

**ACT 47**  
**RECEIVER STATUS REPORT**  
**JUNE 28, 2013**

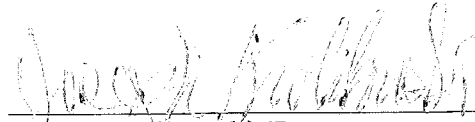
**Section No. 11**  
**Exhibit No. 55**

RECEIVED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
28 JUN 2013 12 18

Respectfully submitted this 28<sup>th</sup> day of June, 2013.

**MCKENNA LONG & ALDRIDGE LLP**

By:



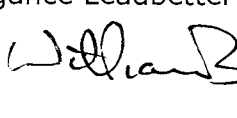
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**Attorneys for the Receiver for the City of  
Harrisburg**

Date: June 28, 2013

To: The Honorable Bonnie Brigance Leadbetter

From: William Lynch, Receiver 

Re: Update on Receiver's Plan Implementation

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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. Since my confirmation as Receiver on May 24, 2012, I have continued to oversee and advance the implementation of the confirmed Recovery Plan.

This memorandum, supported by the accompanying attachments, provides the Court with a summary of the actions that have occurred over the last quarter.

#### **Municipal Financial Recovery Advisory Committee**

Pursuant to the provisions of Section 711 of Act 47, I have continued to convene semi-monthly meetings of the Municipal Financial Recovery Advisory Committee. Since the last status report, meetings were held on March 27, April 10 and 24, May 8 and June 12 and 26. The May 22 meeting was cancelled due to the primary election held the previous day. The meetings were attended by the members designated in the Act: Mayor Linda Thompson; Council President Wanda Williams; Fred Lighty (Dauphin County designee for Commissioner Jeffrey Haste) and Doug Hill (Governor's appointee). At each meeting an update of the status of the implementation of the Recovery Plan was provided and questions were answered. A public comment period is also provided. Minutes of the March 13 and 27, April 10 and 24, May 8 and June 12 meetings are attached.

The Receiver has held weekly status conference calls with the members of his consulting team to coordinate all aspects of plan implementation. Below is a summary of key actions and issues related to the implementation of the confirmed Plan.

#### **Cash Flow**

The Office of Receiver (OTR) continues to closely monitor cash flow as part of the implementation of the confirmed Recovery Plan and the Emergency Action Plan. Through the end of May the City had received \$27,038,568 in revenue and disbursed \$16,823,230 in current expenditures. After factoring in the payment of approximately \$5.8 million in 2012 payables, and estimated revenues and expenditures for June, the City's estimated cash balance as of the end of June is approximately \$5.4 million. This positive cash balance is the result of both the receipt of significant real estate tax revenues and the non-payment of certain debt obligations. In January, the City, with Court approval, had authorized a temporary transfer from the sewer and sanitation funds of up to \$4 million to address cash flow needs during the first quarter. This temporary borrowing would provide the cash flow to meet critical obligations until real estate revenues were received. Through prudent management of its cash the City has not had to draw on these funds to date. Real estate taxes were mailed in mid-January and revenues have flowed into the City Treasury since that time. The face period ended May 17. As occurred at the end of the discount period, this resulted in significant revenues being received during the first two weeks of May. The City is also beginning to see revenue

from the increase in the Earned Income Tax that was implemented as of January 2013. Revenues have now peaked for the year and while expenditures will be constant and the City's cash flow stable thru the late summer months, I project that without a resolution of the creditor issues, it will go negative during the fall. The City's bi-weekly payroll averages \$1.1 million. It also processes payables on a bi-weekly basis. The Office of the Receiver continues to monitor and approve City expenditures including the review of payables prior to City disbursements consistent with the confirmed Plan. I have worked with the City to both manage cash and prioritize payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing for "necessary and vital services". Efforts have continued to identify and account for certain liabilities that the City had previously not included in their financial reports. Several additional payables including PP&L have been identified thru this process. Through the end of June the City has been able to address its 2012 payables and has brought the vast majority of them into a current status. Payables currently on hold now total \$2,854,375 with 99% represented by 7 creditors. They are represented primarily by several debt obligations including payments to SunTrust, Metro Bank and the Pennsylvania Infrastructure Bank and payments to CAT and PPL. Discussions have occurred with the financial entities to apprise them of the ongoing creditor negotiations. The Metro Bank obligation is secured by the artifacts and upon their sale, now scheduled to begin in July, proceeds will first be applied to this obligation. Upon my advice the City has maintained communication with the most significant vendors to avoid any disruption or termination of critical services.

Based on cash flow projections and ongoing creditor negotiations, I made the decision that the City not pay its debt obligations to SunTrust and Metro Bank. The City provided the appropriate Material Event Notices on EMMA and is in compliance with Securities and Exchange Commission (SEC) reporting requirements. It is my intent to resolve these missed debt payments thru a negotiated agreement with the creditors as part of a global resolution.

Projected revenues for the year are \$53,165,868 while projected current expenditures are \$56,201,318 with an anticipated deficit of \$3,035,450 which includes 2013 debt service obligations. The City ended 2012 with a cumulative deficit of \$12,703,541. This deficit includes the debt service of \$9,097,394 on general obligation bonds that were due in March and September of 2012. The projected cumulative deficit at year-end 2013 is \$15,738,991.

The OTR also continues to review requests to fill all position vacancies. Requests to fill vacancies are submitted to the Office of the Receiver and approval is required by the Receiver prior to positions being filled. To date limited requests have been approved when properly supported as critical to providing necessary and vital services. Key positions approved and filled during the quarter include 7 police officers, a Community Policing Officer, a Fire Captain and Fire Lieutenant, Assistant City Solicitor, and Water Quality Manager. Key vacancies occurring during the quarter included the Budget Manager and the Chief Operating Officer. This position was filled by the Mayor on June 17 with the appointment of Robert Philbon as the Interim Chief Operating Officer. I have further advised the City to continue to follow the provisions of the Emergency Action Plan and the confirmed Plan in funding only those activities that are essential to maintaining "vital and necessary services" and provide for the health, safety and welfare of City residents.

My focus moving forward is to continue to effectively manage the City's cash flow needs as we move thru 2013. With close management of cash flow, the City was able to meet payroll and critical

creditor obligations thru the second quarter as well as resolve the majority of its outstanding payables without having to access any of the \$4 million that was authorized to be transferred from the sanitation and sewer funds. This was a necessary action as efforts by the City and OTR to obtain Tax Anticipation financing for 2013 were unsuccessful. It is critical as the recovery process proceeds that the City's fiscal credibility be restored with the financial community and I will continue to work towards that goal.

### **Operational Issues**

The Receiver continues to be supported by the Novak Consulting Group and the Pennsylvania Economy League to assist with the implementation of operational issues that are part of the confirmed Recovery Plan. The OTR's efforts have focused on key priorities that are the most time sensitive and can effect operational efficiencies and savings.

In order to maintain effective communication between my office and the City, I meet on a weekly basis with Mayor Thompson. Our agenda focuses on the most significant issues that are pending at the moment. These meetings have been very productive and resulted in addressing plan related issues in a constructive and positive way. I have also engaged in periodic meetings with Council President Williams, with the same objectives. Again, these meetings have also been very productive as we work to achieve consensus between the Mayor and Council on Plan related initiatives. Further, several meetings have been held by the OTR Team with all members of Council to keep them apprised of efforts to resolve creditor issues.

A key recommendation of the confirmed Plan was the recruitment and appointment of a Chief Operating Officer (COO). Ricardo Mendez-Saldivia was selected and began service as COO on April 23, 2012. This position has greatly strengthened the City's administrative capacity. Unfortunately, Mr. Mendez-Saldivia submitted his resignation effective May 24 creating a significant void. Mayor Thompson moved quickly to fill this position and named Robert Philbon as Interim COO effective June 17. I have met with Mr. Philbon since his appointment and brought him up to date on key operational issues. I plan to continue those meetings on a periodic basis and to review the status of various initiatives in the confirmed Recovery Plan so that recovery efforts continue in as expeditious manner as possible.

Prior to his departure, Mr. Mendez-Saldivia led the City's efforts in working with Maher Duessel, the City's appointed auditor, to achieve the completion of the 2011 audit on May 13. With financial assistance provided thru the Receiver's Office, he also coordinated the work of Trout, Ebersole & Groff LLP (TEG), third party accounting firm, to undertake preparation work for the 2012 audit. Their work is on schedule to be completed by mid-July. This will allow the City's appointed auditor to begin work on the 2012 audit during the third quarter with the audit's completion scheduled for mid-October. This work is being done with the assistance of the two new Finance Bureau staff hired in late 2012. These individuals should then be able to fulfill this responsibility in preparation for the 2013 audit. It is anticipated that the City's audits will be brought up to date by the fall of 2013. Bringing the audits up to date is critical in assisting the Harrisburg Authority with undertaking further financing as well as establishing a solid financial baseline for the City.

With the assistance of the Novak Team, the City continues their efforts to integrate a management system within City operations that more clearly defines goals and objectives. The Team has

assessed the recent restructuring of the City's finance department as a result of the City hiring two very competent individuals to fill the Accounting Manager and Staff Accountant/Analyst positions. This has resulted in a significant increase in the Bureau's technical capacity and the ability to meet daily work demands in a timely manner.

A review of the City's fleet operations was completed by the Novak Group and presented to the Mayor and Department heads. The goal of the review was to explore the consolidation and efficiency of fleet operations. The report recommends the elimination of 36 vehicles. This will achieve an annual savings of \$25,380 from insurance and maintenance costs. Through the sale of this equipment the City will also receive \$18,000 in salvage value (conservative estimate). During the quarter the City has begun to dispose of this surplus equipment. Further the City's DPW Director has prepared a position description for a fleet manager, another study recommendation.

An RFP to outsource the City's sanitation operation was issued and a pre-proposal conference held April 11 with 5 firms in attendance. Proposals are due July 2. The Mayor has appointed a proposal review committee to provide a recommendation on how to proceed. Implementation is scheduled for January 2014. The RFP addresses residential as well as commercial refuse collection with the goal of effecting further cost containment within City operations.

An RFP to consolidate the City's insurance coverage has been prepared by City officials in concert with the Novak Team. It is anticipated that this will be issued in early July. The goal of this initiative is to insure that all liabilities are insured at appropriate risk management levels and that cost containment of insurance coverage occurs.

Since Plan confirmation, the Novak Consulting Group has continued to meet regularly with directors of all City departments to review priorities and provide further guidance on implementation activities. A matrix documenting the status of implementation initiatives thru mid-June is attached.

### **Collective Bargaining**

The OTR's Act 47 Team has developed the maximum costs and expenses for each of the City's 3 collective bargaining units – FOP, IAFF, AFSCME - consistent with the recent changes in the Act 47 legislation as a result of Act 133 of 2012. Based on these maximum costs and the updated financial projections, labor counsel for the Receiver, in concert with the City's labor counsel, developed negotiation proposals to modify the existing agreements in order to implement certain initiatives in the confirmed Plan prior to the current expiration dates. These proposals were presented to the three bargaining units in the spring of 2012. Progress was slow during 2012. A number of bargaining sessions were held during the first and second quarters of 2013 with the bargaining unit representatives and significant progress has been made. In mid-June the FOP membership ratified an amendment to their collective bargaining agreement, modifying the current agreement and extending the term thru December 31, 2016. The amendment to the FOP collective bargaining agreement will continue to proceed thru the remaining steps necessary for final ratification by the FOP and the City. It is my hope that agreements will also be reached with the AFSCME and IAFF in the near term. In order to spur negotiations, I had earlier directed the City not to implement any of the salary increases for 2013 that were part of the contract extensions. The City followed through on this recommendation; however, until agreements are consummated the City continues to incur health care costs at the levels provided in the current contracts. It is critical that significant cost

containment of labor contracts be achieved as early as possible as labor represents almost 70% of the City's operating budget.

### **Mandamus**

On August 27, 2012, The Commonwealth Court entered an Order granting in part and denying in part a *petition for issuance of Writ of Mandamus* filed by the Receiver, following a hearing held on August 23, 2012. The OTR, the Mayor and Harrisburg City Council participated through their respective legal counsel. Subsequently, the parties jointly filed an *Application for Reconsideration*, effectively staying the proceedings so the parties could pursue possible resolution of the matter. A Stipulation Agreement was executed by City Council, Mayor and Receiver on October 23 that resolved the mandamus action. The agreement acknowledged that although there were disagreements between the parties, each had identified points of common ground in addressing the fiscal issues and agreed to undertake a more coordinated effort to address these matters. The parties acknowledged an agreement in principle to address structural deficit and debt related issues in a comprehensive and realistic manner with an aim towards achieving a long-term global resolution of the City's fiscal issues. The City and the Office of the Receiver have continued to comply with the provisions of the Stipulation Agreement and have maintained effective lines of communication on issues related to the further implementation of the confirmed plan. A copy of the Stipulation Agreement is attached.

### **Asset Monetization**

The Receiver previously engaged the law firm of McKenna Long & Aldridge (MLA) and Public Resource Advisory Group (PRAG) to assist with the monetization of the Resource Recovery Facility, the Parking Facilities and the management of the water and sewer systems. Screening and Evaluation Teams (SET) were established for each of the asset monetizations. A very detailed procurement process was established for each of the assets and has continued thru the second quarter of 2013 as efforts have continued to maximize the value of both the Resource Recovery Facility and the parking facilities. The Receiver has worked hard to establish a process that is fair and transparent, yet rigorous and protective of competitive-sensitive and propriety information. I have continued to be an active participant in the monetization processes. Selected parties were identified last year for the sale of the Resource Recovery Facility and the monetization of Parking Facilities. Active negotiations have continued with each party as we move towards a closing on these transactions.

The focus of the water and sewer system monetization has changed and a decision was made to work towards the creation of an operating authority that will have participation from both the City and surrounding municipalities. This would transfer and consolidate the administrative, operational and financial responsibilities for the water and sewer operation in an operating authority. This operational approach will address compliance with the Clean Water Act and the Chesapeake Bay requirements and is an acceptable model for the Department of Justice, EPA and DEP and is also favored by the suburban communities. OTR has participated in ongoing discussions with the Department of Justice and EPA, as work continues to address the State and Federal requirements.

The Authority has also recently agreed to execute a consent order with DEP related to the sewer system upgrade. THA has submitted applications for \$52M in loans to PENNVEST. These proceeds would be used to address the necessary upgrades to the wastewater treatment plant to meet Chesapeake Bay requirements. A decision on this request is anticipated this summer. This initiative also involves a resolution with the suburban municipalities on the overcharges for sewer system



operation. OTR has engaged in discussions with the suburban municipalities and is optimistic that a reasonable resolution of this matter will be achieved.

A summary of the actions that have occurred with each of the 3 asset monetizations is attached. Prior to any final action being taken on the assets, any proposed asset sale or monetization will be brought back to the Court for confirmation or approval as the Court has directed

My Office has also continued active discussions with both Assured Guaranty Corporation and Dauphin County, the two largest creditors, with respect to both the asset monetization processes and operational issues. In-depth discussion have been held with both on a regular basis during the quarter to keep them apprised of the asset monetization processes, the City's cash flow, budget and operational issues. A proposal that would represent a consensual solution based on the value of the monetization of both facilities was prepared and presented and discussed with both creditors. Based on these discussions, further modifications have been made based on the dynamics of the monetization processes and as of the date of this report creditor discussions are continuing. Similar discussions have also occurred with Covanta Energy and CIT as OTR works to also resolve these 2 obligations as part of a global resolution to Harrisburg's debt related matters.

As we proceed with implementation of the confirmed Recovery Plan, we will continue to keep the Court apprised of its status through both periodic meetings with the Court and our quarterly reports.

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OFFICE OF THE CLERK  
OF THE COMMONWEALTH  
OF PENNSYLVANIA

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

<b>C. Alan Walker, in his capacity as</b>	:	
<b>Secretary for the Department of</b>	:	
<b>Community and Economic Development,</b>	:	
<b>Petitioner</b>	:	
	:	
<b>v.</b>	:	<b>No. 569 M.D. 2011</b>
	:	
<b>City of Harrisburg,</b>	:	
<b>Respondent</b>	:	

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**RE: WILLIAM B. LYNCH, RECEIVER FOR THE CITY OF HARRISBURG,  
PETITIONER**

**V.**

**WANDA R.D. WILLIAMS, EUGENIA SMITH, PATTY KIM, BRAD KOPLINSKI,  
SUSAN BROWN-WILSON, KELLY SUMMERFORD, SANDRA REID AND  
THE CITY COUNCIL OF HARRISBURG, RESPONDENTS**

**STIPULATION OF THE PARTIES**

1. On August 27, 2012, this Honorable Court entered an Order granting in part and denying in part a *Petition for Issuance of Writ of Mandamus* filed by William B. Lynch, Receiver for the City of Harrisburg against the City Council of Harrisburg and each of its seven (7) members in their official capacity.

2. The Order was entered following a hearing on the matter held August 23.

3. The Office of Receiver, the City of Harrisburg by Mayor Linda D.

Thompson, and the Harrisburg City Council and its members ("the Parties"), participated in the proceeding through their respective legal counsel.

4. On September 6, 2012, the Parties to the hearing jointly filed an *Application for Reconsideration* of the Order of August 27, 2012, and sought an Order granting reconsideration and effectively staying the proceedings so that the Parties could pursue possible resolution of the matter during a brief cooling off period.

5. So as to avoid the costs and expense of ongoing litigation, Mr. Lynch and all members of City Council, with their legal counsel, took the opportunity to hold initial small group meetings and an executive session regarding this litigation and therein came to share their respective views on dealing with various aspects of the financial issues facing the City of Harrisburg, including the ongoing structural deficit and the debt related to the Resource Recovery Facility operated by The Harrisburg Authority.

6. After those discussions, the Parties acknowledge that they continue to disagree on issues related to this mandamus proceeding, each side maintaining that their respective view on the law and facts would prevail if the pending matter move forward.

7. Notwithstanding their respective firm beliefs and differences, the Parties further acknowledge that they have identified some points of common ground in addressing the fiscal issues impacting the City of Harrisburg and, accordingly, hereby

agree to undertake a more coordinated effort to address these matters.

8. The Parties herein acknowledge an agreement in principle that the work being undertaken by and on behalf of the City of Harrisburg to address structural issues, deficits and debt issues facing the City must be both comprehensive and realistic, with an aim toward bringing about a long-term, global resolution of financial issues.

9. The Parties acknowledge that in order to achieve such a comprehensive global resolution, the goal of recovery efforts must be to: (i) ensure a stabilization of the City's finances and its ability to provide vital and necessary services and (ii) achieve a measurable degree of shared responsibility among various other parties not signatories to this Stipulation.

10. The Parties acknowledge that in order to achieve fiscal stability for the City, it may be necessary to pursue legal claims against those responsible for certain debt of the City, by negotiation or other legal process.

11. Sharing a joint interest in achieving a global resolution for the City, the Office of Receiver, the City of Harrisburg by Mayor Thompson and the Harrisburg City Council hereby agree to an increase in the current one percent (1%) local earned income tax rate on residents of the City of Harrisburg – which is currently evenly split with the Harrisburg School District, to a temporary rate of two percent (2%) on income, with the additional revenue collected therefrom going solely to the City of Harrisburg to assist in the provision of services for the health, safety and welfare of City residents.

12. It is the intention of the Parties that this agreed increase in the earned income tax rate shall be for a period of four (4) fiscal quarters or, in the event that the tax increase should be implemented after the start of the fiscal quarter, then for a total period of 12 months.

13. In entering this agreement, the Parties herein each agree that they and any successor(s) to their respective public office shall continue to enjoy, free of any *res judicata* or collateral estoppel defenses, the right to raise any claim, issue or defense in any later proceeding(s), if any, that was raised in the current mandamus matter and that might arise from seeking to implement, compel or otherwise require the continuation or adoption of the earned income tax rate increase beyond the one-year period at issue.

14. By reason of entering into this agreement, the Parties herein each expressly agree that they shall not later raise, invoke, argue or otherwise pursue any issue of timeliness or waiver of any claim, issue or defense arising from the filing, litigation or resolution of this current proceeding.

15. The Parties acknowledge that the mutual promises to act or defer action is adequate mutual consideration for entering this agreement.

16. The Parties herein acknowledge and agree that except as otherwise expressly stated herein, by deferring to continue or otherwise forego their current claims, defenses and rights to continue pursuing or defending the mandamus proceeding, the Harrisburg City Council and its members, the City and the Receiver are not surrendering,

waiving or otherwise losing any right, claim or defense raised in the course of the pending *Petition for Issuance of Writ of Mandamus*, or any right, claim or defense arising outside the scope of these proceedings.

17. City Council and its members, the City and the Receiver are expressly foregoing an immediate appeal or reconsideration of those aspects of the Order mandating an increase in the earned income tax rate that was entered on August 27, 2012.

18. Notwithstanding the agreement to adopt a one-year increase in local earned income tax rate, the Parties expressly acknowledge and agree that Council and its members, the City and the Receiver shall be free to raise these same issues anew if a later proceeding is pursued by or against them to extend, continue or otherwise renew the earned income tax rate increase, and that no objection or defense of timeliness, waiver, accord and satisfaction, *res judicata*, collateral estoppel or other objection asserting a forfeiture of any right to pursue or defend against a future claim on the basis of the execution, existence or application of this agreement shall be interposed by any Party.

19. In no event shall an extension of the above-described increase in the local residential earned income tax rate be considered to be authorized beyond a one-year imposition, without supplemental tax legislation being enacted by a majority vote of the Harrisburg City Council, or unless otherwise so ordered by a court of competent jurisdiction after the Harrisburg City Council and its members have had an opportunity to participate and be fully heard by that court on the matter.

20. The Parties acknowledge and agree that the Harrisburg City Council and its members have joined in this Stipulation that includes a one-year increase in the local residential earned income tax rate in direct reliance on general representations made by and on behalf of the Office of Receiver to work cooperatively with City Council in his continuing formulation of a comprehensive Recovery Plan to protect the interest of the City of Harrisburg and those who live here.

21. The Parties acknowledge and agree that the 2013 Budget for the City of Harrisburg shall not include any increase in any real estate tax rate and that the Receiver shall not seek, require or otherwise approve any further increase in real estate tax rates in any modified recovery plan to be submitted for Commonwealth Court approval.

22. The Parties acknowledge and agree that the Receiver has not agreed to refrain from seeking or otherwise pursuing a local residential earned income tax increase to a rate of two percent (2%) in subsequent plan years or in any modified recovery plan, understanding that Council has not agreed to enact or renew such a rate increase.

23. The Parties further agree to cooperate in efforts to meet and confer on issues arising under the current recovery plan, any proposed or approved modified recovery plan, or other issues that may arise regarding the provision of vital and necessary services to the City of Harrisburg.

24. The Parties acknowledge and agree that insofar as this Stipulation provides for an increase in the local residential earned income tax rate, the agreement requires a majority vote of the members of the Harrisburg City Council and that this Stipulation

shall only be filed with the Court and become binding upon such after an affirmative vote of City Council.


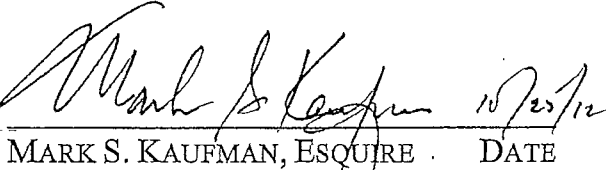
25. The Parties acknowledge and agree that such an affirmative vote shall not be deemed a waiver of any right, claim or defense of City Council or its members to challenge the basis for any claim or order of the Receiver or any order of the Court that directly or indirectly asserts the right or power to compel any or all members of City Council to vote on any specific matter or to otherwise direct a vote for or against any specific legislation that may be brought before the Council for consideration, and that none of the Parties shall assert that any such right, claim or defense has been waived or otherwise forfeited by Council or its members, with the sole exception being the increase in the local earned income tax rate for one-year as stipulated herein.

26. The Parties acknowledge and agree that the Office of Receiver, the City of Harrisburg by Mayor Linda D. Thompson and the Harrisburg City Council and its members shall not claim or assert that any other Party to this proceeding has waived, forfeited or otherwise has been divested of any rights, claims and/or defenses that have been raised in these proceedings or that could be raised on any appeal of the proceeding in the absence of this Stipulation.


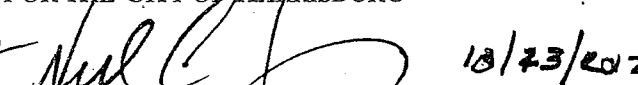
27. The Parties further agree to authorize any other steps required by their respective offices to implement the terms of this agreement.



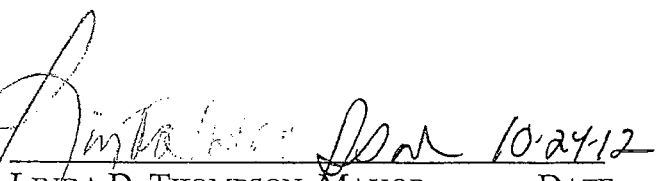
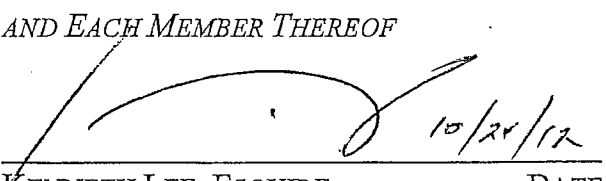
WHEREFORE, intending to be bound hereby, the Parties, by their signatures and that of their respective legal counsel, agree to and adopt the terms of the foregoing Stipulation.

 _____ WILLIAM B. LYNCH, RECEIVER      DATE 10/23/12 OFFICE OF THE RECEIVER FOR THE CITY OF HARRISBURG 401 FINANCE BUILDING HARRISBURG, PA 17110	 _____ MARK S. KAUFMAN, ESQUIRE      DATE 10/23/12 MCKENNA, LONG & ALBRIDGE, LLP 303 PEACHTREE STREET, N.E., SUITE 5300 ATLANTA, GA 30308
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COUNSEL FOR WILLIAM B. LYNCH, RECEIVER  
FOR THE CITY OF HARRISBURG

 _____ WANDA R.D. WILLIAMS, PRESIDENT      DATE 10/23/12 CITY COUNCIL FOR CITY OF HARRISBURG MARTIN LUTHER KING CITY GOV'T CENTER 10 N. 2 <sup>ND</sup> STREET, SUITE 1, LOWER LEVEL HARRISBURG, PA 17101	 _____ NEIL A. GROVER, ESQUIRE      DATE 10/23/12 LAW OFFICE OF NEIL A. GROVER 2201 NORTH SECOND STREET HARRISBURG, PA 17110
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COUNSEL FOR HARRISBURG CITY COUNCIL  
AND EACH MEMBER THEREOF

 _____ LINDA D. THOMPSON, MAYOR      DATE 10/24/12 CITY OF HARRISBURG MARTIN LUTHER KING CITY GOV'T CENTER 10 N. 2 <sup>ND</sup> STREET, SUITE 202 HARRISBURG, PA 17101	 _____ KENNETH LEE, ESQUIRE      DATE 10/24/12 TUCKER ARENSBERG, P.C. 2 LEMOYNE DRIVE, SUITE 200 LEMOYNE, PA 17043
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COUNSEL FOR CITY OF HARRISBURG, MAYOR  
LINDA D. THOMPSON

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November PROOF OF SERVICE

I certify that this 31<sup>st</sup> day of October, 2012, I served a true & correct copy of the foregoing Stipulation on the following via electronic mail & the U.S. Postal Service, postage prepaid, properly addressed to:

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I further certify that I electronically delivered, via the respective electronic mail address or fax number shown, a true and correct copy of the foregoing Application on the following persons appearing on the docket:

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By   
Neil A. Grover

**MUNICIPAL FINANCIAL RECOVERY  
ADVISORY COMMITTEE  
MEETING MINUTES**

**MINUTES**  
**MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE**  
**FOR THE CITY OF HARRISBURG**  
**March 13, 2013**  
**8:30 a.m.**  
**Council Chambers**

**Present:** William B. Lynch, Receiver

Mayor Linda Thompson  
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners  
Doug Hill, County Commissioners Association of Pennsylvania

Anne Morrow (Recording Secretary)

**Absent:** Wanda Williams, City Council President

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:35 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the February 27, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Recovery Plan.

**Operational Issues**

- Mr. Reddig noted the Office of the Receiver continues to work with the City on a variety of operational and debt related issues. The Receiver's team is currently putting together the Quarterly Status Report that is due the end of March to both the City and Commonwealth Court. A copy will be shared with the members of the committee.
- The Novak Consulting Group and Pennsylvania Economy League (PEL) teams have completed a review of the Finance Bureau's reorganization in the last two weeks. Their review found that the two individuals that were hired in the fall as part of the reorganization have added needed capacity to the City's financial management operation and are making significant contributions to the City. Approximately 30% of their time has been devoted to supporting the third-party accounting firm in the preparation of the 2011 audit. This will build capacity moving forward so that ultimately this work can be done in house. They have been learning the City's accounting system and developing quality control processes for journal entries, accounts payable and payroll. There is concern though that additional assistance may be needed for the preparation of the 2012 audit. It's estimated that approximately 1,500 hours will be required to complete this work. It needs to be done by the end of May so the auditor can begin work on the 2012 audit upon their completion of the 2011 audit. We are currently exploring options as to the best way to complete the audit preparation work.

- The Office of the Receiver continues work with the City on various personal related requests. Over the last several weeks approval has been given for an Assistant City Solicitor position, an Electrician III position in the Bureau of Sewage. The internal posting approval has also been given for the Administrative Assistant position in the Bureau of Sewage. The City continues to actively recruit for approximately 24 positions that were previously approved by the Receiver's Office, including a Community Policing Officer, a Street Light Manager, a Demolition Specialist, two Codes Officer, an Economic Development Coordinator, Operations Manager, Maintenance Specialist and Water Quality Manager all in the Water Department among other positions.
- With the pending monetization of the parking assets, we're working with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur.
- Maher Duessel continues work on the 2011 audit. They're currently engaged in their field work. In January they provided the City with a list of deliverables and the City's been gathering that information and providing it as appropriate to the auditor in a timely manner. Although typically CPA firms are quite busy this time of year during the tax season, Maher Duessel is committed to completing the 2011 audit and delivering it to the City by mid-May.
- A review of the City's fleet operation has been completed by the Novak team and reviewed by the Office of the Receiver. A meeting is scheduled for next week with the Mayor and her Administration to review the results of that analysis. The goal of this initiative is to achieve greater efficiency in operations and reduce both insurance and maintenance costs.
- The development of an RFP for sanitation service has been completed. Its issuance has been slowed due to the absence of City's Purchasing Director, however, we've worked with the City's Finance Director to move the RFP to the point where it can be issued and we anticipate it going out by the end of this week. There has been considerable interest from various firms on the RFP. Responses will be due in early June.
- Work is also in progress on an Insurance RFP that will consolidate insurance coverage that will coordinate with the renewal schedules with various insurances this year.
- Negotiations continue with the three collective bargaining units, the FOP, IAFF and AFSCME, to achieve a new bargaining contract for each of those units that is consistent with the cost containment provisions of the confirmed Recovery Plan.

### **Cash Flow**

- The Receiver's office continues to monitor the City's expenditures including the review of payables on a bi-weekly basis. Last week we reviewed the March 14<sup>th</sup> check-run and provided a response to the Finance Office on Friday. The check-run totaled approximately \$1.377M with the largest expenses again being for various insurances. Included were payments to Highmark through January 22<sup>nd</sup>, Express Scripts for prescription drug through January 22<sup>nd</sup> and Dental coverage through February 15<sup>th</sup>. These payments represented approximately 49% of the total check-run. In addition,

payment was made to the Harrisburg Parking Authority (HPA) for approximately \$354,000 that represented the fourth quarter payment. HPA had previously advanced the City their reciprocal payment in January. With an improved cash flow the City was able to pay some of the accumulated payables from 2012, including various professional service fees as well as medical reimbursements and other normal operating expenses. All payments were reviewed and found to be within the parameters established by the City and the Receiver's Office.

- The City also made the remaining payment of \$1,006,000 to its Police Pension Fund that was a result of the 2012 State Aid received in October. That payment had not been made in order to conserve cash as we moved through the end of last year and into the early part of this year.
- It's important to note that the City has not needed to drawdown any of the \$4M that was authorized in January in the event that cash flow dictated a need to temporarily transfer funds from the sewer and sanitation funds in the absence of the City being able to obtain a tax and revenue anticipation note.
- The City is holding invoices that total approximately \$3.8M with the largest amount being for various insurances, representing almost half of that amount, approximately \$2M. The amount of payables is down by about \$800,000 from the last check-run, recognizing that the City is making some strides to pay down those payables. Of the payables, approximately \$2.2M are greater than 60 days and some of the payments remain 120 days or more overdue. Other significant payables that are due are to SunTrust for \$881,000, PPL for \$519,000, Capital Area Transit for \$204,000, REMCO for \$158,000, Rogel for \$148,000 and the Pennsylvania Infrastructure Bank for \$70,000. The City had a cash balance of approximately \$3.5M as of March 8<sup>th</sup>. The balance accounted for the payment of the pension payment. With the check-run and an estimated payroll of \$1.1M this week, the City should have a cash balance of just over a million dollars after that run. However, the City continues to receive significant real estate tax revenue as the end of the discount period is mid-March. We anticipate the City's cash flow position to continue to improve in the short-term. In that regard, we are working with the City to prioritize payment of various payables moving forward to try to pay down additional payables that were carried forward from 2012.
- The Office of the Receiver and the City have notified all parties, that given the City's continued cash flow pressures, the City would not be making its March general obligation payment of approximately \$5.2M. Negotiations continue with AMBAC to resolve the missed payments from last year as well as this payment. We are anticipating that we will have a successful resolution to the general obligation payment issue with AMBAC.
- The Receiver's Office continues to advise the City and the City continues to maintain communication with its major creditors including Highmark, Express Scripts and others so they are all apprised of the City's cash flow situation. As the City tried to work through the payables that are due in a reasonable manner, given its cash flow.
- We've also reviewed preliminary financial data through the end of February. As the year progresses the City's cash flow position should remain solid from March through

the July/August time period, however, as we enter in the summer months, especially late summer, we project that the City will again go into a negative status.

### **Asset Monetization**

- Negotiations continue with Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility (RRF). An agreement has been reached with the Department of General Services (DGS) on a Power Purchase Agreement and the contract is going through the contractual process. The term sheet has also been prepared for the RRF sale to LCSWMA and that's being reviewed by the various parties.
- The Receiver's office continues its negotiations with Harrisburg First the selected party for the parking monetization. There is an Exclusive Negotiating Agreement in place with Harrisburg First. The Receiver's office continues its efforts with the Department of General Services (DGS) as the State looks to consolidate all of its parking needs within the Executive Branch. We've had a very positive dialog with DGS and that process is moving towards contracting. As word has spread in State government of the consolidation effort, other agencies including the legislature and other elected offices have expressed interest in participating in the deal. We've had some other entities including Pinnacle Health who would like to participate in the agreement. The more spaces that can be included in the agreement will result in an increased value for the parking monetization.
- The engineering review of the parking facilities was recently completed. We're awaiting the written report from the engineer; however, in verbal discussions with the engineering firm there were no significant issues that were found as a result of the study that would adversely impact the parking monetization. We're also continuing work with the Pennsylvania Economic Development Financing Authority (PEDFA) on the financing for the deal. A meeting was held last week with PEDFA that included Harrisburg First representatives, Guggenheim, AEW and Standard Parking as well as bond counsel for PEDFA, PEDFA staff and Office of the Receiver. It was a very positive meeting and we're moving towards an application process for the financing of the parking monetization.
- Discussions continue with the surrounding municipalities as well as the Department of Justice, EPA and DEP on the water and sewer initiative as we're looking to develop an operational model that will address compliance with the Chesapeake Bay initiative and the Clean Water Act. The meetings have focused on the development of an operating authority structure.
- We've continued dialog with Assured Guaranty Corporation (AGM) and Dauphin County to keep them apprised of the various negotiations that have been transpiring so that everyone is up to speed, as possible, on those issues.

Mr. Lynch emphasized one point from Mr. Reddig's report which began with the assessment of the Financial Bureau which is generally positive. Mr. Lynch gave kudos's to everyone working in that operation for managing on a shoestring since last July.

Mr. Lynch noted you also heard Mr. Reddig indicate that we had not had to drawdown funds from the sewer or sanitation funds. We requested that option be put in place by the Mayor and City Council in the event that short term funds were needed. We came very close to needing it, however, because the Finance Bureau did such a nice job of managing cash flow we have not had to drawdown on those funds. Mr. Lynch asked Mr. Mendez-Saldivia to pass this message on to the Finance Bureau.

Mr. Lynch asked Mr. Mendez-Saldivia, Chief Operations Officer and Chief of Staff, to provide an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Mendez-Saldivia noted the City continues to make progress in the implementation of the Financial Recovery Plan. This month we have met with Operations & Revenue, IT, Public Works, DBHD and the Law Bureau. We will meet with the rest of the implementation team by next week.
- The implementation teams also held several meetings with the Novak Consulting Group last week and have been working diligently in the implementation of several initiatives such as the sanitation RFP. In addition, the Novak Consulting Group also met with each and every member of the Finance Bureau this month in order to conduct an assessment of productivity of the City's financial management operations.
- The 2011 audit is on target for May 15<sup>th</sup> publications. Everyone is working very hard in the Administration and the departments to provide information as well as the auditor.

#### **Cash Flow**

- Our cash flow is improving. Our current cash balance is approximately \$4.8M before the March 14<sup>th</sup> payroll and check-run.
- Our vendor payables will be down to approximately \$3.8M after the March 14<sup>th</sup> check-run.

#### **Reporting Obligations and Compliance**

- The City is in compliance with its reporting obligations. We just published the three Material Event Notices on Electronic Municipal Market Access System (EMMA). Two for the Harrisburg Authority and City Resource Recovery Facility debt service non-payment due on March 1<sup>st</sup> and one for the City's 1997 deal debt service non-payment due on March 14<sup>th</sup>.
- The 2012 PA DCED survey of financial condition is due on March 15<sup>th</sup> and we will be working on that.
- The City also paid its remaining 2012 pension assistance State Aid of \$1.006M to the Police Pension Board last week.

#### **Budget Office**

- The City's 2012 budget was submitted to the Government Finance Officers Association for consideration for the Distinguished Budget Presentation Award.



- We continue to research and complete portions of the 2011 analytics for the 2011 audit.

### **Purchasing**

- We issued 61 purchase orders and continue to maintain training for our new Accounting Manager and Financial Analyst.

In Summary, the City continues to make progress on the implementation of the Financial Recovery Plan, the completion of the 2011 audit and the stabilization of the City's financial management operations.

### **Committee Comments**

Mr. Lynch asked the committee for member comments.

Mr. Lighty had no comments.

Mr. Hill congratulated Mr. Reddig on his report this morning and noted that he's going through information on the Receiver's website to get himself up to speed for his duties on the advisory committee.

Mr. Hill had a few questions for Mr. Reddig. With respect to the property tax he asked if we track delinquency rates and if there is a trend from year to year in improvements?

- Mr. Reddig replied we have tracked that information but would have to pull the records.

Mr. Hill noted he was at a recent neighborhood meeting and with everything else that brings him to this table he is also a City resident and involved with his neighborhood. He noted there were two developers who visited with them to talk about renovation projects that the developers have underway. Mr. Hill noted this is an encouraging sign but one of the things they noted is that in as much as both projects are residential developments they are required as part of their plan submittal to assure there's at least one parking space available per unit. Typically in a downtown area I understand the ordinance requires they do that by reserving space in the parking garages. They're just reserving a space they're not actually leasing it. Is that something that's considered as part of the negotiations with Harrisburg First to make sure either that the process is allowed to continue or the ones that made reservations against future development are going to be transferred as part of the arrangement?

- Mr. Reddig responded he would take Mr. Hill's question back to confirm its part of the parking monetization negotiating process.

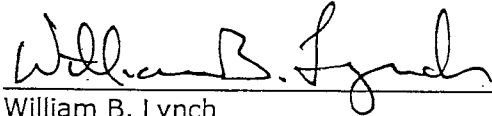
Mr. Lynch advised Mr. Hill he believes his concerns are part of the negotiations but wants to be sure before giving him a final answer.

Mayor Thompson had no comments.

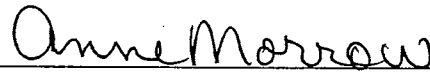
### **Public Comments**

Mr. Lynch asked if there were any public comments. Hearing none Mr. Lynch called this meeting adjourned at 8:57 a.m.

Approved this 13<sup>th</sup> day of March 2013.

Handwritten signature of William B. Lynch in cursive script, written over a horizontal line.

William B. Lynch  
Receiver for the City of Harrisburg

Handwritten signature of Anne Morrow in cursive script, written over a horizontal line.

Secretary - Anne Morrow

**MINUTES**  
**MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE**  
**FOR THE CITY OF HARRISBURG**  
**March 27, 2013**  
**8:30 a.m.**  
**Council Chambers**

**Present:** William B. Lynch, Receiver

Wanda Williams, City Council President  
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners  
Doug Hill, County Commissioners Association of Pennsylvania

Anne Morrow (Recording Secretary)

**Absent:** Mayor Linda Thompson

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:37 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the March 13, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Recovery Plan.

**Operational Issues**

- Mr. Reddig began by first responding to Mr. Hill's questions from the March 13<sup>th</sup> meeting. The response to Mr. Hill's first question related to parking as it dealt with certain parking spaces that are required as part of a development activity. Mr. Reddig noted he had discussed this matter with those directly involved with the parking monetization and they provided the following response.
  - It is an issue the monetization team is aware of and working to resolve. One of the issues that has come up is that HPA has made a number of commitments that are well below market rate and the terms are generally undefined in many instances. The Team is trying to work through these issues and factoring it into the monetization as the commitment of spaces adds value. Mr. Reddig inquired if Mr. Hill had a specific location for parking spaces that he can take back to the Team to make sure that it is covered.
  - Mr. Hill responded he was not interested as much in a particular location but just became aware of the concern and wanted to make sure that it was being addressed. From what he had learned it seemed to be an unwritten policy.

- Mr. Reddig concurred that it was unwritten and was part of the problem.
  - Mr. Reddig responded to Mr. Hill's second question from the March 13<sup>th</sup> meeting that dealt with the real estate tax collection efficiency rate. Mr. Reddig distributed a spreadsheet to the committee members which showed the collection rate over the last 10 years, from 2001 forward. He noted the average collection rate has been relatively consistent. Although it is on the low side of what a normal collection rate should be. Collections should be in the low to mid 90% range but the City's collection rate has been averaging between 85% and 89%. This is an area of concern as the collection rate should be about 5% higher. The Receiver's Team will work towards achieving this rate.
- Mr. Reddig noted the Office of the Receiver continues to work with the City on a variety of operational as well as creditor related and debt matters. The Receiver's team has completed work on the Quarterly Status Report that is due the end of March. It's in the process of being filed with Commonwealth Court. As soon as we have the filing documents the report will be provided to City officials and will be posted to the Receiver's website.
  - The Office of the Receiver also continues to work on various personnel requests advanced by the City. Two positions have been approved since our last meeting – Parking Enforcement Officer in the Police Bureau and a Distribution Specialist in the Water Bureau. Three new vacancies have occurred since our last meeting and several positions have started including a Customer Services Rep in the Operations Revenue Bureau and two Equipment Operators in the Sanitation Bureau.
  - The City continues to actively recruit for 22 positions that were previously approved by the Receiver's office, including a Community Policing Officer, a Street Light Manager, a Demolition Officer, two Codes Officers and an Economic Development Coordinator among others.
  - With the pending monetization of the parking assets, we continue to work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting processes.
  - Maher Duessel continues work on the 2011 audit. They're currently engaged in their field work. They had previously provided the City with a list of deliverables. The City has been working on the list and providing information to the auditor as things have progressed. Once tax season ends in the next several weeks, additional resources will be devoted to the audit. Maher Duessel is committed to completing the audit by the mid-May time period.
  - A review of the City's fleet operation has been completed by the Novak team and was presented at a meeting with the Mayor last week. The report contains 14 recommendations that will result in the elimination of 36 pieces of equipment and result in an annual savings of approximately \$25,000 from reduced insurance and

maintenance cost. The City would also derive a one-time salvage value conservatively estimated at around \$18,000 from the disposal of the equipment.

- The RFP for Sanitation Service was issued this week. Notice was placed in the Patriot-News and provided to various vendors who had expressed an interest in it. A pre-bid conference is scheduled April 11 and bids will be due on June 14 with the implementation of the successful proposal to occur January 2014. We've received considerable interest on the RFP and are looking forward to a very good response. We anticipate achieving efficiencies in the Sanitation Operation through the RFP process and an improvement in the overall City sanitation service.
- Work is also in progress on an Insurance RFP that will consolidate insurance coverages. This work was started last fall; however, it had to be put on hold due to the inability of the City to have their current insurance carrier extend coverage for a period shorter than their renewal period. The RFP this year will be coordinated with the City's renewal schedule and go into play later this fall. We're also working with the City to update their Comprehensive Plan. The confirmed Recovery Plan includes three interrelated recommendations - 1.) An update of the Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. It's critical that these three initiatives be integrated together with the Comprehensive Plan update serving as the foundation for the other two initiatives.
- The Office of the Receiver is also assisting the City in a review of its sanitation rate structure that would be applied to resolve outstanding and disputed commercial refuse accounts.
- Negotiations are continuing with the three collective bargaining units, the FOP, IAFF and AFSCME that are consistent with the cost containment provisions of the confirmed Plan.

### **Cash Flow**

- The Receiver's office continues to monitor the City's cash flow as well as expenditures including the review of payables on a bi-weekly basis. Last week we reviewed the March 28<sup>th</sup> check-run and provided a response last Friday. The check-run as proposed totaled \$3,057,849 with the largest expenses being to the City's Treasurers office for various insurances and a payment to SunTrust. The payments that were advanced for SunTrust and for the Pennsylvania Infrastructure Bank were put on hold by the Receiver's office as these payments are debt related and are subject to additional negotiations. Included in the check-run were payments to Highmark through January of \$605,000 and Worker's Compensation Insurance for January of \$164,000. Other significant payments were for the September 2012 quarterly payment to Capital Area Transit of \$68,000 and \$49,000 to Mansfield Oil Company for diesel fuel. These were the largest payments that were included in the check-run as approved. With an improved cash flow the City was able to further pay down a number of the payables that were rolled over from 2012, including various professional services as well as medical reimbursements and other normal operating expenses. Payments were reviewed and found to be within the parameters established by the City and the Receiver's Office including the Emergency Action Plan and the confirmed Plan.

- It's important to note that the City has not needed to drawdown any of the \$4M that was authorized in January to be transferred, if necessary, from the sanitation and sewer funds.
- The City is holding invoices that total approximately \$2.3M with the largest amount being to SunTrust and various insurances. The amount of payables is approximately \$1.5M lower than the last check-run, which is in recognition of the City's improved cash flow. Of the payables, approximately \$1.2M are greater than 60 days and some payments are still 120 days overdue. The City had a cash balance of \$863,543 as of March 21. With the check-run and an estimated payroll of \$1.1M this week, the City will have a cash balance of approximately \$5.7M remaining. We're continuing to work with the City to prioritize payables as we move forward recognizing that the City's cash flow will be at its highest point over the next month given the receipt of revenue from the real estate tax as well as the earned income tax distributions that will be coming in over the next several weeks.
- The Receiver's office continues to advise the City to maintain good communication with its various creditors especially the insurance creditors with Highmark and Express Scripts to keep them apprised of the City's cash flow situation in order to avoid any potential disruption of service.
- We've also reviewed the preliminary revenue and expenditure data through February as we continue to monitor cash flow. Through the end of February, the City received \$8,023,729 in revenue and disbursed \$6,117,146 in expenditures. As the City progresses the City's cash flow position should be solid from March through the July/August time period. It is projected as we move into the late summer months the City will go into a negative status again.

### **Asset Monetization**

- Negotiations continue with Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility (RRF). An agreement has been reached with the Department of General Services (DGS) on a multiyear Power Purchase Agreement that adds material value to the sale. Basic terms of the agreement have been put into place and are moving through the contract process with DGS. An Asset Purchase Agreement based on the term sheet has also been prepared for the sale of the facility. It's been reviewed by the Harrisburg Authority and the Office of the Receiver and is now being reviewed by LCSWMA.
- The Receiver's office continues negotiations with Harrisburg First, the selected party for the parking monetization. An agreement has also been reached with DGS to consolidate parking needs of the Executive Branch that will add significant value to the parking transaction. Discussions have continued with several other State Agencies who have expressed interest to be included in that agreement. We are working with the House and the Senate as well as some of the other elected State offices to see whether they will join in the agreement. The more spaces that are added to the agreement the greater the value of the transaction. At this time we are looking at an approximate range of around 4,000 spaces.

- Labor negotiations with Harrisburg Parking Authority personnel are also underway which is another element associated with the parking monetization. A revision of their contract and its integration with Standard Parking policies is critical to the monetization process.
- The engineering review of the parking facilities has been completed. We're awaiting the written report but in discussing the report with the engineering firm that completed it there have not been any significant issues identified that would materially impact the transaction.
- We've continued to work with the Pennsylvania Economic Development Financing Authority (PEDFA) on the financing arrangement. PEDFA and attorneys from Guggenheim have been working together to go through various questions relative to the tax status of the transaction.
- Discussions continue with the surrounding municipalities on the water and sewer initiative as the Receiver works to establish an operational model that would address compliance issues with the Clean Water Act and the Chesapeake Bay initiative. Recent meetings have occurred with the Department of Justice, EPA and DEP and seem on board with the construct that we're advancing with the Operating Authority. Likewise, the suburban municipalities that are part of the sewer system are also on board with this type of an approach.
- We've continued dialog with Assured Guaranty Corporation (AGM) and Dauphin County as well as AMBAC to keep the major creditors apprised of the asset monetization processes as we continue to move forward and work towards a consensual resolution to the City's financial situation.

Mr. Lynch noted Mr. Reddig's report was very complete and commends him and the rest of the Receiver's team for getting the Quarterly Status Report completed a day or two early which makes the filing process that much easier.

Mr. Lynch asked Mr. Mendez-Saldivia, Chief Operations Officer and Chief of Staff, to provide an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Mendenz-Saldivia noted meetings were held with the implementation teams including Operations and Revenue, Information Technology, Public Works, DBHD, Law Bureau, Finance Bureau, Police, Fire and Human Resources Bureau.
- The Finance Bureau is currently gathering and updating existing City fiscal policies including GFOA and other governmental fiscal policies for best practices for review and consideration to create a comprehensive binder with the City's fiscal policies.
- The Police Bureau is currently preparing a new operational plan to implement the parking enforcement responsibilities along with justifications to fill positions. A request was made to the Police Bureau to also provide us with a response schedule.
- The Novak Consulting Group and the Administration worked together to complete the Sanitation RFP. The Sanitation RFP was published on March 26<sup>th</sup> and posted on the City's website and on the Purchasing Office board.
- The Public Works department and the City's Engineer's office completed the review of a revised Stormwater Management Ordinance in accordance to Act 167 Plan and the

Dauphin County Conservation District. The draft is currently undergoing review by the Solicitor's office in preparation for consideration and approval by City Council.

- The City is currently advertising for an Assistant City Solicitor. Once this position is filled the City will have 3 attorneys on staff and this initiative will be completed.
- The new City code has been completed and a final vote is planned for the April 9<sup>th</sup> Legislative Session.
- To date, 49 initiatives of the confirmed Recovery Plan have been completed.

#### **Financial Management**

- The 2011 audit is on schedule for May 15<sup>th</sup> public issuance. CAFR updates were provided to the Department heads and the Bureau Chiefs last week and are due back to the Finance office on April 19<sup>th</sup>. As of Monday, March 27<sup>th</sup>, the auditors are back working in City Hall. After following up with the auditors yesterday, the Administration continues to provide all required information to them on a timely basis and is keeping our priorities on schedule.

#### **Cash Flow**

- The March 14<sup>th</sup> and 28<sup>th</sup> payroll, benefits and vendor payments have all been funded without the need to draw on the \$4M interfund loan. As Mr. Reddig noted in his report, no loan funds have been drawn upon to date. With the real estate tax ending March 16<sup>th</sup> it is unlikely loan funds will be drawn against in the immediate future.

#### **Reporting Obligations and Compliance**

- The Material Event Notice requirement is in compliance.
- The Annual Statement of Taxes levied is in compliance.
- The Annual Survey of Financial Condition was completed timely and submitted to the City Clerk for Council President's signature.
- The Pension Reporting Obligations - AG Forms 385, 490 and 64 have been completed and should be signed today. They are due on March 31<sup>st</sup> and April 1<sup>st</sup>.
- The Public Utility Reality Report is in compliance. It is due on April 1<sup>st</sup> and was filed on March 26<sup>th</sup>.
- The Certification Renewals and Worker's Comp are in compliance.
- The Insurance Renewal is in compliance. They were also successfully renewed.
- The Budget Office is engaged in preparation of the 2013 GFOA budget document. We are on schedule to complete the GFOA budget document in accordance with our budget development calendar. Narratives, performance measures and capital improvement information requests have been sent to the different departments and bureaus and are due back to Finance by April 15<sup>th</sup>.
- We continue to provide cross-training on Worker's Comp and insurance liability reimbursement to the new Accounting Manager and the Financial Analyst as well as provide assistance to the purchasing section. They also created 81 purchase orders.



In Summary, the City continues to make progress in the implementation of the Financial Recovery Plan, in the completion of the 2011 audit and in the stabilization of the City's financial management operation.

### **Committee Comments**

Mr. Lynch asked the committee member if they had any comments.

President Williams asked Mr. Reddig what the status is for placement of personnel with the Harrisburg Parking Authority. Are you finding positions for those people?

- Mr. Reddig responded to the degree possible. We are looking to try to move those individuals into City positions if they are qualified and when positions come up we're informing the Parking Authority of those positions to hopefully encourage individuals there to apply for those positions once the internal posting process that the City goes through is completed.

President Williams requested to be kept updated on the status.

- Mr. Reddig stated that we will keep her updated on the placement of HPA personnel. He noted the intent is to work through the monetization in a manner that preserves as many jobs as possible within the overall scope of the City's operations.

Mr. Lighty had no comments.

Mr. Hill noted he had some questions relating to the sanitation RFP. He asked if the intent of the sanitation RFP is similar to the parking monetization in as much as it will transfer employees from the City to a potential new operator as much as possible.

- Mr. Reddig responded that was correct and noted that provisions were written into the RFP to do just that.

Mr. Hill wanted to confirm that no vehicles would be involved with the sanitation contract and that the collection would be the responsibility of the new contractor.

- Mr. Reddig responded that was correct. One of the issues we looked at in the sanitation operation was the condition of current City equipment. The equipment is not in very good shape and the City does not have the resources to replace it.

Mr. Hill noted the equipment would probably have nominal salvage value.

- Again, Mr. Reddig responded that was correct.
- Mr. Lynch noted to Mr. Hill and to President Williams our intention is to do our best to find a position for anybody who currently works for the City and would be impacted by the operational changes in parking, sanitation and water and sewer. He also noted that it would not necessarily be the same position but a position they were qualified for. If there are vacancies that arise elsewhere in the City during this process we want to make sure that people who may be affected are well aware of those positions.

President Williams asked will they get first priority.

- Mr. Lynch responded that involves union issues and he'll have to get back to her on that.

President Williams noted she was well aware that it involved union issues but wondered where the Receiver's team was with the union negotiations with those positions.

- Mr. Lynch replied we are still working that out.

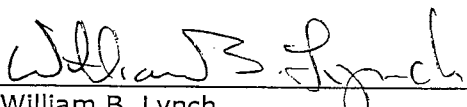
## Public Comments

Bruce Weber, member City Council and City resident

- Mr. Weber discussed the Comprehensive Plan update. He commented that it is 40 years out of date. He noted it's a very important document and key to a long-term economic development strategy for the City. He's not sure if a lot of people know this is occurring and wants to ensure as the Novak Group moves forward with this plan that there's as much citizen input among key constituent groups and public officials so the plan update process is a transparent process as it's very important for the future of the City.
  - Mr. Reddig noted he fully agreed. At this point the actual planning process has not moved forward. We are in a preplanning stage to make sure that there is a coordinated effort and the 3 studies he mentioned are integrated. The City has recently engaged a consultant. We're going to be meeting with the City and the consultant later in April to continue the preplanning process. The actual update process will be a very inclusive process and we want to ensure that happens.
  - Mr. Lynch added we will keep Mr. Weber involved if that is his desire.
- Mr. Weber noted he would like to be kept involved.

Mr. Lynch asked if there were any other public comments. Hearing none Mr. Lynch called this meeting adjourned at 9:04 a.m.

Approved this 27<sup>th</sup> day of March 2013.

  
\_\_\_\_\_  
William B. Lynch  
Receiver for the City of Harrisburg

  
\_\_\_\_\_  
Secretary – Anne Morrow

**MINUTES  
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE  
FOR THE CITY OF HARRISBURG**

**April 10, 2013**

**8:30 a.m.**

**Council Chambers**

**Present:** William B. Lynch, Receiver

Mayor Linda Thompson

Wanda Williams, City Council President

Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners

Doug Hill, County Commissioners Association of Pennsylvania (Governor's  
Appointee)

Anne Morrow (Recording Secretary)

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:31 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the March 27, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Recovery Plan.

**Operational Issues**

- The Office of the Receiver continues its work in implementing the provisions of the confirmed Plan. The Quarterly Report was filed at the end of March with Commonwealth Court and with City officials. The Mayor and City Council and members of the committee have received copies. It has also been posted on the Receiver's website and on the City's website.
- The Office of the Receiver continues to work on a variety of personnel related matters. Since the last meeting approval has been given to fill four promotional vacancies for the Fire Bureau; two Battalion Chiefs, one Captain and one Lieutenant. Approval was also given to proceed with initial recruitment and entry level testing to create a new Firefighter eligibility list that would bring the complement level to 71 fire personnel. This is a requirement of the SAFER Federal Grant for fire service that the City is receiving.
- Three new vacancies have occurred since the last meeting; Supervisor in the Sewage Bureau, Auto Mechanic in the Bureau of Motor Vehicles and Labor III in the Water Bureau.

- A Community Policing Officer has been selected and started the beginning of this week. The City continues to actively recruit for various positions that were previously approved by the Receiver's Office including a Street Light Manager, a Demolition Specialist, 2 Code Officers and a Deputy of Economic Development as well as an Operations Manager and Water Quality Manager in the Water Bureau.
- With the pending monetization of the parking assets we continue to work with the City as well as the Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur. In response to Council President Williams request at the last meeting, a discussion was held with the City's HR department and they've indicated the procedure we put in place remains in place. It involves notifying HPA of vacancies as they occur after receiving the Receiver's approval. To date though there have not been any HPA personnel that have applied for any of the City's vacancies. This may be, in part, due to the status of the negotiations with HPA on a new contract. Individuals may be waiting until that issue is resolved.
- Maher Duessel continues work on the 2011 audit. They're currently engaged in their field work. The City continues to provide a variety of deliverables based on the timeline that was established earlier. Maher Duessel is committed to completing the 2011 audit and delivering it by mid-May.
- Following the completion of the City's fleet operation and the report's review with the Mayor and her Administration, the Novak team is validating the surplus equipment as the initial step to implement the report's recommendations. They will be in the City this week to do that. The report contains 14 recommendations that will result in the elimination of 26 pieces of equipment resulting in an annual savings of at least \$25,000 in reduced insurance and maintenance costs as well as receiving a salvage value that's conservatively estimated at around \$18,000.
- The RFP for sanitation services has been advertised and is on the street. A pre-bid conference is scheduled for the tomorrow, April 11<sup>th</sup>. Bids are due June 14<sup>th</sup> with full implementation anticipated to occur in January 2014. To date, considerable interest has been expressed in the bid. We will have a better feel for the level of interest from the pre-bid conference tomorrow.
- Work is also in progress on an insurance RFP that will consolidate insurance coverage. We anticipate that this will come to fruition during the fall months and be coordinated with the City's insurance renewal schedule.
- We are also working with the City on the initial stages of an update to their Comprehensive Plan. The current Recovery Plan includes three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. We are working with the City and their consultant in making sure that these efforts are fully coordinated from the outset.

- The Office of the Receiver is also assisting the City in a review of the rate structure that would be applied to resolve outstanding and disputed commercial delinquent refuse accounts.
- Negotiations are continuing with the three collective bargaining units to effect new bargaining contracts that are consistent with the cost containment provisions of the confirmed Plan.

### **Cash Flow**

- The Receiver's office continues to monitor the City's expenditures including the review of payables on a bi-weekly basis. Last week we reviewed the April 12<sup>th</sup> check-run and provided a response to the City last Friday. The check-run as proposed totals \$877,833 with the largest expense being to the City's Treasurers office for various insurances that represents almost 75% of the total. Payments include Highmark Blue Cross thru February 19<sup>th</sup> \$467,000; Express Scripts for prescription coverage thru March 2<sup>nd</sup> of \$139,000; and Dental thru March 19<sup>th</sup> of \$41,000.
- Other significant payments this week are to Rogele for \$53,825 for work related to the 4<sup>th</sup> Street sinkhole, Maher Duessel for audit services of \$19,900 and Manufacturers & Traders Trust of \$18,800 for accrued interest on the recent pension payment and to PPL for electrical service for \$16,000.
- Real estate tax collections have continued to increase the City's cash flow and provide resources to pay some of the more delinquent creditor obligations. As part of this check-run, the City has further paid a number of older invoices and has significantly reduced the number of outstanding payables that are due more than 90 days. Payables over 90 days on hold now total \$1,345,000 a decline from the approximate \$4.5M the City had been carrying just a little over a month ago. Significant payments are to SunTrust for all most \$900,000, PPL for about \$166,000, CAT and Pennsylvania Infrastructure Bank. These obligations total 92% of the outstanding payables.
- It's important to note that the City has not needed to drawdown any of the \$4M that had been authorized in January as a contingency of the City's cash flow should they get to a point where they could not meet critical obligations.
- As of April 4<sup>th</sup> the City had a cash balance of \$7,782,000. With the check-run of approximately \$877,000 and an anticipated payroll this week of \$1.1M, the City will have an available cash balance of \$5,755,000 remaining.
- We've worked with the City to prioritize payables, recognizing the improved cash flow position and the fact that the City is at its highest point that it will be during the year given that we received the revenue from real estate tax.
- The Receiver's office has also continued to advise the City to maintain communications with the larger creditors to keep them apprised of the City's cash flow and the City has continued to do so.

- We've also reviewed the preliminary numbers for March the City has provided. Through the end of March, the City received \$19,439,000 in revenue with \$7,675,000 in expenditures. As the year progresses, the City's cash flow position will be solid from the April thru July/August time period. However, as we move into late summer early fall months, we anticipate the City's fiscal position will again go into a negative status.

### **Asset Monetization**

- Negotiations with the Lancaster County Solid Waste Management Authority (LCSWMA) continue. As reported before, an agreement has been reached with the Department of General Services (DGS) on a multiyear Power Purchase Agreement and the terms of that agreement are embodied in the contract that's going through the DGS contracting process. An Asset Purchase Agreement has also been prepared based on the term sheet between LCSWMA and the City. It has been reviewed by the Harrisburg Authority and the Office of the Receiver and is now being reviewed by LCSWMA.
- The Receiver's office also continues negotiations with Harrisburg First on the parking monetization. A preliminary agreement has been achieved to consolidate the parking needs of the Executive office. We're continuing discussions with several other State Agencies to try to fold them into that agreement as well. We are approaching approximately 4,000 spaces that ultimately would be consolidated and embodied in the monetization as part of a multiyear commitment by the Commonwealth. This would add significant value to the parking monetization.
- Labor negotiations with the Harrisburg Parking Authority personnel also continue. The revision of the existing contract is a critical element to the monetization. We've been coordinating that effort with Standard Parking, who would be the Operator under the Harrisburg First arrangement.
- We're also continuing work with the Pennsylvania Economic Development Financing Authority (PEDFA) and Harrisburg First as we work through some of the tax related issues associated with the financing of the parking facilities.
- Discussions continue with the surrounding municipalities on the water and sewer initiative as the Receiver works to establish an operational model that would address compliance with the Clean Water Act and the Chesapeake Bay initiative. Recent meetings have occurred with the Department of Justice, EPA, the City and Harrisburg Authority as we continue to work on this initiative. It's been determined that the creation of an Operating Authority will be the best model to use in moving forward. This will address the financing needs in a proactive manner. It is a model that the Federal agencies as well as the State and the suburban communities all generally favor. We're working with the City to reconstitute the Harrisburg Authority as an Operating Authority in order to move forward. The Harrisburg Authority is working on design and contract specifications for the update to the wastewater treatment plant. We are trying to work concurrently on these issues.
- We've continued dialog with Assured Guaranty Corporation (AGM), Dauphin County and AMBAC on creditor related issues and to keep them fully apprised of the asset monetization's, both the Parking and the Resource Recovery Facility, as we move forward.

Mr. Lynch asked Mr. Mendez-Saldivia, Chief Operations Officer and Chief of Staff, to provide an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Mendenz-Saldivia noted during the past two weeks, meetings were held with the implementation teams including Operations and Revenue, Information Technology, Public Works, DBHD, Law Bureau, Finance Bureau, Police, Fire and Human Resources Bureau.
- An RFP has been developed and finalized to revise the terms of the City's brokerage service agreement. The City anticipates issuance on or about June 1, 2013 for the upcoming October 1, 2013, November 1, 2013 and January 1, 2014 renewals.
- A partial inventory list for replacing mission critical IT components has been developed and a full list is anticipated to be completed by the end of April. The target replacement schedule should also be completed by the end of April.
- The fleet survey has been completed with 20 unusable vehicles disposed of already and several more that have been identified for disposal. Dauphin County has approved \$409,000 in Local Share Gaming Funds to purchase 10 police vehicles. We are currently waiting to execute the grant agreement with the County. Marked Patrol vehicles with more than 75,000 miles are a priority for replacement. Also the replacement plan has been incorporated into the Police Bureau budget development process.
- The sanitation RFP for implementing a container based collection system for residential solid waste and recycling and enforcing the City's right to commercial collection has gone out and is on the City's website. The pre-bid conference is scheduled for this Thursday with the bid opening on June 14<sup>th</sup>.
- We will be meeting with the Novak Consulting Group this Thursday and Friday to address both the sanitation RFP at the pre-bid conference and to conduct a physical inventory of all City owned vehicles and equipment.
- Meetings were held with Mullin and Lonergan, the Mayor's Advisory Council Steering Committee and community representatives regarding the City's comprehensive plan. Additional meetings have been scheduled later this month and in May with the Department of Community and Economic Development (DCED), the Novak Consulting Group and other stakeholders.
- The amended Stormwater Management Bill was read and referred to the Public Works Committee at last night's Council meeting. City Council approved the Codified Ordinance last night as well.
- We are seeking an IRS determination letter for the Police Pension Plan by June.
- We are working on updating the PMRS Agreement to reflect recent changes in the Firefighter's Plan and hope to introduce an Ordinance for City Council's approval soon.

## **Financial Management**

- The 2011 audit and CAFR updates are due from department heads and Bureau Chief's on April 19<sup>th</sup>. The statistical section updates have also begun. After following up with the auditors yesterday, the Finance Bureau successfully addressed several requests regarding audit footnotes, disputed accounts, purchase orders and capital lease reports. The Administration continues to provide all audit related information in a timely manner to the auditors. The 2011 audit is on schedule for May 15<sup>th</sup> public issuance.
- Planning and logistics for the 2012 audit have begun.
- Trout, Ebersole & Groff, LLP (TEG) requested a commitment from the Finance Bureau to provide the final 2011 and 2012 trial balances, 2012 general ledger detail and subsequent check registers by May 1<sup>st</sup> in order to determine their start date and schedule their staff accordingly. We reviewed TEG engagement letter and assessed the number of hours for both TEG and City personnel. We are in agreement with TEG proposed engagement letter and also based our commitment on receiving the 2011 audit adjusting journal entries from our auditors on April 22<sup>nd</sup> as scheduled.
- In order to develop TEG scope of services, we place emphasis on harnessing our own internal resources by training the newly hired accounting manager and staff accountant in this process while reducing the number of hours for TEG engagement. Based on this new training component, we are planning to utilize our 2011 audit master planning worksheet of open items as a guide to rework the due dates of deliverables and identify responsible parties within City staff, TEG or Maher Duessel.
- TEG advised yesterday that they will soon be submitting their engagement letter to DCED and the Receiver for approval.

## **Cash Flow**

- The April 11<sup>th</sup> payroll, benefits and critical vendor payments have all been funded without the need to draw on the \$4M interfund loan from the sanitation and sewer funds. This is, primarily, due to the receipt of real estate tax revenues during March. It's unlikely that any loan funds will be drawn in the immediate future.
- The general fund cash balance after the April 11<sup>th</sup> payroll and check-run will be approximately \$5.76M.

## **Reporting Obligations and Compliance**

- Our Material Event Notices (MEN) are in compliance. The upcoming MEN to be published on EMMA for nonpayment of THA Resource Recovery Guaranteed Revenue Notes - Series 2002 is due May 1<sup>st</sup>.
- Annual Statement of Taxes levied is in compliance. The statements were filed in December 2012 and January 2013 for the new EIT tax rate and other City taxes.
- The Annual Survey of Financial Condition is in compliance and was filed on April 2<sup>nd</sup>.



- The Pension Reporting Obligations are in compliance. The AG Forms 385, 490 and 64 were completed and filed on March 26<sup>th</sup> and 27<sup>th</sup>.
- The Public Utility Reality Report is in compliance and was filed on March 26<sup>th</sup>.
- The Certification Renewals and Worker's Comp are in compliance with PA Worker's Compensation Self-Insurance requirements and were successfully renewed.
- The Insurance Renewals for October 1 and November 1, 2012 and January 1, 2013 were all successfully renewed.

In Summary, the City continues to make progress on the implementation of the Financial Recovery Plan, in the completion of the 2011 audit and the planning of the 2012 audit and in the stabilization of the City's financial management operation.

Mr. Lynch thanked Mr. Mendez-Saldivia for his work on the audits. He realizes how difficult it's been working through this process. Finalizing the audits is a big step and training the Finance Bureau staff to complete the audit preparation work in-house is a good accomplishment. Mr. Lynch also complimented the Finance Bureau for all their hard work.

Mr. Lynch also reiterated comments reported by Mr. Reddig and Mr. Mendez-Saldivia by saying we did not have to drawdown on the sanitation and sewer funds thru an inter-fund borrowing. In large part that was due to some pretty studious management. It's nice to have that cushion there but equally nice that we didn't need to draw on it.

### **Committee Comments**

Mr. Lynch asked the committee members if they had any comments.

President Williams and Mr. Lighty did not have any comments.

Mr. Hill extended his congratulations in getting the Quarterly Status Report filed with Commonwealth Court on time. He was also pleased to hear of the continuing timeliness of the reporting obligations and thanked Mr. Mendez-Saldivia.

Mayor Thompson said she is very proud of the successes of her Administration and thanked their auditor, Maher Duessel, the State for providing the City a grant to hire the additional consultant firm of Trout, Ebersole & Groff, LLP. TEG has been very instrumental in stabilizing the Finance Bureau, completing the audit preparation work done and in the reorganizing the Finance Bureau. It's remarkable that the City has been able to get three audits done in less than a year and that's because everyone has been working together. The 2012 audit will be done by the end of this year getting the City back on track. In spite of the delay in the audits, it has allowed us to do some clean up that should have been done years ago. We haven't missed a beat in receiving any funding as a result of the delay of the audits. Additionally, Mayor Thompson was pleased to report that under her Administration the City has received \$22M in new grant money since 2010.

The City has been very successful in solidifying the contract with their realtor on several properties that have been on the City's books for the last 10-15 years that were not able to be sold. A very progressive plan is now in place. HUD has also given the City an additional

marketing plan to help sell these houses that have been sitting around for some time. We also were very creative in implementing a Rental Program that will allow the City to rent these houses to generate revenue. Two of the properties have been rented and a couple more homes were identified as rental properties. This will generate revenue for the program.

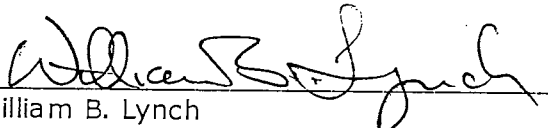
We are very pleased we introduced the Keystone Opportunity Expansion Zone (KOEZ) last night to City Council. It is not known when Council will have the public hearing on KOEZ but Mayor Thompson thanked Council President Williams for introducing the legislation and referring it to committee. She thanked the Law Bureau and those who worked very diligently in helping her with the KOEZ application and having it be a balanced application. It does not include the entire City put rather selects certain properties that have been sitting vacant for years. This will allow a developer time to develop and rehabilitate the property so that it will result in job creation and stabilize City neighborhoods. We'll be coming down to talk to Council more about the importance of passing this legislation as it progresses. This is all about revenue enhancement; it's about community and economic development, job creation and tax revenue to move the City forward. We're very pleased with the KOEZ initiative and we'd like to see it move forward quickly with Council. Mayor Thompson noted President Williams' leadership will be very instrumental in getting the KOEZ legislation passed.

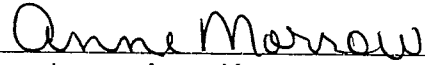
President Williams advised that all committee meetings are currently scheduled for the month of April.

#### **Public Comments**

Mr. Lynch asked if there were any public comments. Hearing none Mr. Lynch called this meeting adjourned at 8:58 a.m.

Approved this 10<sup>th</sup> day of April 2013.

  
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William B. Lynch  
Receiver for the City of Harrisburg

  
\_\_\_\_\_  
Secretary - Anne Morrow

**MINUTES**  
**MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE**  
**FOR THE CITY OF HARRISBURG**  
**April 24, 2013**  
**8:30 a.m.**  
**Council Chambers**

**Present:** William B. Lynch, Receiver

Mayor Linda Thompson  
Wanda Williams, City Council President  
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners  
Doug Hill, County Commissioners Association of Pennsylvania (Governor's  
Appointee)

Anne Morr  w (Recording Secretary)

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:34 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the April 10, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Recovery Plan.

**Operational Issues**

- The Office of the Receiver continues its work in implementing the various operational and creditor debt related issues that are part of the confirmed Plan.
- The Office of the Receiver continues to work on a variety of personnel related matters. Since the last meeting approval was given to fill an Administrative Assistant position in the Water Bureau. We've also advised the City not to fill a parts position in the Department of Public Works (DPW) pending a review of the parts operation and procurement process. Five new vacancies have occurred since the last meeting including three in the Police department, one in the Fire department and one in the Bureau of Sewage. A Shift Supervisor and a Street Light Manager, both in the Bureau of Sewage, started work this past Monday, April 22<sup>nd</sup>. An individual has also been selected for the Parking Enforcement Officer position, with a start date in early May.
- The City continues to actively recruit for 38 positions, a number of those are Fire positions which were discussed at our last meeting and were previously approved by the Receiver's Office, including an Assistant Solicitor, Demolition Specialist, 2 Codes Officers and a Deputy Economic Development Director as well as an Operations Manager and Water Quality Manager in the Water Bureau. The Office of the Receiver continues to work with the City and Harrisburg Parking Authority (HPA) to consider

qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting process. In an update to comments reported at our last meeting that there had not been any HPA applicants who applied for a City position, we can now report that since that time a HPA individual has applied for the Electrician position in the Sewer Bureau.

- Maher Duessel continues work on the 2011 audit. They're continuing with their field work. The City continues to provide various deliverables within the timeframes that had previously been established. Maher Duessel is committed to completing the 2011 audit by approximately May 15<sup>th</sup>. They will then initiate work on the 2012 audit this summer upon completion of the audit prep work. The City should be up-to-date with all of their audits by year end.
- The Office of the Receiver has engaged Trout, Ebersole & Groff LLP to further assist the City with audit preparation work for the 2012 audit. In working with the City, Mr. Mendez-Saldivia and the Finance Bureau have worked out an approach that would utilize the remaining, approximately, \$50,000 of funds from the \$200,000 DCED grant that was provided last year for audit preparation work as well as utilizing the two new individuals that were hired late last year in the Finance Bureau, the Accounting Manager and the Accounting Analyst. It will be a good training experience for those two new individuals. They have been performing very well in their positions. They will then have the skill set necessary to complete the audit prep work for the 2013 audit. Mr. Reddig commended the two new Finance staff and also the City as a whole for rebuilding critical capacity in the Finance Bureau. This is one of the critical elements of the confirmed Plan and will provide the ability for financial management reports to be generated in a timely and accurate basis.
- As a follow-up to the completion of the review of the City's fleet operation and the report's review with the Mayor and her Administration, the Novak team is meeting this week with various department heads to complete a final validation of all the surplus equipment. The City has been moving forward with the disposal of some of the equipment already. The report contains 14 recommendations that will result, ultimately, in the disposal of 36 pieces of equipment achieving annual savings of at least \$25,000 in reduced insurance and maintenance costs as well as receiving a salvage value estimated conservatively at around \$18,000.
- The RFP for Sanitation Services is available and was sent to various firms that had expressed interest. A Pre-bid Conference was held on April 11<sup>th</sup>. There were approximately 20 individuals present representing 5 firms. A series of questions was generated at the conference and the City's Public Works department is working with the Novak team to respond to those questions. Once answers are prepared those answers will be sent out to all of the individuals that were in attendance. Bids are due on June 14<sup>th</sup> with implementation by January 2014. Given the interest that we've seen to date, we anticipate a good response to the RFP request.
- Work also continues on an Insurance RFP that will consolidate the insurance coverage's for the City. We are coordinating that process with the City's insurance renewal schedule for 2013 that will occur at several points later this year.

- We are also working with the City on the initial stages of an update to their Comprehensive Plan. The confirmed Plan contains three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. A meeting was held with the Mayor, City officials, the City's consultant and Office of the Receiver representatives this past Monday to discuss a scope of work that will ensure that the three initiatives are well coordinated. The consultant is taking the information discussed at the meeting and developing a scope of work and estimated cost figures for those initiatives.
- Negotiations are also continuing with the three collective bargaining units to effect new bargaining contracts with the FOP, IAFF and AFSCME units that are consistent with the cost containment provisions of the confirmed Plan.

### **Cash Flow**

- The Receiver's Office continues to monitor City's expenditures including the review of payables on a bi-weekly basis. Last week we reviewed the April 26<sup>th</sup> check-run and provided a response to the City last Friday. The check-run as proposed totals \$919,327 with the largest expenses being to the City's Treasurer's office for various insurances. These represented almost 46% of the total, including payments to Highmark Blue Cross of \$286,000 and Express Scripts of \$135,000.
- Other significant payments included Rogele for \$117,000 for work related to the 4<sup>th</sup> Street sinkhole, Capital Area Transit for \$68,000 for the 4<sup>th</sup> quarter of 2012, and a transfer to the Debt Service Reserve Fund of \$6,500 for the residual amount to meet the Harrisburg Redevelopment Authority 2005 Series Guaranteed Revenue Bonds which will be reimbursed by the Harrisburg Senators under the City's agreement. Also on the check-run were separation payments approved by the Receiver totaling \$69,000.
- Real estate tax collections have increased the City's cash flow. With March being the end of the discount period the influx of real estate revenue has provided resources to pay a number of the more overdue creditor obligations. Payables over 90 days, currently on hold, now total just under \$1.2M, a decline of \$150,000 since the last check-run and a decline from the approximate \$4.5M the City had been carrying the latter part of February. Payments to SunTrust, PPL, Capital Area Transit and Pennsylvania Infrastructure Bank represent 92% of those payments. Discussions are underway with SunTrust relative to their obligation.
- It's important to note, again, that the City has not needed to drawdown any of the \$4M from the Sewer and Sanitation Funds that was authorized in January.
- The City had a cash balance of \$7,055,000 as of April 18<sup>th</sup>, with the check-run and the estimated payroll of \$1.1M that will occur this week, the City will have a cash balance of just under \$5M available.
- We've worked with the City to prioritize payables recognizing the improved cash flow position that the City's in and the fact they are at their highest point in the year given the receipt of the real estate revenue. We anticipate earned income tax revenues to be received as the year progresses. This is the second largest revenue source for the City.

Starting late May or June we should see the beginning of the impact of the higher earned income tax in revenues received by the City.

- At the last meeting we provided a report on the expenditure data through the end of March. We should have an updated data report for April at our first May meeting. To recap the March numbers again, the City had received approximately \$19.5M in revenue through the end of March and disbursed approximately \$7.7M in expenditures. As the year progresses, the City's cash flow position will be solid from now through the late summer months, however, we anticipate as we move into the late summer/early fall months, the City's fiscal position will move into a negative status.

### **Asset Monetization**

- Negotiations continue with the Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility. As reported before, an agreement has been reached with the Department of General Services (DGS) on a multiyear Power Purchase Agreement that adds material value to the incinerator sale. Basic terms of that agreement have been put into place and continue to move through the contract process within DGS. Also, an Asset Purchase Agreement based on the term sheet has been prepared for the Resource Recovery Facility sale and it is being reviewed by all parties.
- The Receiver's Office also continues negotiations with Harrisburg First, the selected party for the parking monetization, with an agreement from DGS to consolidate the parking needs of the Executive Offices. We're continuing to work with several other State agencies outside the Executive branch to incorporate them in the agreement. We're approaching approximately 4,000 spaces that would be consolidated into this agreement. The more spaces that can be added the greater the value of the parking monetization.
- Labor negotiations with Harrisburg Parking Authority personnel also continue. The revision of the existing contract is a critical element to the monetization. We've involved and are coordinating that effort with Standard Parking, who would be the Operator under the Harrisburg First arrangement.
- We've also continued work with the Pennsylvania Economic Development Financing Authority (PEDFA), the financing vehicle for the parking monetization. Attorneys for PEDFA and Harrisburg First are working through various tax-related issues involved with this financing.
- Discussions continue with the surrounding municipalities on the Water and Sewer initiative as the Office of the Receiver works to develop an operational approach that will address compliance with the Clean Water Act and the Chesapeake Bay requirements.
- Further meetings with the Department of Justice and EPA are to occur later this week, as work continues to address the State and Federal requirements. The Operating Authority approach appears to be an acceptable model for the Department of Justice, EPA and DEP and is also favored by the suburban communities. We are also working

with the City and Harrisburg Authority to reconstitute the Authority as an Operating Authority.

- We've continued our dialog with Assured Guaranty Corporation (AGM), Dauphin County and AMBAC to keep all three major creditors apprised of the asset monetization processes as we continue to move forward and work very hard towards a consensual resolution to the City's fiscal condition.

Mr. Lynch asked Mr. Mendez-Saldivia, Chief Operations Officer and Chief of Staff, to provide an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Mendenz-Saldivia noted during this period meetings were held with the City's implementation teams to coordinate implementation activities.
- A pre-bid conference for the Sanitation RFP was held on April 11<sup>th</sup>. A list of questions and concerns from bidders was developed. We are currently working on responses to be provided to all interested parties. An internal follow-up meeting took place yesterday with the Novak Group. From that meeting a matrix was developed, responsibilities were assigned and answers to bidder questions will be completed by Friday. Bids are expected on June 14<sup>th</sup>.
- Public Works, Police and Fire Bureaus met with the Novak Consulting Group yesterday to finalize the fleet assessment recommendations. The City wants to ensure that its fleet is appropriately sized and structured to facilitate the delivery of City services efficiently.
- A preliminary review of the fleet composition, management and operations has been conducted by the Novak team in order to determine what steps can be taken to improve operations. The existing fleet inventory has been completed and reviewed. City personnel also completed the fleet questionnaires and best practices research was conducted and benchmark utilization standards developed identifying underutilized vehicles and heavy equipment for elimination. Our goal is to reduce the size of the fleet and aggressively manage the remaining fleet without incurring additional cost to the City.
- The implementation matrix has been updated illustrating the progress made by the City.

### **Financial Management**

- Planning and logistics are underway for the 2012 audit. The City's "2012 Audit Preparation Master Worksheet - Open Items List" was distributed to all stakeholders last Friday. The Trout, Ebersole & Groff LLP (TEG) accounting firm was engaged by the Office of the Receiver to partially assist the City in preparing for the 2012 audit, including the training of our Accounting Office professional staff. TEG engagement will be funded by the \$49,000 remaining from the DCED Financial Assistance Grant of \$200,000 which was awarded to the City in 2012 to prepare for the 2010 and 2011 audits. TEG engagement will commence approximately May 1<sup>st</sup> and conclude by approximately July 15<sup>th</sup>.

- Maher Duessel, the City's auditors, was unanimously recommended by the City Audit Committee to have their 2009 thru 2011 audit contract extended to include the 2012 audit. It is anticipated that Maher Duessel will begin its 2012 audit field work immediately following TEG's engagement completion, assuming the City and TEG have provided all necessary deliverables to Maher Duessel by July 15<sup>th</sup>. The Administration anticipates publicly issuing the 2012 Audit/CAFR and other related reports on or about October 15<sup>th</sup>.
- We remain on schedule for a May 15<sup>th</sup> public issuance date for the 2011 Audit/CAFR, Single Audit Report, Management Letter, and other related reports. Maher Duessel provided the City our draft financial statements and other deliverables on April 17<sup>th</sup>, five calendar days ahead of schedule. The CAFR and other related audit documents are in full production mode.

### **Cash Flow**

- The April 25<sup>th</sup> payroll, benefits, and critical vendor payments have all been funded without the need to draw on the \$4M interfund loan from the Sanitation and Sewer Fund which was authorized by City Council in January. No loan funds have been drawn upon to-date, primarily due to the receipt of real estate tax discount period revenues received during March. It is unlikely that any loan funds will be drawn in the immediate future. The General Fund cash balance after the April 25<sup>th</sup> payroll and check-run will be approximately \$5M.
- Vendor accounts payable and other short-term liabilities currently on hold total approximately \$2.1M, a decline of \$513,000 from the \$2.66M from last check-run.

### **Financial Reporting and Compliance**

- The City is in compliance with all financial reporting and compliance activities with local, state and regulatory agencies. All insurance policies have also been successfully renewed.

### **Budget Office**

- The 2013 First Quarter Fiscal Report Expenditure Projection Sheets have been sent to all department heads, office heads and bureau chiefs.
- Thirty-two purchase orders were created.
- Training was provided to the new Accounting Manager and Finance Analyst on how to convert requisitions to purchase orders in the accounting system. In addition, they were provided with insight on adding an individual as a user and the different accesses they may be given. This includes everything from budget units to entering payables to managing fixed assets.
- The Budget Office also continues to provide support for the 2011 audit development and reviewed various updates to the 2013 budget document.



In Summary, the City continues to make progress on the implementation of the Financial Recovery Plan under Act 47, on the completion of the 2011 audit and the 2012 audit planning of logistics and in the stabilization of the financial management operations.

### **Committee Comments**

Mr. Lynch asked the committee members if they had any comments.

President Williams asked Mr. Reddig if the Administrative position he mentioned in his report was filled from a member of the Harrisburg Parking Authority.

- Mr. Reddig replied no, it was not. The only position that an HPA individual has applied for is the Electrician position.

President Williams inquired what companies are being considered to handle the insurance consolidation.

- Mr. Reddig replied the insurance RFP has not gone out at this point and that it's in the preplanning stages.

President Williams inquired who the 5 firms are that responded to the Sanitation RFP.

- Mr. Reddig replied he didn't have all the names with him but would get a complete list to her.

President Williams asked Mr. Mendez-Saldivia to confirm he reported the City still owes \$2.1M in vendor payments.

- Mr. Mendez-Saldivia confirmed that was what he reported and that it's important to note it is an improvement from the last check-run when it was about \$513,000.

President Williams inquired with Mr. Reddig when the last time negotiation meetings were held with the bargaining units.

- Mr. Reddig advised negotiation meetings were held last week with AFSCME and FOP. Receiver Lynch and the City's bargaining team have also met with the IAFF. The City's labor counsel is Vicki Beatty from Campbell Durrant Beatty Palombo & Miller, P.C.,. She is the lead individual involved in the bargaining meetings along with the Receiver's attorney who has also been assisting in those efforts.

President Williams asked if progress was being made with the unions.

- Mr. Reddig responded he believes so.

Mr. Lighty did not have any comments.

Mr. Hill was pleased to hear the City has specific target dates now for the 2012 audit. It's premature to talk about the audit for 2013; however, does the engagement letter with Trout, Ebersole and Groff include training for the staff or actual development of benchmarks/timelines for the 2013 audit to get the City back on a more regular schedule?

- Mr. Reddig confirmed the engagement letter includes training of staff but does not include the development of the timelines. That would be something the Finance Bureau itself would do internally.
- Mr. Lynch noted he is pleased the training piece is part of the TEG engagement letter and stressed the importance for the City to develop the capacity to process audits moving forward.
- Mr. Reddig also added what has happened in the Finance Bureau over the last several years is that certain actions that should have occurred during the course of the year were not occurring which resulted in a lot of work needing to be done after the end of the year. What we anticipate happening as we move through 2013, as part of the training, is that various reconciliations will occur throughout the year which will make the 2013 audit preparation, ultimately, go a lot smoother.

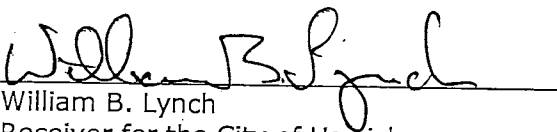
Mayor Thompson noted a Press Conference was held yesterday on the City's Green Economic Development Plan. As the City grows out of its fiscal challenges, under this plan, the City will be "greener" and more fiscally sound. We will be issuing an RFP for our street lighting to look at a more cost efficient system. This should be released in about a month. A consultant was hired a year and a half ago to do a study for the City and that study has now been completed. Under this RFP, all of the street lighting in the City will be converted to LED lighting. The cost savings, once LED lighting is installed, is approximately 40% - 50%. The Green Economic Development Plan is focusing on three areas - 1.) Energy efficiency, 2.) Lighting systems for water and waste systems and 3.) Verification.

Mr. Lynch commended Mayor Thompson on her efforts involving the Green Economic Development Plan to both improve the street lighting system and reduce costs for the City.

#### **Public Comments**

Mr. Lynch asked if there were any public comments. Hearing none Mr. Lynch called this meeting adjourned at 9:02 a.m.

Approved this 24<sup>th</sup> day of April 2013.

  
 William B. Lynch  
 Receiver for the City of Harrisburg

  
 Secretary - Anne Morrow

**MINUTES**  
**MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE**  
**FOR THE CITY OF HARRISBURG**  
**May 8, 2013**  
**8:30 a.m.**  
**Council Chambers**

**Present:** William B. Lynch, Receiver

Mayor Linda Thompson  
Wanda Williams, City Council President  
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners  
Doug Hill, County Commissioners Association of Pennsylvania (Governor's  
Appointee)

Anne Morrow (Recording Secretary)

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:37 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the April 22, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Recovery Plan.

**Operational Issues**

- The Office of the Receiver continues its work in implementing the various plan recommendations that are part of the confirmed Recovery Plan.
- The Office of the Receiver has reviewed and provided approval to fill eight Police Recruit positions for the class starting in July. Four of these positions can be funded through the remaining Cops Grant funding provided the Department of Justice approves a waiver that is pending relative to staffing requirements. Of the 8 positions that were approved last fall, 5 recruits have completed their training program and are assigned to the Uniform Patrol Division, 2 recruits are still at the Police Academy and one individual is no longer employed. Approval was also given to fill a Lieutenant position in the Fire Bureau which was a result of the approvals previously provided by the Receiver and promotions that have occurred as a result.
- A number of part-time seasonal positions were also approved for the Department of Parks & Recreation & Enrichment. These positions along with various summer programs are funded in part by the \$165,000 in the General Fund budget but also through the efforts of Dr. Alton and the City with an additional \$115,000 in sponsorship funds that have been raised to date with an additional \$112,500 that is pending and we

believe will also be received. The City has done an excellent job of raising outside funds consistent with the provisions of the Recovery Plan.

- The City continues to actively recruit for approximately 38 positions. A number of these are fire positions that had previously been approved. Others include the Assistant Solicitor, Demolition Specialist, 2 Codes Officers and a Deputy Economic Development Director as well as an Operations Manager and Water Quality Manager in the Water Bureau. The Office of the Receiver continues to work with the City and Harrisburg Parking Authority (HPA) to provide opportunities to HPA individuals for City positions. As reported previously, one individual did apply for an Electrician position to date. To our knowledge this is the only HPA individual that has applied for a City position.
- The Office of the Receiver has devoted significant effort in working with the City on various financial management issues. With the SEC announcement this week, it's important to note that the City has put into place procedures to provide for appropriate notifications of Material Events to be posted on the Electronic Municipal Market Access system (EMMA). EMMA was established to increase the comprehensive access to critical disclosure and transparency information in the municipal securities market. Further, the Office of the Receiver has worked with the City to restructure their Finance Bureau and to achieve significant progress in bringing the City's audits up-to-date.
- Maher Duessel is nearing completion of the 2011 audit. The City continues to provide various deliverables within the timeframes that were previously established. Maher Duessel is committed to completing the 2011 audit by next week, May 15<sup>th</sup>. They will then initiate work on the 2012 audit in early summer upon completion of the audit prep work. We anticipate by the latter part of this year the City will be fully up-to-date with their audits, a significant accomplishment over the last 18 months.
- Trout, Ebersole & Groff LLP (TEG) has begun work on audit preparation work for the 2012 audit. In working with the City an approach has been developed that would utilize the remaining funds, approximately \$50,000 from the DCED grant provided last year, along with the expertise of the two new individuals in the Finance Bureau; the Accounting Manager and Accounting Analyst position. It will provide an excellent training opportunity for these individuals. As we continue to move forward they will be able to derive the skill set from this process necessary to do the audit preparation work for the 2013 audit and take care of various reconciliations as we go through 2013 so there will not be an extensive amount of work necessary to prepare for the 2013 audit. Rebuilding capacity in the Finance Bureau has been one of the critical elements of the confirmed Plan and provides the City with the ability to generate timely and accurate financial management reports.
- As a follow-up to the completion of the review of the City's fleet operation and the report's review with the Mayor and her Administration, the Novak team has met with the various department heads and has completed a final validation of all the surplus equipment. The City continues to move forward with the disposal of this equipment per the report's recommendation. We anticipate disposal of at least 36 pieces of equipment achieving annual savings of approximately \$25,000 as well as a salvage value of a one-time infusion of approximately \$18,000.

- The RFP for Sanitation Services is under review by the various vendors. At the last meeting Council President Williams asked what vendors had attended the Pre-bid Conference. Those in attendance were from Penn Waste, Republic, Advanced Waste, Red River Service, Waste Management, Dirty Dog Hauling and J.P. Mascaro & Sons. A series of questions was generated at the Pre-bid Conference. The City's Public Works Director and the Novak team have developed those responses which will be provided to all that were in attendance at the Pre-bid Conference. We anticipate the receipt of proposals on June 14<sup>th</sup> after which they will be reviewed and a recommendation made. We anticipate full implementation by January 2014.
- Work also continues on an Insurance RFP that will consolidate the insurance coverage's for the City. This is being coordinated with the City's insurance renewal schedules that will occur at several points later this year and will go into effect in 2014.
- We are continuing to work with the City on the initial stages of an update to the Comprehensive Plan. The confirmed Plan contains three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Following an April 22<sup>nd</sup> meeting with the Mayor, City officials, the City's consultant and the Office of the Receiver representatives, the consultant has taken all of the points raised at that meeting and is revising the scope of work to ensure that these three initiatives are well coordinated. They will be providing us with estimated cost figures for these initiatives.
- Negotiations continue with the three collective bargaining units to effect new bargaining contracts with the FOP, IAFF and AFSCME units and to develop new contracts that are consistent with the cost containment provisions of the confirmed Plan. Numerous recent meetings have been held particularly with the AFSCME and FOP units.

### **Cash Flow**

- The Receiver's Office continues to monitor City's expenditures including the review of payables on a bi-weekly basis. Last week we reviewed the May 10<sup>th</sup> check-run and provided a response to the City last Friday. The check-run as proposed totals \$684,815 with the largest expenses being to the City's Treasurer's Office for various insurances. These represented 71% of the total and include payments to Highmark Blue Cross of \$239,000, Express Scripts of \$204,000 and Dental coverage of \$45,000.
- Other significant payments include a payment to Rogele for \$51,970 for work related to the 4<sup>th</sup> Street sinkhole. The City advanced a payment request for Metro Bank in the amount of \$872,502 for debt service on the Revenue Bond Series of 2006; however, the Office of the Receiver had the City remove this payment due to the ongoing creditor negotiations. This payment is secured by various artifacts that will be subject to a sale in July. Payment will be addressed at that time. The City was advised to provide appropriate notice of the Material Event on EMMA.
- The City's current cash position remains strong having been bolstered by the receipt of the City's real estate tax collections. The City has now been able to bring its overdue payables into a current status. Payables over 90 days, currently on hold, now total just under \$1.6M. They are represented primarily by several debt obligations including payment to SunTrust and the Pennsylvania Infrastructure Bank as well as payments to

CAT and PPL. The City has been working with PPL to identify and resolve various PPL electric accounts. Collectively these four obligations represent 96% of the outstanding payables.

- It's important to note, again, as we've highlighted at earlier meetings that the City has not had to drawdown any of the \$4M from the Sewer and Sanitation Funds that had been authorized in January.
- The City had a cash balance of \$6.9M as of May 2<sup>nd</sup> and with the check-run and estimated payroll this week of \$1.1M the City should have an available cash balance of approximately \$5.1M. We anticipate earned income tax revenues to continue to be received as the year progresses although the vast majority of real estate taxes have been collected. The earned income tax represents the second largest revenue source for the City. Starting in late May or June we should see the beginning of the impact of the higher earned income tax in revenues received by the City.
- We are currently waiting receipt from the City of the April expenditure data and do not have an updated cash flow at this time but should be available for our next meeting. To recap the March numbers, the City had received approximately \$19.5M in revenue through the end of March and disbursed approximately \$7.7M in expenditures. As the year progresses, the City's cash flow position will be solid from now through the late summer months, however, we anticipate as we move into the late summer/early fall months, the City's fiscal position will move into a negative status.

### **Asset Monetization**

- Negotiations with the Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility continue. At this point, there's no new update on those negotiations from our prior report. The agreement with the Department of General Services (DGS) is in place and is going through the contract process. Likewise, a Term sheet has been developed with LCSWMA that is currently under review.
- The Receiver's Office also continues negotiations with Harrisburg First, the selected party for the parking monetization. An agreement to consolidate the parking needs of the Commonwealth is being negotiated with DGS. We're continuing to expand that agreement to involve other State agencies outside the Executive branch. The more spaces that can be added into that agreement the greater the value of the parking monetization.
- Labor negotiations continue with Harrisburg Parking Authority personnel. The revision of the existing contract is a critical element to the monetization process. We've involved Standard Parking, who would be the Operator of the parking system, in this process.
- We've also continued work with the Pennsylvania Economic Development Financing Authority (PEDFA), on the financing of the parking monetization. Attorneys for PEDFA and Harrisburg First are continuing to work through various tax-related issues involved with this financing.

- The Office of the Receiver has participated in additional meetings with the Department of Justice, EPA and DEP relative to the sewer system and compliance with the Clean Water Act and the Chesapeake Bay requirements. At the last advisory committee meeting it was mentioned that a meeting was scheduled for later in the week. This meeting did occur and we're looking to further discussions with the regulatory agencies over the next several weeks.
- Dialog continues with Assured Guaranty Corporation (AGM) and Dauphin County as we're working to resolve the debt related issues and the various monetization's that will ultimately result in a consensual resolution to the City's fiscal condition.

Mr. Lynch asked Mr. Mendez-Saldivia, Chief Operations Officer and Chief of Staff, to provide an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Mendez-Saldivia noted meetings have continued with the City's implementation teams.
- The process for the Sanitation RFP is going well and is on schedule. On May 2<sup>nd</sup> we responded to the majority of contractor's questions and requests for information (RFI) that were received by the City at the pre-bid conference held on April 11<sup>th</sup>. We continue to receive questions and requests for clarifications and will be responding to any remaining questions/RFI by the May 10<sup>th</sup> deadline pursuant to the RFP. Bids are expected on June 14<sup>th</sup>.
- Mullin & Lonergan Associates met with the Steering Committee of the Mayor's Business Advisory Council and the Stakeholders on April 4<sup>th</sup> to discuss the Comprehensive Plan. Mullin & Lonergan also met on April 22<sup>nd</sup> with the Office of the Mayor, members of the Novak Group and DCED to discuss and receive input on the Comprehensive Plan. The second stakeholder's meeting is scheduled for May 16<sup>th</sup>.
- Coordination efforts are taking place for Mullin & Lonergan to develop the Housing Strategy in coordination with the revised Comprehensive Plan.
- The Vacant Property Reinvestment Board has been formed and members met on April 2<sup>nd</sup> and will continue to hold regular monthly meetings.
- Planning efforts are also taking place for Mullin and Lonergan to assist in the development of a long-term economic development strategy in coordination with the revised Comprehensive Plan.
- The Revolving Loan Fund Board is nearing completion of its By-Laws. The Board held its first meeting on March 31<sup>st</sup>. DBHD provided the Board members with revised and updated information on the four MOED Fund Programs and balances on April 4<sup>th</sup>.

### **Financial Management**

- The 2012 audit preparation work continues. Trout, Ebersole & Groff, LLP (TEG) arrived on-site this Tuesday, May 7<sup>th</sup> and began audit preparation field work. Their engagement is anticipated to conclude by approximately July 15<sup>th</sup>. It is anticipated that Maher Duessel will begin their 2012 audit field work immediately following TEG's

engagement completion, assuming the City and TEG have provided all necessary deliverables to Maher Duessel by July 15<sup>th</sup>. The Administration anticipates publicly issuing the 2012 Audit/CAFR and other related reports on or about October 15<sup>th</sup>. Not only will the City be caught up with all their audits but also should have developed the internal capacity to complete their audit preparation work in-house.

- We are on full production mode and on target to complete the 2011 Audit/CAFR, Single Audit Report, Management Letter, and other related reports on May 15<sup>th</sup> and therefore also on schedule for the May 15<sup>th</sup> public issuance date.

### **Cash Flow**

- The May 9<sup>th</sup> payroll, benefits, and critical vendor payments have all been funded without the need to draw on the \$4M interfund loan from the Sanitation and Sewer Funds authorized by City Council in January. No loan funds have been drawn upon to-date, primarily due to the receipt of the real estate tax discount period revenues received during March. It is unlikely that any loan funds will be drawn down in the immediate future.
- The Receiver has instructed the City not to fund for its May 15<sup>th</sup> Debt Service payment of \$872,502 that is due on the 2006 HRA Lease Revenue bonds at this time. The General Fund cash balance after the May 9<sup>th</sup> payroll/check-run will be approximately \$5.1M.
- We continue to manage our relationship with our vendors. The Vendor Accounts Payable and other short-term liabilities currently on hold total approximately \$2.5M, an increase of \$360,000 from the last check-run.

### **Financial Reporting and Compliance**

- To date, we are in compliance with the City's reporting obligation.
- A joint Material Event Notice (MEN) was published on EMMA by The Harrisburg Authority (THA) on behalf of THA and the City and confirmed on May 2<sup>nd</sup>, indicating our non-payment of debt service due May 1<sup>st</sup> on THA's Resource Recovery Revenue Notes, Series A of 2002. Additionally, the City will need to publish a MEN on EMMA indicating its non-payment of debt service due May 15<sup>th</sup> on the 2006 HRA Lease Revenue Bonds.

### **Budget Office**

- The City's 2013 First Quarter Fiscal Report is on schedule.
- The Budget Office is currently completing projections relating to:
  - Expenditure – General Expenses, Debt and Personnel;
  - Revenue – General Fund and Debt.
- Work continues on completing the 2013 GFOA Budget. Our new Financial Analyst has reviewed the updated sections of the budget document. We are also reviewing the trial balance to ensure posting of all required journal entries for the 2011 audit.



- We continue to plan an approach to complete all required CAFR related items on time and keep the team on track.
- There were two RFP openings – one for Lawn Maintenance and the other for Engineering Services related to Storm Lee.

In Summary, the City continues to make strides in the implementation of the Financial Recovery Plan, significant progress continues on the completion of the 2011 and 2012 audits and in the stabilization of the financial management operations.

### **Committee Comments**

Mr. Lynch asked the committee members if they had any comments.

Council President Williams noted Mr. Reddig reported negotiations continue with the two bargaining units, AFSCME and FOP, but questioned if meetings have also recently been held with IAFF and if so, when the meeting was last held and the status of their progress.

- Mr. Reddig noted there have not been any meetings recently with the IAFF.
- Mr. Lynch agreed with Mr. Reddig and noted he didn't recall the last time a meeting was held but noted dialog has occurred and that they have expressed they are willing to see what happens with the FOP.

Mr. Hill congratulated Mayor Thompson on acting so quickly in posting the disclosure policy on the City website regarding the SEC order and for a positive outcome in that situation.

Mr. Hill asked Mr. Reddig to confirm from his check-run report that the distributions of the proceeds regarding the artifact auction are already allocated both per the Plan and by Judge Collin's order.

- Mr. Reddig concurred with Mr. Hill.

Mr. Hill also acknowledged, he heard in both reports, the deferral on the HRA Lease Revenue bond payment triggers a notice to EMMA.

- Mr. Reddig noted that is correct.

Mayor Thompson did not have any comments.

### **Public Comments**

Mr. Lynch asked if there were any public comments.

Mr. Ned Smith, resident of the City of Harrisburg

- Mr. Smith reiterated and again requested for the advisory committee to consider an alternate meeting time that would be more convenient for the public to attend these meetings which are currently being held twice a month at 8:30 a.m. in Council

Chambers. Mr. Smith suggested an evening time would be appropriate for more people to participate in this vital process.

- Mr. Smith noted his neighborhood is around 15<sup>th</sup> and Market Street and once again this neighborhood has experienced two brutal murders within the past week, profuse littering and loitering from a thug-like gang. To the City's credit, after a call was placed to the Mayor's Office, a Codes Officer responded to the littering problem. However, Mr. Smith noted littering is a constant occurrence and doesn't feel there are enough resources to adequately address all these issues. He also noted during this recovery process the police force has been decimated, down approximately 30 officers over the past few years, and the hiring of the proper complement of officers has been prohibited.
- Mr. Smith also noted with all of this going on and in the context that all this fraud has occurred, the individuals that were involved still walk free. There's been no type of accountability at all for what has happened or what is currently taking place in our city. It creates a moral climate of confusion. No one was doing their due diligence in reference to the incinerator loans and bonds along with the housing mortgage crisis which was also being thrown around. It's real corporate crime but it's us, the people, the services and the unions that are paying the price while none of these individuals are being held accountable and it's killing us. We see it amongst the poorer neighborhoods, the jobs that aren't there and the outrage of the poor kids that really have no economic future. It's very painful. This moral climate is creating this environment.

Ms. Wendy Taylor, prior resident of the City of Harrisburg

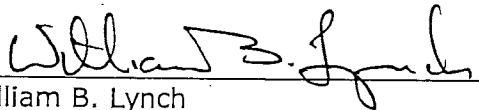
- Ms. Taylor noted when the incinerator deal went through years ago she sold her house and moved out of the City.
- She now believes that a fraud was perpetrated when the City was looking at the incinerator deal which is what she had initially speculated. Ms. Taylor would like the advisory committee to make sure that the people who caused this fraud pay the price instead of the citizens of Harrisburg. A lot of people knew better or should have known better based on all of the things that lead up to the incinerator deal but everyone involved went ahead and did it anyway. There was a conspiracy to defraud the bondholders and also the citizens of Harrisburg.
- With all of the information that was put forth to the Department of Community and Economic Development, to the County Commissioners, City Council, Bond Counsel, Bond Underwriters and the Insurance Company who insured the bonds and ultimately the Mayor, it is Ms. Taylor's desire that there be an investigation. All of these parties should have known the incinerator deal should not have been approved.
- Ms. Taylor called for the advisory committee to look into this with a possibility of having an attorney review the incinerator project. She also noted there was an engineering firm who was employed by the City to look at the project and somehow they came up with a response that this was a good project, which City Council relied on. Ms. Taylor noted what is so upsetting to her is that Mayor Stephen Reed was the one that

proposed every deal but his name is on nothing. Mayor Reed made everyone else do the approvals but he was the organizer. Whether the advisory committee takes this into consideration or not, the citizens of Harrisburg need somebody to protect them. The people who bought those bonds should have been on record or given a notice that there was something wrong when the insurance company wouldn't insure the bonds until they got a second approval from the County, which was the first time the City ever had to do that. The insurance company sat in Council Chambers stating that they could not insure the bonds because it was too risky and asked the County to insure the bonds. There were lots of signs that everyone ignored. I hope this advisory board will protect the citizens of Harrisburg.

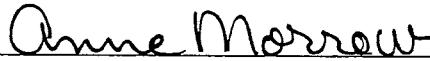
Mr. Lynch thanked both parties for their comments.

Mr. Lynch asked if there were any other comments. Hearing none Mr. Lynch called this meeting adjourned at 9:13 a.m.

Approved this 8<sup>th</sup> day of May 2013.



William B. Lynch  
Receiver for the City of Harrisburg



Secretary - Anne Morrow

**MINUTES**  
**MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE**  
**FOR THE CITY OF HARRISBURG**  
**June 12, 2013**  
**8:30 a.m.**  
**Council Chambers**

**Present:** William B. Lynch, Receiver

Mayor Linda Thompson  
Wanda Williams, City Council President  
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners  
Doug Hill, County Commissioners Association of Pennsylvania (Governor's  
Appointee)

Anne Morrow (Recording Secretary)

**Reports**

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:35 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the May 8, 2013 committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch provided an update on the implementation of the confirmed Recovery Plan in Mr. Reddig's absence.

**Operational Issues**

- The Office of the Receiver continues its work in implementing the various operational and creditor debt resolution related issues that are part of the confirmed Recovery Plan.
- Since the last meeting Office of the Receiver has reviewed and provided approval to fill the Budget Manager position in the Finance Bureau, Parts Service position in the Department of Public Works and an Administrative Assistant position in the Bureau of Codes.
- The City continues to actively recruit for 46 positions, a number of those are Fire positions previously approved by the Receiver's Office. Others include an Assistant Solicitor, Demolition Specialist, 2 Codes Officers and a Deputy Economic Development Director as well as the recent vacancy of the Budget Manager, an Operations Manager and Water Quality Manager. The Office of the Receiver continues to work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting process.
- The Office of the Receiver has devoted significant effort in working with the City on various financial management issues. The Receiver's Office has worked with the City to

address the recent vacancy as a result of the resignation of the Budget Manager to move the Accounting Analyst into the Budget Manager's role. This, along with the medical leave of the Purchasing Manager, has created additional strain in the Finance Bureau.

- Maher Duessel issued the 2011 audit on schedule in mid-May. They will now initiate work on the 2012 audit this summer upon completion of the audit prep work. The City should be up to date with all of their audits by mid-October.
- Trout, Ebersole & Groff (TEG) has continued audit preparation work for the 2012 audit. In working with the City, approval was provided to use the remaining, approximately, \$50,000 of funds from the \$200,000 DCED grant that was provided last year for audit preparation work as well as utilize the two new individuals that were hired late last year in the Finance Bureau, the Accounting Manager and the Accounting Analyst. With the vacancy of the Budget Manager, though, the Accounting Analyst will not be able to provide as much support for this effort. TEG has been further engaged to provide additional audit prep work within the resources that currently exist in the Finance Bureau budget so as to maintain the mid-July completion date.
- Rebuilding critical capacity in the Finance Bureau is one of the critical elements of the confirmed Plan. It will provide the City the ability to generate timely and accurate financial management information and reports.
- As a follow up to the completion of the review of the City's fleet operation, the City has continued to move forward with the disposal of some of the equipment per the report's recommendations. The report contains 14 recommendations that will result, ultimately, in the disposal of 36 pieces of equipment achieving annual savings of at least \$25,000 in reduced insurance and maintenance costs as well as receiving a salvage value estimated conservatively at around \$18,000. The Director of Public Works is also developing a job description for a Fleet Manager consistent with the report's recommendations.
- The RFP for Sanitation Services remains under review by various vendors. Responses were provided to a series of questions generated at the Pre-bid Conference and proposals are due on June 24<sup>th</sup> with implementation by January 2014. Given the interest that we've seen to date, we anticipate a good response to the RFP request.
- Work also continues on an Insurance RFP that will consolidate the insurance coverage's for the City. We are coordinating that process with the City's insurance renewal schedule for 2013 that will occur at several points later this year.
- We are continuing to work with the City on the initial stages of an update to their Comprehensive Plan. The confirmed Plan contains three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Following an April 22<sup>nd</sup> meeting with the Mayor, City officials, the City's consultant and Office of the Receiver representatives, the consultant is revising the scope of work to ensure that the three initiatives are well coordinated and will also provide estimated cost figures for those initiatives.

- Negotiations are also continuing with the three collective bargaining units to effect new bargaining contracts with the FOP, IAFF and AFSCME units that are consistent with the cost containment provisions of the confirmed Plan. Numerous recent meetings have been held with the AFSCME and FOP units.

## **Cash Flow**

- The Receiver's Office continues to monitor City's expenditures including the review of payables on a bi-weekly basis. Since the last meeting we have reviewed both the May 24<sup>th</sup> and June 6<sup>th</sup> check-runs and provided a response to the City.
- The check-run for May 24<sup>th</sup> totaled \$567,585 with the largest expenses for payments to the City Treasurer for various insurances in the amount of \$312,988 or 55%. These include Highmark Blue Cross thru April 2<sup>nd</sup> in the amount of \$303,968 and for various insurance deductibles in the amount of \$9,019.
- The check-run for June 6<sup>th</sup> totaled \$994,799 with the largest expenses for payments to the City Treasurer for various insurances in the amount of \$402,547 or 40.5% and to the Harrisburg Parking Authority (HPA) for \$395,466 or 39.8%. Payments to the City Treasurer include Highmark Blue Cross thru April 23<sup>rd</sup> in the amount of \$368,690 and Dental in the amount of \$33,866 thru May 17<sup>th</sup>. The City received a payment of \$675,413 from Harrisburg Parking Authority earlier in May for its share of the parking revenues and this is the payment back to HPA.
- The City's current cash position remains strong, having been bolstered by the end of the grace period for real estate tax collections along with the initial revenue from the higher Earned Income Tax. The City has now been able to bring its overdue payables into a current status. Payables currently on hold now total \$3,286,123 with 99% represented by 7 creditors. They are represented primarily by several debt obligations including payments to SunTrust, Metro Bank and the Pennsylvania Infrastructure Bank and payments to CAT and PPL. The City has been working with PPL to identify and resolve various PPL accounts.
- It's important to note, again, that the City has not needed to drawdown any of the \$4M from the Sewer and Sanitation Funds that was authorized in January.
- The City has published the appropriate Material Events Notice on EMMA related to the Harrisburg Authority's (THA), and subsequently the City's, non-payment on the THA Guaranteed Resource Recovery Facility Revenue Bonds, Subseries D-1 of 2003, Subseries D-2 of 2003, Series E of 2003 and Series F of 2003 debt, all due on June 1, 2013.
- The City had a cash balance of \$8,551,428 as of May 30<sup>th</sup>, with the check-run and the estimated payroll of \$1.1M that occurred on June 6<sup>th</sup>, the City had a cash balance of approximately \$6.5M available which was approximately the same as after the May 23<sup>rd</sup> check-run.
- As the year progresses, the City's cash flow position will be solid from now through the late summer months, however, we anticipate as we move into the late summer/early fall months, the City's fiscal position will move into a negative status.

## **Asset Monetization**

- Negotiations continue with the Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility. At this point there is no new update to our prior report. The agreement with the Department of General Services (DGS) on a multiyear Power Purchase Agreement that adds material value to the incinerator sale is moving thru the contract process. Also, an Asset Purchase Agreement based on the term sheet has been prepared for the Resource Recovery Facility sale and it is being reviewed by all parties.
- The Receiver's Office also continues negotiations with Harrisburg First, the selected party for the parking monetization, with an agreement from DGS to consolidate the parking needs of the Executive Offices. We're continuing efforts to further increase participation in this agreement with several other State agencies outside the Executive branch. We're approaching approximately 4,000 spaces that would be consolidated into this agreement. The more spaces that can be added the greater the value of the parking monetization.
- Labor negotiations with Harrisburg Parking Authority personnel also continue. The revision of the existing contract is a critical element to the monetization. We've involved and are coordinating that effort with Standard Parking, who would be the Operator under the Harrisburg First arrangement.
- We've also continued work with the Pennsylvania Economic Development Financing Authority (PEDFA), the financing vehicle for the parking monetization. Attorneys for PEDFA and Harrisburg First continue to work through various tax-related issues involved with this financing.
- Discussions continue with the surrounding municipalities on the Water and Sewer initiative as the Office of the Receiver works to develop an operational approach that will address compliance with the Clean Water Act and the Chesapeake Bay requirements.
- The Office of the Receiver has participated in additional meetings with the Department of Justice and EPA, as work continues to address the State and Federal requirements. The Operating Authority approach appears to be an acceptable model for the Department of Justice, EPA and DEP and is also favored by the suburban communities. We are also working with the City and Harrisburg Authority to reconstitute the Authority as an Operating Authority. The Authority has also recently agreed to execute a consent order with DEP related to the sewer system upgrade.
- We've continued our dialog with Assured Guaranty Corporation (AGM), Dauphin County and AMBAC to keep all three major creditors apprised of the asset monetization processes as we continue to move forward and work very hard towards a consensual resolution to the City's fiscal condition.

Mr. Lynch asked Mr. Kroboth, Financial Director for the City of Harrisburg, to provide an update on the Act 47 implementation.

- Mr. Kroboth noted meetings continued with the implementation teams.

- The Sanitation RFP process is going well, however, due to the number and complexity of contractor's questions and requests for information the Receiver's team extended the deadline for proposal submissions from Friday, June 14<sup>th</sup> to Monday, June 24<sup>th</sup> at 3 p.m. The RFP team continues to receive questions and requests for clarifications. We will respond to such requests up to June 14<sup>th</sup>.
- An addendum memorializing any changes to the RFP resulting from the contractor's questions and City responses process is expected to be issued to all prospective contractors and posted to the City's website on or about Friday, June 14<sup>th</sup>.
- City Council adopted various fee increases based on the Maximus Full Cost Recovery Study, with amendments, for the Department of Building and Housing Development/Codes Enforcement, Police, Fire and Park Recreation & Enrichment last evening, June 11<sup>th</sup>.
- The final draft RFP prepared for the current premium year's insurance renewals has been distributed to the Law Bureau and Insurance & Risk Management staff for substantive legal and insurance coverage information review and edits. Review and edits are due by June 14<sup>th</sup>, with a final draft RFP for the upcoming renewals ready for internal approval distribution by June 24<sup>th</sup>, to be followed by RFP issuance by June 30<sup>th</sup>.
- The Administration prepared the City's 2013 First Quarter Fiscal Report and transmitted it to all elected officials, Receiver team, agency heads and other stakeholders on May 15<sup>th</sup>, completing the first full-year cycle of quarterly reports under the Recovery Plan.
- The Administration was introduced to the joint City of Pittsburgh and Allegheny county Oracle System-based, JD Edward Enterprising Resource Planning System. A demonstration to be streamed-in from host Allegheny County's Budget Office is being scheduled for a June/July timeframe. That timeframe may be amended a bit based on the departure of the Budget Manager.

### **Financial Management**

- The 2012 audit preparation continues in earnest. Trout, Ebersole & Groff LLP (TEG) continues their audit prep field work. Their engagement is anticipated to conclude by approximately July 15<sup>th</sup>. It is also anticipated that Maher Duessel will begin their 2012 audit field work immediately following TEG's engagement completion, assuming the City and Trout have provided all necessary deliverables to Maher Duessel by July 15<sup>th</sup>. The Administration anticipates publicly issuing the 2012 Audit/CAFR and other related reports on or about October 15<sup>th</sup>.
- The 2011 Audit/CAFR, Single Audit Report, Management Letter and other related reports were publicly issued to the City's elected officials, Receiver team, Audit Committee and other stakeholders on May 13<sup>th</sup>. This timely issuance allowed the City to successfully file its 2011 CAFR with PENNVEST to complete and submit its modified \$900,000 Utilities & Sink Hole Repair Project financing application on May 15<sup>th</sup>.



## **Cash Flow**

- The June 6<sup>th</sup> payroll, benefits and critical vendor payments have all been funded without the need to draw on the \$4M interfund loan from the Sanitation and Sewer Funds authorized by City Council in January. No loan funds have been drawn upon to date, primarily due to the receipt of real estate tax discount and flat period revenues received during March and May. It is unlikely that any loan funds will be drawn against in the immediate future.
- The General Fund cash balance after the June 6<sup>th</sup> payroll/check run will be approximately \$6.46M.
- Vendor Accounts Payable and other short-term liabilities currently on hold total approximately \$3.29M, an increase of \$790,000 since the May 8<sup>th</sup> Advisory Committee meeting.

## **Financial Reporting and Compliance**

- The City is in compliance with its financial reporting obligations and continuing disclosure obligations.
- A "Notice Pursuant to Litigation/Enforcement Action" was published on EMMA by the City and confirmed on May 16<sup>th</sup>, disclosing the Securities and Exchange Commission's Order of May 6<sup>th</sup> and the City's Continuing Disclosure Policy.
- A "Notice of Providing Annual Financial Information as Required" was also published on EMMA by the City and confirmed on May 16<sup>th</sup>, along with the City's 2011 CAFR, as required by the SEC and the City's Continuing Disclosure Policy.
- A joint Material Event Notice (MEN) was published on EMMA by The Harrisburg Authority (THA) on behalf of THA and the City and confirmed on June 3<sup>rd</sup>, indicating our non-payment of debt service due June 1<sup>st</sup> on THA's Guaranteed Resource Recovery Revenue Bonds, Series D1, Series D2, Series E and Series F of 2003.
- Additionally, the City did not need to publish a Notice on EMMA indicating its non-payment of debt service due May 15<sup>th</sup> on the 2006 HRA Lease Revenue Note as originally reported on May 8<sup>th</sup>. On or about May 15<sup>th</sup> Metro Bank, the Note holder, submitted a Change in Loan Terms to the Receiver's Legal team that would negate the loan payment default on the basis that the City's auction of artifacts would be occurring mid-2013. The artifacts would fulfill the payment requirement as partial security to the 2006 Loan. The City was instructed to hold-off on the bank loan default notice which the Municipal Securities Rulemaking Board (MSRB) has determined is voluntary since the loan is a private placement that did not transact through the secondary bond market.
- Our 2013 First Quarter Fiscal Report was completed and publicly issued on schedule on May 15<sup>th</sup>.
- The State Liquid Fuels Tax audit field work by PENNDOT for 2010 thru 2012 began May 20<sup>th</sup> and continues.

- The 2013 Budget Reallocation Plan #1 was completed and submitted to City Council on May 28<sup>th</sup> and approved on June 11<sup>th</sup>.
- The Budget Manager resigned effective May 31<sup>st</sup>. Yanxia Liu, the Staff Accountant/Financial Analyst, was appointed Acting Budget Manager by the Mayor. The Receiver approved the filling of this position and job advertisements have been posted and will continue to be posted until this position is filled.
- The 2013 GFOA Distinguished Budget Presentation Award submission was temporarily put on hold to focus on the Budget Manager and Purchasing functions transition training. A 30-day extension to apply for the award was granted by GFOA until July 1<sup>st</sup>. Successive 30-day extensions can be requested and granted based on circumstances.
- Two contracts were completed in Purchasing Management resulting from an RFP and bid quotes.
- Our Staff Accountant/Financial Analyst was trained by the out-going Budget Manager on daily Purchasing Office functions as the current Purchasing Manager remains on extended medical leave.
- A \$900,000 PENNVEST financing application was successfully completed and submitted on May 15<sup>th</sup> for the Utilities & Sink Hole Repairs Project.
- A \$100,000 2010 COPS Technology Grant budget amendment for in-car cameras for our new Police cars was submitted on May 17<sup>th</sup>.
- On May 21<sup>st</sup> a 2013 COPS Hiring Grant application was completed and submitted.

In summary, the City continues to make progress on key implementation pieces of the Financial Recovery Plan, advances on preparation for the 2012 audit and re-stabilization of bureau financial management operations.

Mr. Lynch noted he appreciates Mr. Kroboth's hard work, along with everyone in the Finance Bureau, and by persevering resulted in the completion of the audits.

### **Committee Comments**

Mr. Lynch asked the committee members if they had any comments.

Council President Williams asked Mr. Kroboth how many cops will be awarded to the City from the 2013 COPS Hiring Grant.

- Mr. Kroboth and Mayor Thompson both noted 8 cops would be awarded by the grant.

Mr. Lighty, Mr. Hill and Mayor Thompson all had no comments.

### **Public Comments**

Mr. Lynch asked if there were any public comments.

Mr. Ronald Chapel, resident of the City of Harrisburg

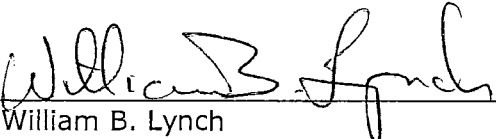
- Mr. Chapel attended City Council's meeting last evening and noted City residents were informed by City Council that a letter was sent to the Receiver requesting a pay increase to retain the City's Health Code Officer. The Health Code Officer position serves a very important post in this City. Mr. Chapel noted the Receiver denied a pay increase and now the City has lost that Health Code Officer which puts the health and welfare of a lot of City residents in jeopardy. Mr. Chapel asked the Receiver why he would not consider the request for a pay increase and if he understood the detriment it will have on City residents by not having a certified Health Code Officer.
- Mr. Chapel noted the City receives many complaints and has many restaurants in town. Recently at one particular location the establishment was closed because of mice feces and bugs that were found. Now because the City doesn't have a Health Code Officer to do adequate investigations, a lot of residents may be in jeopardy because these establishments and restaurants will not be maintained properly.
  - Mr. Lynch thanked Mr. Chapel for his question, the significance of his position and appreciates his attendance at the meeting. Mr. Lynch advised Mr. Chapel he advised against the pay raise because 1.) The Court confirmed Plan imposes a wage freeze to all non-bargaining unit employees, including management employees, 2.) A significant pay raise for one person, when everyone else is on a pay freeze, is corrosive and 3.) We are at the end of negotiations with the unions, who are also subject to a pay freeze. Mr. Lynch continued to say while he appreciates the gravity of the situation another resolution will need to be sought.
- Mr. Chapel noted Mr. Lynch's letter opposing the pay increase was read at City Council's meeting, however, as a veteran we took an oath to serve and protect the citizens of this country from enemies foreign and domestic. There is a lot of terrorism going on in this country now and when it comes to health, Mr. Chapel believes, health and safety go hand in hand. Mr. Chapel asked should we not want to take that extra step to try to insure that the residents of the City of Harrisburg will be safe in eating in these establishments and should this not be an exception?
  - Mr. Lynch noted he advised against the pay raise for the reasons he stated but appreciates Mr. Chapel's option.
  - Mayor Thompson also responded by saying she appreciates Mr. Chapel's passion and his commitment in making sure the Advisory Committee is providing the best of both public and safety to this community. She reminded Mr. Chapel that the Health Code Officer position was cut from the budget twice by City Council which was fought hard for and was finally added back in the budget with the help of the Receiver.
  - Mayor Thompson also noted there are managers in her Administration that have not received a pay raise since she became Mayor and that there are serious and tough negotiations taking place currently with the unions. If this pay increase would have been approved it would have created a bad precedent and would

have had an adverse effect on the morale of others that her Administration could not afford.

- Mr. Chapel asked Mayor Thompson if the Health Code Officer submitted a letter of resignation.
  - Mayor Thompson acknowledged a letter of resignation was received and would share a copy with him for confirmation.
- Mr. Chapel also noted he believes these meeting would be better attended in the afternoons or evenings and asked the Advisory Committee to give it serious consideration and to act upon changing the time of these meetings so more residents could attend.

Mr. Lynch asked if there were any other comments. Hearing none Mr. Lynch called this meeting adjourned at 9:05 a.m.

Approved this 12<sup>th</sup> day of June 2013.

  
William B. Lynch  
Receiver for the City of Harrisburg

  
Secretary - Anne Morrow

**CITY OF HARRISBURG  
CASH FLOW**

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Projected June	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Total
Unrestricted Cash Balance Beginning of Month	1,346,243	1,996,889	2,227,615	7,701,723	4,188,495	6,137,291	5,735,484	4,798,831	4,430,610	4,632,827	4,501,508	4,196,444	
Surplus/(Deficit)	757,991	976,740	1,047,401	-623,978	1,340,230	-401,807	-936,653	-368,221	-4,999,977	368,681	-1,305,064	1,109,208	
Change in Balance Sheet	-107,344	-746,014	4,426,707	-2,889,250	608,566	0	0	0	5,202,194	-500,000	1,000,000	-1,000,000	
Unrestricted Cash Balance End of Month	1,996,889	2,227,615	7,701,723	4,188,495	6,137,291	5,735,484	4,798,831	4,430,610	4,632,827	4,501,508	4,196,444	4,305,652	
<b>Revenues, Expenditures, Surplus/(Deficit)</b>													
Revenues without Transfers	1,346,898	3,786,356	11,415,629	3,123,706	4,475,393	3,104,665	2,818,319	1,563,853	2,298,815	5,502,700	2,140,982	4,750,717	46,328,033
Capital Fire Protection	0	0	0	0	0	0	0	2,500,000	0	0	0	0	2,500,000
Sanitation Utility Fund	1,210,496	0	0	0	0	0	0	0	0	0	0	1,447,249	2,657,745
Sewerage Utility Fund	846,131	0	0	0	0	0	0	0	0	0	0	0	846,131
Hwg Water Utility Fund	833,959	0	0	0	0	0	0	0	0	0	0	0	833,959
Hwg Pk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Fund Short Term Loan	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	4,237,484	3,786,356	11,415,629	3,123,706	4,475,393	3,104,665	2,818,319	4,063,853	2,298,815	5,502,700	2,140,982	6,197,966	53,165,868
Expenditures without Debt Service	3,308,638	2,809,616	4,862,486	3,570,212	2,262,661	3,506,472	3,406,181	4,432,074	3,596,597	5,134,019	3,098,485	5,088,758	45,079,198
Emergency Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service Paid	0	0	0	6,617	0	0	348,791	0	0	0	347,562	0	702,970
Debt Service Not Paid	170,856	0	5,502,742	170,856	872,502	0	0	0	3,702,194	0	0	0	10,419,150
Sewer Fund Short Term Loan Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	3,479,494	2,809,616	10,368,229	3,747,684	3,135,163	3,506,472	3,754,971	4,432,074	7,298,791	5,134,019	3,446,047	5,088,758	56,201,318
Operating Surplus/(Deficit)	757,991	976,740	1,047,401	-623,978	1,340,230	-401,807	-936,653	-368,221	-4,999,977	368,681	-1,305,064	1,109,208	-3,035,450

<b>Section III - Changes in Balance Sheet Affecting Cash</b>													
Other unrestricted Cash	-483,759	-222,821	0	0	0	0	0	0	0	0	0	0	0
Restricted Cash	-8	-16	-16	216,676	-8	0	0	0	0	0	0	0	0
Loans Receivable	86,229	11,961	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	-810,578	168,709	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	-444,076	-665,800	-198,738	-3,315,983	-327,912	0	0	0	1,500,000	-500,000	1,000,000	-1,000,000	0
Due to Debt Service Missed Payment	170,856	0	5,502,742	170,856	872,502	0	0	0	3,702,194	0	0	0	0
Due to Pension Fund	0	0	-1,006,983	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustments	1,373,993	-38,064	129,702	39,202	63,984	0	0	0	0	0	0	0	0
Total Balance Sheet Changes	-107,344	-746,014	4,426,707	-2,889,250	608,566	0	0	0	5,202,194	-500,000	1,000,000	-1,000,000	0

<b>Accounts Payable</b>													
Accounts Payable Beginning of Month	-5,666,244	-5,222,168	-4,556,368	-4,357,630	-1,041,647	-713,735	-713,735	-713,735	-713,735	-2,213,735	-1,713,735	-2,713,735	
Accounts Payable End of Month	-5,222,168	-4,556,368	-4,357,630	-1,041,647	-713,735	-713,735	-713,735	-713,735	-2,213,735	-1,713,735	-2,713,735	-1,713,735	
Change in Accounts Payable	-444,076	-665,800	-198,738	-3,315,983	-327,912	0	0	0	1,500,000	-500,000	1,000,000	-1,000,000	
<b>Pension Payable</b>													
Due to Pension Beginning of Month	-1,006,983	-1,006,983	-1,006,983	0	0	0	0	0	0	0	0	0	
Due to Pension End of Month	-1,006,983	-1,006,983	0	0	0	0	0	0	0	0	0	0	
Change in Pension Payable	0	0	1,006,983	0	0	0	0	0	0	0	0	0	
<b>Debt Service Payable</b>													
Due to Debt Service Beginning of Month	-9,097,394	-9,268,250	-9,268,250	-14,770,992	-14,941,648	-15,814,350	-15,814,350	-15,814,350	-15,814,350	-19,516,544	-19,516,544	-19,516,544	
Due to Debt Service End of Month	-9,268,250	-9,268,250	-14,770,992	-14,941,648	-15,814,350	-15,814,350	-15,814,350	-15,814,350	-19,516,544	-19,516,544	-19,516,544	-19,516,544	
Change in Debt Service Payable	170,856	0	5,502,742	170,856	872,502	0	0	0	3,702,194	0	0	0	

# **ASSET MONETIZATION SUMMARIES/STATUS**

## **Resource Recovery Facility**

The following is a chronological summary of the progress made with respect to monetizing the Harrisburg Authority's Resource Recovery Facility ("HRRF") since March 30, 2013:

During the past several months the advisors to the Office of the Receiver and The Harrisburg Authority's ("THA") legal counsel have continued to have weekly conference calls with representatives of the Lancaster County Solid Waste Management Authority ("LCSWMA") to negotiate the terms of a definitive asset purchase agreement containing material terms and conditions of the proposed transaction. A definitive agreement is also being finalized in connection with the sale of electricity and capacity from the HRRF to the Commonwealth of Pennsylvania for a 20-year term in accordance with a fixed payment schedule. This arrangement is expected to increase the value of the HRRF by a material amount.

The Asset Purchase Agreement is in substantially final form and is expected to be finally approved by the respective boards of THA and LCSWMA. The City of Harrisburg and Dauphin County are in the process of reviewing draft, 20-year solid waste disposal agreements. In the near future, these agreements will be submitted to County Council and City Council for their consideration and approval pursuant to authorizing resolutions.

The two largest creditors to the City (Assured Guaranty and Dauphin County) continue to be provided with updates regarding the salient features of the process and the material aspects of terms.



## **Harrisburg Parking Assets**

The following is a chronological summary of the progress made with respect to the Harrisburg Parking Authority (HPA) assets since March 15, 2013:

As previously reported, the Receiver entered into an Exclusive Negotiation Agreement with a consortium known as Harrisburg First. Harrisburg First is comprised of Guggenheim Securities, Piper Jaffray, Standard Parking and AEW, all recognized national firms in their areas of expertise. Conference calls with advisors to the Office of the Receiver and Harrisburg First have continued to occur. Meetings in Harrisburg with the Harrisburg Parking Authority have taken place and due diligence has continued.

A term sheet has been prepared, reviewed and revised by the Office of the Receiver's advisors and Harrisburg First and is now being reviewed by the creditors and the credit enhancers (also AGM and Dauphin County). The Term Sheet is expected to be modified through discussions with bond counsel, the creditors and credit enhancers. Finalization of the Commonwealth parking consolidation proposal and labor negotiations continue to progress and will also have a bearing on final terms of the parking transaction.

The Office of the Receiver expects to continue its practice of briefing the board of HPA. A date in late June or in July for the next such briefing is likely.

The parties are discussing the possibility of the Pennsylvania Economic Development Financing Authority (PEDFA) being the bond issuer for the monetization of the Parking Assets. Harrisburg First and PEDFA, as well as representatives of DCED and the Office of the Receiver, have met in Harrisburg to discuss the potential role of PEDFA as bond issuer in the transaction. PEDFA has retained bond counsel to assist with the issuance of tax exempt bonds.

An engineer study of the parking assets has been completed and is being reviewed by Harrisburg First and the advisors to the Office of the Receiver.

The Office of the Receiver continues to communicate with creditors of the Harrisburg Resource Recovery Facility to keep them apprised of the approximate value of the monetization transaction and material terms, cash flow projections and other items they have inquired about.

## **Water, Wastewater and Stormwater Systems**

The following is a chronological summary of the progress made with respect to Harrisburg's water, wastewater and stormwater (together "sewer systems") since March 30, 2013.

The Harrisburg Authority (THA) and the Commonwealth sought additional resources to assist the City with its completion of 2010 and 2011 audits. The 2010 and 2011 audits have been finalized and made complete. An outside accounting firm continues to be retained and has been working on preparation work for the 2012 audit, which audit preparation work is expected to be completed by the end of the summer. The 2012 audit is expected to be released in the fall of 2013.

Significant progress continues relating to creation of a local operating authority, which would have the effect of transferring and consolidating the administrative, operational, and financial responsibility and control for water and sewer to such local operating authority. This work includes developing a structure that is expected to enable the local operating authority to finance the biological nutrient removal (BNR) and other upcoming projects from the standpoint of gaining confidence of the credit markets. It is also expected to eventually result in moving employees from the City to the local operating authority. THA continues to undertake significant analysis related to a strategic plan for the water and sewer systems to be maintained in accordance with regulatory requirements and financial viability.

Terms have been discussed with the Mayor and her staff as well as the Authority. City staff has made recommendations and this process is moving forward. Updates to counsel to the Suburban Communities are ongoing in an effort to continue a cooperative effort with them. Regular meetings and calls with the Department of Justice, EPA and DEP are also continuing in order to foster a cooperative effort.

It is currently anticipated that some time over the summer, City Council will begin to review and consider an Ordinance that would authorize, among other things, termination of the existing operating agreements and leases, transferring personnel, the revenue collection management to THA, and authorizing THA to be an operating authority with respect to storm water, waste water and drinking water.

THA has submitted applications for \$52 million in loans to PENNVEST, the proceeds of which will be used to finance the BNR upgrade to the advanced wastewater treatment facility. PENNVEST is expected to consider the application at its July 17<sup>th</sup> meeting.

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EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority <sup>1</sup>	Target Completion Date <sup>2</sup>	Key Implementation Steps	Comment
PI01	Conduct regular Recovery Plan implementation meetings	N/A	Office of the Receiver	Complete	Priority 1	May 2012	<ul style="list-style-type: none"> <li>Develop meeting agenda and process</li> <li>Schedule meetings</li> </ul>	Meetings began May 2012
PI02	Assemble and deploy Recovery Plan implementation teams	N/A	Office of the Receiver	Completed	Priority 1	May 2012	<ul style="list-style-type: none"> <li>Identify key staff, consultants, and subject matter experts</li> <li>Develop management and reporting protocol</li> <li>Assemble teams</li> </ul>	Act 47 Team is meeting with departments regularly to review initiatives.
PI03	Develop a performance management system	N/A	Business Administrator	In Process	Priority 3	December 2012	<ul style="list-style-type: none"> <li>Review City programs and develop outcomes by program</li> <li>Develop detailed work plans for the City's executive team</li> <li>Schedule regular meetings to review work plan progress and program outcomes</li> <li>Develop protocol for results and outcomes to be communicated to elected officials and the public</li> </ul>	The performance evaluation tool will be introduced to senior staff and managers at the Leadership Institute in July. The anticipated implementation date is August 2013.

<sup>1</sup>Priority 1 - Important to complete as soon as possible to address emergent and immediate operational and/or financial issues

Priority 2 - Can be completed within one year but not urgent

Priority 3 - Mid to long-term initiatives

<sup>2</sup>Target completion dates are subject to amendment based on comparative prioritization and/or financial issues

Pending	In Process	Complete	Progress not tracking
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WF01	Renegotiate existing contract extensions or in the alternative, declare extensions of collective bargaining agreements void and renegotiate existing contracts	N/A	Mayor	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Consult with legal counsel to determine approach</li> <li>Implement approach</li> </ul>	The Office of the Receiver will work collaboratively with the Mayor to provide support and direction during the renegotiations. Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF02	Use professional assistance for labor negotiations	N/A	Mayor	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> <li>N/A</li> </ul>	The Mayor has hired and is using outside counsel. Having labor counsel engage in future negotiations remains important.
WF03	Establish a labor/management committee for all employee groups	N/A	Business Administrator	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Meet with Union(s) to develop charter for committee</li> <li>Develop committee structure and processes for bringing items before the committee</li> <li>Develop committee work plan</li> <li>Schedule committee meetings</li> </ul>	On June 11, 2013, HR sent a follow-up email to Attorney Vicki Beatty requesting an update on the draft template for Labor Management Committee meetings that is still pending approval by the Receiver's Team.
WF04	Limit new contract enhancements	N/A	Mayor	Pending	Priority 1	Ongoing	<ul style="list-style-type: none"> <li>Implement</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF05	Ensure future collective bargaining agreements remain compliant with Recovery Plan	N/A	Mayor	Pending	Priority 3	Ongoing	<ul style="list-style-type: none"> <li>Adopt a practice of vetting each negotiation proposal</li> </ul>	Pending direction from Office of the Receiver and

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							against the approved Receiver's Plan	outside legal counsel before any action can be taken.
WF06	Implement a three year wage and step freeze	N/A	Mayor	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	The Office of the Receiver directed the City not to implement the 2013 wage increases contained in the contract extensions with the AFSCME, FOP and IAFF bargaining units. The annual step increases and longevity increases based on years of service for 2013, will be issued based on the 2012 pay scales. Grievances were filed by the AFSCME, FOP and IAFF bargaining units.
WF07	Implement a new pay scale for new police officers	N/A	Mayor	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	The seven (7) new Police Officers who were hired on January 14, 2013, are being paid the starting rate for a Police Officer Trainee of \$46,018.00 (75% of the 2012 top Police Officer rate). Upon completion of their Police Officer training, their annual salary will increase to \$49,086.00. A grievance was filed by the FOP.
WF08	Implement a new pay scale for new firefighters	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel

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								before any action can be taken.
WF09	Freeze longevity pay and eligibility	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF10	Reduce paid holidays and personal leave to 10 days annually	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Some benefits for management employees have been scaled back already. Mayoral Executive Order 9-2012 Elimination of Personal Leave Carry-Over was sent to all management employees on June 5, 2012. Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF11	Adjust overtime eligibility thresholds to reflect hours actually worked	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF12	Adjust minimum overtime provisions	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF13	Reduce vacation leave	N/A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Mayoral Executive Order 8-2012 Vacation Leave

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								Carry-Over was sent to all management employees on June 5, 2012. Reducing vacation leave for bargaining unit employees subject of mandatory collective bargaining that is being undertaken by outside labor counsel.
WF14	Reduce sick leave allotments	N//A	Mayor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Bonus sick leave deposits for management employees was abolished by Executive Order 6 of 2011. Any additional sick leave reductions are awaiting outcome of union negotiations.
WF15	Implement a court-related overtime reduction strategy	N/A	Police Chief	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF16	Redesign employee health care	N/A	Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF17	Contain post-retirement healthcare cost	N/A	Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.

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WF18	Enhance light duty program	NA	Business Administrator	Pending	Priority 2	January 2013	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
WF19	Retain flexibility to fill vacant positions after six months	NA	Office of the Receiver, Mayor, City Council , & Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Pending direction from Office of the Receiver and outside legal counsel before any action can be taken.
RET01	Prospectively reduce the level of benefits	NA	City Council & City Solicitor	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	This initiative is on hold pending labor negotiations.
RET02	Freeze benefit levels for all plans	NA	City Solicitor	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with labor union(s)</li> </ul>	Benefit levels are currently frozen.
RET03	Consolidate administration of the City's three retirement plans	NA	City Solicitor	Complete	Priority 3	January 2013	<ul style="list-style-type: none"> <li>Conduct a study comparing the fully loaded cost of administering the City retirement plans</li> <li>Consolidate plan management under the most cost effective trust</li> </ul>	Law Bureau has researched whether consolidation of assets is possible. It is the Law Bureau's opinion that because the Police Pension Plan's separation from PMRS was included in an Act 111 Arbitration Award, any consolidation back in to PMRS must be bargained for. The attorney hired by Novak agreed with the Law Bureau's opinion:



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								therefore, this initiative will not be implemented.
RET04	Seek IRS determination letter for Police Plan	NA	City Solicitor	Pending	Priority 1	June 1, 2013	<ul style="list-style-type: none"> <li>Review Police Plan against the IRS Employee Plan Compliance Resolution System and bring any plan defects, if they exist, into compliance</li> <li>Complete IRS application for determination</li> <li>Submit application for legal review and revise as appropriate</li> <li>Submit application</li> </ul>	Law Bureau will coordinate with the Police Pension Board to develop an RFP that complies with Act 44 to seek and retain specialized outside counsel to facilitate this initiative.
RET05	Determine status of 2007 enhanced service increments and prevent implementation of such enhancements, if applicable	NA	City Solicitor	Complete	Priority 1		<ul style="list-style-type: none"> <li>Review Police Plan ordinance to determine if it has been amended to reflect the 2007 agreements</li> <li>If not, do not amend the ordinances</li> <li>If yes, initiate process to prospectively cap service increments at 60% of final salary</li> </ul>	The pension amendment was approved (employee with 27 years of service receive 70% benefit). There is no way to prevent implementation. It was already adopted by City Council.
RET06	Aggressively defend an appeal, if applicable, regarding the 2009 enhanced service increments	NA	City Solicitor	Complete	Priority 1	Complete	<ul style="list-style-type: none"> <li>Implement</li> </ul>	The Law Bureau aggressively defended the appeal by the FOP and recently obtained a favorable decision by the Supreme Court, who upheld the decision of the PA Labor Relations Board that the City did not commit an Unfair

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								Labor Practice when City Council refused to enact the pension enhancement given by the former Mayor.
RET07	Update PMRS Agreement to reflect recent changes in the Firefighters' Plan	N/A	City Solicitor	In Process	Priority 1	September 2013	<ul style="list-style-type: none"> <li>Revise ordinance to reflect relevant amendments</li> <li>Submit ordinance to City Council for consideration</li> </ul>	Will be sent down to City Council by end of August.
RET08	Resolve discrepancies between the Non-Uniformed Plan and the Non-Uniformed PMRS Agreement	N/A	City Solicitor	In Process	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Conduct comparative review of uniformed and non-uniformed plans</li> <li>Identify discrepancies and appropriate amendments</li> <li>Revise ordinance to reflect relevant amendments</li> <li>Submit ordinance to City Council for consideration</li> </ul>	A proposed Agreement was tendered by PMRS to the Law Bureau. The Agreement is currently being reviewed by the Law Bureau to determine if the terms set forth reconcile the discrepancies in the plans.
RET09	Amend Non-Uniformed collective bargaining agreement	N/A	City Solicitor	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Amend plan ordinances to reflect collective bargaining changes that went into effect in 2009</li> <li>Submit ordinance to City Council for consideration</li> </ul>	The contract changes made to the CBA re. pension improvements at the end of 2009 were conditioned upon Council approval within 120 days. Council approval was not obtained rendering those changes to the contract null and void. This initiative is invalid and unable to be implemented.
RET10	Establish Other Post Employment Benefits (OPEB) Trust	N/A	City Solicitor	In Process	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Identify procedure to establish OPEB Trust</li> </ul>	Draft Trust Agreement and supporting

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							<ul style="list-style-type: none"> <li>Develop timeline, process and implementation plan</li> </ul>	documents are under review by Receiver Team and obligations are being identified.
I&RM01	Fund risk management services	N/A	Director of Financial Management	Complete	Priority 1	October 2012	<ul style="list-style-type: none"> <li>Contact the City's Third Party administrator to schedule safety trainings</li> <li>Schedule training events</li> </ul>	The City has contracted Inservco, our workers compensation third-party administrator, to provide safety training. In 2012, three certified training sessions were conducted by Chuck Baker of Inservco for Public Works employees. Seventeen employees attended the Safe Driving Awareness session on 9/17/12. Two sessions were held on Thursday, December 20, 2012 - "Worksafe for Sanitation Workers", at which 17 employees attended and "Worksafe for Public Workers", at which 7 employees participated. The Public Works Director also conducted a Work Place Safety Training on 10/1/12 where 17 employees attended. The City is working with Inservco and Marsh USA

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								to jointly identify other high-risk areas to focus future annual training sessions.
I&RM02	Revise terms of brokerage service agreement	N/A	Director of Financial Management	In Process	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Develop and issue RFP</li> <li>Assemble RFP review committee</li> <li>Review proposals and select the lowest responsible bidder</li> </ul>	RFP has been developed and finalized and the City anticipates issuance on or about June 30, 2013 for the upcoming 10/01, 11/01/2013 and 1/1/2014 renewals.
I&RM03	Engage an actuarial firm to perform an independent and objective evaluation of the City's ultimate liability and projected payments for the forthcoming fiscal period using the City's own loss experience as opposed to industry data	N/A	Director of Financial Management	In Process	Priority 2	January 2013	<ul style="list-style-type: none"> <li>Evaluate necessity of initiative based on the City's new insurance program.</li> <li>Develop and issue RFP</li> <li>Assemble RFP review committee</li> <li>Review proposals and select the lowest responsible bidder</li> </ul>	This initiative would require funding for a third-party firm to conduct the analysis. Given budget constraints and pressing fiscal issues, the initiative was temporarily put on hold until resources became available. Additional information was requested from the Novak Group on 1-22-2012. Novak Group will consider whether this initiative is still applicable and within the context of the City's current insurance program and, if so, will reassess the value added within the context of the City's broader financial and operational issues. The Director of

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								Financial Management provided contact information for Marsh USA and AIA Insurance to the Novak Group to further research the issue. In response, Marsh indicated on 1/23/13 that their sister company Mercer/Oliver Wyman, may be of assistance to perform an independent and objective evaluation of the City's ultimate liability and projected payments for the forthcoming fiscal period using the City's own loss experience as opposed to industry data.
I&RM04	Revise collective bargaining agreements to allow for flexible Light Duty Program	N/A	Mayor, Business Administrator, City Solicitor, and Human Resources Director	Pending	Priority 2	March 2013	<ul style="list-style-type: none"> <li>Develop working committee consisting of representatives from management and each labor union</li> <li>Conduct best practice research to define light-duty program options</li> <li>Develop program</li> <li>Draft and adopt MOUs establishing flexible light duty program</li> </ul>	Full implementation of Initiative I&RM04 is dependent upon successful negotiations with all three unions.
I&RM05	Create a safety program to manage risk of vehicle liabilities	N/A	Director of Financial Management and PW	In Process	Priority 2	July 2013	<ul style="list-style-type: none"> <li>Conduct research to identify best practice safety</li> </ul>	The City relies upon Inservco, its contracted

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			Director				<div>programs</div> <ul style="list-style-type: none"><li>• Develop process to regularly review motor vehicle records of employees who operate motor vehicles</li><li>• Develop review process for city vehicles involved auto accidents, and associated disciplinary process</li><li>• Communicate program, policy and procedures to employees/labor groups</li><li>• Conduct training for employees and initiate program</li></ul>	safety training service provider, to provide certified trainers who conduct the research to identify best practice safety programs as relates to the specific kinds of risk City employees are exposed to. Seventeen Public Works Employees attended a Safe Driving Awareness, Training Session on Sept. 17, 2012, conducted by Chuck Baker from Inservco. The City has since contacted Marsh USA and began a dialogue requesting their assistance in developing and implementing the 2nd, 3rd, and 4th bullets. Brit Insurance and Marsh Risk Consultants indicated in an e-mail dated 1/23/13 that they would be available to review these three “key implementation steps” with the City’s Fleet Safety Officer and/or City’s Fleet Manager and discuss possible implementation options

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								and any related support which we might jointly provide to assist in the City's Fleet Safety Program. Final implementation will require negotiations with the Unions.
I&RM06	Conduct a cost benefit analysis to determine adequate Umbrella Excess Liability coverage	N/A	Director of Financial Management	In Process	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Evaluate necessity of initiative based on the City's new insurance program.</li> <li>Conduct analysis to determine existing liability</li> <li>Identify cost associated with increasing liability coverage to cover estimated risk in the interim</li> <li>Evaluate and implement actions to decrease liability and risk (e.g., create a safety program)</li> <li>Adopt a practice, as part of the Director of Financial Management's work plan, of assessing risk and coverage levels on an annual basis</li> </ul>	City requested a range of quotes from Marsh USA to potentially expand Umbrella Excess Liability Coverage, as well as benchmarks to help conduct a cost benefit analysis. Marsh USA provided a Benchmark Report on 1/23/12 to compare the City's current Excess Limits of Liability (\$5,000.000) to 89 Public Entity Peers from Marsh's data base and developed estimated premiums for increased coverage for the Receiver to consider. The additional cost of coverage recommended by Marsh is cost prohibitive at this time. Increases in coverage will be considered as part of the City's request for proposals for insurance

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								brokerage services, with the hope of realizing an overall net savings in the insurance program, despite increases in excess liability coverage.
EL01	Increase communication, and collaboration with Mayor, City Council, City Controller, City Treasurer, and Department of Administration	N/A	All Elected Officials	Ongoing	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Convene a working group, staffed with the Business Administrator, to identify the types of information that should be communicated (e.g., cash flow, financial statements, performance data), when, how often, and in what level of detail</li> <li>Develop and adopt processes to institutionalize communication</li> <li>Develop agenda, reports, etc., for monthly meetings</li> <li>Schedule regular meetings</li> </ul>	
EL02	Review progress on Financial Recovery Plan implementation monthly and quarterly	N/A	Mayor & City Council President	Ongoing	Priority 1	Ongoing	<ul style="list-style-type: none"> <li>Develop agenda, reports, etc., for monthly meetings</li> <li>Schedule meetings</li> </ul>	
EL03	Amend and pass City ordinances, fees and taxes as outlined in the Recovery Plan	N/A	City Council	Ongoing	Priority 1	Ongoing	<ul style="list-style-type: none"> <li>Revise ordinances</li> <li>Submit ordinances to City Council for consideration and approval</li> </ul>	Council adopted a 5% Parking Tax increase and .8 mill. real estate tax increase in 2012 budget. Residential Parking increase and Parking Meter Rate increase are still pending in Council



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								Committee.
IGR01	Identify and implement intergovernmental cooperative initiatives	N/A	Mayor & City Council	Pending	Priority 2	April 2013	<ul style="list-style-type: none"> <li>Schedule meetings with elected officials from other governments and agencies (local and State) to identify opportunities for intergovernmental cooperation</li> <li>Develop prioritized list of opportunities and deliver to respective City staff for analysis</li> <li>Conduct feasibility, cost, and operational impact analysis</li> <li>Implement opportunities</li> </ul>	
ADMIN01	Implement quarterly financial reporting and associated review process	N/A	Director of Financial Management	In Process	Priority 1	March 31, 2013	<ul style="list-style-type: none"> <li>Develop quarterly department budget review process, and revenue review process managed by the Bureau of Financial Management</li> <li>Develop and document internal revenue and budget analysis process</li> <li>Develop reporting process to elected officials</li> <li>Develop budget amendment process to be</li> </ul>	The 1st, 3rd, and 4th bullets were developed and implemented during 2012. A formal budget amendment process is currently in place in the form of a Line-item Budget Reallocation Plan development, public issuance and review process. However, the Administration will endeavor to review and

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							included as a contingency option in the review and reporting process	discuss the possibility of limiting the frequency and amounts of Reallocation Plans by seeking City Council's approval through change in Ordinance to either increase the \$20,000 threshold maximum line-item transfer allowed between the most restrictive category established by Ordinance, or to increase the legal level of budgetary control from the current line-item level to a higher categorical level as part of the 2013 Budget amendment process. Internal processes were documented on April 30, 2013. On May 21, 2013 the Law Bureau was requested to prepare a draft ordinance for City Council's consideration.
ADMIN02	Develop comprehensive Citywide financial policies	N/A	Director of Financial Management	In Process	Priority 2	August 2013	<ul style="list-style-type: none"> <li>Conduct research of best practice financial policies (begin with GFOA)</li> <li>Develop draft policies</li> <li>Assess existing financial practices against draft polices and develop action plan to amend practices as</li> </ul>	The Budget Manager is currently gathering and updating existing City fiscal policies, and the Finance Director will acquire GFOA and other governmental Fiscal Policies (best practices)

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							<ul style="list-style-type: none"> <li>appropriate</li> <li>Submit draft policies to the City Solicitor's Office for legal review</li> <li>Submit policies as amended, for review and adoption by City Council</li> <li>Conduct staff training</li> </ul>	for review and consideration, to create a comprehensive binder of City fiscal policies. With the assistance of the newly hired Staff Accountant and Accounting Manager positions, we will endeavor to implement this by August, 2013.
ADMIN03	Implement a standard budget development calendar	N/A	Director of Financial Management	Complete	Priority 1	N/A	<ul style="list-style-type: none"> <li>N/A</li> </ul>	Budget Development calendar has been established.
ADMIN04	Establish standard position control system	N/A	Director of Financial Management	Complete	Priority 1	June 2013	<ul style="list-style-type: none"> <li>Develop tool (software or Excel) that compares budgeted positions to actual positions in the personnel system (should include cost projections by pay period)</li> <li>Develop quarterly position control review process to identify discrepancies and eliminate unfunded/unbudgeted positions from the personnel system</li> <li>Eliminate all unbudgeted positions from the personnel system</li> </ul>	In order to eliminate all unbudgeted positions from the DPER system, HR and IT reviewed all positions listed in the DPER system, and coded all positions that were not currently held by an employee as "INACTIVE". Then, based on the current list of vacancies that HR is tracking, only those vacant positions were changed back to "ACTIVE". This was done due to the DPER system not being a true position control and budgeting system.
ADMIN05	Conduct comprehensive review of City	N/A	Director of Financial	Complete	Priority 2	July 2013	<ul style="list-style-type: none"> <li>Conduct research of best</li> </ul>	The current Purchasing

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	purchasing policies		Management				<p>practice purchasing policies (take Pennsylvania rules into account)</p> <ul style="list-style-type: none"> <li>• Develop draft policies</li> <li>• Assess existing purchasing practices against draft polices and develop action plan to amend practices as appropriate</li> <li>• Submit draft policies to the City Solicitor's Office for legal review</li> <li>• Submit policies as amended, for review, and adoption by City Council</li> <li>• Conduct staff training</li> </ul>	<p>Policies are in accordance with the State of Pennsylvania Regulations and the Third Class City Code. The Public Bid Limit for all Third Class Cities was increased to \$18,500, signed into law by the Governor and went into effect January 1, 2012. This directive was approved by the Solicitor's Office and circulated to all City employees and officials. It did not have to be approved by City Council. Due to the current fiscal condition of the City, it has been determined that the City's purchase order limit of \$1,000 will not be increased at this time. One-on-one training on purchasing procedures is provided whenever needed. If it is deemed necessary, a training seminar for all staff involved in the purchasing function will be held in 2013.</p>
ADMIN06	Modify existing chart of accounts to track Commonwealth and Federal grant program	\$260,000	Director of Financial Management	Complete	Priority 2		<ul style="list-style-type: none"> <li>• N/A</li> </ul>	The City has added additional detail to its

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	funds on individual basis							Chart of Accounts to allow for individual grant-specific revenue and expenditure monitoring. In addition, a Grants Manager was hired June 4, 2012, to manage grant reporting processes.
ADMIN07	Revise the job description and increase hiring salary range for Chief of Staff/Business Administrator		Mayor & Director of Human Resources	Complete	Priority 1		<ul style="list-style-type: none"> <li>N/A</li> </ul>	Received a letter of resignation effective May 24, 2013. Interim Chief of Staff/BA hired effective June 17, 2013.
ADMIN08	Eliminate manual data entry processes in the Bureau of Financial Management	N/A	Director of Financial Management	Complete	Priority 2	January 2013	<ul style="list-style-type: none"> <li>Develop crosswalk between the Pentamation and the DREV system</li> <li>Test crosswalk in a test environment</li> <li>Conduct pilot, redundant process in live environment</li> <li>Assess and address crosswalk problems</li> <li>Fully implement process</li> </ul>	Crosswalk had been developed. However, upon testing, the data download and upload process proved to be equally manual-input driven to achieve the desired results. Two follow-up meetings were held in early January 2013 with Finance and IT staff to observe the original crosswalk in order to identify what enhancements could be made to alleviate the need for continued manual effort and to tweak the programming to achieve the original desired results. IT staff's programmed changes

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								were proven successful. Finance staff used the new application in test, and basic upload instructions were prepared and distributed. Go-Live occurred February 6, 2013.
ADMIN09	Hire a Senior Accountant position to the Bureau of Financial Management	-	Director of Financial Management	Complete	Priority 1	November 2012	<ul style="list-style-type: none"> <li>Conduct recruitment and hiring process</li> <li>Hire and train employee</li> </ul>	Senior Accountant hired on November 5, 2012.
IT01	Replace mission critical IT components	N/A	Director of Information Technology	In Process	Priority 1	February, 2013	<ul style="list-style-type: none"> <li>Develop inventory of existing IT infrastructure, life cycle, and replacement priority</li> <li>Develop corollary target replacement schedule</li> <li>Incorporate schedule into budget development process</li> </ul>	The inventory list of existing IT infrastructure has been developed. The list includes replacement priority. IT's adopted 2013 budget includes 1 Air conditioner, and the City has applied for a grant to pay for a new UPS. The current UPS is 25 years old.
IT02	Replace outdated personal computers	(60,000)	Network Administrator	In Process	Priority 2	July 2013	<ul style="list-style-type: none"> <li>Develop inventory of existing PCs, life cycle, and replacement priority</li> <li>Develop corollary target replacement schedule</li> <li>Incorporate schedule into budget development process</li> </ul>	The inventory list has been developed that includes life cycle and replacement priority. Replacement schedule has been developed and incorporated into the budget development process. 47 computers were purchased at the end of

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								2012. The list of outdated computers was provided to the Mayor. A decision will be made in the near future on what computer will be replaced using money allocated in the 2013 adopted budget (General Expenses).
IT03	Eliminate all personal printers and maintenance on printers	N/A	Network Administrator	Complete	Priority 2	September 2013	<ul style="list-style-type: none"> <li>• Inventory all personal printers</li> <li>• Develop alternative network printing options, if they do not exist, for those with personal printers</li> <li>• Eliminate personal printers</li> </ul>	Inventory of personal printers has been completed. (20 Identified) Alternative network printing options were provided for the 7 printers that were removed. 7 printers are used for special purposes (Photo ID, Fax, and Scanner). The remaining personal printers will be eliminated as supplies are used up.
IT04	Develop custom Interface between County dispatch system and METRO	N/A	Director of Information Technology & Police Chief	Complete	Priority 3	December 2013	<ul style="list-style-type: none"> <li>• Seek grant funding from the Commonwealth</li> <li>• Contract with an IT vendor to develop custom interface</li> <li>• Test interface in a redundant environment</li> </ul>	Standard Dispatching software is being provided without cost by Dauphin County. Police Chief Ritter and Captain Cleary are in

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							<ul style="list-style-type: none"> <li>Address interface problems</li> <li>Fully implement interface</li> </ul>	agreement that the interface is not needed.
IT05	Conduct a needs assessment for an Enterprise Resource Planning system	(80,000)	Director of Information Technology and Director of Financial Management	In Process	Priority 3	April 2013	<ul style="list-style-type: none"> <li>Seek grant funding from the Commonwealth</li> <li>Develop RFP for consultant to complete needs assessment</li> <li>Assemble RFP review committee</li> <li>Review proposals and select the lowest responsible bidder</li> </ul>	Over the last two months the Grants Manager has researched extensively, at the federal level, for funding for this initiative. To date, there has been no success in finding any federal source of funding. The next step is to complete an exhaustive search at the foundation level.  The Grants Manager participated in a conference call with Ms. Marita Kelley, DCED Local Government Policy Specialist on Friday April 5, 2013 in the office of the COO. Both the COO and the Grants Manager explained that funding is being sought to hire a consultant to complete a needs assessment for an Enterprise Resource Planning System. Ms. Kelley promised to discuss this initiative with



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								Mr. Fred Reddig and let us know the results of her discussion with him. In April 2013, the City was introduced to a joint City of Pittsburgh/Allegheny County owned Oracle-based J.D. Edwards ERP System. An e-demonstration will be held in June to be streamed in by Allegheny County to be attended by City Financial Management and IT staff.
IT06	Complete a needs assessment and audit of existing phone system and components	(50,000)	Director of Information Technology	In Process	Priority 2	April 2013	<ul style="list-style-type: none"> <li>• Seek grant funding from the Commonwealth</li> <li>• Develop RFP for consultant to complete needs assessment</li> <li>• Assemble RFP review committee</li> <li>• Review proposals and select the lowest responsible bidder</li> </ul>	Over the last two months the Grants Manager has researched extensively, at the federal level, for funding for this initiative. To date, there has been no success in finding any federal source of funding. The next step is to complete an exhaustive search at the foundation level. The Grants Manager participated in a conference call with Ms. Marita Kelley, DCED Local

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								Government Policy Specialist on Friday April 5, 2013 with the COO. Both the COO and the Grants Manager explained that funding is being sought to hire a consultant to complete a needs assessment for an audit of the existing phone system and components respectively. Ms. Kelley promised to discuss this initiative with Mr. Fred Reddig and let us know the results of her discussion with him.
IT07	Pursue long-term strategic IT initiatives	N/A	Director of Information Technology	Pending	Priority 3	N/A	<ul style="list-style-type: none"> <li>N/A</li> </ul>	As the City's financial condition improves, these initiatives will be considered for funding.
LAW01	Use professional assistance for labor relations activities	N/A	City Solicitor	Complete	Priority 1	N/A	<ul style="list-style-type: none"> <li>N/A</li> </ul>	Hired outside counsel in December
LAW02	Increase the number of staff attorneys from one to three	N/A	Mayor & City Council	In Process	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Incorporate positions into the budget development process as funds are available</li> </ul>	Offer of employment made to selected candidate for the position of Assistant City Solicitor. Start date scheduled for July 15, 2013. The City will now have three attorneys on staff.
LAW03	Complete, recodify, and enact the Code of the	N/A	City Solicitor	Complete	Priority 1	December	<ul style="list-style-type: none"> <li>Develop code</li> </ul>	City Council adopted the

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	City of Harrisburg					2012	<ul style="list-style-type: none"> <li>Submit code for approval by City Council</li> </ul>	recodification ordinance on April 9, 2013.
POL01	Restructure the Patrol Duty Schedule	131,250	Police Chief	Complete	Priority 1	TBD	<ul style="list-style-type: none"> <li>Develop alternative schedule options</li> <li>Initiate discussion with the FOP</li> </ul>	The Novak Group analysis indicated the 4-10 schedule was more costly to implement than the current 8-hour schedule and that, in light of the City's fiscal constraints, the schedule change is not recommended at this time.
POL02	Implement a vehicle replacement policy	(803,232)	Police Chief, Director of Public Works, & Director of Financial Management	In Process	Priority 1	March 2013	<ul style="list-style-type: none"> <li>Conduct fleet condition and utilization analysis, based on life-cycle, maintenance costs, and the pre-defined utilization standards</li> <li>Reassign or dispense of underutilized vehicles</li> <li>Develop target replacement plan with prioritization</li> <li>Incorporate replacement plan into budget development process</li> </ul>	The fleet survey has been completed and the replacement plan incorporated into the budget development process. Marked Patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with an estimated delivery date in late July. The vehicles and installation of police equipment are funded via the Local Share Gaming grant awarded by Dauphin County.

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POL03	Review and revise stipend for newly promoted investigators		Police Chief & Director of Human Resources	Pending	Priority 1	Jan 2013	<ul style="list-style-type: none"> <li>Draft new salary schedule</li> <li>Initiate discussions with the FOP</li> </ul>	Initiative is on hold pending the outcome of the negotiations between the City's outside legal counsel and the Receiver's team with the FOP.
POL04	Implement a proactive crime analysis and crime reduction strategy	N/A	Police Chief	Complete	Priority 1	May 2012	<ul style="list-style-type: none"> <li>Develop crime analysis software</li> <li>Assign personnel as dedicated crime analyst(s)</li> <li>Develop crime pattern analysis and reporting process</li> <li>Develop information sharing and deployment processes tied to real time crime analysis and data</li> </ul>	Crime Analyst position was created and assigned in 2012. Crime mapping system up and operational, May 2012.
POL05	Increase complement of VICE Unit	N/A	Police Chief	Complete	Priority 1	Sept 2012	<ul style="list-style-type: none"> <li>Assess ability to reassign officers from specialty units and/or officers made available from a shift schedule adjustment (Initiative POL1).</li> <li>Reassign officers to VICE if operationally feasible</li> <li>In the interim, develop a "90 day career advancement" placement to increase VICE resources and provide professional development opportunities</li> </ul>	Career Development program in place. District Attorney's Office to pay ongoing 5% stipend. An officer is assigned to Vice and paid for from the 5% stipend.
POL06	Assign representative to the District Attorney's Office Narcotics Task Force	N/A	Police Chief & District Attorney	Complete	Priority 2	January 2013	<ul style="list-style-type: none"> <li>Coordinate with District Attorney's office to assign</li> </ul>	The Receiver has granted permission for two

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							personnel	additional Detectives to enhance Vice operations and keep it under City control in order to provide more effective neighborhood safety oriented anti-drug operations. These personnel will be assigned to the Vice function by mid-February
POL07	Participate in Dauphin County Forensic Team	N/A	Police Chief & District Attorney	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Coordinate with District Attorney's office to assign personnel</li> </ul>	The forensic function is being kept under City control to allow their activities to be focused on neighborhood and community activities/needs. There are currently sufficient resources available to meet the Bureau's needs without additional personnel.
POL08	Transfer prisoner booking responsibility to Dauphin County	N/A	Police Chief	Complete	Priority 3	July 2013	<ul style="list-style-type: none"> <li>Coordinate with County to formalize booking procedure</li> <li>Train sworn officers on booking process</li> <li>Transition booking process and reassign personnel assigned to booking</li> </ul>	The Dauphin County Booking Center is scheduled to be fully operational on May 6, 2013. It will be staffed entirely by Dauphin County personnel. The Harrisburg officers currently assigned to booking duties will be

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								reassigned to patrol. No further action is needed on the part of the Bureau of Police.
POL09	Appoint a Civilian Manager for Parking Enforcement Office	N/A	Police Chief & Director of Human Resources	In Process	Priority 2	December 2012	<ul style="list-style-type: none"> <li>Conduct recruitment and hiring process</li> <li>Hire and train employee</li> </ul>	Request was submitted to the Office of Receiver. Pending approval from the Office of the Receiver.
POL10	Replace electronic parking ticketing devices	(112,200)	Police Chief & Director of Financial Management	Complete	Priority 1	November 2012	<ul style="list-style-type: none"> <li>Fund replacement of devices</li> <li>Identify and select vendor</li> <li>Purchase/lease and activate devices</li> <li>Train parking enforcement officers</li> </ul>	The devices have been fielded and are fully operational.
POL11	Increase operational efficiency in Parking Enforcement Office	480,480	Police Chief	In Process	Priority 1	Oct 2012	<ul style="list-style-type: none"> <li>Establish targets for increased efficiency and relay targets to staff</li> <li>Adopt a practice of accessing employee productivity against targets</li> </ul>	There are four enforcement position and one administrator position vacant. Receiver approved the hiring of one Parking enforcement position, which has been filled effective 6 May 2013. Technical services administrator needed to enhance supervision and accountability.
POL12	Implement a new schedule for Parking Enforcement Officers	N/A	Police Chief	In Process	Priority 1	Oct 2012	<ul style="list-style-type: none"> <li>Create new schedule</li> <li>Meet with affected employees to discuss schedule change</li> </ul>	Scheduling adjustments are pending a proposed change to meter enforcement hours addressed in legislation

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								before City Council. Legislation has been in the Budget and Finance Committee since January 20, 2012.
POL13	Increase current parking ticket fees	4,500,000	Mayor & City Council	In Process	Priority 1	Oct 2012	<ul style="list-style-type: none"> <li>Develop new schedule of fees</li> <li>Submit revised fee schedule to City Council for adoption</li> <li>Conduct public information process</li> <li>Begin enforcement</li> </ul>	Fee increase proposal has been in Budget and Finance Committee since January 20, 2012.
POL14	Evaluate the consolidation of Specialized Units	N/A	Police Chief	Complete	Priority 2	Complete	<ul style="list-style-type: none"> <li>Evaluate efficacy of special units on an ongoing basis, depending on crime profile and community need</li> </ul>	Units have been absorbed into patrol platoons to meet staffing needs, except street crimes unit and traffic unit
POL15	Enhance leave supervision	N/A	Police Chief	Complete	Priority 1	April 2012	<ul style="list-style-type: none"> <li>Develop chronic sick and injury-related leave policy and sanctions, with advisory input from the FOP</li> <li>Educate staff on policy and related expectations</li> <li>Adopt policy enforcement into the performance management system</li> </ul>	Sick leave abuse policy is in place and effect. Officers are allowed to run sick time out, at retirement. Needs to be addressed at labor relations. Considered unfair labor practice if discontinued.
POL16	Evaluate false alarm fee for burglar alarms and aggressively collect fees due	N/A	Police Chief and Director of Bureau of Operations and Revenue	Complete	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Develop monthly review process of Dauphin County communications' records to identify calls eligible to be billed</li> <li>Assess false alarm fees in the City-wide fee study and</li> </ul>	On February 8, 2013, the City Clerk introduced legislation for approval to City Council, in ref to an ordinance addressing to update the fee schedule for burglar alarms.

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							adjust as appropriate	
FIRE01	Change current shift schedule	N/A	Fire Chief	Pending	Priority 1	December 2012	<ul style="list-style-type: none"> <li>Develop alternative schedule options</li> <li>Initiate discussion with the IAFF</li> </ul>	Pending negotiations
FIRE02	Eliminate premium pay	N/A	Mayor, Fire Chief, & Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussion with the IAFF</li> </ul>	Pending negotiations
FIRE03	Evaluate the tradeoffs of taking a piece of apparatus out of service and increasing staffing on remaining apparatus	N/A	Fire Chief & Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Identify alternative apparatus/deployment structures</li> <li>Determine service impact associated with each and corollary impact on response capability</li> <li>Develop preferred option and initiate discussions with the IAFF</li> <li>Implement preferred alternative</li> </ul>	Pending negotiations
FIRE04	Implement an engine company inspection program	N/A	Fire Chief	In Process	Priority 2	April 2013	<ul style="list-style-type: none"> <li>Review inspection inventory and identify company-based inspection plan</li> <li>Develop inspection guidelines and procedures</li> <li>Train inspectors</li> <li>Incorporate inspection work plan into daily company activities</li> </ul>	Fire Officers will be scheduled to take the Fire Inspector I Course on Residential and Commercial Occupancies for State Certification once the appropriate program becomes available possibly in September.
FIRE05	Increase billing/collection of emergency response and vehicle extrication fees	61,875	Fire Chief & City Council	Complete	Priority 1	April 2012	<ul style="list-style-type: none"> <li>Develop fee schedule</li> <li>Submit fee schedule to City</li> </ul>	Ordinance No.13 (Bill NO. 16-2012) passed as



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							<ul style="list-style-type: none"> <li>Council for adoption</li> <li>Notify insurance companies of fee change</li> <li>Aggressively bill and collect fees from insurance companies</li> </ul>	amended. The fee of \$500, per vehicle is for Extrication. The Tax & Enforcement office will aggressively bill the insurance companies once notified and provided details of the extrication from the Fire Bureau.
FIRE06	Adjust false alarm fees to more accurately reflect costs and impacts	60,000	Fire Chief	In Process	Priority 1	April 2012	<ul style="list-style-type: none"> <li>Identify fully loaded cost (salary, benefits, vehicle use, and fuel, administrative/ billing overhead, etc.) of each false alarm response</li> <li>Revise fee schedule to recover costs and provide disincentive of multiple false alarms</li> <li>Submit fee schedule to City Council for adoption</li> <li>Develop citizen education plan (include Commonwealth)</li> </ul>	<b>Awaits final approval from City Council.</b>
FIRE07	Civilianize Bureau's Administrative Assistant position	N/A	Fire Chief & Director of Human Resources	Pending	Priority 2	January 2013	<ul style="list-style-type: none"> <li>Revise job description</li> <li>Incorporate position into budget development process</li> <li>Recruit and hire Confidential Secretary to the Fire Chief</li> <li>Reassign firefighter to</li> </ul>	Initiative is on hold pending the outcome of the negotiations between the City's outside legal counsel and the Receiver's team with the IAFF.

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							suppression duties	
FIRE08	Mandate formal Safety Committee review of every work-related injury in Bureau	N/A	Fire Chief & Director of Human Resources	Complete	Priority 2	N/A	Develop and adopt administrative policy Develop work related injury review process Educate employees on the process	The Fire Department has established the practice of reviewing workplace accidents and near misses through a joint labor-management committee. The Committee reviews safety issues and injuries and develops interventions as appropriate. This meets the intent of the initiative
FIRE09	Establish a formal in-house training program, including a shift swap system, that allows in-house trainers to lead events	N/A	Fire Chief	Complete	Priority 3	December 2013	<ul style="list-style-type: none"> <li>Develop charter and membership for in-house training committee</li> <li>Conduct inventory of in-house expertise</li> <li>Identify and train in-house trainers</li> <li>Develop training curriculum and training schedule</li> <li>Work with IAFF to develop a short-term shift swap system for in-house trainers</li> </ul>	All implementation steps have been accomplished.
FIRE10	Continue discussions with Harrisburg Area Community College Public Safety Center regarding possible training collaboration	N/A	Fire Chief	Complete	Priority 2	Complete	<ul style="list-style-type: none"> <li>Schedule regular formal and informal interaction with the college to identify training opportunities for City firefighters</li> </ul>	Regular and informal interaction takes place as part of the Bureau of Fire's annual training schedule

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FIRE11	Revise turnout gear replacement practices in current collective bargaining agreement	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with the IAFF</li> </ul>	Pending negotiations
FIRE12	Revise IAFF collective bargaining agreement to allow more efficient and effective use of resources	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with the IAFF</li> </ul>	Pending negotiations
FIRE13	Eliminate minimum manning upon expiration of current collective bargaining agreements	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Initiate discussions with the IAFF</li> </ul>	Pending negotiations.
PW01	Implement container based collection system for residential solid waste and recycling	N/A (Should result in General Fund savings)	Director of Public Works	In Process	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Conduct route optimization study and identify routes that can be automated</li> <li>Assess capital investment required to automate select routes</li> <li>Issue revenue bonds for capital expenses</li> <li>Purchase carts and equipment</li> <li>Train employees on routes and equipment use</li> <li>Conduct public information campaign and define public inquiry triage process</li> <li>Conduct cart distribution</li> </ul>	Past History: The Residential Collection System Information had been provided to the Novak Group. Current routes have been modified (October 2012) and we went back to a five day a week service. In early November 2012, the NOVAK Group provided us a "draft" RFP. We reviewed the RFP. Initial questions/concerns were delivered at our meeting on November 20, 2012. The City Attorney has made his recommendations. Based upon the meeting with the Novak group on January 15, 2013 an updated draft was forwarded for review and

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								<p>comments. Follow through emails were sent on February 1 and February 8. The RFP has been advertised. A pre-bid conference was held on April 11<sup>th</sup> during which time a list of questions/concerns was developed. We gathered the data to provide to all interested parties and we had an internal follow-up meeting on April 23, 2013 with our consultant. We answered the majority of the questions/concerns on May 3, 2013 with several follow-ups.</p> <p><b>Current Status:</b> Bids are expected on June 24, 2013.</p>
PW02	Enforce City's right to commercial collection and contract with private collector for collection of commercial waste	N/A	Director of Public Works	In Process	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Identify all active businesses in the City (may require coordination with the Department of Revenue)</li> <li>Mail letters to all businesses indicating commercial waste hauling requirements</li> <li>Issue bills to all Harrisburg businesses</li> <li>Aggressively collect money owed</li> </ul>	<p>Past History: All active businesses in the city have been identified. All Commercial System Information had been provided to the Novak Group. The RFP does request commercial collection as an option. Based upon the meeting on 20 November, 2012 the Novak Group will forward a draft letter to</p>

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								<p>be sent to our businesses that haven't complied with the local ordinance. A follow-up e-mail was send to the NOVAK group on December 14, 2012. Based upon the meeting on January 15, 2013 this letter has been composed but will await the timeline of the approved RFP (June 2013). The RFP has been advertised. A pre-bid conference was held on April 11<sup>th</sup> during which time a list of questions/concerns was developed. We gathered the data to provide to all interested parties and we had an internal follow-up meeting on April 23, 2013 with our consultant. We answered the majority of the questions/concerns on May 3, 2013 with several follow-ups.</p> <p><b>Current Status:</b> Bids are expected on June 24, 2013.</p>
PW03	Increase recycling through education, accessibility, and enforcement - Sanitation Fund	N/A	Director of Public Works	Complete	Priority 2	December 2012	<ul style="list-style-type: none"> <li>Develop recycling education process</li> <li>Evaluate implementation of recycle bank program to</li> </ul>	Past History: We have a recycling grant which we have qualified for the last six years. There are

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							incentivize recycling	planned education events through the Parks and Recreation Department, primarily through the Youth As Restorers (YAR) program. A flyer for recycling has been distributed. The Keep Dauphin County Beautiful Program will provide an education program at three (3) Harrisburg Public Schools during 2013. Our RPF contains an education piece that the contractor would have to comply with. The only piece of this intended program not met is the paper/cardboard piece, which would require extra equipment, space, and manpower which is not feasible at this time. We will continue to look for ways to increase recycling, this issue should be considered closed. Three schools in Harrisburg were provided training through the Dauphin County recycling program. A draft job description for a Solid

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								Waste/ Recycling Coordinator has been sent to Human Resources for review and to start the process of bringing this person on board to increase awareness and improve the recycling posture of the City of Harrisburg. <b>Current Status:</b> Have a Section 902 grant request with the DEP
PW04	Aggressively manage fleet make-up and quantity	N/A	Director of Public Works	In Process	Priority 2	April 2013	<ul style="list-style-type: none"> <li>Develop detailed inventory of City fleet that includes key identifying data, life cycle data, mileage/utilization, use profile, etc.</li> <li>Develop process of tracking and assessing utilization data, maintenance costs, fuel costs, etc.</li> <li>Conduct fleet utilization analysis based on pre-defined utilization standards</li> <li>Move underutilized vehicles/equipment out of service</li> <li>Identify target fleet size and composition and incorporate into a vehicle replacement plan that fits within financial constraints</li> </ul>	Fleet inventory has been developed. Tracking and Utilization process is in place. Outmoded vehicles are currently in the process of being sold and the fleet with be evaluated quarterly in 2013 to get a better handle on this developing program. Updated list provided on 20 November, 2012 and the NOVAK group is compiling a report with recommendations. Based upon the January 15, 2013 meeting this is almost complete. The draft report has been reviewed (April 2013) and all additional information

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								that had been requested by the Novak Group was forwarded on April 18, 2013. <b><u>Current Status:</u></b> Received Fleet Assessment report and have reviewed the data. Will need to collect data and request disposal.
PW05	Create Central Fleet Agency with Combined Facilities and Fleet Manager	N/A	Director of Public Works	In Process	Priority 3	January 2014	<ul style="list-style-type: none"> <li>Develop organization structure, bureau mission, programmatic responsibilities, and performance targets</li> <li>Develop bureau work plan by program</li> <li>Communicate change to impacted employees</li> <li>Create internal service fund and associated chart of accounts</li> <li>Incorporate structural and fund change into budget process and pursue City Council approval</li> <li>Recruit and hire bureau director position</li> <li>Incorporate work plan into the performance management system</li> </ul>	Based upon the city's current financial position, a dedicated individual can not be hired to perform this necessary function. The Administration has placed this position on HOLD, with the hopes that by analyzing the equipment and better managing the fleet the position will pay for itself as a cost savings. Currently, we are developing a draft job description for a Facilities/Fleet Manager and will not back-fill a mechanic position with a potential intent of using those funds to fill this critical position. <b><u>Current Status:</u></b> Have been given the "go ahead" to hire a fleet manager. I am



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								reviewing the fleet assessment to ensure the job description developed fits our plan.
BH01	Increase fees, fines, and charges based on fee study results	N/A	Mayor & City Council	In Process	Priority 1	May 2013	<ul style="list-style-type: none"> <li>Develop revised fee schedule</li> <li>Submit fee schedule to City Council for review and approval</li> </ul>	City Council Budget and Finance Committee met on June 6, 2013 and reviewed the Bureau of Codes' recommendations for fee revisions. The Bureau of Codes' fee revisions may be voted on during the City Council Legislative meeting scheduled for June 11, 2013
BH02	Quantify extent of inspections backlog and hire additional codes enforcement officers to clear and prevent backlogs	\$100,000	Director of Building and Housing Development	In Process	Priority 2	August 2013	<ul style="list-style-type: none"> <li>Conduct internal evaluation of inspection backlog by type</li> <li>Identify target efficiency standards per inspection by type</li> <li>Assess staffing needs based on inspection backlog and incorporate additional position requests into the process</li> </ul>	Currently no backlog exists. Rental applications for inspections are arriving as expected and require one physical inspection over the next 5 years. A backlog will not exist until current inspections due lapse past 2017. The hiring of 2 additional inspectors has been approved in the 2013 budget.
BH03	Contract for demolition of blighted structures	N/A	Director of Building and Housing	Complete	Priority 2	July 2012	<ul style="list-style-type: none"> <li>Develop and issue RFP</li> <li>Assemble RFP review</li> </ul>	RFP is not required to

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			Development				<ul style="list-style-type: none"> <li>committee</li> <li>Review proposals and select the lowest responsible bidder</li> <li>Develop demolition schedule based on safety priority</li> </ul>	obtain bids for emergency demolitions. There is no formal RFP Review Committee. RFPs are reviewed by: DBHD, the Purchasing Manager, Office of the Mayor and if needed the Law Bureau. RFP bid responses are awarded to the lowest and most qualified bidder. All properties scheduled for demolition that are based on public safety are reviewed and triaged by the Codes Administrator and staff. Requests for demolition bids are also based on available funds.
BH04	Assemble and systematically deploy code enforcement teams	N/A	Deputy Codes Administrator	Complete	Priority 2	December 2012	<ul style="list-style-type: none"> <li>Develop composition and structure of teams</li> <li>Conduct assessment of "problem areas"</li> <li>Based on assessment, develop work plan and measurable goals for teams</li> </ul>	Composition of Team completed. Meeting to be scheduled for DBHD, Fire and Police Departments.
BH05	Adopt legislation requiring a local responsible agent for rental properties within the City	N//A	City Council	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Draft ordinance and associated fine structure</li> <li>Develop registration process</li> </ul>	The measure was passed by City Council in October 2011, Ordinance 9-2011. In lieu of a registration

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							<ul style="list-style-type: none"> <li>• Submit ordinance to City Council for consideration</li> <li>• Conduct public notification and registration campaign before effective date</li> </ul>	process, Bureau of Codes maintains an electronic database of rental unit applications. Public notification was accomplished prior to passage of Ordinance.
BH06	Fill vacant HUD funded positions	N/A	Director of Building and Housing Development and Director of Human Resources	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>• Conduct recruitment and hiring processes</li> </ul>	Final approval received from Mayor Thompson to extend an offer of employment to selected candidate. HR is in the process of sending the candidate details regarding the offer of employment.
BH07	Update the City's Comprehensive Plan	To be determined	Director of Building and Housing Development	In Process	Priority 3	December 2014	<ul style="list-style-type: none"> <li>• Develop and issue RFP</li> <li>• Assemble RFP review committee</li> <li>• Review proposals and select the lowest responsible bidder</li> <li>• Conduct public engagement and planning processes</li> </ul>	Mullin and Lonergan hosted a Steering Committee meeting on May 16, 2013. At the meeting M and L presented a synopsis of an earlier meeting which M and L had with DCED/Act 47 Recovery Team personnel on April 22, 2013, regarding the flexibility of Recovery Plan initiatives and completion dates. Also M and L presented a summary of a DCED sponsored workshop which M and L attended on May 2, 2013 regarding

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								Implementable Comprehensive Plans. Finally at the May 16 <sup>th</sup> meeting, M and L presented a draft of the Comprehensive Plan Process in the format of a flow chart. M and L has requested that Steering Committee members forward their respective responses to the draft of the Comprehensive Plan Process to M and L by May 24, 2013.
HS01	Designate a Housing Coordinator	N/A	Mayor	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Identify and evaluate interested candidates</li> <li>Designate a Housing Coordinator</li> </ul>	The Housing Coordinator functions have been assumed by the Deputy Director for the Bureau of Housing as well as the Program Directors and Program Managers for the Bureau of Housing.
HS02	Develop a comprehensive Housing Strategy	\$10,000	Mayor, Business Administrator, Housing Coordinator.	In process	Priority 2	December 2013	<ul style="list-style-type: none"> <li>Convene a working group to guide strategy development</li> <li>Develop working group charter and objectives</li> <li>Develop project plan and process to develop housing strategy</li> <li>Develop draft plan for review and comment by elected officials and partner</li> </ul>	Mullin and Lonergan to develop Housing Strategy in coordination with revised Comprehensive Plan .

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							<ul style="list-style-type: none"> <li>agencies</li> <li>Finalize plan based on feedback</li> <li>Incorporate plan elements into the work plan of the housing coordinator and other relevant staff</li> </ul>	
HS03	Utilize Vacant Property Reinvestment Board	N/A	Mayor, Business Administrator, & Housing Coordinator	In Process	Priority 2	As Needed	<ul style="list-style-type: none"> <li>Develop work plan and goals for the board based on comprehensive housing strategy</li> <li>Develop implementation plan to engage private redevelopment groups and civic groups</li> </ul>	Vacant Property Reinvestment Board will coordinate its activities with the Steering Committee as regards the revised Comprehensive Plan and its goals.
ED01	Designate an Economic Development Coordinator	\$75,000	Mayor	In process	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Develop position work plan and priorities</li> <li>Conduct recruitment and hiring process</li> </ul>	Position continues to be open to the public with an open deadline date for submission of resumes and applications. However, HR has not received any additional candidates for this position.
ED02	Develop a coordinated long-term economic development strategic plan	N/A	Mayor & City Council	Pending	Priority 2	December 2014	<ul style="list-style-type: none"> <li>Develop and issue RFP</li> <li>Assemble RFP review committee</li> <li>Review proposals and select the lowest responsible bidder</li> <li>Conduct planning processes</li> <li>Incorporate planning process results into the</li> </ul>	In May 2013, Mullin and Lonergan submitted a Scope of Services for developing a long term economic development strategy plan to be part of the revised City Comprehensive Plan.

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							Economic Development work plan	
ED03	Evaluate the City's tax abatement strategy	N/A	Mayor & City Council	In Process	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Conduct best practice research to identify successful tax abatement programs</li> <li>Develop tax abatement strategy alternatives</li> <li>Submit alternatives to City Council for consideration</li> <li>Finalize abatement packages and strategies</li> <li>Conduct proactive education and recruitment campaign to solicit program participants</li> </ul>	The Law Bureau has developed a new Tax Abatement program. This new Tax Abatement has been submitted to City Council for approval.
ED04	Improve management of the City's MOED Loan Portfolio	N/A	Mayor, Business Administrator, & Economic Development Coordinator	In Process	Priority 2	June 2013	<ul style="list-style-type: none"> <li>Evaluate options available to centralize management of the MOED portfolio</li> <li>Develop monitoring and enforcement processes and contract with vendors/partners as appropriate</li> </ul>	City Administration will verify with the Revolving Loan Fund Board as to the status of completing its Bylaws. City Administration will also check the status of Board appointments to the Revolving Loan Fund.
CIP01	Establish and maintain a multi-year (5-7) Capital Improvement Program	(22,227,548)	Director of Financial Management, with assistance from the Director of Public Works & Department Directors	In Process	Priority 2	July 2013	<ul style="list-style-type: none"> <li>Conduct inventory and condition assessment of existing capital assets</li> <li>Prioritize capital improvement needs based on key considerations such as infrastructure use, condition, safety, cost, etc.</li> </ul>	The "draft" was distributed to the Administration for their input with a requested input date of December 15 <sup>th</sup> , 2012. The combined data was forwarded to the Novak Group for

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							<ul style="list-style-type: none"> <li>Identify long-term Improvement plan based on resource estimates</li> <li>Conduct capital budget development process and incorporate 5-7 year CIP development into the process</li> </ul>	review on January 22, 2013. That reviewed data will then be consolidated and presented to the Mayor as a "draft Plan." The Receivers Office is working through the monetization process. When those processes are getting close to being wrapped up and the revenue picture becomes clearer; we will need to sit down and start to prioritize needs against available resources. This item will be the next item given emphasis once the RFP / Fleet are completed. <b>Current Status:</b> No change
CIP02	Establish a CIP development process	N/A	Director of Financial Management, with assistance from the Director of Public Works & Department Directors	In Process	Priority 1	July 2013	<ul style="list-style-type: none"> <li>Develop calendar to include resource estimates, target development, department budget submission, internal review and amendment, executive review, internal budget hearing, and recommended budget formulation</li> <li>Develop associated templates and processes</li> <li>Communicate processes to staff, the public, and elected officials in advance</li> </ul>	A Capital Improvement Plan (CIP) is being started with the CIP01 initiative. This process will be documented, evaluated, adjusted, and forwarded for adoption which will produce our future CIP process. On 20 November 2012, we validated our initial steps of the plan with the NOVAK group. Target completion date was changed to July

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							<ul style="list-style-type: none"> <li>Train staff on capital budget schedule, process, roles, responsibilities, and obligations</li> </ul>	2013. Public Works has taken the initial steps to start the inventory of capital items within the accounting system. The Receivers Office is working through the monetization process. When those processes are getting close to being wrapped up and the revenue picture becomes clearer; we will need to sit down and start to prioritize needs against available resources. This item will be the next item given emphasis once the RFP / Fleet are completed. <b>Current Status:</b> No change
CIP03	Establish and maintain an asset management system	(187,500)	Director of Financial Management & Director of Public Works	Pending	Priority 3	January 2014	<ul style="list-style-type: none"> <li>Develop infrastructure condition rating systems and processes and incorporate into department work plans</li> <li>Conduct inventory and condition assessment of existing capital assets</li> <li>Incorporate infrastructure condition assessments into the capital budget development process</li> </ul>	A current list of vehicles (fixed assets) has been identified. It will need to be consolidated with permanent assets and reviewed on a periodic basis. This program can best be managed by a facilities / fleet / asset management type of professional. See initiative PW05. <b>Current Status:</b> No change



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CIP04	Investigate the sale and leaseback of City buildings	N/A	Mayor & Business Administrator	In Process	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Identify City facilities that may have a market for sale and/or lease back</li> <li>Assess operating implications of sale and/or lease back for each facility</li> <li>If operationally feasible, place facilities on open market</li> <li>Negotiate sale/lease back agreements and submit to City Council for consideration and approval</li> </ul>	DBHD in cooperation with the Harrisburg Redevelopment Authority has reviewed City and HRA owned real estate with the intention of promoting selective properties for sale to "low to moderate income" families and individuals. In addition, the City released a RFP for purpose of soliciting a Real Estate Broker to market City and HRA owned properties. City has selected real estate broker; the real estate broker is developing marketing plan.
OA01	Establish a stormwater utility fee	N/A	THA	Pending	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Determine legal ability of an Authority to establish a stormwater fee</li> <li>Conduct fee study</li> <li>Develop fee schedule and submit to appropriate legislative body for consideration and approval</li> <li>Develop billing and collection process</li> <li>Conduct public education process</li> <li>Implement billing process</li> </ul>	

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OA02	Negotiate Payment in Lieu of Tax (PILOT) agreements with the City of Harrisburg	N/A	THA & Mayor	Pending	Priority 1	January 2013	<ul style="list-style-type: none"> <li>Define PILOT structure and calculation methodology</li> <li>Initiate discussions to establish PILOT agreements</li> <li>Submit draft agreements to City Council for consideration and approval</li> <li>Develop payment schedule and processes</li> </ul>	City has begun discussions with local non-profits.
OA03	Expand Stormwater Management Ordinance regarding discharges - THA	N/A	Mayor, City Council, & City Engineer	In Process	Priority 1	February 2013	<ul style="list-style-type: none"> <li>Draft ordinance amendments</li> <li>Submit to City Council for consideration and approval</li> <li>Communicate ordinance changes to the development community</li> </ul>	<p>The draft ordinance was completed by the Office of the City Engineer in March and reviewed by the solicitor. The Harrisburg Authority was copied on the final draft. The draft ordinance, Bill No. 09-2013, appeared before the City Council in April, and the Public Works Committee on May 13th. On May 14<sup>th</sup>, City Council approved Bill 09-2013 at the scheduled Legislative Meeting.</p> <p>The City of Harrisburg Stormwater Management Ordinance is posted on the city website and can be downloaded by the general public. The city Department of Building, Housing and</p>

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								Development is apprising all land development plan applicants of the revised ordinance and directing stormwater related questions to the Office of the City Engineer. Also, this office has been notifying land development plan applicants and others with stormwater related issues of the ordinance revision informally, over the past year.
REV01	Increase the Earned Income Tax (EIT) rate as required to eliminate operating deficits	N/A	City Council & City Tax Administrator	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> <li>• Draft enabling ordinance</li> <li>• Submit to City Council for consideration and approval</li> <li>• Communicate rate change to the public</li> <li>• Adjust revenue projections</li> </ul>	City Council approved the EIT tax increase on October 24, 2012. The new tax rate will be effective on January 1, 2013.
REV02	Increase the Real Estate Tax rate as required to eliminate	NA/	Mayor & City Council	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> <li>• Draft enabling ordinance</li> <li>• Submit to City Council for consideration and approval</li> <li>• Communicate rate change to the public</li> <li>• Adjust revenue projections</li> </ul>	.8 increase included in 2012 budget
REV03	Review Real Estate Taxable Assessments	N/A	City Treasurer with County Assessment Office and School District Business Manager	Pending	Priority 2	April 2013	<ul style="list-style-type: none"> <li>• Initiate discussions with partner governments</li> <li>• Develop assessment plan and funding structure</li> <li>• Conduct reassessment</li> <li>• Evaluate revenue impact</li> </ul>	

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							and revise revenue projections	
REV04	Review and increase utilization of Payment in Lieu of Property Tax (PILOT) Agreements; consider impact in sale of government owned property	N/A	Mayor, Business Administrator with County Assessment Office and School District Business Manager	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>• Adopt a practice of evaluating property tax revenue impact associated with selling city owned property to non-profits</li> <li>• Identity and analyze opportunities to create new pilot agreements with tax exempt agencies that heavily utilize City services</li> <li>• Initiate discussions to establish PILOT agreements and draft agreements</li> <li>• Submit draft agreements to City Council for consideration and approval</li> <li>• Develop payment schedule and processes</li> </ul>	Will await the findings of the Mayor's PILOT Task Force.
REV05	Increase business license fees; improve compliance with Business Privilege and Mercantile Tax	N/A	City Council & City Tax Administrator	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> <li>• Develop new schedule of fees</li> <li>• Increase penalties for non-payment</li> <li>• Submit revised fee schedule to City Council for adoption</li> <li>• Conduct public information process</li> <li>• Institute amnesty period for delinquent remittances</li> <li>• Begin enforcement</li> </ul>	The Business Privilege license fee is currently in line with the Maximus fee study results. The contract with Muniservices to help improve compliance with the Business Privilege tax was signed by the Controllers office on 2/8/13.

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:  
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EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority <sup>1</sup>	Target Completion Date <sup>2</sup>	Key Implementation Steps	Comment
REV06	Increase enforcement of the Local Services Tax	N/A	City Council, Mayor & Business Administrator	In Process	Priority 1	July 2012	<ul style="list-style-type: none"> <li>• Increase penalties for non-payment</li> <li>• Conduct public information process</li> <li>• Institute amnesty period for delinquent remittances</li> <li>• Begin enforcement</li> </ul>	Information was sent to the Law Bureau for an ordinance to be drafted to reflect an increase in interest and penalty for the LST. This request also included information on a 60 day amnesty period for the LST
REV07	Pursue Legislative Change for the Local Services Tax Levy	N/A	Mayor & City Council	Pending	Priority 1	September 2012	<ul style="list-style-type: none"> <li>• Work with local legislator(s) to draft legislation to increase Local Services Tax</li> </ul>	
REV08	Pursue Department of Revenue determination for additional tax, penalty, and interest regarding realty transfer tax	N/A	City Council	Pending	Priority 1	September 2012	<ul style="list-style-type: none"> <li>• Contact Department of Revenue to clarify process</li> <li>• Develop agreement with the Department of Revenue</li> <li>• Submit agreement and cost benefit analysis to City Council for consideration and approval</li> <li>• Develop administrative process</li> <li>• Train relevant personnel on process</li> </ul>	City Solicitor advised after consulting with Novak group that the intent of this initiative is not to increase the realty transfer tax. This is currently collected at time of property transfer by Dauphin County Further discussion required.
REV09	Increase Interest & Penalty Provisions Where Permitted	90,000	City Council & Tax Administrator	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> <li>• Conduct benchmark analysis of interest and penalty provisions</li> <li>• Develop revised interest and penalty framework</li> <li>• Submit ordinance to City Council for consideration and approval</li> <li>• Conduct public information process</li> </ul>	Bill 21-2012 was passed by City Council on January 22, 2013 increasing the penalty and interest provisions of the Business Privilege and Mercantile tax.

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							<ul style="list-style-type: none"> <li>Institute amnesty period for delinquent remittances</li> <li>Begin enforcement</li> </ul>	
REV10	Improve Taxpayer Information	N/A	Tax Enforcement Administrator & IT Director	Complete	Priority 2	July 2012	<ul style="list-style-type: none"> <li>Create repository of tax related documents and forms</li> <li>Design tax webpage and add tax document and forms</li> <li>Test webpage</li> <li>Go live with webpage and conduct public outreach process</li> </ul>	Website updated
REV11	Improve real estate taxpayer collection rate	N/A	City Treasurer, Business Administrator, & Tax Enforcement Administrator	In Process	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Evaluate opportunities to increase the collection rate</li> <li>Develop implementation plan and associated targets</li> <li>Develop improved system for notification of unpaid tax accounts</li> <li>Meet quarterly to review real estate tax collections, identify issues, and develop interventions where possible to maintain to improve collections</li> </ul>	
REV12	Generate revenue through Market Based Revenue Opportunities	800,000	Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> <li>Develop and issue RFP for broker to identify potential City assets for an MRBO program</li> <li>Assemble RFP review committee</li> <li>Review proposals and select the lowest responsible</li> </ul>	

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							<ul style="list-style-type: none"> <li>bidder</li> <li>Develop policy framework and market MRBO opportunities</li> <li>Enter into agreements with potential partners</li> </ul>	
REV13	Sell City acquired historical assets	500,000	Mayor & City Council	In Process	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Conduct asset value study</li> <li>Develop parameters for determining whether a property should be sold or maintained as a City asset</li> <li>Place eligible properties on the market</li> </ul>	Auction is scheduled to commence on July 15, 2013.
REV14	Revise Host Fee agreement between the City and the Harrisburg Authority	N/A	Mayor, City Council, & THA	In Process	Priority 1	September 2012	<ul style="list-style-type: none"> <li>Amend waste disposal agreement</li> <li>Submit revised agreement to City Council for consideration and approval</li> <li>Develop environmental compliance programs that will be supported by the host fee</li> </ul>	Law Bureau drafted an amendment to the agreement between THA and the City. Amendment was ratified by City Council. Waiting for THA's approval.

C. ALAN WALKER, in his capacity as  
Secretary for the Department of Community  
and Economic Development,

V.

Respondent

Docket No. 569 MD 2011

I hereby certify that I am this day serving a copy of the foregoing pleading upon the persons and in the matter indicated below which service satisfies the requirements of Pa. R.A.P. 121 and Pa. R.A.P. 2187(a):

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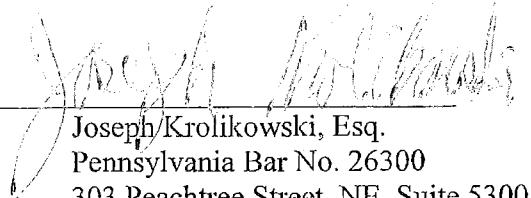
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Date: June 28, 2013

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