

ACT 47
COORDINATOR STATUS REPORT
JANUARY 4, 2016

Section No. 11
Exhibit No. 65

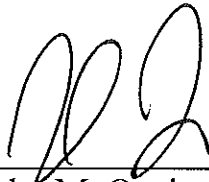
C. ALAN WALKER, IN HIS
CAPACITY AS SECRETARY
FOR THE DEPARTMENT OF
COMMUNITY AND ECONOMIC
DEVELOPMENT

V.

CITY OF HARRISBURG

Frederick A. Reddig, Coordinator for the City of Harrisburg (the “Coordinator”), by and through the Office of Chief Counsel for the Department of Community and Economic Development, respectfully submits the following Status Report regarding the implementation of the Harrisburg Strong Recovery Plan, as confirmed by this Honorable Court on September 23, 2013.

Respectfully submitted this 4th day of January, 2016.

A handwritten signature in black ink, consisting of stylized, overlapping loops and curves, positioned above a horizontal line.

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Date: January 4, 2016

To: The Honorable Bonnie Brigance Leadbetter

From: *FAR*
Fred A. Reddig, Coordinator

Re: Update on Receiver's Plan Implementation

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan as confirmed by the Court on March 9, 2012 and on the Modified Plan, the Harrisburg Strong Plan, filed with the Court on August 26, 2013 and subsequent to the Court's September 19 hearing, confirmed on September 23, 2013. This will be my eighth report to the Court since my appointment by Department of Community and Economic Development (DCED) Secretary Walker as Coordinator effective March 1, 2014.

This memorandum, supported by the accompanying attachment, provides the Court with a summary of actions that have occurred and issues that are involved with the continued implementation of the confirmed Harrisburg Strong Plan over the fourth quarter of 2015.

Office of the Receiver/Coordinator

It has now been twenty two months since your honor issued an order on February 25, 2014 to vacate the Office of the Receiver, return the City to the underlying provisions of Act 47 and for DCED's Secretary to appoint a Coordinator who would oversee the further implementation of the Court confirmed Harrisburg Strong Plan. As part of the order vacating the Receivership, the Court retained jurisdiction over the further implementation of the Strong Plan. Consistent with the Court's order and to keep the Court apprised of the plan's status and Harrisburg's recovery, I will continue to provide quarterly reports on the City's progress with further implementation activities.

As Coordinator, I continue to hold weekly status conference calls with members of our consulting team to coordinate all aspects of plan implementation. The Team of professional advisors comprised of the Novak Consulting Group, Pennsylvania Economy League, Stevens & Lee, Public Resource Advisory Group and Denton (formerly McKenna Long and Aldridge) along with DCED and the Office of General Counsel, have continued to support the Receiver during this time. The Coordinator in concert with the Office of General Counsel went through a new procurement process to obtain the services of a firm to further pursue the forensic investigation as the McKenna Long and Aldrich firm had indicated to the Receiver and now the Coordinator that the policy of their firm was not to sue other law firms.

The firm of Harris Wiltshire and Grannis (HWG) was selected as a result of this procurement process. HWG became fully engaged during the quarter and a smooth transition occurred with Denton prior to their contract ending the end of November. A similar recruitment occurred for labor counsel for the Coordinator and the result of that procurement was the selection of Dilworth Paxson. Again a smooth transition occurred with Stevens and Lee prior to their contract also ending the end of November.

As we end 2015 and look towards 2016 our focus continues to be on addressing various implementation actions that were required as part of the Plan consummation along with an increased emphasis on operational issues in order to provide sustainable balanced budgets for 2015 and beyond. To that end, as we moved through the second half of 2015 it became apparent that the combination of increasing expenses without increases in tax rates and the fact that several of the revenue streams that had been projected were coming in below the levels anticipated, were creating a structural budget imbalance for 2016 and beyond. Further pension costs have increased primarily due to the end of the smoothing provisions that were provided for in 2009 as a result of the economic downturn. The projections utilized were based on the best available information at the time, however as with other Act 47 recovery plans, it is not uncommon to have to make certain modifications to the plan based on actual performance.

Further, significant amendments to Act 47 were enacted at the end of 2014, and these also require certain modifications to the Strong Plan. Act 199 which amended Act 47 last year has now provided certain options that were not available when the Strong Plan was enacted and thus it is appropriate that these options be considered as part of plan modifications. In addition, certain changes to the Strong Plan are now required by Act 199 in order to provide financial projections through 2018 which represents the initial five-year term for a municipality to be under the provisions of the Act. During the fifth year a review is to be undertaken by the Coordinator and recommendations made as to whether the distressed designation should be rescinded; the Receivership provisions of the Act invoked; a dissolution process undertaken (in limited instances); or a three year exit plan be prepared. Given these matters, the Coordinator and his Team worked with City officials to prepare modifications to the Strong Plan that will provide financial projections for 2016 through 2018 (the five year initial term of Act 47) along with attendant recommendations that will advance the City's recovery towards the ultimate rescission of the Act 47 designation. The Strong Plan modifications were completed concurrently with the City's 2016 budget process and filed with all City officials on November 25. They are currently under review with a public meeting on the modifications scheduled by City officials for January. Upon approval by the City they will be submitted to your Court for review and approval. It is also be noted that the City filed an application for "pre-authorization and approval" with your Court for the increase in Local Services Tax on December 17.

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

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

Impact Harrisburg

The Impact Harrisburg Board continued with several very important organizational activities during the 4th quarter. The creation of a single non-profit corporation was the recommendation of the Task Force for Infrastructure and Economic Development. The Board will administer the \$12.3 million set aside as part of the parking transaction to fund both economic development and infrastructure initiatives to aid the City in strengthening its tax base and addressing critical infrastructure needs thus enhancing the quality of life for City residents.

The nine member Board appointed by the Coordinator and comprised of recommendations from the Mayor, City Council and the County, has been meeting bi-weekly since February to address organizational activities and has made considerable progress to date. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Les Ford as Secretary and Brittany Brock as Treasurer. The Board selected Vance Antonacci of McNees Wallace & Nurick LLC as counsel to assist with the Board's incorporation with the Department of State and its establishment as a 501(c)(3) non-profit organization with the Internal Revenue Service. Articles of Incorporation were filed with the Department of State and approved on March 17. The 501(c)(3) application was also filed with the IRS in March and approved by the IRS on June 18, 2015.

During the 4th quarter, the Board met on October 6 and 20, November 17 and December 1 and 15. The Coordinator and his Team have provided support to the Board and will continue to do so until an Executive Director is in place. During October and November, the Board devoted considerable time to the recruitment and interview process for an Executive Director. As the quarter drew to a close and after a broad recruitment process, the Board selected Shelia Dow-Ford of Harrisburg as its Executive Director. Ms. Dow-Ford has been quite active in the Harrisburg community and brings a wealth of managerial experience to the position. I met with Ms. Dow-Ford on December 16 to provide her with background on Impact Harrisburg and to assist with her transition into her role as Executive Director. She is based in the Board's new offices at the Pinnacle Health facility on North Third Street. Pinnacle has provided office space, basic office equipment and a meeting room for the Board all at no cost to the Board. The Board took occupancy of their office space in November.

Further action of the Board during the quarter included issuing an RFP for Investment Manager services and following the receipt of proposals from Morgan Stanley, Wilmington Trust and Stone Ridge Investment Partners, LLC., the Board selected Wilmington Trust as Investment Manager. They further authorized the proper officers to transfer funds to the Trust for investment purposes in December. Director's liability insurance and fidelity bonding for officers was also put in place during the quarter through the Enders Insurance Agency.

The Board also issued an RFP for auditor services, received responses from Maher Duessel, Baker Tilly, Hamilton and Musser and Zelenkofske Axelrod. Following interviews with all the Board selected Maher Duessel as auditor. Finally the Board heard presentations for accounting services from Miller Dixon and Drake, Gift and Associates and Diana M. Reed. There were several follow up questions for which the Board has requested additional information, thus there decision for accounting services is pending.

The Impact Harrisburg Board has moved forward without undue delay and accomplished a lot in its 11 months of existence. It has established itself as a 501 c 3 non-profit and addressed numerous important organizational matters. In looking ahead to early 2016, the Coordinator will further assist Ms. Dow-Ford in transitioning into her role. It is anticipated that the Board and Executive Director will focus on finalizing grant program guidelines with the application process beginning shortly thereafter. Putting the funds set aside for infrastructure initiatives and to incentivize economic and community development projects is a critical element to strengthening the City's tax base and moving the City's recovery to a point of sustainability for the long term.

Harrisburg Supplemental Growth Fund

Impact Harrisburg's activities are also being coordinated with the City, Dauphin County and Assured Guaranty Municipal Corporation (AGM) to address the \$2 million annual allocation for each of the next five years from PennDOT that occurred as part of the Transportation Reform legislation passed in late 2013. An Escrow Agreement and the Escrow Disbursement agreement were both executed by all parties in February. The escrow agreement accounts for the use of funds set aside in the Supplemental Harrisburg Growth Fund and their distribution to the Infrastructure, Economic Development and OPEB funds should the City not receive PennDOT funding. AGM and the County selected M&T Bank as the depository for these funds and the Coordinator saw that the \$6.666 million set aside in the Supplemental Harrisburg Growth Fund was transferred to M&T Bank on February 19 pursuant to the agreement. On May 13, the City received formal approval along with a contract from PennDOT of a \$3.19 million grant to undertake street related improvements. After review the City

executed the contract and returned it to PennDOT on September 21. A meeting was held on October 8 with representatives of AGM, Dauphin County, PennDOT, the City and the Coordinator to discuss next steps with respect to the remaining funds from the \$10 million allocation. Dauphin County and AGM have both expressed concerns over the time it has taken to obtain the PennDOT funding. PennDOT recommended that the City file an application under their Multi-Modal application program for the remaining funds in order to expedite the process moving forward though releases would occur on a project by project basis. The City filed their application by PennDOT's December 18 deadline. Pursuant to the Escrow Disbursement Agreement, the City Solicitor provided a Certification to AGM and Dauphin County on December 1, certifying that the City had not obtained an enforceable commitment of at least \$2,000,000 and had thus far received \$672,000 in services from PennDOT.

Fiscal Matters

The City's 2015 budget of \$59.5 million was enacted by Council on December 23, 2014. The budget was balanced and generally consistent with the Harrisburg Strong Plan. The budget contains no increase in taxes and serves as the City's financial plan for the year.

Through the end of November the City's total General Fund revenues were \$46,827,495 while expenditures were \$47,242,416. With December projections, year-end revenues are estimated at \$50,719,162 while year-end expenditures are estimated at \$57,349,245 for an operating deficit of \$6,630,083. This deficit is to a great extent due to the state budget impasse and the \$5 million state appropriation for public safety services that has not been disbursed. The FY 15-16 State budget was only partially resolved on December 29 with the Governor's signing of a budget (though it included numerous line item vetoes). The approved budget does contain the \$5 million state appropriation which will be processed in early 2016. Other material revenue shortfalls (when compared with the City's budget and in excess of \$500K) can be attributed to approximately \$1.2M less in earned income tax collections, approximately \$650,000 less for public safety reimbursements (offset by less expenditures) and approximately \$1.346M less for total parking revenues. The parking revenues are discussed in greater detail later in this report.

The City has continued to effectively manage expenditures and estimates are those expenditures will be approximately \$2 million below budget thus offsetting to a degree the revenue shortfall. To a great extent the under budget amounts are due to only selective filling of key vacancies. Material expenditures that are under budget (when compared with the City's budget and more than \$100K) are the budgets of City Council (\$121,496); Financial Management (\$183,130); IT (\$307,687); Transfers (\$165,000); Codes (\$145,117); Police (\$606,961); Fire (\$189,017); DPW (\$218,354); City Services (\$657,077); Vehicle Maintenance (\$421,678); and Parks and Recreation (\$105,052). The only significant overage (1.6 million) is with General Expense which is primarily medical insurance and an approximate \$1 million in additional pension costs. Although not the result we would like,

the City was able to weather the operating deficit and following the December 31 payroll and check run had a positive cash balance of \$1.446 million.

The 2014 year-end cash balance following adjusting entries was reduced to approximately \$5 million. This cash balance allowed the City to meet its early year obligations until tax revenues began to flow. The City's FY 14 audit was completed and released on September 24. Final audited year-end numbers reflect that the City ended 2014 with total revenues of \$55,993,158 and total expenditures of \$46,886,409 for an excess of \$9,106,749. After factoring in other financing sources/uses of (\$4,334,485) the City had a net increase in fund balance of \$4,772,264. This fund balance was key to the City's ability to deal with the revenue shortfalls in 2015 discussed above.

We continue to closely monitor the City's financial position and work with the City's finance office on cash flow related matters. The 2015 cash flow summary attached with this report reflects actual revenues and expenditures through November with projections through year-end.

The Coordinator continues to closely monitor cash flow as part of the implementation of the Strong Plan. The City's bi-weekly payroll averaged \$885,000 for the quarter, slightly below the \$950,000 average for 2014. The Coordinator reviews City payables on a bi-weekly basis to insure expenditures are consistent with the confirmed Strong Plan. During the quarter, 7 bi-weekly check runs were reviewed, comments provided and approved. Through very close monitoring of the City's cash flow and the cooperation of the City's Finance Office, the City has been able to meet payroll and critical creditor obligations through the fourth quarter as well as maintain a current status (within 60 days) for virtually all payables. In fact, for the December 31 check run, the City satisfied all outstanding payables including its medical reimbursements. Over the last year the City had reduced payables from the \$2 million level to approximately \$1 million and maintained that level through August. The vast majority of these payables are internal and to the City Treasurer for medical related payments. Given concern as to the timing of the receipt of the \$5 million state appropriation for public safety due to the state budget stalemate, the Coordinator recommended that payables begin to be held in order to conserve cash to insure that necessary and vital services continue to be provided. The City did this and was able to effectively balance payables with cash flow requirements through year-end. The City met all of its debt service obligations in a timely manner and was also able to meet its MMO requirements to its pension funds by year-end, thus avoiding a significant interest payment had they not been met. 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 "necessary and vital services".

Given concern over the status of the Commonwealth's budget along with revenue projections for early 2016, the Coordinator expressed concern over the City's cash flow requirements moving into

the beginning of 2016. To that end, the Coordinator recommended in October that the City proceed with a TRAN process and provided a template for the City to use. The City proceeded with an RFP for a TRAN and received 2 proposals. Given the current TRAN environment that is being strained by Counties and School Districts due to the state budget impasse, the City was fortunate to receive a very competitive proposal with a very good interest rate. At the December 15 Council meeting the City awarded the \$4.5 million TRAN to M&T Bank and plans to close on the loan in early January as funds will be needed at that time to meet payroll and other obligations in January and prior to receipt of monies from the Commonwealth and collection of real estate, earned income and local service tax monies.

The Coordinator's Team worked closely with the City's administration with the development of the FY 2016 budget during the quarter. A number of meetings were held with City officials including the Coordinator's participation in departmental budget meetings. The Coordinator also provided the City with guidance on the new requirements of Act 47 as they relate to the budget development and review process. Consistent with those requirements the City provided the Coordinator with its proposed budget on October 15 and following the Coordinator's review issued a Budget Compliance letter on November 17 providing a number of recommendations for consistency with the Court confirmed Harrisburg Strong Plan. The Mayor then submitted his budget to City Council on November 24 which incorporated the majority of these recommendations. The \$60 million budget included an increase in the Local Services Tax from the current \$52/year to \$156/year subject to Court approval. The authority for this increase was one of the changes provided in the Act 199 amendments to Act 47 enacted in late 2014. All other tax rates remained at current levels. The proposed budget also included the establishment of a Neighborhood Services Fund which combined the former Sanitation and Disposal Funds and also moved a number of General Fund related expenses into this fund. The concept behind the new fund was to focus on those services that deal with refuse collection/disposal and street cleaning and maintenance.

City Council then held public hearings on the proposed 2016 budget on December 8 and 9 at which each City Department reviewed their portion of the budget and answered questions from Council. Members of the public also attended and provided comments as did I, as Coordinator. Following considerable discussion at both budget hearings and the subsequent December 15 Council meeting, Council enacted the 2016 budget on a 5-2 vote. Council though further stated that they planned to revisit the budget along with the proposed modifications to the Strong Plan in early 2016 after the 3 new Council members were seated to afford them an opportunity to have input into the process.

The Coordinator continues to support the work of the City Controller and Finance Office to provide budget vs. actual reports to the Administration and Council. The Coordinator has had periodic

discussions with the Controller's office during the quarter to address fiscal related matters including issues related to purchasing matters.

The Controller's office recently updated its review of the City's purchasing procedures through mid-December. The review found continued improvement in the various departments complying with purchasing procedures. When the Controller began its review early in the year each individual department, bureau and office was acting as an autonomous purchasing entity operating under its own policies. With the Mayor's support, the long vacant Purchasing Manager position was filled and a commitment made to follow City procedures for purchasing. Instances where individuals purchased goods and services prior to a fully executed purchase order being generated have been greatly reduced and there has been a marked improvement in adherence to related fundamental internal controls. The average number of purchases made prior to the issuance of a purchase order averaged 35% for 2014. In the first quarter of 2015 it averaged 81% dropping to 26% in the 2nd quarter, in the third quarter to 8% and the 4th quarter through mid-December 8%.

The City, with the assistance of Trout Ebersole and Groff, completed pre-audit work for the 2014 audit by mid-June. This year the City's accounting manager led the audit preparation work though Trout Ebersole and Groff assisted on a limited basis by focusing on compensated absences, OPEB and workers compensation matters. As the City continues to build internal capacity it is hoped that the reliance on outside assistance can be totally eliminated. Maher Duessel, the City's auditor began their work on the audit in mid-June, worked smoothly through the summer and issued the audit on September 24. With the completion of the 2014 audit prior to the end of September the City was in compliance with EMMA requirements. The goal for 2016 is to have the 2015 audit completed by mid-summer. The timely completion of audits represents another critical step in the City's recovery.

The City's Audit Committee was established to provide an independent review and oversight of the City's financial reporting processes, internal controls and its annual audit. The Committee is comprised of five voting members, and the Chair of the Budget and Finance Committee. The City's independent auditor now reports directly to the Audit Committee. The Committee has been quite active in engaging on fiscal management matters. The Coordinator attended the Committee's October 8 meeting and provided a further update on the City's recovery plan initiatives, cash flow projections and on the financial management policies that are provided for in the Strong Plan. The Coordinator has recommended policies on debt and fund balance to the City's administration and Council and reviewed these policies with the Committee.

During the quarter the City continued to provide the appropriate Material Event Notices on EMMA related to debt obligations including notices that its Comprehensive Annual Financial Report (CAFR)

was published as of the end of September and has maintained compliance with Securities and Exchange Commission (SEC) reporting requirements.

Operational Issues

From an operational perspective, the fourth quarter of 2015 was largely dominated by the effort to update the City's recovery plan and assist the City with the development of its 2016 operating budget. That effort allowed the Act 47 Coordinator to revisit and assess the success of prior recovery plan initiatives and identify new initiatives that will contribute toward the City's efforts to sustainably exit Act 47. Those accomplishments and proposed major initiatives are discussed below.

The 2013 Harrisburg Strong Plan included nine major initiatives for the Department of Administration. Many of the initiatives were the responsibility of the Bureau of Financial Management and focused on developing financial policies and procedures and appropriately staffing the financial management function.

Many of these initiatives have been accomplished effectively. The Bureau of Financial Management has successfully implemented quarterly financial reporting, implemented a standard budget development calendar, and established a standard position control system. The Department has conducted a comprehensive review of City purchasing policies and worked with the Office of the Controller to implement improvements to the purchasing process. Based on the Controller's Office review of compliance with purchase order procedures, significant improvement had occurred. In the first and second quarter the non-compliance rate dropped from 81% to 26%, while for the second 6 months the non-compliance rate was only 8%. The Department has also modified the existing chart of accounts to track grant program funds on an individual basis. Most significantly, the Department of Administration has developed critical staffing capacity in the areas of financial management and IT management. These improvements in internal expertise have resulted in real progress. One of the most significant improvements relates to financial management. The Bureau of Financial Management is fully staffed and has caught up on a backlog of prior year audits and built internal expertise to complete annual pre-audit preparation. This advancement will allow the City to remain up-to-date on its annual financial audits.

However, though the City has completed a number of important initiatives, there are still significant opportunities in the areas of executive management, financial management, and information technology that deserve attention in the coming months and years. A key element of the Strong Plan is building administrative capacity in City government within the resources available thus it is therefore included in the City's recovery plan update.

One of the most significant of these initiatives is to fill the position of Business Administrator. The City has been without a Business Administrator position for approximately two years and, as a result, the Mayor has served as both the chief executive officer and chief administrative officer of the City. The complexity of the City's operational and financial challenges and prospective special projects warrant a dedicated full-time employee. It would provide the Mayor with a qualified and experienced individual who would manage the City's daily activities thus allowing the Mayor the ability to devote more time to external activities including the strengthening of partnerships with the many entities the City interacts with and that can provide resources to advance the City's recovery. Efforts to hire a Business Administrator have been very difficult given the budgeted salary of \$75,000. As Coordinator I recognize the importance of this position within the City's organizational structure and thus have extended an offer to assist the City by providing a partial salary supplement for a period of three years to help attract a quality candidate under the Act 47 program.

The City must also continue to develop and adopt comprehensive financial policies. The 2013 Strong Plan called for the development and adoption of comprehensive financial policies. Such policies are looked upon favorably by rating agencies and are another important step in the City regaining credibility in the financial marketplace. The City has developed and adopted operating budget schedules and processes, processes for the annual closing of books, and cash flow analysis process. However, there are still policies that warrant development. In 2015, the Act 47 Coordinator developed a draft debt policy for prospective review and adoption by the City. This draft has also been reviewed with the City administration and Council. The Chair of Council's Finance Committee has expressed strong interest in advancing this policy. Examples of a Fund Balance policy have also been provided to the City for consideration. With guidance and support from the Act 47 Coordinator, the City must continue to establish formal financial policies.

The City also must develop a comprehensive Capital Improvement Planning (CIP) process. Though Harrisburg has made significant strides in refining and improving its operating budget process, the City has yet to develop a multi-year capital budget and planning process that centrally identifies and prioritizes capital needs in the City. This tool has not been prioritized for development because it has been several years since the City has had access to the financial resources necessary to fund a capital improvement program. This should not be the case for much longer. Indeed the City is budgeting money in the 2016 budget for capital expenditures, can avail itself to a portion of the monies to be made available by Impact Harrisburg (derived from the parking monetization) and the modification of the City's debt structure over the next several years should afford the City the opportunity to regain access to the capital markets.

Resources provided through the parking monetization to Impact Harrisburg, the non-profit corporation established to administer \$12.3 million in funds available to the City for infrastructure and economic development, along with the completion of the City's comprehensive plan, will serve as a foundation for a capital improvement program. The City's debt service schedule has also been structured in a way that will allow future borrowing to meet capital needs. Finally, grant funding opportunities at both the state and federal level provide resources to support capital investment. For example, PennDOT has committed \$10 million in infrastructure development investment in the City over the next five years. To that end, it is important to develop the necessary process and planning tools to take advantage of funding opportunities that become available. It is especially important to have a structure in place to centrally and comprehensively evaluate all capital needs and prioritize investment within the strategic priorities of the City. Currently, each department or bureau is responsible for funding capital investment as an element of its operating budget. There is no process in place to segregate and evaluate comprehensive capital investment needs or to plan to address needs beyond the one-year operating budget timeframe. Further, it places Department directors in the difficult position of deciding priorities between ongoing operational needs and capital investment.

The Treasurer's Office went through a transition following the resignation of John Campbell in September 2014 due to charges filed by the Dauphin County District Attorney for theft from the Historic Harrisburg Association and the Stonewall Democrats. Tyrell Spradley was selected by Council to replace Mr. Campbell in November and after obtaining his bond, assumed office in December. He is serving the balance of Mr. Campbell's term through the end of 2015 and was elected to a new 4 year term in November 2015. Mr. Spradley has a degree in accounting from Albright College and more than seven years of accounting experience in the banking, retail and non-profit sectors. Mr. Spradley continues to take an active role in the Administration of the Treasurer's office and is working closely with the Controller and Finance offices in assessing its overall operation and in recommending improvements to the City's finance operations. He is being assisted in this effort through the hiring of a consultant in the summer to review the office's operation.

In the 2013 Harrisburg Strong Plan the Law Bureau had a total of three initiatives which have all been completed. The Law Bureau hired outside counsel to assist in labor relations activities and increased the number of staff attorneys from one to three. Although there is currently a vacancy due to the recent resignation of an assistant solicitor, recruitment efforts to fill the position are underway. In addition, the Law Bureau also completed, re-codified, and enacted the Code of the City of Harrisburg.

Though the City utilized contracted professional assistance for labor negotiations in 2013 and 2014 to negotiate voluntary contract amendments pursuant to the Strong Plan, the City will be

tasked with re-negotiating two collective bargaining agreements in 2016 (FOP and AFSCME) and a third in 2017 (IAFF). It continues to be important for the City to contract for specialized expertise in this area. As such, the proposed recovery plan modifications call for the City to retain experienced public-sector employment labor counsel for its labor relations activities beginning with negotiations of new collective bargaining agreements. The Coordinator has recently provided references for the City's consideration.

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

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

To further assist the City with sanitation department issues, the Coordinator subcontracted with a professional engineering firm, Barton & Loguidice, to conduct a comprehensive evaluation of the City's refuse and recycling operation. The approach being taken is one of a managed competition through a partnership between the City and the union with the goal of creating an efficient refuse collection system. It was recognized at the outset that the current system was broken and unsustainable without significant change. Meetings were held with management, the collective bargaining unit and members of Council to obtain their input. The assessment, which was completed the end of the second quarter of 2015, outlined a number of operational improvements to modernize the sanitation collection and recycling program. Recommendations focused on obtaining new or refurbished collection vehicles, purchasing and deploying new trash and recycling containers, increasing recycling through educational efforts, enforcing current ordinances and validating all commercial and residential billing information. In addition, a representative from Barton and Loguidice, as a member of the Act 47 Coordinator's Team, continues to provide implementation support to the City and meets with City leadership on a regular basis to provide consultation services and assist with implementation questions.

Significant improvements have been made in 2015 including the purchase of a new recycling truck through a DEP Recycling grant. This truck will reduce the number of trips crews need to make to the

drop off site. Recycling volume continues to increase due to both the hiring of a Recycling Coordinator and the distribution of 35 and 65 gallon recycling containers to City residents and businesses. The City has also purchased refurbished refuse collection packers to assist with commercial collections.

The City has adopted a 2016 budget that adds staffing resources to the sanitation operation, thereby allowing street maintenance personnel to be fully dedicated to their assigned tasks. It also includes funding for additional collection equipment and with the assistance of a DEP Recycling Performance grant the purchase of a vacuum sweeper to assist with leaf collection and street sweeping. These are positive steps in addressing core responsibilities of City government and the progress that has been made in the sanitation operation is to be commended. There are however, additional steps that must be taken into the future to ensure that the City can capitalize on this progress and advance further improvements in the sanitation operation.

With the deployment of 14,000 new recycling containers in 2015 the City has increased its recycling rate which had been around 5% to over 20%. With an education and outreach program now underway, and through coordination with the County's recycling office, the City is likely to further increase recycling tonnage and should be able to meet or exceed the required tonnage by monitoring and deterring diversion of municipal solid waste from exempt commercial establishments. The more the City recycles, the less it has to pay from sanitation fees collected for disposal, which is all-in-all, a good thing. It is anticipated that these improvements will help stabilize the refuse and recycling collection operation and improve the overall appearance of the City.

The City continues to be able to both increase recycling volume and satisfy the 35,000 ton put or pay requirement with LCSWMA. Even if recycling begins to exceed 30% of the waste stream, the plan assumed the City could earn some money through recycling of its waste and could use some of the amounts it received as disposal fees, in excess of what was then needed to be paid for disposal to fund the improved sanitation system. Key to continuing to maximize the tonnage that needs to be disposed of at the incinerator is capturing all of the waste, especially commercial waste, which is generated in the City but not attributed to the City's waste stream through greater enforcement efforts. It is not clear how much waste leakage there is at this time, however the City has taken an aggressive approach with commercial accounts to ensure that all waste generated in the City is taken to the LCSWMA facility and credit given to the City. The Mayor has met with the major haulers and is meeting with various commercial accounts to facilitate transition of these accounts from private haulers to the City. Through the end of November, the City has disposed of 33,655 tons (96%) of the put or pay minimum and is on target to meet, if not exceed the put or pay minimums in the contract.

The City is currently addressing a lawsuit requesting that a declaratory judgment be issued claiming that the City's current commercial refuse rates are unreasonable and unenforceable. The Coordinator is assisting the City's Solicitor in responding to this suit. The above course of action with respect to commercial refuse is intended to assist in resolving this suit.

The Bureau of Engineering, with Commonwealth enabled funding, has also made significant investments in the City's infrastructure. In 2013, the Pennsylvania Department of Transportation (PennDOT) committed to contributing \$10 million over a five year period toward infrastructure funding in the City. This commitment stood in addition to PennDOT's planned repairs and projects on Commonwealth managed roadways and highways in Harrisburg. As of November 2015, the City has so far been awarded \$3.19 million in funding from PennDOT and has requested reimbursement of \$672,000 for the City's accrued costs related to applicable projects. The City intends to use this reimbursement amount as local match money for future grant applications through PennDOT and other Commonwealth and Federal agencies. In December the City also submitted an application under PennDOT's multi-modal program for the balance of the \$10 million. This funding will allow the City to make major road repairs in the coming years.

The Bureau of Engineering has also begun the process of updating its traffic signal system and has adopted the practice of updating traffic signal infrastructure when other road projects are being completed. This is a prudent approach to replacing the antiquated traffic signal system. The City has used the residual funding from the historic artifact sale to meet the matching requirements for PennDOT's "Green Light Go" program to fund the replacement of outdated traffic control system equipment. In addition, the City is currently engaged in a comprehensive street light upgrade program to replace the City's incandescent street lights with Light Emitting Diode (LED) lights. This project, which was funded through an Energy Savings Performance Contract (ESCO) and with initial funding from a \$3.2 million loan from M&T Bank and a PennDOT grant, will serve to reduce the City's ongoing utility expenses by approximately \$500,000/year. The M&T loan was the City's first capital borrowing since before it entered the Act 47 program. Though these are noteworthy projects, there are still significant infrastructure issues in the City.

Though the Department has made strides in the area of infrastructure repair, the City will be confronted with significant facility viability issues into the future. The City's lease on the Department of Public Works garage facility expires in March of 2017 and the City must assess and pursue alternatives well in advance of the lease termination date. In addition, the City will be confronted with the need to make significant facility related capital improvements in the coming years. Those needs must be professionally assessed and options evaluated so that both daily maintenance plans and capital investment requirements can be appropriately prioritized.

The Department has also made significant improvements in its fleet maintenance operation. It has appointed a full-time fleet manager and has included additional fleet maintenance personnel in the 2016 budget. There are, however, opportunities for the Bureau of Vehicle Management to more proactively take advantage of existing software to improve fleet management, and to implement practical best practices.

The Act 47 Coordinator will continue to work proactively with the City to pursue these initiatives as outlined in the proposed recovery plan update.

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

The Bureaus that now comprise the Department of Community and Economic Development have made noteworthy progress toward the implementation of key 2013 Strong Plan initiatives. Beginning in late 2014, the City began the process to update its 30 year old comprehensive plan. With the Court's approval to allocate up to \$75,000 from the funds set aside for economic development in the Harrisburg Growth Fund, the City reinitiated the Comprehensive Plan update process. Council and the Planning Commission took action to move forward with the update in early 2015. An RFP was developed, proposals received and evaluated and a consultant selected. In April, the City awarded the contract to Office of Planning and Architecture (OPA) of Harrisburg to lead the process supported by 5 other firms (K&W Engineers and Consultants, Good Land Collaborative, ARUP Americas, CSPM Group and AB3 Development). A kick off meeting for the project occurred on May 7. Following a contest held to brand the planning process, "BeHBG" was selected as the name for the update process. A "BeHBG" web site established to provide the community with ongoing updates and to allow further community input has resulted in over 500 registered users and generated over 1200 ideas to date in topical areas of transportation, housing, economic development, historic resources and parks and recreation.

During the fourth quarter the City and consultant scheduled and convened a second series of six public engagement meetings during October and November with a final day long community workshop on December 10 held at the Capitol View Commerce Center on Cameron street to summarize the results. At this workshop the entire consulting team presented information gathered to date to about 150 people who attended throughout the day. Three general presentations were made at different times as well as specific presentations on Housing and Transportation. Staff also

participated in six neighborhood/ organization workshops and five community events during the quarter to get the word out about the update, gather further input on how the City should evolve and develop over the next twenty years and to obtain a sense of the priority of City issues. The consultants have also met with PennDOT on transportation issues and Harrisburg Housing Authority representatives to discuss housing issues. There remains work to be done on the housing piece and the City is working with OPA and the City's CDBG consultants on this section of the plan. The early part of 2016 will focus on the retooling of the document for a presentation to Council. The comprehensive plan will provide land use guidance and strategies and priorities for housing and economic development and is expected to be completed by March 2016. This is a significant accomplishment that will serve to guide the City's strategic investments going forward.

Concurrently, the City continues the process of updating its consolidated plan under the Community Development Block Grant program. The Ferguson Group was engaged to assist in this effort as well as to provide some of the data for the Housing portion of the Comprehensive Plan. This work will be integrated into the City's Comprehensive Plan update process.

The City and its Redevelopment Authority (HRA) have been working closely with PennDOT on a plan to make major improvements to the Harrisburg Transportation Center (HTC). The Center serves as a key anchor for the downtown and a hub for both rail and bus service for the City and region. The Center is currently operated by HRA under a lease with Amtrak and is in need of major physical improvements. The HTC and surrounding properties possess great potential for supporting mixed use residential and commercial development designed to maximize access to public transportation and incorporate features encouraging transit ridership. Expansion of the HTC's multi-modal transportation services can serve as the foundation for the transit oriented redevelopment of surrounding and underutilized properties including the sizeable U.S. Postal Service property located at the corner of Market and Cameron Streets, and possibly the former Patriot News Building located on Market Street. PennDOT plans to make a significant investment in the HTC and would enter into a lease agreement with Amtrak for its operation. PennDOT can further enter into an agreement with HRA to manage/maintain the HTC. There is ultimately the potential for a P3 arrangement for the HTC for future years.

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

As a result of the parking asset sale, approximately \$12.3 million was set aside, under the administration of a non-profit board called Impact Harrisburg, to be used for infrastructure investment and economic development purposes. There are numerous projects in need of funding in the City and limited resources available to fund those projects. It will be important for the City to work closely with the Impact Harrisburg Board, Capital Region Water and the Act 47 Coordinator to develop a list of projects for consideration that meet the intent of the funding and, where possible, leverage other funding resources available at Commonwealth or Federal level. This process should also be integrated with the development of five year Capital Improvement Plan, as discussed above. The City is expected to begin applying for access to those resources in 2016. These funds will serve as a valuable opportunity to leverage additional resources toward infrastructure and economic development that will grow the City's tax base and aid in its economic recovery and ultimate exit from Act 47. This is more fully discussed in the Impact Harrisburg section of the Plan.

The Bureau of Planning, which has been heavily involved in the comprehensive planning process, has also made significant strides in increasing the utilization of the City's Geographic Information System (GIS). The City has fully developed internal capacity to manage the GIS and has taken over the responsibility from a contracted third party. In addition, the Bureau has worked cooperatively with Capital Region Water to consolidate and share GIS information that will prove useful to the City planning and operations and maintenance personnel.

The City continues moving forward with the organization of a Land Bank Board, following the enactment of an ordinance to create a Land Bank last summer. The Land Bank will assist the City with its focus on blighted properties and provide the City with the ability to acquire vacant or abandoned properties, improve them and return them to the tax base. It will use available resources to facilitate the return of vacant, blighted, abandoned and tax-delinquent properties to productive use, thus combating community deterioration, creating economic growth and stabilizing the housing and job market. This will provide the City with a major tool to tackle blight and assist in growing the City's tax base and furthering its recovery.

In addition, in 2016, the Department has proposed dedicating a full-time position to manage the City's extensive festivals and special events. These festivals and special events are important community development and economic development tools for the City and need this type of focus.

The Bureau of Parks and Recreation is responsible for the management of recreation programming at the City's active recreation areas, such as the City's two pools and the City Island beach. Park maintenance is completed by park maintenance staff housed in the Bureau of Public Works. It is important for recreation programming to be closely coordinated with park maintenance. The Bureau of Park Maintenance and the Bureau of Public Works have a good working relationship and coordinate

with each other well but there are opportunities to build upon this relationship. This opportunity is further emphasized by the fact that the budget for park maintenance is proposed to be transferred from the Bureau of Public Works to the Bureau of Parks and Recreation. To that end it will be important to define clear expectations of service and workload standards for the park maintenance function. Identifying these standards clearly establishes a standard and provides a metric that the Bureau of Parks and Recreation can use to evaluate park maintenance service alternatives.

City Island is a significant asset for not only the City but also the region. It offers many opportunities that can support the City's economic development plans though without a thoughtful strategy the Island's full potential will not be achieved. The City has undertaken a more comprehensive view of City Island and continues its efforts to try to determine its best use as a regional asset. The City participated in a charrette last fall that was undertaken by the Urban Land Institute (ULI). The ULI's report provided both short-term and long-term recommendations. Key recommendations included developing a master plan for the Island and centralizing management for island related activities. Other priorities though have limited further pursuit of this initiative. There are also issues related to permits and prior grants the City received under the Federal Land and Water Conservation Program (LWCP) for work on City Island including the stadium area. The Department of Conservation and Natural Resources (DCNR) is the administrator for these grants and close coordination with them is needed to resolve outstanding issues. While meetings of the City Island Task Force with DEP and DCNR had been scheduled to occur over the summer, the Mayor asked to cancel these meetings as the City pursues other priorities.

There remain numerous City Island issues that are yet to be fully addressed including parking issues, DCNR related matters and the Senator's park permit. Coordination with the Harrisburg Parking Authority (HPA) has occurred, as certain parking facilities on City Island are included in the parking monetization transaction. HPA completed a survey of City Island in March to provide the basis for the creation of condominiums related to the parking facilities with the parking garage as the primary footprint. Outside counsel has since worked to prepare City Island legal work for setting up a condominium structure comprised of the parking garage and a small portion of the parking lot to accommodate PEDFA's exercise of its option. With the need for parking for DHS employees in the Verizon Tower resolved (at least for now) through the use of parking in the downtown garages, the Mayor has raised the issue of whether the option is still necessary. The option is still legally available to the Commonwealth for the next several years and may be exercised.

In the 2013 Harrisburg Strong Plan, the Bureau of Fire had a total of 13 initiatives that were the direct responsibility of the Bureau of Fire. The Bureau has made significant progress toward implementing many of those initiatives. Notably, through collective bargaining negotiations, the

Department has been able to close one fire station and adjust its company staffing level to 14 firefighter/lieutenants and one command officer per shift, which has in turn allowed the Bureau to significantly reduce its overtime expenses. This has added significant value from both a public safety and firefighter safety and response perspective.

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

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

There are however additional initiatives and opportunities that should be pursued by the Bureau in the coming years. The most significant initiative with the potential to both enhance service levels and revenue relates to regional fire service delivery. With changes to the deployment model and the addition of personnel to the Bureau of Fire, staffing and deployment has stabilized in the Bureau. The Bureau provides a high level of service to residents, businesses and visitors, and maintains a complement of highly trained firefighters and command staff.

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

The Bureau of Fire has begun evaluating these opportunities. However, full evaluation of options available will require detailed deployment and staffing analysis, cost estimates, and extensive conversations with neighboring communities and their elected officials. In moving forward the City should seek to partner with Dauphin County and the Act 47 Coordinator to conduct a fire regionalization and service sharing study to identify and prioritize opportunities.

The Bureau of Police has made strides in implementing many of the initiatives outlined in the 2013 Strong Plan. The Bureau has consolidated the use of specialized units in the Bureau in favor of assigning additional personnel to the patrol function. It has reduced civilian staffing in the parking enforcement function as a result of the monetization of parking assets to Standard Parking. In addition, the Bureau has decreased the number of captain positions from three to two.

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

The most significant operational and financial challenge confronting the Bureau of Police relates to sworn staffing, especially in the Uniformed Patrol Division, which is the largest sworn police function.

According to interviews with the senior executive officers of the Bureau, the Uniformed Patrol Division targets a daily shift staffing goal of 15 patrol officers per shift to meet its calls for service demand and adequately engage in the proactive policing activities, such as foot and bicycle patrols. This is based on Bureau's existing patrol beat and response structure. Though the target for the daily shift staffing is 15 patrol officers, the Department maintains a minimum required staffing level of 10 officers per shift. If staffing falls below the 10 officer minimum, officers are called in on overtime to meet minimum staffing targets. According to Bureau estimates, each of the platoons requires a target staffing of 25 officers in order to consistently meet the patrol officer staffing goal of 15 officers per shift; the current budgeted patrol officer staffing level per platoon is 21 patrol officers. According to the Department's staffing estimates, an additional 12 patrol officers are required to meet the shift target staffing level.

In late 2015, the City received word that it received a Department of Justice COPS grant for over \$550,000 to fund the salaries for five patrol officer positions through 2016 and 2017. These officers will be devoted to community policing and should be hired by early 2016. The City must maintain funding for these positions through 2018. Though this will help the Bureau maintain staffing levels in the face of naturally occurring attrition, it will not resolve the staffing shortfall discussed above. Further, it is not clear that sufficient financial resources will be available to the City in the coming five years to fund significant increases in patrol staffing.

In the alternative, it is appropriate to evaluate if other deployment schedules are available to enable the Bureau to more effectively, or more efficiently, deploy its limited staffing resources. Police officers who are assigned to uniformed patrol perform steady tours of either 7:00 a.m. to 3:00 p.m.;

3:00 p.m. to 11:00 p.m.; or 11:00 p.m. to 7:00 a.m., with steady days off. Although a steady tour schedule provides a welcome measure of regularity for the workforce, there are a number of other schedule alternatives that can be evaluated to determine if deployment and schedule changes can mitigate the impact of staffing shortages. For example, implementation of 12 hour schedule deployment models has demonstrated value in decreasing the incidence of unexpected time off, which impacts staffing availability and potentially overtime usage.

Effective scheduling requires analysis of operational and financial efficiencies, the unique needs of the Bureau and the community, and the impact of the schedule on the agency's employees. There are literally dozens of possible alternatives, and the evaluation of those alternatives must be made to ensure they result in a more efficient use of resources that will enhance police service without creating undue stress on the members of the Police Bureau. Therefore, before a new duty schedule is implemented, an in-depth study should be conducted to ensure that the nuances of the Bureau are explored and addressed. A committee consisting of the Chief of Police and/or designees, representative(s) of the Fraternal Order of Police, and the Act 47 Coordinator shall be created to implement this initiative and make the final determination on a new schedule that meets the operational needs of the Bureau, enhances efficiency and reduces expense to the greatest degree possible.

Similar to the Bureau of Fire, there are opportunities in the policing area to promote regional efforts that can enhance service and potentially generate revenue or reduce expenses. In 2015, Dauphin County and the District Attorney's Office, with support from the Act 47 program, contracted with the Police Executive Research Forum (PERF) to assess opportunities for regional police initiatives in the County. The City's Bureau of Police, as the largest police department in the County, was included as an important participant in that assessment. Both the Harrisburg Police Chief and the City's FOP representative participated as members of the study Task Force. Their study is considering multiple intergovernmental arrangements for policing services and opportunities for increased cooperation and cost sharing among police departments throughout the County. A meeting of the Task Force to review and discuss the draft report and its recommendations was held on October 13 and the final report with recommendations for service and cost sharing is expected to be completed by the close of 2015. It is anticipated that the report will identify opportunities for Harrisburg's Bureau of Police to engage in cooperative efforts that may enhance service and potentially reduce expenses. It is recommended that the City aggressively and proactively pursue those opportunities as this intergovernmental initiative is consistent with the Strong Plan's goals and could open the door to even greater cooperative ventures in the future.

Prior to, and since the City's entrance into the Act 47 program, the City has engaged in collaborative work with a variety of intergovernmental agencies. For example, The City

produces and distributes property tax bills on behalf of the School District and also collects the payments. They perform a similar function for the shared Business Privilege/Mercantile Tax.

The City and Dauphin County collaborate in the provision of public safety services. The Harrisburg Police Bureau participates in the Dauphin County Special Weapons and Tactics Team (SWAT) and works closely with the Dauphin County District Attorney's Office in criminal investigations. In June 2011, the Dauphin County Communication Center began providing 911 and dispatch operations for the City of Harrisburg, at no charge to the City.

Dauphin County, through its Department of Community and Economic Development, directly assists businesses and municipalities within the County in undertaking economic development projects. The Dauphin County Economic Development Corporation, a non-profit development entity, has partnered with the City in ongoing efforts to retain and grow existing businesses as well as attract new ones through business resource networks and calling programs.

Following a Strong Plan recommendation, the City also became a member of the Capital Region Council of Governments (CRCOG) in 2014. CRCOG is a voluntary association of 40 member boroughs and townships from Cumberland, Dauphin, Perry and York Counties, formed to promote intergovernmental communication and cooperation. It offers a joint purchasing program and an auction for surplus property and equipment. Participation in the COG has resulted in cost savings for various commodities and services including most recently the contract for street line painting. The City is also a member of the Dauphin County Tax Collection Committee which administers the collection of the Earned Income Tax for all municipalities and school districts in the County through their appointed collector, Keystone Municipal Services. In November the City entered into a contract with Keystone Municipal Service for the collection of the Local Services Tax in order to have a more efficient collection operation for these employment based taxes.

While there are specific instances of cooperation between and among the City of Harrisburg, the Commonwealth of Pennsylvania, Dauphin County, the Harrisburg School District and other neighboring municipalities, aside from Capital Region COG, there is no mechanism or body that facilitates discussion of issues of mutual interest or concern. It is therefore important for the City to take a proactive role in pursuing intergovernmental cooperation opportunities. The Act 47 Plan includes a number of initiatives relating to intergovernmental relations and cooperation. In the area of public safety, there are two major opportunities going forward. The first opportunity relates to the outcome of the regional policing study targeted for completion in late 2015. The study, which was funded partially by the Act 47 program, and completed by the Police Executive Research Forum (PERF), identifies multiple opportunities for intergovernmental

service sharing and cooperation in the policing area. It will be important for the City to pursue those opportunities to determine where costs savings and/or service improvements can be achieved.

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

The City must also work closely and cooperatively with the County and the Commonwealth on infrastructure and economic development initiatives. PENNDOT has committed to contribute significant resources to the City for infrastructure repair and development that will be critical in fostering the City's economic recovery. The cooperative relationship that exists between the City and PENNDOT should be maintained. The City and the County are also important partners in the region's economic development and, equally important, in the delivery of services to City and county residents. These efforts, and others, should be aggressively pursued to strengthen the City's recovery and support its sustainable exit from Act 47.

Collective Bargaining

The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 ("FOP"), the American Federation of State County and Municipal Employees District Council 90, Local 521 ("AFSCME"), and the International Association of Firefighters, Local No. 428 ("IAFF"). Each of the City's three unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the Strong Plan in August 2013. The amendments to the prior collective bargaining agreements for the bargaining units, as well as those initiatives for the non-union City employees, have been implemented, and cost reductions resulting from these changes continue to be monitored. Although the formal Amendment documents setting forth the revised contract language have been finalized and agreed to by AFSCME and the FOP, an amendment document for the IAFF has not been completed. The City prepared a formal Amendment document setting forth the changes in the Tentative Agreement document which was formally ratified by both the IAFF and the City and provided it to the IAFF for execution, however, they have yet to respond to this formal Amendment document. The Coordinator will continue to insure implementation of the negotiated changes and to assist as may be necessary with respect to any issues and grievances that arise relating to those changes or to any of the Plan initiatives.

In the Modifications to the Strong Plan filed in November 2015, the Coordinator established new compensation allocations for the FOP, AFSCME, and IAFF that are consistent with significant amendments that were made to Act 47, commonly referred to as the Act 133 Amendments of 2012 ("Act 133 Amendments"). As amended, Act 47 now requires the Coordinator to project revenues and expenditures for the current and next three fiscal years, and develop a capped amount for each city bargaining unit to be available for total compensation for employees in that unit. For that reason, and unlike the predecessor Strong Plan, this Plan separates the costs related to each of the City's collective bargaining units included in the overall cost projections in the Plan so that each bargaining unit can have an active role in collectively bargaining for those terms of compensation that are most important to the employees in such unit.

As they currently stand, the City's collective bargaining agreements with the FOP and AFSCME expire on December 31, 2016. The CBA with the IAFF is set to expire on December 31, 2017. Negotiations for successor agreements with each of the unions will be the first time since the City entered into Act 47 that the unions are obligated to negotiate all terms with the City and that the City has the right to renegotiate employment terms with the unions.

There is a pending class action grievance filed by the IAFF on behalf of the Harrisburg Bureau of Fire members who entered the Fire Academy in March 2014 and began receiving pay from the City at that time. In the grievance, it is alleged that this class of individuals is not being afforded the proper benefits in accordance with the former iteration of the CBA (pre-April 2014 amendments). It is the Coordinator's understanding that City employees in cadet status, whether attending the Fire Academy or Police Academy, are not members of the respective bureaus/bargain units until they graduate and are sworn into service by the Mayor. Accordingly, they are not afforded the benefits of collective bargaining until such time and are, likewise, not obligated to pay dues or participate in any other bargaining unit activities. It is the Coordinator's further understanding that that the City and the IAFF were both aware at the time of the amendments that fire cadets enrolled in the Fire Academy at the time of the amendments would join the bargaining unit upon being sworn in by the Mayor pursuant to the terms of the amended agreement. An arbitration of that grievance has been scheduled for May 19, 2016. While the Coordinator is hopeful that there will be a favorable decision, an adverse decision will create further restraints on the maximum expenditures available for the IAFF unit.

Fire overtime had been a continuing issue for the City and was constantly exceeding budget, however, with the new fire contract approved in April 2014, the closing of a fire station and the addition of a new complement of firefighters in July 2014; the City has been able to significantly reduce its overtime expense. The City's Fire Chief has used these tools and through prudent personnel management has contributed greatly to cost containment in the Fire budget. Total

overtime (inclusive of premium pay) for the first quarter of 2014 was \$727,432 or 64% of salary while for the balance of 2014 total overtime was \$1,100,943 or 32.5% of salary, half of what it had been averaging prior to the new contract. For the year overtime was 40.5% of salary and 91% of the \$2 million overtime budget. Positive trends have continued in 2015 and through November show a continuation of reduced overtime and the ability to stay within the \$900,000 budget which is less than half the 2014 overtime budget. Overtime (inclusive of premium pay) through November was \$776,850 or 18% of normal salary and is tracking at 86.3% of the lower budget amount. Factoring in premium pay and the total for both is 85.5% of budget through the end of November. This pattern of reduced overtime has had a very positive impact on City finances and is anticipated to continue through 2016.

Asset Monetization Matters

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

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

Importantly, after consummation of the Strong Plan, the City is no longer a guarantor of debt service payable by either the Lancaster County Solid Waste Management Authority (LCSWMA) on the Resource Recovery Facility or the Pennsylvania Economic Development Financing Authority (PEDFA) for the parking system. The Strong Plan focused not merely on a restructuring of City liabilities, but the complete elimination of debt and other obligations (see chart attached). The exceptions were the City's General Obligation Bonds and the so-called "Verizon Bonds." The former were restructured as part of the Plan's consummation and the latter were restructured in January as part of the Settlement Agreement on the Verizon Tower.

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

The proceeds of the parking monetization that became available on December 23, 2013 were allocated to the "Acquisition Price" used by the HPA and City as follows:

1. Repay balance of negotiated settlement with Resource Recovery Facility creditors (\$128 million).
2. Pay debt service on GO Bonds for first time since 9/15/11 (\$6 million).
3. Repay all of the Harrisburg Parking Authority's debt (\$99.8 million).
4. Pay \$36 million to the City of Harrisburg to be used to:
 - a. Reduce payables,
 - b. Create an OPEB Irrevocable Trust and fund an initial deposit,
 - c. Fund deposit to Impact Harrisburg,
 - d. Fund a budgetary reserve to get through first three months of year,
 - e. Repay Pennsylvania Investment Bank, and
 - f. Repay agreed upon amounts to equipment lender.

Harrisburg Parking

With Plan consummation, the parking assets are now under the auspices of the PEDFA. They have engaged the Capital Region Economic Development Corporation (CREDC) as their agent to oversee the operation and management of the parking operation. PK Harris/Trimont Real Estate Advisors is responsible for managing the parking assets and Standard Parking Corporation/SP+ is managing day to day operations. PEDFA awarded a contract to CDM Smith to review certain financial elements of the Park Harrisburg System, given the failure to satisfy the 125% rate covenant under the bond indenture. PEDFA in consultation with the bond guarantors determined that a review of the operational issues to provide recommendations aimed at improving the system's operations and financial performance would be undertaken. CDM Smith began the review in September and issued its report at PEDFA's October 21 meeting. Key comments and recommendations were:

SP+

- *It is the opinion of CDM Smith that a much smoother handover from HPA to SP+ could have taken place, including temporarily hiring former HPA employees. Hence, we believe that SP+ management should have better planned for the transition from HPA to their firm. This transition also should have included more support from SP+ managers outside Harrisburg.*
- *It would have been difficult to completely mobilize because the transfer date was uncertain. Devoting resources in a standby capacity during the holiday season would have been difficult. Further complicating the transition period from HPA to SP+ was the company's recent merger between Standard Parking and Central Parking becoming SP+.*



- *PK Harris also expressed concern with the on street parking enforcement equipment's inability to allow a 5 minute grace period on parking meter violations. According to SP+, it is a technology issue, and the vendor has not provided a solution. A 5 minute grace period would engender some goodwill with downtown Harrisburg parkers. (The grace period has now been implemented)*

Results of Operation

Audited Results for 2014

Parking tax collections that accrue to the City's General Fund were projected to increase by more than \$1.4 million per year due to, among other things, the repayment of the Harrisburg University Bonds and the HPA Series U Bonds (these bonds were repaid using upfront proceeds of the parking monetization). In addition, the amount the City had collected from meter fines (\$880,000 in 2013) was replaced with payments by PEDFA under the Indenture waterfall and was similarly expected to increase by material amounts. Based on the City's financial statements, below is the year over year comparison based upon reported results which indicates that total parking revenues to the City of Harrisburg increased by a little over \$3 million in 2014 as compared to 2013.

City of Harrisburg

Group	Acct#	Account Description	2012	2013	2014
Parking Taxes	327000	MBP PARKING TAXES CURRENT	1,507,727	1,613,906	3,100,722
Parking Taxes	327001	MBP PARKING FEE	13,513	13,271	16,721
Parking Fees	327002	PARKING LICENSE FEE-PRIOR	784	476	3,266
Parking Fees	327003	PARKING LICENSE FEE-PENAL	2,298	668	3,477
Parking Fees	342015	TOWING FEES	27,775	24,954	28,360
Parking Fees	342050	METER BAG RENTAL	171,576	149,706	62,834
Parking Fees	342092	FINE AND COSTS	91,092	72,919	72,570
Parking Fees	342099	BOOTING FEES	16,200	1,925	14,595
Parking Tickets	346020	PARK TICKETS-VIO FINE	1,093,142	880,585	1,887,962
Priority Parking Distribution	397002	PRIORITY PARKING DISTR.	0	0	587,286
Rental Income	355001	HPA RENTAL INCOME	24,267	0	20,800
Hbg Prk Auth Coord Pkg	397000	HBG PRK AUTH COORD PKG	250,000	0	0
			<u>3,198,374</u>	<u>2,758,410</u>	<u>5,798,592</u>
					3,040,183

Δ

When taken together, the increase in cash flow to the General Fund of the City (approximately \$3 million in 2014 as compared with 2013) has been an instrumental element to the City's recovery. This improvement along with continuing fiscal restraint by City management enabled the City to run a balanced budget in 2014 and end the year with an improved fund balance for the second straight year.

SP+ - 2014 Audit

The audit of SP+ 2014 accounting is in its final stages. Completion has taken longer than expected due to the review associated with the SP+ overpayment and general review associated with the first audit of the system. Completion of the audit is projected for January 2016. The initial review has found overpayments that occurred to the City, Trimont and SP+ in 2014. The actual amount will be determined by the audit and will be factored into a repayment plan in 2016.

Unaudited Results for 2015.

- Transient revenue continues to run under budget but that amount is offset by higher meter revenues. Meter rates are lower for some time periods than Transient rates which has some effect on those revenues.
- Monthly contract revenues including the DGS Vehicle Lease are on budget except to the extent that the budget for the Commonwealth of Pennsylvania has resulted in some delayed payments. These delayed payments in 2015 will inure to the benefit of the structure in 2016. Approximately 220 new occupants of the Commonwealth/Verizon building have drawn parking passes and generated additional revenue for the project in 2015. When the Verizon Tower is fully occupied by March 2016 approximately 500 additional spaces will be occupied.
- Fines and penalty revenues are well below budget primarily due to low collection of tickets issued 2014. The Coordinator has facilitated interaction between Trimont/SP+ and AOPC in order to initiate a booting program which is expected to be initiated in early 2016. This should assist with parkers who disregard tickets issued, however expectations as to revenues from fines and penalties are being lowered in next years' budget.
- Operating Expenses are expected to come in near budget for 2015.
- Payments to the City/HPA as Subordinated Expense in the amount of \$1,164,827 have been made through December 2015.
- Through October 2015, the City does not owe any amounts for the subsidy (that began in April) as the revenues have passed the thresholds set for payment.
- The 2016 Operating Budget and Capital Budgets were approved by PEDFA at its December 21 meeting. Rate increases were generally held to rates stipulated in the project documents or existing rates except for Transient Rates which were increased slightly to

meet the Rate Covenant (i.e. 1.25x coverage on Class A, B and C bond debt payments for 2016).

The below graphic illustrates parking monetization estimates from Strong Plan versus the 2014 actual results, 2015 estimated results and 2016 budget.

Amounts built into Addendum 1 of Strong Plan (\$ millions)				
	2014	2015	2016	
Line 1	\$ 1.10	\$ 1.10	\$ 1.10	Baseline Tickets and Fines
Line 1 (20%)	\$ 3.20	\$ 3.20	\$ 3.20	Parking Taxes/20% of off-street; includes \$1.4m per year increase
Line 4	\$ 0.40	\$ 0.40	\$ 0.40	Priority payments under indenture
Line 5	\$ 0.50	\$ 1.00	\$ 1.50	Priority payments under indenture
TOTAL	\$ 5.20	\$ 5.70	\$ 6.20	

Strong Plan vs. Actual/Updated Projections (\$ millions)				
	2014	2015	2016	
Strong Plan	\$ 5.20	\$ 5.70	\$ 6.20	
Actual/Projected	\$ 5.62	\$ 4.72	\$ 6.44	
Difference	\$ 0.42	\$ (0.98)	\$ 0.24	

Notes:

2014 Actual is based upon City financial statements

includes \$.521 m in parking fines outside of Competing Parking Area; \$2 m from PEDFA and \$3.1 m of taxes.

2015 is based upon City financial statements

assumes \$.52 m in parking fines outside of Competing Parking Area; \$1 m from PEDFA and \$3.2 m of taxes.

2016 is based upon City budget

assumes \$.52 m in parking fines outside of Competing Parking Area; \$2.1217 from PEDFA and \$3.8 m of taxes.

Enforcement Revenues - Lower than Projected.

Fines and penalties revenues are well below budget due to the actions needed to initiate the collection process, the large number of outstanding tickets and the difficulty in obtaining adequate responses from alleged offenders in order to move the tickets through the adjudicatory process. The Coordinator and Trimont/SP+ have both been engaged with the County Court system and Administrative Office of the Pennsylvania Courts for much of 2015 in an effort to address this problem.

- *There were two key actions SP+ needed from governmental agencies to be able to collect parking violation fine revenue. On May 27, 2014, SP+ received their Originating Agency*

- *Identifier (ORI) from the Pennsylvania State Police needed to complete their responsibilities in writing parking citations. On November 12, 2014, the City of Harrisburg passed Bill Number 16 Ordinance Number 13 of Session 2014 that raised the parking violation fee from \$14 to \$30, with an additional \$20 assessed if it is not paid in 96 hours.*
- *On July 22, 2015, Judge Richard Lewis ordered the Magisterial District Courts for the City of Harrisburg to not accept for filing any summons, citation, or other document charging an infraction where the violation occurred more than 365 days prior to such filing. Therefore, all tickets issued between January 2014 and July 22, 2014 were beyond the Statute of Limitations.*
- *Based on Judge Lewis's July 22, 2015 Statute of Limitations decision, all parking tickets issued between January 1, 2014 and July 22 2014 are null and void.*
- *We believe that it would have been difficult to predict the difficulty in receiving the ORI from the State Police and the parking enforcement enabling law from the Harrisburg City Council. Those two actions, as well as the organization of AOPC in order to receive and process a large number of parking tickets, resulted in unexpected delays and ultimately a reduction in enforcement revenue.*
- *Meetings between the parties involved in the parking fine collection process has improved communication and resulted in the flow of information on a regular basis to monitor the collection process. This information is currently being reviewed by the Coordinator and Trimont/SP+ in an effort to determine the revenue that can be anticipated on a regular basis. Based on information provided by the Court through November total fines assessed were \$835,267 with collections of \$566,810 for a 67% collection rate.*
- *Annual enforcement revenue generated from fines and penalties is expected to range from a low of \$1.5 million to a high of \$1.9 million once the system settles down and everything is working smoothly.*

Improvements to the Parking System

Many enhancements have occurred to the system since the monetization. Over \$9 million was set aside for improvements to on-street and off-street parking facilities and technology (see below description with respect to new meters and new garage technology).

Parking meter stations accept credit cards, allow for pay-by-phone and add time by phone have greatly improved parking meter operations. New technology has been installed in all 9 the garages

with automated garage entrance and exit installations completed during the 4th quarter. The River Street lunchtime discount program and 5 minute grace period became operational in October.

With the new garage technology, additional parking programs and improvements should become available to workers, merchants and residents thus providing additional benefits to system users. This technology will also allow for further analysis of parking patterns, thus allowing additional enhancements to occur.

During 2015 the following actions have occurred with the parking system.

- Reduced meter rates from 5 p.m. - 7 p.m. weekdays and a 4-hour free parking period on Saturdays through a subsidy of up to \$285,000 provided by the City. Thru November none of the subsidy has had to be drawn upon.
- An Ambassador Program is being provided by the on-street enforcement employees.
- Free parking is available at Walnut Street Garage for those contesting tickets.
- Reduced rates to park at River Street garage during lunch hours, weekdays and weekends is in place.
- Enhanced night-time visibility on the meters to assist with inputting license information.
- Five minute grace period at all meters.

A Parking Advisory committee chaired by PK Harris/Trimont Real Estate Advisors, the Asset Manager, and comprised of representatives from CREDC (as PEDFA's representative); Standard Parking Corporation, the Operator; the HPA; the Mayor; City Council; Department of General Services (DGS); AGM; and the County was established early in 2014 and continues to meet on a periodic basis to keep stakeholders informed on the system's operation. Although it has no decision-making authority, the Advisory Committee serves as a forum for communication and interaction among the parties with interests in the operation of the Parking System and as a vehicle for customer and public input with respect to the operation of the system. The Advisory Committee last met on October 19.

Overall Performance.

The Park Harrisburg system underperformed slightly in 2014 because it produced a coverage of 1.22, and the Trust Indenture requires a 1.25 coverage. The 2015 coverage is projected to also fall below the 1.25 requirement. In 2014, the coverage would have been achieved had the system produced \$310,000 of additional net revenue. Unrecoverable enforcement revenue in the court system from January 2014 through July 2014 is estimated to be \$250,000. Recoverable income from August 2014 through December 2014 is estimated to be \$200,000. When the recoverable income is secured by SP+, the system's 2014 coverage should reach 1.24. We assume that the recoverable income will be applied to 2014 financial results.

Resource Recovery Facility

Results for 2014 and 2015

The Lancaster County Solid Waste Management Authority (LCSWMA) has been operating the resource recovery facility since December 2013. Tonnage from the City of Harrisburg, delivered to the Susquehanna Resource Management Complex (SRMC) exceeded the City's minimum required 35,000 tons in 2014 and is on track to do so again in 2015. Thru the end of November the City had disposed of 33,655 tons (96%) of the put or pay minimum and should exceed the requirement again in 2015. At the same time, recycling increased dramatically. The more the City recycles, the less the City has to pay from sanitation fees collected for disposal. In the event the Department of Environmental Protection provides grant money to defray a portion of the City's Recycling Coordinator salary the City should seek to take advantage of any such reimbursement. The City is receiving an annual Host Fee from SRMC of approximately \$285,000 per year. Tipping fees, which were reduced in 2014, have not been increased for 2015 or 2016 all as agreed to with LCSWMA.

With the deployment of the new recycling containers and continued educational efforts, the City can increase recycling further. The Coordinator believes that the City should be able to increase recycling volume and exceed the required tonnage specified in the put or pay agreement by continuing to monitor and deter diversion of municipal solid waste from large commercial establishments historically permitted to be treated as exempt. Under the 2013 Strong Plan, the additional dollar amounts in the Sanitation Fund that were being collected at the time provided significant cushion against recycling exceeding 30 – 35% of the waste stream emanating from the City, and tonnage declining below the 35,000 ton minimum. Without taking into account the value of (or the amount paid to the City for recyclables), the reduced cost of disposal coupled with the cushion, would be more than sufficient to protect the general fund from costs under the put or pay.

In 2014, Barton & Loguidice was retained to conduct a study of the waste and sanitation collection in the City of Harrisburg. They concluded that the system was *broken and unsustainable*. The choice facing the City was to build or to buy an integrated waste management program.

The report suggested numerous changes and significant improvements and capital expenditures that would be necessary to fix the current state of affairs. The report recommended:

- g. Prioritize initial improvements that are most critical to changing the system*
- h. Make these changes, and allow a trial period of at least 12 months, to demonstrate the capability of the City to make changes, and to demonstrate the success of the initial changes and improvements to the system*
- i. perform an evaluation of specific and measurable changes to the system*

- j. *If initial success can be demonstrated, initiate additional changes/improvements in a similar manner to achieve the greater goals identified within this report*
- k. *If these initial changes do not result in measurable and observable system improvements; then acknowledge this and move on to a private bid process to procure waste and recycling collection system services, and identify residual services that will need to continue as a City responsibility"*

The 2016 budget dedicates significant sums for improvements to the system, equipment and additional staffing. The Coordinator recommends that the City proceed cautiously in staffing decisions and pay heed to the recommendations in the report – to undertake a trial period and revisit whether the public system is working or whether it makes more sense to move on to a private bid process.

The "Verizon Bond Problem" has been addressed.

The "Verizon Bond Problem" is described in greater detail in the Strong Plan, and originated from the fact that the so-called Verizon Bonds were issued as long term, capital appreciation bonds in 1998 to fill a budget shortfall of the City at the time. Bond proceeds were received and spent by the City nearly 20 years ago, and now tax dollars were slated to pay back the debt.

The assumption had been that Verizon or someone would be tenant in the building paying sufficient rent to service approximately \$41.6 million of debt service from 2016 – 2033. The City had guaranteed repayment of all the debt service on the Verizon Bonds. The Verizon lease ends prior to the requirement that debt service be paid. Therefore, if Verizon moved out prior to the debt service becoming due, which is in fact occurring, and the building remained vacant, the City would be required to pay the entire \$41.6 million in debt service. This would have been disastrous and would have undermined the City's financial recovery.

The Coordinator's team worked diligently with the various parties involved through 2014 and early 2015 to develop a viable resolution to this liability. The negotiation of a lease between Harristown Development Corporation and DGS was a critical component to providing an ongoing revenue stream. The Commonwealth of Pennsylvania, working with the Receiver's Team undertook to address a significant portion of the Verizon Bond Problem which included:

- Obtaining a tenant for the entire building,
- Negotiating a rental rate and lease
- Amending a Commonwealth statute to accommodate the move,
- Negotiating concessions from Harristown Development Corporation (HDC),
- HDC procured an energy savings based loan for significant improvements to the building,

- The Coordinator's Team negotiated with creditors a flexible repayment schedule in order to make the City's remaining obligations more affordable and provide the City with the capacity to borrow for capital improvements beginning in the next several years,
- Negotiating a Settlement Agreement entered into with AGM which was approved by the Court on March 13, 2015.

The final structure will save both the City and Commonwealth considerable sums of money (the former in regard to reduced total debt service obligations and the latter in regard to reduced energy costs under its lease).

The benefits to the City of the arrangement that was consummated on January 30, 2015 include:

- The Commonwealth as a Single tenant, with high credit rating and high likelihood of staying in Harrisburg entered into a 17 year lease, the entire repayment term of Verizon Bonds.
- HDC concessions and DGS willingness to make installment purchase payments provide significant reduction in City's ultimate obligations (Expected to be in excess of a \$20 million reduction).
- HDC is provided incentives to increase the subsidy of City debt service coming from lease payments.
- Remaining debt service is affordable, allows for incremental capital borrowing over time and maintains the City's debt service ratio within financial industry accepted limits.
- Property remains on tax rolls generating approximately \$4.4 million per year.
- Over \$16 million in capital improvements to the three buildings in the Strawberry Square complex.
- Significant energy savings improvements to reduce cost to Commonwealth and increase amounts available to City.
- Approximately 800 people moving into central business district should help merchants and will increase Local Service Tax to City by approximately \$42,000 per year.
- Additional vehicles to be parked in system should increase parking tax collections of the City by approximately \$325,000 per year and total parking revenues by approximately \$1.650 million annually at the 2016 rate of \$180/space/month.

Current Status of Verizon Tower Project

All parties believed that it was feasible to move the Commonwealth Department of Human Services (DHS) employees into the building (in stages), so that by March 1, 2016, the building would be fully occupied. The Coordinator has worked closely with DGS to monitor construction activity. Work started in February 2015 to ready the building for occupancy with the first wave moving into the building beginning in September. The project is on track to be completed by March of 2016 and by all

accounts is one of the biggest improvement projects being undertaken within the downtown area. Phases 1 & 2 are now complete with the 6th, 7th and 9th floors successfully occupied by 409 Department of Human Services employees. As of December 15, Verizon has vacated the remaining space and Phase 3 construction has commenced on the remaining floors (4th, 8th, 11th and 12th) with completion scheduled for March 1. Furniture installation will be sequenced to commence following the completion of construction on each floor starting with the 4th floor. DHS move in dates will begin March 1, 2016 and be sequenced following the furniture installation for each floor. Commonwealth Tower is scheduled to be fully occupied with 771 DHS employees by April 8, 2016.

The DGS Security System Upgrade Project throughout the Capital Complex was coordinated with the security system requirements for DHS in the Commonwealth Tower. The security system has been completed for PHASE 1 and PHASE 2 with the remaining floors to be complete in PHASE 3.

The Energy Upgrade was a separate Project thru DGS Facilities Management and HDC that was coordinated with our build out in PHASE 1 and PHASE 2. Siemens, the contractor doing the energy upgrades, coordinated their work with the R.S. Mowery the General Contractor for the build-out of the space and the energy upgrades for the new space. Installation of over 37,000 LED replacement lights and occupancy sensors, new chiller installations, water fixture retrofit and building envelope insulation projects, building automation installation and fire system modifications are all complete and will provide significant improvements to the manner in which HDC operates the buildings.

DGS has also officially named the Harrisburg State Office Buildings as:

SO1: STRAWBERRY SQUARE

SO2: 333 MARKET STREET

SO3: COMMONWEALTH TOWER (Verizon)

Senator's Stadium Bonds

The park permit/lease with the Harrisburg Senators for the City Island stadium remains an issue as the City has had to make up the difference in debt service from what the permit revenue provides. This has amounted to between \$180,000 and \$200,000 annually. We understand the owners of the team have held back certain payments to the City in order to fund capital improvements to the stadium, thereby increasing the amount of debt service the City is required to pay under the Guaranty of the bonds by more than a hundred thousand dollars per year. To date, the cost to the City of debt service on these bonds has increased by more than \$100,000 per year due to the inability to resolve this matter. The City has assumed responsibility for the "Senators' Stadium" financing and no updated information is available from them at this time.

The goal of a new permit/lease is to insure that adequate revenues are received to fulfill the debt service obligations on the stadium bonds without further burdening City taxpayers. With a local businessman now owner of the Senators there is a hopeful sign for the renegotiation of the permit. The Mayor has had periodic discussions with the new owner to address issues related to the Senator's Park permit in an effort to resolve this obligation. The Coordinator's Team has offered to assist with this effort should the City desire. A further discussion of City Island issues can be found in the operations section of this report.

Conclusions as to Impact of Monetizations

In the absence of the implementation of the Strong Plan, the City's obligations to repay the incinerator bonds, notes, swaps and other obligations would have been in excess of \$17.5 million in 2015, and the parking revenues would have been approximately \$3 million less than the amount received from the General Fund, which would have resulted in approximately \$20.5 million deficit (or, 33.7% structural deficit). As a result of the incinerator sale, the parking monetization and expenditure restraint, the 2014 budget saw a year-end surplus which added to the fund balance of the City. This year there is a projected budget deficit of \$6.6 million though \$5 million is due to the state budget impasse based upon current cash flow estimates. Because the police, fire and non-uniformed employees will be receiving raises, increased health care payments and pension payments, and because there continues to be limited revenue growth in the City, it is inevitable that a structural deficit will again begin to form, however the magnitude of such deficit will be far less, and management will have a variety of ways of addressing it. In moving forward under the Strong Plan modifications, it is critical that the City take the next steps towards sustainability. These include further building management capacity, utilizing the resources of Impact Harrisburg and other entities to incent economic and community development through strategic planning and necessary partnerships, development and implementation of a capital program and budget and continued cost containment,

Water and Sewer Operation

As the municipal authority responsible for stewarding drinking water, wastewater and stormwater services for the City of Harrisburg and its surrounding municipalities, Capital Region Water (CRW) is refreshing the way its customers think about their water. In late 2013, CRW took over Harrisburg's water systems as part of the Harrisburg Strong Plan. This action resulted in the transfer and consolidation of the administrative, operational and financial responsibilities for the water, wastewater and storm water operations to CRW and was viewed as an acceptable model by the Departments of Justice, EPA and DEP in achieving compliance with the Clean Water Act and Chesapeake Bay requirements. The creation of an operating authority was also supported by the suburban communities.

The City and CRW entered into a shared services agreement to facilitate the transfer and provide for the effective coordination of services between the parties. The City and CRW continue to work cooperatively on a number of fronts pursuant to the Shared Services Agreement. CRW has now implemented its new billing system for water and sewer and separated from the City's utility billing system. The amount paid to the City under the Shared Services Agreement has diminished and may disappear entirely unless amounts that are currently in dispute between the parties are resolved.

CRW and the City have also coordinated on other issues including GIS related needs, street openings and are working cooperatively on issues related to the sinkhole problem that has faced the City. With the federal government's expansion of the definition of a disaster in late 2014 to include sinkholes, Harrisburg is now eligible to apply for federal mitigation money to buy approximately 23 homes ruined by sinkholes on South 14th Street. In cooperation with Dauphin County and PEMA, the City pursued federal funding to address the sinkhole problem and acquire these homes. Although ranked as the number 1 project by PEMA, FEMA awarded funding to Palmyra to address their sinkhole problem. The City is now pursuing alternate funding possibilities in order to address this critical issue.

Capital Region Water's goal is to invest in its customers' communities and become the region's premier water utility. Currently, CRW has 103 employees and is managed by a five-member, City-appointed Board of Directors, Chief Executive Officer, Chief Financial Officer, and Directors of Engineering, Operations and Administration. Since late 2013, Capital Region Water has made significant advancements toward complying with regulatory demands, increasing capacity to operate aging infrastructure, increasing preventive maintenance measures, and creating a long-term renewal and replacement strategy. Examples of these advancements are provided below:

- CRW is currently undertaking a \$50-million upgrade to Capital Region Water's Advanced Wastewater Treatment Facility (AWTF) to reduce nutrients entering the Susquehanna River and the Chesapeake Bay thanks to funding from PENNVEST and M&T Bank secured after the transition of operations from the City to CRW. The project began in March 2014 and will be completed in early 2016. This project is currently on schedule and forecast to come in on budget.
- In April 2015, CRW launched City Beautiful H2O—a community based campaign to improve the health of local waterways and green the City of Harrisburg, Pennsylvania while meeting stormwater and combined sewer system compliance issues. This campaign includes a Green Stormwater Infrastructure plan for CRW's stormwater service area, a partnership with Lower Paxton and Susquehanna Townships to complete a watershed-wide compliance strategy to meeting Paxton Creek water quality standards, and robust community education and engagement. These plans will be incorporated into the City's Comprehensive Plan and CRW's Wet Weather Planning for regulatory compliance. These

plans will result in significant investment into the community while attempting to minimize the financial impact to our customers.

- Since 2013, CRW has been completing a comprehensive mapping and condition assessment of its underground infrastructure. Consultants and in-house staff are compiling both observed and historically documented data into a Geographic Information System and Asset Management System that will allow us to prioritize capital repairs and improvements and to identify weaknesses in the system for repair prior to failure.
- CRW has been successful in preventing large costs of borrowing by developing successful financial strategies. CRW has completed four successful borrowings since 2013 and plans for two more in 2016.
- CRW will be completing a Strategic Plan in 2016 that will further streamline operations to the benefit of our customers, ratepayers, and community.

Forensic Claims

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

The Receiver engaged the firm of McKenna Long and Alridge, (now Dentons) as Counsel for the Receiver, now Coordinator in the pursuit of these claims. With the forensic audit completed by the Harrisburg Authority as background, letters were sent to parties involved in the various financings related to the Resource Recovery Facility. Meetings have also been held with the parties in an effort to achieve a consensual resolution as to their role in the financings. In the absence of a resolution, the Coordinator through the Office of General Counsel, solicited proposals this summer from firms to engage in possible litigation in this matter. Harris Wiltshire and Grannis LLP with their main office in Washington was selected in September and is now engaged to represent the Coordinator in the continued pursuit of all outstanding claims through litigation, if necessary. During the quarter the firm has been reviewing considerable documents and interacted with several parties in the pursuit of these claims.

Concurrently a separate claim related to the Harrisburg Parking Authority (HPA) and Harrisburg University has also been pursued. This claim relates to the payment of \$3.6 million that had to

be made at plan consummation in order to obtain free and clear title to the Harrisburg Parking Authority facilities at Harrisburg University. Under an agreement with HPA this claim was assigned to the City through the Office of the Coordinator. During the quarter the Coordinator requested and HPA approved a waiver privilege that would provide counsel with additional information from HPA on activities related to this claim. Further responsibility for the pursuit of this claim now rests with AGM and Dauphin County as they are the parties who were financially impacted at plan consummation and thus will ultimately receive proceeds from any settlement. They have engaged counsel and are actively pursuing this claim.

Summary

Harrisburg continues to make progress on implementation of many of the substantive operational recommendations in the Strong Plan. The Coordinator's Team continued to work with Mayor Papenfuse and his Administration during the fourth quarter to assist with numerous issues in helping the administration move forward with Strong Plan initiatives and other operating matters. Regular interaction with the Mayor and key administrative staff occurred on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and personnel. Agendas have focused on the most significant issues that are pending at the moment with the budget and plan modifications being high priority in the fourth quarter. Meetings have been 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 other members of Council and the Controller, with the same objectives. Again, these meetings have been very productive as we work to achieve consensus between City officials on plan related initiatives. I have also reached out to the three new Council members to offer to meet with them and bring them up to date on the City's status in the Act 47 program including the proposed amendments to the Strong Plan.

The City continues to make progress on many fronts with the further implementation of the Harrisburg Strong Plan. Following the Office of the Receiver being vacated in March 2014, the City returned to the underlying Act 47 process with continued oversight of Strong Plan implementation provided by the Court. 2015 has seen a continuation of this oversight role. The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including bring their audits up-to-date, securing a TRAN for the third consecutive year, compliance with disclosure requirements, making timely debt service payments, bringing all payables into a current status and undertaking its first capital borrowing since entering Act 47.

As we end the fourth quarter of 2015, the City's financial position is stable. The 2015 budget was extremely tight especially given the challenges with parking and EIT revenues. Positive results though are being realized with personnel cost containment given the new collective bargaining

contracts that are now fully in place. There remain transition issues with the water and sewer operation that are being worked through with Capital Region Water and challenges with the implementation of recommendations from the review of the sanitation system. Even though the state contribution for public safety services has not been received due to the budget impasse that was only partially resolved the last week of December, by effectively managing resources and expenditures, the City was able to meet all known payable obligations through year end and still have a positive year-end balance. In looking to 2016, there remains further work to be done with the implementation of the Strong Plan especially in light of revenue performance in 2015 and projections for the coming years, hence the need for the proposed modifications to the Strong Plan. The Act 199 amendments to Act 47 also necessitate certain modifications to the Plan.

With resolution of the Verizon Tower bonds and the occupancy of the Tower by approximately 800 Department of Human Services employees, the City will see a number of positive economic benefits including increased LST and parking revenues as well as additional economic activity in the downtown. Further, the City has resolved what would have otherwise been a \$41 million liability with a debt service schedule that has been restructured to fit within its budget and to provide opportunities for future borrowing.

As we move into 2016 our focus will be on the approval and implementation of the Strong Plan modifications that include the Act 199 provisions, the increase in LST pursuant to the Act 199 amendments, financial projections for 2016-18 and related recommendations to further advance the City's recovery process and move the City towards a path of sustainability. We will work with City officials to see that the modifications are enacted and advanced to your Court for review and action. We will further work with City officials to effectively manage the 2016 budget, increase the City's management capacity, address critical IT related matters, enact sound financial management policies, initiate collective bargaining negotiations with the FOP and AFSCME, further strengthen public safety, further implement sanitation system improvements, address City Island matters, pursue intergovernmental initiatives, finalize work on the City's comprehensive plan update and move the Impact Harrisburg Board to the point where it can begin to approve infrastructure and economic development projects with the \$12.3 million that was set aside as part of the parking monetization to spur development and improve the quality of life for City residents.

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

City of Harrisburg												12/23/2015	
2015 Estimated Cash Flow												10:43 AM	
	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual June	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Estimated Dec	Total
Cash Summary													
Unrestricted Cash Balance Beginning of Month	7,016,114	5,566,741	5,853,985	11,929,586	10,800,909	9,034,089	7,424,656	5,895,931	7,050,795	8,643,629	7,567,485	7,202,288	
Surplus/(Deficit)	-1,464,457	355,176	5,319,580	-1,056,412	737,992	-1,940,249	-1,820,562	-1,373,466	609,338	-366,350	584,488	-6,215,162	
Change in Accounts Payable	479,076	-89,186	-645,424	272,719	243,123	120,536	152,281	206,345	796,944	375,096	-306,562	315,916	
Other items affecting Cash	-463,991	21,253	1,401,445	-344,985	-2,747,936	210,280	139,556	2,321,985	186,552	-1,084,890	-643,122	400,000	
Unrestricted Cash Balance End of Month	5,566,741	5,853,985	11,929,586	10,800,909	9,034,089	7,424,656	5,895,931	7,050,795	8,643,629	7,567,485	7,202,288	1,703,042	
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	1,532,597	3,400,190	13,351,183	3,943,544	3,905,911	2,851,805	2,681,187	4,322,456	4,295,798	2,957,291	2,765,512	2,242,406	48,249,880
Sanitation Utility Fund	0	0	0	0	0	0	0	506,063	0	0	0	1,649,261	2,155,324
Landfill/Incin Utility Fd	0	0	0	0	0	0	0	305,000	0	0	0	0	305,000
Transfers in from Host Fee for Enviromental Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	0	8,958	0	0	0	0	0	0	0	0	0	8,958
Total Revenues	1,532,597	3,400,190	13,360,141	3,943,544	3,905,911	2,851,805	2,681,187	5,133,519	4,295,798	2,957,291	2,765,512	3,891,667	50,719,162
Expenditures													
Personnel	2,462,703	2,527,219	2,407,559	2,873,537	2,586,433	3,559,139	3,801,604	2,920,869	2,980,121	2,637,249	1,695,517	8,752,292	39,204,241
Services	305,298	288,130	489,254	299,128	275,107	471,353	464,097	375,807	209,298	533,752	247,579	801,878	4,760,682
Supplies	9,660	50,558	72,267	110,885	123,396	102,404	194,105	105,829	103,560	111,964	86,371	360,665	1,431,666
Other	193,122	179,107	92,669	1,611,320	19,922	659,158	41,942	104,479	393,481	40,676	66,557	191,993	3,594,426
Debt Service	26,271	0	4,978,811	105,086	163,061	0	0	3,000,000	0	0	85,000	0	8,358,230
Total Expenditures	2,997,054	3,045,014	8,040,561	4,999,956	3,167,919	4,792,054	4,501,749	6,506,984	3,686,460	3,323,641	2,181,024	10,106,829	57,349,245
Operating Surplus/(Deficit)	-1,464,457	355,176	5,319,580	-1,056,412	737,992	-1,940,249	-1,820,562	-1,373,466	609,338	-366,350	584,488	-6,215,162	-6,630,083
Accounts Payable													
Accounts Payable Beginning of Month	-1,079,136	-1,558,212	-1,469,026	-823,602	-1,096,321	-1,339,444	-1,459,980	-1,612,261	-1,818,606	-2,615,550	-2,990,646	-2,684,084	
Accounts Payable End of Month	-1,558,212	-1,469,026	-823,602	-1,096,321	-1,339,444	-1,459,980	-1,612,261	-1,818,606	-2,615,550	-2,990,646	-2,684,084	-3,000,000	
Change in Accounts Payable	479,076	-89,186	-645,424	272,719	243,123	120,536	152,281	206,345	796,944	375,096	-306,562	315,916	

City of Harrisburg
2015 Projected General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2015	Budget 2015	Variance
Real Estate Taxes Current	21,342	1,535,057	10,852,989	324,021	871,943	366,098	157,862	47,971	100,555	69,843	84,321	410,496	14,842,497	14,916,723	-74,226
Real Estate Taxes Delinquent	0	67,292	22,555	383,098	0	137,934	389,828	0	0	862,560	-229	39,316	1,902,352	2,119,635	-217,284
Tax Liens Principal	0	-17	0	0	0	0	0	0	0	0	0	0	-17	0	-17
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Realty Transfer Tax	31,452	0	109,033	192,670	25,083	0	30,848	187,549	0	106,548	0	0	683,183	410,000	273,183
EIT	194,500	901,827	687,395	671,977	1,396,170	992,205	428,072	1,355,353	847,933	478,646	1,218,464	833,750	10,006,291	11,295,400	-1,289,109
EMS/LST	0	27,480	436,050	33,619	149,657	300,375	190,455	117,985	299,392	85,368	275,727	192,852	2,108,962	2,025,678	83,283
Mercantile Business Privilege	130,569	293,691	343,203	1,283,047	392,704	313,652	25,008	109,735	102,849	187,506	210,143	48,890	3,440,995	3,521,000	-80,005
Hotel Tax	0	0	0	0	0	0	0	840,000	0	0	0	0	840,000	840,000	0
Other Act 511 Taxes	0	0	0	0	0	0	0	0	0	0	88,667	60,980	149,647	0	149,647
Capital Fire Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	496,000	-496,000
Cdbg Reimb. - Demolition	0	0	0	0	0	0	0	0	21,526	0	0	0	21,526	115,000	-93,474
District Justice Fees	0	60,492	0	63,086	37,421	0	0	0	54,920	94,479	56,840	0	367,239	485,000	-117,761
Fed/State(Fed)Pass Thr Gr	0	0	0	0	0	0	0	0	0	0	3,750	0	3,750	0	3,750
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees/Permits	83,831	112,218	128,281	47,758	81,203	33,026	126,310	118,613	75,254	146,065	106,244	133,036	1,191,838	1,494,217	-302,379
Government Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Fund	0	0	2,500	0	0	0	0	0	0	0	0	0	2,500	147,918	-145,418
Equipment Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	606	2,574	2,762	1,868	2,163	2,190	1,516	1,245	3,060	1,151	1,855	15,646	36,638	34,614	2,024
License	0	133,066	25,700	0	141,216	0	0	147,446	7,700	0	138,810	0	593,939	576,000	17,939
Miscellaneous	75,169	32	152,090	194,384	135,178	352,370	87	237,882	210,512	321,240	153,206	86,563	1,918,712	1,022,852	895,860
Pension System State Aid	0	0	0	0	0	0	0	13,908	2,170,777	-26,081	0	0	2,158,604	2,440,000	-281,396
Public Safety Fees/Permits	18,612	11,416	16,178	10,999	10,944	17,379	23,038	7,370	18,266	27,382	9,144	3,759	174,488	249,750	-75,262
Public Safety Grants	6,447	2,174	681	1,289	471,962	404	6,714	354	8,127	3,491	5,692	848	508,183	356,357	151,826
Public Safety Reimbursements	43,565	43,792	37,784	213,973	41,314	31,662	211,645	69,515	26,506	92,042	185,725	30,000	1,027,522	1,673,635	-646,113
Public Works Fees/Permits	0	0	0	0	0	0	0	0	0	0	0	0	0	127,000	-127,000
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	163	163	163	163	163	163	238	163	163	163	163	163	2,025	23,200	-21,175
Recreation Fees	0	10	0	123	948	339	10,087	4,578	453	10	0	5	16,552	16,046	506
Sale Of Assets	0	0	0	0	0	0	174,935	0	0	0	0	0	174,935	0	174,935
Vehicle Maintenance Charges	789	60,898	40,980	54,271	59,477	1,185	72,055	42,050	21,528	16,528	15,696	11,000	396,456	416,750	-20,294
PILOTS	300,000	698	0	0	0	17,500	147,371	0	0	0	0	0	465,568	600,000	-134,432
Public Utility Realty Tax	0	0	0	0	0	0	0	0	0	45,699	0	0	45,699	38,000	7,699
Sanitation Utility Fund	0	0	0	0	0	0	0	506,063	0	0	0	1,649,261	2,155,324	2,155,324	0
Landfill/Incin Utility Fd	0	0	0	0	0	0	0	305,000	0	0	0	0	305,000	305,000	0
Sewer Maint Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint Liens-Penalty	9	0	49	3	2	0	289	4	0	323	0	11	691	0	691
Sewer Maint Liens-Princip	80	0	409	18	149	0	311	45	0	440	0	12	1,463	0	1,463
Sewer Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
THA Shared Service	211,653	74,029	0	0	0	0	0	157,248	36,326	0	0	0	479,256	650,000	-170,744
Harrisburg Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking Taxes	222,216	29,526	436,191	280,683	46,188	231,339	502,082	329,701	216,374	272,685	63,454	325,000	2,955,441	3,313,900	-358,459
Parking Fees	3,977	10,380	8,124	31,385	6,623	5,238	15,203	4,931	6,435	6,409	-5,664	15,079	108,120	221,700	-113,580
Parking Tickets	100,329	33,392	48,068	119,310	35,405	48,747	114,219	307,833	51,588	105,798	97,236	35,000	1,096,924	1,500,000	-403,076
Hbg Prk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Priority Parking Distribution	87,286	0	0	35,800	0	0	53,016	220,979	15,553	58,996	56,268	0	527,900	1,000,000	-472,100
Hbg Water Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	0	8,958	0	0	0	0	0	0	0	0	0	8,958	4,504,000	-4,495,042
Total Revenues	1,532,597	3,400,190	13,360,141	3,943,544	3,905,911	2,851,805	2,681,187	5,133,519	4,295,798	2,957,291	2,765,512	3,891,667	50,719,162	59,090,699	-8,371,536

City of Harrisburg 2015 Estimated Expenditures by Month															Variance	
	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2015	Budget Total 2015	Act - Bud	
Office of City Council Personnel	21,026	21,026	21,026	21,026	21,024	21,022	31,533	21,022	21,022	21,022	21,022	31,533	273,306	279,352	-6,046	
Office of City Council Services	293	1,999	840	499	1,174	1,956	1,376	445	4,085	3,517	2,967	25,341	44,491	159,488	-114,997	
Office of City Council Supplies	0	1,388	10,478	149	1,600	1,307	3,760	0	20	0	0	100	18,802	19,255	-453	
Office of City Council Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Office of City Council	21,320	24,413	32,344	21,674	23,798	24,285	36,670	21,467	25,127	24,539	23,989	56,974	336,599	458,095	-121,496	
Office of Mayor Personnel	22,169	22,262	20,964	22,268	22,268	22,268	33,402	22,268	22,268	22,268	22,268	33,402	288,078	301,420	-13,342	
Office of Mayor Services	4	3,020	199	144	165	162	164	168	165	165	103	703	5,161	12,514	-7,353	
Office of Mayor Supplies	0	121	0	0	0	0	0	97	0	0	0	25	243	3,300	-3,057	
Office of Mayor Other	0	595	100	100	100	0	199	100	100	100	100	0	1,491	2,000	-509	
Office of Mayor	22,172	25,998	21,263	22,512	22,533	22,430	33,766	22,632	22,533	22,533	22,471	34,130	294,973	319,234	-24,261	
Office of City Controller Personnel	8,736	10,177	10,177	10,177	10,177	10,177	15,513	10,672	10,681	10,786	10,727	16,091	134,093	140,483	-6,389	
Office of City Controller Services	41	2	0	0	0	0	1,250	0	0	0	0	1,080	2,373	9,000	-6,627	
Office of City Controller Supplies	0	0	0	0	39	0	0	327	0	112	266	833	1,577	11,000	-9,423	
Office of City Controller Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Office of City Controller	8,777	10,179	10,177	10,177	10,216	10,177	16,763	10,999	10,681	10,898	10,993	18,004	138,043	160,483	-22,439	
Office of City Treasurer Personnel	18,149	18,159	18,457	18,264	19,669	21,074	31,611	21,065	21,062	18,791	17,131	25,697	249,129	294,882	-45,753	
Office of City Treasurer Services	4,153	-314	182	27,428	162	469	334	415	345	548	250	9,672	43,643	61,000	-17,357	
Office of City Treasurer Supplies	0	228	0	346	0	0	33	0	149	1,273	166	250	2,445	12,500	-10,055	
Office of City Treasurer Other	0	0	0	0	0	0	0	0	0	0	0	1,667	1,667	20,000	-18,333	
Office of City Treasurer	22,303	18,073	18,639	46,037	19,831	21,543	31,978	21,480	21,556	20,612	17,547	37,286	296,883	388,382	-91,499	
Office of City Solicitor Personnel	24,930	24,678	24,678	24,678	24,678	24,678	37,017	24,678	22,528	20,378	20,378	30,567	303,863	375,790	-71,928	
Office of City Solicitor Services	12	11,651	24,457	4,112	8,381	32,128	8,421	3,729	17,683	16,215	546	33,137	160,471	171,400	-10,929	
Office of City Solicitor Supplies	0	3,275	1,627	1,403	3,341	3,303	3,343	2,120	1,601	296	1,882	8,689	26,126	36,068	-9,942	
Office of City Solicitor Other	0	199	100	100	100	0	199	100	100	100	100	0	1,095	0	1,095	
Office of City Solicitor	24,942	39,803	50,861	30,292	34,716	57,136	48,980	30,627	41,911	36,988	22,906	72,393	491,555	583,258	-91,704	
Office of Business Administrator Personnel	0	0	0	0	0	0	4,458	4,954	4,954	4,954	4,954	7,432	31,706	80,738	-49,031	
Office of Business Administrator Services	178	117	47	224	78	128	0	0	261	328	65	4,670	6,094	14,450	-8,356	
Office of Business Administrator Supplies	0	9	9	14	11	25	15	11	22	0	26	450	593	2,700	-2,107	
Office of Business Administrator Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Office of Business Administrator	178	126	56	238	89	153	4,472	4,966	5,237	5,282	5,045	12,551	38,393	97,888	-59,495	
Bureau of Financial Management Personnel	27,212	28,563	28,205	28,205	28,205	24,642	35,190	28,919	25,334	24,946	26,301	39,452	345,175	413,555	-68,380	
Bureau of Financial Management Services	20,573	12,277	14,679	322	252	250	42,090	61,341	642	11,549	18	600	164,592	275,640	-111,048	
Bureau of Financial Management Supplies	0	0	6,132	0	0	0	973	0	16	16	16	678	7,830	11,532	-3,702	
Bureau of Financial Management Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bureau of Financial Management	47,786	40,840	49,015	28,526	28,456	24,892	78,253	90,260	25,992	36,511	26,335	40,729	517,598	700,727	-183,130	
Bureau of Communications Personnel	7,437	8,661	8,098	8,098	8,098	8,098	12,147	8,098	8,098	0	8,098	12,147	97,078	102,268	-5,189	
Bureau of Communications Services	0	284	155	155	155	741	101	1,748	119	0	3,340	946	7,744	11,849	-4,105	
Bureau of Communications Supplies	0	0	1,295	0	0	0	0	0	0	0	0	0	1,295	7,305	-6,010	
Bureau of Communications Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bureau of Communications	7,437	8,945	9,548	8,253	8,253	8,839	12,248	9,846	8,217	0	11,438	13,093	106,117	121,422	-15,304	
Bureau of Risk Management Personnel	2,857	5,706	5,706	5,706	5,706	5,706	8,558	5,706	5,706	0	5,706	8,558	65,619	74,279	-8,660	
Bureau of Risk Management Services	0	0	325	0	0	0	0	0	0	0	0	0	325	720	-395	
Bureau of Risk Management Supplies	0	0	0	0	0	0	0	64	0	0	0	0	64	1,500	-1,436	
Bureau of Risk Management Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bureau of Risk Management	2,857	5,706	6,031	5,706	5,706	5,706	8,558	5,770	5,706	0	5,706	8,558	66,008	76,499	-10,491	
Bureau of Information Technology Personnel	18,868	18,905	19,322	19,497	20,589	28,414	42,621	32,135	32,135	32,135	32,135	48,203	344,960	446,725	-101,765	
Bureau of Information Technology Services	32	6,255	1,043	73,787	10,153	1,744	10,755	12,369	3,378	7,486	4,990	32,071	164,064	239,700	-75,636	
Bureau of Information Technology Supplies	0	16,187	615	10,733	9,424	5,615	6,278	6,595	684	10,199	10,334	14,465	91,128	128,415	-37,287	
Bureau of Information Technology Other	0	0	0	0	0	0	0	0	0	0	0	0	0	93,000	-93,000	
Bureau of Information Technology	18,900	41,346	20,980	104,017	40,167	35,773	59,655	51,099	36,197	49,821	47,459	94,739	600,152	907,840	-307,687	
Bureau of Human Resources Personnel	17,164	17,300	17,300	17,300	17,300	17,300	26,322	17,714	17,714	17,714	17,714	26,571	227,413	230,739	-3,326	
Bureau of Human Resources Services	1,504	1,130	2,725	2,280	2,346	2,392	3,830	2,819	3,225	2,661	2,133	8,457	35,501	47,251	-11,749	
Bureau of Human Resources Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	2,400	-2,400	
Bureau of Human Resources Other	0	199	100	100	100	0	199	100	100	100	100	0	1,095	0	1,095	
Bureau of Human Resources	18,667	18,629	20,125	19,680	19,745	19,692	30,351	20,632	21,038	20,474	19,947	35,028	264,009	280,389	-16,380	
Operations and Revenue (Office of the Director) Personnel	13,475	14,084	14,079	14,187	14,181	14,203	21,632	14,674	14,696	14,703	14,673	22,010	186,595	192,292	-5,696	
Operations and Revenue (Office of the Director) Services	10,446	16,327	10,961	13,259	5,882	1,071	22,182	3,709	7,796	15,442	2,981	29,813	139,868	166,451	-26,583	
Operations and Revenue (Office of the Director) Supplies	0	0	0	0	576	1,747	4,359	11,463	90	1,079	3,108	5,360	27,780	27,000	780	
Operations and Revenue (Office of the Director) Other	0	199	100	100	100	0	199	100	100	100	100	0	1,095	1,195	-100	
Operations and Revenue (Office of the Director)	23,920	30,610	25,139	27,545	20,739	17,021	48,372	29,946	22,681	31,323	20,861	57,182	355,339	386,938	-31,599	
General Expenses Personnel	636,319	676,543	617,205	831,561	836,612	1,615,111	1,032,163	922,892	1,147,816	719,742	-2,363	2,662,959	11,696,561	10,300,637	1,395,924	
General Expenses Services	183,894	39,706	164,914	55,771	68,785	161,692	36,071	70,597	34,947	165,565	77,409	96,542	1,155,894	1,234,179	-78,285	
General Expenses Supplies	0	0	0	0	0	0	175	0	0	0	0	0	175	306	-132	
General Expenses Other	0	900	56,414	1,580,000	126	423,173	975	0	56,414	0	0	0	2,118,002	1,818,956	299,046	
General Expenses	820,213	717,150	838,533	2,467,333	905,524	2,199,976	1,069,383	993,489	1,239,177	885,307	75,046	2,759,501	14,970,631	13,354,078	1,616,554	

City of Harrisburg 2015 Estimated Expenditures by Month	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Estimated December	Estimated Total 2015	Budget Total 2015	Variance Act - Bud
Transfers to Other Funds Debt Service	26,271	0	4,978,811	105,086	163,061	0	0	3,000,000	0	0	85,000	0	8,358,230	8,273,230	85,000
Transfers to Other Funds Other	0	0	0	0	0	0	0	0	0	0	0	0	0	250,000	-250,000
Transfers to Other Funds	26,271	0	4,978,811	105,086	163,061	0	0	3,000,000	0	0	85,000	0	8,358,230	8,523,230	-165,000
															0
Office of the Director for the Department of Building and Housing Personnel	1,565	2,087	2,087	2,087	2,087	2,087	3,130	2,087	2,087	2,087	2,087	3,130	26,606	26,913	-307
Office of the Director for the Department of Building and Housing Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the Department of Building and Housing Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the Department of Building and Housing Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the Department of Building and Housing	1,565	2,087	2,087	2,087	2,087	2,087	3,130	2,087	2,087	2,087	2,087	3,130	26,606	26,913	-307
Bureau of Planning Personnel	6,946	6,946	6,946	6,946	6,946	6,946	10,419	6,946	6,946	6,946	6,946	10,419	90,297	97,703	-7,406
Bureau of Planning Services	227	181	3,461	5,432	2,649	4,280	54,832	45,914	5,474	22,103	135	20,254	164,942	218,545	-53,603
Bureau of Planning Supplies	0	0	0	0	0	0	0	0	0	135	0	192	327	2,300	-1,973
Bureau of Planning Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning	7,173	7,127	10,407	12,378	9,595	11,226	65,251	52,860	12,420	29,184	7,081	30,865	255,566	318,548	-62,982
Bureau of Codes Personnel	41,573	41,694	39,376	41,687	37,938	39,300	58,695	38,364	37,102	37,202	37,244	55,866	506,042	641,403	-135,362
Bureau of Codes Services	804	688	2,997	1,200	665	638	1,807	767	1,926	930	185	2,091	14,698	23,875	-9,177
Bureau of Codes Supplies	0	0	65	1,266	0	55	1,946	0	0	343	1,350	5,026	6,700	6,700	-1,674
Bureau of Codes Other	0	199	100	100	100	0	199	100	100	100	100	0	1,095	0	1,095
Bureau of Codes	42,377	42,581	42,538	44,253	38,703	39,993	62,648	39,231	39,127	38,231	37,872	59,308	526,861	671,978	-145,117
Economic Development Personnel	0	0	0	4,548	4,548	4,548	6,822	4,548	4,548	4,548	3,865	5,797	43,772	75,355	-31,583
Economic Development Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	4,548	4,548	4,548	6,822	4,548	4,548	4,548	3,865	5,797	43,772	75,355	-31,583
Office of the Police Chief Personnel	872,170	903,259	825,023	1,066,141	821,455	844,319	1,298,299	890,564	873,339	946,208	798,020	4,266,089	14,404,885	14,475,614	-70,729
Office of the Police Chief Services	64,303	76,900	76,263	16,175	38,167	85,261	23,740	24,850	47,084	84,490	5,286	46,456	588,974	802,256	-213,282
Office of the Police Chief Supplies	0	937	11	11,419	8,978	1,380	30,051	813	7,492	4,805	1,904	12,581	80,371	99,100	-18,729
Office of the Police Chief Other	0	23,587	0	0	0	0	0	0	33,199	20,880	45,113	0	122,778	427,000	-304,222
Office of the Police Chief	936,473	1,004,683	901,297	1,093,735	868,599	930,960	1,352,090	916,227	961,114	1,056,383	850,323	4,325,126	15,197,009	15,803,970	-606,961
Bureau of Fire Personnel	531,181	500,439	534,592	548,807	494,028	642,930	732,160	602,540	477,879	528,554	441,999	1,140,521	7,175,632	7,078,443	97,189
Bureau of Fire Services	1,456	16,163	13,813	17,881	23,724	12,412	66,769	6,243	5,698	16,102	10,012	30,392	220,664	299,140	-78,476
Bureau of Fire Supplies	0	3,880	402	24,882	9,283	20,104	7,481	6,150	32,337	23,026	8,007	10,569	146,120	265,650	-119,530
Bureau of Fire Other	0	0	0	0	0	1,800	0	0	0	0	0	0	1,800	90,000	-88,200
Bureau of Fire	532,636	520,483	548,807	591,570	527,035	677,246	806,410	614,933	515,914	567,682	460,018	1,181,482	7,544,216	7,733,233	-189,017
Office of the Director of Public Works Personnel	34,685	37,769	39,109	40,566	40,665	40,247	60,745	41,093	40,723	40,812	40,664	60,996	518,072	521,297	-3,225
Office of the Director of Public Works Services	8,799	68,240	137,255	29,384	50,043	48,232	46,491	37,285	26,588	48,656	36,538	221,662	759,174	1,091,150	-331,976
Office of the Director of Public Works Supplies	0	4,588	3,468	361	3,317	1,090	2,291	1,953	2,038	7,190	5,073	13,302	44,671	77,850	-33,179
Office of the Director of Public Works Other	177,372	131,385	17,910	0	0	215,087	20,475	0	180,247	0	1,261	166,290	910,026	760,000	150,026
Office of the Director of Public Works	220,856	241,982	197,742	70,310	94,025	304,656	130,003	80,331	249,596	96,658	83,536	462,249	2,231,943	2,450,297	-218,354
Bureau of City Services Personnel	112,979	124,971	113,242	99,331	106,472	114,938	167,721	121,951	130,932	119,386	120,147	176,699	1,508,767	1,532,323	-23,556
Bureau of City Services Services	8,093	27,893	32,961	30,904	21,005	100,430	107,599	65,979	39,148	130,591	88,733	235,827	889,166	1,030,216	-141,050
Bureau of City Services Supplies	0	4,915	12,156	16,769	34,969	16,329	40,735	21,389	9,696	22,683	16,400	62,573	258,615	586,127	-327,512
Bureau of City Services Other	15,750	21,644	17,748	30,722	19,198	19,099	19,298	19,405	19,198	19,198	19,586	23,937	244,783	409,741	-164,958
Bureau of City Services	136,822	179,424	176,108	177,725	181,645	250,796	335,353	228,724	198,974	291,858	244,866	499,035	2,901,330	3,558,407	-657,077
Bureau of Vehicle Management Personnel	32,847	33,901	32,003	31,135	31,174	31,283	47,403	31,128	31,574	31,333	32,546	48,820	415,147	475,903	-60,756
Bureau of Vehicle Management Services	2	3,428	1,242	16,883	40,692	17,086	35,893	7,611	10,427	7,095	10,907	1,743	153,009	277,883	-124,874
Bureau of Vehicle Management Supplies	9,660	14,818	36,010	43,496	53,641	51,308	91,042	53,873	49,481	40,740	38,397	228,915	711,381	1,035,733	-324,352
Bureau of Vehicle Management Other	0	0	0	0	0	0	0	84,477	103,826	0	0	0	188,303	100,000	88,303
Bureau of Vehicle Management	42,509	52,146	69,255	91,514	125,506	99,678	174,338	177,089	195,309	79,168	81,851	279,478	1,467,841	1,889,519	-421,678
Office of the Director of Parks, Recreation and Enrichment Personnel	10,416	10,089	9,964	11,323	12,613	19,849	84,041	46,850	20,979	12,734	13,253	19,334	271,445	365,023	-93,578
Office of the Director of Parks, Recreation and Enrichment Services	484	2,184	736	3,288	629	281	390	29,820	308	312	980	422	39,833	53,600	-13,767
Office of the Director of Parks, Recreation and Enrichment Supplies	0	212	0	50	0	3,112	1,623	973	-66	411	450	333	7,099	6,000	1,099
Office of the Director of Parks, Recreation and Enrichment Other	0	199	100	100	100	0	199	100	100	100	100	100	1,195	0	1,195
Office of the Director of Parks, Recreation and Enrichment	10,899	12,684	10,800	14,760	13,342	23,242	86,253	77,743	21,320	13,556	14,782	20,189	319,571	424,623	-105,052
Bureau of Act, Culture & Tourism Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	48,443	-48,443
Bureau of Act, Culture & Tourism Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	48,443	-48,443
	2,997,054	3,045,014	8,040,561	4,999,956	3,167,919	4,792,054	4,501,749	6,506,984	3,686,460	3,323,641	2,181,024	10,106,829	57,349,245	59,359,748	-2,010,503

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. ALAN WALKER, IN HIS
CAPACITY AS SECRETARY
FOR THE DEPARTMENT OF
COMMUNITY AND ECONOMIC
DEVELOPMENT

Petitioner,

v.

CITY OF HARRISBURG

Respondent.

NO. 569 MD 2011

Certificate of Service

I, John M. Quain Jr., hereby certify that on this day I served the foregoing document upon the persons and in the manner indicated below, which service satisfies the requirements of Pa. R.A.P. 121:

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Dated: 1/4/16



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