



MEMORANDUM

To: Mayor Eric Papenfuse

From: Audry Carter on behalf of the ICA

Cc: Board Members, Jeff Engle, Jeffrey Stonehill

Date: April 13, 2020

Re: Five Year Financial Plan Update

As promised, the following is a summary of the changes that the ICA requests be included in the upcoming revision of the Five-Year Financial Plan. I had hoped to share it with you at our March meeting. It occurred to me that I would be wise to get it to you so that you had it in hand when you, Bruce and Dan begin working on it.

I want to emphasize that we look forward to working with you and your team on the revision to the City's 2019 Five Year Financial Plan. The City had requested an extension to April 30th which the ICA granted. Given current events, I'm sure that the Board would look favorably on an additional extension if you wished to request one.

1. Financial Projections

- a. The 2019 Plan projected an operating deficit in each year from 2019-23. The Act stresses that the City should have balanced budgets each year. Please project expenses accordingly. To the extent that reserves or other extraordinary revenues are necessary to achieve balance, please indicate the ongoing sufficiency of such resources and identify a strategy to ultimately achieve same-year balance of revenues with expenditures.
- b. The 2019 Plan included no ideas or provisions that would reduce expenditures, improve productivity or increase revenues. Please consider reviewing these possibilities so that there is a plan in place to eliminate the necessity for the enhanced taxes as temporarily authorized under Act 124.
- c. Please include both strategies and projections in revenue as a result of proactive initiatives in PILOT, continued grant successes (none were noted in the 2019 Plan), increased tax collections, and other fee explorations.

- d. With the planned discussion of a substantial AMBAC payoff and retiring the D&F debt, please note separately in at least one chart the modeling of the increased cost savings of the pay down as will be reflected in subsequent budgets.
- e. Please include charts that capture revenue, expenses, and net revenue and fund balances separately for the General Fund as well as each of the other Funds of the City as projected for the next 5 years.
- f. Please do a separate analysis of the both the parking arrangement and the incinerator settlement, its success, its flaws, its challenges, and the financial impact of these two very important schemes.

2. Planning discussions

- a. The 2019 Plan does not include any improvements to internal controls, policies, or procedures of City operations; including, but not limited to, changes recommended or required such as full implementation of GASB standards, to aid the City in better day-to-day understanding of its financial condition or to avoid a future fiscal emergency condition.
- b. The Plan, as submitted, does not detail any plans to reduce expenditures, or accommodate efficiencies in operations or explore any potential opportunities in privatization.
- c. Please elaborate on any assumptions for future growth, specifically identifying the impact of the current crisis. In particular, how increased revenue collections in 2019, followed by likely reduced collections in 2020, might be reflected in future years.

3. Capital Budget

- a. Consider creating a more traditional capital improvement plan that really sheds light on the needs of the City through assessment of near-term and long-term challenges as well as strategies (streets, lights, curbs, sidewalks, parks, public facilities, dams, and bridges).
- b. Adopt a Capital Improvements Plan (CIP), following a template the Government Financial Officers Association (or other entity) might recommend, which could examine items such funding sources, grants, capital project leases vs purchases, etc. in order to determine the best fiscal strategies.

4. Community and Economic Development

- a. Define the approach and execution of plan that includes components addressing economic development (staffing and strategy) relating to the City and addressing community development (staffing and strategy) for the neighborhoods of the City.
- b. Please describe the timeline for the completion of the Comprehensive Plan and the review and updating of the City's planning and zoning criteria.

5. Staffing and Workforce Strategies

Share information about the Workforce Stabilization Program to include a staffing audit, or at a minimum a census of staff, for City operations and for the Police and Fire Departments.

6. Specific Issues to Address

- a. Effectuating the OPEB Trust as is required and mentioned in Act 124;
- b. Technology enhancements, for both operational efficiency and cybersecurity; and
- c. Cooperative service opportunities with Dauphin County and local and regional municipal governments.

As always, please let me know if you have any questions or concerns. We would be happy to discuss them with you, Dan and your staff as well as to work to assemble a small working group to assist.