

ACT 47
RECEIVER STATUS REPORT
SEPTEMBER 27, 2013

Section No. 11
Exhibit No. 56

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Petitioner,

v.

City of Harrisburg,

Respondent

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

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

RECEIVED
COMMONWEALTH COURT
OF PENNSYLVANIA
2013 SEP 27 PM 12:03

Respectfully submitted this 27th day of September, 2013.

JAMES D. SCHULTZ

General Counsel

By: 

CHRISTOPHER R. SULLIVAN

Attorney ID No. 309529

Deputy General Counsel

Office of General Counsel

333 Market Street, 17th Floor

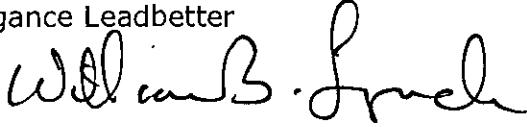
Harrisburg, PA 17101

(717) 787-9342

(717) 787-1788 (fax)

chsullivan@pa.gov

*Attorneys for William B. Lynch, in his
official capacity as Receiver for the
City of Harrisburg*

Date: September 27, 2013
To: The Honorable Bonnie Brigance Leadbetter
From: William Lynch, Receiver 
Re: Update on Receiver's Plan Implementation

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

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

Municipal Financial Recovery Advisory Committee

Pursuant to the provisions of Section 711 of Act 47, I have continued to convene semi-monthly meetings of the Municipal Financial Recovery Advisory Committee. Since the last status report, meetings were held on July 10 and 24, August 14 and 28 and September 11 and 25. The meetings were attended by the members designated in the Act: Mayor Linda Thompson (Robert Philbin, Mayor's designee); Council President Wanda Williams; Fred Lighty (Dauphin County designee for Commissioner Jeffrey Haste) and Doug Hill (Governor's appointee). At each meeting an update of the status of the implementation of the Recovery Plan was provided and questions were answered. A public comment period is also provided. Minutes of the June 26, July 10 and 24, August 14 and 28 and September 11 meetings are attached.

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

Cash Flow

The Office of Receiver (OTR) continues to closely monitor cash flow as part of the implementation of the confirmed Recovery Plan. Through the end of August, the City had received \$33,263,929 in revenue and disbursed \$28,096,674 in current expenditures. After factoring in the payment of approximately \$5.8 million in 2012 payables, and estimated revenues and expenditures for September, the estimated cash balance as of September 30 is approximately \$1.4 million. This positive cash balance is the result of the receipt of the bulk of real estate tax revenue and EIT revenues including the additional 1% levy and the non-payment of \$10,590,006 in debt obligations. In January, the City, with Court approval, authorized a temporary transfer from the sewer and sanitation funds of up to \$4 million to address cash flow needs during the first quarter. Although this temporary borrowing would provide cash flow to meet critical obligations early in the year, through prudent management of its cash the City did not draw on these funds and does not anticipate having to do so this year. Revenue from the increase in the Earned Income Tax that was implemented as of January 2013 is now being received. Revenues peaked in the late spring while expenditures continue to be constant. The City's cash flow has deteriorated over the last month, though with the receipt of

the state aid for pensions and \$5 million from the state's FY 13-14 budget for public safety services in early October, it should be stable through fall allowing time for the consummation of the Harrisburg Strong Plan transactions and the ultimate receipt of revenue that will flow from those transactions.

The City's bi-weekly payroll averages \$1.1 million. It also processes payables on a bi-weekly basis. The Office of the Receiver continues to monitor and approve City expenditures including the review of payables prior to City disbursements consistent with the confirmed Plan. I have worked with the City to both manage cash and prioritize payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing for "necessary and vital services". Efforts have continued to identify and account for certain liabilities that the City had previously not included in their financial reports. Several additional payables have been identified through this process. Through the end of September, the City has been able to address its 2012 payables and has brought virtually all creditors into a current status. Payables currently on hold now total \$3,426,239 while those over 60 days total \$2,764,225 with 99% represented by 6 creditors. They are primarily several debt service obligations due to SunTrust, Metro Bank and the Pennsylvania Infrastructure Bank and payments to CAT and PPL along with payments to the City Treasurer for various insurances. Agreements are embodied in the Harrisburg Strong Plan that will resolve these debt obligations upon consummation of the Plan. The Metro Bank obligation is secured by the artifacts. The first sale occurred the week of July 15 and was quite successful. In late September, the City received its first payment of \$2,088,066.25 from the proceeds from the sale and will apply it to this obligation. Upon my advice, the City has maintained communication with the most significant vendors to avoid any disruption or termination of critical services.

Based on cash flow projections and the results of creditor negotiations, I made the decision that the City continue to not pay its debt obligations to SunTrust and Metro Bank and also not make the September 15 debt service payment on its General Obligation Bonds. The City provided the appropriate Material Event Notices on EMMA and is in compliance with Securities and Exchange Commission (SEC) reporting requirements. The delinquent debt service payments will be resolved upon consummation of the Harrisburg Strong Plan anticipated to occur prior to year end.

Projected revenues for the year are \$54,812,650 while projected current expenditures are \$60,098,639 with an anticipated deficit of \$5,285,990. This deficit also accounts for payment of 2013 debt service obligations. The City ended 2012 with a cumulative deficit of \$12,703,541. This deficit includes debt service of \$9,097,394 on general obligation bonds that were due in March and September of 2012. The Harrisburg Strong Plan provides \$8.2 million to resolve these obligations.

My focus moving forward is to consummate the various transactions related to the resolution of the Resource Recovery Facility debt obligations and the parking monetization as well as to continue with implementation of various operational recommendations and effectively manage the City's cash flow needs through the end of the year. With close management of cash flow, the City was able to meet payroll and critical creditor obligations through the third quarter as well as maintain a current status for most payables. It is critical as the recovery process proceeds that the City's fiscal credibility be restored with its various vendors and the financial community and I will continue to work towards that goal.

Operational Issues

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

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

A key recommendation of the confirmed Plan was the recruitment and appointment of a Chief Operating Officer (COO). Ricardo Mendez-Saldivia was selected and began service as COO on April 23, 2012. This position has greatly strengthened the City's Administrative capacity. Unfortunately, Mr. Mendez-Saldivia submitted his resignation effective May 24 creating a significant void. Mayor Thompson though moved quickly to fill this position and named Robert Philbin as Interim COO effective June 17. This has provided continuity at the senior management level and has been critical in advancing actions related to numerous operational/fiscal issues. As noted above I meet with Mr. Philbin weekly along with the Mayor to review the status of various initiatives in the confirmed Plan so that recovery efforts continue in as expeditious manner as possible.

Mr. Philbin along with Robert Kroboth, the City's Business Administrator, have continued to guide the audit process. As noted in the June report, the 2011 audit was completed on May 13. During the May – July time period Trout, Ebersole & Groff LLP (TEG), third party accounting firm, assisted the Finance office in preparation work necessary for the 2012 audit. Their work was completed in mid-July and provided to Maher Duessel, the City's external auditor. They began work immediately and anticipate completing their work in mid-October with the 2012 audit issued by October 31 at which time the City's audits will be brought up to date. Bringing the audits up to date is critical in assisting the Harrisburg Authority with undertaking further financing as well as establishing a solid financial baseline for the City.

With the assistance of the Novak Team, the City continues their efforts to integrate a management system within City operations that more clearly defines goals and objectives. The Team has assessed the restructuring of the City's finance department as a result of the City hiring two very competent individuals to fill the Accounting Manager and Staff Accountant/Analyst positions. This has resulted in a significant increase in the Bureau's technical capacity and the ability to meet daily work demands in a timely manner. The resignation of the Budget Director in late May though created another gap and required that the Accounting Analyst be assigned to perform the responsibilities of the Budget Director. She has performed quite well in this role and the City is on track to complete its 2014 budget preparation in a timely manner this fall.

The OTR also continues to review requests to fill all position vacancies. Requests to fill vacancies are submitted to the Office of the Receiver and approval is required by the Receiver prior to positions being filled. To date limited requests have been approved when properly supported as critical to

providing necessary and vital services. Key positions approved for filling during the quarter included, 20 police officers (recruitment underway with class starting in January), Health Officer, Sanitation/Recycling Manager and Fleet Manager. Key vacancies occurring during the quarter included the Police Chief and Deputy Fire Chief. I have further advised the City to continue to follow the provisions of the Emergency Action Plan and the confirmed Plan in funding only those activities that are essential to maintaining "vital and necessary services" and provide for the health, safety and welfare of City residents.

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

On July 2, five proposals were received in response to the RFP to outsource the City's sanitation operation. A proposal review committee comprised of the DPW Director, Chief Operating Officer and Business Administrator evaluated the responses and provided a recommendation to the Mayor to interviews 3 finalists. Interviews were held and on September 23 Mayor Thompson announced the selection of Republic Services to provide sanitation services to both residents and businesses in the City. Contract negotiations have just started. Implementation is scheduled for February 2014.

In response to the RFP to consolidate the City's insurance coverage, 4 proposals were submitted by the August 27 deadline. A review committee is in place and currently evaluating the proposals with a recommendation anticipated in the next several weeks. The goal of this initiative is to insure that all liabilities are insured at appropriate risk management levels and that cost containment of insurance coverage occurs.

Work is also underway on three interrelated planning recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. The City has selected a consultant to facilitate the Comprehensive Plan and Housing Strategy and a Steering Committee is in place to provide guidance and input to the consultant. A scope of work has been developed, initial funding identified. The timeline calls for the process to begin this fall and take approximately 14-18 months to complete. The scope provides for a neighborhood focus with significant opportunity for public input at various stages. Concurrently a consultant has been selected to complete an Economic Development Strategy and a scope of work developed. This work is also anticipated to start early this fall.

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

Collective Bargaining

Following the development of the maximum costs and expenses for each of the City's 3 collective bargaining units – FOP, IAFF, AFSCME – that are consistent with the recent changes in Act 47 as a result of Act 133 of 2012, the Office of the Receiver's labor counsel in concert with the City's labor counsel developed negotiation proposals to modify the existing agreements in order to implement certain initiatives in the confirmed Plan prior to the current expiration dates. These proposals were presented to the three bargaining units in the spring of 2012. Progress was slow during 2012 though bargaining intensified during the first and second quarters of 2013 with the bargaining unit representatives and significant progress was made. In mid-June the FOP membership ratified an amendment to their collective bargaining agreement, modifying the current agreement and extending the term through December 31, 2016. In mid July, the AFSCME bargaining unit likewise ratified an amendment to their collective bargaining agreement similar to the FOP agreement. Both amendments were ratified by City Council on September 16. Negotiations continue with the IAFF bargaining unit. It is my hope that agreements will also be reached with the IAFF in the near term. In order to spur negotiations, I had earlier directed the City not to implement any of the salary increases for 2013 that were part of the contract extensions. The City followed through on this recommendation; however, until agreements are consummated the City has continued to incur health care costs at the levels provided in the current contracts. Health care cost savings will not be fully realized until 2014.

Mandamus

On August 27, 2012, The Commonwealth Court entered an Order granting in part and denying in part a *petition for issuance of Writ of Mandamus* filed by the Receiver, following a hearing held on August 23, 2012. The OTR, the Mayor and Harrisburg City Council participated through their respective legal counsel. Subsequently, the parties jointly filed an *Application for Reconsideration*, effectively staying the proceedings so the parties could pursue possible resolution of the matter. A Stipulation Agreement was executed by City Council, Mayor and Receiver on October 23 that resolved the mandamus action. The agreement acknowledged that although there were disagreements between the parties, each had identified points of common ground in addressing the fiscal issues and agreed to undertake a more coordinated effort to address these matters. The parties acknowledged an agreement in principle to address structural deficit and debt related issues in a comprehensive and realistic manner with an aim towards achieving a long-term global resolution of the City's fiscal issues. The City and the Office of the Receiver have continued to comply with the provisions of the Stipulation Agreement. The Receiver and his team have worked very closely with City Council and their legal counsel over the last year and developed a spirit of cooperation that has been a significant step in reaching the point where a consensual solution was presented to the Court in the Harrisburg Strong Plan.

Asset Monetization

The Receiver previously engaged the law firm of McKenna Long & Aldridge (MLA) and Public Resource Advisory Group (PRAG) to assist with the monetization of the Resource Recovery Facility, the Parking Facilities and the management of the water and sewer systems. Screening and Evaluation Teams (SET) were established for each of the asset monetizations. A very detailed procurement process

was established for each of the assets and has continued through the second quarter of 2013 as efforts have continued to maximize the value of both the Resource Recovery Facility and the parking facilities. The Receiver has worked hard to establish a process that is fair and transparent, yet

rigorous and protective of competitive-sensitive and propriety information. I have continued to be an active participant in the monetization processes.

Selected parties were identified last year for the sale of the Resource Recovery Facility and the monetization of Parking Facilities. Active negotiations continued with each party and the basic terms of the agreements are embodied in the Harrisburg Strong Plan.

The focus of the water and sewer system monetization changed however, and a decision was made to work towards the establishment of an operating authority that will have participation from all parties. This would transfer and consolidate the administrative, operational and financial responsibilities for the water and wastewater and storm water operations in the Harrisburg Authority (THA). This operational approach will address compliance with the Clean Water Act and the Chesapeake Bay requirements and is an acceptable model for the Department of Justice, EPA and DEP and is also favored by the suburban communities. Both the City and the Harrisburg Authority have agreed on this approach and work is now underway to transfer responsibility for the water, wastewater and storm water services to THA. OTR has also continued to participate in ongoing discussions with the Department of Justice and EPA, as work continues to address the State and Federal requirements.

THA has also recently agreed to execute a consent order with DEP related to the sewer system upgrade. During the quarter, the City and THA were awarded a \$26 million loan from PENNVEST. One of the conditions of the loan was the transfer of operational and financial responsibility to THA. The loan proceeds will be used to address the necessary upgrades to the wastewater treatment plant to meet Chesapeake Bay requirements. This initiative also involves a resolution with the suburban municipalities on the overcharges for sewer system operation. OTR has reached agreement with the suburban municipalities and provisions for the settlement are embodied in the Harrisburg Strong Plan.

Further, the OTR continued active discussions with both Assured Guaranty Corporation and Dauphin County, the two largest creditors, with respect to both the asset monetization processes and operational issues. Numerous meetings and conference calls were held as efforts intensified to reach a consensual solution. Agreement was reached with both in August and the terms of the agreements are also embodied in the Harrisburg Strong Plan. Likewise, similar discussions occurred with Covanta Energy and CIT and a consensual solution was agreed to by both. Their agreements are also addressed in the Harrisburg Strong Plan.

As we now move from confirmation of the Harrisburg Strong Plan to its consummation we will continue to keep the Court apprised of its status through both periodic meetings and our quarterly reports.

**MUNICIPAL FINANCIAL RECOVERY
ADVISORY COMMITTEE
MEETING MINUTES**

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
June 26, 2013
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

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

Anne Morrow (Recording Secretary)

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

Reports

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

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the June 12, 2013 committee meeting.

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

Mr. Lynch acknowledged the recent action taken by the members of the Fraternal Order of Police by voting to approve an amendment to their contract. Mr. Lynch noted he greatly appreciates the leadership displayed by those men and women, their organization and thanked them for being part of the solution. This is the kind of leadership needed as we go through the recovery process. Mr. Lynch thanked those individuals and those that serve the City.

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

Operational Issues

- The Office of the Receiver continues its work in implementing the various operational and creditor related issues that are part of the confirmed Recovery Plan.
- The City continues to actively recruit for 48 positions, a number of those are Fire positions previously approved by the Receiver's Office. Others include a Budget Manager, Health Officer, Demolition Specialist, Codes Officers, a Deputy Economic Development Director and an Operations Manager in the Bureau of Water.
- Since the last meeting the City has named Bob Philbin as the Interim Chief of Staff to fill a critical vacancy left by the departure of Ricardo Mendez-Saldivia. The City has

also selected a candidate to serve as the Assistance City Solicitor with a start date of mid-July. This will return the City to a full complement of 3 attorneys in the Law Bureau.

- Offers of employment have also been extended to seven candidates for Police Officer and a candidate for a Water Quality Manager in the Water Bureau.
- The Office of the Receiver continues to work with the City and Harrisburg Parking Authority to consider qualified personnel from HPA to fill City vacancies as they occur.
- The Office of the Receiver continues to devote a significant amount of effort in resolving various financial management related issues. We've worked with the City to address the recent vacancy as a result of the resignation of the Budget Manager. The City has moved the Accounting Analyst into the Budget Manager's role as an interim measure. This vacancy, along with the medical leave of the Purchasing Manager, has created an additional strain on the Finance Bureau. However, due to some of the cross-training that has occurred with new personnel, critical functions are covered, at this point, until the Budget Manager position can be filled.
- Trout, Ebersole & Groff (TEG) has continued audit preparation work for the 2012 audit. At the City's request approval was given to use the remaining, approximately \$50,000, of the DCED grant that was provided last year for audit preparation work. The TEG team has been engaged to provide additional audit prep work within the resources that currently exist in the Finance Bureau budget so as to maintain the mid-July completion date for the audit prep work. The Office of the Receiver has worked with the City on this additional engagement. Most of the issues related to the engagement have now been addressed and resolved, however, Council will need to act on this matter.
- Maher Duessel is on schedule to initiate work on the 2012 audit this summer upon completion of the TEG preliminary audit prep work. The target date for completion of the audit by Maher Duessel is mid-October and at that time the City will be up to date with all their audits.
- Rebuilding critical capacity in the Finance Bureau has been one of the most critical elements of the confirmed Plan. The two individuals that were hired last fall have been doing an excellent job of filling key roles in the Bureau. The recent departure of the Budget Manager, though, has created a short-term void in this key position. As part of the rebuilding of the Finance Bureau's capacity, we also want to insure that there's adequate cross-training of personnel so that when a vacancy does occur critical functions are able to be maintained until the vacancy is filled.
- As a follow up to the completion of the review of the City's Fleet Operation, the City has continued to move forward with the disposal of equipment per the report's recommendations. In addition, the DPW Director has also developed a job description for the Fleet Manager position consistent with the report's recommendations and the City is moving forward with this position.
- The RFP for Sanitation services was originally due this past Monday, June 24th, however, a one week extension until July 2nd was provided as there was a short-term delay in providing the addendum to the RFP that contained responses to questions

generated at the Pre-bid Conference. The addendum also included a provision for vendors to provide both a bid security and a performance bond. The extension, at the request of some of the vendors, will afford adequate time for those planning to submit to obtain the requisite bonds. The one week delay should not have an impact, however, on the planned implementation date of January 2014.

- Work also continues on an Insurance RFP that will consolidate the insurance coverage's for the City. Final elements of the RFP are currently being completed and we anticipate the issuance of the RFP around July 1st.
- We are also continuing to work with the City on initial stages of the updates to their Comprehensive Plan. The confirmed Plan contains three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Following a meeting in late April with the Mayor, City officials, the City's consultant and Office of the Receiver representatives; the consultant is revising the scope of work to ensure that the three initiatives are well coordinated and will also provide a cost estimate for this initiative.
- Negotiations also continue with the collective bargaining units to effect new bargaining contracts. As Receiver Lynch indicated, the contract with the FOP was approved by the membership last week and further meetings are being held with the AFSCME unit. There have also been discussions with legal counsel for the Fire Fighters union.

Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting the review of the June 20th check-run was completed and a response provided to the City.
- The June 20th check-run totaled \$655,000 with the largest expenses being for payments to the City Treasurer for various Insurances. These totaled approximately \$412,000 and represented 64% of the total. They included payments to Highmark Blue Cross, Express Scripts and for liability insurance.
- The City's current cash position remains strong thru the end of the first 6 months. The majority of the City's revenues are received in the first part of the year, especially Real Estate Tax collections. Initial revenue is also beginning to be received from the imposition of the higher Earned Income Tax. The City has now been able to virtually bring all of its overdue payables up-to-date. Payables currently on hold total approximately \$2.8M with 99% of those represented by 7 major creditors including SunTrust, Metro Bank, City Treasurer for insurances, Pennsylvania Infrastructure Bank, Capital Area Transit and PPL.
- It's important to note, again, that the City has not, thru the first 6 months, needed to drawdown any of the \$4M from the Sewer and Sanitation Funds that was authorized at the beginning of the year.
- The City has also continued to comply with required Material Events Notices to be filed on EMMA related to the City's non-payment of certain debt obligations.

- The City had a cash balance as of June 13th of \$7,173,000, following the check-run on June 20th and an estimated payroll of \$1.1M; the City had a cash balance of approximately \$5.4M available.
- As the year progresses, the City's cash position will continue to be stable through the summer months, however, as we move into early fall months the City's cash position will in all likelihood move into a negative status and the City will need to begin holding and slowing down the payment of certain payables.

Asset Monetization

- Negotiations continue with Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility. At this point there is no new update to provide from our prior report. The agreement with the Department of General Services (DGS) on a multiyear Power Purchase Agreement that adds material value to the incinerator sale continues to move thru the contract process. Also, the Asset Purchase Agreement is based on a term sheet that has been prepared and continues to be reviewed by all parties.
- The Receiver's Office also continues negotiations with Harrisburg First, the selected party for the parking monetization. A term sheet has been prepared, reviewed and revised by the Office of the Receiver advisors and Harrisburg First and is now being review by the creditors for additional enhancements. The term sheet is expected to be modified thru discussions with bond counsel, creditors and the credit enhancers. Finalization of the Commonwealth's parking consolidation proposal also continues to progress and will have a bearing on final terms of the parking transaction
- Labor negotiations with Harrisburg Parking Authority personnel also continue. The involvement of Standard Parking in this process has occurred recently and that has been a plus in the negotiations.
- We've also continued to work with the Pennsylvania Economic Development Financing Authority (PEDFA), the financing vehicle for the parking monetization. Attorneys for PEDFA, the Receiver and Harrisburg First all continue to work through various tax-related issues involved with this financing.
- The Office of the Receiver continues to work with the City, Harrisburg Authority and surrounding municipalities to create an Operating Authority for the water and sewer operation. This will transfer and consolidate the administrative operational and financial responsibilities for the water and sewer operation to an Operating Authority. This operational approach will address compliance issues related to the Clean Water Act and the Chesapeake Bay initiative and is an acceptable model that the regulatory agencies favor.
- The Office of the Receiver has also participated in ongoing discussions with the regulatory agencies, the Department of Justice, EPA at the Federal level and DEP at the State level. The Authority also agreed to move forward with a consent order with DEP related to the sewer system upgrade and has filed applications for \$52M in financing from PENNVEST. The proceeds will be used to address the necessary upgrades to the treatment plant. It's anticipated that a summer decision by PENNVEST will occur.

- OTR has continued dialog with Assured Guaranty Corporation and Dauphin County, as well as AMBAC, Covanta and other major creditors to keep all of them apprised of the asset monetization processes as we move forward and work hard towards reaching a consensual solution to the City's fiscal condition.

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

- Mr. Kroboth noted during the past two weeks we continue to meet with the implementation teams on the Financial Plan initiatives.
- The Sanitation RFP process is going well but due to the number and complexity of the contractor questions, requests for clarification and the need for legal review along with an issuance of an addendum, the Receiver team extended the deadline one additional week for proposal submissions from Friday, June 24th to Tuesday, July 2nd at 3 p.m. An addendum and related attachments memorializing changes to the RFP resulting from the contractor's questions and City responses was prepared and emailed to all prospective contractors on Monday, June 17th, and posted on the City's website. The Mayor has chosen a three-member Selection Review Committee to assess and grade the proposals with oversight by the Receiver's Team.
- City Council considered a burglar alarm and other fee increases for public safety for Police and Fire services based on the Maximus Full Cost Recovery Study at its Committee meeting on Thursday, June 20th.
- The final draft of the Insurance RFP for the current premium year's insurance renewals has been distributed to Law Bureau and Insurance & Risk Management staff for substantive legal and insurance coverage information review and edits. The Insurance RFP issuance is anticipated on or about June 30th.
- An offer of employment was made to a selected candidate for the position of Assistant City Solicitor. Start date is scheduled for July 15th, bringing the Staff Attorney compliment to three, completing this initiative.
- A Police Fleet survey was completed and the replacement plan incorporated into the budget development and grants writing processes. Marked patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with an estimated delivery date of late July. These vehicles and installation of police equipment are being funded via the 2012 Local Share Gaming Grant of \$409,202 awarded by Dauphin County. This completes this initiative.
- A conditional offer of employment has been tendered to the successful candidate for the position of Rehabilitation Specialist 1, a HUD funded position, effective Monday, July 15th, completing this initiative.

Financial Management

- The 2012 audit preparation continues in earnest. Trout, Ebersole & Groff continue their audit preparation field work. Their engagement is anticipated to conclude by approximately July 15th. It is anticipated that Maher Duessel will begin their 2012 audit

field work immediately following TEG's engagement completion, assuming the City and TEG have provided all necessary deliverables to Maher Duessel by July 15th. The Administration anticipates publicly issuing the 2012 Audit/CAFR and other related reports on or about October 15th.

Cash Flow

- The June 20th payroll, benefits and critical vendor payments have all been funded without the need to draw on the \$4M interfund loan from the Sanitation and Sewer Funds authorized by City Council in January.
- No loan funds have been drawn upon to-date, primarily due to the receipt of real estate tax discount and flat period revenues received during March and May. It is unlikely that any loan funds will be drawn against in the immediate future. Earned Income Tax receipts from the additional 1% Act 47 rate increase effective January 1, 2013 are expected to be realized beginning in late June/early July.
- The General Fund cash balance after the June 20th payroll/check-run was approximately \$5.4M.
- Vendor Accounts Payable and other short-term liabilities currently on hold following the June 20th check-run total approximately \$2.8M, a decrease of \$440,000 since the June 12th Advisory Committee meeting.

Financial Reporting and Compliance

- We are in compliance with the City's financial reporting obligations. No material events have occurred since the last Advisory Committee meeting that necessitated the publication of a Material Event Notice on SEC's EMMA.
- State Liquid Fuels Tax Audit field work continued intermittently by PENNDOT for the 2010 thru 2012 calendar years.

Budget Management

- Preparations for the 2013 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award submission were restarted after having to temporarily put the project on hold to focus on the Budget Manager and Purchasing functions transition training. A 30-day extension to apply for the award was granted by GFOA until July 1st. A successive 30-day extension can be requested and granted based on circumstances. We have made significant progress, but anticipate having to request an additional 30-day extension to complete the project.

Purchasing Management

- One award letter and contract was completed resulting from a bid process.
- Our Acting Budget Manager (former Staff Accountant/Financial Analyst) has been doing a great job of maintaining daily purchasing office functions as the current Purchasing Manager remains on extended medical leave.

Grants Management

- No grant applications were submitted since our last Advisory Committee meeting on June 12th. The following is a list of grant applications that were completed and submitted during 2013:
 1. Byrne Criminal Justice Program 2013: \$1,000,000 (March 2013)
 2. Information Technology – FEMA: \$125,000 (March 2013)
 3. Community Based Violence Prevention: \$1,500,000 (April 2013)
 4. PENNVEST – 4th St. Utilities/Sinkhole Project: \$900,000 (May 2013)
 5. COPS Hiring Grant 2013: \$800,000 or \$600,000 (depending on distress)
 6. Section 902 – Recycling Grant: \$250,000 (May 2013)
- To date, the City has not heard back from any of these grant applications.

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

Committee Comments

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

There were no comments from the committee members.

Public Comments

Mr. Lynch asked if there were any public comments.

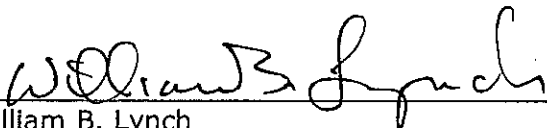
Lewis Butts, resident of Harrisburg

- Mr. Butts noted he applied, along with the City, for a grant in the amount of \$65,000 to complete a feasibility study on the Hydroelectric Dam Project. Mr. Butts requested the leadership of the Advisory Committee to assist in obtaining funds for this project.
- Mr. Butts noted Pennsylvania has Marcellus Shale but as a whole needs a new alternative energy source. Harrisburg can be that poster child for hydroelectric power in Pennsylvania. This project is very lucrative and will be a long lasting revenue producer.
- Mr. Butts also noted along within the Economic Development Plan, the City has McCormick Island which can be used as a cash crop to grow produce whereby using the land the City already has to increase revenue.
 - Mr. Lynch asked if the grant application was with Dauphin County.
- Mr. Butts confirmed the grant application was submitted to Dauphin County, which the City acted upon, but was denied. Mr. Butts, again, asked the Advisory Committee to take these recommendations into consideration in moving forward through the recovery process and to use as economic leverage.

- Mr. Lynch requested Mr. Butts provide a copy of the signatory that was provided to Dauphin County.
- Mr. Butts noted he will provide a copy of the grant application to the Office of the Receiver.

Mr. Lynch asked if there were any other comments. Hearing none Mr. Lynch called this meeting adjourned at 9:03 a.m.

Approved this 26th day of June 2013.



William B. Lynch
Receiver for the City of Harrisburg



Secretary - Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
July 10, 2013
8:30 a.m.
Council Chambers

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

Anne Morrow (Recording Secretary)

Absent: William B. Lynch, Receiver (Fred A. Reddig, Acting Administrator for the Office of the Receiver for the City of Harrisburg, attended as Receiver's alternate)
Mayor Linda Thompson (Robert Philbin, Interim Chief of Staff, attended as Mayor's alternate)

Reports

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

Mr. Reddig asked the Committee members if there were any corrections or addendums to the minutes from the June 26, 2013 committee meeting.

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

Mr. Reddig provided an update on the implementation of the confirmed Recovery Plan.

Operational Issues

- The Office of the Receiver continues its work in implementing various operational and creditor debt resolution issues that are part of the confirmed Recovery Plan. The Quarterly Report was completed and filed with Commonwealth Court on June 28, 2013. Copies of the report were provided to the Mayor and City Council. A link to the report was provided to committee members and City officials and can be viewed on the Receiver's website by the general public.
- The City continues to recruit for approximately 60 positions. Many of which are public safety positions. Seventeen are Fire positions for which applications are being accepted thru July 26 and another 24 are Police positions. Others include a Budget Manager, Health Officer, Demolition Specialist, Codes Officers, a Deputy Economic Development Director and a Distribution Supervisor, Maintenance Specialist and an Operations Manager; all three positions are in the Water Bureau.
- Since the last meeting, the OTR has approved a Secretary I position in the Codes Bureau that occurred as a result of a promotion. Seven candidates also accepted offers of employment for Police Officer. Five of those candidates successfully passed their

physical and have been sworn in and are to start at the Police Academy at HACC this month.

- The OTR continues to work with the City and Harrisburg Parking Authority to consider qualified personnel from HPA to fill critical City vacancies.
- The OTR continues to devote significant effort in working with the City on various financial management issues. Trout, Ebersole & Groff (TEG) continues their work to prepare for the 2012 audit. With the vacancy of the Budget Manager position along with the extended medical leave of the Purchasing Director, the Bureau of Finance has had to do a bit of shuffling of personnel. The Accounting Analyst has been reassigned to some of the Budget Manager responsibilities during the interim until this position is filled.
- TEG has also been engaged to complete some additional audit prep work that originally was not anticipated in their scope of work but was to be done by the Accounting Analyst and Accounting Manager. However, due to the vacancy in the Budget Manager position this work has been rerouted temporarily. TEG continues to stay on track to complete their audit prep work by mid-July after which their work will be handed off to the City's certified public accountant, Maher Duessel, to begin work on the 2012 audit. It is anticipated that the audit will be completed by mid-October bringing the City's audits fully up-to-date.
- As a follow up to the completion of the City's Fleet Operation review, the City continues to move forward with the disposal of various equipment per the report's recommendations. Recently, the DPW Director has developed a job description for the Fleet Manager position consistent with the report's recommendations.
- Five proposals were received last week in response to the sanitation services RFP and are currently under review. The extension of the additional week in submitting the proposals provided time for the vendors to acquire the requisite bonds that were part of the RFP. The one-week delay should not have an impact on our ability to implement the Sanitation Service Contract in early 2014, assuming the bids pan out positively and in the City's best interest.
- Work also continues on an Insurance RFP that will consolidate insurance coverage. We are coordinating this process with the renewal schedules for insurance and anticipate that the new coverage will go into effect this fall.
- Work continues with the City on initial stages of an update to the Comprehensive Plan and its integration with an economic development strategy and the development of a housing strategy. A conference call with the consultant is anticipated for later this week to discuss further elements of that project.
- Negotiations are also continuing with the collective bargaining units as we reported at the last meeting. The Fraternal Order of Police approved the contract amendment at a mid-June meeting. Active negotiations are also underway with AFSCME. We are optimistic that this will be brought to a conclusion in the near term. Efforts to work with counsel for the Fire Fighters have proven fruitful establishing a bargaining session

for them within the next week to 10 days based on correspondence as late as yesterday afternoon.

Cash Flow

- The Receiver's Office continues to monitor City expenditures and reviews payables on a bi-weekly basis. Since the last meeting, we reviewed the July 3rd check-run. It totaled \$888,975 with the largest expenses being for payments to the City Treasurer for various insurances that represented 69% of the total. They included payments to Highmark Blue Cross, Express Scripts, dental insurance and a quarterly payment for Workers Compensation.
- The City's current cash position remains strong thru the end of the first 6 months. A full 6-month summary should be available at the next meeting. The majority of the City's revenue is received in the first part of the year, especially Real Estate Tax collections. The City has now been able to bring virtually all of its overdue payables into a current status. Payables currently on hold total approximately \$3.4M. Those over 90 days total approximately \$2.7M with 99% represented by several large creditors that are involved with debt obligations. They include SunTrust, Metro Bank and Pennsylvania Infrastructure Bank. Negotiations with all of those entities are in play as part of the broader creditor negotiation process. The City has also been working with PPL to identify and resolve various PPL accounts, which is the other large outstanding creditor.
- The City had a cash balance of approximately \$5.9M as of June 27th. Following the check-run and an estimated payroll of \$1.1M that occurred last week, the City had a cash balance of approximately \$3.9M available, which is about \$1.3M less than after the prior check-run. The City's cash balance is now beginning to slowly erode and will need to be monitored closely as we move through the summer months to ensure the ability to meet critical obligations. The City should be receiving payments on the Earned Income Tax as well as normal distributions for this tax, which will help cash flow thru the summer months.

Asset Monetization

- Negotiations with Lancaster County Solid Waste Management Authority (LCSWMA) have continued with the sale of the Resource Recovery Facility. At this point, there is no new update to provide from our prior report. The Power Purchase Agreement continues to move thru the Department of General Services (DGS) process and all parties are reviewing a term sheet. A meeting was held last week with LCSWMA to discuss issues related to the \$8M Redevelopment Capital Assistance Program Grant. We are continuing to coordinate this effort with the Office of the Budget.
- Negotiations continue with Harrisburg First, the selected party for the parking monetization. A term sheet has been prepared, reviewed and revised by the Office of the Receiver's advisors and Harrisburg First and is currently under review by the various creditors. The changes in interest rates that have occurred in the broader market place have had an impact on this monetization. We are also working with bond counsel for Pennsylvania Economic Development Financing Authority (PEDFA) to work thru tax related issues associated with the financing.

- OTR continues to work with the City, Harrisburg Authority and surrounding municipalities to create an Operating Authority for the water and sewer operation. This will transfer and consolidate the administrative operational and financial responsibilities for the water and sewer operation to an Operating Authority. This operational approach would address the issues related to the Clean Water Act and the Chesapeake Bay requirements and is deemed positive by the Department of Justice, EPA and DEP.
- OTR continues dialog with Assured Guaranty Corporation and Dauphin County on the asset monetization process and other related issues as we work towards achieving a consensual resolution to the City's fiscal crisis.

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

- Mr. Kroboth noted he passed out a copy of his report to the committee members and to avoid any redundancy, as Mr. Reddig covered certain aspects thoroughly, may pass by a couple of the sections.
- The Sanitation RFP process is going well. The public bid opening for the Request for Proposals (RFP) #11-2012 for Solid Waste and Recycling Collection and Disposal Services was held Tuesday, July 2nd at 3 p.m. in the City Government Center. There were five bidders.
- The Mayor has chosen an in-house RFP Selection Review Committee to assess and grade the proposals, with oversight by the Receiver Team. A draft RFP Evaluation Matrix has been created, based in part on the matrix previously created and utilized by the City for other RFP evaluations, to evaluate critical RFP criteria using a weighted average grading approach for each of the criteria.
- The current plan is for the Committee to recommend three semi-finalists to the Mayor for her review and consideration, with an interview and new grading process likely for all three. The Mayor would then likely choose the finalist, with concurrence from the Receiver. The Mayor and Receiver's finalist recommendation may then need to go before City Council, if, the Mayor and Receiver determine it is in the City's best interest to proceed to contract out these sanitation services rather than for the City to maintain them.
- The RFP Selection Review Committee is scheduled to meet to begin the review process formally on Tuesday, July 16th. It is anticipated that the RFP documents will be distributed to the Committee at that meeting, as well as the draft-grading matrix, which will be further refined by the Committee.
- The draft RFP for insurance brokerage services prepared for the upcoming premium year's all-risk, health stop loss, and workers compensation excess insurance renewals has been returned from the Law Bureau and Insurance & Risk Management staff following the review for substantive legal and insurance coverage information. The edits are expected to be made with a final draft of the RFP distributed for approval by Friday, July 12th. Public issuance and advertisement of the RFP is anticipated on or about Thursday, July 18th.

- As previously reported, an offer of employment was made to a selected candidate for the position of Assistant City Solicitor. A start date is scheduled for July 15th, bringing the Staff Attorney compliment to three, completing this initiative.
- A Police Fleet survey was completed incorporating the replacement plan into the budget development and grant writing processes. Marked patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with an estimated delivery date of late July. These vehicles and installation of police equipment are being funded via the 2012 Local Share Gaming Grant of \$409,202 awarded by Dauphin County. These actions will complete this initiative.
- A conditional offer of employment has been tendered to the successful candidate for the position of Rehabilitation Specialist I effective Monday, July 15th, completing this initiative.

Financial Management

- The 2012 audit preparation continues in earnest. Accounting firm Trout, Ebersole & Groff completed their audit preparation fieldwork on July 3rd. Their engagement is anticipated to conclude by approximately July 15th. It is anticipated that Maher Duessel, CPA's, the City's auditors, will begin their 2012 audit fieldwork immediately following TEG's engagement completion, assuming the City and TEG have provided all necessary deliverables to Maher Duessel by July 15th. The Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and other related audit reports on or about October 15, 2013 and is currently on schedule to do so.

Cash Flow

- Mr. Kroboth noted Mr. Reddig covered the cash flow section thoroughly and he did not need to add any further comments.

Financial Reporting and Compliance

- The City is in compliance with its financial reporting obligations. No material events have occurred since the last Advisory Committee meeting necessitating the publication of a "Material Event Notice" on EMMA. However, a "Notice of Non-filing of Annual Information as Required" will be filed on EMMA on or before July 12th due to the City's 2012 CAFR not being issued as of June 30, 2013, or within 180-days following the end of the City's fiscal year, as required by certain of its bond indentures.

Budget Management

- The City received written notice from the Government Finance Officers Association (GFOA) of the United States and Canada on Friday, July 5th, that it had been awarded the City its Distinguished Budget Presentation Award for the City's 2012 Budget document. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by our government.

- Preparations for the 2013 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award submission were restarted in June after having to temporarily put the project on hold to focus on the Budget Manager and Purchasing functions transitional training. A second 30-day extension to apply for the Award was granted by GFOA until August 1st. Successive 30-day extensions can be requested and granted based on circumstances. We have made significant progress, and anticipate completing the project on or before August 1st.
- Preparations have begun to develop the City's 2013 Mid-Year Fiscal Report. The Report is due to City Council by August 14th.
- The Mayor has scheduled interviews with two Budget Manager position candidates on July 24th.

Purchasing Management

- One award letter and contract was completed resulting from bids process.
- It's important to note again Yanxia Liu, our Acting Budget Manager (former Staff Accountant/Financial Analyst) continues to do a great job of maintaining daily purchasing office functions as the current Purchasing Manager remains on extended medical leave.

Grants Management

- No grant applications were submitted this reporting period. Applications for six grants have been completed and submitted with results pending.
 1. Byrne Criminal Justice Program 2013: \$1,000,000 (March 2013)
 2. Information Technology – FEMA: \$125,000 (March 2013)
 3. Community Based Violence Prevention: \$1,500,000 (April 2013)
 4. PENNVEST – 4th St. Utilities/Sinkhole Project: \$900,000 (May 2013)
 5. COPS Hiring Grant 2013: \$800,000 or \$600,000 (depending on distress)
 6. Section 902 – Recycling Grant: \$250,000 (May 2013)
- To date, the City has not heard back from any of these grant applications.

In summary, the City continues to make progress on the implementation of the Financial Recovery Plan, preparation for the 2012 audit and re-stabilization of the Bureau of Financial Management operations.

Mr. Reddig congratulated Mr. Kroboth along with the City Administration on receiving the GFOA budget award recognition.

Mr. Reddig asked the committee members if there were any questions regarding the reports.

- Council President Williams asked Mr. Kroboth who is on the RFP Committee.
 - Mr. Kroboth noted Mayor Thompson appointed the Public Works Director, the Business Administrator/Chief of Staff and the Finance Director.

- Council President Williams asked Mr. Kroboth about the City being non-compliant and if an extension has been given to the City.
 - Mr. Kroboth explained the City guarantees bond issues and in the indentures, there are certain continuing disclosure requirements within the trust indenture. The majority of trust indentures stipulates 270 days, which is September 30th, however, there are a few of the debts that the City guarantees, more of the later issues, that indicate a June 30th date or 180 days. Since we weren't able to complete our 2012 audit filing of CAFR on EMMA by June 30th, we have a continuing disclosure requirement pursuant to the SEC regulation to let the bond market know that the City is in the process of filing but that the audit is late and will be issued on or about October 2013. The City is in compliance as long as we disclose this information that was reported.
- Mr. Hill asked Mr. Reddig with the Commonwealth passing the General Fund Budget in the past week and a half, is there anything material out of the Commonwealth budget that the City should be aware of or anything unusual.
 - Mr. Reddig noted there were two allocations provided for in the budget to address fire protection cost to the City. One was a line item in the Department of General Services budget for \$496,000 and was specifically identified for fire protection. The second was line item in the DCED budget that would represent the balance to raise the fire protection allocation to \$5M.

Committee Comments

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

There were no committee member comments.

Public Comments

Mr. Reddig asked if there were any public comments.

Mr. Mindlin, resident of Harrisburg

- Mr. Mindlin suggested that a change is needed in the way the Comprehensive Plan is being approached. He noted the future of this City, economically, is highly depended on the way in which economic and comprehensive plans are put together and what is replaced. He further stated it's not simply a question of trying to eliminate the debt but to have a long-term plan on what the City ends up being, how the City will move forward, whether or not the City is able to attract people to the community and what kind of community the City will be. If that is not in line with the needs of the future and if our future is not in line with the plan for the discharge of debt, you've got decadence that can't function.
- The Comprehensive Plan is inherently a very democratic process. This process needs to be brought out into the open and needs to start with the neighborhoods. There are methodologies for this type of process. This is something that needs to be completely rethought, brought out and started in a different fashion than what is going on

currently. The future of this City is very near and dear to the people of the community and they are not going to turn it over to a very small select group of people to decide what the future of this community is going to be. They want to have a say in it. Mr. Mindlin asked the committee to cogitate on this thought as the City moves forward in near term.

- o Mr. Reddig noted that the Mayor has appointed a Steering Committee that would be engaged in that process and it is a broad based committee. Recognizing Mr. Mindlin's comments, Mr. Reddig noted the Comprehensive Plan does need to be a community-based type of process. The work that is in place now is simply the groundwork for that process as it begins to move forward.

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

Approved this 10th day of July 2013.

Fred A. Reddig

Fred A. Reddig
Acting Administrator for the Office of the
Receiver for the City of Harrisburg

Anne Morrow

Secretary - Anne Morrow

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

Present: William B. Lynch, Receiver

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

Anne Morrow (Recording Secretary)

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

Reports

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

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

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

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

Operational Issues

- Mr. Reddig noted the Office of the Receiver continues its work in implementing various operational and creditor debt resolution issues that are part of the confirmed Recovery Plan. In addition to the Receiver's recently filed Quarterly Status Report, the City has posted an updated Act 47 Implementation Matrix on their website that tracks all of the various recommendations.
- The City continues to actively recruit for approximately 60 positions. Seventeen of those are Fire positions that were previously approved by the Receiver's Office. Applications are currently being accepted through July 26th for the Fire Fighter positions. Nineteen of the positions are Police Officer positions that also have been approved by the Receiver.
- The City has moved forward in participating with the Dauphin County Police Chief's Association Joint Candidate Testing Program. This is a cooperative approach that the City is engaged in to share in the cost of recruitment rather than having to bear the cost alone and the Receiver has acknowledged that as a very positive step. The

application period under the joint program opened on July 14th and applications will be accepted through August 7th.

- Other positions currently being recruited for include a Budget Manager, Health Officer, Distribution Supervisor, Operator I and Operations Manager; the last three are all in the Water Bureau.
- Since the last meeting, the OTR has approved the filling of the Fleet Manager position in the Department of Public Works. This is a recommendation that was contained in the Fleet Management Report. Positions filled since the last meeting and that have started include the Assistant City Solicitor, a Rehabilitations Specialist in the Bureau of Building and Housing Development and a Maintenance Specialist in the Water Bureau.
- The OTR continues to work with the City and Harrisburg Parking Authority to consider qualified personnel from HPA to fill various City vacancies as they occur.
- The OTR continues to devote significant effort in working with the City on various financial management issues. Trout, Ebersole & Groff (TEG) completed the audit preparation work last week. That material has been provided to Maher Duessel, the City's CPA firm. Maher Duessel has begun work on the 2012 audit with a completion date scheduled for mid-October.
- With the vacancy of the Budget Manager position along with the extended medical leave of the Purchasing Director, the Accounting Analyst has been assigned some of the responsibilities both of the Budget Manager and of the Purchasing Director and has been doing an excellent job.
- As a follow up to the completion of the review of the City's Fleet Operation, the City has continued to move forward with the disposal of various equipment per the report's recommendation. To date, revenue from the disposition of equipment has exceeded the original estimations, which were conservatively based.
- The Sanitation RFP proposals, as reported as the last meeting, were received and are currently under review. Proposals were received from Interstate Waste Services of Pennsylvania, Penn Waste, Red River Corporation, Republic Services and Waste Management. Each bidder offered proposals on three different contract options; 1.) Single Family Refuse and Recycling Only, 2.) Multi-Family and Commercial Only or 3.) Single Family, Multi-Family and Commercial Combined. At a minimum under each option, the City would continue to collect refuse and recycling in City parks and on City streets and manage illegal dumping. The City could select any of the three options or none based on what is in the best interest of the City.
- A Selection Committee consisting of the DPW Director, Chief of Staff and Business Administrator is in place and has begun the review process. The review will take some time as the proposals are fairly detailed, especially with the three different options. The committee will be undertaking both a financial and operational analysis and scoring each of the proposals based on eight-weighted criteria.
- The development of the Insurance RFP has also been completed. It was issued the end of last week. Proposals are due on August 13th. The RFP consolidates the Insurance

coverage for the City to include Property, Liability, Vehicle, Public Officials, Errors and Omissions and Worker's Compensation Insurance. The RFP process is being coordinated with the City's renewal schedules that are up for renewal this fall. At several points, the initial term for the consolidated insurance would be for one year with the ability to renew for up to two additional years:

- We continue work with the City on initial stages of an update to the Comprehensive Plan. The confirmed Plan contains interrelated recommendations that involve an update of the City's Comprehensive Plan as well as an Economic Development strategy and a Housing strategy. Following an earlier meeting with the Mayor, City Officials, the City Consultant and OTR Representatives, the Consultant is revising the scope to ensure the three initiatives are well coordinated. The process, once initiated, will provide opportunity for public input.
- The City received approval for a \$900,000 loan from PENNVEST for the 4th Street sinkhole related damages. Funds will support upgraded waterlines, reconnect laterals and make other repairs as a result of the sinkholes that occurred earlier this year. The interest rate would be 1% for the first 5 years, increasing to 1.275% for the remaining 15 years of the 20-year term of the loan.
- The OTR has also been working with the City to process funding requests with the Department of General Services and with DCED that relate to the \$5M that was included in the State's FY13/14 Budget for Fire Protection related services. We anticipate the City should receive these funds within the next 4-8 weeks.
- Negotiations are also continuing with the collective bargaining units to effect new bargaining contracts consistent with the cost containment provisions of the confirmed Recovery Plan. Informational meetings have been held this week on Monday and Tuesday with the AFSCME bargaining unit and a proposed amendment to the contract is happening today. Negotiation sessions are also scheduled with the IAFF for mid-August. As previously reported, the Fraternal Order of Police has already voted in favor of the new contract terms.

Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we reviewed the July 18th check-run and provided a response to the City. That check-run totaled \$802,500 with the largest expenses to the City Treasurer for various insurances that represented 57% of the total amount. The next largest payment was to PPL for \$215,000, or about 26% of the total, which involved a reconciliation of a number of outstanding PPL payables. The City is now able to reconcile approximately 72% of the outstanding amount due to PPL and work continues to reconcile the remaining amount. The City has now been able to bring virtually all of its overdue payables into a current status. Payables currently on hold total approximately \$2.7M, which is about \$658,000 less than at the end of June. Those over 60 days total \$2.5M, with 99% represented by six creditors, primarily the debt obligations that are due to SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, and payments to Capital Area Transit and PPL.
- As of July 11th, the City had a cash balance of \$5.2M. With the check-run and an estimated payroll of \$1.1M, that occurred the end of last week, the City had a cash

balance of approximately \$3.3M available as of July 19th. The City's cash balance is beginning to erode and will need to be monitored closely as we move through the summer months to ensure the ability to meet critical creditor obligations. The City is beginning to receive revenue from the Earned Income Tax and we anticipate the receipt of the State funds later this summer, as well, which should allow the City to maintain fiscal stability moving into late summer, early fall-time period.

Asset Monetization

- Negotiations continue with the Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility. Over the last two weeks, we have been working with the Office of the Budget to solidify the process by which the \$8M in the Capital Redevelopment Assistance Program Grant can be factored into the deal.
- The OTR continues its negotiations with Harrisburg First, the selected party on the parking monetization. A term sheet has been prepared, reviewed and revised by the Receiver's Office advisors and Harrisburg First and is now being reviewed by all. The term sheet is expected to be further modified through the discussions with bond counsel, the creditors and credit enhancers.
- Finalization of the Commonwealth parking consolidation proposals continues to progress and will have a significant impact on the final terms of the parking transaction. Labor negotiations with Harrisburg Parking Authority personnel also continue. The revision of the existing contract is another critical element of the monetization and we've involved Standard Parking, the operator under the Harrisburg First arrangement, in that discussion.
- We've also continued to work with PEDFA, the Pennsylvania Economic Development Financing Authority, on the financing for the parking monetization. Attorneys for both PEDFA and Harrisburg First are working through various tax related issues involved with this financing.
- The OTR also continues work with the City, Harrisburg Authority and surrounding municipalities to create an Operating Authority for the water and sewer operation. The Authority received approval from PENNVEST on a request for a low interest loan. The Authority's approval was for a \$26M loan from PENNVEST that would assist with upgrades to the wastewater treatment plant that would address compliance issues as a result of the Chesapeake Bay Initiative and Clean Water Act requirements. This is approximately half the amount needed for the upgrade with the balance to be obtained through conventional financing. The interest rate would be 1% for the first 5 years, increasing to 1.275% for the remaining 15 years of the term of the loan. PENNVEST has placed a number of conditions on the loan, including the transfer of the system to the Harrisburg Authority and the completion of all of the audits.
- The OTR continues dialog with Assured Guaranty Corporation, Dauphin County, AMBAC and other major creditors to keep them apprised of the monetization processes as we continue to move forward.

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

- Mr. Kroboth noted since the last advisory meeting, the Administration continues to meet with the implementation teams.
- The RFP Selection Review Committee met on July 16th to begin the review process. The draft review criteria, sub-criteria and associated grading matrix were further refined by the Committee and are to be finalized on or about July 26th. The Committee intends to have their evaluation and grading process completed by August 9th. At our next Committee meeting, on August 13th, we plan to review the rankings and develop recommendations for a finalist for review by the Mayor and Receiver. The Committee's recommendation is expected to be presented to the Mayor and Receiver the week of August 19th, with potential interviews the week of August 26th.
- The RFP for Insurance Brokerage Services prepared for the upcoming premium year's All-Risk, Health Stop Loss, and Workers Compensation Excess Insurance Renewals was publicly issued and advertised on Tuesday, July 23rd. The proposal submission deadline is August 13th.
- On July 9th, City Council read into the record Bill No. 20-2013 to increase the current \$20,000 line-item budget transfer threshold to \$50,000 for budget reallocations as set forth in the City's Appropriation and Expenditure Procedures. This final step completed this initiative.
- The selected candidate for the position of Assistant City Solicitor accepted an offer of employment. The start date was July 15th, bringing the Staff Attorney's office compliment to three, completing this initiative.
- A Police Fleet survey was completed and the replacement plan incorporated into the budget development and grants writing processes. Marked Patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with an estimated late July delivery date. These vehicles and installation of police equipment are being funded via the 2012 Local Share Gaming Grant of \$409,202 awarded by Dauphin County. This completes this initiative.
- The successful candidate for the position of Rehabilitation Specialist 1 accepted a conditional offer of employment. The start date was July 15th, completing this initiative.
- The Administration completed Phase 1 of the Harrisburg Historic Artifact Auction initiative from July 12th through July 21st with the largest such auction in history. More than 10,000 bidders from every U.S. state and 40 nations around the world took part in this historic artifact auction. Phase 1 of the auction of more than 8,000 artifacts produced gross sales of \$3,143,795, netting the City of Harrisburg \$2,577,911 as of July 23rd.
- Phase 2 of the Historic Harrisburg Artifact Collection auction will occur in mid-September at Guernsey's in New York City. Phase 2 will include an auction of thousands of historic documents, letters and certificates contained in the Historic Harrisburg Collection.

- A new initiative, Collection of \$1M in Ordinance and Parking Fines (REV15) created by the Mayor and Receiver, calls for the organization of a task force made up of special unit police, constables and codes officers to identify, locate and issue arrest warrants for individuals with the highest amount of parking and ordinance violations in the City of Harrisburg. A collection plan and task force has been organized, and arrests and public announcements will be scheduled in the near future.

Financial Management

- The 2012 Audit is underway. Maher Duessel began their 2012 audit fieldwork on July 15th with seven auditors strong. Assuming the City provides all required deliverables as scheduled, Maher Duessel plans to provide the Administration a draft financial statement by mid-October. The Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and other related audit reports on or about October 31, 2013.

Financial Reporting and Compliance

- The City maintains its compliance with the City's financial reporting obligations to the market through EMMA.

Mr. Kroboth noted the remaining items on his report, which was handed out to the Committee members, are provided and available for their review. Those items are referenced below.

Budget Management

- Preparation for the 2013 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award submission continued after having to temporarily put the project on hold to focus on Budget Manager and Purchasing functions transition training. A second 30-day extension to apply for the Award was granted by GFOA until August 1st. Successive 30-day extensions can be requested and granted based on circumstances. We have made significant progress, and anticipate completing the project on or before August 1st.
- The City's 2013 Mid-Year Fiscal Report is in full development mode. The Report is due to City Council by August 14th.
- The two Budget Manager candidates originally scheduled for interviews today have since declined. A third candidate is being considered for interview in the next week or so.

Purchasing Management

- Three award letters and contracts were completed resulting from bids. Yanxia Liu, our Acting Budget Manager (former Staff Accountant/Financial Analyst), continues to do a great job of maintaining daily Purchasing Office functions as the current Purchasing Manager remains on extended medical leave.

Grants Management

- No grant applications were submitted this reporting period. The following grant applications were completed and submitted during 2013:

1. Byrne Criminal Justice Program 2013: \$1,000,000 (March 2013)
2. Information Technology – FEMA: 125,000 (March 2013)
3. Community Based Violence Prevention: 1,500,000 (April 2013)
4. PENNVEST – 4th St. Utilities/Sinkhole Project: 900,000 (May 2013) (Awarded)
5. COPS Hiring Grant 2013: \$800,000 or \$600,000 depending on distress
6. Section 902 – Recycling Grant: 250,000 (May 2013)

In summary, the City continues to make progress on the implementation of the Financial Recovery Plan, 2012 audit field support and re-stabilization of the Bureau of Financial Management operations.

Mr. Lynch commended the City Administration on the success of the artifacts auction. He also congratulated Mr. Kroboth and everyone from the City Administration on completing the prep work for the 2012 audit.

Mr. Lynch also asked Mr. Kroboth to report again on the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award that the City received for the City's 2012 Budget. Mr. Kroboth thanked Mr. Lynch for allowing him to reiterate on this accomplishment and said the City anticipates submitting the 2013 budget documents for consideration by the end of this month.

Committee Comments

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

Council President Williams asked Mr. Reddig for the dollar amount on the revenue from the disposition of the fleet equipment.

- Mr. Reddig replied he didn't have the number with him but would get that amount to her after the meeting.

Council President Williams asked Mr. Reddig to repeat the names of the companies who submitted proposals for the Sanitation RFP.

- Mr. Reddig reiterated those names - Interstate Waste Services of Pennsylvania, Penn Waste, Red River Corporation, Republic Services and Waste Management.

Council President Williams asked Mr. Reddig if the Receiver's team has arranged a meeting with the IAFF.

- Mr. Reddig responded that meetings are already calendared for August.

Council President Williams asked Mr. Reddig if Harrisburg First parking has offered any HPA employees a position with the City of Harrisburg.

- Mr. Reddig responded he is only aware of one position where a HPA individual has applied for an Electrician position. However, HPA employees are being apprised of all available positions.

Council President Williams asked if this is being done through HR Resources.

- Mr. Reddig responded the process is being handled through the City's HR Department, Deb Felker, and HPA.

Council President Williams asked Mr. Kroboth if he has received any information on the grants that the City has applied for.

- Mr. Kroboth replied the City has still not received any response to date, with the exception of PENNVEST.

Mr. Lighty, Mr. Hill and Mr. Philbin had no comments.

Public Comments

Mr. Lynch asked if there were any public comments.

Mr. Daniel Stern, resident of Harrisburg

- Mr. Stern said he has been a resident of Harrisburg for 28 years. Mr. Stern's question relates to the Quarterly Status Reports filed with Commonwealth Court, which he has been reviewing, with specific reference to the dialog with AGM and the bondholders regarding their position about debt forgiveness or waiver of any of their claims that they have for penalties, interest and casualties. Mr. Stern said he has not seen any information in the Status Reports regarding details of their position. He has seen detail regarding the operating budget and issues that were discussed here this morning. From the public's point of view, is there information available to us now which would reveal the position of AGM and the bondholders regarding their claims and if there is not information available to us now when will that information be transparent?
 - Mr. Lynch responded that the information now available is what has been reported in the Status Reports and is public. We are still in discussions with AGM as well as the other creditors. We intend to file a proposed modification to the Court confirmed Recovery Plan later this summer. As soon as that modification is filed, it will be public information.
- Mr. Stern said he understands Mr. Lynch's response but asked if he was correct that the content of the negotiations as to the present position of AGM and the bondholders would not be disclosed before the filing of that report.
 - Mr. Lynch replied he suspects that's the case and further stated that when you disclose things that are being negotiated, sometimes people harden their position and it makes things more difficult.

Mr. Lynch asked if there were any other comments. There were no other comments.

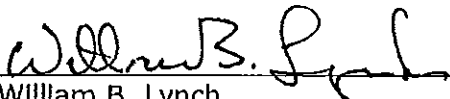
Before adjourning the meeting, Mr. Lynch took a few moments to relay some good news. He noted a breakthrough has occurred in our negotiations with the creditors. All the parties involved in the sale of the Incinerator have come to agree and we believe a deal is imminent. Ongoing discussions are still occurring but we are very close to having a modification to the Court confirmed Plan which will need to be submitted to Commonwealth Court. When he says, "we are very close to having a Plan", understand there are hundreds of details yet to be worked out. The significant thing that he wants to relate to people today is that we have agreed to work together on those details. The difference is we've agreed to stop negotiating against each other and begun to work with each other toward a solution. That solution, everybody realizes, will probably be imperfect but everybody agrees that it will be better than the alternative, which we consider is bankruptcy.

Mr. Lynch noted we have made a significant change in the way we are doing business. Make no mistake that this is far from over, make no mistake that we will have to continue with literally hundreds of details and make no mistake that there are focuses beyond our control that may well make it impossible. We think this approach is far more superior to what we've seen other cities that have similar difficulties. Mr. Lynch thinks this speaks very well of Harrisburg and the environment. There are lots of people who deserve credit here; the leadership from the Mayor; the leadership from members of City Council; the Commonwealth has also been extraordinarily helpful; County leaders, County Commissioners and others who have also been helpful in providing advice and guidance and shown a willingness to work together; the FOP who have taken a leadership role, and we certainly appreciate that. You've heard Mr. Reddig report that AFSCME will vote today. The remaining bargaining unit is the Fire Fighters and meetings are now scheduled with them. We are optimistic that the IAFF will understand that they, too, need to be part of this solution.

Without going into any more details, Mr. Lynch said he'd be happy to answer any questions later. He wanted to leave us with a notion that there's been a significant change in the way we approach each other and in the goal, which is to work together towards a solution.

Mr. Lynch called this meeting adjourned at 9:04 a.m.

Approved this 24th day of July 2013.


William B. Lynch
Receiver for the City of Harrisburg


Secretary - Anne Morrow

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

**August 14, 2013
8:30 a.m.
Council Chambers**

Present: William B. Lynch, Receiver

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

Anne Morrow (Recording Secretary)

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

Reports

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

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the July 24, 2013 committee meeting.

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

Prior to reading the updates on the implementation of the confirmed Recovery Plan, Mr. Lynch noted he heard on the news last evening that Chief Ritter is retiring. Mr. Lynch thanked Chief Ritter for his long years of service to the City of Harrisburg and wished him well in his future endeavors.

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

Operational Issues

- The Office of the Receiver continues its work in implementing the various operational and creditor debt resolution related issues that are part of the confirmed Recovery Plan.
- The City continues to actively recruit for approximately 61 positions, 17 of those are Fire positions previously approved by the Receiver's Office. Applications closed on July 26th. Nineteen positions are police officer positions. The City is participating in the Dauphin County Police Chief's Association's joint testing consortium. Through this cooperative approach, the City will share the cost of recruitment rather than having to bear the cost alone. The application period for police candidates closed on August 7th. Other positions being recruited include a Budget Manager, Health Officer, 2 Codes

Officers, Fleet Manager, Demolition Specialist, Deputy Economic Development Director, and a Distribution Supervisor, Operator 1 and Operations Manager all in the Water Bureau. Interviews for some of these positions have occurred over the last several weeks. Since the last meeting, OTR has approved filling two laborer positions in DPW. The Recycling Manager position is under review.

- The OTR continues to work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting process.
- The OTR continues to devote significant effort in working with the City on various financial management issues. Maher Duessel is now fully engaged on the 2012 audit and is to have their work completed and the audit issued by mid October.
- With the vacancy of the Budget Manager along with the extended medical leave of the Purchasing Director, the Accounting Analyst has been reassigned and continues to perform some of the responsibilities for both positions. The OTR has agreed to provide additional support as needed to insure the budget process remains on track through the summer and fall months.
- As a follow up to the completion of the review of the City's Fleet Operation, the City has continued to move forward with the disposal of the equipment per the report's recommendations. To date revenue from the disposition exceeds initial estimates.
- Five proposals in response to the RFP for Sanitation Services were received and are currently under review. Proposals were received from: 1) Interstate Waste Services of PA; 2) Penn Waste; 3) Red River Corporation; 4) Republic Services, and; 5) Waste Management.
- Each Bidder offered proposals on three contract options. Single family refuse and recycling only; Multi-family and commercial or Single family, multi-family and commercial.
 - At a minimum, under each option, the City would continue to collect refuse and recycling in City parks and on City streets and would manage illegal dumping.
 - The City could select any of the three options or none of the options based on what is in the City's best interest.
 - A Selection Committee consisting of the DPW Director, Chief of Staff and Business Administrator is in place and has begun reviewing the proposals. Due to the extensive detail of the proposals, the review period will take some time reviewing the financial analysis, operations analysis, etc.
 - The committee is evaluating proposals against eight weighted criteria: 1) Quality of Bid Submission; 2) Understanding of the Project; 3) Financial and Operational Stability; 4) Implementation; 5) Employee Integration; 6) Collection Approach; 7) Collection Experience, and; 8) Cost.

Each criteria is important but one of the things that we have asked from each bidder is a plan to integrate existing sanitation employees into the contractor's operation. It is important to the City that employees be given a fair chance to maintain employment. Planned implementation is for early 2014.

- The Insurance RFP was issued and proposals are due on August 13th. The RFP consolidates the Insurance coverage's for the City and includes property, liability, vehicle, public officials, errors and omissions, and workers compensation. The RFP process is being coordinated with the City's Insurance renewal schedules for 2013-14. The initial term is one year with the ability to renew for up to two additional years.
- We are continuing to work with the City on the initial stages of an update to their Comprehensive Plan. The confirmed Plan contains three interrelated recommendations - 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Following an earlier meeting with the Mayor, City officials, the City's consultant and OTR representatives, the Consultant is revising the scope of work to ensure that the three initiatives are well coordinated and will also provide estimated cost figures for those initiatives. The process when initiated will provide significant opportunity for public input.
- The OTR has been working with the City to process funding requests with DGS and DCED for the \$5M that is included in the state's FY13/14 budget for public safety services. We worked with DGS and PennDOT to remove a block on the \$496K payment due to the City's delinquency on their PA Infrastructure Bank loan. Payment is to occur this week. DCED is also moving through the contracting process for the \$4,504,000 payment which will support both police and fire protection services provided to the Capitol complex and other state facilities in the City. We anticipate that the City should receive these funds within the next 6-8 weeks.
- Negotiations also continue with the collective bargaining units to effect new bargaining contracts that are consistent with the cost containment provisions of the confirmed Plan. The FOP membership previously approved their contract amendment and since the last meeting, the AFSCME bargaining unit has now approved a contract amendment for their contract. Negotiating sessions are occurring with the IAFF this week.

Cash Flow

- The Receiver's Office continues to monitor City's expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we have reviewed 2 check-runs, on August 1st and 15th, and provided a response to the City. The August 1st check-run totaled \$609,426 with the largest payments to the City Treasurer for various insurances totaling \$495,512.93 or 81%. These included June payments to Highmark Blue Cross for \$258,109.38, Express Scripts \$194,652.22 and Dental \$42,751.33. The next largest payment is to Maher Duessel for \$36,683.91 or 6% for audit services.
- The August 15th check-run totaled \$562,474.60 and again the largest expense was to the City Treasurer for a payment to Highmark for \$287,668.81 or 51.2%. The next largest payments were to Mansfield Oil for fuel for \$48,157.50 or 8.6% and PAPCO for fuel \$47,508.80 or 8.5%.

- The City has brought virtually all of its overdue payables up to a current status. Payables currently on hold total \$2,979,692, which is approximately \$100,000 less than at the last check-run. Those over 60 days total \$2,594,926, with 98% represented by six vendors including SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for Insurances and are primarily for debt obligations.
- The City had a cash balance of \$3,459,621.32 as of August 7th. Following the August 15th check-run and payroll, the City's cash balance will be \$1,792,442.42. Although this amount coupled with revenues to be received over the next several weeks will be adequate to meet the next check-run, the City's cash balance continues to erode and very close attention needs to be paid to forthcoming payables. The City has one additional payroll in August along with normal expenditures. The City should be in receipt of the \$496,000 payment from the Commonwealth that is included in the DGS budget for fire protection this week. Contracting for an additional \$4,504,000 state payment for public safety services is currently underway.
- The City's cash flow position should continue to remain positive in the short term, especially with the receipt of the Commonwealth's appropriation and the receipt of EIT revenue, however, we anticipate moving into the early fall months, the City's fiscal position will move into a negative status if a consensual resolution does not occur.

Asset Monetization

- Negotiations continue with the Lancaster County Solid Waste Management Authority (LCSWMA) on the sale of the Resource Recovery Facility. An Asset Purchase Agreement based on the term sheet has been prepared for the Resource Recovery Facility sale and remains under review. The agreement with the Department of General Services (DGS) on a multiyear Power Purchase Agreement that adds material value to the Incinerator sale is moving through the contract process. The OTR continues to work with the Office of Budget and LCSWMA to integrate the \$8M RACP grant into the deal.
- The Receiver's Office also continues negotiations with Harrisburg First, the selected party for the parking monetization. A term sheet has been prepared, reviewed and revised by the Office of the Receiver's advisors and Harrisburg First and is now being reviewed by the creditors and the credit enhancers (also AGM and Dauphin County). The Term Sheet is expected to be modified through discussions with bond counsel, the creditors and credit enhancers.
- The Commonwealth parking consolidation proposal continues to progress and will also have a bearing on final terms of the parking transaction. Labor negotiations with Harrisburg Parking Authority personnel also continue. The revision of the existing contract is a critical element to the monetization. We've involved and are coordinating that effort with Standard Parking, who would be the Operator under the Harrisburg First arrangement.
- Work also continues with the Pennsylvania Economic Development Financing Authority (PEDFA), the financing vehicle for the parking monetization. Attorneys for PEDFA and Harrisburg First continue to work through various tax-related issues involved with this

financing. We've also continued discussions with Capital Region Economic Development Corporation (CREDC) on their role in the transaction.

- With the recent approval of a \$26M loan from PENNVEST for upgrades to the wastewater treatment plant to address compliance issues related to the Chesapeake Bay and Clean Water Act requirements, work continues to fulfill the obligations that are part of the loan commitment. This includes the transfer of the water and sewer operations to THA and the completion of the audits. The transfer would consolidate the administrative, operational and financial responsibilities for the water and sewer operation into an Operating Authority. In addition, to PENNVEST's requirement, this approach will address compliance with the Clean Water Act and the Chesapeake Bay requirements and is an acceptable model for the Department of Justice, EPA and DEP and is also favored by the suburban communities. The PENNVEST loan is approximately half the amount needed for the upgrade with the balance to be obtained through conventional financing.
- We've continued our dialog with Assured Guaranty Corporation (AGM), Dauphin County, Covanta and AMBAC to keep all major creditors apprised of the asset monetization processes as we continue to move forward and work very hard towards a consensual resolution to the City's fiscal condition.

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

- Mr. Kroboth noted since the last meeting, the Administration continued to coordinate internally and with the implementation teams.
- Mr. Kroboth noted the new Initiative REV15, Collection of \$1 million in Ordinance and Parking Violation Fines, initiated by the Mayor, calls for the organization of a task force made up of special unit police, constables and codes officers to identify, locate and issue arrest warrants for individuals with the highest amount of parking and ordinance violations in the City of Harrisburg. A collection plan and task force has been organized, and a Memorandum of Understanding is currently being drafted by the City Law Bureau. Arrests and public announcements will be scheduled in the near future. This initiative will address the collection of approximately \$1 million in outstanding parking and ordinance violation fines.
- A scope of work has been received from the planning consultants and circulated to the Business Advisory Council Steering Committee for review and comment. The scope of work calls for a comprehensive plan with neighborhood planning sessions in locations around the City. The plan will take approximately 13 months to complete and is pending funding from DCED. The Administration is gathering comments from the Steering Committee at this time.
- A neighborhood-based post-recovery economic development plan has also been structured under the Mayor's leadership to include three new KOZ zones, a Tax Abatement program, as well as neighborhood safety patrols, targeted trash clean-up, neighborhood organization, targeted codes enforcement and economic development town hall meetings.

- Sanitation bids have been reviewed by the Administration's RFP Selection Review Committee. The Committee awaits a cost analysis of internal operational sanitation costs from outside consultants before recommending finalists to the Mayor and Receiver for their consideration.
- On a related matter, the Department of Public Works has organized a neighborhood clean-up program in cooperation with Dauphin County to utilize correctional workers to clean targeted sections in the City. Grant funding has been secured to purchase necessary tools and equipment for this project.
- The City released increased recycling results two weeks ago as part of Mayor Thompson's emphasis on recycling around the City. Over the past year, the City implemented a public education Initiative, which includes free recycling bins, quarterly recycling messages on Channel 20 and a public awareness program. To date, we have increased collection tonnage from 1300 tons last year, to a projected 1,600 tons this year, an increase in recycled tonnage of about 23%. The Department of Public Works implemented the new collection policy last December. Each recycled ton saves the City approximately \$200. The City is targeting a 50% increase in recycling tonnage by the end of 2014, with the ultimate goal of recycling at least 20% of the City's total trash collected at that time.
- The Economic Development Committee has met and established by-laws and the new Guidelines include all information required to evaluate local small, women, and minority business loan candidates, including loan value ratios, financial statement ratios, debt coverage ratios, credit scoring, real property analyses and all applicable loan application, documentation, and amortization forms.
- The long term plan development documentation update includes land assemblage areas for economic development, KOZ areas, KOZ benefits, a city Tax Abatement plan as well as update suggested Business Improvement Districts (BIDS), suggested Main Street areas, an Incubator analysis, Enterprise Zone areas, Enterprise Zone benefits, Brownfield programs, LEEDS Initiatives, job training program, new business recruitment program, City of Harrisburg branding program and illegal dumping program.
- The plan will also incorporate the established "safe neighborhood" city service operations program, as well as a plan to access venture capital funds, the recommencement of HUD Section 108 loan program, and partnerships with real estate development companies.
- The scope of work submitted by the outside consultant is currently under review by the Business Advisory Council Steering Committee.
- The Office of the Receiver authorized the Bureau of Information Technology to purchase 39 PC's from capital outlay appropriations in the 2013 Budget to enhance information processing capabilities and replace aging equipment, per the replacement priority schedule established pursuant to this Initiative. This augments the City purchase of 47 PC's in 2012 pursuant to this Recovery Plan Initiative.
- Fire and Life Safety Inspection programs are established by the City with the goal of protecting lives and property from uncontrolled fires and other hazards. To accomplish

this goal, the Fire Bureau will conduct Engine Company inspections of buildings throughout the City to enforce City ordinances.

- Presently, the Fire Bureau has only one Fire Inspector. Each year, many buildings are not visited and remain undetected as a potential fire/life hazard. Movement to train and certify up to 16 additional Firefighters to Fire Inspector 1 level will allow Engine Company's to perform "routine" inspections within each of their assigned districts. Inspectors will be able to identify and document infractions and non-compliance with codes, which will start enforcement procedures and provide a safeguard for public safety.
- A proposal was recently received from Harrisburg Area Community College to provide NFPA 1031 Fire Inspector 1 Course (40-hours of training). Tentative start date is scheduled for November 4th, which will consist of one 8-hour session each week, for five consecutive weeks.
- Minimum enrollment is not less than 10 students, with maximum not to exceed 16 students. Cost per student is \$375, which includes course materials and certifications fees. Candidates will be afforded a total of two re-test opportunities on course work submissions and one written re-test. Written certification testing will take place in accordance with policies and procedures established by the Office of the State Fire Academy, Voluntary Firefighter Certification Program.
- The City extended the bid submission deadline for the Insurance Brokerage Services RFP from August 13th to August 27th to allow additional time for all prospective bidders to present more accurate and complete proposals.
- The 2012 Audit is underway and on schedule. The consulting accounting firm will provide the Administration draft financial statements by mid-October. The Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and other related audit reports on or about October 31st.

Financial Reporting and Compliance

- The City of Harrisburg is in compliance with the all financial reporting obligations. No material events have occurred since the last Advisory Committee meeting necessitating the publication of a "Material Event Notice" on EMMA. However, THA and the City will be issuing joint MEN's for non-payment of debt service for two series of THA Resource Recovery Revenue Bonds due September 1st.

Budget Management

- The City's 2013 Mid-Year Fiscal Report preparation is proceeding as planned. It is in its final stages and is due to City Council today, August 14th.

Grants Management

- One grant application was submitted and approved this reporting period:
 - Walmart – Public Works and Safety Zone grant of \$1,000 awarded to purchase clean up tools and materials.

- The Administration also submitted one loan application during this reporting period to Dauphin County Infrastructure bank loan for \$350,000 was applied for in August.

In summary, the City continues to make progress on the Implementation of the Financial Recovery Plan, the coordination of City operational services and the re-stabilization of financial management operations.

Committee Comments

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

Council President Williams Inquired when the sanitation neighborhood clean-up project would begin.

- Mr. Kroboth asked Mr. Hagerich, Director of Public Works, for comment. Mr. Hagerich noted the neighborhood clean-up project has already begun in the public safety zones and work will then begin with the local community groups.

Council President Williams asked Mr. Hagerich if he has a list of targeted areas.

- Mr. Hagerich responded the residential groups submit the lists for clean-up in certain areas. We then meet with them at the designated area. After the neighborhood clean-up work is completed, the refuse is picked up and disposed of properly.

Council President Williams Inquired how many members are on the Revolving Loan Fund Committee.

- Mr. Kroboth asked Mr. Robinson, Director of Building and Housing Development, to respond. Mr. Robinson replied there are three members on the committee.

Council President Williams Inquired who those members are that are on the Revolving Loan Fund Committee.

- Mr. Robinson noted those members are Brittany Brock, David Riley and Joshua Robertson.

Council President Williams noted she wanted to confirm that those individuals were on the list that Council had reviewed.

Council President Williams Inquired if a grant has been Issued or retained for the Fire Bureau to cover the \$375 per student cost for Fire Inspector certification training.

- Deputy Fire Chief Neff replied no grant was Issued or retained.

Council President Williams Inquired if the funds would be coming from the Fire Bureau's Fund.

- Deputy Fire Chief Neff replied the funds would come from this year's approved budgeted allocations.

Council President Williams Inquired if the training will be for 10 students.

- Deputy Fire Chief Neff replied the training would be for up to 16 students.

Mr. Lighty had no comments.

Mr. Hill Inquired concerning the neighborhood meetings, which relate to the economic development strategic plan, is a general outreach in addition to outreach in specific neighborhood groups.

- Mr. Kroboth asked Mr. Robinson to give comment. Mr. Robinson noted that as part of its scope of services and attending correspondence to the City, the contracted consulting firm of Mullin and Lonergan has indicated that it could assist the City with developing a long-term economic development strategy plan, which will involve community/neighborhood outreach meetings.

Mr. Hill Inquired relative to the bids for waste collection and recycling and after hearing Mr. Kroboth's report on the recycling education initiative, if the City, either by the bid spec or independent, is looking at the types of items that are currently being collected for either residential or commercial.

- Mr. Kroboth replied the RFP includes the various recyclables to be collected.

Mr. Hill noted he is inquiring on the extent of the list of items that are collected.

- Mr. Hagerich replied the ordinance was just updated last month.

Mr. Philbin had no comments.

Public Comments

Mr. Lynch asked if there were any public comments.

Mr. Nevin Mindlin, resident of Harrisburg

- Mr. Mindlin commented again on the Comprehensive Plan. He noted anybody who knows government and knows operations understands that a financial plan, a "budget", is a policy document. Finances are reflection of reality not a reality in and of themselves. If you are putting a financial plan into place then it has to be following some plan to get us to where we need to be to solve the financial problem of this community. If we don't figure out how we're going to be or where we're going to be in several years then all we're solving, in all of this, is how we pay the creditors not how we get the City of Harrisburg out of its financial problems.
- Mr. Mindlin wants more information on the Comprehensive Plan. Is the Financial Plan and the Comprehensive Plan building into our future a 1950's car culture that has absolutely nothing to do with the future reality of American cities. We have over \$2 billion worth of infrastructure problems around here. How are we going to solve those? Are we going to solve them in the long-term by taxes, are we going to increase the fees or are we going to use the assets we have because all the money that should have

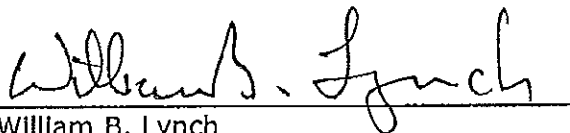
gone into those underground assets has been stolen from us in this process. Are we going to use the assets to help solve the underground problem?

- We have a conversation going on about a Comprehensive Plan but Mr. Mindlin noted he doesn't know anything about that plan. This plan is being done for us or to us because it is not being done with us. Mr. Mindlin wants to know what this plan is. He said this community needs to know what this plan is. Where are we going? Where are you taking us? There's no information. Nothing is coming out. He feels this is more and more looking like Marshall Law with a puppet government. And the only people that are involved in it are a small cadre of business people and career politicians who in many respects have gotten us exactly to the same place we are today. He wants to get this stuff out on the table.
 - What's the comprehensive plan?
 - What are you planning for our community?
 - When are we going to have an opportunity to have a conversation about the future of Harrisburg is all about.
- Mr. Mindlin ended by saying let's get some public here, some fresh air, some light here, some antiseptic.

Mr. Lynch thanked Mr. Mindlin for his comments.

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

Approved this 14th day of August 2013.



William B. Lynch
Receiver for the City of Harrisburg


Secretary - Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
August 28, 2013
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

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

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

Anne Morrow (Recording Secretary)

Reports

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

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the August 14, 2013 committee meeting.

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

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

Operational Issues

- Mr. Reddig noted the Receiver's team has spent considerable time over the last few weeks finalizing the various elements of the Harrisburg Strong Plan, was filed with Commonwealth Court on Monday, August 25th. The Plan, which has been widely reported on, sets a new course for the City. One that eliminates the incinerator debt, provides balanced budgets through 2016, provides needed resources for capital needs and economic development, as well as helps to address the City's' Other Post Employment Benefit (OPEB) liabilities. Commonwealth Court has scheduled a hearing on the Plan for September 19th. We look forward to the Court's prompt action on the Plan in order for the City to continue to advance.
- In addition to work involved with the City's Harrisburg Strong Plan, the Office of the Receiver continues to work in implementing the various operational related issues that are part of the current confirmed Plan.

- The City continues to actively recruit for approximately 62 positions, 17 of those are Fire positions previously approved by the Receiver's Office. Applications closed on July 26th with 133 applications received. A written exam was held last week, on August 24th, to develop a new eligibility list. Twenty-two positions are police officer positions. The City is participating with the Dauphin County Police Chiefs Association's joint testing consortium on the recruitment for these positions. Through this cooperative approach, the City will share the cost of recruitment rather than having to bear the cost alone. The application period closed for the police candidates on August 7th. The Police Association Consortium received 338 applications. A physical fitness test occurred last week with a written test scheduled for August 31st. The next Police Academy class will begin on January 13, 2014.
- Other positions being recruited currently include a Budget Manager, Codes Officers, Fleet Manager, Demolition Specialist, Deputy Economic Development Director and three positions in the Water Bureau - a Distribution Supervisor, Operator 1 and Operations Manager. Interviews for some of these positions have occurred over the last several weeks. An offer of employment was extended for the Health Officer position on August 19th. Since the last meeting, the OTR has approved filling of the Solid Waste/Recycling Manager position. In addition, recently a request was received to fill the Help Desk PC Specialist in the Information Technology Bureau. This vacancy occurred due to a promotion.
- The OTR continues its work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies as they occur.
- The OTR continues to devote significant effort in working with the City on various financial management issues. Maher Duessel has continued their work on the 2012 audit. It's anticipated that their work will be completed by mid-October and the audit release by the end of October.
- With the vacancy in the Budget Manager position along with the extended medical leave of the Purchasing Director, the Accounting Analyst is filling in on those roles. The OTR has agreed to provide additional support as necessary as the City begins its 2014 budget preparation process.
- Five proposals received for Sanitation Services have been reviewed by the Selection Committee. The Committee is comprised of the Department of Public Works Director, Chief of Staff and Business Administrator. The Committee is currently completing their financial analysis and will be preparing their recommendation. The proposals received were from 1.) Interstate Waste Services of PA; 2.) Penn Waste; 3.) Red River Corporation; 4.) Republic Services, and; 5.) Waste Management. It is anticipated that the new contract would go into effect the early part of 2014. The date of submission was extended to August 27th to allow additional time for all potential bidders to prepare more accurate and complete information.
- The date for submission of proposals for the Insurance RFP was extended to August 27th to allow additional time for all potential bidders to prepare more accurate and complete responses. The RFP consolidates the insurance coverage's for the City and includes property, liability, vehicle, public officials, errors and omissions, workers compensation. The RFP process is being coordinated with the City's

Insurance renewal schedules for 2013-14. The initial term is 1 year with the ability to renew for up to 2 additional years.

- We are continuing to work with the City on the initial stages of an update to their Comprehensive Plan. The confirmed Plan contains three interrelated recommendations – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. A revised draft of the scope of work has just been prepared and is currently under review by the City as well as OTR. It's the City's intent to ensure that the three initiatives are well coordinated and that there is significant opportunity for public input.
- The OTR has been working with the City to process funding requests with DGS and DCED for the \$5M that was included in the state's FY13/14 budget for public safety services. Since the last meeting payment was received for the \$496K DGS allocation.
- DCED has also obtained the necessary approvals for processing the \$4.5M grant to support public safety services provided to the Capitol complex, both employees and facilities that are located within the City. The contract has been issued and is currently going through an execution process. We anticipate that funds under this contract be dispersed to the City in the later part of September.
- Negotiations also continue with the collective bargaining units to effect new bargaining contracts that are consistent with the cost containment provisions of the confirmed Plan. As previously reported, the FOP and AFSCME memberships have approved new contract amendments and negotiations continue with IAFF with negotiating sessions occurring this week.

Cash Flow

- The Receiver's Office continues to monitor City's expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we have reviewed the August 29th check-run and provided a response to the City. This check-run initially totaled \$809,436. The largest payment on this check-run was to HPA for the Parking Tax Reimbursement payment. This amounted to \$403,000 or almost 50% of the total of the check-run. The City had received \$713,718 earlier in the month and this is the exchange going back to HPA. Given the City's cash flow projections for the next 4 – 6 weeks, however, the OTR advised the City to hold on this payment. We had discussions with HPA and they were amenable to a payment no later than October 10th or earlier if funds were available. Aside from this payment, the next largest payment was to the City Treasurer for various insurances totaling \$310,000. This includes July's payments to Highmark Blue Cross for \$264,000 and Dental Insurance for \$47,000. All other payments were relatively modest in nature.
- The City has brought virtually all of their overdue payables into a current status, although the City is now beginning to hold on to some of the payables given its cash flow situation. Payables currently total \$3.6M, which is approximately \$700,000 more than at the last check-run. Those over 60 days total \$2.6M with 98% represented by six primary vendors including SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, which are all debt service payments that will be dealt with as part of the Harrisburg

Strong Plan, Capital Area Transit, PPL and to the City Treasurer for various Insurances.

- As of August 21st, the City had a cash balance of \$4.8M. The City's cash flow improved during the month of August with the receipt of the State's allocation of \$496,000 from DGS and almost \$1.2M for EIT collections along with the quarterly parking tax payment that was previously referenced. In addition to the check-run and the estimated \$1.1M payroll forthcoming this week, there are several large payables that have recently surfaced that will have a material impact on cash flow. These include severance payments for seven individuals that total \$256,000 and a payment to Hershey Medical Center for costs related to the injuries suffered by a police officer in an accident earlier this year for \$930,000; however, a portion of this will be reimbursed by the insurance company. These obligations, due within the next 4 weeks, will create an added strain on cash flow until the additional State allocation for public safety and the State Aid for pensions are received. Both of these payments should happen by late September or early October. Following the August 29th check-run and payroll, the City's cash balance will be \$3.3M.
- The City is currently in compliance with all financial reporting obligations, although no material events have occurred in the last month. The City and THA will be issuing a joint MEN on EMMA for non-payment of the RRF bonds that are due September 1st.

Asset Monetizations

- With the filing of the Harrisburg Strong Plan, the sale of the Resource Recovery Facility is in position to move forward pending the Courts action on the Plan. The term sheet for the sale to LCSWMA has been prepared and is in place. The agreement includes provisions for the Department of General Services to execute a multi-year Power Purchase Agreement that is a significant element to the sale. Likewise, the OTR has continued to work with the Office of Budget and LCSWMA to integrate the \$8M Capital Redevelopment Assistance Program grant into the deal, which is another significant element to the deal.
- The monetization of the City's parking facilities is also in position to move forward with Harrisburg First pending Court action on the Plan. A term sheet for this transaction has also been prepared and it includes an agreement with DGS to address Commonwealth parking requirements.
- The Commonwealth parking consolidation proposal continues to progress and will also have a bearing on final terms of the parking transaction. Labor negotiations with Harrisburg Parking Authority personnel also continue. The revision of the existing contract is a critical element to the monetization. We've involved and are coordinating that effort with Standard Parking, who would be the Operator under the Harrisburg First arrangement. We're hopeful that a successful conclusion to those negotiations will happen in the immediate future.
- Considerable work has occurred to lay the foundation for financing the parking monetization with Pennsylvania Economic Development Financing Authority (PEDFA). Attorneys for both PEDFA and Harrisburg First continue to work through various tax-related issues involved with this financing.

- There is much work that lies ahead, however, today is a day to pause and express appreciation to all those who have been involved in bringing the City to this point. The ability to achieve an agreement with the City's creditors - AGM, Dauphin County, Covanta, CIT, AMBAC and others along with an agreement with 2 of the 3 bargaining units represents a major step in addressing the City's liabilities. The Mayor, her Administration and City Council are all to be recognized for their efforts in laying the foundation for a bright and promising tomorrow for Harrisburg.

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

- Mr. Kroboth noted during this period the Administration continued to coordinate Internally and with Implementation teams to accomplish the following:
- The City continues efforts on the new initiative, REV 15, for the collection of \$1M in ordinance and parking violation fines. A task force comprised of special unit police, constables and codes officers will identify, locate and issue arrest warrants for individuals with the highest parking and ordinance violations in the City. A collection plan has been developed and the City Law Bureau has drafted a Memorandum of Understanding. Arrests and public announcements will be scheduled after Labor Day.
- The final draft of the scope of work for the City's Comprehensive Plan has been received from the planning consultants and circulated to the Business Advisory Council Steering Committee for final review and comment. A meeting of the Steering Committee is being organized for early September.
- A Neighborhood-based Post-recovery Economic Development Plan has also been structured by CREDC to include three new KOZ zones and 6-targeted neighborhoods. This plan will be distributed for review and approval to the Steering Committee.
- The public bid opening for the Insurance Brokerage Services RFP was held yesterday. Four proposals were submitted: 1.) Marsh USA, 2.) American Insurance Administrators, Inc., 3.) First Fidelity Brokerage, Inc., and 4.) Benefits Research Group. An internal RFP Selection Review Committee has been established with direct oversight from the Receiver Team. The proposals will be evaluated and individually graded by each Committee member, with grading results to be compiled by the Receiver Team representative over the next two weeks.
- Sanitation proposals were reviewed and evaluated by the Administration's RFP Selection Review Committee, and a preliminary cost analysis of a fully funded City-owned sanitation operation was reviewed and commented on by the Committee three weeks ago. The Committee awaits a revised final cost analysis from the Novak Consulting Group before recommending finalists to the Mayor and Receiver for their consideration.
- To-date, the City has increased recycling collection tonnage from 1,300 tons last year to a projected 1,600 tons this year, which is an increase of approximately 23%. Each recycled ton saves the City approximately \$200. The City is targeting a 50% increase in recycling tonnage by the end of 2014, with the ultimate goal of recycling at least 20% of the City's total trash collected.

- The Bureau of Information Technology began the process of preparing and installing PC's from the capital outlay appropriations in the 2013 Budget to enhance information processing capabilities and replace aging equipment.
- Tentative agreements have been reached with Police (FOP) and Non-Uniformed (AFSCME) bargaining units. Negotiations with the Firefighters (IAFF) continue.
- The 2012 Audit is underway and on schedule. Maher Duessel will provide the Administration draft financial statements by mid-October. The Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and other related audit reports on or about October 31, 2013.

Financial Reporting and Compliance

- The City of Harrisburg is in compliance with all financial reporting obligations. No material events have occurred since the last Advisory Committee meeting necessitating the publication of a Material Event Notice (MEN) on EMMA. However, THA and the City will be filing joint MEN's to be published on EMMA due to an inability to pay September 1st debt service on Guaranteed THA Resource Recovery Facility Revenue Bonds and Notes, Series A, B & C of 2003 and Series A of 1998.

Budget Management

- The City's 2013 Mid-Year Fiscal Report was successfully completed and transmitted to all elected officials and other stakeholders on August 14th.
- The City re-advertised for the position of Budget Manager. An interview was held on August 19th. The Mayor has scheduled two additional interviews for September 12th.
- The 2014 Budget development process has begun internally.

Grants Management

- Four grant applications were submitted this reporting period:
 - Three grant applications were submitted to Walmart for Public Works and Safety Zone grants in the amount of \$2,500 each and one to Sam's Club for Public Works and Safety Zone grant in the amount of \$1,500. All four grants are to purchase clean-up tools and materials.
- The Office of the Receiver submitted the "Harrisburg Strong Plan" to the Pennsylvania Commonwealth Court on August 26, 2013, a major milestone of the three and one-half year financial recovery process under the sanctions of the PA Act 47 process.

In summary, the City continues to make progress on the implementation of the Financial Recovery Plan, coordination of City operational services and re-stabilization of the Financial Management operations.

Committee Comments

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

Mr. Lighty thanked Mr. Lynch for his leadership and all the hard work Mr. Lynch and his staff have devoted with getting the Harrisburg Strong Plan filed. Mr. Lighty noted for those who have not lived this as he and others have every day, they will never fully appreciate just how much work and how difficult this really has been. Nevertheless, on behalf of the County Commissioners, he thanked Mr. Lynch and his Team for his leadership and hard work.

Mr. Lynch noted he appreciated Mr. Lighty's kind comments and noted much of the hard work is credited to a lot of very talented team of people. This could not have been done without the good work of the Mayor and her Administration, City Council and the County Commissioners, as well as a whole host of others.

Mr. Hill noted he would have to say the same, both as a Committee member and as a City resident. He truly appreciates the level of work, the level of Imagination and goodwill that all parties brought to the table through this process. Mr. Hill noted that everyone has said this is just one step in the process and as we heard today from Mr. Reddig's report that although there are a few bumps from time to time, using Mr. Reddig's cash flow report as an example, it is probably the most significant step that we have taken recently. It certainly gives us a good sense that we have a good, strong future ahead of us in the City in dealing with both the immediate issues and the long-term issues that are both structural and organizational.

Mr. Hill recognizes Mr. Lynch's comments about his outstanding Receiver team but said Mr. Lynch's leadership is even more remarkable and he appreciates his leadership.

Mr. Lynch thanked Mr. Hill and suggested that this is an opportunity for the City of Harrisburg to assume a leadership role, literally nationwide. He noted nobody else has accomplished what Harrisburg has, as Mr. Hill pointed out; It required goodwill and, the many diverse constituencies to come together and reach consensus in this whole endeavor.

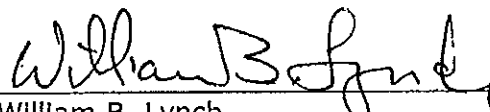
Mr. Philbin noted on behalf of the Mayor, the Administration and the Directors of various departments, we can't express enough our appreciation for your leadership and the expertise that you brought to this very stressed situation. We are all very hopeful that we are moving beyond that situation to a much better future.

Mr. Lynch thanked Mr. Philbin as well. Mr. Lynch said when you talk about expertise his expertise in these areas is very limited and he appreciates everybody's patience with instructing him so he could understand some of these things. As Mr. Lynch said from the beginning, he hopes that the Harrisburg Strong Plan is taken advantage of and maximizes its potential.

Public Comments

Mr. Lynch asked if there were any public comments. Hearing none, Mr. Lynch called this meeting adjourned at 8:59 a.m.

Approved this 28th day of August 2013.


William B. Lynch
Receiver for the City of Harrisburg


Secretary - Anne Morrow

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

Present: William B. Lynch, Receiver

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

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

Reports

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

Prior to beginning the meeting, Mr. Lynch asked everyone to take a moment or two today to reflect on September 11, 2001. Today is a good day to say something nice or to thank a first responder; police officers, firefighters, EMT's or anybody of that ilk. These first responders certainly performed yoeman's service that day. In the military world, Army people talk about riding to the sound of the guns. This is the definition of courage and this is what we saw a dozen years ago at the World Trade Center.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the August 28, 2013 Committee meeting.

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

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

Operational Issues

- Mr. Reddig noted over the last two weeks the Receiver's team has been working with the City Administration, City Council and their staff to review various elements to the Harrisburg Strong Plan, which was filed with the Commonwealth Court on August 26th. Council will be taking action on certain elements of the Plan at their meeting next week and a hearing is scheduled before Commonwealth Court on September 19th.

- The Harrisburg Strong Plan sets a new course for the City.
 - It eliminates the debt on the Resource Recovery Facility.
 - It provides a balanced budget through 2016.
 - It provides an ongoing revenue stream from the Parking assets.
 - It provides needed resources for capital needs and economic development activities as well as to help address the City's OPEB liabilities.

Mr. Reddig continued, we are all encouraged by the elements of the Harrisburg Strong Plan and look forward to moving forward with its ultimate confirmation by the Court and then its implementation.

In addition to work involved with the Harrisburg Strong Plan, the Office of the Receiver continues its work in cooperation with the City officials with implementing its elements of the current confirmed Plan.

- The City continues to actively recruit for approximately 62 positions, 17 of those are Fire positions. Applications closed on July 26th with 133 applications received. A written exam was administered on August 24th to develop a new eligibility list. One hundred and twenty-five individuals registered for the exam while 118 actually took the exam. The results of that exam are currently being tabulated to develop an eligibility list for hiring. The next fire academy class will start March 3, 2014. We anticipate having these positions filled and individuals then enrolled in that academy class.
- Twenty-five positions are for Police Officers. The City is participating in the recent Dauphin County Police Chiefs Association's joint testing program. Through this cooperative approach, the City was able to share the cost of recruitment rather than having to bear that responsibility themselves. The application period closed August 7th with 340 applications in total received. A physical fitness test was administered August 24th and 25th. Out of 279 registrants for the physical exam, 253 passed the physical exam and moved on to the written exam on August 31st. The City is now awaiting the results of the test. The next Police Academy class will begin on January 13, 2014.
- The Office of the Receiver has also provided approval to the City to prepare a new police promotional eligibility list. The prior list expired earlier this year. This would include the development of a promotional exam. Further, other positions being recruited for include a Budget Manager, Codes Officers, Fleet Manager, Demolition Specialist, Deputy Economic Development Director, Distribution Supervisor and Operations Manager for the Water Department. Interviews for some of these positions have occurred over the last several weeks and others are currently scheduled. Also, an offer of employment was accepted for the Health Officer position and the individual started this past Monday. The OTR recently received and is reviewing a request to fill a Help Desk PC Specialist in the Information Technology Bureau. This vacancy is a result of a promotion.
- The OTR continues its work with the City and Harrisburg Parking Authority (HPA) to consider qualified personnel from HPA to fill certain City vacancies.

- The OTR also continues to devote significant effort in working with the City on various financial management related issues. The work on the 2012 audit continues. Maher Duessel continues to be fully engaged and their work is anticipated to be completed approximately mid-October with the full audit to be completed and released by the end of October.
- With the vacancy in the Budget Manager position and the extended medical leave of the Purchasing Director, the Accounting Analyst has been reassigned and continues to perform some of the responsibilities for both of these positions. Her work and that of the Accounting Manager has been excellent and filled a critical void in the City's Finance Office. The 2014 budget development work is underway in the Finance Office. The OTR has agreed to provide additional support, as needed, to ensure the budget process remains on track as we move through the late summer and into the fall months.
- The five proposals received for Sanitation Services have been reviewed by the Selection Committee comprised of the Department of Public Works Director, Chief of Staff and Business Administrator. The Committee completed their financial analysis and prepared their recommendation that is now being reviewed with the Mayor. We are still anticipating an implementation date of the results of that RFP process by early 2014.
- The submission of the Insurance RFP occurred on August 27th. There were 4 proposals submitted – Marsh U.S.A., American Insurance Administrators, First Fidelity Brokerage and Benefits Research Group. A RFP Review Committee has been established. OTR is working with the committee to review the submissions. We are looking to coordinate the award of the Insurance proposal concurrent with the City's Insurance renewal schedule later this fall. The initial term of the RFP is written for 1 year with the ability to renew for up to an additional 2 years.
- Work also continues on the initial stages of the scope of work for an update to the City's Comprehensive Plan. A meeting is scheduled for this Thursday with the consultant, City representatives and OTR representatives to discuss the revised draft of the scope of work. It is the City's intent to ensure that the three initiatives – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy are well coordinated and that there is significant opportunity for public input in the process.
- The OTR has worked with the City to process funding requests with DGS and DCED for the \$5M that was included in the state's FY13/14 budget for public safety services. The DGS payment of the \$496K occurred in August. The contract for the \$4.504M from DCED was issued, has been executed by the City and is now going through the final execution stages by various State agencies. We are anticipating the disbursement of those funds by late September, early October.
- Negotiations also continue with the collective bargaining units to effect new bargaining contracts consistent with the confirmed Plan. As previously reported, the FOP and AFSCME memberships have approved new contract amendments. Additional negotiation sessions with IAFF are scheduled this week.

Cash Flow

- The Receiver's Office continues to monitor City's expenditures and the review of payables on a bi-weekly basis. Last week we reviewed the September 12th check-run and provided a response to the City. That check-run totaled \$1.5M. The largest payment was to Hershey Medical Center for a Workers Compensation claim as a result of an accident this spring involving a Police Officer. That represented \$930,000 or about 61% of the total. The City has received a reimbursement of \$504,000 for that payment, making the net cost of \$426,000. The next largest payment was to the City Treasurer for \$445,000 or about 30% of the total for various insurances primarily to Highmark Blue Cross for medical coverage for the month of July.
- The City has brought virtually all of its overdue payables into a current status, although it is now beginning to hold some of the payables as it manages cash flow through the next month. Payables on hold after this check-run total just under \$3.7M, which is almost identical to the payables that were on hold as of the last check-run. Those over 60 days total \$2.773M with 98½% represented by six major creditors including SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, which are all debt service payments, Capital Area Transit, PPL and the City Treasurer for various insurances.
- A review of the City's cash position shows the City had a cash balance of \$4.1M as of September 5th. Following the September 12th check-run and this week's payroll, the City will have a cash balance of just under \$2M. The City's cash flow had improved in August with the receipt of the State's allocation of \$496,000 from DGS and almost \$1.2M in EIT collections and the quarterly parking tax payment of \$713,000 from HPA. The City's cash flow will remain tenuous as we move through September. In addition to the check-run and payroll this week, there are several large payables that will have a material impact on cash flow. These include additional severance payments, the payment to Hershey Medical Center and the reimbursement to the Parking Authority of \$403,000. Although the remaining balance coupled with revenues received over the next several weeks should be adequate to meet the September 26th check-run and payroll, the City's cash balance continues to erode. Close attention will need to be given to upcoming payables. The Parking Authority's repayment and one of the severance payments are being held at the request of the OTR until October, pending receipt of the State Aid for Pensions, which should come in early October along with the additional State allocation for public services. Those payments along with the EIT revenue should provide enough cash flow through October and November. The consummation of the Harrisburg Strong Plan is critical prior to year-end and the closing on the various elements that are contained in the Plan in order for the City to have adequate cash to meet its obligations through year-end.
- The City is currently in compliance with all financial reporting obligations. A Material Event Notice was posted on EMMA jointly by the City and the Harrisburg Authority to address the non-payment of the September 1st Debt Service payment on the Resource Recovery Facility Revenue Bonds and Notes, Series of 2003 and 1997. Further, a Material Event Notice is currently being prepared and will be issued within the next week to address the non-payment of the General Obligation Bond payment that is due September 15th.

Asset Monetizations

- With the filing of the Harrisburg Strong Plan, the Resource Recovery Facility is in position to move forward pending the Court's action on the modified Plan. The term sheet for the sale to LCSWMA has been prepared and is in place. The agreement with the Department of General Services is in place to execute a multi-year Power Purchase Agreement. The application for the \$8M Capital Redevelopment Assistance Program grant is also part of the deal and is under review currently by the Office of Budget.
- The monetization of the City's parking facilities is also in position to move forward with Harrisburg First proposal pending Court action on the modified Plan. A term sheet for this transaction has also been prepared and the agreement with DGS to address Commonwealth parking requirements continues to move forward.
- Considerable work has occurred to lay the foundation for the parking monetization with the Pennsylvania Economic Development Financing Authority (PEDFA). Attorneys for both PEDFA and Harrisburg First continue to work through various tax-related issues and again, this work is moving forward.
- Much work lies ahead as our efforts now focus on educating all parties on the modified Plan, on the Court hearing and assuming confirmation of the Harrisburg Strong Plan on the closing for the various transactions. The ability to achieve an agreement with the City's creditors - AGM, Dauphin County, Covanta, CIT, AMBAC and others along with an agreement with 2 of the 3 bargaining units represents a major step in finding a realistic solution to the City's financial difficulties. On behalf of the Office of the Receiver, Mr. Reddig expressed further appreciation to all of those who have been involved in bringing the City to this point. We would like to recognize the efforts of the Mayor, her Administration, City Council and Dauphin County for their time and effort that has been devoted to laying a foundation for a bright and promising future for the City.

Mr. Lynch thanked Mr. Reddig for his thorough report.

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

Mr. Kroboth noted Mr. Reddig covered most of what is also in the Administration report and he will try not to be redundant.

During this period the Administration continued to coordinate internally and with implementation teams to accomplish the following:

- The City continues efforts on the new initiative, REV 15, for the collection of \$1M in ordinance and parking violation fines. The task force comprised of special unit police, constables and codes officers has organized and will identify, locate and issue arrest warrants for individuals with the highest parking and ordinance violations in the City. A collection plan and task force has been organized and a Memorandum of Understanding is currently being drafted by the Law Bureau. Arrests and public announcements will be scheduled soon.

- The scope of work for the City's Comprehensive Plan will be reviewed by DCED, the Office of the Receiver and the Mayor next week.
- A Neighborhood-based Post-recovery Economic Development Plan has also been structured by Capital Region Economic Development Corporation (CREDC) to include three new KOZ zones including 6-targeted neighborhoods. This plan will be distributed for review and approval to the Steering Committee.
- The insurance proposals will be evaluated and Individually graded by each Committee member, with grading results to be compiled by the Receiver Team representative over the end of this week.
- Interviews have been scheduled with the Mayor, the Receiver team representative and the Selection Committee for Monday, September 16th to review the 3 finalist refuse proposals.
- To-date, the City has increased recycling collection tonnage from 1,300 tons last year to a projected 1,600 tons this year, an increase in recycling tonnage of about 23%. Each recycled ton saves the City approximately \$200. The City is targeting an aggressive 50% increase in recycling tonnage by the end of 2014, with the ultimate goal of recycling at least 20% of the City's total trash collected.
- The Bureau of Information Technology has prepared and installed 18 of the 39 PC's purchased from capital outlay appropriations in the 2013 Budget to enhance information processing capabilities and replace aging equipment.
- As the Administration previously reported, tentative agreements have been reached with Police (FOP) and Non-Uniformed (AFSCME) bargaining units. Negotiations continue with the Firefighters (IAFF). City Council's Administration Committee met Monday evening to discuss these tentative agreements.
- As Mr. Reddig had reported, the 2012 audit remains on schedule for completion.

Financial Reporting and Compliance

- As Mr. Reddig had reported earlier, the City and THA published Material Event Notices. The City will also be filing a MEN regarding the General Obligation Bonds and Notes, Series D and F of 1997 later this week. The important point to report is that the City of Harrisburg is in compliance with all financial reporting obligations.

Budget Management

- The City recently re-advertised for the position of Budget Manager. An interview was held on August 19th. The Mayor has scheduled two additional interviews for tomorrow, September 12th.
- The 2014 Budget development process continues. Personnel and Operating Expenditure Request Worksheets have been distributed to all City agencies. The Department of Administration will be holding public hearings in Council's Chambers

September 17th through the 26th to review and discuss departmental 2014 Budget requests.

Grants Management

- Three significant grant applications were submitted recently:
 - The City submitted an application on August 22nd for \$4,504,000 to DCED for a Community Protection Revitalization Grant. The grant's purpose is to cover salaries and benefits of police officers and firefighters for the period of July 1 through December 31, 2013 to help maintain the City's current public safety personnel compliment in order to protect State Capital employees and buildings within the City's limits.
 - An Application for a SAFER Hiring Grant was submitted on August 29th for \$1,624,930 to fund salaries and benefits for 10 new Firefighters.
 - Also, on August 30th the City submitted an application for \$104,518 for a Dauphin County Local Share Municipal Grant to purchase equipment, software, and training necessary to transition to Dauphin County's InSync Records Management System.
- Also as previously reported, the Office of the Recelver submitted the Harrisburg Strong Plan to Commonwealth Court on August 26th. This is a major milestone of the three and one-half year financial recovery process under the PA Act 47 process.

In summary, the City continues to make progress on implementation of the Recovery Plan, coordination of City operational services and re-stabilization of Financial Management operations.

Committee Comments

Mr. Lynch asked for committee member comments.

Mr. Lighty noted he looks forward to the Recelver's presentation next week in Commonwealth Court.

Mr. Philbin had no comments.

Public Comments

Mr. Lynch asked if there were any public comments.

Mr. Lewis Butts, City resident

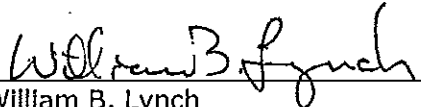
- Mr. Butts thanked Mr. Lynch and the advisory committee, again, for creating the Harrisburg Strong Plan. Mr. Butts noted he agrees with the Plan 125% and is behind the Recelver and his team 180%.
- Mr. Butts said he wants to make sure that when jobs are created for the rebuilding of our City's Infrastructure that Harrisburg citizens, contractors and sub-contractors within

the City will be taken into consideration for jobs as well as for future money Involving large Infrastructure components.

Mr. Lynch thanked Mr. Butts for his good words and reassured him that this is also our intention as well.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:01 a.m.

Approved this 11th day of September 2013.



William B. Lynch
Receiver for the City of Harrisburg



Secretary - Anne Morrow

**CITY OF HARRISBURG
CASH FLOW**

City of Harrisburg
2013 Cash Flow
Cash SummaryUnrestricted Cash Balance Beginning of Month
Surplus/(Deficit)
Change in Balance Sheet
Unrestricted Cash Balance End of Month

| | Actual Jan | Actual Feb | Actual Mar | Actual Apr | Actual May | Actual June | Actual Jul | Actual Aug | Projected Sep | Projected Oct | Projected Nov | Projected Dec | Total |
|--|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|------------------|------------------|------------------|------------------|-------|
| Unrestricted Cash Balance Beginning of Month | 1,346,243 | 1,996,889 | 2,227,615 | 7,701,723 | 4,188,495 | 6,137,292 | 4,440,200 | 2,245,100 | 1,785,522 | 1,484,119 | 4,057,255 | 2,895,911 | |
| Surplus/(Deficit) | 757,991 | 976,740 | 1,047,401 | -623,978 | 1,340,230 | -1,692,559 | -2,240,245 | -1,692,559 | -5,173,596 | 3,073,136 | -1,508,907 | 43,934 | |
| Change in Balance Sheet | -107,344 | -746,014 | 4,426,707 | -2,889,249 | 688,566 | -411,355 | 45,514 | 1,232,981 | 4,872,193 | -500,000 | 347,562 | 0 | |
| Unrestricted Cash Balance End of Month | 1,996,889 | 2,227,615 | 7,701,723 | 4,188,495 | 6,137,292 | 4,440,200 | 2,245,100 | 1,785,522 | 1,484,119 | 4,057,255 | 2,895,911 | 2,939,845 | |

Revenues, Expenditures, Surplus/(Deficit)

| | | | | | | | | | | | | | |
|--------------------------------------|-----------|-----------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|-----------|------------|
| Revenues without Transfers | 1,346,898 | 3,786,356 | 11,415,629 | 3,123,706 | 4,475,393 | 1,521,607 | 1,605,589 | 3,312,661 | 2,346,922 | 5,534,697 | 2,158,867 | 4,824,234 | 45,472,560 |
| Capital Fire Protection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 496,000 | 0 | 4,594,000 | 0 | 0 | 5,000,000 |
| Saukion Valley Fund | 500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,160,000 | 2,660,000 |
| Sewerage Utility Fund | 846,131 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 846,131 |
| Hwy Water Utility Fund | 833,959 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 833,959 |
| Hwy Pk Auth Coord Pkg | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Saves Fund Short Term Loan | 0 | 3,786,356 | 11,415,629 | 3,123,706 | 4,475,393 | 1,521,607 | 1,605,589 | 3,312,661 | 2,346,922 | 10,058,697 | 2,158,867 | 4,824,234 | 54,812,680 |
| Total Revenues | 3,526,988 | 3,786,356 | 11,415,629 | 3,123,706 | 4,475,393 | 1,521,607 | 1,605,589 | 3,312,661 | 2,346,922 | 10,058,697 | 2,158,867 | 4,824,234 | 54,812,680 |
| Expenditures without Debt Service | 3,308,638 | 2,809,616 | 4,865,486 | 3,570,212 | 2,562,661 | 2,807,343 | 3,675,378 | 5,501,220 | 3,818,324 | 6,963,561 | 3,320,212 | 6,940,300 | 49,864,950 |
| Emergency Repairs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service Paid | 0 | 0 | 0 | 6,617 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,617 |
| Debt Service Not Paid | 170,856 | 0 | 5,502,742 | 170,856 | 872,502 | 0 | 170,856 | 0 | 3,702,194 | 0 | 347,562 | 0 | 10,977,588 |
| Sewer Fund Short Term Loan Repayment | -710,496 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -710,496 |
| Total Expenditures | 2,768,298 | 2,809,616 | 10,368,228 | 3,747,684 | 3,135,163 | 2,807,343 | 3,846,234 | 5,501,220 | 7,520,518 | 6,963,561 | 3,667,774 | 6,940,300 | 60,096,239 |
| Operating Surplus/(Deficit) | 757,991 | 976,740 | 1,047,401 | -623,978 | 1,340,230 | -1,285,736 | -2,240,645 | -1,692,559 | -5,173,596 | 3,073,136 | -1,508,907 | 43,934 | -5,285,590 |

Section III - Changes in Balance Sheet Affecting Cash

| | | | | | | | | | | | | | |
|-------------------------------------|-----------|----------|------------|------------|----------|----------|---------|-----------|-----------|----------|---------|---|---|
| Other unrestricted Cash | -483,759 | -222,821 | -348,181 | -332,030 | 127,043 | -1,770 | -32,566 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted Cash | 8 | 0 | -16 | 216,676 | -8 | -6 | -5 | -6 | 0 | 0 | 0 | 0 | 0 |
| Loans Receivable | 86,229 | 11,961 | 19,550 | 62,641 | 15,145 | 117,543 | 14,633 | 12,864 | 0 | 0 | 0 | 0 | 0 |
| Prepaid Expenses | -810,578 | -168,709 | -323,816 | -1,848,072 | 145,893 | 164,183 | 44,880 | -4,934 | 0 | 0 | 0 | 0 | 0 |
| Accounts Payable | -444,076 | -465,800 | -198,738 | -3,315,983 | -327,932 | -335,469 | -62,594 | 1,235,865 | 1,100,000 | -500,000 | 0 | 0 | 0 |
| Due to Debt Service Missed Payments | 170,856 | 0 | 5,502,742 | 0 | 872,502 | 0 | 0 | 0 | 3,772,193 | 0 | 347,562 | 0 | 0 |
| Due to Pension Fund | 0 | 0 | -1,006,983 | 0 | 0 | 0 | 0 | -6,808 | 0 | 0 | 0 | 0 | 0 |
| Prior Period Adjustments | 1,373,993 | 299,354 | 782,149 | 2,327,519 | -224,096 | -337,837 | 81,096 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Balance Sheet Changes | -107,344 | -746,014 | 4,426,707 | -2,889,249 | 688,566 | -411,355 | 45,514 | 1,232,981 | 4,872,193 | -500,000 | 347,562 | 0 | 0 |

Accounts Payable

| | | | | | | | | | | | | | |
|-------------------------------------|------------|------------|------------|------------|------------|----------|----------|------------|------------|------------|------------|------------|--|
| Accounts Payable Beginning of Month | -5,666,244 | -5,322,168 | -4,556,368 | -4,357,630 | -4,041,647 | -378,735 | -378,265 | -315,771 | -1,551,636 | -2,651,636 | -2,151,636 | -2,151,636 | |
| Accounts Payable End of Month | -5,222,168 | -4,556,368 | -4,357,630 | -4,041,647 | -378,735 | -378,265 | -315,771 | -1,551,636 | -2,651,636 | -2,151,636 | -2,151,636 | -2,151,636 | |
| Change in Accounts Payable | 444,076 | 765,800 | 198,738 | 315,983 | 327,912 | 335,469 | 62,594 | 1,235,865 | 1,100,000 | 500,000 | 0 | 0 | |

San Trans/PR/Metro Bank

| | | | | | | | | | | | | | |
|--------------------------------|----------|----------|----------|----------|-----------|------------|------------|------------|------------|------------|------------|------------|--|
| Due to Beginning of Month | -784,087 | -954,943 | -954,943 | -954,943 | -954,943 | -2,699,947 | -2,699,947 | -2,870,802 | -2,870,802 | -2,940,801 | -2,940,801 | -2,940,801 | |
| Due to End of Month | -954,943 | -954,943 | -954,943 | -954,943 | -954,943 | -2,699,947 | -2,870,802 | -2,870,802 | -2,940,801 | -2,940,801 | -2,940,801 | -2,940,801 | |
| Change in Debt Service Payable | 170,856 | 0 | 0 | 0 | 1,745,004 | 0 | 170,856 | 0 | 69,999 | 0 | 0 | 0 | |

Pension Payable

| | | | | | | | | | | | | | |
|-----------------------------------|------------|------------|------------|---|---|---|---|---|---|---|---|---|--|
| Due to Pension Beginning of Month | -1,006,983 | -1,006,983 | -1,006,983 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Due to Pension End of Month | -1,006,983 | -1,006,983 | -1,006,983 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Change in Pension Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

Debt Service Payable

| | | | | | | | | | | | | | |
|--|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| Due to Debt Service Beginning of Month | -9,097,394 | -9,097,394 | -9,097,394 | -14,600,137 | -14,600,137 | -14,600,137 | -14,600,137 | -14,600,137 | -14,600,137 | -18,302,331 | -18,302,331 | -18,649,893 | |
| Due to Debt Service End of Month | -9,097,394 | -9,097,394 | -9,097,394 | -14,600,137 | -14,600,137 | -14,600,137 | -14,600,137 | -14,600,137 | -18,302,331 | -18,302,331 | -18,649,893 | -18,649,893 | |
| Change in Debt Service Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,702,194 | 0 | 347,562 | 0 | |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

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

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

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

Priority 3 - Mid to long-term initiatives

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

| | | | |
|---------|------------|----------|-----------------------|
| Pending | In Process | Complete | Progress not tracking |
|---------|------------|----------|-----------------------|

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|------------------------|------------|-----------------------|-------------------------------------|--|---|
| WF01 | Renegotiate existing contract extensions or in the alternative, declare extensions of collective bargaining agreements void and renegotiate existing contracts | N/A | Mayor | In Process | Priority 1 | July 2012 | <ul style="list-style-type: none"> Consult with legal counsel to determine approach Implement approach | The Office of the Receiver will work collaboratively with the Mayor to provide support and direction during the renegotiations. Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| WF02 | Use professional assistance for labor negotiations | N/A | Mayor | Complete | Priority 1 | July 2012 | <ul style="list-style-type: none"> N/A | The Mayor has hired and is using outside counsel. Having labor counsel engage in future negotiations remains important. |
| WF03 | Establish a labor/management committee for all employee groups | N/A | Business Administrator | In Process | Priority 1 | July 2012 | <ul style="list-style-type: none"> Meet with Union(s) to develop charter for committee Develop committee structure and processes for bringing items before the committee Develop committee work plan Schedule committee meetings | Draft template for Labor/Management Committee meetings is pending approval by the Receiver's Team. |
| WF04 | Limit new contract enhancements | N/A | Mayor | Pending | Priority 1 | Ongoing | <ul style="list-style-type: none"> Implement | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|---------------------|-------------|-----------------------|-------------------------------------|--|---|
| WF05 | Ensure future collective bargaining agreements remain compliant with Recovery Plan | N/A | Mayor | Pending | Priority 3 | Ongoing | <ul style="list-style-type: none"> Adopt a practice of vetting each negotiation proposal against the approved Receiver's Plan | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| WF06 | Implement a three year wage and step freeze | N/A | Mayor | In Process | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP and AFSCME. |
| WF07 | Implement a new pay scale for new police officers | N/A | Mayor | In Process | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Pending City Council's ratification of the new Collective Bargaining Agreements. |
| WF08 | Implement a new pay scale for new firefighters | N/A | Mayor | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| WF09 | Freeze longevity pay and eligibility | N/A | Mayor | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP and AFSCME. |
| WF10 | Reduce paid holidays and personal leave to 10 days annually | N/A | Mayor | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP. |
| WF11 | Adjust overtime eligibility thresholds to reflect hours actually worked | N/A | Mayor | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| WF12 | Adjust minimum overtime provisions | N/A | Mayor | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP. |
| WF13 | Reduce vacation leave | N/A | Mayor | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP and AFSCME. |
| WF14 | Reduce sick leave allotments | N//A | Mayor | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|-------------|-----------------------|-------------------------------------|---|---|
| WF15 | Implement a court-related overtime reduction strategy | N/A | Police Chief | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP. |
| WF16 | Redesign employee health care | N/A | Business Administrator | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP and AFSCME. |
| WF17 | Contain post-retirement healthcare cost | N/A | Business Administrator | In Progress | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Tentative agreement reached with FOP and AFSCME. |
| WF18 | Enhance light duty program | NA | Business Administrator | Pending | Priority 2 | January 2013 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| WF19 | Retain flexibility to fill vacant positions after six months | NA | Office of the Receiver, Mayor, City Council , & Business Administrator | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Pending direction from Office of the Receiver and outside legal counsel before any action can be taken. |
| | | | | | | | | |
| RET01 | Prospectively reduce the level of benefits | NA | City Council & City Solicitor | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | This initiative is on hold pending labor negotiations. |
| RET02 | Freeze benefit levels for all plans | NA | City Solicitor | Complete | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with labor union(s) | Benefit levels are currently frozen. |
| RET03 | Consolidate administration of the City's three retirement plans | NA | City Solicitor | Complete | Priority 3 | January 2013 | <ul style="list-style-type: none"> Conduct a study comparing the fully loaded cost of administering the City retirement plans Consolidate plan management under the most cost effective trust | Law Bureau has researched whether consolidation of assets is possible. It is the Law Bureau's opinion that because the Police Pension Plan's separation |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---------------------|----------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | from PMRS was included in an Act 111 Arbitration Award, any consolidation back in to PMRS must be bargained for. The attorney hired by Novak agreed with the Law Bureau's opinion: therefore, this initiative will not be implemented. |
| RET04 | Seek IRS determination letter for Police Plan | NA | City Solicitor | Pending | Priority 1 | June 1, 2013 | <ul style="list-style-type: none"> Review Police Plan against the IRS Employee Plan Compliance Resolution System and bring any plan defects, if they exist, into compliance Complete IRS application for determination Submit application for legal review and revise as appropriate Submit application | Law Bureau will coordinate with the Police Pension Board to develop an RFP that complies with Act 44 to seek and retain specialized outside counsel to facilitate this initiative. |
| RET05 | Determine status of 2007 enhanced service increments and prevent implementation of such enhancements, if applicable | NA | City Solicitor | Complete | Priority 1 | | <ul style="list-style-type: none"> Review Police Plan ordinance to determine if it has been amended to reflect the 2007 agreements If not, do not amend the ordinances If yes, initiate process to prospectively cap service increments at 60% of final salary | The pension amendment was approved (employee with 27 years of service receive 70% benefit). There is no way to prevent implementation. It was already adopted by City Council. |
| RET06 | Aggressively defend an appeal, if applicable, regarding the 2009 enhanced service increments | NA | City Solicitor | Complete | Priority 1 | Complete | <ul style="list-style-type: none"> Implement | The Law Bureau aggressively defended |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---------------------|------------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | the appeal by the FOP and recently obtained a favorable decision by the Supreme Court, who upheld the decision of the PA Labor Relations Board that the City did not commit an Unfair Labor Practice when City Council refused to enact the pension enhancement given by the former Mayor. |
| RET07 | Update PMRS Agreement to reflect recent changes in the Firefighters' Plan | N/A | City Solicitor | In Process | Priority 1 | September 2013 | <ul style="list-style-type: none"> Revise ordinance to reflect relevant amendments Submit ordinance to City Council for consideration | Will be sent down to City Council by end of August. |
| RET08 | Resolve discrepancies between the Non-Uniformed Plan and the Non-Uniformed PMRS Agreement | N/A | City Solicitor | In Process | Priority 1 | January 2013 | <ul style="list-style-type: none"> Conduct comparative review of uniformed and non-uniformed plans Identify discrepancies and appropriate amendments Revise ordinance to reflect relevant amendments Submit ordinance to City Council for consideration | A proposed Agreement was tendered by PMRS to the Law Bureau. The Agreement is currently being reviewed by the Law Bureau to determine if the terms set forth reconcile the discrepancies in the plans. |
| RET09 | Amend Non-Uniformed collective bargaining agreement | N/A | City Solicitor | Complete | Priority 1 | January 2013 | <ul style="list-style-type: none"> Amend plan ordinances to reflect collective bargaining changes that went into effect in 2009 Submit ordinance to City Council for consideration | The contract changes made to the CBA re. pension improvements at the end of 2009 were conditioned upon Council approval within 120 days. Council approval |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|----------------------------------|------------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | was not obtained rendering those changes to the contract null and void. This initiative is invalid and unable to be implemented. |
| RET10 | Establish Other Post Employment Benefits (OPEB) Trust | N/A | City Solicitor | In Process | Priority 1 | January 2013 | <ul style="list-style-type: none"> Identify procedure to establish OPEB Trust Develop timeline, process and implementation plan | Draft Trust Agreement and supporting documents are under review by Receiver Team and obligations have been identified with the receipt of the OPEB Actuarial Valuation Report as of 1/1/2012. |
| | | | | | | | | |
| I&RM01 | Fund risk management services | N/A | Director of Financial Management | Complete | Priority 1 | October 2012 | <ul style="list-style-type: none"> Contact the City's Third Party administrator to schedule safety trainings Schedule training events | The City has contracted Inservco, our workers compensation third-party administrator, to provide safety training. In 2012, three certified training sessions were conducted by Chuck Baker of Inservco for Public Works employees. Seventeen employees attended the Safe Driving Awareness session on 9/17/12. Two sessions were held on Thursday, December 20, 2012 - "Worksafe for Sanitation Workers", at which 17 employees attended and "Worksafe |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|----------------------------------|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | | for Public Workers”, at which 7 employees participated. The Public Works Director also conducted a Work Place Safety Training on 10/1/12 where 17 employees attended. The City is working with Inservco and Marsh USA to jointly identify other high-risk areas to focus future annual training sessions. |
| I&RM02 | Revise terms of brokerage service agreement | N/A | Director of Financial Management | In Process | Priority 1 | September, 2013 | <ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder | An RFP was developed and publicly issued on July 23, 2013 for the upcoming 10/1 and 11/1/13, and 1/1/2014 renewals. Four bids were received and opened at a public bid opening on August 27, 2013. An internal RFP Selection Review Committee was established, and an RFP Evaluation Grading Matrix was developed utilizing a weighted average approach based on the RFP criteria with guidance from the Receiver Team. The proposals were reviewed |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|----------------------------------|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | and individually graded by each Committee member, who individually submitted their grading results to the Receiver Team representative on September 12, 2013 for compilation to determine the lowest responsible bidder. Compiled results are expected from the Receiver Team the week of September 16 th . |
| I&RM03 | Engage an actuarial firm to perform an independent and objective evaluation of the City's ultimate liability and projected payments for the forthcoming fiscal period using the City's own loss experience as opposed to industry data | N/A | Director of Financial Management | In Process | Priority 2 | January 2013 | <ul style="list-style-type: none"> Evaluate necessity of initiative based on the City's new insurance program. Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder | This initiative would require funding for a third-party firm to conduct the analysis. Given budget constraints and pressing fiscal issues, the initiative was temporarily put on hold until resources became available. Additional information was requested from the Novak Group on 1-22-2012. Novak Group will consider whether this initiative is still applicable and within the context of the City's current insurance program and, if so, will reassess the value added within the context |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|---|---------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | of the City's broader financial and operational issues. The Director of Financial Management provided contact information for Marsh USA and AIA Insurance to the Novak Group to further research the issue. In response, Marsh indicated on 1/23/13 that their sister company Mercer/Oliver Wyman, may be of assistance to perform an independent and objective evaluation of the City's ultimate liability and projected payments for the forthcoming fiscal period using the City's own loss experience as opposed to industry data. Awaiting further action by the Novak Consulting Group. |
| I&RM04 | Revise collective bargaining agreements to allow for flexible Light Duty Program | N/A | Mayor, Business Administrator, City Solicitor, and Human Resources Director | Pending | Priority 2 | March 2013 | <ul style="list-style-type: none"> Develop working committee consisting of representatives from management and each labor union Conduct best practice research to define light-duty program options Develop program | Full implementation of Initiative I&RM04 is dependent upon successful negotiations with all three unions. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | <ul style="list-style-type: none"> Draft and adopt MOUs establishing flexible light duty program | |
| I&RM05 | Create a safety program to manage risk of vehicle liabilities | N/A | Director of Financial Management and PW Director | In Process | Priority 2 | July 2013 | <ul style="list-style-type: none"> Conduct research to identify best practice safety programs Develop process to regularly review motor vehicle records of employees who operate motor vehicles Develop review process for city vehicles involved auto accidents, and associated disciplinary process Communicate program, policy and procedures to employees/labor groups Conduct training for employees and initiate program | The City relies upon Inservco, its contracted safety training service provider, to provide certified trainers who conduct the research to identify best practice safety programs as relates to the specific kinds of risk City employees are exposed to. Seventeen Public Works Employees attended a Safe Driving Awareness, Training Session on Sept. 17, 2012, conducted by Chuck Baker from Inservco. The City has since contacted Marsh USA and began a dialogue requesting their assistance in developing and implementing the 2nd, 3rd, and 4th bullets. Brit Insurance and Marsh Risk Consultants indicated in an e-mail dated 1/23/13 that they would be available to review these three "key implementation steps" |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|----------------------------------|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | | with the City's Fleet Safety Officer and/or City's Fleet Manager and discuss possible implementation options and any related support which we might jointly provide to assist in the City's Fleet Safety Program when the Fleet Manager position is filled. Final implementation will require negotiations with the Unions. |
| I&RM06 | Conduct a cost benefit analysis to determine adequate Umbrella Excess Liability coverage | N/A | Director of Financial Management | In Process | Priority 1 | January 2013 | <ul style="list-style-type: none"> Evaluate necessity of initiative based on the City's new insurance program. Conduct analysis to determine existing liability Identify cost associated with increasing liability coverage to cover estimated risk in the interim Evaluate and implement actions to decrease liability and risk (e.g., create a safety program) Adopt a practice, as part of the Director of Financial Management's work plan, of assessing risk and coverage levels on an annual basis | City requested a range of quotes from Marsh USA to potentially expand Umbrella Excess Liability Coverage, as well as benchmarks to help conduct a cost benefit analysis. Marsh USA provided a Benchmark Report on 1/23/12 to compare the City's current Excess Limits of Liability (\$5,000.000) to 89 Public Entity Peers from Marsh's data base and developed estimated premiums for increased coverage for the Receiver to consider. The additional cost of coverage recommended |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--------------------------------|---------|-----------------------|-------------------------------------|---|---|
| | | | | | | | | by Marsh is cost prohibitive at this time Increases in coverage will be considered as part of the City's request for proposals for insurance brokerage services, with the hope of realizing an overall net savings in the insurance program, despite increases in excess liability coverage. |
| EL01 | Increase communication, and collaboration with Mayor, City Council, City Controller, City Treasurer, and Department of Administration | N/A | All Elected Officials | Ongoing | Priority 1 | July 2012 | <ul style="list-style-type: none"> Convene a working group, staffed with the Business Administrator, to identify the types of information that should be communicated (e.g., cash flow, financial statements, performance data), when, how often, and in what level of detail Develop and adopt processes to institutionalize communication Develop agenda, reports, etc., for monthly meetings Schedule regular meetings | |
| EL02 | Review progress on Financial Recovery Plan implementation monthly and quarterly | N/A | Mayor & City Council President | Ongoing | Priority 1 | Ongoing | <ul style="list-style-type: none"> Develop agenda, reports, etc., for monthly meetings Schedule meetings | |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|----------------------------------|----------|-----------------------|-------------------------------------|--|---|
| EL03 | Amend and pass City ordinances, fees and taxes as outlined in the Recovery Plan | N/A | City Council | Ongoing | Priority 1 | Ongoing | <ul style="list-style-type: none"> Revise ordinances Submit ordinances to City Council for consideration and approval | Council adopted a 5% Parking Tax increase and .8 mill real estate tax increase in 2012 budget. Residential Parking increase and Parking Meter Rate increase are still pending in Council Committee. |
| IGR01 | Identify and implement intergovernmental cooperative initiatives | N/A | Mayor & City Council | Pending | Priority 2 | April 2013 | <ul style="list-style-type: none"> Schedule meetings with elected officials from other governments and agencies (local and State) to identify opportunities for intergovernmental cooperation Develop prioritized list of opportunities and deliver to respective City staff for analysis Conduct feasibility, cost, and operational impact analysis Implement opportunities | |
| ADMIN01 | Implement quarterly financial reporting and associated review process | N/A | Director of Financial Management | Complete | Priority 1 | March 31, 2013 | <ul style="list-style-type: none"> Develop quarterly department budget review process, and revenue review process managed by the Bureau of Financial Management Develop and document internal revenue and budget | The 1st, 3rd, and 4th bullets were developed and implemented during 2012. A formal budget amendment process is currently in place in the form of a Line-item Budget Reallocation Plan |

City of Harrisburg, Pennsylvania Approved Receiver’s Plan:
Preliminary Implementation Plan

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|------------|----------------------------|---------------------|--------|-----------------------|-------------------------------------|--|---|
| | | | | | | | <div>analysis process</div> <ul style="list-style-type: none">Develop reporting process to elected officialsDevelop budget amendment process to be included as a contingency option in the review and reporting process | development, public issuance and review process. However, the Administration will endeavor to review and discuss the possibility of limiting the frequency and amounts of Reallocation Plans by seeking City Council's approval through change in Ordinance to either increase the \$20,000 threshold maximum line-item transfer allowed between the most restrictive category established by Ordinance, or to increase the legal level of budgetary control from the current line-item level to a higher categorical level as part of the 2013 Budget amendment process. Internal processes were documented on April 30, 2013. On July 9, 2013, City Council read into the record Bill No. 20-2013 to increase the current \$20,000 line-item budget transfer threshold, which triggers the need for City Council approval, to |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|----------------------------------|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | \$50,000 for reallocations as set forth in the appropriation and expenditure procedures. The Bill was forwarded to the Budget & Finance Committee for future consideration. |
| ADMIN02 | Develop comprehensive Citywide financial policies | N/A | Director of Financial Management | In Process | Priority 2 | December, 2013 | <ul style="list-style-type: none"> Conduct research of best practice financial policies (begin with GFOA) Develop draft policies Assess existing financial practices against draft policies and develop action plan to amend practices as appropriate Submit draft policies to the City Solicitor's Office for legal review Submit policies as amended, for review and adoption by City Council Conduct staff training | The prior Budget Manager began gathering and updating existing City fiscal policies prior to his departure in May 2013, and the Finance Director began to acquire GFOA and other governmental fiscal policies (best practices) for review and consideration, to create a comprehensive binder of City fiscal policies. This Initiative has been temporarily put on hold until a new Budget Manager can be hired and sufficiently trained. |
| ADMIN03 | Implement a standard budget development calendar | N/A | Director of Financial Management | Complete | Priority 1 | N/A | <ul style="list-style-type: none"> N/A | Budget Development calendar has been established. |
| ADMIN04 | Establish standard position control system | N/A | Director of Financial Management | Complete | Priority 1 | June 2013 | <ul style="list-style-type: none"> Develop tool (software or Excel) that compares budgeted positions to actual positions in the personnel system (should include cost projections by pay period) | In order to eliminate all unbudgeted positions from the DPER system, HR and IT reviewed all positions listed in the |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|----------------------------------|----------|-----------------------|-------------------------------------|---|--|
| | | | | | | | <ul style="list-style-type: none"> Develop quarterly position control review process to identify discrepancies and eliminate unfunded/unbudgeted positions from the personnel system Eliminate all unbudgeted positions from the personnel system | DPER system, and coded all positions that were not currently held by an employee as "INACTIVE". Then, based on the current list of vacancies that HR is tracking, only those vacant positions were changed back to "ACTIVE". This was done due to the DPER system not being a true position control and budgeting system. |
| ADMIN05 | Conduct comprehensive review of City purchasing policies | N/A | Director of Financial Management | Complete | Priority 2 | July 2013 | <ul style="list-style-type: none"> Conduct research of best practice purchasing policies (take Pennsylvania rules into account) Develop draft policies Assess existing purchasing practices against draft polices and develop action plan to amend practices as appropriate Submit draft policies to the City Solicitor's Office for legal review Submit policies as amended, for review, and adoption by City Council Conduct staff training | The current Purchasing Policies are in accordance with the State of Pennsylvania Regulations and the Third Class City Code. The Public Bid Limit for all Third Class Cities was increased to \$18,500, signed into law by the Governor and went into effect January 1, 2012. This directive was approved by the Solicitor's Office and circulated to all City employees and officials. It did not have to be approved by City Council. Due to the current fiscal condition of the City, it has been determined |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|-------------------------------------|----------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | that the City's purchase order limit of \$1,000 will not be increased at this time. One-on-one training on purchasing procedures is provided whenever needed. If it is deemed necessary, a training seminar for all staff involved in the purchasing function will be held in 2013. |
| ADMIN06 | Modify existing chart of accounts to track Commonwealth and Federal grant program funds on individual basis | \$260,000 | Director of Financial Management | Complete | Priority 2 | | <ul style="list-style-type: none"> N/A | The City has added additional detail to its Chart of Accounts to allow for individual grant-specific revenue and expenditure monitoring. In addition, a Grants Manager was hired June 4, 2012, to manage grant reporting processes. |
| ADMIN07 | Revise the job description and increase hiring salary range for Chief of Staff/Business Administrator | | Mayor & Director of Human Resources | Complete | Priority 1 | | <ul style="list-style-type: none"> N/A | Interim Chief of Staff/BA hired effective 6/17/13. |
| ADMIN08 | Eliminate manual data entry processes in the Bureau of Financial Management | N/A | Director of Financial Management | Complete | Priority 2 | January 2013 | <ul style="list-style-type: none"> Develop crosswalk between the Pentamation and the DREV system Test crosswalk in a test environment Conduct pilot, redundant process in live environment Assess and address crosswalk problems | Crosswalk had been developed. However, upon testing, the data download and upload process proved to be equally manual-input driven to achieve the desired results. Two follow-up meetings were held in early January |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|------------------------------------|-----------|-----------------------|-------------------------------------|--|---|
| | | | | | | | <ul style="list-style-type: none"> Fully implement process | 2013 with Finance and IT staff to observe the original crosswalk in order to identify what enhancements could be made to alleviate the need for continued manual effort and to tweak the programming to achieve the original desired results. IT staff's programmed changes were proven successful. Finance staff used the new application in test, and basic upload instructions were prepared and distributed. Go-Live occurred February 6, 2013. |
| ADMIN09 | Hire a Senior Accountant position to the Bureau of Financial Management | - | Director of Financial Management | Complete | Priority 1 | November 2012 | <ul style="list-style-type: none"> Conduct recruitment and hiring process Hire and train employee | Senior Accountant hired on November 5, 2012. |
| | | | | | | | | |
| IT01 | Replace mission critical IT components | N/A | Director of Information Technology | Completed | Priority 1 | February, 2013 | <ul style="list-style-type: none"> Develop inventory of existing IT infrastructure, life cycle, and replacement priority Develop corollary target replacement schedule Incorporate schedule into budget development process | The inventory list of existing IT infrastructure has been developed. The list includes replacement priority and has been incorporated into the budget development process. IT's adopted 2013 budget includes 1 Air conditioner, and the |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|-----------------------|-----------|-----------------------|-------------------------------------|--|--|
| | | | | | | | | City has applied for a grant to pay for a new UPS. The current UPS is 25 years old. |
| IT02 | Replace outdated personal computers | (60,000) | Network Administrator | Completed | Priority 2 | July 2013 | <ul style="list-style-type: none"> Develop inventory of existing PCs, life cycle, and replacement priority Develop corollary target replacement schedule Incorporate schedule into budget development process | The inventory list has been developed that includes life cycle and replacement priority. Replacement schedule has been developed and incorporated into the budget development process. 47 computers were purchased at the end of 2012. 39 more computers have been ordered and scheduled to start rolling out during the month of September. Once complete an updated inventory list will be supplied. |
| IT03 | Eliminate all personal printers and maintenance on printers | N/A | Network Administrator | Complete | Priority 2 | September 2013 | <ul style="list-style-type: none"> Inventory all personal printers Develop alternative network printing options, if they do not exist, for those with personal printers Eliminate personal printers | Inventory of personal printers has been completed. (20 Identified) Alternative network printing options were provided for the 7 printers that were removed. 7 printers are used for special purposes (Photo ID, Fax, and Scanner). The remaining personal printers will be |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | eliminated as supplies are used up. |
| IT04 | Develop custom Interface between County dispatch system and METRO | N/A | Director of Information Technology & Police Chief | Complete | Priority 3 | December 2013 | <ul style="list-style-type: none"> • Seek grant funding from the Commonwealth • Contract with an IT vendor to develop custom interface • Test interface in a redundant environment • Address interface problems • Fully implement interface | Standard Dispatching software is being provided without cost by Dauphin County. Police Chief Ritter and Captain Cleary are in agreement that the interface is not needed. |
| IT05 | Conduct a needs assessment for an Enterprise Resource Planning system | (80,000) | Director of Information Technology and Director of Financial Management | In Process | Priority 3 | December 2013 | <ul style="list-style-type: none"> • Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder | Over the last several months the Grants Manager has researched extensively, at the federal level, for funding for this initiative. To date, there has been no success in finding any federal source of funding. The next step is to complete an exhaustive search at the foundation level. The Grants Manager participated in a conference call with Ms. Marita Kelley, DCED Local Government Policy Specialist on Friday April 5, 2013 in the office of the COO. Both the COO and the Grants Manager explained that funding is being sought to hire a consultant to complete a |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|------------------------------------|------------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | needs assessment for an Enterprise Resource Planning System. Ms. Kelley promised to discuss this initiative with Mr. Fred Reddig and let us know the results of her discussion with him. In April 2013, the City was introduced to a joint City of Pittsburgh Allegheny County owned Oracle-based J.D. Edwards ERP System. An e-demonstration will be held in the fall to be streamed in by Allegheny County to be attended by City Financial Management and IT staff once a new Budget Manager is hired and adequately trained. |
| IT06 | Complete a needs assessment and audit of existing phone system and components | (50,000) | Director of Information Technology | In Process | Priority 2 | December, 2013 | <ul style="list-style-type: none"> • Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder | Over the last several months the Grants Manager has researched extensively, at the federal level, for funding for this initiative. To date, there has been no success in finding any federal source of funding. The next step is to complete an exhaustive search at the foundation level. The |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|------------------------------------|----------|-----------------------|-------------------------------------|--|--|
| | | | | | | | | Grants Manager participated in a conference call with Ms. Marita Kelley, DCED Local Government Policy Specialist on Friday April 5, 2013 with the COO. Both the COO and the Grants Manager explained that funding is being sought to hire a consultant to complete a needs assessment for an audit of the existing phone system and components respectively. Ms. Kelley promised to discuss this initiative with Mr. Fred Reddig and let us know the results of her discussion with him. |
| IT07 | Pursue long-term strategic IT initiatives | N/A | Director of Information Technology | Pending | Priority 3 | N/A | <ul style="list-style-type: none"> N/A | As the City's financial condition improves, these initiatives will be considered for funding. |
| | | | | | | | | |
| LAW01 | Use professional assistance for labor relations activities | N/A | City Solicitor | Complete | Priority 1 | N/A | <ul style="list-style-type: none"> N/A | Hired outside counsel in December |
| LAW02 | Increase the number of staff attorneys from one to three | N/A | Mayor & City Council | Complete | Priority 1 | January 2013 | <ul style="list-style-type: none"> Incorporate positions into the budget development process as funds are available | Angela L. Raver, Esq. started employment with the City as Assistant City Solicitor on July 15, 2013. The Law Bureau is now staffed with three |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | attorneys. |
| LAW03 | Complete, recodify, and enact the Code of the City of Harrisburg | N/A | City Solicitor | Complete | Priority 1 | December 2012 | <ul style="list-style-type: none"> Develop code Submit code for approval by City Council | City Council adopted the recodification ordinance on April 9, 2013. |
| | | | | | | | | |
| POL01 | Restructure the Patrol Duty Schedule | 131,250 | Police Chief | Complete | Priority 1 | TBD | <ul style="list-style-type: none"> Develop alternative schedule options Initiate discussion with the FOP | The Novak Group analysis indicated the 4-10 schedule was more costly to implement than the current 8-hour schedule and that, in light of the City's fiscal constraints, the schedule change is not recommended at this time. |
| POL02 | Implement a vehicle replacement policy | (803,232) | Police Chief, Director of Public Works, & Director of Financial Management | In Process | Priority 1 | March 2013 | <ul style="list-style-type: none"> Conduct fleet condition and utilization analysis, based on life-cycle, maintenance costs, and the pre-defined utilization standards Reassign or dispense of underutilized vehicles Develop target replacement plan with prioritization Incorporate replacement plan into budget development process | The fleet survey has been completed and the replacement plan incorporated into the budget development process. Marked Patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with an estimated delivery date in late July. The vehicles and installation of police equipment are funded via the Local Share Gaming grant awarded by Dauphin |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

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

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|----------------------------------|----------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | enhance Vice operations and keep it under City control in order to provide more effective neighborhood safety oriented anti-drug operations. These personnel will be assigned to the Vice function by mid-February |
| POL07 | Participate in Dauphin County Forensic Team | N/A | Police Chief & District Attorney | Complete | Priority 1 | January 2013 | <ul style="list-style-type: none"> Coordinate with District Attorney's office to assign personnel | The forensic function is being kept under City control to allow their activities to be focused on neighborhood and community activities/needs . There are currently sufficient resources available to meet the Bureau's needs without additional personnel. |
| POL08 | Transfer prisoner booking responsibility to Dauphin County | N/A | Police Chief | Complete | Priority 3 | July 2013 | <ul style="list-style-type: none"> Coordinate with County to formalize booking procedure Train sworn officers on booking process Transition booking process and reassign personnel assigned to booking | The Dauphin County Booking Center is scheduled to be fully operational on May 6, 2013. It will be staffed entirely by Dauphin County personnel. The Harrisburg officers currently assigned to booking duties will be reassigned to patrol. No further action is needed on the part of the Bureau |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | of Police. |
| POL09 | Appoint a Civilian Manager for Parking Enforcement Office | N/A | Police Chief & Director of Human Resources | In Process | Priority 2 | December 2012 | <ul style="list-style-type: none"> Conduct recruitment and hiring process Hire and train employee | Per the Receiver, there is a hiring delay until the final outcome of parking monetization negotiations. |
| POL10 | Replace electronic parking ticketing devices | (112,200) | Police Chief & Director of Financial Management | Complete | Priority 1 | November 2012 | <ul style="list-style-type: none"> Fund replacement of devices Identify and select vendor Purchase/lease and activate devices Train parking enforcement officers | The devices have been fielded and are fully operational. |
| POL11 | Increase operational efficiency in Parking Enforcement Office | 480,480 | Police Chief | In Process | Priority 1 | Oct 2012 | <ul style="list-style-type: none"> Establish targets for increased efficiency and relay targets to staff Adopt a practice of accessing employee productivity against targets | There are four enforcement position and one administrator position vacant. Receiver approved the hiring of one Parking enforcement position, which has been filled effective 6 May 2013. Technical services administrator needed to enhance supervision and accountability. |
| POL12 | Implement a new schedule for Parking Enforcement Officers | N/A | Police Chief | In Process | Priority 1 | Oct 2012 | <ul style="list-style-type: none"> Create new schedule Meet with affected employees to discuss schedule change | Scheduling adjustments are pending a proposed change to meter enforcement hours addressed in legislation before City Council. Legislation has been in the Budget and Finance |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | | Committee since January 20, 2012. |
| POL13 | Increase current parking ticket fees | 4,500,000 | Mayor & City Council | In Process | Priority 1 | Oct 2012 | <ul style="list-style-type: none"> Develop new schedule of fees Submit revised fee schedule to City Council for adoption Conduct public information process Begin enforcement | Fee increase proposal has been in Budget and Finance Committee since January 20, 2012. |
| POL14 | Evaluate the consolidation of Specialized Units | N/A | Police Chief | Complete | Priority 2 | Complete | <ul style="list-style-type: none"> Evaluate efficacy of special units on an ongoing basis, depending on crime profile and community need | Units have been absorbed into patrol platoons to meet staffing needs, except street crimes unit and traffic unit |
| POL15 | Enhance leave supervision | N/A | Police Chief | Complete | Priority 1 | April 2012 | <ul style="list-style-type: none"> Develop chronic sick and injury-related leave policy and sanctions, with advisory input from the FOP Educate staff on policy and related expectations Adopt policy enforcement into the performance management system | Sick leave abuse policy is in place and effect. Officers are allowed to run sick time out, at retirement. Needs to be addressed at labor relations. Considered unfair labor practice if discontinued. |
| POL16 | Evaluate false alarm fee for burglar alarms and aggressively collect fees due | N/A | Police Chief and Director of Bureau of Operations and Revenue | Complete | Priority 1 | September 2012 | <ul style="list-style-type: none"> Develop monthly review process of Dauphin County communications' records to identify calls eligible to be billed Assess false alarm fees in the City-wide fee study and adjust as appropriate | On February 8, 2013, the City Clerk introduced legislation for approval to City Council, in ref to an ordinance addressing to update the fee schedule for burglar alarms. |
| | | | | | | | | |
| FIRE01 | Change current shift schedule | N/A | Fire Chief | Pending | Priority 1 | December | <ul style="list-style-type: none"> Develop alternative | Pending negotiations |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | 2012 | <ul style="list-style-type: none"> • schedule options • Initiate discussion with the IAFF | |
| FIRE02 | Eliminate premium pay | N/A | Mayor, Fire Chief, & Business Administrator | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> • Initiate discussion with the IAFF | Pending negotiations |
| FIRE03 | Evaluate the tradeoffs of taking a piece of apparatus out of service and increasing staffing on remaining apparatus | N/A | Fire Chief & Business Administrator | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> • Identify alternative apparatus/deployment structures • Determine service impact associated with each and corollary impact on response capability • Develop preferred option and initiate discussions with the IAFF • Implement preferred alternative | Pending negotiations |
| FIRE04 | Implement an engine company inspection program | N/A | Fire Chief | In Process | Priority 2 | April 2013 | <ul style="list-style-type: none"> • Review inspection inventory and identify company-based inspection plan • Develop inspection guidelines and procedures • Train inspectors • Incorporate inspection work plan into daily company activities | The Bureau of Fire is negotiating with Harrisburg Area Community College to deliver the Fire Inspector 1 program in-house. The expected start date will be in late September. |
| FIRE05 | Increase billing/collection of emergency response and vehicle extrication fees | 61,875 | Fire Chief & City Council | Complete | Priority 1 | April 2012 | <ul style="list-style-type: none"> • Develop fee schedule • Submit fee schedule to City Council for adoption • Notify insurance companies of fee change • Aggressively bill and collect fees from insurance companies | Ordinance No.13 (Bill NO. 16-2012) passed as amended. The fee of \$500, per vehicle is for Extrication. The Tax & Enforcement office will aggressively bill the insurance companies |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|----------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | once notified and provided details of the extrication from the Fire Bureau. |
| FIRE06 | Adjust false alarm fees to more accurately reflect costs and impacts | 60,000 | Fire Chief | Complete | Priority 1 | April 2012 | <ul style="list-style-type: none"> Identify fully loaded cost (salary, benefits, vehicle use, and fuel, administrative/ billing overhead, etc.) of each false alarm response Revise fee schedule to recover costs and provide disincentive of multiple false alarms Submit fee schedule to City Council for adoption Develop citizen education plan (include Commonwealth) | City Council has approved the increases to fire alarms. |
| FIRE07 | Civilianize Bureau's Administrative Assistant position | N/A | Fire Chief & Director of Human Resources | Pending | Priority 2 | January 2013 | <ul style="list-style-type: none"> Revise job description Incorporate position into budget development process Recruit and hire Confidential Secretary to the Fire Chief Reassign firefighter to suppression duties | Initiative is on hold pending the outcome of the negotiations between the City's outside legal counsel and the Receiver's team with the IAFF. |
| FIRE08 | Mandate formal Safety Committee review of every work-related injury in Bureau | N/A | Fire Chief & Director of Human Resources | Complete | Priority 2 | N/A | Develop and adopt administrative policy Develop work related injury review process Educate employees on the process | The Fire Department has established the practice of reviewing workplace accidents and near misses through a joint labor-management |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--|----------|-----------------------|-------------------------------------|--|--|
| | | | | | | | | committee. The Committee reviews safety issues and injuries and develops interventions as appropriate. This meets the intent of the initiative |
| FIRE09 | Establish a formal in-house training program, including a shift swap system, that allows in-house trainers to lead events | N/A | Fire Chief | Complete | Priority 3 | December 2013 | <ul style="list-style-type: none"> Develop charter and membership for in-house training committee Conduct inventory of in-house expertise Identify and train in-house trainers Develop training curriculum and training schedule Work with IAFF to develop a short-term shift swap system for in-house trainers | All implementation steps have been accomplished. |
| FIRE10 | Continue discussions with Harrisburg Area Community College Public Safety Center regarding possible training collaboration | N/A | Fire Chief | Complete | Priority 2 | Complete | <ul style="list-style-type: none"> Schedule regular formal and informal interaction with the college to identify training opportunities for City firefighters | Regular and informal interaction takes place as part of the Bureau of Fire's annual training schedule |
| FIRE11 | Revise turnout gear replacement practices in current collective bargaining agreement | N/A | Business Administrator, City Solicitor, & Fire Chief | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with the IAFF | Pending negotiations |
| FIRE12 | Revise IAFF collective bargaining agreement to allow more efficient and effective use of resources | N/A | Business Administrator, City Solicitor, & Fire Chief | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with the IAFF | Pending negotiations |
| FIRE13 | Eliminate minimum manning upon expiration of current collective bargaining agreements | N/A | Business Administrator, City Solicitor, & Fire Chief | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Initiate discussions with the IAFF | Pending negotiations. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|--|--------------------------|------------|-----------------------|-------------------------------------|--|---|
| PW01 | Implement container based collection system for residential solid waste and recycling | N/A (Should result in General Fund savings) | Director of Public Works | In Process | Priority 1 | September 2012 | <ul style="list-style-type: none"> Conduct route optimization study and identify routes that can be automated Assess capital investment required to automate select routes Issue revenue bonds for capital expenses Purchase carts and equipment Train employees on routes and equipment use Conduct public information campaign and define public inquiry triage process Conduct cart distribution | Past History: The Residential Collection System Information had been provided to the Novak Group. Current routes have been modified (October 2012) and we went back to a five day a week service. In early November 2012, the NOVAK Group provided us a “draft” RFP. We reviewed the RFP. Initial questions/concerns were delivered at our meeting on November 20, 2012. The City Attorney has made his recommendations. Based upon the meeting with the Novak group on January 15, 2013 an updated draft was forwarded for review and comments. Follow through emails were sent on February 1 and February 8. The RFP has been advertised. A pre-bid conference was held on April 11 th during which time a list of questions/concerns was developed. We gathered |

City of Harrisburg, Pennsylvania Approved Receiver’s Plan:
Preliminary Implementation Plan

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|------------|----------------------------|---------------------|--------|-----------------------|-------------------------------------|--------------------------|---|
| | | | | | | | | the data to provide to all interested parties and we had an internal follow-up meeting on April 23, 2013 with our consultant. We answered the majority of the questions/concerns on May 3, 2013 with several follow-ups. Bids were expected on June 24, 2013, but extended until July 2, 2013. 5 Bids were received on July 2, 2013. First review of bids occurred on July 16, 2013. The review committee has met and made its initial recommendation. A review of the city’s cost comparison is still necessary before any decision can be made. The Novak Group completed their report and was reviewed by the committee. CURRENT STATUS: The Novak Consulting Group completed an analysis of a fully funded City-owned operation as a basis for comparison. Three finalists have been chosen, with interviews |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--------------------------|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | scheduled with the Mayor, Receiver Team representative and the Selection Committee on Monday, September 16 th . |
| PW02 | Enforce City's right to commercial collection and contract with private collector for collection of commercial waste | N/A | Director of Public Works | In Process | Priority 1 | July 2013 | <ul style="list-style-type: none"> Identify all active businesses in the City (may require coordination with the Department of Revenue) Mail letters to all businesses indicating commercial waste hauling requirements Issue bills to all Harrisburg businesses Aggressively collect money owed | <p>Past History: All active businesses in the city have been identified. All Commercial System Information had been provided to the Novak Group. The RFP does request commercial collection as an option. Based upon the meeting on 20 November, 2012 the Novak Group will forward a draft letter to be sent to our businesses that haven't complied with the local ordinance. A follow-up e-mail was send to the NOVAK group on December 14, 2012. Based upon the meeting on January 15, 2013 this letter has been composed but will await the timeline of the approved RFP (June 2013). The RFP has been advertised. A pre-bid conference was held on April 11th during which time a list of</p> |

City of Harrisburg, Pennsylvania Approved Receiver’s Plan:
Preliminary Implementation Plan

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|------------|----------------------------|---------------------|--------|-----------------------|-------------------------------------|--------------------------|---|
| | | | | | | | | questions/concerns was developed. We gathered the data to provide to all interested parties and we had an internal follow-up meeting on April 23, 2013 with our consultant. We answered the majority of the questions/concerns on May 3, 2013 with several follow-ups. Bids were expected on June 24, 2013, but extended until July 2, 2013. 5 Bids were received on July 2, 2013. First review of bids occurred on July 16, 2013. A review of the city’s cost comparison is still necessary before any decision can be made. The Novak Group is in the final stages of that report. CURRENT STATUS: The Novak Consulting Group completed an analysis of a fully funded City-owned operation as a basis for comparison. Three finalists have been chosen, with interviews scheduled with the Mayor, Receiver Team representative and the |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--------------------------|-------------|-----------------------|-------------------------------------|---|--|
| | | | | | | | | Selection Committee on Monday, September 16 th . |
| PW03 | Increase recycling through education, accessibility, and enforcement - Sanitation Fund | N/A | Director of Public Works | In Progress | Priority 2 | December 2012 | <ul style="list-style-type: none"> Develop recycling education process Evaluate implementation of recycle bank program to incentivize recycling | Past History: We have a recycling grant which we have qualified for the last six years. There were education events through the Parks and Recreation Department, primarily through the Youth As Restorers (YAR) program. A flyer for recycling has been distributed and posted. The Keep Dauphin County Beautiful Program provided an education program at three (3) Harrisburg Public Schools during 2013. Our RPF contains an education piece that the contractor will have to comply with. The only piece of this intended program not met is the paper/cardboard piece, which would require extra equipment, space, and manpower which is not feasible at this time. We will continue to look for ways to increase recycling, this issue should be considered closed. Three schools in |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--------------------------|------------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | <p>Harrisburg were provided training through the Dauphin County recycling program. A draft job description for a Solid Waste/ Recycling Coordinator has been sent to Human Resources for review and to start the process of bringing this person on board to increase awareness and improve the recycling posture of the City of Harrisburg.</p> <p>Current Status: Have a Section 902 grant request with the DEP. Met with DEP on September 10, 2013 to update program. Request to fund a Solid Waste / Recycling Coordinator was approved by council on September 11, 2013. Advertisement to follow.</p> |
| PW04 | Aggressively manage fleet make-up and quantity | N/A | Director of Public Works | In Process | Priority 2 | April 2013 | <ul style="list-style-type: none"> Develop detailed inventory of City fleet that includes key identifying data, life cycle data, mileage/utilization, use profile, etc. Develop process of tracking and assessing utilization data, maintenance costs, | Fleet inventory has been developed. Tracking and Utilization process is in place. Outmoded vehicles are currently in the process of being sold and the fleet with be evaluated quarterly in 2013 to get a better |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--------------------------|------------|-----------------------|-------------------------------------|--|--|
| | | | | | | | <ul style="list-style-type: none"> fuel costs, etc. Conduct fleet utilization analysis based on pre-defined utilization standards Move underutilized vehicles/equipment out of service Identify target fleet size and composition and incorporate into a vehicle replacement plan that fits within financial constraints | <p>handle on this developing program. Updated list provided on 20 November, 2012 and the NOVAK group is compiling a report with recommendations. Based upon the January 15, 2013 meeting this is almost complete. The draft report has been reviewed (April 2013) and all additional information that had been requested by the Novak Group was forwarded on April 18, 2013. Received "draft" Fleet Assessment report and have reviewed the data. Awaiting council action for the permissions to fill a fleet manager position.</p> <p>Current Status: Request to fund a Fleet Manager was approved by council on September 11, 2013. Advertisement to follow. This individual will develop this program and manage it.</p> |
| PW05 | Create Central Fleet Agency with Combined Facilities and Fleet Manager | N/A | Director of Public Works | In Process | Priority 3 | January 2014 | <ul style="list-style-type: none"> Develop organization structure, bureau mission, programmatic responsibilities, and | Based upon the city's current financial position, a dedicated individual can not be hired to |

City of Harrisburg, Pennsylvania Approved Receiver’s Plan:
Preliminary Implementation Plan

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|------------|----------------------------|---------------------|--------|-----------------------|-------------------------------------|---|--|
| | | | | | | | <ul style="list-style-type: none">performance targets• Develop bureau work plan by program• Communicate change to impacted employees• Create internal service fund and associated chart of accounts• Incorporate structural and fund change into budget process and pursue City Council approval• Recruit and hire bureau director position• Incorporate work plan into the performance management system | perform this necessary function. The Administration has placed this position on HOLD, with the hopes that by analyzing the equipment and better managing the fleet the position will pay for itself as a cost savings. Currently, we are developing a draft job description for a Facilities/Fleet Manager and will not back-fill a mechanic position with a potential intent of using those funds to fill this critical position. Had been given the “go ahead” to hire a fleet manager. Reviewed the fleet assessment to ensure the job description developed fits our plan. Request to fill fleet manager’s position had been forwarded to receiver and approved. <u>Current Status:</u> Request to fund a Fleet Manager was approved by council on September 11, 2013. Advertisement to follow. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|------------|-----------------------|-------------------------------------|---|---|
| BH01 | Increase fees, fines, and charges based on fee study results | N/A | Mayor & City Council | Completed | Priority 1 | May 2013 | <ul style="list-style-type: none"> Develop revised fee schedule Submit fee schedule to City Council for review and approval | City Council Legislative session met on June 11, 2013 and approved Bill 6 of 2013 which provides for the revised Bureau of Codes fee structure. |
| BH02 | Quantify extent of inspections backlog and hire additional codes enforcement officers to clear and prevent backlogs | \$100,000 | Director of Building and Housing Development | In Process | Priority 2 | August 2013 | <ul style="list-style-type: none"> Conduct internal evaluation of inspection backlog by type Identify target efficiency standards per inspection by type Assess staffing needs based on inspection backlog and incorporate additional position requests into the process | Passage of amendments to the Rental Inspection Ordinance and Buyers Notification Ordinance have restructured the Codes inspection programs and reduced unnecessary inspections. |
| BH03 | Contract for demolition of blighted structures | N/A | Director of Building and Housing Development | Complete | Priority 2 | July 2012 | <ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder Develop demolition schedule based on safety priority | RFP is not required to obtain bids for emergency demolitions. There is no formal RFP Review Committee. RFPs are reviewed by: DBHD, the Purchasing Manager, Office of the Mayor and if needed the Law Bureau. RFP bid responses are awarded to the lowest and most qualified bidder. All properties scheduled for demolition that are based on public safety are reviewed and triaged by the Codes |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|------------|-----------------------|-------------------------------------|--|--|
| | | | | | | | | Administrator and staff. Requests for demolition bids are also based on available funds. |
| BH04 | Assemble and systematically deploy code enforcement teams | N/A | Deputy Codes Administrator | Complete | Priority 2 | December 2012 | <ul style="list-style-type: none"> Develop composition and structure of teams Conduct assessment of "problem areas" Based on assessment, develop work plan and measurable goals for teams | Composition of Team completed. Meeting to be scheduled for DBHD, Fire and Police Departments. |
| BH05 | Adopt legislation requiring a local responsible agent for rental properties within the City | N//A | City Council | Complete | Priority 1 | July 2012 | <ul style="list-style-type: none"> Draft ordinance and associated fine structure Develop registration process Submit ordinance to City Council for consideration Conduct public notification and registration campaign before effective date | The measure was passed by City Council in October 2011, Ordinance 9-2011. In lieu of a registration process, Bureau of Codes maintains an electronic database of rental unit applications. Public notification was accomplished prior to passage of Ordinance. |
| BH06 | Fill vacant HUD funded positions | N/A | Director of Building and Housing Development and Director of Human Resources | Complete | Priority 1 | July 2013 | <ul style="list-style-type: none"> Conduct recruitment and hiring processes | Offer of employment made to selected candidate for Rehabilitation Specialist I on June 13, 2013. Start date: July 15, 2013. |
| BH07 | Update the City's Comprehensive Plan | To be determined | Director of Building and Housing Development | In Process | Priority 3 | December 2014 | <ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select | The City Administration and the Comprehensive Plan Steering Committee are reviewing the Proposed Scope of Services submitted by |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|---|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | <ul style="list-style-type: none"> the lowest responsible bidder Conduct public engagement and planning processes | Mullin and Lonergan outlining the various phases, meeting schedules and related costs to prepare the City's Comprehensive Plan. |
| HS01 | Designate a Housing Coordinator | N/A | Mayor | Complete | Priority 1 | July 2013 | <ul style="list-style-type: none"> Identify and evaluate interested candidates Designate a Housing Coordinator | The Housing Coordinator functions have been assumed by the Deputy Director for the Bureau of Housing as well as the Program Directors and Program Managers for the Bureau of Housing. |
| HS02 | Develop a comprehensive Housing Strategy | \$10,000 | Mayor, Business Administrator, Housing Coordinator. | In process | Priority 2 | December 2014 | <ul style="list-style-type: none"> Convene a working group to guide strategy development Develop working group charter and objectives Develop project plan and process to develop housing strategy Develop draft plan for review and comment by elected officials and partner agencies Finalize plan based on feedback Incorporate plan elements into the work plan of the housing coordinator and other relevant staff | Mullin and Lonergan to develop Housing Strategy in coordination with revised Comprehensive Plan. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|------------|-----------------------|-------------------------------------|---|---|
| HS03 | Utilize Vacant Property Reinvestment Board | N/A | Mayor, Business Administrator, & Housing Coordinator | In Process | Priority 2 | December 2014 | <ul style="list-style-type: none"> Develop work plan and goals for the board based on comprehensive housing strategy Develop implementation plan to engage private redevelopment groups and civic groups | To be addressed in the next month as part of the comprehensive housing plan now under development. |
| ED01 | Designate an Economic Development Coordinator | \$75,000 | Mayor | In process | Priority 1 | July 2013 | <ul style="list-style-type: none"> Develop position work plan and priorities Conduct recruitment and hiring process | Interviews are currently being conducted. |
| ED02 | Develop a coordinated long-term economic development strategic plan | N/A | Mayor & City Council | In process | Priority 2 | December 2014 | <ul style="list-style-type: none"> Develop and issue RFP Assemble RFP review committee Review proposals and select the lowest responsible bidder Conduct planning processes Incorporate planning process results into the Economic Development work plan | The City Administration and the Comprehensive Plan Steering Committee are reviewing the Proposed Scope of Services submitted by Mullin and Lonergan outlining the various phases, meeting schedules and related costs to prepare the City's Comprehensive Plan. DBHD Director is developing interim economic development plan and strategy. |
| ED03 | Evaluate the City's tax abatement strategy | N/A | Mayor & City Council | In Process | Priority 1 | July 2013 | <ul style="list-style-type: none"> Conduct best practice research to identify successful tax abatement programs Develop tax abatement | The Law Bureau has developed a new Tax Abatement program. This new Tax Abatement has been submitted to City |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|------------|-----------------------|-------------------------------------|--|--|
| | | | | | | | <ul style="list-style-type: none"> strategy alternatives • Submit alternatives to City Council for consideration • Finalize abatement packages and strategies • Conduct proactive education and recruitment campaign to solicit program participants | Council for approval. |
| ED04 | Improve management of the City's MOED Loan Portfolio | N/A | Mayor, Business Administrator, & Economic Development Coordinator | In Process | Priority 2 | June 2013 | <ul style="list-style-type: none"> • Evaluate options available to centralize management of the MOED portfolio • Develop monitoring and enforcement processes and contract with vendors/partners as appropriate | City Administration will verify with the Revolving Loan Fund Board as to the status of completing its Bylaws. Appointments to the Revolving Loan Fund were approved by City Council on February 12, 2013 and referred to the Mayor for further action. |
| | | | | | | | | |
| CIP01 | Establish and maintain a multi-year (5-7) Capital Improvement Program | (22,227,548) | Director of Financial Management, with assistance from the Director of Public Works & Department Directors | In Process | Priority 2 | July 2013 | <ul style="list-style-type: none"> • Conduct inventory and condition assessment of existing capital assets • Prioritize capital improvement needs based on key considerations such as infrastructure use, condition, safety, cost, etc. • Identify long-term Improvement plan based on resource estimates • Conduct capital budget development process and | The "draft" was distributed to the Administration for their input with a requested input date of December 15 th , 2012. The combined data was forwarded to the Novak Group for review on January 22, 2013. That reviewed data will then be consolidated and presented to the Mayor as a "draft Plan." |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|-------------------------------------|----------------------------|--|------------|-----------------------|-------------------------------------|--|--|
| | | | | | | | incorporate 5-7 year CIP development into the process | The Receivers Office is working through the monetization process. When those processes are getting close to being wrapped up and the revenue picture becomes clearer; we will need to sit down and start to prioritize needs against available resources. This item will be the next item given emphasis once the RFP / Fleet are completed. <u>Current Status:</u> No change. In recent discussions with the Novak Group this plan is being worked on and should be available sometime in September. |
| CIP02 | Establish a CIP development process | N/A | Director of Financial Management, with assistance from the Director of Public Works & Department Directors | In Process | Priority 1 | July 2013 | <ul style="list-style-type: none"> Develop calendar to include resource estimates, target development, department budget submission, internal review and amendment, executive review, internal budget hearing, and recommended budget formulation Develop associated templates and processes Communicate processes to staff, the public, and elected officials in advance | A Capital Improvement Plan (CIP) is being started with the CIP01 initiative. This process will be documented, evaluated, adjusted, and forwarded for adoption which will produce our future CIP process. On 20 November 2012, we validated our initial steps of the plan with the NOVAK group. Target completion date was changed to July |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---|-------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | <ul style="list-style-type: none"> Train staff on capital budget schedule, process, roles, responsibilities, and obligations | 2013. Public Works has taken the initial steps to start the inventory of capital items within the accounting system. The Receivers Office is working through the monetization process. When those processes are getting close to being wrapped up and the revenue picture becomes clearer; we will need to sit down and start to prioritize needs against available resources. This item will be the next item given emphasis once the RFP / Fleet are completed. <u>Current Status:</u> No change. In recent discussions with the Novak Group this plan is being worked on and should be available sometime in September. |
| CIP03 | Establish and maintain an asset management system | (187,500) | Director of Financial Management & Director of Public Works | In Progress | Priority 3 | January 2014 | <ul style="list-style-type: none"> Develop infrastructure condition rating systems and processes and incorporate into department work plans Conduct inventory and condition assessment of existing capital assets Incorporate infrastructure | A current list of vehicles (fixed assets) has been identified. It will need to be consolidated with permanent assets and reviewed on a periodic basis. This program can best be managed by a facilities / fleet / asset |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--------------------------------|------------|-----------------------|-------------------------------------|---|---|
| | | | | | | | condition assessments into the capital budget development process | management type of professional. Request for fleet manager position has been forwarded to the receiver and approved. See initiative PW05. Current Status Request to fund a Fleet Manager was approved by council on September 11, 2013. Advertisement to follow. |
| CIP04 | Investigate the sale and leaseback of City buildings | N/A | Mayor & Business Administrator | In Process | Priority 1 | September 2012 | <ul style="list-style-type: none"> Identify City facilities that may have a market for sale and/or lease back Assess operating implications of sale and/or lease back for each facility If operationally feasible, place facilities on open market Negotiate sale/lease back agreements and submit to City Council for consideration and approval | DBHD in cooperation with the Harrisburg Redevelopment Authority has reviewed City and HRA owned real estate with the intention of promoting selective properties for sale to "low to moderate income" families and individuals. In addition, the City released a RFP for purpose of soliciting a Real Estate Broker to market City and HRA owned properties. City has selected real estate broker; the real estate broker is developing marketing plan. |
| | | | | | | | | |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--------------------------------------|------------|-----------------------|-------------------------------------|---|--|
| OA01 | Establish a stormwater utility fee | N/A | THA | Pending | Priority 1 | January 2013 | <ul style="list-style-type: none"> Determine legal ability of an Authority to establish a stormwater fee Conduct fee study Develop fee schedule and submit to appropriate legislative body for consideration and approval Develop billing and collection process Conduct public education process Implement billing process | |
| OA02 | Negotiate Payment in Lieu of Tax (PILOT) agreements with the City of Harrisburg | N/A | THA & Mayor | Pending | Priority 1 | January 2013 | <ul style="list-style-type: none"> Define PILOT structure and calculation methodology Initiate discussions to establish PILOT agreements Submit draft agreements to City Council for consideration and approval Develop payment schedule and processes | City has begun discussions with local non-profits. |
| OA03 | Expand Stormwater Management Ordinance regarding discharges - THA | N/A | Mayor, City Council, & City Engineer | In Process | Priority 1 | February 2013 | <ul style="list-style-type: none"> Draft ordinance amendments Submit to City Council for consideration and approval Communicate ordinance changes to the development community | The draft ordinance was completed by the Office of the City Engineer in March and reviewed by the solicitor. The Harrisburg Authority was copied on the final draft. The draft ordinance, Bill No. 09-2013, appeared before the City Council in April, and the Public Works Committee on |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|---------------------------------------|----------|-----------------------|-------------------------------------|--|---|
| | | | | | | | | May 13th. On May 14 th , City Council approved Bill 09-2013 at the scheduled Legislative Meeting. The City of Harrisburg Stormwater Management Ordinance is posted on the city website and can be downloaded by the general public. The city Department of Building, Housing and Development is apprising all land development plan applicants of the revised ordinance and directing stormwater related questions to the Office of the City Engineer. Also, this office has been notifying land development plan applicants and others with stormwater related issues of the ordinance revision informally, over the past year. |
| REV01 | Increase the Earned Income Tax (EIT) rate as required to eliminate operating deficits | N/A | City Council & City Tax Administrator | Complete | Priority 1 | July 2013 | <ul style="list-style-type: none"> Draft enabling ordinance Submit to City Council for consideration and approval Communicate rate change to the public Adjust revenue projections | City Council approved the EIT tax increase on October 24, 2012. The new tax rate will be effective on January 1, 2013. |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|----------------------------|--|----------|-----------------------|-------------------------------------|---|--|
| REV02 | Increase the Real Estate Tax rate as required to eliminate | NA/ | Mayor & City Council | Complete | Priority 1 | July 2013 | <ul style="list-style-type: none"> Draft enabling ordinance Submit to City Council for consideration and approval Communicate rate change to the public Adjust revenue projections | .8 increase included in 2012 budget |
| REV03 | Review Real Estate Taxable Assessments | N/A | City Treasurer with County Assessment Office and School District Business Manager | Pending | Priority 2 | April 2013 | <ul style="list-style-type: none"> Initiate discussions with partner governments Develop assessment plan and funding structure Conduct reassessment Evaluate revenue impact and revise revenue projections | |
| REV04 | Review and increase utilization of Payment in Lieu of Property Tax (PILOT) Agreements; consider impact in sale of government owned property | N/A | Mayor, Business Administrator with County Assessment Office and School District Business Manager | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Adopt a practice of evaluating property tax revenue impact associated with selling city owned property to non-profits Identify and analyze opportunities to create new pilot agreements with tax exempt agencies that heavily utilize City services Initiate discussions to establish PILOT agreements and draft agreements Submit draft agreements to City Council for consideration and approval Develop payment schedule and processes | Will await the findings of the Mayor's PILOT Task Force. |
| REV05 | Increase business license fees; improve compliance with Business Privilege and | N/A | City Council & City Tax Administrator | Complete | Priority 1 | July 2012 | <ul style="list-style-type: none"> Develop new schedule of fees | The Business Privilege license fee is currently in |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|--|------------|-----------------------|-------------------------------------|---|---|
| | Mercantile Tax | | | | | | <ul style="list-style-type: none"> • Increase penalties for non-payment • Submit revised fee schedule to City Council for adoption • Conduct public information process • Institute amnesty period for delinquent remittances • Begin enforcement | line with the Maximus fee study results. The contract with Muniservices to help improve compliance with the Business Privilege tax was signed by the Controllers office on 2/8/13. |
| REV06 | Increase enforcement of the Local Services Tax | N/A | City Council, Mayor & Business Administrator | In Process | Priority 1 | July 2012 | <ul style="list-style-type: none"> • Increase penalties for non-payment • Conduct public information process • Institute amnesty period for delinquent remittances • Begin enforcement | A proposed Ordinance to increase interest and penalty for the LST along with creating an amnesty period was sent to City Council and is currently in committee. |
| REV07 | Pursue Legislative Change for the Local Services Tax Levy | N/A | Mayor & City Council | Pending | Priority 1 | September 2012 | <ul style="list-style-type: none"> • Work with local legislator(s) to draft legislation to increase Local Services Tax | |
| REV08 | Pursue Department of Revenue determination for additional tax, penalty, and interest regarding realty transfer tax | N/A | Law Bureau | Pending | Priority 1 | September 2012 | <ul style="list-style-type: none"> • Contact Department of Revenue to clarify process • Develop agreement with the Department of Revenue • Submit agreement and cost benefit analysis to City Council for consideration and approval • Develop administrative process • Train relevant personnel on process. | City Solicitor advised after consulting with Novak group that the intent of this initiative is not to increase the realty transfer tax. This is currently collected at time of property transfer by Dauphin County Further discussion required. |
| REV09 | Increase Interest & Penalty Provisions Where Permitted | 90,000 | City Council & Tax Administrator | Complete | Priority 1 | July 2012 | <ul style="list-style-type: none"> • Conduct benchmark analysis of interest and penalty provisions | Bill 21-2012 was passed by City Council on January 22, 2013 |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|--|----------------------------|---|------------|-----------------------|-------------------------------------|---|--|
| | | | | | | | <ul style="list-style-type: none"> Develop revised interest and penalty framework Submit ordinance to City Council for consideration and approval Conduct public information process Institute amnesty period for delinquent remittances Begin enforcement | increasing the penalty and interest provisions of the Business Privilege and Mercantile tax. |
| REV10 | Improve Taxpayer Information | N/A | Tax Enforcement Administrator & IT Director | Complete | Priority 2 | July 2012 | <ul style="list-style-type: none"> Create repository of tax related documents and forms Design tax webpage and add tax document and forms Test webpage Go live with webpage and conduct public outreach process | Website updated |
| REV11 | Improve real estate taxpayer collection rate | N/A | City Treasurer, Business Administrator, & Tax Enforcement Administrator | In Process | Priority 1 | September 2012 | <ul style="list-style-type: none"> Evaluate opportunities to increase the collection rate Develop implementation plan and associated targets Develop improved system for notification of unpaid tax accounts Meet quarterly to review real estate tax collections, identify issues, and develop interventions where possible to maintain to improve collections | |
| REV12 | Generate revenue through Market Based | 800,000 | Business Administrator | Pending | Priority 1 | July 2012 | <ul style="list-style-type: none"> Develop and issue RFP for | |

**City of Harrisburg, Pennsylvania Approved Receiver's Plan:
Preliminary Implementation Plan**

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|---|--------------------------------|---|-------------|-----------------------|-------------------------------------|---|--|
| | Revenue Opportunities | | | | | | <ul style="list-style-type: none"> broker to identify potential City assets for an MRBO program Assemble RFP review committee Review proposals and select the lowest responsible bidder Develop policy framework and market MRBO opportunities Enter into agreements with potential partners | |
| REV13 | Sell City acquired historical artifacts | 500,000 | Mayor & City Council | In Process | Priority 1 | September 2012 | <ul style="list-style-type: none"> Conduct asset value study Develop parameters for determining whether a property should be sold or maintained as a City asset Place eligible properties on the market | Auction commenced on July 15, 2013 and will conclude on July 21, 2013. 7,500 bidders pre-registered for the auction and \$1 million was committed on day 1 of the auction. |
| REV14 | Revise Host Fee agreement between the City and the Harrisburg Authority | N/A | Mayor, City Council, & THA | In Process | Priority 1 | September 2012 | <ul style="list-style-type: none"> Amend waste disposal agreement Submit revised agreement to City Council for consideration and approval Develop environmental compliance programs that will be supported by the host fee | Law Bureau drafted an amendment to the agreement between THA and the City. Amendment was ratified by City Council. Waiting for THA's approval. |
| REV15 | Collection of \$1 million in Ordinance and Parking Violation Fine | Estimated \$1 million in fines | Bureau of Police, Constables, Codes Enforcement | In Progress | Priority 1 | 2014 | <ul style="list-style-type: none"> In Place | This Initiative calls for the organization of a task force made up of special unit police, constables |

City of Harrisburg, Pennsylvania Approved Receiver’s Plan:
Preliminary Implementation Plan

| EChapter - # | Initiative | Five Year Financial Impact | Responsible Parties | Status | Priority ¹ | Target Completion Date ² | Key Implementation Steps | Comment |
|--------------|------------|----------------------------|---------------------|--------|-----------------------|-------------------------------------|--------------------------|---|
| | | | | | | | | and codes officers to identify, locate and issue arrest warrants for individuals with the highest amount of parking and ordinance violations in the City of Harrisburg. A collection plan and task force has been organized, and a Memorandum of Understanding is currently being drafted by the City Law Bureau. Arrests and public announcements will be scheduled in the near future. This Initiative will address collection of approximately \$1 million in outstanding parking and ordinance violation fines. |

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

CERTIFICATE OF SERVICE

I certify that on this 27th day of September, 2013, I served a true and correct copy of the foregoing pleading via Electronic Mail and via U.S.

Mail, postage prepaid, properly addressed to the following:

Jeffrey G. Weil, Esquire
COZEN O'CONNOR
1900 Market Street
Philadelphia, PA 19103
jweil@cozen.com
(Counsel for C. Alan Walker, DCED
Secretary)

Kenneth W. Lee, Esquire
POST & SCHELL, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
(717) 612-6035
klee@postschell.com
(Counsel for the City of
Harrisburg, Mayor Thompson)

Neal Colton, Esquire
Stephen A. Miller, Esquire
Brian A. Kint, Esquire
Eric L. Scherling, Esquire
COZEN O'CONNOR

Neil A. Grover, Esquire
Attorney at Law
2201 N. 2nd Street
Harrisburg, PA 17110
groverlaw@ix.netcom.com

1900 Market Street
Philadelphia, PA 19103
ncolton@cozen.com
bkint@cozen.com
samiller@cozen.com
escherling@cozen.com

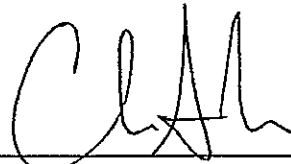
Nevin J. Mindlin
2550 N. 3rd Street
Harrisburg, PA 17110
nmindlin@netzero.net

I further certify that I served, via U.S. Mail, a true and correct copy of the foregoing pleading, to the following persons appearing on the docket:

Scott T. Wyland, Esquire
Edward Lee Stinnett, II, Esquire
SALZMANN HUGHES, P.C.
354 Alexander Spring Road, Suite 1
Carlisle, PA 17015
swyland@salzmannhughes.com
lstinnett@salzmannhughes.com

Howard B. Klein, Esquire
Law Office of Howard Bruce Klein,
P.C.
1700 Market Street, Suite 3025
Philadelphia, PA 19103
klein@hbklein.com

By:



CHRISTOPHER R. SULLIVAN