplies	Supplies	17,034	29,669	6,526	21,046	14,332	29,904	73,356	15,448	19,511	29,383	23,882	171,461	451,553	432,750	18,803
Bureau of Fire Other	Other	0	0	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	108,333	130,000	-21,667
		533,583	532,193	665,191	639,497	572,601	698,843	776,454	681,430	900,712	593,281	538,029	1,005,605	8,137,420	8,314,164	-176,744

**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	Actual December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
Office of the Director of Public Works Personnel	Personnel	47,716	50,216	59,132	59,890	60,505	76,750	78,953	72,262	65,656	63,409	64,804	99,892	799,186	834,183	-34,997
Office of the Director of Public Works Services	Services	39,664	40,707	279,002	86,997	95,342	107,985	142,467	165,152	125,199	144,535	140,477	312,320	1,679,847	1,712,500	-32,653
Office of the Director of Public Works Supplies	Supplies	86	11,795	11,954	117,592	11,719	31,322	17,261	11,207	15,510	35,572	13,127	53,189	330,334	343,050	-12,716
Office of the Director of Public Works Other	Other	359	770	94,126	3,539	3,339	1,238,983	300,261	3,429	52,954	55,724	236,033	72,728	2,062,246	2,126,870	-64,624
Office of the Director of Public Works		87,826	103,488	444,212	268,018	170,906	1,455,040	538,943	252,050	259,320	299,240	454,442	538,129	4,871,614	5,016,603	-144,989
Bureau of City Services Personnel	Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Services	Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Supplies	Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Other	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	Personnel	37,069	40,285	45,983	42,896	41,461	46,713	52,065	46,449	42,963	46,081	48,698	78,274	568,936	598,167	-29,231
Bureau of Vehicle Management Services	Services	9,884	11,690	19,749	18,421	28,197	22,458	37,237	25,105	29,211	24,701	30,357	56,474	313,485	301,908	11,577
Bureau of Vehicle Management Supplies	Supplies	34,122	47,683	83,072	80,141	120,720	117,324	136,404	95,909	61,354	105,082	95,981	211,725	1,189,517	1,144,358	45,159
Bureau of Vehicle Management Other	Other	0	0	0	33,500	0	0	33,500	0	0	33,500	0	0	100,500	134,000	-33,500
Bureau of Vehicle Management		81,075	99,659	148,804	174,957	190,378	186,495	259,207	167,463	133,527	209,364	175,037	346,473	2,172,438	2,178,433	-5,995
Office of the Director of Parks, Recreation and Enrichment Personnel	Personnel	12,884	12,965	21,936	22,176	22,889	56,316	130,012	94,725	35,709	19,949	19,446	27,588	476,596	500,503	-23,907
Office of the Director of Parks, Recreation and Enrichment Services	Services	298	3,129	4,106	22,721	3,646	27,744	11,002	44,212	14,067	12,042	13,784	57,020	213,771	214,100	-329
Office of the Director of Parks, Recreation and Enrichment Supplies	Supplies	347	2,235	1,740	1,941	14,559	31,380	7,265	27,804	6,390	3,216	923	15,563	113,363	113,000	363
Office of the Director of Parks, Recreation and Enrichment Other	Other	100	100	333	49,667	333	49,500	500	49,667	333	333	333	333	151,532	152,000	-468
Office of the Director of Parks, Recreation and Enrichment		13,629	18,429	28,115	96,505	41,427	164,940	148,780	216,406	56,499	35,540	34,487	100,505	955,262	979,603	-24,341
Bureau of Act, Culture & Tourism Personnel	Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Services	Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Supplies	Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Other	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
		2,434,638	2,628,074	9,573,573	5,392,535	3,940,401	6,341,917	5,238,752	4,306,448	6,158,780	7,983,073	3,524,988	6,951,970	64,475,149	65,711,842	-1,236,694

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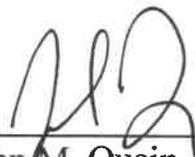
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