

*Intergovernmental Cooperation Authority for Harrisburg
Minutes of the Governing Board Meeting
April 22, 2020
Via Teleconference on the Zoom Meeting Platform
hbgica.org*

Members Present	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, Ms. Tina Nixon, and Mr. H. Ralph Vartan	
Ex-Officio Members Present	Mr. Bruce Weber and Mr. John Raymond	
Staff Present	Jeff Engle, Esq., Independent General Counsel, and Mr. Jeffrey Stonehill, Authority Manager	
Call to Order	Ms. Carter called the meeting to order at 4:02 p.m. First, she noted that it has been two months since the last public meeting held at Temple University Harrisburg. She expressed hope that everyone and their families are doing well. Ms. Carter noted that all members of the Authority were present.	
Approval of February 26, 2020 Minutes	Mr. Stonehill presented the minutes, which had been reviewed by Ms. Nixon, the Secretary/Treasurer; on a motion to approve by Ms. MacNett, seconded by Mr. Vartan.	Minutes; approved 5-0
Review of Bills Paid	Mr. Stonehill reviewed the bills paid since the last regular meeting of the Authority.	
Report of the Chairperson	<p>Ms. Carter noted that while we all work on how to function during this “new normal,” we all have a shared appreciation for the work being done by our frontline healthcare workers.</p> <p>She added appreciation for our public safety and fire teams, and equally, our appreciation of all of the City staff that are making sure that City services continue to be delivered for the citizenry of the City of Harrisburg. She added that the City must come through this, and ideally it will be stronger and more resilient. Ms. Carter went on to say that she knows that he colleagues as well, stand ready to help in any way that they can on behalf of the Authority.</p> <p>She then provided some updates since the last Authority meeting:</p> <p>The proposed Economic Development Summit has yet to be rescheduled. The subject will be revisited in the fall.</p>	

	<p>Similarly, the Authority will revisit the subject of the proposed Listening Sessions, and the Authority looks forward to working with Nona Watson and Blake Lynch, both City staff, once the Authority assesses what life on the other side of the health emergency begins to look like.</p> <p>There has been no meeting since the last Authority Board meeting to discuss the Intergovernmental Cooperation Agreement with Mayor Papenfuse. Ms. Carter noted that the Authority will continue to try to meet. She added that the Mayor stated by email that necessary work on the Agreement will need to wait until after the end of the City's disaster emergency.</p> <p>Ms. Carter introduced Marita Kelley from the Pennsylvania Department of Community and Economic Development (DCED) and yielded time to Ms. Kelley, the current Act 47 Coordinator for the City of Harrisburg to report on her most recent submitted report. Ms. Carter also noted that Ms. Kelley is continuing to serve as the Act 47 Coordinator despite the fact that PA DCED has ended contracts for the consultants that previously assisted her on her evaluation of the status of the City of Harrisburg. Ms. Carter added that more than most, just like the Authority Board, Ms. Kelley would like to have an Intergovernmental Cooperation Agreement in place as soon as possible.</p>	
<p>Report of the Act 47 Coordinator</p>	<p>Ms. Kelley agreed that everyone has the same goal to have the Intergovernmental Cooperation Agreement adopted by City Council as soon as possible.</p> <p>Ms. Kelley went on to summarize the fiscal status of Harrisburg as good, and for that she gave City leadership accolades.</p> <p>Ms. Kelley offered her assistance to the Authority and to the City to help move through this very unusual circumstance with the COVID-19 pandemic.</p>	

	<p>Ms. Kelley added a brief summary of the Neighborhood Services Fund, and mentioned her concern about the fiscal status of that fund. She asked that the Mayor and Council continue to keep a watchful eye on this fund.</p> <p>She added that the real estate tax yield came in fairly normal in 2020, considering the situation. She added that the Mayor's primary concern is the Earned Income Tax, much like all the other mayors in the State, and the Local Services Tax.</p> <p>Ms. Kelley added that most State workers are continuing to get paid, but working from home, and that will not impact City taxes negatively.</p> <p>She also drew attention to the impact of parking revenue on the City arrangement for the parking plan. She added that rates were intended to go up.</p> <p>Finally, she added some concern about the impact of the crisis on the incinerator arrangement. She has been in touch with the Lancaster County Solid Waste Management Authority (LCSWMA) who operate the Harrisburg Incinerator.</p> <p>Ms. Carter introduced ex-officio member of the Board of Director, Mr. Bruce Weber.</p>	
<p>Report of the City Director of Finance</p>	<p>Mr. Weber said that there was not a lot to say at this point adding that the issues were fairly well known.</p> <p>Mr. Weber went on to frame the issue from both a macro and micro perspective.</p> <p>He added that this was an unprecedented economic situation. This is the first time in modern history where it is a public health crisis driving an economic crisis. He added that it is hitting the service sector of the economy the hardest.</p> <p>Mr. Weber stated that Harrisburg was not representative of the larger economy. He added that the City has limited exposure, broadly; unlike some of the City's neighbors, such as Hershey; adding that leisure and tourism is not the as</p>	

important in the City of Harrisburg, as the City's economy is diversified. He provided examples.

Mr. Weber added that the crisis would obviously hit the City, but it is impossible to know how hard and how deep. He added that he is waiting for numbers.

Mr. Weber said that they have only seen a few data points. He gave examples.

He added that City Council extended the deadlines on payment of real estate taxes.

Mr. Weber said that until April revenue is seen, it would be tough to draw any conclusions. He gave examples.

Mr. Weber said there could not be a robust discussion about the impact until after the second quarter is completed. He added that remittances are done quarterly and one behind.

Mr. Weber indicated that Mayor Papenfuse has announced a hiring freeze and he added that eleven employees, incapable of teleworking were temporarily furloughed.

Mr. Weber added that this should reduce the cost of payroll in the General Fund by approximately 15%; or about \$50,000 per week savings. He added that some construction was put on hold, but that may change shortly. Finally, because the City is self-insured for health insurance, and health care transactions have slowed due to the emergency, resulting in less spending.

Mr. Vartan asked about the hiring freeze and the furloughs. He asked for written analysis to show these trends. Mr. Weber said that there is no written report. He said the situation is fluid. Ms. Carter asked about whether Mr. Weber felt revenue shortfalls predicted by the City of Lancaster would be similar to the City of Harrisburg.

	<p>Mr. Weber said that he has been regularly teleconferencing with the other similar cities in the midstate and he pointed out the Harrisburg is unique. He provided examples.</p> <p>Mr. Weber said that his interim guess is an overall revenue decline of 15%.</p> <p>Mr. Vartan asked if there is anything preventing a written analysis. Mr. Weber gave financial projections concluding that he feels Harrisburg is in a much better financial position than a lot of cities.</p> <p>Ms. Carter added that a written report would be useful. She added that written projections are typical in most companies.</p> <p>Ms. MacNett asked whether a guestimate can be made on the impact on the reopening of businesses. Mr. Weber said it is hard to know. He provided examples.</p> <p>Mr. Weber mentioned the Impact Harrisburg small business stabilization fund proposal.</p> <p>Mr. Weber hypothesized that the Federal Government would need to assist State and Local Governments.</p> <p>Ms. MacNett asked if there would be an impact from the cancellation of the baseball season on the finances for City Island. Mr. Weber said that the City would need to cover the loss of rent and there would be an impact from businesses and employees losing their commercial activity.</p> <p>Mr. Vartan asked about the Neighborhood Services Fund. Mr. Weber said that customers need to pay their trash bills.</p> <p>Mr. Stonehill asked about parking revenue and the impact on the parking scheme. Mr. Weber stated that there would be an impact. This is the single biggest exposure.</p>	
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	<p>Mr. Stonehill asked about incinerator revenue and the impact on the incinerator arrangement. Mr. Weber stated that there is a possible impact if there is significantly less trash.</p>	
<p>Section 203 Annual Report</p>	<p>Ms. Carter reported that there are several moving parts that will eventually be consolidated into the final submission. She added that Jeffrey Stonehill will be assembling the parts. The hope is to have the ability to circulate a draft for the voting members of the Board so they can provide feedback; Mr. Stonehill will integrate those comments into a final draft, which will be distributed to the entire Board so that they can take a look at it before submission to the General Assembly.</p> <p>Ms. Carter added that the City leadership indicated it was busy and could not lend the help as the Authority might have called on. She went on to explain in detail some of the information that will be in the final report.</p> <p>Once completed, the report will be available on the website.</p> <p>Ms. Carter thanked Mr. Vartan for being the architect of the process.</p> <p>Mr. Vartan thanked Mr. Stonehill.</p> <p>Mr. Vartan made a motion so that the report could be submitted on time. A motion to authorize the Chairperson to sign the completed report; and further, to authorize the Authority Manager to compile the final report; and further, to authorize the Chairperson to submit the final report; and further, to allow the final report to be amended after submission if additional information from the City becomes available.</p> <p>Mr. Stonehill asked if the motion can be amended to authorize the distribution of the draft document to the Authority Members. Mr. Vartan added that would be a part of the compiling of the report. Ms. MacNett made a second to that motion. The motion passed 5-0.</p>	<p>Submission Authorized; approved 5-0</p>

<p>Update on the Mayor's Update to the Five Year Financial Plan</p>	<p>Ms. Carter read an email from Mayor Papenfuse into the record. The Mayor had indicated that given the current pandemic that the City could not make decent financial projections until the end of the third quarter, at the earliest. Therefore, the Mayor requested that the Authority extend the deadline for the submission of the update to the Mayor's Five Year Financial Plan to October 31, 2020. Originally, the Act had the deadline as December 31, 2019; but on November 20, 2019, the Authority permanently changed that deadline to April 30 each year going forward.</p> <p>Ms. Carter asked Mr. Weber whether there might be provisional financial projections in the interim. Mr. Weber said maybe in August 2020, but that was unclear. There was discussion on the request for interim financial reporting. Mr. Vartan expressed his support for interim financial projections. There was additional discussion after which Mr. Stonehill suggested a compromise. Mr. Hill added that until the State budget is completed one could not make meaningful projections; however, he did believe that interim financial reporting would be helpful. Mr. Vartan asked additional questions. Mr. Weber was reticent to offer any additional information or pledge any interim reporting.</p> <p>Ms. Carter asked for a motion to approve a delay in the submission of the update of the Mayor's Five Year Financial Plan, for 2020 only, and make an accommodation for interim reporting.</p> <p>Mr. Vartan made a motion that the submission of the Mayor's Five Year Financial Plan could be deferred, but that in short order the City shall submit interim financial planning to the Authority, which can be watched and updated as frequently as need be.</p> <p>Ms. Carter attempted to modify the motion of Mr. Vartan by the following: motion to authorize an extension of the deadline for the submission of the Mayor's Five Year Financial Plan revision, which is submitted annually to the General Assembly, is delayed until October 31, 2020; and further, in the</p>	<p>Motion to Extend the Deadline for Submission and Require Interim Financial Planning; approved 5-0</p>
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interim, the City will provide to the Authority ongoing updates on the financial impact of the Pandemic, at least quarterly.

Mr. Hill made a second to Ms. Carter's motion, for discussion purposes and then asked to clarify that the interim reporting will allow the Authority to properly monitor the ongoing financial curve and projections throughout the current fiscal year.

Mr. Stonehill stated that the extension of the deadline was reasonable.

Mr. Vartan asked whether Ms. Carter and Mr. Hill would amend the motion to refer to an interim financial plan rather than interim financial reporting. He went on to explain his view of how interim financial planning would appear and be updated.

Ms. Carter said she would allow her motion to amended.

Ms. MacNett explained that she agreed with Mr. Stonehill that the extension was reasonable. Further, she explained that in the Act, the General Assembly said that the Authority has to receive financial planning updates from the City; and finally that the Authority needs to have some ongoing financial updates given what is happening. She hoped that something could be provided in advance of future Authority meetings.

Ms. Carter summarized that the motion on the floor grants the extension, but requires annotated updates from the City at time-certain intervals with assumptions projected, going forward.

Mr. Vartan indicated that unless the motion included a financial plan, he could not support the motion. He went on to explain that relying upon the 2019 plan for another six months without an updated interim plan would not be acceptable.

Ms. Carter repeated the motion on the floor: it grants the extension of the submission to October 31, 2020; and further, it requests a financial plan

	<p>update for the current financial year to be provided by the City to the Authority.</p> <p>Mr. Hill did not accept the modification of the motion from interim reporting to a more formal interim financial plan and therefore the motion stands as a requirement for interim financial reporting as in the original motion.</p> <p>Mr. Stonehill said he would be happy to work with Mr. Weber on a format for the interim reporting.</p> <p>Mr. Vartan offered a second amendment to the motion, to make the extension subject to the submission of an interim financial plan updates to the Authority prior to the next meeting of the Authority Board.</p> <p>Mr. Hill discussed the suggestion with Mr. Vartan. Mr. Vartan clarified that his term financial plan does not meet the definition of the plan under the Act, but rather was interim guidance and performance review. In conclusion, Ms. Carter and Mr. Hill supported the amendment to the motion.</p> <p>As a result, the Authority therein grants the extension of the submission to October 31, 2020 for the current fiscal year only; and further, it requires the submission of financial plan updates for the current year to be provided by the City to the Authority, not in a format as required by Act 124 of 2018, but rather an interim guidance and performance review for the current fiscal year preferably before each Board meeting</p> <p>The motion passed 5-0.</p>	
<p>Report from Authority Member Hill</p>	<p>Mr. Hill reported on two activities. The first was an update on the request from the Authority to the Independent Fiscal Office to conduct a study on the impact of the COVID-19 crisis on local government finances and the second was the work to offer assistance by Impact Harrisburg.</p> <p>Mr. Hill reminded members that information was distributed on the request to the IFO and added local government associations supported the concept as well.</p>	

	<p>Ms. Carter thanked Mr. Hill and hopes for the IFO to undertake the study because the data would be helpful to all.</p> <p>Mr. Hill explained the recent community and economic activities of Impact Harrisburg. The smallest businesses of the City can apply to a Neighborhood Business Stabilization Program for grants of up to \$10,000 for transitional expenses, operating expenses, or payroll expenses to help them during the COVID-19 crisis. Half the money will be provided to businesses with gross income under \$500,000 per year.</p> <p>City Council is anticipated to approve the program. So far, there is \$1 million in funding for this effort. The Mayor added that applications can be submitted beginning on Friday.</p> <p>Ms. Carter said the program would present a lifeline for many of the businesses barely holding on at this point.</p>	
<p>Public Comments</p>	<p>Brian Kimmett asked a question about the ongoing litigation between the City and the Authority wondering whether the litigation would impact their relationship. Mr. Stonehill pointed out there is no litigation update offered in the public portion of the meeting adding that the proposed Economic Development Symposium and listening sessions are on hold pending the end of the current health crisis.</p>	
<p>Adjourn to Executive Session</p>	<p>At 5:29 p.m., the Authority adjourned into executive session to discuss two issues of potential litigation and indicated that all the Board members are welcome to attend any part of the executive session that does not present a conflict of interest.</p>	

Respectfully submitted:

Jeffrey Stonehill, Authority Manager
ICA for Harrisburg

APPENDIX DOCUMENTS

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – April 22, 2020

• Digital Ocean <i>Website software licenses</i>	\$10.00	March 2, 2020
• Digital Ocean <i>Web Host</i>	\$5.40	March 2, 2020
• PA Media Group <i>Legal Advertisement</i>	\$119.43	March 18, 2020
• Shaffer & Engle Law Offices, LLC <i>Legal services</i>	\$4,114.50	March 25, 2020
• Digital Ocean <i>Website software licenses</i>	\$10.00	April 1, 2020
• Digital Ocean <i>Web Host</i>	\$5.40	April 1, 2020
• PA Media Group <i>Legal Advertisement</i>	\$160.74	April 19, 2020
• Shaffer & Engle Law Offices, LLC <i>Legal services</i>	\$2,765.00	April 22, 2020
• MESH PA, LLC <i>Authority Manager</i>	\$11,550.00	April 22, 2020

Starting balance: \$122,613.61

Ending balance: \$103,925.23

• Interest earnings Y-T-D	\$6.31
• Fees Y-T-D	\$ -0-



The Intergovernmental Cooperation Authority
for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

April 24, 2020

Mayor Eric Papenfuse
City of Harrisburg
Rev. Dr. Martin Luther King Jr. City Government Center
10 N. Second Street
Harrisburg, PA 17101

Dear Mayor Papenfuse:

On April 21, you shared via email that “given the economic uncertainty of the current pandemic, we won’t be able to make decent financial projections until the end of the third quarter at the earliest, so the City hereby requests an extension on the 5-year plan submission until October 31, 2020.”

As you know the Intergovernmental Cooperation Authority for Harrisburg (“Authority”) considered this request for an extension of the deadline for your annual revision of the Five-Year Financial Plan, pursuant to Section 209(e)(2) of Act 124 of 2018, the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (“Act 124”), at its board meeting on April 22.

Our response to your request comes in two parts:

1. The Authority approves your request for an extension of the submission deadline from April 30 to October 31, 2020; and
2. The Authority requests written monthly financial reports from the City.

Given the impact of the pandemic, the Authority members anticipate that the City's actual revenues and expenditures will vary, possibly dramatically, from those estimated in the Five-Year Financial Plan. Pursuant to Sections 203(c)(2), 204(c)(4)(xxvii), 203(c)(6), and 210(c), inter alia, of Act 124, the City shall provide information as the Authority deems necessary. We have communicated an example of the requested information to Bruce Weber via email on April 23, of which you are in receipt.

Please let me know if you have any questions.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Audry Carter". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Audry Carter
Chair

c.c. Authority Members