

ACT 47
RECEIVER STATUS REPORT
JANUARY 17, 2014

Section No. 11
Exhibit No. 57

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as
Secretary for the Department of
Community and Economic Development, No. 569 M.D. 2011

Petitioner,

v.

City of Harrisburg,

Respondent

**STATUS REPORT OF THE RECEIVER FOR THE CITY OF
HARRISBURG**

William B. Lynch, Receiver for the City of Harrisburg (the "Receiver"), by
and through the Governor's Office of General Counsel, counsel to the Receiver,
respectfully submits the following Status Report regarding the implementation of
the Receiver's Harrisburg Strong Recovery Plan as confirmed by this Honorable
Court on September 23, 2013.

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COMMONWEALTH COURT
OF PENNSYLVANIA
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Respectfully submitted this 17th day of January, 2014.

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official capacity as Receiver for the
City of Harrisburg*

Date: January 17, 2014
To: The Honorable Bonnie Brigance Leadbetter
From: William B. Lynch, Receiver *William B. Lynch*
Re: Update on Receiver's Plan Implementation

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan as confirmed by the Court on March 9, 2012 and on the preparation of the Modified Plan filed with the Court on August 26, 2013 and subsequent to the Court's September 19 hearing confirmed on September 23 since my confirmation as Receiver on May 24, 2012.

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 October 9 and 23, November 13 and December 11. The meetings were attended by the members designated in the Act: Mayor Linda Thompson (Robert Philbin, Mayor's designee); 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 October 9 and 23, November 13 and December 11 meetings are attached.

The Receiver has held weekly status conference calls with 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.

Asset Monetization

A key milestone of the Harrisburg Strong Plan was reached with the closing on the sale of the Resource Recovery Facility and monetization of the parking assets that occurred on December 23. This step represented the consummation of the Harrisburg Strong Plan and notice of said consummation was provided to the Court at that time.

Selected parties were identified in 2012 for the sale of the Resource Recovery Facility (RRF) and the monetization of Parking Facilities. The Receiver established a fair and transparent process for the monetization of the 2 assets and worked hard to maximize their value. Active negotiations continued with each party throughout 2013 and the basic terms of the agreements are embodied in the Harrisburg Strong Plan.

Over the last quarter the Receiver's Office devoted considerable time in engaging with the City and its key creditors to effectuate all actions necessary for the transactions. This included receiving approval of two Intergovernmental Cooperation Agreements from the Local Government Commission, finalizing multi-year contracts with the PA Department of General Services for a power purchase agreement and a parking agreement both of which helped in maximizing the value of the City's assets. Further, a term sheet was finalized for the sale of the RRF with the Lancaster County Solid Waste Management Authority, financing was secured for the parking transaction from the Pennsylvania Economic Development Financing Authority (PEDFA) and necessary approvals were secured from the Harrisburg Authority, Harrisburg Parking Authority and the City of Harrisburg. Also, settlement agreements were negotiated and executed with AGM, Dauphin County, CIT, Covanta, AMBAC and other small creditors that had claims against the City related to the RRF. Finally, the Receiver's Office assisted in the marketing of the bond issues for these two transactions and their ultimate simultaneous closing on December 23. As part of the closing, all of the debt related to the RRF was satisfied and ownership of the facility transferred to LCSWMA. Further, the parking assets are now under the auspices of PEDFA who has engaged the Capital Area Regional Economic Development Corporation to oversee the operation and management of the parking operation. Standard Parking is now managing day-to-day operations of the facilities and Trimont is managing the asset.

As reported in prior reports, the focus of the water and sewer system monetization changed to one of establishing an operating authority. Upon reaching agreement with all parties, the City transferred responsibility for the ongoing operation of its water and sewer facilities to The Harrisburg Authority (THA) effective November 4, 2013. This action resulted in the transfer and consolidation of the administrative, operational and financial responsibilities for the water, wastewater and storm water operations to THA. This operational approach addresses compliance with the Clean Water Act and the Chesapeake Bay requirements and has been viewed as an acceptable model for the Department of Justice, EPA and DEP. The creation of an operating authority was also supported by the suburban communities. The City and THA have entered into a shared service agreement to facilitate the transfer and provide for the effective coordination of services between the parties.

OTR has also continued to participate in ongoing discussions with the Department of Justice and EPA, as work continues to address the State and Federal requirements. The City and THA were awarded a \$26 million loan from PENNVEST in the summer of 2013. One of the conditions of the loan was the transfer of operational and financial responsibility to THA. The loan proceeds will be used to address the necessary upgrades to the wastewater treatment plant to meet Chesapeake Bay requirements. Efforts to secure the remaining financing occurred during the last quarter and are continuing with encouraging signals being received from the financial community.

As we now move beyond consummation of the Harrisburg Strong Plan, our focus is shifting to a greater emphasis on operational issues in order to provide for a sustainable balanced budget. Initiatives in the Strong Plan will assist with effecting greater efficiencies in the delivery of core municipal services, strengthening revenue collection and internal controls and revitalizing the City's tax base thru community and economic development initiatives.

Given that the Fiscal Emergency that was declared in October 2011 by Governor Corbett has now been alleviated, the Department of Community and Economic Development on January 16, 2014 filed an application to vacate the Receivership and return the City to the underlying provisions of Act 47. This action involves the appointment of a Coordinator who will oversee the further implementation of the Court confirmed Harrisburg Strong Plan. We will continue to keep the Court apprised of the plan's status through both periodic meetings and our quarterly reports.

Fiscal Issues

The Office of Receiver (OTR) continues to closely monitor cash flow as part of the implementation of the confirmed Recovery Plan. 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 all liabilities to ensure they are included in the City's financial reports. Several additional payables have been identified through this process.

Through the end of December, the City was able to significantly reduce its outstanding payables and has brought virtually all creditors into a current status. Payables on hold thru January 10 total \$2,539,881 while those over 60 days total \$1,667,095 with 99% represented by 5 creditors. They are primarily several debt service obligations due to SunTrust and the Pennsylvania Infrastructure Bank and payments to CAT and PPL along with payments to the City Treasurer for various insurances. Upon my advice, the City has maintained communication with the most significant vendors to avoid any disruption or termination of critical services.

The Metro Bank obligation previously reported was secured by the Wild West artifacts. The first sale occurred the week of July 15 and was quite successful. In late September, the City received its first payment of \$2,088,066 from the proceeds from the sale and with authorization from this Court, applied the proceeds to this obligation. It received a second payment of \$302,000 in December which also was applied to this obligation leaving a remaining balance of approximately \$90,000. The auction house continues to collect from individuals who purchased artifacts and additional proceeds are anticipated which should fully satisfy this obligation.

Although final year-end numbers are not yet available, based on November actual and December projections revenues for the year are estimated at \$54,063,889 while projected expenditures are \$58,020,441, however this does not account for funds that flowed out of the December transactions. It is estimated that the City ended 2013 with a positive fund balance estimated at around \$4.4 million after taking into account these transactions.

Through very close monitoring of the City's cash flow and the cooperation of the City's Finance Office, the City was able to meet payroll and critical creditor obligations through the end of the year as well as maintain a relatively current status for most payables. Debt service obligations that had not been paid during the year were resolved thru the settlement agreements executed with various creditors.

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

The City completed its 2014 budget preparation and the Mayor introduced the budget to Council on November 26. The proposed budget was balanced and generally consistent with the Harrisburg Strong Plan. Following budget hearings the budget was enacted by Council on December 17. As provided for in the Third Class City Code following a Mayoral election, Mayor Papenfuse introduced a revised budget to Council on January 14. This budget will be discussed by Council at budget meetings scheduled for late January. OTR has also provided comments to the Mayor's office on the budget to ensure that any revisions are within the framework of the Harrisburg Strong Plan. Adoption of the revised budget must occur by February 15.

Cash flow projections for 2014 based on the City's current adopted budget are attached to the report. They reflect total revenues of \$59,472,762 and total expenditures of \$59,268,350 and an estimated positive year-end fund balance.

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 affect operational efficiencies and savings.

In order to maintain effective communication between my office and the City, I continue to meet on a weekly basis with Mayor Thompson and/or her Chief Operating Officer. 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, meetings were held by the OTR Team with all members of Council through the fall to keep them apprised of the status of creditor negotiations.

With the election of Eric Papenfuse as Mayor in November OTR has engaged with the new administration in a series of transitional meetings to ensure an orderly transition of responsibilities. These meetings have been very productive and assisted Mayor Papenfuse's transition team in preparing a transition report that has identified key priorities for his administration to focus on and to ensure that the initiatives of the Harrisburg Strong Plan continue to be advanced.

As the year came to a close the City experienced many retirements and resignations. OTR has worked with the new administration to address critical vacancies and to the extent possible fill certain key management needs.

As noted in the June report, the 2011 audit was completed on May 13. During the summer months Trout, Ebersole & Groff LLP (TEG), a third party accounting firm, assisted the Finance office in preparation work necessary for the 2012 audit. Their work was completed in mid-July and provided to Maher Duessel, the City's external auditor. They began work immediately and completed their

work in mid-October with the 2012 audit issued on November 8 at which time the City's audits were current. Bringing the audits up to date was critical to assist THA with undertaking further financing for the wastewater treatment facility upgrade as well as to establish 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 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. The resignation of the Budget Director in late May and the retirement of the Finance Director and Purchasing Manager the end of October though created further gaps that need to be filled quickly by the new administration. The Budget Manager's position was filled with the promotion of the Accounting Analyst, however this created a further gap that needs filled.

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 being critical to providing necessary and vital services. The City has continued thru the process to establish a new eligibility list for police officers and following certification by the Civil Service Commission hired 9 of the 20 police officers approved for hiring by OTR in December. These individuals are enrolled in the Police Academy Class that started in mid-January at Harrisburg Area Community College. Other positions being recruited for include Health Officer, Sanitation/Recycling Manager and Fleet Manager. Key vacancies occurring during the quarter included the Finance Director, Purchasing Director and Human Resources Director. 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.

Implementation continued during the quarter on recommendations from the fleet operation's report. The review completed by the Novak Group in the spring recommended the elimination of 36 vehicles that were deemed unnecessary and/or inoperable with an estimated salvage value of \$18,000. To date \$27,844 has been realized from the disposition of 10 pieces of equipment. This amount has already exceeded the study's estimate of \$18,000 and there are an additional 16 pieces of equipment to be disposed. The City is also recruiting for a Fleet Manager, another recommendation of the report. The goal of the review was to achieve savings through the consolidation and improved efficiency of fleet operations. In addition to the sale proceeds, the City will achieve an annual savings of \$25,380 from insurance and maintenance costs.

Following an RFP selection and evaluation process to outsource sanitation services that occurred during the summer, on September 23, Mayor Thompson selected Republic Services from the 5 proposals received as the selected party to negotiate a contract with. Based on their proposal the City would accrue an annual savings of \$800,000. Her selection was presented to Council and following a November Council meeting with the administration and Republic Services a decision was.

made to table further action until the new administration was in place. Subsequent to the November meeting, the Mayor's Office provided Council with three options:

- Negotiate a contract with Republic Services
- Issue a new RFP
- Maintain the sanitation operation in-house

In response to the RFP to consolidate the City's insurance coverage, 4 proposals were received by the August 27 deadline. Following review by an internal City team, the proposal of Marsh USA was selected to be the broker of record. During the quarter, the broker of record proceeded with the acquisition of insurance coverage for the various City insurances. This process proceeded smoothly and all coverages were in place by year-end. This initiative insures that all liabilities are insured at appropriate risk management levels and that cost containment of insurance coverage occurs.

Although started during the 3rd quarter, the Mayor halted work on three interrelated planning recommendations of the Strong Plan – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Work was halted due to various questions raised by City Council and the Planning Commission on the process. This matter has also been deferred and will be taken up by the new administration

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 through mid-September is attached.

Collective Bargaining

Following the development of the maximum costs and expenses for each of the City's 3 collective bargaining units – FOP, IAFF, AFSCME – that are consistent with the recent changes in Act 47 as a result of Act 133 of 2012, the Office of the Receiver's labor counsel 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 their current expiration dates. These proposals were presented to the three bargaining units in the spring of 2012. Progress was slow during 2012 though bargaining intensified during the first half of 2013 and significant progress was made. In mid-June the FOP membership ratified an amendment to their collective bargaining agreement, modifying the current agreement and extending the term through December 31, 2016. In mid July, the AFSCME bargaining unit likewise ratified an amendment to their collective bargaining agreement similar to the FOP agreement. Both amendments were ratified by City Council on September 16. The City and the Office of the Receiver are continuing in their efforts to reach an agreement with the IAFF, and it is anticipated that the IAFF will vote on slightly modified proposals within the next two weeks. Other employee and labor relations matters have been settled by the various revised agreements involving former City employees now employed by The Harrisburg Authority, and former employees of the Harrisburg Parking Authority.

It is my hope that an agreement will be reached with the IAFF in the near term. As I did for 2013, I also directed the City not to implement the salary increases for 2014 that were part of the IAFF contract extension. Finalization of the IAFF contract amendment though is critical to achieving the health care cost savings that are part of the Strong Plan.

Receiver Signature Authority

By Order dated November 15, 2013, this Honorable Court permitted me to sign certain contracts and agreements that were approved by City Council and signed by the Mayor if those documents were not timely executed (within forty-eight hours upon receipt) by then City Controller Dan Miller. Further, the Court required notification of such actions by either a separate filing or by incorporation into the quarterly status updates. As such, below please find the complete listing of documents signed in place of then Controller Miller:

November 19, 2013:

1. Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement;
2. Addendum to Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement;
3. Transfer Agreement – Harrisburg Sewer Collection System;
4. Shared Services Agreement Between City of Harrisburg and the Harrisburg Authority (THA) for THA's Sewer and Water Systems.

December 9, 2013:

1. The Asset Transfer Agreement between the City of Harrisburg, the Harrisburg Parking Authority and PEDFA;
2. The Intergovernmental Cooperation Agreement between the City of Harrisburg and PEDFA;
3. The Intergovernmental Cooperation Agreement between the City of Harrisburg and the Department of General Services.

December 20, 2013:

1. 2013 Harrisburg Downtown Parking Cooperation Agreement;
2. Exhibit A (incumbency page) of Certificate of the City of Harrisburg in connection with issuance of PEDFA bonds;
3. Termination of Agreement to Convey, Lease, Service Agreement and Redevelopment Contract and Termination of Agreement of Lease between City of Harrisburg and Harrisburg Parking Authority;
4. Second Addendum to Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement;
5. Corrective Deed for the RRF;
6. Incumbency page of City of Harrisburg Certificate in connection with the Bond Purchase Agreement for the LCSWMA bonds;
7. Special Warranty Deed – Chestnut Street Garage;
8. Special Warranty Deed – Fifth Street Garage;
9. Special Warranty Deed – Walnut Street Garage.

**MUNICIPAL FINANCIAL RECOVERY
ADVISORY COMMITTEE
MEETING MINUTES**

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
September 25, 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 (Governor's Appointee)

Anne Morrow (Recording Secretary)

Absent: Mayor Linda Thompson (Robert Philbin, Interim Chief of Staff, attended as Mayor's alternate)

Reports

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:32 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the September 11, 2013 Committee meeting.

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

Committee Comments

Mr. Lynch asked for committee member comments.

Mrs. Williams had no comment.

Mr. Lighty congratulated Mr. Lynch and everybody on the confirmation of the modified Recovery Plan. He added the County looks forward to addressing all the items it has to address to achieve consummation of the Plan.

Mr. Hill added his congratulations on the Court's confirmation of the Plan as well as his gratitude to Council President Williams and Mayor Thompson for the exceptional work that they have been doing. He also noted he knows it was a lot of effort on behalf of Council President Williams with both hearings and votes. He noted we are already seeing implementation of many of the elements of the plan from the Mayor's office. Mr. Hill expressed his gratitude for their level of commitment and work and their prompt response.

Mr. Philbin echoed the committee's comments and added as the transactions go forward the Administration is working closely with Council and all of the Directors are stepping up to execute the initiatives that flow out of those transactions.

Mr. Lynch thanked the committee members for their kind words. He noted the submission of the modified Recovery Plan to the Court was a joint effort. Many people spent a lot of hard work on it. Many talented people deserve credit, not the least of whom to mention, Council President Williams and Mayor Thompson for their leadership and their help as we have gone through this process.

Mr. Lynch noted the Director of Public Works would be providing the report today on behalf of the City in an effort to bring department heads to the committee to add flavor from meeting to meeting on what's going on in the City. He thanked Mr. Kroboth for stepping up when he did. He also noted the Finance Bureau was recognized again by the Government Finance Officers Association of the United States and Canada (GFOA) and received the Distinguished Budget Presentation Award for 2012. Congratulations to all for their hard work in achieving this recognition.

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

Operational Issues

- Mr. Reddig noted it has been a busy two weeks since our last meeting. During that time the Receiver's team has worked with City Council and the Mayor's office to review various elements to the Harrisburg Strong Plan and to prepare for the hearing held last Thursday before Commonwealth Court. Prior to the hearing, City Council took action on September 16th to approve various issues related to the sale of the incinerator, parking monetization, earned income tax and the FOP and AFSCME contracts. Commonwealth Court held their hearing on September 19th at which time a presentation on the Harrisburg Strong Plan was provided by the Office of the Receiver. Following that presentation, counsel for the Mayor, City Council, Dauphin County, AGM and the suburban communities all stated support for the Harrisburg Strong Plan. The Court noted there were no objections filed prior to or at the hearing. Judge Leadbetter then issued an Order on Monday, September 23rd, confirming the Harrisburg Strong Plan and directing its implementation in accord with the terms of the Plan. Without question the Harrisburg Strong Plan represents a significant and very positive milestone for the City. It sets a new course. One that fully eliminates the debt on the Resource Recovery Facility, provides balanced budgets through at least 2016, provides an ongoing revenue stream from the Parking assets and provides needed resources for capital and economic development well as to help address the City's OPEB (Other Post Employment Benefits) liabilities.

The OTR also continues work in cooperation with City officials with implementing the various operational elements that are part of the prior Recovery Plan and that are now embodied in the Modified Recovery Plan – the Harrisburg Strong Plan.

- The City continues to actively recruit for approximately 59 positions, 17 of those are Fire positions previously approved by the Receiver's office. During the last two weeks, two positions were filled as a result of the recent arbitration award related to residency. A written exam was administered on August 24th to develop a new eligibility list. Exam results were received and out of the one hundred and twenty-five individuals registered for the exam 57 passed. The next phase will be the physical ability test, which will be administered December 7th. The next fire academy class will start March 4, 2014. It's

anticipated that the remaining 15 positions will be hired and enrolled in that March class. Materials for a promotional exam for the Fire department are also being developed with that exam to be administered in February. On the Fire Bureau front, the Deputy Fire Chief submitted his resignation effective September 18th.

- Twenty-five positions are for Police Officers and at the request of the City, the OTR has approved filling 20 of those positions. The City participated with the Dauphin County Police Chiefs Association in the joint testing consortium, thus sharing the cost of recruitment. Following the closure of the application process and the physical exam, 246 applicants took the written exam on August 31st. The City is now awaiting the results of that written exam. The next Police Academy class will begin on January 13, 2014. It's anticipated that 8 to 12 candidates will be hired this fall and enroll in the January class.
- The Office of the Receiver has also approved the City's request to fill a Help Desk PC Specialist position in the Information Technology Bureau. The vacancy occurred as a result of a promotion. The position will be very helpful as the City is in the process of installing a number of new PC's throughout City's operations. Other positions currently being recruited for include a Budget Manager, 2 Codes Officers, Fleet Manager, Sanitation Recycling Manager, Demolition Specialist and Deputy Economic Development Director. Interviews and background reviews for some of those positions have occurred over the last two weeks.
- The OTR also continues to devote significant effort on various financial management issues. Maher Duessel continues their work on the 2012 audit and is on schedule to have their work completed by mid-October and the audit issued by the end of October.
- Following the review of the Sanitation RFP, responses by the Selection Committee and interviews with the three finalists by the Mayor, she recently selected Republic Services as the firm to negotiate a final contract. Those negotiations are in the early stages with the planned implementation date of the contract scheduled for early 2014.
- Four proposals for Insurance Brokerage service were received by the August 27th deadline. The proposals were submitted by Marsh U.S.A., American Insurance Administrators, First Fidelity Brokerage and Benefits Research Group. A RFP Review Committee with involvement from the OTR is in place and is reviewing the submissions.
- A conference call meeting was held last week with the City Administration, OTR and the City's consultant, Mullin & Lonergan, to finalize the scope of work for an update of the City's 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. Based on the comments from last week's meeting, a final revised scope is in the process of being circulated. The timeline calls for the process to begin this fall and will take approximately 14 - 18 months to be fully completed. The scope provides a neighborhood focus for the update with significant opportunity for public input at various stages of the process. The City has proceeded with continued implementation of the recommendations in the fleet management report. To date, \$28,744 has been realized from the disposition of 10

pieces of equipment. This amount already exceeds the study's estimate of \$18K. There are an additional 16 pieces of equipment remaining to be disposed.

- The OTR has worked with DCED and the Comptroller's Office in the State to finalize the contract of the \$4.504 million included in the State's FY13/14 budget to support public safety services. The contract was fully executed last week and the invoice has been processed. We anticipate the City should receive these funds within the next week.
- Negotiations continue with the bargaining units to effect new bargaining contracts consistent with the cost containment provisions of the confirmed Plan. As we have previously reported, the FOP and AFSCME memberships have approved new contract amendments and those were ratified by Council on September 16th. This Monday, the AFSCME bargaining unit for the HPA also approved their contract modification. Additional negotiating sessions are scheduled this week with the Fire Fighters.

Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we reviewed the check-run for this week, September 26th, and provided a response last Friday to the City. This check-run totals \$408,492. The largest expense is a payment to the City Treasurer for \$245,100 or about 60% of the total for Express Scripts for July. The next largest payments were to PAPCO Inc. for \$17,733 for fuel products and to Rogele for \$13,126 for sinkhole repairs. The City continues to be up to date with most of its payables, although it is now beginning to hold on some. Payables on hold after this check-run total \$3,426,000, which is approximately \$254,000 lower than the payables on the September 12th check-run. Those over 60 days total \$2.764M with 99% represented by six primary vendors including SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, which are all debt service payments and will be resolved as part of the consummation of the Harrisburg Strong Plan, and also Capital Area Transit, PPL and the City Treasurer for insurances.
- A review of the City's cash position shows there was a cash balance of just over \$3M as of September 20th. Following this week's check-run and an approximately \$1.1M payroll, the City's cash balance will be approximately \$1.4M. The City's cash flow has deteriorated during the month of September though the receipt of State Aid for pensions and the DCED grant for public safety services both of which should be received in early October will provide an infusion that will address subsequent payroll and payables during the months of October and November. It is critical that the Harrisburg Strong Plan be consummated prior to the end of the year, however, so that the City is fully up to date with their payables by that time.
- The City is currently in compliance with all financial reporting obligations. Since the last meeting a Material Event Notice was posted on EMMA by the City to address the non-payment of the General Obligation Bond payment that is due September 15th. Those payments will be addressed as part of the consummation of the Harrisburg Strong Plan.

Asset Monetizations

- With the confirmation of the Harrisburg Strong Plan, work is proceeding rapidly on the finalization of the various documents related to the sale of the Resource Recovery Facility. This transaction includes a multi-year Power Purchase Agreement with the Department of General Services and an \$8M Redevelopment Capital Assistance Program grant through the Office of Budget. The application for the RCAP funds has been submitted and action is pending.
- Likewise, confirmation of the Plan allows the monetization of the City's parking facilities to move forward. Numerous meetings have been held over the last two weeks with representatives from Harrisburg First, PEDFA, the Department of General Services and the Office of the Receiver to work from the various documents that are needed for this transaction.
- The transaction involves the consolidation of Commonwealth parking as well as financing through the Pennsylvania Economic Development Financing Authority (PEDFA). With the recent approval of the \$26M loan from PENNVEST for upgrades to the wastewater treatment plant to address compliance issues related to the Chesapeake Bay and Clean Water Act requirements, work also continues to fulfill the obligations that are part of the loan commitment. The transfer of the Water and Sewer operations to the Harrisburg Authority are part of the confirmed Plan and actions related to this transfer are underway between the City and THA. The transfer will consolidate the administrative, operational and financial responsibilities for the Water and Sewer operations into an operating authority. In addition to PENNVEST requirement, this approach will also address the compliance with the Clean Water Act and the Chesapeake Bay requirements.
- There is much work that lies ahead as our efforts now focus on the consummation of the various transactions of the confirmed Plan and the continued implementation of the operational elements of the Plan. The ability to achieve a consensual solution represents a significant accomplishment. It is a model that can be replicated in other similar situations. Credit goes to the City's creditors - AGM, Dauphin County, Covanta, CIT, AMBAC and others along with the City's bargaining units as well as to the Mayor and Council for the leadership they have shown and for all parties to recognize the value of a consensual resolution as opposed to costly and time consuming litigation. On behalf of the Office of the Receiver, Mr. Reddig further expressed appreciation to all those who have been involved in bringing the City to this point. He specially wanted to recognize the Mayor, her Administration and City Council for the time and effort they have devoted in laying a foundation for a bright and promising tomorrow for the City.

Kevin Hagerich, Director of Public Works, provided an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Hagerich noted the City Administration continues to implement the Harrisburg Strong Plan while working closely with the Office of the Receiver and the Receiver's team. Some initiatives of the Plan are in a pending status currently while negotiations with other entities occur. As major transactions around the City's assets accelerate, so do the Administrative and operational activities in support of those transactions.

- Major progress was made this reporting period on Public Works initiatives 01 and 02 with the selection by Mayor Thompson and the Review Committee of Republic Services, from York, Pennsylvania, as the sanitation contractor to assist with the expansion of trash collection and recycling services in Harrisburg. The City has initiated contract discussions and will submit reports and the final contract to the Office of the Receiver for review in the coming days.
- Negotiations are also underway for the transfer of City employees to Republic Services at both comparable experience levels and compensation packages. Approximately 13 employees will transfer to Republic at this time. The City's Human Resource Department will oversee the transfer.
- The target date to initiate sanitation services is on or before February 1, 2014. The City and Republic Services will undertake a public education program to assure that citizens, residents and commercial interests are apprised of the new system, which will include expanded trash pickup and recycling routes, as well as commercial services. This program will be announced in more detail publicly after the contract process is completed in about two weeks.
- In a related Public Works initiative, Harrisburg Strong Plan - PW03, the funding to hire a Solid Waste Manager/Recycling Coordinator to manage interactions with Republic Services has been approved by the Mayor, OTR and City Council. Bureau of Human Resources has begun the hiring process for this important coordination, education and enforcement position.
- The funding for a Fleet Manager has been approved by the Mayor, OTR and City Council. The City is currently recruiting for this position.
- As the Incinerator transaction progresses under the Strong Plan, the Department will transfer City motor vehicle operations and other materials out of the Incinerator location to a new location in the City. A realtor has been selected to assist with locating a new facility and a plan for outsourcing some maintenance functions and eliminating vehicles is in place.
- The City continues to advertise for a Deputy Director of Economic Development.
- The consulting firm Mullin & Lonergan, in conjunction with the Comprehensive Plan Steering Committee, is in the process of finalizing the scope of work for the Comprehensive Plan update pending the City's review of M & L's funding request. The final draft has been reviewed and approved by the Business Advisory Council, the Comprehensive Plan Steering committee, as well as by DCED, and the Office of the Receiver.
- The Administration has identified CDBG funding sources to underwrite this work through the fourth quarter of 2013. Taking advantage of planning synergies, this plan has also been augmented with a CREDC Economic Development Planning component.
- CREDC has developed an Economic Development component for the Comprehensive Plan. Additionally, the following economic development action steps have been completed:

- Two new KOZs have been approved by City Council.
 - A HUD Section 108 loan (\$1,760,000) Series 2001 – has been refinanced. (The refinancing will save the City approximately \$300,000 in interest payments).
 - 2013 Zoning Draft has been approved by the Dauphin County Planning Commission and the Harrisburg Planning Commission.
 - DBHD is waiting for a final proposal from the Harrisburg Housing Authority regarding property management services for HOP properties owned by the City. As part of the property management plan, the City will receive revenue from rental payments on properties which are currently vacant and maintained by the City.
- The Administration, in conjunction with City Council's Economic Development Committee, will review tax abatement strategies in preparation for the development of new City Tax Abatement Ordinance.
- The Novak Group continues to work on a draft Capital Improvement Plan with an anticipated completion date of early October. The City will establish a Capital Improvement Plan Committee as soon as the draft plan is available.
- The Administration has completed the following action steps:
 - Developed a new loan fee schedule; revised eligible loan activities; developed a jobs-to-loan amount ratio and developed MBE/WBE contract procurement guidelines for revolving loan fund activities related to construction.
 - The Revolving Loan Fund Board will meet on September 25th to review and discuss remaining action steps to be completed. The public will be informed of the Plan. This will provide capital for the City's Local Business Incubator Program, which is under development at this time.
- Eleven Work Force Initiatives, WF06 through WF17, covering new wage, benefit and healthcare contract adjustments have been or very soon will be completed for all City Fraternal Order of Police and AFSCME employees. The Bureau awaits the results of International Association of Fire Fighters contract negotiations.
- The Memorandum of Understanding for the Constable Warrant Collection Plan has been reviewed by the Law Bureau and is ready to be presented to the Constables for their review and signature. Police data technicians continue to gather information on parking and ordinance offenders for use by the Warrant Serving Team. After the MOU is signed a collection plan will be organized and presented to the public.
- Responses to RFP #06-2013 for Insurance services were reviewed and a vender was selected by the Review Committee and the Mayor. A recommendation was forwarded to the Office of the Receiver for final review and approval.

- On Monday, September 23, 2013, Commonwealth Court Judge Bonnie Brigrance Leadbetter confirmed the Harrisburg Strong Plan that was filed by the Harrisburg Receiver's Team on August 26th.
- At the heart of the Plan are two major transactions, the sale of the incinerator and the lease of the City's parking assets for 40 years. The combined transactions will remove the \$345 million incinerator debt and balance the City's structural deficit, providing the City with a balanced budget through 2016.
- The Administration of Mayor Linda D. Thompson congratulates Receiver General Lynch, his staff and all parties, public and private, who helped make the historic financial recovery of the City of Harrisburg possible.
- We remain committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the restructuring of the government of the City of Harrisburg to benefit the citizens of this great City.

Public Comments

Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, City resident

- Mr. Cluck inquired about the Sanitation RFP and the role City Council will have.
 - Are there needs for City ordinances to be amended or revised?
 - Does City Council have to approve the contracts?
 - Mr. Hagerich noted most of the ordinances were modified in August and approved to match the level of service provided for in the RFP. Mr Hagerich further noted that initiative PO03 provides for the hiring of a Recycling and Solid Waste manager. As the contract with Republic Services is being negotiated, the Manager will review all the ordinances of the City and will then ask City Council to modify those ordinances that may need further updates.
 - Mr. Hagerich deferred to legal counsel whether or not City Council will need to approve Republic Services contract.
- Mr. Cluck inquired when and where the Revolving Loan Fund Committee was holding their meeting today.
 - Mr. Philbin noted the committee was having a structural meeting to cover templates, loan requests and the method of evaluating loan requests. The by-laws have already been approved. This will be an operational meeting to cover policy and procedure and to update forms for submittal. The meeting is scheduled for today at 10 a.m. in room 302 and is open to the public.

Mr. Nevin Mindlin, City resident

- Mr. Mindlin would like more information on the parking transaction. He said his concern is with the sustainability of the transaction and its impact on the community in all respects, solvency and non-profits. Mr. Mindlin questioned whether the City of Harrisburg will have a true end to its debt and control of its public policy. He noted the compensation event provisions were eliminated. He would like to gain a better understanding by reviewing a draft of the parking contract documents. He asked that the following questions be answered in writing.
 - What is an adverse action event?
 - Embedded in this contract or Plan, is control of public policy related to anything that changes the nature of Harrisburg's ability to control transportation policy within the City?
 - Are we locked in to automobiles? Do we have the ability across 40 years to turn this community into a more sustainable community that uses bicycles for pedestrians and not mass transit?
 - What do discriminatory laws, taxes and fees mean?
 - What if the financial projections are not met? There is a discussion about the replenishment of reserve funds but it does not say from where.
 - What are the City's obligations in the event that not all of the projections occur?
 - When is this part of the Plan going to be available for review to understand what these elements truly are. They are key to this City being able to move forward, to have a sustainable, economic growth and to have some sovereign control over itself, how it develops and whether there will be some end to the liability?
 - Is there any continuing risk to the City having to pay more money or raise more taxes?
- Mr. Mindlin closed by saying it is fine if folks want to come into this City and end up taking over garages, monetize this asset and control through fares but this City should be free and clear of any obligation when this deal is finished. This City should not pay one dime more to creditors than what is embedded in the 40-year Plan, or does the Plan go farther? These matters are not clear in the parking transaction details he has seen.

Mr. Lynch asked if there were any other comments.

Council President Williams asked Mr. Hagerich if the thirteen people that are being transferred to Republic Services would be transferred at the same salaries.

- Mr. Hagerich responded that the compensation package is very similar to what the employees currently have. In conversations with Republic Services, they are going to

give these employees the equivalent level of experience. Ex.: If an employee currently has 21 years of employment, Republic Services will give them 21 years of service.

Council President Williams asked if this is the total amount of employees coming over to Republic Services.

- Mr. Hagerich noted the contract identifies a contingency force of three that will remain; one to enforce illegal dumping and two individuals to pick up the trash in our parks and playgrounds.

Council President Williams noted she hopes that the contract goes to City Council, as she would like to review it herself.

Council President Williams noted Mr. Hagerich reported the targeted date for implementation is February 2014 and inquired if the public will be alerted to the transfer of services.

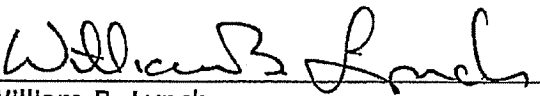
- Mr. Hagerich replied the public would be notified. This has been discussed with Republic Services in our initial stages of contract negotiations. We plan to use our own media - Channel 20. We will be sending out notices and schedules to commercial properties and residents. There will be a few changes in the way we do some business. For instance, Republic Services will pickup leaves on Saturday's four times a year, which will need to be advertised and notices given to residents. There will be a focus on public relations in dealing with this new service. Mr. Hagerich noted he is excited to get a Solid Waste Manager/Recycling Coordinator on board to help get this program moving forward. It is estimated this program will be implemented successfully in the next four months.

Council President Williams asked if bulky items will be permitted to be put out.

- Mr. Hagerich replied 6 bags with one-bulk item will be permitted. This ordinance was changed to match what is in the contract.

Mr. Lynch asked if there were any other comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:10 a.m.

Approved this 25th day of September 2013.


William B. Lynch
Receiver for the City of Harrisburg


Secretary - Anne Morrow

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

October 9, 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

Anne Morrow (Recording Secretary)

Absent: Mayor Linda Thompson (Robert Philbin, Chief of Staff, attended as Mayor's alternate)
Doug Hill, County Commissioners Association of Pennsylvania (Governor's Appointee)

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 September 25, 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 Harrisburg Strong Plan.

Operational Issues

- Mr. Reddig noted that over the last two weeks the Receiver's Team has continued working with City Council, the Mayor and her Administration and others in the initial stages of implementing the various elements of the Harrisburg Strong Plan as confirmed by Commonwealth Court on September 23rd. The Office of the Receiver has been addressing the appeal filed by City Controller, Dan Miller, and will be taking those actions necessary to respond to that appeal in a timely manner.
- The Office of the Receiver also continues work in cooperation with City Officials in implementing various elements of the prior Recovery Plan that are now embodied in the Modified Plan, known as the Harrisburg Strong Plan.
- The City continues to actively recruit for approximately 61 positions. The Budget Manager position has been filled with the promotion of the Accounting Analyst position. She has performed well over the last year and has filled in for the Budget Manager since the prior Budget Manager left in late May. Of particular note over the last two

weeks was the resignation of the Fire Chief to except a Professor position at the University of New Haven in Connecticut. In addition, retirement letters have been submitted from the Director and Lead Programmer in the Information Technology Bureau and Legal Secretary in the Solicitor's Office, Cashier in the Treasurer's Office and a Lab Tech in the Bureau of Sewage.

- Fifteen of the vacancies that were identified are positions being recruited in the Fire Bureau. These are positions previously approved by the Receiver's Office. A written exam was administered for these positions on August 24th in order to develop a new eligibility list. Out of the one hundred and twenty-five individuals registered for the exam 57 passed. On October 2nd, letters were sent informing these individuals they are eligible to proceed to the next phase of testing, which is the physical agility test, to be administered December 7th. The next fire academy class will start March 4, 2014. It's anticipated that the remaining 15 positions will be hired and enrolled in this March class. Further, in the Fire Bureau, materials for promotional exams have now been developed and notification letters have been sent to all eligible personnel that they may apply for the promotional exam for Battalion Chief, Fire Captain and Fire Lieutenant. Applications are due by November 15th and the exam will be administered in February.
- Twenty-six positions are for Police Officers and at the request of the City, the OTR has previously approved filling 20 of those positions. The City participated in the Dauphin County Police Chiefs joint testing consortium, thus sharing the cost of recruitment and providing a cost savings to the City in the recruitment process. Following the closure of the application period and physical exam, 246 candidates took the written exam on August 31st and 216 passed. On September 25th, supplemental application materials were mailed to 216 candidates requesting they complete the application and file it by October 21st. The next Police Academy class starts January 13, 2014. It's anticipated that 8-12 candidates will be hired later this fall and enroll in the January class.
- Due to the upcoming transfer of the water and sewer operations to the Harrisburg Authority, action on vacancies in those Bureau's is currently on hold. Other positions that are being recruited for at present include the Help Desk PC Specialist, 2 Codes Officers, Fleet Manager, Sanitation Recycling Manager, Demolition Specialist and Deputy Economic Development Director.
- The OTR continues work with the City and Harrisburg Parking Authority to consider qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting process.
- Maher Duessel continues work on the 2012 audit and have requested certain information on FEMA funding, which has slowed their work down a bit. It is now likely that the full completion of the audit will move into the November time period.
- The recent promotion of the Accounting Analyst to the Budget Manager position has filled a critical role in the Finance Bureau, especially as the budget process moves into high gear. The Purchasing Director has also returned from extended medical leave and is working on a part-time basis. The promotion has created a vacancy in the Accounting Analyst position, which we would hope to have filled in the near term. The 2014 budget is underway and department meetings have recently occurred. The Office

of the Receiver continues to be available to assist in the budget process, as necessary, in order to keep things on track moving through the fall months.

- Contract negotiations are under way with Republic Services, who was selected as the firm for the Sanitation Contract. The proposal that Republic submitted was accepted based on collection for single family, multi-family and commercial collection. The planned implementation date is early 2014. A robust information and educational program is currently being planned to inform businesses and residents of the changes in a timely manner.
- Following the review of the four responses to the RFP for Insurance Brokerage Services, Marsh U.S.A. was selected as the broker. Contract negotiations are also underway with them. The new brokerage service will result in further cost savings and will be in place to meet the renewal schedule this fall. The new contract consolidates insurance coverage for the City and includes property, liability, vehicle, public officials, errors and omissions, and workers compensation insurance. The initial term is one year with the ability to renew for an additional two years.
- The final scope of work for the City's Comprehensive Plan has been prepared following discussions with the City's Administration, OTR and the City's consultant Mullin & Lonergan Associates, LLC. The scope has been reviewed and input has been received from the Comprehensive Plan Steering Committee. The three interrelated recommendations that are part of the Harrisburg Strong Plan and will be addressed as part of this process include an update of the City's Comprehensive Plan as well as a Development of a Housing Strategy and an Economic Development Strategy. Mullin & Lonergan will be preparing the Comprehensive Plan and Housing Strategy elements. Their work will be coordinated with CREDC, who will prepare the Economic Development element. The process will begin this fall and will take approximately fourteen months to complete. The scope provides for a strong neighborhood focus with significant opportunity for public input at various stages throughout the process.
- The City continues to proceed with implementation of the fleet management recommendations. To date a little over \$27,000 has been realized from the disposition of 10 pieces of equipment. This amount already exceeds, by about \$10,000, the estimate from the study. There are an additional 16 pieces of equipment remaining to be disposed.
- The City has received a second payment of \$113,000 from the July artifacts sale. Though much smaller than the initial payment of almost \$2M, it has pushed the total over \$2M. The next phase of this sale is occurring this week in New York City. It involves the sale of various paper documents and should yield another several hundred thousand dollars.
- The OTR worked with DCED and the Comptroller's Office to finalize the contract for the \$4.5M included in the State's FY13/14 budget to support public safety services in the City. The invoice was processed and the City received payment on October 4th, which has greatly improved the City's cash flow.
- Negotiations are also continuing with the IAFF on their contract. Having already agreed with the FOP and AFSCME bargaining units on contract modifications and as reported at

the last meeting, an agreement was reached with the AFSCME bargaining unit for the Harrisburg Parking Authority.

Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we reviewed the check-run for this week, October 10th, and provided a response to the City. The check-run totaled \$1.344M. The largest expense is a payment to the City Treasurer for \$631,000 or about 47% of the total for payments for various insurances including Highmark Blue Shield, Express Scripts, Dental Insurance and Workers Compensation. The next largest payment was \$403,000 or 30% to the Harrisburg Parking Authority, which was the reimbursement of the 2nd quarter payment. Next was a payment of \$121,000 to Marsh U.S.A. for insurance renewals. The City continues to be up to date with payables, although it is now beginning to hold on some payables. Payables on hold after this check-run total \$4.9M, which is approximately \$1.5M higher than the payables on the last check-run. Those over 60 days total \$2.84M with 99% represented by SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for insurances.
- A review of the City's cash position shows that the City had a cash balance of \$2.1M as of October 1st. The City received just a little over \$2.5M for the State aid for pensions the beginning of October and the additional \$4.5M from the DCED grant also last week. With those payments, the City has been able to satisfy the HPA obligation as well as the initial severance payment to the former Police Chief with this week's check-run. Following the check-run and the \$1.1M payroll this week, the City's cash balance will be approximately \$6.6M, which includes the two receipts just mentioned. Though the City's cash flow had deteriorated in September, the receipt of State aid for pension and the DCED grant for public safety services has provided a much-needed infusion that will address payables through the next two months. The consummation of the Harrisburg Strong Plan and the closing on various elements of the Plan is critical so it occurs before the end of the year for it to allow the City to end the year in a solid position.

Asset Monetizations

- Additional work is occurring with respect to both the sale of the Resource Recovery Facility and the Parking monetization. The RRF Waste Disposal Agreement has been approved by City Council and is now in the Mayor's Office pending her signature to move this process forward.
- Numerous meetings have continued over the last two weeks with the various parties involved in the Parking transaction. Meetings involving DGS and PEDFA have occurred. Another prerequisite for the Parking transaction was the filing and review by the Local Government Commission of the Intergovernmental Agreements that are part of the Parking transaction. There is an agreement with DGS for their role with Parking and there is also an agreement with PEDFA with their role with Parking. Both of these agreements have now been prepared and were filed with the Local Government Commission last week and are currently under review. We anticipate the Commission acting on them at their meeting on October 16th.

- Work, likewise, continues to implement provisions of the Strong Plan that provide for the transfer of the operational responsibility for the water and sewer system to THA. This is one of the conditions of the \$26M loan from PENNVEST. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues with Chesapeake Bay and Clean Water Act requirements. The transfer will consolidate administrative operational and financial responsibilities for the water and sewer operation with THA and are a necessary element, not only to the PENNVEST loan but also to compliance with the Consent Agreement with the Federal Government.
- Much work continues to lie ahead though progress has been made over the last two weeks as we are in the early stages of implementing provisions of the Harrisburg Strong Plan working towards the consummation of all of the various activities by the end of the year. Mr. Reddig noted once again, on behalf of the Receiver and his team, we would like to recognize the efforts of the Mayor and her Administration, City Council and all of the stakeholders as we continue to move forward and lay the foundation for a bright and promising tomorrow for the City of Harrisburg

Captain Colin Cleary, Commander of the Technical Services Division of the Bureau of Police provided an update on the Act 47 implementation for the City of Harrisburg.

- Captain Cleary noted the Administration continues to implement the Harrisburg Strong Plan while working closely with the Office of the Receiver and all plan partners. As major transactions around the City's assets accelerate, so do the administrative and operational activities in support of those transactions.
- On behalf of the Mayor and Chief Operating Officer, the Administration continues to aggressively implement the Harrisburg Strong Plan initiatives.
- Out of the 132 initiatives in the Harrisburg Strong Plan pertaining to the Administration, 44% have been completed to date; 37% are in progress and the remaining 18% are pending actions by other parties beyond the control of the Administration.

The following are some of the highlights of departmental accomplishments for this reporting period:

- As part of the FOP negotiated contract, a new pay scale for new police officers has been completed, paid holidays and personal leave has been reduced to 10 days annually and a court-related overtime reduction strategy has been implemented. In addition, a new pay scale for new firefighters for new IAFF hires has been implemented.
- In the Bureau of Financial Management the following initiatives have been completed:
 - Risk Management Services have been funded,
 - Revised the terms of the Insurance Brokerage Service Agreement and
 - Conducted a cost benefit analysis to determine adequate umbrella excess liability coverage.

- The Bureau of Administration implemented the following:
 - Established a quarterly financial reporting and associated review process.
 - Established a standard budget development calendar.
 - Established a standard position control system.
 - Conducted a comprehensive review of City's purchasing policies.
 - Modified an existing chart of accounts to track Commonwealth and Federal Grant Program Funds on an individual basis.
 - Eliminated a manual data entry process in the Bureau of Financial Management.
 - Hired a Budget Manager position for the Bureau of Financial Management.
- The Bureau of Police has completed 100% of the tasks in the Harrisburg Strong Plan, which are entirely under control of the Bureau. Seventy-five percent of the tasks involve outside permissions or contact with outside agencies. Some of these involved the electronic parking ticketing devices, which have been implemented.
- Our vehicle plan was coordinated with the Department of Public Works for a capital program for obtaining new vehicles. Also, not directly related to Act 47, Local Share Grant funds were used to purchase 10 new police vehicles. The first marked vehicle entered service yesterday; another will enter today and one more by the end of the week. We anticipate having all vehicles fully serviceable by the first week of November. These vehicles are distinctly marked with black and white and were obtained using three different grants with no impact to the General Fund or to Harrisburg taxpayers.
- We have also started work on a new initiative from the Harrisburg Strong Plan involving an analysis of call data. The Bureau of Police undertook an analysis of call data of the Uniform Patrol Division in order to place more Officers on the street.
- The Public Works department has been busy working on the following initiatives:
 - An updated Storm Water Management Ordinance has been written to comply with recent changes in law and the Ordinance was adopted by City Council.
 - The Recycling Program has been reviewed and adjustments made, already contributing to an increase in recyclables within the City, with other phases to be implemented over the next year or so.
 - The City's Fleet has been analyzed and DPW has disposed of 21 pieces of excess equipment with more to follow.
 - A Fleet Plan has been finalized and adjustments in the way fleet management is accomplished already initiated.
 - Contract negotiations and employee transitioning with Republic Services are underway as well as development of a public relations customer education plan.
 - The level of trash collection, disposal and recycling services has been defined as part of the contractual process. A smooth transition in service is planned with implementation scheduled for early February 2014.

- As called for in the Harrisburg Strong Plan, water and sewer functions, assets and staff are being transferred to THA.
 - Billings, collections and depositing procedures are in process of being transferred and a shared services fee arrangement has been developed.
 - With the sale of the incinerator, the Public Works Department is working with a relocation expert to determine the best option for relocating the highway department, vehicle maintenance, a portion of sanitation and administration services in the City.
 - A street light LED study is underway, which the Administration expects to announce publicly in the near future.
- Captain Cleary ended his report by saying the City Administration remains committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the government of the City to the benefit of its citizens, workers and visitors.

Mr. Lynch thanked Captain Cleary and Mr. Reddig both for their initiatives and reports.

Committee Comments

Mr. Lynch asked for committee member comments.

City Council President Williams asked Mr. Reddig what amount of severance was paid to the previous Chief of Police and if he will be paid in increments.

- Mr. Reddig replied the initial payment will be \$25,000 and that remaining payments would be paid in increments in subsequent years per city policy. Mr. Reddig did not have the full amount of the severance payment but said he would forward that amount to her.

City Council President Williams noted she thought the City currently had a Deputy Economic Director and inquired what position Jack Robinson holds.

- Mr. Reddig replied the City currently does not have a Deputy Economic Director and that this was not the position Mr. Robinson holds.
- Mr. Philbin noted Mr. Robinson is the Director of the Department of Building & Housing Development.
- Mr. Reddig added the Deputy Economic Director position had been approved by the Office of the Receiver a number of months ago and that the City has been recruiting for the position.

City Council President Williams noted contract negotiations and employee transition for sanitation collection service is underway. She inquired if the contract negotiations are with AFSCME.

- Mr. Reddig replied the contract negotiations were not with AFSCME but with Republic on the contract itself for the sanitation service.

City Council President Williams inquired when the contract would come before City Council, as she has not seen it yet.

- Mr. Reddig noted the contract would be advanced to City Council once the contract terms are agreed upon with Republic.

City Council President Williams asked Mr. Reddig how many employees would be hired with Republic.

- Mr. Reddig noted 13 employees would be moved from the City to Republic and three employees will remain within City operations to collect the parks and recreational facilities as well as enforce the refuse collection related issues.
- Mr. Philbin also noted the terms of the agreement, which are being worked on currently pertain to the transfer of employees to Republic and the public education component. It is anticipated that it should be completed in approximately 10 business days. In the interim, Mr. Philbin offered to meet with her to discuss and review the power point from Republic.

City Council President Williams noted she would like to have that meeting.

City Council President Williams asked Mr. Reddig to confirm the total number of pieces the City had to dispose of from the fleet equipment.

- Mr. Reddig noted the fleet management recommended the City dispose of 26 pieces.

City Council President Williams had no further comments.

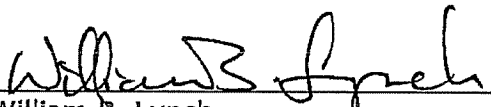
Mr. Lighty had no comment.

Mr. Philbin had no comment.

Public Comments

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

Approved this 9th day of October 2013.


William B. Lynch
Receiver for the City of Harrisburg


Secretary - Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
October 23, 2013
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners
Anne Morrow (Recording Secretary)

Absent: Mayor Linda Thompson (Robert Philbin, Chief of Staff, attended as Mayor's alternate)
Wanda Williams, City Council President
Doug Hill, County Commissioners Association of Pennsylvania (Governor's Appointee)

Reports

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:36 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the October 9, 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 Harrisburg Strong Plan.

Operational Issues

- Over the last 2 weeks, the Receiver's Team has continued working with City Council, the Mayor's office and others on the continued implementation on the various elements of the Harrisburg Strong Plan as confirmed by the Court on September 23. OTR has also addressed the appeal filed by City Controller Dan Miller and has taken those actions necessary to respond to the appeal. Late yesterday Commonwealth Court issued an order dismissing his objection due to its untimely filing and lack of standing.
- Without question, the Harrisburg Strong Plan represents a significant and positive milestone for the City and sets a new course. One that fully eliminates the debt on the RRF, provides balanced budgets thru at least 2016, provides an ongoing revenue stream from the parking assets and provides needed resources for capital infrastructure needs of the City as well as economic development and also to address the City's OPEB liabilities.
- The OTR has continued to work on various operational elements of the Plan as we move forward on that front. To address several of those on the personnel front, the City continues to actively recruit for approximately 61 positions. As reported at the last

meeting the Budget Manager position was filled with the promotion of the Accounting Analyst. The City will now move to fill the Analyst position. Fifteen of the positions being recruited are Fire positions previously approved by the Receiver's Office. Following the written exam and the 57 individuals that passed, letters were sent out to those 57 individuals that they were eligible to proceed to the next phase of the testing, which is the physical exam, which will be administered on December 7. The next Fire Academy class will start March 4, 2014. It is anticipated that those 15 positions will be filled and hired and be able to enroll in the March class. Materials for the promotional exam in the Fire Department have also been developed and notification letters were sent to all eligible fire personnel that they may apply for the promotional exam for the positions of Battalion Chief, Fire Captain and Fire Lieutenant. Applications are due by November 15 and the exam is to be administered on February 12, 2014.

- Twenty-six of the positions are Police Officer positions and at the request of the City, OTR has approved filling 20 Officer positions. As we have reported, the City has participated in the Dauphin County Police Chief's Associations in a joint testing consortium that shared the cost of Police Officer recruitment. Following the closure of the application process and the physical exam, 246 candidates took the written exam and 216 passed. On September 25, supplemental application materials were mailed to the 216 candidates requesting they complete the application and file by October 21. We are currently assessing the responses that occurred to that request. The next Police Academy class will start January 13, 2014. It is anticipated that 8 to 12 candidates will be hired within the next 4 to 6 weeks and enrolled in that January class. Due to the transfer of the water and sewer operations to THA, actions on vacancies in these Bureaus are on hold. Other positions that are currently being recruited include a Help Desk/PC Specialist, 2 Codes Officers, Fleet Manager, Sanitation/Recycling Manager, Demolition Specialist and Deputy Economic Development Director.
- The Office of the Receiver continues to work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill those vacancies as they occur.
- Maher Duessel continues work on the 2012 audit. Additional information was needed on the FEMA funding due to the amount of funds received and its treatment in the audit, which slowed the auditors work down. At this point, we anticipate their draft audit should be completed by late October/early November and following the City's response the audit issued shortly thereafter.
- The 2014 budget development is underway and department meetings have recently been concluded. The OTR has offered assistance to the City as necessary to insure the 2014 budget process remains on track as we move through the latter stages of the year
- Contract negotiations continue with Republic Services, the selected firm for the Solid Waste Management/Collection Contract. The proposals will include both single family, multi-family as well as commercial collection. Planned implementation date is scheduled for early 2014. A robust information and educational program is being planned by the City in concert with Republic and will be undertaken to inform businesses and residents of the changes.

- As reported at the last meeting, Marsh USA was selected as the broker for insurance brokerage services. The new brokerage service will result in further cost savings and over the last several weeks has been put in place to coincide with the City's renewal schedule. The new contract consolidates insurance coverage for the City and includes property, liability, vehicle, public officials, errors and omissions, workers compensation as well as risk management component. The initial term will be 1 year with the ability to renew for an additional 2 years.
- The kick off meeting for the update to the City's Comprehensive Plan was held last Wednesday evening at Harrisburg High School. The Mayor hosted the meeting with presentations by Mullin & Lonergan Associates, the City's consultant, and CREDC, who will be developing the economic development strategy. The presentations on the scope of work were provided to all in attendance and the comments received were from approximately 40 individuals who attended. Mullin & Lonergan will be preparing the Comp Plan update and the Housing strategy elements. Their work will be coordinated with CREDC who will prepare the Economic Development strategy. Some of the comments received at the meeting included the need to insure environmental issues as well as transportation issues were adequately addressed in the process. It is anticipated the entire process will take approximately 15 to 18 months to complete. There have been six regions of the City specifically identified for unique focuses. There will be ample opportunities provided to the public as we move through the various stages of the process. At this point, the first stages involves data gathering and Mullin & Lonergan has embarked upon on that effort.
- The City continues to proceed with implementation of the Fleet Management recommendations. To date approximately \$28,000 has been realized from the disposition of 16 pieces of equipment. This already exceeds the study's estimate of the proceeds from the disposition by about \$10K and there are approximately 10 additional pieces of equipment to be disposed.
- The City has received two payments totaling approximately \$2.1M from the July artifact sale. Following approval by the Court payment has been made to Metro Bank of those proceeds. The next phase of the sale occurred on October 8 and 9 in New York and that sale involved the various paper documents. Preliminary estimates indicated this sale should yield an additional several \$100K.
- It is our understanding the IAFF voted on a contract proposal earlier this week. We have contacted their bargaining representatives and are awaiting a report on the specifics of the vote. Negotiations have been completed with the AFSCME and FOP bargaining units and those contract modifications have been approved by the respective memberships and by City Council with major provisions of those contract modifications going into effect November 1. The AFSCME bargaining unit for HPA has also approved their contract modification.

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 the October 24 check-run and provided a response to the City.

- This check-run totals slightly over \$3M. The largest expense is to M&T Bank Trust for approximately \$2.1M or 70% of the total for the police pension payment. It involves the receipt of the State Aid for pensions that were received earlier in October. The next largest payment is to the City Treasurer for \$477K, which includes payments to various insurances including Highmark Blue Shield, Express Scripts and Dental Insurance. The next largest payment was to Marsh USA for approximately \$90K for the initial payment on some of the insurance renewals.
- The City continues to generally be up to date with its payables. The receipt of the State Aid for pensions and the DCED grant for public safety services has greatly improved the cash flow. Payables on hold after this check-run total approximately \$4.5M, which is \$350K lower than payables on the October 10 check-run. Approximately \$1.8M or 40% relate to various debt service obligations and \$1.7M relate to insurances and utilities. The debt service amount has been reduced with the payment to Metro Bank as a result of the receipt of proceeds from the artifact sale. Payments due that are over 60 days total just under \$2M with 99% represented by payments to Sun Trust, Pennsylvania Infrastructure Bank, Capital Area Transit, PPL and City Treasurer for various insurances
- A review of the cash position shows that the City had a cash balance of \$8.25M as of October 17, their highest balance since the spring. The significant increase was due to the receipt of the State Aid for pensions of \$2.6M and DCED grant of approximately \$4.5M both received in early October. Following the October 24 check-run and payroll, the City's cash balance will be slightly over \$4M.
- Though the City's cash flow deteriorated in September with the receipt of the State Aid for pensions and the DCED grant for public safety services has provided a significant cash infusion that should address payables and payroll over the next several months.
- The consummation of the Harrisburg Strong plan and closing on the various elements of the Plan remains a critical element for the City to fulfill all of its obligations thru year-end. We continue our focus heavily on consummating the various deals and are looking at a fallback position that should, with closing on some of those transactions, drift into the early part of 2014 that we are able to deal with critical payments and bridge the gap between the end of 2013 and the early part of 2014. The Receiver's Office is currently exploring several different options and will be advancing comments on those as we move through the next month.

Asset Monetization

- With the confirmation of the Harrisburg Strong Plan, a lot of focus continues on those transactions if they do close by the end of the year. Those documents for the most part are in place. The various elements for the RRF are generally in place. The waste disposal agreement with LCSWMA has been approved by the Harrisburg Authority, City Council and most recently signed by the Mayor.
- Likewise, confirmation of the Plan allows the monetization of the City's parking facilities to move forward with significant effort being focused particularly on the parking transaction over the last several weeks. Since the last meeting, AEW who was to serve as the Asset Manager informed the OTR they made a business decision to withdrawal from the transaction. Their normal business model involves managing liquid assets such as pension investments and other types of liquid assets. The parking transaction

did not really fit their model. The OTR along with Guggenheim are currently talking with several other firms that provide this type of service and anticipate a replacement being identified in the near term. The OTR provided a briefing on the status of the transaction last week at the PEDFA Board meeting. We addressed various questions PEDFA had which related to the AEW decision.

- Another prerequisite of the transaction is action by the Local Government Commission (LGC) on the two Intergovernmental Cooperation agreements that are needed. One is between the City and PEDFA and the second is between the City and DGS. We had filed the agreements with the LGC the beginning of October. At their meeting last week they took action to say that both agreements were consistent with the authority of the municipality to delegate certain responsibilities to State agencies. They provided us with a letter so stating and as part of their review they also provided us with various advisory comments for consideration by the OTR. We are currently reviewing and addressing those comments as appropriate and integrating some of that language into the documents, the asset transfer agreement in particular, but getting through the LGC review process was a significant hurdle that has been accomplished over the last several weeks. Those agreements will now be advanced to the City for the City's action.
- Work likewise continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA as indicated. This is one of the conditions of the \$26M loan from PENNVEST. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues related to the Chesapeake Bay and Clean Water Act requirements. The transfer will consolidate the administrative, operational and financial responsibilities for the water and sewer operation into an operating authority.
- Implementation steps continue as our efforts focus on the timely consummation of the various transactions of the confirmed Plan and the continued implementation of the operational elements of the Plan. The ability to achieve a consensual solution though represents a significant accomplishment. It is a model that can be replicated in other similar situations. Credit goes to the City's creditors - AGM, Dauphin County, Covanta, CIT, AMBAC and others along with the City's bargaining units as well as the Mayor and Council for coming to the table and recognizing the value of a consensual resolution as opposed to costly and time consuming litigation. Mr. Reddig called attention to the Detroit situation as they enter Bankruptcy Court today to determine whether they are even eligible to file for Chapter 9 petition. The City has received much favorable publicity from various financial publications around the country as well as other publications on its ability to reach a consensual solution to its fiscal difficulties. This provides an excellent springboard for the City to move forward with its community and economic development initiatives that will strengthen the City's tax base and provide for a bright and promising future.

Michael Hughes, the Department of Administration's City Tax & Enforcement Officer, provided an update on the Act 47 implementation for the City of Harrisburg.

- Mr. Hughes noted the Administration continues to implement the Harrisburg Strong Plan while working closely with the Office of the Receiver and all plan partners. As major transactions around the City's assets accelerate, so do the administrative and operational activities in support of those transactions.

- On behalf of the Mayor and Chief Operating Officer, the Administration continues to aggressively implement the Harrisburg Strong Plan Initiatives.
- Of the 132 initiatives in the Harrisburg Strong Plan pertaining to the Administration, approximately 45% have been completed to date; 37% are in progress and the remaining 18% are pending actions by other parties beyond the control of the Administration.

The following are some of the highlights of departmental and bureau accomplishments for this reporting period:

- The Department of Administration held a public hearing on October 16 to announce the City of Harrisburg Comprehensive Plan and Economic Development Strategy. As called for in the Harrisburg Strong Plan, this initiative will begin an 18-month process, which will culminate in a comprehensive, housing, zoning, infrastructure and neighborhood-based economic development strategy and plan for the post-recovery of the City. The City anticipates completion of Phase 1 research and Phase 2 current situation analysis by December 31. The remaining five phases of plan development will occur throughout 2014. The scope of work for the planning process has been reviewed and approved by the Office of the Receiver and DCED. The completed plan will be brought to City Council for approval.
- CREDC and Mullin and Lonergan have developed economic development components as part of the City's Comprehensive Plan. These components will also enhance the City's long-term Economic Development Plan.
- A \$4.504M DCED grant to provide public safety services for the period July 1, 2013 to December 31, 2013 to Commonwealth buildings and employees within the City limits was received by the City this month, positively impacting General Fund cash flow for the 4th quarter.
- The Bureau of Human Resources continues to process personnel initiatives pertaining to the transfer of water, sewer and operations and revenue staff to the reorganized Water and Sewer Operational Authority. The Bureau continues to assist those sanitation employees who wish to transfer from the Department of Public Works to Republic Services, the vendor selected to provide sanitation collection and disposal service to the City. Additionally, the Bureau continues to implement contractual changes for AFSCME and FOP City employees.
- The Law Bureau continues to process legal documents around Harrisburg Strong Plan monetization transactions, dealing with complex matters relating to The Harrisburg Authority transfers, incinerator sale, outsourcing of the City's sanitation services and related matters.
- The Department of Public Works continues to implement various initiatives and projects in support of the Harrisburg Strong Plan.
- The Recycling Program has been reviewed and the City will accelerate recycling public educational activities in advance of the February 2014 start of private sanitation

services in the city. It is anticipated that the percentage of city recycled trash will increase significantly over the next two years in compliance with DEP.

- Contract negotiations are nearing completion with Republic Services and a review with City Council. A public announcement of the contract will follow in the near future.
- As called for in The Harrisburg Strong Plan, water and sewer functions, assets and staff will be transferred to The Harrisburg Authority in early November. Water, sewer and sanitation billing, collections and depositing procedures are in process and a shared services fee arrangement has been developed to accommodate the transition through the end of 2013.
- The Public Works Department has located two options for relocating the VMC upon completion of the incinerator sale. A decision will be finalized this week and site preparation will begin immediately thereafter.
- A street light LED study has been completed and final negotiations are underway with Phillips Corporation to provide and install approximately 4,500 LED lights throughout the City. Estimated savings in utility costs is approximately \$400,000 per year and the savings will be used to pay off the estimated \$2.4M upgrade in City lights over approximately 7 years. There will be no out of pocket cost to the City and the Administration will announce more details concerning this project in the near future.

The Department of Administration's Bureau of Financial Management reports the following activities:

- The 2012 audit is progressing on schedule. The Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and related audit reports approximately mid-November.
- The City remains in compliance with its financial reporting obligations to the secondary bond market.
- Development of the City's 3rd Quarter Fiscal Report is underway and will move to City Council by November 14.
- The 2014 Proposed Budget development process continues. Departmental narratives have been distributed for update and revenue projections have been completed. A gap analysis is being developed to determine the difference between known revenues and requested expenditure appropriations before submitting the 2014 Requested Budget to the Mayor and COO for review. The Mayor's proposed 2014 budget will be presented to City Council on November 26.
- The Tax & Enforcement Office continues to implement and enforce revenue-producing initiatives. The penalty and interest rates were increased for the business privilege/mercantile tax, and have already realized a 55% increase in the amount of penalties received for this period as compared with last year.
- The Tax & Enforcement Administrator is working with the Law Bureau to implement a comprehensive tax amnesty program that will incorporate not only the Local Services

Tax but will also include the business privilege/mercantile and amusement taxes. We will be coordinating with the Capital Tax Collection Bureau and Harrisburg School District to properly advertise, coordinate and conduct this amnesty program next year. The City is currently receiving ongoing payments from MuniServices who the City contracted to provide discovery and audit services for mercantile/business privilege and amusement taxes.

- The Bureau of Economic Development is restructuring the Revolving Loan Fund to include new underwriting guidelines and policies as well as targeting MBEs and WBEs as potential borrowers. The Loan Review Committee will meet in early November to complete remaining action steps. The Bureau is advertising for a Deputy Director of Economic Development to assist with the Long Term Economic Development Plan.
- The Bureau of Codes in conjunction with the Bureau of Human Resources will re-commence advertising for two more Code Enforcement Officers. This addition will facilitate and accelerate the demolition of blighted properties.
- The Bureau of Planning has begun working with the Tri County Planning Commission this month to position Harrisburg land use, travel, employment, and congestion and traffic volume projects in the Harrisburg Area Transportation Study, 2040 Regional Transportation Plan.
- The Bureau of Housing, in conjunction with consultants, is developing a comprehensive housing strategy, which will be completed in 2014. The Bureau is reducing blighted properties by working with the Harrisburg Redevelopment Authority (HRA). At the October 15 HRA meeting, the Board of Directors approved the exercise of HRA power of Eminent Domain to acquire the property at 218 South 13th Street, so the blighted property could be reconfigured as a parking facility for a soon to be built pharmacy.
- The City Administration remains committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the government of the City to the benefit of its citizens, workers and visitors.

Mr. Lynch thanked Mr. Hughes and Mr. Reddig for their reports.

Mr. Lynch recognized two long time City servants who are about to retire - Robert Kroboth and Steve Zimmerman. Mr. Lynch thanked them for their service and noted they each served in excess of 20 years.

Committee Comments

Mr. Lynch asked for committee member comments.

Mr. Lighty had no comment.

Mr. Philbin had no comment.

Public Comments

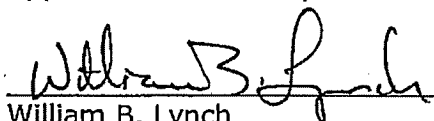
Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, City resident

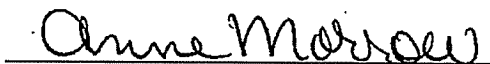
- Mr. Cluck requested to have the Implementation reports that are given at these meetings posted on the Receiver's website subsequent to each meeting and before the minutes are approved at the next meeting due to the importance of these reports and to better educate the public.
 - Mr. Lynch replied he sees no reason why these reports could not be posted to the website subsequent to each meeting.
- Mr. Cluck noted he attended the Comprehensive Plan meeting and thought it was positive. He noted a legal issue has been raised pertaining to the Municipalities Planning Code (MPC), which says, "The governing body shall direct the Planning Agency". Mr. Cluck noted it is clear the governing body is City Council under the MPC but noted the City does not have a Planning Agency. Mr. Cluck asked how this process "legally" is suppose to happen. He noted it is in the Receiver's Plan and the Receiver's Plan directs the Mayor to begin a process to prepare a comprehensive plan and an economic development and housing strategy. Mr. Cluck questioned the inter-relationship and asked if Act 47 preempts the MPC? Mr. Cluck would like to head off any legal challenges that may arise. The fact that City Council has not approved the contract with Mullin & Lonergan may also raise a similar issue.
- Mr. Cluck addressed privatizing and waste collection and reiterated his question from the September 25 meeting as to whether City Council has to approve the contract. He noted the response was that this was a legal question. Mr. Cluck inquired for a legal answer on his question which is - Does City Council have to approve the contract or is the position being taken that the Receiver's Plan requires privatizing, therefore, that preempts the Third Class City Code.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:10 a.m.

Approved this 23rd day of October 2013.



William B. Lynch
Receiver for the City of Harrisburg



Secretary - Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
November 13, 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 (Governor's Appointee)

Anne Morrow (Recording Secretary)

Absent: Mayor Linda Thompson (Robert Philbin, Chief of Staff, attended as Mayor's alternate)

Reports

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:32 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the October 23, 2013 Committee meeting.

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

In Mr. Reddig's absence, Mr. Lynch read Mr. Reddig's report on the update on the implementation of the confirmed Recovery Plan.

Operational Issues

- Over the last 3 weeks, the Receiver's Team has continued working with City Council, the Mayor's Office and others on the further implementation of the various elements of the Harrisburg Strong Plan as confirmed on September 23 by Commonwealth Court. With the election of Eric Papenfuse as Mayor, the OTR is now planning a series of transitional meetings to assist the Mayor-elect in getting up to speed on Strong Plan initiatives.
- Without question, the Strong Plan represents a significant and positive milestone for the City. It sets a new course. One that fully eliminates the debt on the RRF, provides balanced budgets thru at least 2016, provides an ongoing revenue stream from the parking assets and provides needed resources for capital needs and economic development as well as help to address the City's OPEB liabilities.
- The OTR continues work in cooperation with City officials in implementing the various operational related issues that are included in the Harrisburg Strong Plan.

- On the personnel side, the City continues to actively recruit for approximately 65 positions. There have been a number of recent retirements/resignations due to the new contract provisions including several key management positions including Finance Director Bob Kroboth, the Purchasing Manager, Fire Chief and IT Director. Based on the City's recent request approval has been given to fill the Staff Accountant/Analyst position.
- The OTR has also worked with the City to address critical vacancies in the Finance Bureau. Interim arrangements have been made to engage Trout Ebersole & Groff to provide interim financial management assistance through the end of 2013 with the possibility of extending it into early 2014. Maintaining continuity in the Finance Bureau is critical to addressing cash flow, payables and 2014 budget issues.
- Fifteen of the positions being recruited are Fire positions previously approved by the Receiver's Office. A new Eligibility List is being developed. On Oct 2 letters were sent to the 57 candidates who passed the written exam informing them they were eligible to proceed to the next phase of testing - the physical ability test which will be administered on December 7 and 8. Orientation sessions are being held in November to assist candidates in preparing for the physical ability test. The next Fire Academy Class will start March 4, 2013. It's anticipated that the 15 positions will be hired and enroll in the March class.

Materials for a promotional exam have now been developed and notification letters were sent to all eligible fire personnel they may apply for the promotional exam for Battalion Chief, Fire Captain and Fire Lieutenant. Applications are due by November 15 and the exam will be administered on February 12, 2014.

Twenty-six vacancies are for Police Officer and at the request of the City, OTR has approved the filling of 20 Officer positions. Supplemental application materials were mailed to the 216 candidates requesting they complete the application and file by October 21. Human Resource is conducting background checks on the top 35 applicants as part of the development of a new eligibility list. The background reviews are to be completed by November 22. The next Police Academy class starts January 13, 2014. It's anticipated that 8 - 12 candidates will be hired late this year and enroll in the January class.

Due to the transfer of the water and sewer operations to THA on November 4, actions on vacancies in these Bureaus ceased.

Other positions being recruited include a Help Desk/PC Specialist, 2 Codes Officers, Fleet Manager, Sanitation/Recycling Manager, Demolition Specialist, and Deputy Economic Development Director.

- 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 OTR is pleased to report that the 2012 audit has been completed by Maher Duessel and publicly issued on November 8. There was only a minimal delay in its completion due to waiting on responses to certain representation letters. It should be noted that

the City has made tremendous progress in bringing its audits up to date with the completion of the 2009, 2010, 2011 and 2012 audits all within the last 15 months. This is a significant accomplishment and represents a major improvement in the City's financial management operation.

- The Third Quarter Fiscal Report is in the process of being prepared and will be issued by the end of the week.
- The 2014 budget development continues and is on schedule with its completion by the Administration and its submission to Council by November 26. The OTR is providing additional support as needed to insure the budget process remains on track.
- Based on a November 7 meeting of Council to discuss the RFP for sanitation services and to meet with Republic Services, the finalist selected based on the RFP's selection criteria, OTR is suggesting that action on this issue be deferred in the short term. Numerous questions and issues were raised that warrant further review.
- Work also continues to implement the City's various insurance coverages through Marsh USA the selected broker for insurance services. The new brokerage service will result in further cost savings and has been put in place over the last several weeks to coincide with the City's renewal schedule. Health Stop Loss coverage was renewed effective November 1 and experienced only a 2.1% increase. The new contract consolidates insurance coverage for the City and includes property, liability, vehicle, public officials, errors and omissions, workers compensation as well as risk management services.
- The update to the City's Comprehensive Plan is underway following the October 16 kickoff meeting. Mullin & Lonergan Associates, the City's consultant for the Comprehensive Plan and Housing strategy is now in a data collection and research mode that is Phase 1 of the process. The scope of work involves 3 interrelated recommendations of the Harrisburg Strong Plan - 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. M&L will be preparing the Comp Plan and Housing strategy elements. Their work will be coordinated with CREDC who will prepare the Economic Development strategy. The process will take approximately 15-18 months to complete. The scope provides for a strong neighborhood focus involving 6 distinct regions of the City with significant opportunity for public input at various stages.
- The City continues to proceed with implementation of the Fleet Management recommendations. To date \$28,229 has been realized from the disposition of 11 pieces of equipment. This already exceeds the study's estimate of \$18K by about \$10K with an additional 15 pieces of equipment still to be disposed.
- The City has received two payments totaling approximately \$2.1M from the July artifact sale. Following approval by the Court payment has been made to Metro Bank. The next phase of the sale occurred October 8 and 9 in New York City of various paper documents and preliminary estimates indicated this sale should yield an additional several \$100K. We are waiting for a final tabulation from the sale.
- We have received communication from the IAFF on terms for a contract modification that they voted on the week of October 21. The terms of their contract vary from the

City's proposal and additional negotiations with the IAFF are anticipated. Negotiations have been completed with the AFSCME and FOP bargaining units consistent with the cost containment provisions of the confirmed Plan. The agreements have been approved by their respective memberships and Council with major provisions of the contract modifications went into effect on November 1. The AFSCME bargaining unit for HPA has also approved their contract modification.

Fiscal issues - 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 the October 24 check-run and provided a response to the City.
- The November 7 check-run totals \$804,576.41. The largest expense is to the City Treasurer for \$421,801 or 52% for the various health insurances including Highmark Blue Shield, Express Scripts and Dental Insurance. The next largest payment is to Rogele for \$109,067 for paving work. The next largest payment is to Capital Area Transit for \$68,127 (2nd quarter payment).
- The City continues to generally be up to date with its payables. The receipt of the State Aid for pensions and the DCED grant for public safety services greatly improved cash flow in October. Payables on hold after this check-run total \$3,534,092, which is approximately \$1M, lower than payables on the October 23 check-run. This is primarily the result of the payment to Metro Bank. \$1,835,251 or 52% relate to various debt service obligations and \$1,558,066 relate to insurances and utilities. The debt service amount has been reduced with the payment of the Metro Bank loan as a result of the receipt of proceeds from the artifact sale. Those over 60 days total \$1,958,958 with 99% represented by Sun Trust, PA Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for various insurances.
- A review of the cash position shows that the City had a cash balance of \$5,937,057 as of November 1. Following the November 7 check-run and payroll, the City's cash balance will be \$4,009,541.
- The receipt of the State Aid for pensions and the DCED grant for public safety services in October provided a much-needed infusion that should address the most critical payables through the next 6 weeks. Very close attention needs to be paid to vendor obligations between now and year-end to insure adequate resources are available to meet critical needs until the closing on the RRF and Parking transactions.
- The consummation of the Harrisburg Strong plan and closing on the RRF and Parking transactions though is critical for the City to fully meet its obligations through year-end.
- Although our focus is on consummating the transactions by year-end, we are also pursuing cash flow alternatives should the closings drift into early 2014. This is similar to what occurred with cash flow the end of 2012 and early 2013. The OTR has reached out to various financial institutions to discuss a possible TRAN for 2014. In contrast to the last several years, a number of banks have expressed interest in discussing a TRAN and a meeting with them is scheduled for later this week.

- The City is currently in compliance with all financial reporting obligations. The City posted on EMMA related to City's audit not being completed by September 30.

Asset Monetization

- With the confirmation of the Harrisburg Strong Plan, work continues with the finalization of the various documents related to the sale of the RRF facility. Those documents are for the most part in place. Last week the Redevelopment Capital Assistance Grant contract for \$8M was fully executed. The LCSWMA Waste Disposal Agreement has now been approved by both Council and the Mayor.
- Likewise, significant work has continued with the monetization of the City's parking facilities. Numerous meetings and correspondence has occurred with representatives of Harrisburg First, PEDFA, DGS and OTR to work through the Asset Transfer Agreement and other documents that are needed for this transaction. Since the last meeting, Trimont Real Estate Advisors was selected to replace AEW as Asset Manager. Trimont officials made presentation to PEDFA at their October 28 meeting on their background and capacity to serve as Asset Manager. The Local Government Commission approved the two Intergovernmental Cooperation Agreements – one between the City and DGS and the other between the City and PEDFA at their October 16 meeting. The agreements have now been advanced to the City for action.
- Work likewise continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA. November 4 was the transfer date. A shared services agreement between the City and THA will address how the two will coordinate their activities. The transfer is one of the conditions of the \$26M loan from PENNVEST. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues related to the Chesapeake Bay and Clean Water Act requirements. The transfer will consolidate the administrative, operational and financial responsibilities for the water and sewer operation into an operating authority. In addition to PENNVEST's requirement, this 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. The PENNVEST loan is approximately half the amount needed for the upgrade with the balance to be obtained through conventional financing.
- Implementation steps continue as our efforts focus on the timely consummation of the various transactions of the confirmed Plan and the continued implementation of the operational elements of the Plan. The ability to achieve a consensual solution though represents a significant accomplishment. It is a model that can be replicated in other similar situations. Credit goes to the City's creditors – AGM, Dauphin County, Covanta, CIT, AMBAC and others along with the City's bargaining units as well as the Mayor and Council for coming to the table and recognizing the value of a consensual resolution as opposed to costly and time consuming litigation. This is in sharp contrast with what is occurring right now in Detroit as they enter Bankruptcy Court today to determine whether they are even eligible to file for Chapter 9 status. The City has received much favorable publicity from various financial publications and others on the ability to reach a consensual solution to its fiscal difficulties. The consensual resolution of Harrisburg's fiscal difficulties provides an excellent opportunity for the City to move forward with

community and economic development initiatives that will strengthen its tax base and provide for a bright and promising future.

Dr. Brenda Alton, Director of the Department of Parks, Recreation & Enrichment provided an update on the Act 47 implementation for the City of Harrisburg.

- Dr. Alton noted the Administration continues to implement the Harrisburg Strong Plan while working closely with the Office of the Receiver and all plan partners. As major transactions around the City's assets accelerate, so do the administrative and operational activities in support of those transactions.
- On behalf of the Mayor and Chief Operating Officer, the Administration continues to aggressively implement the Harrisburg Strong Plan initiatives.
- Of the 133 Initiatives in the Harrisburg Strong Plan pertaining to the Administration, approximately 46% have been completed to date; 36% are in progress to be completed; and the remaining 18% are pending actions by other parties beyond the control of the administration.

The following are some of the highlights of the Administration Departmental and Bureau accomplishments for this reporting period:

- The Department of Administration has successfully transitioned the Operations and Revenue Bureau and the Department of Public Works - Water and Sewer Bureaus, and to the reorganized Harrisburg Authority as scheduled. Five Operations & Revenue staff, 28 Water, and 29 Sewer employees were transferred, a total of 62 employees. The Administration continues to work closely with the authority to assure the orderly transition of services to city residents.
- The City Law Bureau continues to process legal documents supporting Harrisburg Strong Plan monetization transactions, dealing with complex matters relating to the Harrisburg Authority transfers, the Incinerator sale, the parking transactions and related matters.
- The Department of Administration's Bureau of Human Resources continues to assist city employees involved in various transfers as a result of the Plan. The Bureau continues to implement contractual changes for AFSCME and FOP City employees.
- Fire Inspector class for all Fire Officers is scheduled to start in January 2014. Fire Bureau members are going to start participating with the Fire Inspector for safety inspections when available in the near future. We are also updating our data collection software to better enable documentation of the inspections.
- False alarm fee schedule was adjusted and increases were made by Bill No. 1 of 2013, which was passed by City Council and signed into law by Mayor Thompson on October 23, 2013. This Initiative is completed.
- The Department of Public Works continues to implement various initiatives and projects in support of the Harrisburg Strong Plan.

- The Recycling Program has been reviewed and the City will accelerate recycling public educational activities in advance of the February 2014 start of private sanitation services in the City. It is anticipated that the percentage of recycled City trash will increase significantly over the next two years. Preliminary indications are that the City will greatly improve sanitation efficiency and save taxpayers approximately \$900,000 per year.
- Contract negotiations are nearing completion with the selected vendor and a meeting with City Council will be scheduled to further review the contract before signing. DPW will also prepare a plan "B" cost/benefit analysis and comparison of the contract versus the cost for City improvement to in-house sanitation collection and disposal capabilities.
- The Public Works Department has selected an appropriate site to relocate the City's Vehicle Motor Center upon completion of the Incinerator sale. Operational staff meetings were held and an architect is currently redesigning the property for conversion to meet the DPW specifications. Interviews have been conducted for a Fleet Manager.
- A Street Light LED conversion study has been completed and negotiations are underway with Phillips Corporation, a PA Department of General Services Costar vender, to provide installation services for approximately 4,500 LED lights throughout the City. Estimated savings in utility costs is approximately \$300 - 400,000 per year and the savings will be used to pay off the estimated \$2.4 million upgrade over approximately 7 years. There will be no out of pocket cost to the City.

The Department of Administration's Bureau of Financial Management reports the following activities:

- The 2012 Audit is completed and will be available to the public this week.
- The City remains in compliance with its financial reporting obligations to the secondary bond market.
- Development of the City's 3rd Quarter Fiscal Report is underway and will be brought to City Council by November 14.
- The 2014 Proposed Budget development process continues. Departmental narratives have been distributed for update and revenue projections have been completed. A "Gap Analysis" process is under review now before submitting the 2014 Requested Budget to the Mayor for review. The Mayor's Proposed 2014 will be presented to City Council on November 26.
- The Department of Administration City Tax & Enforcement Office continues to implement and enforce the revenue producing initiatives related to this office. Penalty and interest rates were increased for the business privilege/mercantile tax, and the City realized a 55% increase in the amount of penalty received for this period of the current year as compared with last year.
- The Tax & Enforcement administrator is working with the Law Bureau to implement a comprehensive tax amnesty program that will incorporate not only the Local Services

Tax, but will include the business privilege/mercantile and amusement taxes. The City will coordinate with the Capital Tax Collection Bureau and the School District of Harrisburg to advertise, coordinate and conduct this amnesty program next year.

- The City is currently receiving ongoing payments from MuniServices who the City contracted to provide discovery and audit services for mercantile/business privilege and amusement taxes.
- The Bureau of Economic Development has restructured the Revolving Loan Fund to include a Loan Review Committee, new underwriting guidelines and policies as well as targeting MBEs and WBEs as potential borrowers. It is not anticipated that loans will be issued before December 31. The Bureau continues to advertise for a Deputy Director of Economic Development to assist with the Long Term Economic Development Plan.
- CREDC and Mullin and Lonergan continue to develop preliminary research and Economic Development components as part of the City's Comprehensive Plan.
- The Bureau of Codes in conjunction with the Bureau of Human Resources continues to advertise for two Code Enforcement Officers. The addition of two Code Enforcement Officers will facilitate and accelerate the demolition of blighted properties.
- The Bureau of Planning is working with the Tri County Planning Commission to develop Harrisburg land use, travel, employment and traffic and congestion projects in the Harrisburg Area Transportation Study, 2040 Regional Transportation Plan.
- The City Administration remains committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the government of the City of Harrisburg to the benefit of its citizens, workers and visitors.

Mr. Lynch thanked Dr. Alton for her report.

Committee Comments

Mr. Lynch asked for committee member comments.

Council President Williams asked Mr. Philbin if the Department of Public Welfare prepared and completed a Plan B Cost Benefit Analysis.

- Mr. Philbin replied the Cost Benefit Analysis would take approximately two weeks before completion. City Council will then make their analysis between outsourcing verses the investment to expand out to other services in the City.

Council President Williams inquired on the status of a Fleet Manager.

- Mr. Philbin replied a couple of interviews have been completed and one is scheduled. After which, a decision and offer will be made.

Council President Williams noted the City has been trying to hire two Codes Officers and Inquired on the status.

- Mr. Hagerich noted that with the elimination of the City residency it is hopeful this will bring more applicants that are qualified. This position will be advertised again in the next 2 – 3 weeks.

Council President Williams asked Mr. Philbin if the contract for Mullin & Lonergan was submitted to City Council.

- Mr. Philbin noted the contract has not been completed but a conference call is scheduled for today. Mr. Philbin will check with the City Solicitor on the status of the process regarding a completed contract.

Council President Williams asked Mr. Philbin to keep her updated on the status of this contract.

Council President Williams inquired if the positions for Sewer and Water have been transitioned over to THA.

- Dr. Alton noted these positions have transitioned.

Council President Williams inquired on the status of the parking employees and noted she understands that 50% of the employees would not be transitioning over to Standard Parking. She also asked for a status update on the union.

- Mr. Philbin said he would provide her with an update on both.

Mr. Lighty had no comment.

Mr. Hill acknowledged the progress with the completion of the 2012 audit and particularly the progress with the implementation of the Plan. He presumes the community recognition helped the banks interest in offering a TRAN for next year. These are all positive signs on both the fiscal outlook for the City as well as the commitment of leadership of the City in the Mayor's Office, City Council and others in getting the Plan accomplished.

Mr. Lynch noted that a year ago banks would not even return our phone calls. This year four banks are interested and a meeting is scheduled tomorrow. We are not sure if we will pursue this direction but it is nice to have that option. Various institutions for the funding of the sewage treatment plant have also approached THA. This is all very positive.

Mr. Philbin noted as the natural transition occurs between Administrations and the natural cycle of retirement occurs within the City that the Administration and members of the Administration staff remain focused and dedicated on their mission to year-end.

Mr. Lynch agreed that this is a significant leadership challenge to keep people focused on jobs and on the future in times of change. Meetings are scheduled with the Mayor-elect. We will provide updates on where we are and get his direction as well.

Public Comments

Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, City resident

- Mr. Cluck congratulated the City on the completion of the audit and City Council for completing the parking, water and sewer deals. He also thanked the Receiver's Office and Mr. Reddig for assisting with the Host Municipality Benefit Fee and its utilization to help with the Green Belt with the very important project to stop erosion and sedimentation along the Paxtang Creek.
- Mr. Cluck noted he wasn't sure if the Advisory Committee is aware or received copies of communication, however, the Harrisburg Planning Commission passed a motion at its last meeting critical of the process for the comprehensive plan. Specifically, noting that it was unlawful that the Municipalities Planning Code requires the Planning Commission to be the instigator in the process not to criticize the work that has been done with the selection but the legal process needs to be done correctly or its subject to challenge in court whenever that occurs.
- Mr. Cluck noted for a couple meetings now that a street light LED conversion study has been completed. His understanding is that there are no public documents available pertaining to this initiative. He inquired on the process, asked if the City believes that Phillips is the sole source LED light supplier, and noted that this is not true. There are multiple company's that would like to compete for conversion of the City street light system to LED, solar or whatever. Mr. Cluck inquired if City Council is going to be involved in this process. He asked that the City provide more detail than what is in the City's report.
- Mr. Cluck also reported that he has read in the newspaper a couple letters to the Editor complaining about commercial trash rates. Mr. Cluck noted he also has been contacted by downtown businesses. He said some office buildings on State Street have had significant increases in their trash collection and disposal without any notice. Mr. Cluck noted he understands what City Council did a few weeks ago trying to deal with containers and the frequency of pickup and changing the methodology on how they calculate rates based on a container being full. Mr. Cluck is talking about people who put garbage cans out in front of their office and are getting \$50 a month increases. He noted people are going to leave the City as the utility rates and trash rates increase. He was told that City Council was going to have a public hearing through the Public Works Committee; however, that topic did not come up on the 7th and apparently is not on the agenda for this evening. Mr. Cluck is bringing this issue to the public's attention and Advisory Committee's attention that there are some really upset businesses. Fifty dollars a month for no reason is a lot of money.
- Mr. Cluck noted the work being done with economic development will go down the drain if residents and businesses cannot afford to buy insurance because their flood insurance premiums are tripling. Mississippi, Florida, Oregon and Massachusetts have all filed lawsuits to stop the implementation of the 2012 Biggert-Watkins National Flood Insurance Act. Legislation has been introduced by Maxine Waters, the sponsor of the Bill, with 95 co-sponsors. That would delay the implementation and the rate increase for another 4

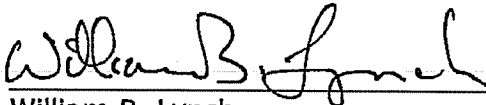
years. A reporter is investigating this to write a story but the Governor's Office will not return the phone calls. Harris County, Texas, did an economic impact study on the loss in property value and the loss in consumer spending power is in the "billions" in Houston, Texas. What is the impact on Pennsylvania not just Harrisburg but the whole state that has the largest number of rivers and streams in the country with the most floods than any state in the country. Mr. Cluck said he is not reading about it and he is not hearing about it. He asked the Advisory Committee to consider a resolution calling on the Federal Government to delay the implementation of these rate changes and the National Flood Insurance Program. At a minimum, he asked that we communicate to the Governor's Office our concerns on the impact of the City of Harrisburg economic development and recovery and suggest that they or DCED do an economic impact study to determine the impact on eliminating the Federal subsidy for flood insurance. He also encouraged residents to call their Congressman.

Mr. Lewis Butts, City resident

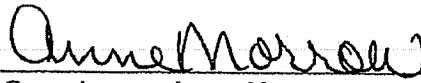
- Mr. Butts attended the meeting to talk about blight issues in Harrisburg. He noted there are several State-owned buildings off of State Street bridge that are dilapidated and deteriorating adding to the blight of the City. He inquired if the State does not want to take care of them or take responsibility of these blight properties could the State give them to the City. The State should make this priority and make sure the buildings they own are compliant with applicable standards.
- Mr. Butts also noted that with CREDC being on the Economic Development Planning Team there is some distaste on how CREDC views the citizens of Harrisburg as well as their leaders. Mr. Butts asked that the City hesitate and look at other economic development company's within the City's region regarding the future planning for the City.
 - Mr. Lynch asked Mr. Butts to provide him with the specifics after the meeting.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:19 a.m.

Approved this 13th day of November 2013.



William B. Lynch
Receiver for the City of Harrisburg



Secretary - Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
December 11, 2013
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners
Doug Hill, County Commissioners Association of Pennsylvania (Governor's
Appointee)

Anne Morrow (Recording Secretary)

Absent: Mayor Linda Thompson (Robert Philbin, Chief of Staff, attended as Mayor's
alternate)
Wanda Williams, City Council President

Prior to the start of the meeting, Mr. Lynch respectfully recognized that Council President Williams was not in attendance due to the recent tragedy her and her family had suffered. We all share in their grief and at times like this words are always insufficient. We hope it helps just a little for our friend, Wanda, to know that she and her family are in our thoughts and prayers. A moment of silence was observed.

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 November 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 Harrisburg Strong Plan.

Operational Issues

- Since the November 13 meeting the Receiver's Team has continued working with City Council, the Mayor's office and others on the further implementation of the various elements of the Harrisburg Strong Plan as confirmed on September 23 by Commonwealth Court. Considerable focus and effort has been placed on the various activities related to the consummation of both the Resource Recovery Facility and the parking monetization, which will be covered a bit later in this report.

- With the election of Eric Papenfuse as Mayor, the OTR has engaged with the Mayor-elect and his team in a series of transitional meetings to bring the Mayor-elect up to speed with the range of activities the OTR is engaged in and to review the support that the OTR has and will continue to provide on the further implementation of the Strong Plan initiatives. Our goal is to assist in making the transition as smooth as possible.
- The OTR continues work in cooperation with City officials in implementing the various operational related issues that are included in the Harrisburg Strong Plan.
- Personnel - City continues to actively recruit for approximately 67 positions. There continue to be a number of retirements and resignations across various departments that are occurring and have occurred over the last several months and that will continue thru the end of the year. There have also been a number of key management positions vacated including Finance Director Bob Kroboth, HR Director Deb Felker, the Purchasing Manager, Fire Chief and IT Director.
- The OTR has worked with the City to address critical vacancies in the Finance Bureau. Interim arrangements have been made to engage Trout Ebersole & Groff to provide interim financial management assistance through the end of 2013 and possibly extending into early 2014. The OTR also provided approval to the City to fill the Staff Accountant/Analyst position and recruitment is underway. Maintaining continuity in the Finance Bureau is critical to addressing cash flow, payables and 2014 budget issues.
- Fifteen of the positions being recruited are Fire positions previously approved by the Receiver's Office. A new Eligibility List is being developed. The physical ability test was administered on December 7 and 8 to the 57 candidates who passed the written exam. Orientation sessions were held in November to assist candidates in preparing for the physical ability test. The next Fire Academy Class starts March 4, 2014. It's anticipated the 15 positions will be hired and enroll in the March class. Materials for a promotional exam have also been developed and notification letters were sent to all eligible fire personnel that they may apply for the promotional exam for Battalion Chief, Fire Captain and Fire Lt. Applications were due November 15 and the exam will be administered on February 12, 2014.
- Twenty-six vacancies are for Police Officer and at the request of the City, the OTR has approved filling of 20 Officer Positions. Background reviews were completed by November 22 on the top 35 candidates on the Qualified Eligibility List. Of the 35 candidates, 11 withdrew during this phase of the process and 7 were disqualified as a result of the background review. The remaining 17 are being scheduled for pre-employment interviews, which are to be held December 11, 12 and 16. The next Police Academy class starts January 13, 2014. It's anticipated that 8-12 candidates will be hired by the end of the year to enroll in the January class.
- Promotional exam materials have also been made available to all eligible police personnel for the positions of Lieutenant, Sergeant and Corporal. The promotional exam and oral interview will be administered for these positions January 25, 2014.
- Due to the transfer of the water and sewer operations to THA on November 4, actions related to vacancies in these Bureaus ceased. Other positions being recruited include a

Help Desk/PC Specialist, 2 Codes Officers, Fleet Manager, Sanitation/Recycling Manager, Demolition Specialist, and Deputy Economic Development Director.

- Now that the City's 2012 audit has been released and the City's audits are up to date, a significant impediment to financings by not only the City but also THA has been removed. It should be noted that the City has made tremendous progress over the last 15 months in bringing its audits up to date with the completion of the 2009, 2010, 2011 and 2012 audits. It's now almost time to begin work on the 2013 audit.
- The OTR has assisted the Administration with 2014 budget development issues and the Mayor's proposed budget was submitted to Council on November 26. Council is now going through its review of the budget with final adoption scheduled for later this month.
- Based on a November 7 meeting of Council to discuss the RFP for sanitation services and to meet with Republic Services, the finalist selected based on the RFP's selection criteria, the process has been halted. The numerous questions raised at that meeting warrant further review and consideration. Although implementation was initially planned for early 2014, the OTR would like to further discuss the sanitation services issue with the new Administration and Council and resolve these issues prior to proceeding further. On November 27, Chief Operating Officer Bob Philbin provided Council and others with a summary of the current status of the RFP process and identified 3 courses of action.
 1. Approve the current RFP-selected vendor
 2. Re-bid the vendor selection process
 3. Upgrade DPW staff and equipment capabilities

Those options will be given further consideration as we move forward.

- Work has also continued to implement the City's insurance policies through Marsh USA, the selected broker for insurance services. The new brokerage service will result in further cost savings and has been put in place over the last month to coincide with the City's renewal schedule. The new contract consolidates insurance coverage for the City to include property, liability, vehicle, public officials, errors and omissions, workers compensation insurances as well as risk management services.
- The update to the City's Comprehensive Plan has been placed on hold at this time. Several questions have arisen with respect to the process and the role of the Planning Commission. The development of a solid economic development and housing strategy are vital to the City's recovery. Mullin & Lonergan Associates work to date has only involved initial data collection that is part of the Phase 1 process. The scope for the review includes 3 interrelated recommendations that are elements of the Harrisburg Strong Plan – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. It is anticipated that the process will take approximately 15-18 months to complete. With the scope providing for a strong neighborhood focus involving 6 distinct regions of the City and the significant opportunity for public input at various stages of the process. This matter is also being discussed with the new Administration and look to restart that process early in the coming Administration.

- The City continues to proceed with implementation of the Fleet Management recommendations. To date \$28,229 has been realized from the disposition of 11 pieces of equipment. This already exceeds the study's estimate of \$18K provided in the study with an additional 15 pieces of equipment still to be disposed.
- The City has received payments totaling approximately \$2.1M from the July auction of various Wild West artifacts. Payment of this amount has been made to Metro Bank following the Court's approval for the use of the proceeds. The second phase of the sale occurred in October in New York City. This involved various paper documents and estimates provided by the auction house indicated the sale yielded an additional approximately \$300K. Receipt of the funds has been delayed slightly due to challenges on some of the sales. However, it is anticipated that funds will be received by the City before the end of the year for the remaining proceeds from the sale.
- We have continued communication with the IAFF on terms for a contract modification. Ongoing discussions have been taking place. There is a remaining issue that we are trying to resolve relieve to the pension proposal. We have been in discussion with PMRS (Pennsylvania Municipal Retirement System) that administrators the fire pension program for the City to try to resolve this issue. It is anticipated a vote by the firefighter's union will be occurring prior to the end of the year.

Fiscal issues - 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 November 21 and December 5 check-runs and provided a response to the City.
- The November 21 run totaled \$1.5M though this run included the payment of \$338K to HPA for the 3rd quarter parking tax payment. At the recommendation of the OTR, this payment has been held until the parking monetization closes. We were in contact with HPA's Executive Director to discuss this matter and he agreed that the payment could be held until the closing on the parking transaction. Beyond that payment, the largest expense on the November 21 check-run was to Marsh USA for almost \$650K for various insurance policy renewals and to the City Treasurer for \$361K for the various health insurances.
- The December 5 check-run totaled \$891K with the largest payment to the City Treasurer for \$552K (62%) for various Insurances including Highmark Blue Shield, Express Scripts and Dental Insurance. The next largest payment was to PPL for \$195K for electrical services. However, with the recommendation of the OTR, only the August and September invoices totaling approximately \$62K were paid in an effort to conserve cash as we move through the month of December and until we reach Plan consummation.
- The City continues to generally be up to date with its payables. The receipt of the state aid for pensions and the DCED grant for public safety services along with the holding of the parking tax payment has greatly improved cash flow during the October and November time periods. Payables on hold after the December 5 check-run total \$2.7M, which is approximately \$800K lower than payables on the November 7 check-run. Of this amount approximately 68% relate to various debt service obligations and another

21% relate to insurances and utilities. The debt service amount has been reduced with the payment to the Metro Bank as a result of the artifact sale. Obligations over 60 days total \$2.1M with 99% represented by payments to Sun Trust, PA Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for various insurances.

- A review of the cash position shows that the City had a cash balance of \$4.5M as of November 27. Following the December 5 check-run and payroll, the City's cash balance will be just under \$2.6M. We feel that amount should be adequate to handle the upcoming check-run and payroll that will be processed next week. We are asking that the City closely monitor payables being advanced for payment and we will be reviewing very closely payables for next week's check-run at the end of this week.
- The consummation of the Harrisburg Strong Plan and closing on the RRF and parking transactions though are critical for the City to fully meet its obligations through year-end.
- Although our focus is on consummating the transactions by year-end, we are also pursuing cash flow alternatives should the closings drift into early 2014. This is similar to what occurred with cash flow the end of 2012 into early 2013. The OTR met with various financial institutions to discuss a possible TRAN for 2014 during the month of November. Upon receiving a positive response from the institutions, an RFP was issued with responses due on December 20.
- The City continues to be in compliance with all financial reporting obligations. The City posted on EMMA notices related to the non-payment of RRF bonds that were due December 1. It also posted in mid-November the information relative to the release of the 2012 audit.

Asset Monetization

- All documents including the waste disposal agreement with the City and other documents related to the sale of the RRF were finalized and that issue has gone into the marketplace. Yesterday, LCSWMA (Lancaster County Solid Waste Management Authority) experienced a very successful day in the bond market. These bonds were well received and the bond purchase agreement is expected to be signed today. We expect the purchase price for the RRF bonds to be just shy of \$130M, which is slightly above the Strong Plan's estimate.
- Likewise, significant work has continued with the monetization of the City's parking facilities. Numerous meetings and correspondence occurred with representatives of Harrisburg First, PEDFA, DGS and the OTR to work through the Asset Transfer agreement, Preliminary Offering Statement and other documents that are needed for this transaction. PEDFA took action at their meeting last Wednesday, December 4, to approve financing for the \$287M transaction. This paved the way for the issue to move into the marketplace. The Preliminary Offering Statement was issued on December 5. Presentation to investors is happening today with the bonds to be priced early next week and closing to occur on December 23. Simultaneous closing on the two deals is critical, as the outstanding RRF bonds must be retired as a condition for the RRF sale.

- Work likewise continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA. November 4 was the transfer date although there are still a number of transitional issues that need to be worked through and this will be occurring as we move through the coming months. A shared services agreement between the City and THA is in place to address the relationship and responsibilities of both the City and THA. The transfer was one of the conditions of the \$26M loan received from PENNVEST. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues related to both the Chesapeake Bay and Clean Water Act requirements. The transfer that has occurred will consolidate the administrative, operational and financial responsibilities for the water and sewer operation into THA, as an operating authority.
- Our efforts over the last month have focused extensively on the timely consummation of the various transactions that are part of the confirmed Plan. We have also worked simultaneously to continue implementation of various operational elements of the Plan and to work with the incoming Administration on various transitional issues. This work will continue in the coming weeks. The ability to achieve a consensual solution represents a significant accomplishment and is a model that can be replicated in other similar situations. Credit goes to the City's creditors – AGM, Dauphin County, Covanta as well as to the Mayor and City Council for coming to the table and recognizing the value of a consensual resolution as opposed to time consuming and costly litigation. This is in sharp contrast with what is occurring in Detroit as they proceed through the initial steps and the uncertainty of the Federal Bankruptcy process. Harrisburg has received much favorable publicity from various financial publications and others on the ability to reach a consensual solution to its fiscal difficulties. We view this as an excellent opportunity for the City as it moves forward with community and economic development initiatives that will strengthen its tax base and provide for a bright and promising future for the City.

Mr. Lynch thanked Mr. Reddig for his excellent, comprehensive and very thorough report.

Mr. Lynch noted a few of the significant highlights to the monetization's:

1. The action by the PEDFA Board of Directors and
2. The RRF bonds were underwritten yesterday and the value came in very close to exactly what our financial advisor predicted. This bodes well for the parking transaction bonds, which will go on the market next week.

Mr. Lynch asked Deputy Solicitor Carlesha Halkias to provide an update on the Act 47 implementation for the City of Harrisburg.

- Ms. Halkias noted the City Administration and operational activities continue to accelerate providing operational support to all monetization's as each unfolds.
- On behalf of Mayor Thompson and Chief Operating Officer, the Administration continues to aggressively implement the Harrisburg Strong Plan initiatives and coordinate with all parties involved in the recovery process.

- Of the 133 initiatives in the Harrisburg Strong Plan pertaining to the Administration, approximately 50% have been completed to date; 34% are in progress and the remaining 16% are pending actions by other parties beyond the control of the Administration.

The following are some of the highlights of the Administration Departmental and Bureau accomplishments:

- The Department of Administration has successfully transitioned the Operations & Revenue Bureau and Department of Public Works Water and Sewer Bureau staff to the reorganized Harrisburg Authority as scheduled.
- The transition was completed on time on November 4 and the remaining services and fees called for in the Share Services Agreement have been provided to THA and billed in accordance with that agreement.
- To date, the City has invoiced THA a total of \$212,075.45 in shared service fees under the agreement and received payment of \$55,923.15.
- The Proposed 2014 Budget was introduced to City Council on November 26. The Proposed Budget was reviewed in detail with the Council Finance Committee on December 3 and a final Council vote is expected on December 17, at the next Legislative Session.
- The Administration continues to work closely with Mayor-Elect Papenfuse's transition team to provide assistance in the review of City department operations and programs and in preparation for the 2014 Budget Re-Opening in January.
- The coordination of operational activities between Standard Parking, Bureau of Police and the Bureau of Information Technology is underway to assure the efficient integration of parking-related IT and enforcement services in support of the transitioning parking operations. As the process proceeds, it will impact the parking enforcement staffing levels and the 2014 Re-opened Budget.
- The Law Bureau continues to process legal documents supporting Harrisburg Strong Plan monetization transactions, dealing with complex matters relating to THA transfers, the incinerator sale, parking transactions and related matters.
- The Law Bureau will conduct the SEC-required Municipal Security training for applicable City employees on December 13.
- The Bureau of Human Resources continues to assist City employees involved in various transfers as a result of the Harrisburg Strong Plan. HR continues to implement contractual changes for AFSCME and FOP City employees and to process end of administration retirements and separations.
- The Department of Public Works continues to implement various initiatives and projects in support of the Harrisburg Strong Plan.

- The Recycling Program and upgrading of sanitation services has been placed on hold pending further actions by City Council. A report of Sanitation Service Options, as reported by Mr. Reddig, outlined cost-benefits and an implementation timeline developed by the Administration and delivered to City Council on November 27. The estimated cost savings is approximately \$900K but will most likely not occur in 2014 as planned. Action is required by City Council.
- The DPW has selected an appropriate site to relocate the City's Vehicle Motor Center upon completion of the Incinerator transaction. The new site will be identified as the Public Works Center. Operational staff meetings were held and an architect is currently redesigning the property for conversion to meet the DPW specifications. The cancellation of the sanitation RFP process by City Council has necessitated the expansion of the vehicle maintenance footprint at the new location to include trash vehicle maintenance.
- Interviews have been conducted for a Fleet Manager to oversee this transition and manage the City's Vehicle Maintenance Center. A candidate has been selected and is currently being processed by HR. The facility move date is approximately March 1, 2014.
- The City's LED street light conversion has been cancelled. The estimated savings in utility costs of approximately \$400K per year will not be realized in 2014.
- The development of the City's Comprehensive Plan update and Economic Development strategy as called for the Harrisburg Strong Plan has been placed on hold as well, pending further action by the City Planning Commission and City Council.
- The City Tax & Enforcement Office continues to implement and enforce the revenue producing initiatives related to this office. Penalty and interest rates were increased for the business privilege/mercantile tax, and the City realized a 55% increase in the amount of penalty received for this period in 2013 as compared to last year.
- The Tax & Enforcement administrator is working with the Law Bureau to implement a comprehensive tax amnesty program that will incorporate not only the Local Services Tax, but will include the business privilege/mercantile and amusement taxes. The City will coordinate with the Capital Tax Collection Bureau and the School District of Harrisburg to advertise, coordinate and conduct this amnesty program next year.
- The City is currently receiving ongoing payments from MuniServices, who the City contracted to provide discovery and audit services for mercantile/business privilege and amusement taxes.
- The Bureau of Economic Development has restructured the Revolving Loan Fund to include a Loan Review Committee, new underwriting guidelines and policies as well as targeting MBEs and WBEs as potential borrowers.
- It is not anticipated that loans will be issued before December 31. The Bureau of Economic Development continues to advertise for a Deputy Director of Economic Development to assist with the Long-Term Economic Development Plan.

- The Bureau of Planning is working with the Tri-County Planning Commission to develop Harrisburg land use, travel, employment and traffic and congestion projects that are part of the Harrisburg Area Transportation Study, 2040 Regional Transportation Plan.
- The City Administration remains committed to the operational implementation of the Harrisburg Strong Plan as it shapes the government of the City of Harrisburg to the benefit of its citizens, workers, and visitors.

Mr. Lynch thanked Ms. Halkias for her report.

Committee Comments

Mr. Lynch asked for committee member comments.

Mr. Lighty had no comments.

Mr. Hill noted the LED project has been cancelled and understands the sole source is being questioned. He inquired if this project will be revisited in the coming year?

- Ms. Halkias replied that this Administration feels it is appropriate to allow the new Administration to take the lead on this project and she is unaware what the new Administration intends to do.

Mr. Philbin noted the Administration is more and more engaged in the transitional process. Everything from the Administration side is progressing smoothly.

Mr. Lynch added this is a challenging time for all and a significant challenge in leadership for a period of time. Mr. Lynch commended the City Administration for sticking with the Plan and doing their job as we move forward and go through this period of change. He noted the transition is working well and transitional meetings have taken place with the new Administration. This has been time well spent and appreciates everyone's efforts as we continue to move forward.

Mr. Lynch asked if there were any public comments.

Mr. Lewis Butts, a resident of the City of Harrisburg

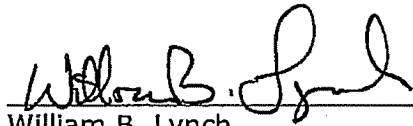
- At the last meeting, Mr. Butts briefed us on 4 properties on three tracks of land - 1100 State Street and 1151 North Street, these are PENNDOT buildings. Mr. Butts is scheduling a meeting with the Department of General Services in January. He noted these buildings were environmental laboratories for PENNDOT to test the porosity of surfaces. It is uncertain at this time what the State would like to do with the properties; however, Mr. Butts would rather have them remain environmental laboratories for either the City or State to work on the environmental issues regarding clean water, clean air and studies on brownfield zones. If the ownership of these buildings continues with the State, he believes the laboratories can be used as an educational platform as well as for our educational system. The State must take responsibility of these dilapidated and deteriorating buildings within the City. He would like to see all parties work together, the City and State along with the Receivership, to

make sure these buildings are used appropriately. Mr. Butts is Secretary of EAC and feels this is a good project for them to work on. He will submit a full report after his meeting with DGS in January.

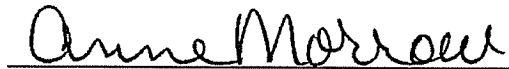
Mr. Lynch noted he appreciates Mr. Butts interest and asked that he let the committee know if they can assist with this matter in any way.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:09 a.m.

Approved this 11th day of December 2013.



William B. Lynch
Receiver for the City of Harrisburg



Secretary - Anne Morrow

CITY OF HARRISBURG

CASH FLOW

City of Harrisburg
2014 Cash Flow

Cash Summary

	Projected Jan	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected June	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	1/14/2014 4:51 PM Total
Unrestricted Cash Balance Beginning of Month	4,372,835	1,927,683	5,275,484	7,232,628	5,541,956	7,809,167	7,040,025	5,078,606	3,970,189	1,213,425	4,014,582	1,891,435	
Surplus/(Deficit)	-513,187	2,568,201	2,914,545	-1,733,272	2,224,611	-811,742	-2,004,019	-2,151,017	-3,799,363	3,769,756	-1,665,746	1,405,647	
Change in Balance Sheet	-1,931,965	779,600	-957,400	42,600	42,600	42,600	42,600	1,042,600	1,042,600	-968,599	-457,400	242,600	
Unrestricted Cash Balance End of Month	1,927,683	5,275,484	7,232,628	5,541,956	7,809,167	7,040,025	5,078,606	3,970,189	1,213,425	4,014,582	1,891,435	3,539,683	

Revenues, Expenditures, Surplus/(Deficit)

Revenues without Transfers	2,464,456	5,433,606	12,630,443	4,093,367	4,490,044	2,108,737	1,956,272	3,091,513	1,923,030	5,563,472	2,338,779	4,499,766	50,593,484
Capital Fire Protection	0	0	0	0	0	0	0	496,000	0	0	0	0	496,000
Sanitation Utility Fund	0	0	460,000	0	0	0	0	0	460,000	0	0	1,746,063	2,666,063
Landfill/Incin Utility Fund	0	0	0	0	0	0	0	0	0	0	0	193,386	193,386
Sewerage Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Water Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Prk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	500,000	500,000
Transfers from Other Funds	519,830	0	0	0	0	0	0	0	0	4,504,000	0	0	5,023,830
Total Revenues	2,984,285	5,433,606	13,090,443	4,093,367	4,490,044	2,108,737	1,956,272	3,587,513	2,383,030	10,067,472	2,338,779	6,939,215	59,472,762
Expenditures without Debt Service	3,325,799	2,865,405	5,208,156	3,793,292	2,265,433	2,920,479	3,960,290	5,738,530	3,182,393	6,126,043	4,004,525	5,533,567	48,923,913
Suburban Payment	0	0	0	1,510,000	0	0	0	0	0	0	0	0	1,510,000
Debt Service	171,674	0	4,967,742	523,348	0	0	0	0	3,000,000	171,674	0	0	8,834,437
Total Expenditures	3,497,472	2,865,405	10,175,898	5,826,639	2,265,433	2,920,479	3,960,290	5,738,530	6,182,393	6,297,717	4,004,525	5,533,567	59,268,350
Operating Surplus/(Deficit)	-513,187	2,568,201	2,914,545	-1,733,272	2,224,611	-811,742	-2,004,019	-2,151,017	-3,799,363	3,769,756	-1,665,746	1,405,647	204,413

Section III - Changes in Balance Sheet Affecting Cash

Prepaid Expenses	42,600	42,600	42,600	42,600	42,600	42,600	42,600	42,600	42,600	-468,599	42,600	42,600	
Accounts Payable	-1,974,565	737,000	-1,000,000	0	0	0	0	1,000,000	1,000,000	-500,000	-500,000	200,000	
Other Balance Sheet Changes	0	0	0	0	0	0	0	0	0	0	0	0	
Total Balance Sheet Changes	-1,931,965	779,600	-957,400	42,600	42,600	42,600	42,600	1,042,600	1,042,600	-968,599	-457,400	242,600	

Accounts Payable

Accounts Payable Beginning of Month	-2,737,565	-763,000	-1,500,000	-500,000	-500,000	-500,000	-500,000	-500,000	-1,500,000	-2,500,000	-2,000,000	-1,500,000	
Accounts Payable End of Month	-763,000	-1,500,000	-500,000	-500,000	-500,000	-500,000	-500,000	-1,500,000	-2,500,000	-2,000,000	-1,500,000	-1,700,000	
Change in Accounts Payable	-1,974,565	737,000	-1,000,000	0	0	0	0	1,000,000	1,000,000	-500,000	-500,000	200,000	

ASSET MONETIZATION SUMMARIES/STATUS

Harrisburg Parking and Incinerator – Public Offering and Pricing of Bonds

The following is an updated summary of progress made with respect to the long-term capital lease of the City of Harrisburg's parking assets from the City and The Harrisburg Parking Authority (HPA) to the Pennsylvania Economic Development Financing Authority (PEDFA) and the sale of the incinerator from The Harrisburg Authority to Lancaster County Solid Waste Management Authority (LCSWMA).

The LCSWMA tax-exempt bonds were offered to the public pursuant to offering documents known as Preliminary Official Statements, dated November 22, 2013. These bonds were priced – meaning final interest rates at which they would be sold were agreed upon, on December 9, 2013 (retail sales) and December 10, 2013 (institutional sales). At the time of filing of the Strong Plan, it was estimated that under prevailing market conditions, the incinerator could generate net sale proceeds of between \$126 million and \$132 million. The final net sale proceeds available based upon the final interest rates at which the bonds were sold was \$129.9 million.

The PEDFA tax-exempt bonds were being issued to pay the acquisition price for the capital lease. These bonds were offered to the public pursuant to an offering document known as a Preliminary Official Statement, dated December 5, 2013, as amended. These bonds were priced December 13, 2013 (retail sales), December 16, 2013 (retail sales) and December 17, 2013 (institutional sales). At the time of filing of the Strong Plan, it was estimated that under prevailing market conditions, the parking monetization would generate net lease acquisition proceeds of between \$258 million and \$268 million. The final net sale proceeds paid was \$267 million.

Harrisburg Parking and Incinerator – Closing on Bonds and Funding of Plan

Pre-closing involved finalizing all documents and having execution copies signed and delivered to the respective closing tables. Three locations were simultaneously used to close on the bonds – Harrisburg, Lancaster and Philadelphia. Professionals worked through the week and the weekend with the goal of closing on both bond issues on December 23, 2013. The transaction documents were comprised of about 12 feet of documents, and the closing required over fifty separate signing entities. The closing also required more than 50 wire transfers of funds, many of which had to be sent in a particular sequence in order to resolve creditor disputes and pay off the incinerator bonds and Harrisburg Parking Authority bonds.

There were approximately 53 professional firms involved in the closings including law firms, rating agencies, and title companies. In addition, a dozen public agencies or government entities were involved and cooperated in achieving the goal of closing on these financings. Public agencies that were involved, of course, included the City of Harrisburg and Dauphin County, along with: The Harrisburg Authority, Harrisburg Parking Authority, Lancaster County Solid Waste Management Authority, Pennsylvania Economic Development Financing Authority, Pennsylvania Department of Community and Economic Development, Pennsylvania Department of General Services, Pennsylvania Treasury Department, the Governor's Office of

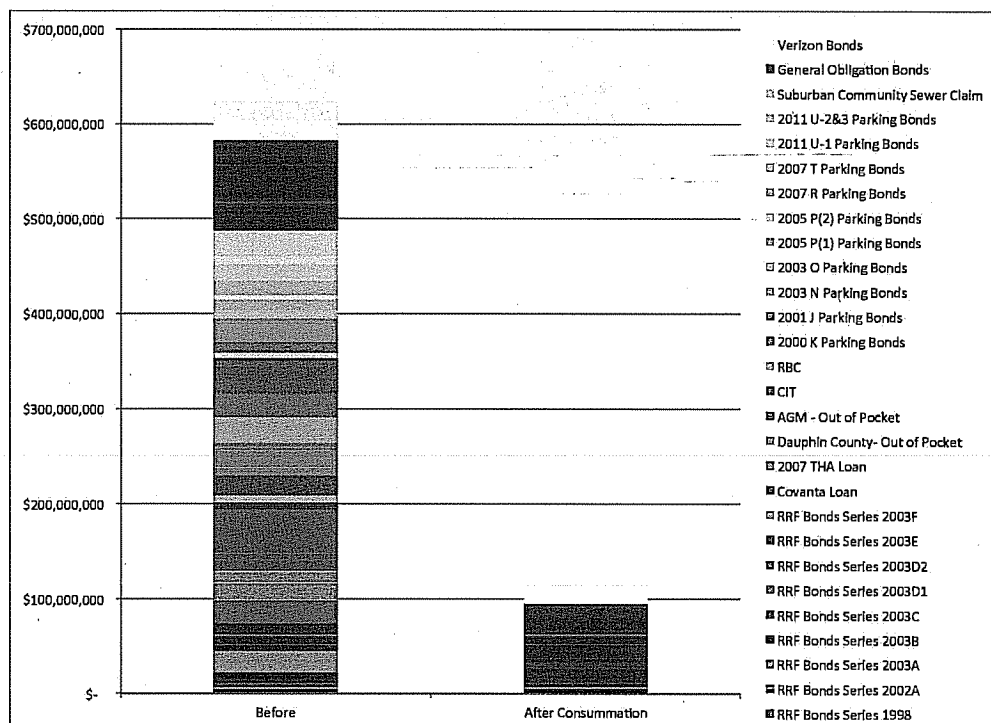
General Counsel and the Attorney General's Office and CREDC.

Both bond issues that were used to fund the incinerator and parking transactions closed between 12:40 p.m. and 12:50 p.m. on the 23rd of December. All wire transfers to the City and its creditors were confirmed.

Elimination of approximately \$490 million in City obligations: City Benefits

Approximately \$490 million of City debt and other obligations were eliminated. There were more than 15 settlement agreements (including one with approximately one dozen municipal entities and one with 13 different subcontractors to Covanta with regard to the incinerator).

Importantly, after consummation of the Strong Plan, the City is not a guarantor of the debt service payable by either LCSWMA or PEDFA. The vast majority of the Strong Plan was not merely a restructuring of City liabilities, but was actually the complete elimination of debt and other obligations (see chart below). The exceptions are the City's General Obligation Bonds and the so-called "Verizon Bonds". The former was restructured and the latter is in the process of being restructured.



Benefits to the City Derived from Consummation

The City will begin to receive approximately \$288,000 per year as a Host Fee from LCSWMA and tipping fees paid by haulers of municipal solid waste derived from the City will be reduced slightly.

The City will immediately enjoy an increase in parking tax receipts as approximately \$1.55 million per year that had been pledged to parking bonds issued by HPA are no longer pledged to HPA's bonds. All parking bonds that were guaranteed by the City have been repaid in full or an irrevocable escrow has been set up to provide for payment when the bonds can be redeemed in accordance with their terms. In the event there is a downturn in parking revenues, increase in expenses or both, the City is no longer at risk that its General Fund will be tapped to pay any shortfall on parking bonds.

The City will be entitled to lease payments that begin at \$2 million per year and escalate thereafter throughout the entire term of the lease with PEDFA. In addition to the extent the parking enterprise flourishes, the City is entitled to a significant sum of the "residual cash flow" as part of the consideration being paid by PEDFA for the acquisition of the lease.

Once the HPA bonds were repaid or "defeased" (payment provided for), the City received the next \$35.9 million in parking proceeds. The City used \$6 million of parking bond proceeds on December 23, 2013 to pay debt service on its General Obligation Bonds; this is the first time the City has been able to pay any of its General Obligation Bond debt service since 2011.

The City used \$4.5 million of parking bond proceeds on December 23, 2013 to repay 40% of the obligations owed to the Suburban Communities resulting from alleged over charging of Sewer Rates.

All amounts promised for deposit to the City for OPEBs, Economic Development and Infrastructure Improvements were deposited with Metro Bank on December 23, 2013.

The City ended the year with in excess of \$4 million of fund balance (subject to audit later this year), and accounts payable of less than \$2.7 million.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	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"> Develop meeting agenda and process Schedule meetings 	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"> Identify key staff, consultants, and subject matter experts Develop management and reporting protocol Assemble teams 	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	Ongoing	<ul style="list-style-type: none"> Review City programs and develop outcomes by program Develop detailed work plans for the City's executive team Schedule regular meetings to review work plan progress and program outcomes Develop protocol for results and outcomes to be communicated to elected officials and the public 	The Performance Evaluation Tool will be introduced to senior staff and managers at the Leadership Institute in August 2013.

¹Priority 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

²Target 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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**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
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"> Consult with legal counsel to determine approach Implement approach 	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"> N/A 	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 2014	<ul style="list-style-type: none"> Meet with Union(s) to develop charter for committee Develop committee structure and processes for bringing items before the committee Develop committee work plan Schedule committee meetings 	The draft template for Labor Management Committee meetings has been submitted to management and the president of AFSCME, IAFF, and FOP unions for review and approval. All parties have reviewed the draft document and the final version will be submitted for official adoption at each union's Labor Management Committee meetings once approved by the Receiver's labor counsel.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ^A	Target Completion Date ^B	Key Implementation Steps	Comment
WF04	Limit new contract enhancements	N/A	Mayor	In Process	Priority 1	Ongoing	• Implement	Ongoing initiative, subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF.
WF05	Ensure future collective bargaining agreements remain compliant with Recovery Plan	N/A	Mayor	In Process	Priority 3	Ongoing	• Adopt a practice of vetting each negotiation proposal against the approved Receiver's Plan	Ongoing initiative, subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF.
WF06	Implement a three year wage and step freeze	N/A	Mayor	In Process	Priority 1	December 2013	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF.
WF07	Implement a new pay scale for new police officers	N/A	Mayor	Complete	Priority 1	July 2012	• Initiate discussions with labor union(s)	FOP collective bargaining agreement adopted in 2013.
IAFF03	Implement a new pay scale for new firefighters	N/A	Mayor	In Process	Priority 1	January 2014	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF.
WF09	Freeze longevity pay and eligibility	N/A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
WF10	Reduce paid holidays and personal leave to 10 days annually	N/A	Mayor	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	reached with IAFF Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF11	Adjust overtime eligibility thresholds to reflect hours actually worked	N/A	Mayor	Pending	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	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	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF13	Reduce vacation leave	N/A	Mayor	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF14	Reduce sick leave allotments	N/A	Mayor	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF15	Implement a court-related overtime reduction strategy	N/A	Police Chief	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								tentative agreement reached with IAFF
WF16	Redesign employee health care	N/A	Business Administrator	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF17	Contain post-retirement healthcare cost	N/A	Business Administrator	In Progress	Priority 1	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and tentative agreement reached with IAFF
WF18	Enhance light duty program	NA	Business Administrator	Pending	Priority 2	July 2014	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	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	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	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	Ongoing	<ul style="list-style-type: none"> Initiate discussions with labor union(s) 	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"> Initiate discussions with labor union(s) 	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"> Conduct a study comparing the fully loaded cost of administering the City retirement plans 	Law Bureau has researched whether consolidation of assets is possible. It is the Law

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Consolidate plan management under the most cost effective trust 	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 Novas agreed with the Law Bureau's opinion; therefore, this initiative will not be implemented.
RET04	Seek IRS determination letter for Police Plan	NA	City Solicitor	In Process	Priority I	June 1, 2014	<ul style="list-style-type: none"> Review Police Plan against the IRS Employee Plan Compliance Resolution System and bring any plan defects, if they exist, into compliance Complete IRS application for determination Submit application for legal review and revise as appropriate Submit application 	Law Bureau has coordinated 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. The RFP will be issued in the first quarter of 2014 for execution by mid-2014.
RET05	Determine status of 2007 enhanced service increments and prevent implementation of such enhancements, if applicable	NA	City Solicitor	Complete	Priority I		<ul style="list-style-type: none"> Review Police Plan ordinance to determine if it has been amended to reflect the 2007 agreements If not, do not amend the ordinances If yes, initiate process to prospectively cap service 	The pension amendment was approved (employee with 27 years of service receive 70% benefit). There is no way to prevent implementation. It has been adopted by City Council.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							increments at 60% of final salary	
RET06	Aggressively defend in appeal, if applicable, regarding the 2020 enhanced service increments	NA	City Solicitor	Complete	Priority 1	Complete	<ul style="list-style-type: none"> Implement 	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 Labor Practice when City Council refused to enact the pension enhancement given by the former Mayor.
RET07	Update PMRS Agreement to reflect recent changes to the Firefighters' Plan	N/A	City Solicitor	Complete	Priority 1	September 2013	<ul style="list-style-type: none"> Revise ordinance to reflect relevant amendments Submit ordinance to City Council for consideration 	Complete
RET08	Resolve discrepancies between the Non-Uniformed Plan and the Non-Uniformed PMRS Agreement	N/A	City Solicitor	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> Conduct comparative review of uniformed and non-uniformed plans Identify discrepancies and appropriate amendments Revise ordinance to reflect relevant amendments Submit ordinance to City Council for consideration 	The pension ordinance has been revised to reflect new collective bargaining agreements.
RET09	Amend Non-Uniformed collective bargaining agreement	N/A	City Solicitor	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> Amend plan ordinances to reflect collective bargaining changes that went into effect in 2009 	The contract changes made to the CBA re: pension improvements at the end of 2009 were

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Submit ordinance to City Council for consideration 	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"> Identify procedure to establish OPEB Trust Develop timeline, process and implementation plan 	Draft Trust Agreement and supporting documents are under review by Receiver Team and obligations have been identified with the receipt of the OPEB Actuarial Valuation Report as of 1/1/2012.
IS&RM01	Fund risk management services	N/A	Director of Financial Management	Complete	Priority 1	October 2012	<ul style="list-style-type: none"> Contact the City's Third Party administrator to schedule safety training Schedule training events 	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.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								"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 Inserve and Marsh USA to 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	Complete	Priority 1	September, 2013	<ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder 	An RFP was developed and publicly issued on July 23, 2013 and, following an extensive selection process, contract was awarded to Marsh, Inc. on September 2013.
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"> Evaluate necessity of initiative based on the City's new insurance program. Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder 	This initiative would require funding for a third-party firm to conduct the analysis. Given budget constraints and pressing fiscal issues, the initiative is temporarily put on hold until resources

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Plan Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								become available.
ISRM04	Revise collective bargaining agreements to allow for flexible Light Duty Program	N/A	Mayor, Business Administrator, City Solicitor, and Human Resources Director	In Process	Priority 2	July 2014	<ul style="list-style-type: none"> Develop working committee consisting of representatives from management and each labor union Conduct best practice research to define light-duty program options Develop program Draft and adopt MOUs establishing flexible light-duty program 	City and unions have agreed to develop labor management committees which will serve as the method for developing revisions to the light-duty program
ISRM05	Create a safety program to manage risk of vehicle liabilities	N/A	Director of Financial Management and PW Director	In Process	Priority 2	July 2013	<ul style="list-style-type: none"> Conduct research to identify best practice safety programs Develop process to regularly review motor vehicle records of employees who operate motor vehicles Develop review process for city vehicles involved auto accidents, and associated disciplinary process Communicate program, policy and procedures to employees/labor groups Conduct training for employees and initiate program 	The City relies upon Inservco, its contracted 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

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								<p>since contacted Marsh USA and began a dialogue requesting their assistance in developing and implementing the 2nd, 3rd, and 4th bullets. Both 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 and any related support which we might jointly provide to assist in the City's Fleet Safety Program when the Fleet Manager position is filled. Final implementation will require negotiations with the Unions.</p>
ISRAM06	Conduct a cost benefit analysis to determine adequate Umbrella Excess Liability coverage	N/A	Director of Financial Management	In Process	Priority 1	January 2014	<ul style="list-style-type: none"> Evaluate necessity of initiative based on the City's new insurance program. Conduct analysis to determine existing liability Identify cost associated with increasing liability coverage to 	City requested a range of quotes from Marsh USA so potentially expand Umbrella Excess Liability Coverage, as well as benchmarks to help conduct a cost benefit

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> cover estimated risk in the interim Evaluate and implement actions to decrease liability and risk (e.g., create a safety program) Adopt a practice, as part of the Director of Financial Management's work plan, of assessing risk and coverage levels on an annual basis 	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 brokerage services, with the hope of realizing an overall net savings in the insurance program, despite increases in excess liability coverage.
I&RM07 (New)	Implement a worker's compensation buy-out program	N/A	Business Administrator	Pending	Priority 2	December 2014	<ul style="list-style-type: none"> Conduct benchmarking research to identify programs that have been implemented in other third class cities Develop program options Solicit feedback from collective bargaining units and City Council 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Develop and fund buy-out program 	
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"> 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 Develop and adopt processes to institutionalize communication Develop agenda, reports, etc., for monthly meetings Schedule regular meetings 	
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"> Develop agenda, reports, etc., for monthly meetings Schedule meetings 	Monthly meetings conducted.
EL03	Amend and pass City ordinances, fees and taxes as outlined in the Recovery Plan	N/A	City Council	Complete	Priority 1	Ongoing	<ul style="list-style-type: none"> Revise ordinances Submit ordinances to City Council for consideration and approval 	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 was also approved in 2013.
IGR01	Identify and implement intergovernmental cooperative initiatives	N/A	Mayor & City Council	Pending	Priority 2	December 2014	<ul style="list-style-type: none"> Schedule meetings with elected officials from other governments and agencies (local and State) to identify opportunities for intergovernmental cooperation 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> • Develop prioritized list of opportunities and deliver to respective City staff for analysis • Conduct feasibility, cost, and operational impact analysis • Implement opportunities 	
ISRO2	Pursue membership in the Capital Region Council of Governments	N/A	Business Administrator	Pending	Priority 3	December 2014	<ul style="list-style-type: none"> • Identify funding • Initiate membership 	
ADMIN1	Implement quarterly financial reporting and associated review process	N/A	Director of Financial Management	Complete	Priority 1	March 31, 2013	<ul style="list-style-type: none"> • Develop quarterly department budget review process, and revenue review process managed by the Bureau of Financial Management • Develop and document internal revenue and budget analysis process • Develop reporting process to elected officials • Develop budget amendment process to be included as a contingency option in the review and reporting process 	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 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 categories

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative				Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
											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 July 9, 2013, City Council read into the record Bill No. 20-2013 to increase the current \$20,000 line-item budget transfer threshold, which triggers the need for City Council approval to \$50,000 for reallocations as set forth in the appropriation and expenditure procedures. The Bill was forwarded to the Budget & Finance Committee for future consideration.
ADMIN02	Develop comprehensive Citywide financial policies				N/A	Director of Financial Management	In Process	Priority 2	September 2014	<ul style="list-style-type: none"> Conduct research of best practice financial policies (begin with GFOA) Develop draft policies Assess existing financial practices against draft policies and develop action plan to amend practices as appropriate 	Support will be provided by the Act 47 Team to develop draft policies for the administration and City Council's consideration in 2014.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> • Submit draft policies to the City Solicitor's Office for legal review • Submit policies as amended, for review and adoption by City Council • Conduct staff training 	
ADMIN03	Implement a standard budget development calendar	N/A	Director of Financial Management	Complete	Priority 1	N/A	<ul style="list-style-type: none"> • N/A 	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"> • Develop tool (software or Excel) that compares budgeted positions to actual positions in the personnel system (should include cost projections by pay period) • Develop quarterly position control review process to identify discrepancies and eliminate unfunded/unbudgeted positions from the personnel system • Eliminate all unbudgeted positions from the personnel system 	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 purchasing policies	N/A	Director of Financial Management	Complete	Priority 2	July 2013	<ul style="list-style-type: none"> • Conduct research of best practice purchasing policies (take Pennsylvania rules into account) • Develop draft policies • Assess existing purchasing 	The current Purchasing Policies are in accordance with the State of Pennsylvania Regulations and the Third Class City Code, The Public Bid

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> practices against draft policies and develop action plan to amend practices as appropriate Submit draft policies to the City Solicitor's Office for legal review Submit policies as amended, for review, and adoption by City Council Conduct staff training 	<p>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 funds on individual basis	\$260,000	Director of Financial Management	Complete	Priority 2		<ul style="list-style-type: none"> N/A 	The City has added additional detail to its Chart of Accounts to allow for individual grant-specific revenue and expenditure monitoring. In addition, a Grants

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								Manager was hired June 8, 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"> N/A 	Interim Chief of Staff/BA hired effective 6/17/13.
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"> Develop crosswalk between the Pertamation and the DREY system. Test crosswalk in a test environment. Conduct pilot, redundant process in live environment. Assess and address crosswalk problems. Fully implement process. 	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 were proven successful. Finance staff used the new application in test, and basic upload instructions were prepared and distributed. Go-live occurred.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								February 6, 2013.
ADMIN03	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"> Conduct recruitment and hiring process Hire and train employee 	Senior Accountant hired on November 5, 2012
IT01	Replace mission critical IT components	N/A	Director of Information Technology	Completed	Priority 1	February, 2014	<ul style="list-style-type: none"> Develop inventory of existing IT infrastructure, life cycle, and replacement priority Develop corollary target replacement schedule Incorporate schedule into budget development process 	The inventory list of existing IT infrastructure has been developed. The list includes replacement priority and has been incorporated into the budget development process. 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	Completed	Priority 1	Ongoing	<ul style="list-style-type: none"> Develop inventory of existing PCs, life cycle, and replacement priority Develop corollary target replacement schedule Incorporate schedule into budget development process 	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 2012. 39 more computers have been ordered and scheduled to start rolling out during

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								the month of September. Once complete an updated inventory list will be supplied.
IT03	Eliminate all personal printers and maintenance cost printers	N/A	Network Administrator	Complete	Priority 2	September 2013	<ul style="list-style-type: none"> • Inventory all personal printers • Develop alternative network printing options, if they do not exist, for those with personal printers • Eliminate personal printers 	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"> • Seek grant funding from the Commonwealth • Contract with an IT vendor to develop custom interface • Test interface in a redundant environment • Address interface problems • Fully implement interface 	Standard dispatching software is being provided without cost by Dauphin County. Police Chief and Technical Services Captain are in agreement that the interface is not needed.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
IT05	Conduct a needs assessment for an Enterprise Resource Planning system	(180,000)	Director of Information Technology and Director of Financial Management	In Process	Priority 3	July 2014	<ul style="list-style-type: none"> • Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder 	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
IT06	Complete a needs assessment and audit of existing phone system and components	(50,000)	Director of Information Technology	In Process	Priority 2	December, 2013	<ul style="list-style-type: none"> • Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder 	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
IT07	Pursue long-term strategic IT initiatives	N/A	Director of Information Technology	Pending	Priority 3	N/A	<ul style="list-style-type: none"> • N/A 	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
LAW01	Use professional assistance for labor relations activities	N/A	City Solicitor	Complete	Priority 1	N/A	<ul style="list-style-type: none"> • N/A 	Hired outside counsel in December
LAW02	Increase the number of staff attorneys from one to three	N/A	Mayor & City Council	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> • Incorporate positions into the budget development process as funds are available 	Angela L. Raver, Esq. started employment with the City as Assistant City Solicitor on July 15, 2013. The Law Bureau is now staffed with three attorneys.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
LAW03	Complete, recodify, and enact the Code of the City of Harrisburg	N/A	City Solicitor	Complete	Priority 1	December 2012	<ul style="list-style-type: none"> Develop code Submit code for approval by City Council 	City Council adopted the recodification ordinance on April 9, 2013.
PC0101	Restructure the Patrol Duty Schedule	131,250	Police Chief	Complete	Priority 1	TBD	<ul style="list-style-type: none"> Develop alternative schedule options Initiate discussion with the FOP 	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.
PC0102	Implement a vehicle replacement policy	(303,232)	Police Chief, Director of Public Works, & Director of Financial Management	Ongoing	Priority 1	Ongoing	<ul style="list-style-type: none"> Conduct fleet condition and utilization analysis, based on life-cycle, maintenance costs, and the pre-defined utilization standards Reassign or dispose of underutilized vehicles Develop target replacement plan with prioritization Incorporate replacement plan into budget development process 	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

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								County
POL03	Review and revise stipend for newly promoted investigators		Police Chief & Director of Human Resources	In Progress	Priority 1	Jan 2013	<ul style="list-style-type: none"> Draft new salary schedule Instate discussions with the FOP 	Agreement reached with 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"> Develop crime analysis software Assign personnel as dedicated crime analyst(s) Develop crime pattern analysis and reporting process Develop information sharing and deployment processes tied to real time crime analysis and data 	Assigned sworn police officer has been assigned crime analysis responsibilities. A crime mapping system is up and operational, as of May 2012. The long term goal of the Department is to convert the crime analyst position to a civilian position and redeploy the sworn officer to policing functions.
POL05	Increase complement of VICE Unit	N/A	Police Chief	Complete	Priority 1	Sept 2012	<ul style="list-style-type: none"> Assess ability to reassign officers from specialty units and/or officers made available from a shift schedule adjustment (initiative POL1) Reassign officers to VICE if operationally feasible In the interim, develop a 90 day career advancement placement to increase VICE resources and provide professional development opportunities 	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.

City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
PO105	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"> Coordinate with District Attorney's office to assign personnel 	The Receiver has granted permission for two 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
PO107	Participate in Dauphin County Forensic Team	N/A	Police Chief & District Attorney	Complete	Priority 1	January 2013	<ul style="list-style-type: none"> Coordinate with District Attorney's office to assign personnel 	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
PO108	Transfer prisoner booking responsibility to Dauphin County	N/A	Police Chief	Complete	Priority 3	July 2013	<ul style="list-style-type: none"> Coordinate with County to formalize booking procedure Train sworn officers on booking process Transition booking process and reassign personnel assigned to booking 	Complete
PO109	Appoint a Civilian Manager for Parking Enforcement Office	N/A	Police Chief & Director of Human	In Process	Priority 2	January 2015	<ul style="list-style-type: none"> Conduct recruitment and hiring process 	Currently, parking enforcement is directly

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
			Resources				<ul style="list-style-type: none"> Hire and train employee 	managed by a Captain. The sale of the City's parking assets has reduced the City's enforcement coverage area by approximately 50%, resulting in a reduction to four parking enforcement officers. However, these positions will warrant civilian rather than sworn oversight. This initiative will be pursued as funding for civilianization becomes available.
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"> Fund replacement of devices Identify and select vendor Purchase/lease and activate devices Train parking enforcement officers 	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	Ongoing	<ul style="list-style-type: none"> Establish targets for increased efficiency and relay targets to staff Adopt a practice of accessing employee productivity against targets 	The Department has implemented handheld ticket writing devices and will continue to pursue opportunities to increase efficiency.
POL12	Implement a new schedule for Parking Enforcement Officers	N/A	Police Chief	Complete	Priority 1	Oct 2012	<ul style="list-style-type: none"> Create new schedule Meet with affected employees to discuss schedule change 	Metered enforcement is now handled by Standard Parking, per the asset monetization agreement. Schedule changes are no longer required.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
POL13	Increase current parking ticket fees	4,500,000	Mayor & City Council	Complete	Priority 1	Oct 2012	<ul style="list-style-type: none"> Develop new schedule of fees Submit revised fee schedule to City Council for adoption Conduct public information process Begin enforcement 	Fee increase proposal to increase metered parking fines to \$30 has been adopted by City Council
POL14	Evaluate the consolidation of Specialized Units	N/A	Police Chief	Complete	Priority 2	Complete	<ul style="list-style-type: none"> Evaluate efficacy of special units on an ongoing basis, depending on crime profile and community need 	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	Apr 8 2012	<ul style="list-style-type: none"> Develop chronic sick and injury related leave policy and sanctions, with advisory input from the IOP Educate staff on policy and related expectations Adopt policy enforcement into the performance management system 	Sick leave abuse policy is in place and effect. Officers are allowed to run sick time out, or 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"> Develop monthly review process of Dauphin County communications records to identify calls eligible to be billed Assess false alarm fees in the City-wide fee study and adjust as appropriate 	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.
POL17 (New)	Conduct a workload-based staffing analysis of the City of Harrisburg Police Patrol function	N/A	Police Chief	Pending	Priority 1	June 2015	<ul style="list-style-type: none"> Coordinate with Receiver's Team to develop methodology and approach Work with Dauphin County Communication Center to collect calls for service data 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Complete analysis and staffing plan Budget for adjustments recommended in the staffing plan 	
FIRE01	Change current shift schedule	N/A	Fire Chief	Pending	Priority 1	December 2012	<ul style="list-style-type: none"> Develop alternative schedule options Initiate discussion with the IAFF 	Pending negotiations
FIRE02	Eliminate premium pay	N/A	Mayor, Fire Chief, & Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> Initiate discussion with the IAFF 	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"> Identify alternative apparatus/deployment structures Determine service impact associated with each and corollary impact on response capability Develop preferred option and initiate discussions with the IAFF Implement preferred alternative 	Pending negotiations
FIRE04	Implement an engine company inspection program	N/A	Fire Chief	In Process	Priority 2	July 2014	<ul style="list-style-type: none"> Review inspection inventory and identify company-based inspection plan Develop inspection guidelines and procedures Train inspectors Incorporate inspection work plan into daily company activities 	Company officers are being trained for certification as fire inspector 1. The training is scheduled to be completed in February 2014. The Fire Department will then evaluate company-based inspection opportunities
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"> Develop fee schedule Submit fee schedule to City 	Ordinance No. 13 (Bill NO. 16-2012) passed as

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Council for adoption Notify insurance companies of fee change Aggressively bill and collect fees from insurance companies 	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	\$0,000	Fire Chief	Complete	Priority 1	April 2012	<ul style="list-style-type: none"> Identify fully loaded cost (salary, benefits, vehicle use, and fuel, administrative, billing overhead, etc.) of each false alarm response Revise fee schedule to recover costs and provide disincentive of multiple false alarms Submit fee schedule to City Council for adoption Develop citizen education plan (include Commonwealth) 	City Council has approved the increases to fire alarms.
FIRE07	Civilize Bureau's Administrative Assistant position	N/A	Fire Chief & Director of Human Resources	Pending	Priority 2	January 2013	<ul style="list-style-type: none"> Revise job description Incorporate position into budget development process Recruit and hire Confidential Secretary to the Fire Chief Reassign firefighter to suppression duties 	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.
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	<ul style="list-style-type: none"> Develop and adopt administrative policy Develop work related injury review process Educate employees on the 	The Fire Department has established the practice of reviewing workplace accidents and near misses through a joint

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							process	labor-management committee. The Committee reviews safety issues and injuries and develops interventions as appropriate. This meets the intent of the initiative.
FIRE9	Establish a formal in-house training program, including a shift swap system, that allows in-house trainers to lead events	N/A	Fire Chief	In Process	Priority 3	December 2014	<ul style="list-style-type: none"> Develop charter and membership for in-house training committee Conduct inventory of in-house expertise Identify and train in-house trainers Develop training curriculum and training schedule Work with IAFF to develop a short-term shift swap system for in-house trainers 	The Department has an established training program; however, training augmentation and shift swap opportunities will be evaluated for implementation in 2014.
FIRE10	Continue discussions with Harrisburg Area Community College Public Safety Center regarding possible training collaboration	N/A	Fire Chief	Complete	Priority 2	Ongoing	<ul style="list-style-type: none"> Schedule regular formal and informal interaction with the college to identify training opportunities for City firefighters 	Regular and informal interaction takes place as part of the Bureau of Fire's annual training schedule
FIRE11	Revise turnout gear replacement practices	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> Initiate discussions with the IAFF 	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"> Initiate discussions with the IAFF 	Pending negotiations
FIRE13	Eliminate minimum manning upon expiration of current collective bargaining agreements	N/A	Business Administrator, City	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> Initiate discussions with the IAFF 	Pending negotiations.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
			Solicitor, & Fire Chief					
PAW01	Implement container based collection system for residential solid waste and recycling	N/A (Should result in General Fund savings)	Director of Public Works	In Progress	Priority 1	September 2012	<ul style="list-style-type: none"> Conduct route optimization study and identify routes that can be automated Assess capital investment required to automate select routes Issue revenue bonds for capital expenses Purchase carts and equipment Train employees on routes and equipment use Conduct public information campaign and define public inquiry/triage process Conduct cart distribution 	The Novak Consulting Group completed an analysis of a fully funded City-owned operation as a basis for comparison. Contract execution is on hold until additional opportunities to augment the City operation can be analyzed and explored.
PAW02	Enforce City's right to commercial collection and contract with private collector for collection of commercial waste	N/A	Director of Public Works	In Progress	Priority 1	July 2013	<ul style="list-style-type: none"> Identify all active businesses in the City (may require coordination with the Department of Revenue) Mail letters to all businesses indicating commercial waste hauling requirements Issue bills to all Harrisburg businesses Aggressively collect money owed 	The Novak Consulting Group completed an analysis of a fully funded City-owned operation as a basis for comparison. Contract execution is on hold until additional opportunities to augment the City operation can be analyzed and explored.
PAW03	Increase recycling through education, accessibility, and enforcement. Sanitation Fund	N/A	Director of Public Works	In Progress	Priority 2	December 2012	<ul style="list-style-type: none"> Develop recycling education process Evaluate implementation of 	Past History: City has a recycling grant which we have qualified for the last

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative					Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
											recycle bank program to incentivize recycling	<p>six years. There were education events through the Parks and Recreation Department, primarily through the Youth As Restorers (YAR) program. A flyer for recycling has been distributed and posted. The Keep Dauphin County Beautiful Program provided an education program at three (3) Harrisburg Public Schools during 2013. Our RPF contains an education piece that the contractor will 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</p>

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								description for a Solid 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. <u>Current Status:</u> Have a Section 501 grant request with the DEP. Met with DEP on September 10, 2013 to update program. Request to fund a Solid Waste / Recycling Coordinator was approved by council on September 11, 2013. The City is currently recruiting for the position.
PW04	Aggressively manage fleet make-up and quantity	N/A	Director of Public Works	In Process	Priority 2	April 2014	<ul style="list-style-type: none"> Develop detailed inventory of City fleet that includes key identifying data, life cycle data, mileage/utilization, use profile, etc. Develop process of tracking and assessing utilization data, maintenance costs, fuel costs, etc. Conduct fleet utilization analysis based on pre-defined utilization 	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 will be evaluated quarterly in 2013 to get a better handle on this developing program.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> standards Move underutilized vehicles/equipment out of service Identify target fleet size and composition and incorporate into a vehicle replacement plan that fits within financial constraints 	<p>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 that had been requested by the Novak Group was forwarded on April 18, 2013. Received "draft" Fleet Assessment report and have reviewed the data. Awaiting council action for the permissions to fill a fleet manager position.</p> <p>Current Status: Request to fund a Fleet Manager was approved by council on September 11, 2013. Advertisement to follow. This individual, once hired, will develop this program and manage it. The position is currently being recruited for.</p>
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"> Develop organization structure, bureau mission, programmatic responsibilities, and 	<p>Request to fund a Fleet Manager was approved by council on September 11, 2013.</p>

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> performance targets Develop bureau work plan by program Communicate change to impacted employees Create internal service fund and associated chart of accounts Incorporate structural and fund change into budget process and pursue City Council approval Recruit and hire bureau director position Incorporate work plan into the performance management system 	11, 2013. The position under recruitment
PW06 (New)	Develop a plan to develop a fleet and fuel management internal service fund operation.	N/A	Director of Public Works; Director of Financial Management	Pending	Priority 3	December 2014	<ul style="list-style-type: none"> Pending hiring of fleet manager 	Pending hiring of fleet manager
PW07 (New)	Develop an energy conservation program that allows the City to reduce operating costs through designated capital resources or grant funds.	N/A	Director of Public Works	Pending	Priority 2	July 2014	<ul style="list-style-type: none"> Conduct needs assessment of Harrisburg city facilities Develop prioritized list of improvements Solicit grant opportunities 	
FLEET01	Eliminate three dump trucks from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> Decommission vehicle Schedule auction and sell vehicle Revise insurance roles Report salvage value and insurance savings to Director of Financial Management 	Surplus vehicle elimination is underway.
FLEET02	Eliminate one bucket truck from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> Decommission vehicle Schedule auction and sell 	Surplus vehicle elimination is underway.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management 	
FLEET03	Eliminate two street sweepers from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> • Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management 	Surplus vehicle elimination is underway.
FLEET04	Evaluate the elimination of two tractors from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> • Decommission one tractor for six month period • Evaluate utilization of remaining tractor • Assess practicality of eliminating one tractor from the fleet • Schedule auction and sell tractor • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management 	Pending hire of fleet manager. Recruitment is underway.
FLEET05	Eliminate one box van and one sport utility vehicle (SUV) from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> • Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management 	Surplus vehicle elimination is underway.
FLEET06	Eliminate 21 inoperable vehicles from the Police Department's fleet	N/A	Police Chief	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> • Decommission vehicle • Schedule auction and sell vehicle 	Surplus vehicle elimination is underway.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Revise insurance roles Report salvage value and insurance savings to Director of Financial Management 	
FLEET07	Eliminate one prisoner transport van from the Police Department's fleet	N/A	Police Chief	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> Decommission vehicle Schedule auction and sell vehicle Revise insurance roles Report salvage value and insurance savings to Director of Financial Management 	Surplus vehicle elimination is underway.
FLEET08	Eliminate three out of service fire apparatus and one duplicate surplus pickup truck from the Fire Department's fleet	N/A	Fire Chief	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> Decommission vehicle Schedule auction and sell vehicle Revise insurance roles Report salvage value and insurance savings to Director of Financial Management 	Surplus vehicle elimination is underway.
FLEET09	Return PEMA owned apparatus and specialty vehicles to the Commonwealth	N/A	Fire Chief	Pending	Priority 1	July 2014	<ul style="list-style-type: none"> Initiate hand-over discussions with PEMA Schedule transfer of vehicles 	Pending the hiring of a Fire Chief
FLEET10	Develop a vehicle pool for the Bureau of Housing, and reallocate surplus vehicles to support two additional code enforcement officer positions	N/A	Director of Housing; Fleet Manager	Pending	Priority 1	July 2014	<ul style="list-style-type: none"> Decommission vehicle Schedule auction and sell vehicle Revise insurance roles Report salvage value and insurance savings to Director of Financial Management Develop vehicle pool scheduling system Communicate system to employees 	Awaiting hiring of fleet manager. Position is under recruitment
FLEET11	Utilize fleet reduction savings to purchase and install a fleet and fuel management system	N/A	Fleet Manager	Pending	Priority 1	December 2014	<ul style="list-style-type: none"> Solicit feedback from fleet users/departments regarding 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> necessary scope of system Develop system specifications Evaluate options and purchase cost effective software Install software and test with one department. Address system deficiencies and issues Roll out system city-wide Develop data collection and tracking processes and protocols and reporting processes 	
FLEET12	Reclassify an Automotive Mechanic position to a Fleet Manager position	N/A	Director of Public Works	In Process	Priority 1	January 2014	<ul style="list-style-type: none"> Develop job description Obtain funding and City Council approval Recruit and fill position 	Position is under recruitment
BH01	Increase fees, fines, and charges based on fee study results	N/A	Mayor & City Council	Completed	Priority 1	May 2013	<ul style="list-style-type: none"> Develop revised fee schedule Submit fee schedule to City Council for review and approval 	City Council Legislative session met on June 11, 2013 and approved Bill 6 of 2013 which provides for the revised Bureau of Codes fee structure.
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	Complete	Priority 2	August 2013	<ul style="list-style-type: none"> Conduct internal evaluation of inspection backlog by type Identify target efficiency standards per inspection by type Assess staffing needs based on inspection backlog and incorporate additional position requests into the process 	Passage of amendments to the Rental Inspection Ordinance and Buyers Notification Ordinance have restructured the Codes inspection programs and reduced unnecessary inspections.

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
BH03	Contract for demolition of blighted structures	N/A	Director of Building and Housing Development	Complete	Priority 2	July 2012	<ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder Develop demolition schedule based on safety priority 	RFP is not required to 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 tagged 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"> Develop composition and structure of teams Conduct assessment of "problem areas" Based on assessment, develop work plan and measurable goals for teams 	Composition of Teams 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"> Draft ordinance and associated fine structure Develop registration process Submit ordinance to City Council for consideration Conduct public notification and 	The measure was passed by City Council in October 2011. Ordinance 9-2011 in lieu of a registration process. Bureau of Codes

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							registration campaign before effective date	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	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> Conduct recruitment and hiring processes 	Offer of employment made to selected candidate for Rehabilitation Specialist I on June 13, 2013. Start date: July 15, 2013.
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"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsive bidder Conduct public engagement and planning processes 	Implementation of the comprehensive plan development process is tabled for review by the new administration.
HS01	Designate a Housing Coordinator	N/A	Mayor	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> Identify and evaluate interested candidates Designate a Housing Coordinator 	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 2014	<ul style="list-style-type: none"> Convene a working group to guide strategy development Develop working group charter and objectives 	Mullin and Conner to develop Housing Strategy in coordination with revised Comprehensive

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Develop project plan and process to develop housing strategy Develop draft plan for review and comment by elected officials and partner agencies Finalize plan based on feedback Incorporate plan elements into the work plan of the housing coordinator and other relevant staff 	Plan
HS03	Utilize Vacant Property Reinvestment Board	N/A	Mayor, Business Administrator, & Housing Coordinator	In Process	Priority 2	December 2014	<ul style="list-style-type: none"> Develop work plan and goals for the board based on comprehensive housing strategy Develop implementation plan to engage private redevelopment groups and civic groups 	Mullin and Lonerger to develop Housing Strategy in coordination with revised Comprehensive Plan.
ED01	Designate an Economic Development Coordinator	\$75,000	Mayor	In process	Priority 1	July 2013	<ul style="list-style-type: none"> Develop position work plan and priorities Conduct recruitment and hiring process 	Interviews are currently being conducted.
ED02	Develop a coordinated long-term economic development strategic plan	N/A	Mayor & City Council	In process	Priority 2	December 2014	<ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder Conduct planning processes Incorporate planning process results into the Economic Development work plan 	To be included as part of the comprehensive plan update process, which is currently underway.
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"> Conduct best practice research to identify successful tax abatement programs 	The Law Bureau has developed a new Tax Abatement program. This

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Develop tax abatement strategy alternatives Submit alternatives to City Council for consideration Finalize abatement packages and strategies Conduct proactive education and recruitment campaign to attract program participants 	new Tax Abatement has been submitted to City Council for approval and is awaiting a vote of Council.
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"> Evaluate options available to centralize management of the MOED portfolio Develop monitoring and enforcement processes and contract with vendors/partners as appropriate 	City Administration will verify with the Revolving Loan Fund Board as to the status of completing its Bylaws. Appointments to the Revolving Loan Fund were approved by City Council on February 12, 2013 and referred to the Mayor for further action.
CP01	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"> Conduct inventory and condition assessment of existing capital assets Prioritize capital improvement needs based on key considerations such as infrastructure use, condition, safety, cost, etc. Identify long-term improvement plan based on resource estimates Conduct capital budget development process and 	The "draft" was distributed to the Administration for their input with a requested input date of December 15 th , 2012. The combined data was forwarded to the Novak Group for review on January 22, 2013. That reviewed data will then be consolidated and presented to the Mayor as a "draft Plan."

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							Incorporate 5-7 year CIP development into the process	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. <u>Current Status:</u> No change. In recent discussions with the Novak Group a plan is being developed to support the requirements of the asset monetization processes.
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"> Develop calendar to include resource estimates, target development, department budget submission, internal review and amendment, executive review, internal budget hearing, and recommended budget formulation Develop associated templates and processes Communicate processes to 	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

City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> staff, the public, and elected officials in advance Train staff on capital budget schedule, process, roles, responsibilities, and obligations 	<p>NOVAK group. Target completion date was changed to July 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. <u>Current Status:</u> No change. In recent discussions with the Novak Group a plan is being developed to support the requirements of the asset monetization processes.</p>
CIP03	Establish and maintain an asset management system	(187,500)	Director of Financial Management & Director of Public Works	In Progress	Priority 3	January 2014	<ul style="list-style-type: none"> Develop infrastructure condition rating systems and processes and incorporate into department work plans 	A current list of vehicles (fixed assets) has been identified. It will need to be consolidated with

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> Conduct inventory and condition assessment of existing capital assets Incorporate infrastructure condition assessments into the capital budget development process 	permanent assets and reviewed on a periodic basis. This program can best be managed by a facilities / fleet / asset management type of professional. Request for fleet manager position has been forwarded to the receiver and approved. See Initiative PW05. <u>Current Status</u> Request to fund a Fleet Manager was approved by council on September 11, 2013. Recruitment is underway.
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"> Identify City facilities that may have a market for sale and/or lease back Assess operating implications of sale and/or lease back for each facility If operationally feasible, place facilities on open market Negotiate sale/lease back agreements and submit to City Council for consideration and approval 	DHHD 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

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

EChapter #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
								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"> Determine legal ability of an Authority to establish a stormwater fee Conduct fee study Develop fee schedule and submit to appropriate legislative body for consideration and approval Develop billing and collection process Conduct public education process Implement billing process 	
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"> Define PILOT structure and calculation methodology Initiate discussions to establish PILOT agreements Submit draft agreements to City Council for consideration and approval Develop payment schedule and processes 	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"> Draft ordinance amendments Submit to City Council for consideration and approval Communicate ordinance changes to the development community 	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

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

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								<p>before the City Council in April, and the Public Works Committee on May 13th. On May 14th, 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 Development is appraising 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.</p>
REVDL	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"> Draft enabling ordinance Submit to City Council for 	City Council approved the EIT tax increase on October 24, 2012. The

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
							<ul style="list-style-type: none"> consideration and approval Communicate rate change to the public Adjust revenue projections 	new tax rate will be effective on January 1, 2013.
REV02	Increase the Real Estate Tax rate as required to eliminate	N/A	Mayor & City Council	Complete	Priority 1	July 2013	<ul style="list-style-type: none"> Draft enabling ordinance Submit to City Council for consideration and approval Communicate rate change to the public Adjust revenue projections 	.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"> Initiate discussions with partner governments Develop assessment plan and funding structure Conduct reassessment Evaluate revenue impact 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"> Adopt a practice of evaluating property tax revenue impact associated with selling city owned property to non-profits Identify and analyze opportunities to create new pilot agreements with tax exempt agencies that heavily utilize City services Initiate discussions to establish PILOT agreements and draft agreements Submit draft agreements to City Council for consideration and approval Develop payment schedule and processes 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

Chapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority ¹	Target Completion Date ²	Key Implementation Steps	Comment
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"> Develop new schedule of fees Increase penalties for non-payment Submit revised fee schedule to City Council for adoption Conduct public information process Institute amnesty period for delinquent remittances Begin enforcement 	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 Controller's office on 2/8/13.
REV06	Increase enforcement of the Local Services Tax	N/A	City Council, Mayor & Business Administrator	In Process	Priority 1	September 2014	<ul style="list-style-type: none"> Increase penalties for non-payment Conduct public information process Institute amnesty period for delinquent remittances Begin enforcement 	A proposed Ordinance to increase interest and penalty for the LST along with creating an amnesty period was sent to City Council and is currently in committee. However, the ordinance has been tabled for revision to include language regarding amnesty options relating to other tax revenue sources.
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"> Work with local legislator(s) to draft legislation to increase Local Services Tax 	
REV08	Pursue Department of Revenue determination for additional tax, penalty, and interest regarding realty transfer tax	N/A	Law Bureau	Pending	Priority 1	September 2012	<ul style="list-style-type: none"> Contact Department of Revenue to clarify process Develop agreement with the Department of Revenue Submit agreement and cost benefit analysis to City Council for consideration and approval 	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

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

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							<ul style="list-style-type: none"> • Develop administrative process • Train relevant personnel on process. 	by Dauphin County. Further discussion required.
REV09	Increase Interest & Penalty Provisions Where Permitted	\$0,000	City Council & Tax Administrator	Complete	Priority 1	July 2012	<ul style="list-style-type: none"> • Conduct benchmark analysis of interest and penalty provisions • Develop revised interest and penalty framework • Submit ordinance to City Council for consideration and approval • Conduct public information process • Institute amnesty period for delinquent ramifications • Begin enforcement 	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.
REV10	Improve Taxpayer Information	N/A	Tax Enforcement Administrator & IT Director	Complete	Priority 2	July 2012	<ul style="list-style-type: none"> • Create repository of tax related documents and forms • Design tax webpage and add tax document and forms • Test webpage • Go live with webpage and conduct public outreach process 	Website updated
REV11	Improve real estate taxpayer collection rate	N/A	City Treasurer, Business Administrator, & Tax Enforcement Administrator	In Process	Priority 1	July 2014	<ul style="list-style-type: none"> • Evaluate opportunities to increase the collection rate • Develop implementation plan and associated targets • Develop improved system for notification of unpaid tax accounts • Meet quarterly to review real estate tax collections, identify issues, and develop interventions where possible to maintain to improve collections 	

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

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REV12	Generate revenue through Market Based Revenue Opportunities	800,000	Business Administrator	Pending	Priority 1	July 2012	<ul style="list-style-type: none"> Develop and issue RFP for broker to identify potential City assets for an MRBO program Assemble RFP review committee Review proposals and select the lowest responsible bidder Develop policy framework and market MRBO opportunities Enter into agreements with potential partners 	
REV13	Sell City acquired historical artifacts	500,000	Mayor & City Council	Complete	Priority 1	September 2012	<ul style="list-style-type: none"> Conduct asset value study Develop parameters for determining whether a property should be sold or maintained as a City asset Place eligible properties on the market 	Auction commenced on July 15, 2013 and will conclude on July 21, 2013. 7,500 bidders pre-registered for the auction and \$1 million was committed on day 1 of the auction.
REV14	Revise Host Fee agreement between the City and the Harrisburg Authority	N/A	Mayor, City Council, & THA	Complete	Priority 1	September 2012	<ul style="list-style-type: none"> Amend waste disposal agreement Submit revised agreement to City Council for consideration and approval Develop environmental compliance programs that will be supported by the host fee 	Complete
REV15	Collection of \$1 million in Ordinance and Parking Violation Fine	Estimated \$1 million in fines	Bureau of Police, Constables, Codes Enforcement	In Progress	Priority 1	2014	<ul style="list-style-type: none"> In Place 	This Initiative calls for the organization of a task force made up of special unit police, constables and codes officers to identify, locate and issue arrest warrants for

**City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan**

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												Individuals with the highest amount of parking and ordinance violations in the City of Harrisburg. A collection plan and task force has been organized, and a Memorandum of Understanding is currently being drafted by the City Law Bureau. Arrests and public announcements will be scheduled in the near future. This initiative will address collection of approximately \$1 million in outstanding parking and ordinance violation fines.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as Secretary for the Department of Community and Economic Development,	No. 569 M.D. 2011
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Petitioner,

v.

City of Harrisburg,

Respondent

CERTIFICATE OF SERVICE

I certify that on this 17th day of January, 2014, I served a true and correct copy of the foregoing pleading via Electronic Mail and via U.S.

Mail, postage prepaid, properly addressed to the following:

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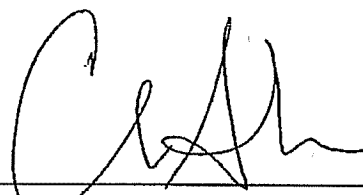
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