

*Intergovernmental Cooperation Authority for Harrisburg
Minutes of the Special Board Meeting
December 2, 2020
Via Teleconference on the Zoom Meeting Platform
hbgica.org*

Members Present	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, and Mr. H. Ralph Vartan	
Ex-Officio Members Present	Mr. Mark Ryan, Office of the Secretary of the Budget.	
Staff Present	Mr. Jeffrey Stonehill, Authority Manager	
Call to Order	Ms. Carter called the meeting to order at 10:00 a.m.	
Report of the Chairperson	<p>Ms. Carter said that this is a special meeting of the Board called for the purpose of meeting with Mayor Eric Papenfuse to discuss the proposed Five-Year Plan, as submitted on October 30, 2020. The Mayor had proposed the meeting to share the plan as well as the proposed 2021 budget. Unfortunately, he notified the Chair that he will not be attending on December 1st.</p> <p>Ms. Carter reminded the Board that the next two dates regarding the plan were December 14, 2020, when the City will deliver their final revised plan; and, December 16, 2020, when the Board will meet, and when the Board will discuss taking action regarding the plan.</p> <p>Today, an open conversation will occur regarding the proposed plan.</p> <p>Previously, the Authority had sent correspondence to the Mayor establishing categories or “buckets”, which Ms. Carter described as areas of concern where the Board wanted to draw the Mayor’s attention with crafting the Plan.</p> <p>Those “buckets” are:</p> <ul style="list-style-type: none"> • Financial projects • Planning discussions • Capital budget • Community and economic development • Staffing and workforce strategies • Specific issues 	
Discussion regarding the Mayor’s Five-	<p>Mr. Vartan comments in summary:</p> <ul style="list-style-type: none"> • He did send an email to Mr. Grover • With regarding to the Capital Improvements projects, Mr. Vartan questioned the totals, 	

<p>Year Financial Plan</p>	<p>as well as significant variance from the previously approved Five-Year Plan</p> <ul style="list-style-type: none"> • He said these are large dollar amounts and the City is proposing to fund them mostly from fund balance. Therefore, it would be prudent to know more information. • With respect to the capital budget, Mr. Vartan was seeking an actual total versus a budget number. • With regard to Neighborhood Services Fund financial performance, Mr. Vartan is concerned about “uncollectible receivables”, annual operating deficit, and use of fund balance. • He is further concerned about the lack of reimbursement for shared expenses created by trash collection not being reimbursed to the General Fund. • With respect to the number of employees, Mr. Vartan is concerned about the headcount in the proposed plan. He added that the City proposal adds over 50 new positions, over a 10% increase; and that was not included in the previous Five-Year Plan. • He added that he is concerned about revenues. <p>Ms. Carter added her concerns regarding General Fund revenue projections noting that they are ambitious given the circumstances.</p> <p>Mr. Hill added his comments:</p> <ul style="list-style-type: none"> • He is looking forward to the revised draft of the Five-Year Plan. • Mr. Hill added that recently the General Assembly adopted Act 114, which extended the extraordinary taxing authority, thus temporarily avoiding the cliff at the fifth year of the plan. • Mr. Hill indicated that Act 114 has created a significant change to the forecast for the City’s financial future. He added that there will be an impact on the drawing down on the City’s cash reserves. • He commented that there is still a financial cliff as the Local Services Tax does phase 	
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	<p>out in ten and fifteen years, rather than in five years.</p> <ul style="list-style-type: none">• Mr. Hill is concerned about investment in Information Technology capital.• He noted some typos. <p>Ms. Carter added that the Board has noted the vagueness of some of the initiatives such as when the City proposes increased spending in the Community Services Division of the Police Department, without any explanation of the expense, plan or interagency relationships. She also noted a concern about the expansion of the intermunicipal trash agreement beyond Steelton Borough to Paxtang and Penbrook Boroughs.</p> <p>Ms. MacNett commented:</p> <ul style="list-style-type: none">• There should be more detail regarding the collective bargaining agreements. She is concerned about contractually obligated increases in wages and benefits.• There was virtually no reference to the impact of the pandemic or actions needed to recover from COVID.• She agrees in the lack of details in capital planning. She feels that Information Technology infrastructure is very important, especially in light of COVID. She feels there is no articulated plan. The City's different departments need to find a way to communicate; they seem too "siloeed".• She commented that she is concerned about City's audit exception for not complying with Generally Accepted Accounting Procedures (GAAP).• The City should do more to have a comprehensive economic development strategy.• She added that there is little reference to grants in the proposed 2021 budget. <p>Ms. Carter agreed with Ms. MacNett's points and emphasized an ongoing request to the Mayor that he incorporate performance measurement into his budget documents.</p>	
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Ms. Carter mentioned her concerns regarding the Capital Improvements Plan.

Ms. Carter mentioned Section 210 of the Act which provides for the collection of information from the City to help inform the Authority.

Mr. Stonehill outlined all the relevant sections from Act 124 of 2018 regarding the review and approval of the update to the Mayor's Five-Year Financial Plan.

Ms. Carter reviewed the timing of the submissions. An extension was granted to December 14th for the final plan to be submitted. Therefore, action would need to be taken until January 14th on approval or disapproval. The City must be given an opportunity to revise the document if there is a disapproval.

No action by the Board is deemed an approval.

The next meeting of the Board will be December 16th. The January meeting is more than thirty days after the January 14th submission deadline.

Ms. Carter noted that it is unclear which operating budget is covered by this plan update.

She went on to say the real goal would be to permit the Authority Manager to regularly collaborate with development of financial plans.

Mr. Vartan agreed that the lack of communication is not helpful. The hope is to bridge that gap with the City.

There was additional discussion about collaboration.

Mr. Stonehill asked about the new DCED standard financial reporting template.

Ms. MacNett asked about the general uncertainty of any financial plan.

Mr. Ryan spoke to financial assumptions being made by the Commonwealth.

Mr. Hill mentioned observations about financial planning made by other municipalities around the nation.

Mr. Hill noted the concerns stated about the complete loss of parking revenues.

Mr. Ryan noted that real estate is a relatively more stable source of revenue than other types of taxes.

Ms. Carter added some observations from the budgets of other cities.

	<p>Ms. Carter noted that the City Council plans on meeting on December 8, 9, and 10 to discuss the proposed 2021 budget.</p> <p>Mr. Vartan suggested that Mr. Stonehill reach out and offer to collaborate before the updated document is released on December 14th.</p>	
Public Comments	<p>Ms. Marita Kelley was present.</p> <p>She noted the upcoming settlement with Ambac, which is a significant agreement, and will likely impact the City finances going forward. She validated many of the comments made during the meeting by the Authority. Finally, she feels the upcoming City Council budget hearings will be valuable.</p>	
Adjourn	<p>At 10:55 a.m., on a motion by Ms. MacNett, with a second by Mr. Hill, the Authority adjourned.</p>	<p>Adjournment approved 4-0</p>

Respectfully submitted:



Jeffrey Stonehill, Authority Manager
ICA for Harrisburg