

City of Harrisburg
Dauphin County, Pennsylvania



2020 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

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Table of Contents

1	Introduction.....	1
2	Historical Financial Results.....	4
2.1	Summary of Principal Funds.....	4
2.2	Five-Year Operating History	5
3	Revenues.....	5
3.1	Revenue Initiatives.....	10
3.2	Revenue Forecasts	13
4	Expenses	14
4.1	Expense Initiatives	22
4.2	Expense Forecasts	25
5	Other Initiatives	26
6	Capital Improvement Plan	29
7	Financial Forecasts	31
7.1	Initiatives Summary	32
8	Principal Proprietary Funds	34
8.1	Neighborhood Services Fund.....	34
8.2	Harrisburg Senators Fund	35
8.3	Other Non-Major Funds.....	36
	Appendix A.....	38
	Baseline Financial Forecast by Department	38
	Appendix B	44
	Financial History and Forecast – Non-Major/Special Revenue Funds.....	44
	Appendix C.....	54
	Unfunded Priority One Capital Improvement Projects.....	54
	Priority Two Capital Improvement Projects.....	56



1 Introduction

The City of Harrisburg (“Harrisburg” or the “City”) delivers this five-year financial plan as the City, state, nation, and world cope with an unprecedented health crisis, the economic and fiscal impacts of which are reaching all levels of government. The COVID-19 global pandemic resulted in a virtual shutdown of all economic activity for weeks in 2020 and continues to have severe negative effects. The area unemployment rate remains at elevated levels, local businesses are suffering significant losses, and commuters, who in normal times are eating in the City’s restaurants, parking in its garages, and shopping in local stores, are working from home instead.

There is a direct link between the shutdown and General Fund performance. Several key revenue sources, including Real Estate taxes and Local Services taxes were below budgeted levels in 2020. Parking related revenues were \$2.7 million under budget. Though these declines were partially offset with \$2.8 million in federal CARES Act reimbursement for COVID-related expenses, overall, 2020 General Fund revenues were \$65.2 million, which was about \$700,000 below budget.

The pandemic has not only had immediate consequences for the City’s finances but has also cast uncertainty on future revenue streams. The pace and extent of the economic recovery is unclear. Also unclear is the lasting impacts the COVID crisis will have on work trends, including more widespread telecommuting, which could have negative implications for key revenue sources and the City’s overall vibrancy.

The City is better positioned than most of its peers to manage this health crisis and the related fiscal challenges. The City has built a strong fund balance that provides a safety net for unanticipated budget shortfalls like the one it currently faces. Moreover, in the height of the crisis, the City took steps to solidify its fiscal position by implementing expense reduction initiatives, including imposing furloughs and instituting a hiring freeze. In addition, medical insurance expenses were much lower than anticipated as doctors and hospital visits declined during state imposed pandemic restrictions. During the pandemic, the City worked with its insurance brokers to achieve over \$1 million of recurring medical insurance cost savings.

The City faces the challenge of addressing near-term fiscal issues while at the same time moving towards structural budgetary balance. Recent accomplishments and new planned initiatives since the adoption of the 2019 five-year plan have made long-term fiscal stability a realistic and achievable goal.

Extension of Special Taxing Powers

In November 2020, the state legislature passed and the Governor signed into law an amendment to the state fiscal code to extend the City’s special taxing powers, which accounted for 20% of General Fund revenue in 2020. Under provisions allowed under Act 47 and Act 124, the City imposed higher Earned Income Tax (“EIT”) and Local Services Tax (“LST”) rates than were otherwise allowed by law.

The City imposes an EIT on residents and non-residents. Under the Local Tax Enabling Act (Act 511), the EIT is capped at 1.0% and split equally with the School District, effectively limiting the tax to 0.5% for residents. The non-resident EIT is also capped at 1%. Under provisions allowed under Act 47 and recommended in its previous recovery plans, the City imposed an additional 1% EIT on its residents.



These special taxing powers were scheduled to expire with the termination of the ICA at the end of calendar year 2024, but, as noted above, the recent change to the state fiscal code extends the EIT taxing power indefinitely.

The City also imposes a \$52 LST on every person working in the City (whether they are a resident or not) that does not qualify for the low-income exemption (annual income below \$24,000). Among other amendments to Act 47 that were enacted in late 2014 was the ability of Act 47 communities to increase the LST from \$52 per year to \$156 per year. The City first implemented the increased LST in 2016. Similar to the EIT, this special taxing power was scheduled to expire with the termination date of the ICA at the end of calendar year 2024. However, the change in the fiscal code extends these full special taxing powers for 10 years and then extends 50% of the special taxing power for another 5 years.

In 2020, the City's special EIT and LST taxing powers generated approximately \$12.4 million (\$8.2 million in EIT and \$4.2 million in LST). The expiration of these taxing powers would have resulted in a fiscal cliff that might have required draconian budget cuts, which will now be avoided without any increases in existing tax rates.

The change to the fiscal code resolves the most serious, immediate budgetary issue facing the City and the benefit cannot be overstated.

Debt Reduction

Harrisburg and one of its key creditors, Ambac Assurance Corporation ("Ambac"), reached an agreement regarding the City's Series 1997D&F General Obligation Bond forbearance liability and the Harrisburg Redevelopment Authority Series 2005A-2 Bonds ("Series 2005A-2 Bonds"), which are guaranteed by the City. The agreement requires the City to defease the Series 2005A-2 Bonds in exchange for a material reduction in the forbearance liability related to the Series 1997D&F General Obligation debt. The agreement also involves a temporary reduction in the interest rate applied towards the liability and an optional upfront prepayment from the City towards the forbearance liability in exchange for additional credit towards the overall liability. Finally, the agreement lays the groundwork to refinance debt and finance the Series 2005A-2 Bond defeasance, the net result of which will generate recurring budgetary savings and preserve fund balance.

Revenue Enhancement

The City has improved collection rates for the Neighborhood Services Fund and reduced the number of delinquent accounts by 20% through notification letters. These efforts have increased revenue collection to the fund by over \$200,000. The City endeavors to build on this progress and secure new improvements in collections. The City has also improved its online service functionality, which has enabled it to process business license applications more efficiently. Finally, the City is also refocusing efforts on securing Payment in Lieu of Tax ("PILOT") revenues from local non-profits and developing a strategy to secure increased grant revenue.



Promote Economic Development

The City's economic development efforts over the last several months were focused on helping the local business community cope with COVID-related pressures and hardships. In April 2020, the City partnered with Impact Harrisburg to establish a \$1.5 million (Impact Harrisburg provided additional funds) grant fund to help Harrisburg's small businesses impacted by the coronavirus shutdown. The City designed the Neighborhood Business Stabilization Program ("NBSB") to provide emergency cash flow to help small businesses cope with the COVID crisis. A total of 313 businesses were awarded \$5,000 grants (of which 62 were minority-owned businesses) to assist with operating costs, such as rental and mortgage payments, utility payments, outstanding vendor invoices, and payroll during this first funding round. A second round of this program began on December 1, 2020. Over 136 pre-applications have been received to date.

In July 2020, the City provided an opportunity for a one-time credit on future trash bills opportunity for commercial refuse account holders that were negatively impacted by the emergency closures and shutdowns due to the COVID pandemic. The City received 214 applications, of which 148 were approved. The total dollar amount credited for this program to date is approximately \$164,000.

A more detailed listing of the City's recent economic development efforts is included in Section 3 of this plan.

Workforce Stabilization

The City and the Fraternal Order of Police, the City's largest union, entered into a new collective bargaining agreement that is fair to both the City and the workforce, addresses attrition concerns in the department, and provides budgeting certainty over the next three years. In addition, despite the COVID pandemic, the City was able to conduct a fire academy for 10 new hires. These new hires bring the Fire Bureau compliment to 90 personnel, which is a staffing level not reached since the mid-2000s. The new hires were accounted for in the projections developed in the 2019 five-year plan and are reflected in this plan, as well.

Capital Infrastructure Investment

In the past year, the City has made significant investments in capital improvements, but understands that it still faces formidable deferred maintenance needs that far exceed current fiscal capacity. Recent completed capital improvement projects include:

- EV Charging stations project
- 13th Street Bridge repairs
- Mulder Square Ramp Project
- South Harrisburg Paving Project
- Market and Dewberry intersection project
- Pedestrian signal heads installation on 2nd Street; from Washington to North
- Front Street light base installation/rewiring
- "Sharrow" bike lane installation on 6th street
- Public Works Parking Lot lights rewiring/improvement
- 3rd Street Bike Lane delineators installation



- Overhead street name signs installation
- 4th and Maclay intersection rebuild
- 6th Street Road diet project
- Industrial Road delineator project

This report outlines a plan for the City to achieve structural budgetary balance while maintaining a strong fund balance. The plan involves restructuring debt and avoiding unnecessary cash outlays to preserve liquidity and operating flexibility. The City and the ICA share the common goal of developing and implementing a realistic plan that achieves Harrisburg's full financial recovery. The City looks forward to collaborating with the Authority, state and local elected leaders, City employees, and other stakeholders to reach this goal.

2 Historical Financial Results

This section presents a picture of Harrisburg's financial results since 2016 and provides the basis for revenue and expense growth expectations for the future. Based on historical operating results, trends, and existing contracts, this chapter develops the growth assumptions for revenues and expenses that are the foundation for the five-year financial forecasts.

2.1 Summary of Principal Funds

The City accounts for its primary financial operating activity with two main governmental funds, which reflect the City's tax-supported activities:

- General Fund – Primary operating fund and accounts for all financial resources except those accounted for in another fund.
- Debt Service Fund – Accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs.

For the purposes of this plan, transfers to the Debt Service Fund are shown as General Fund expenses.

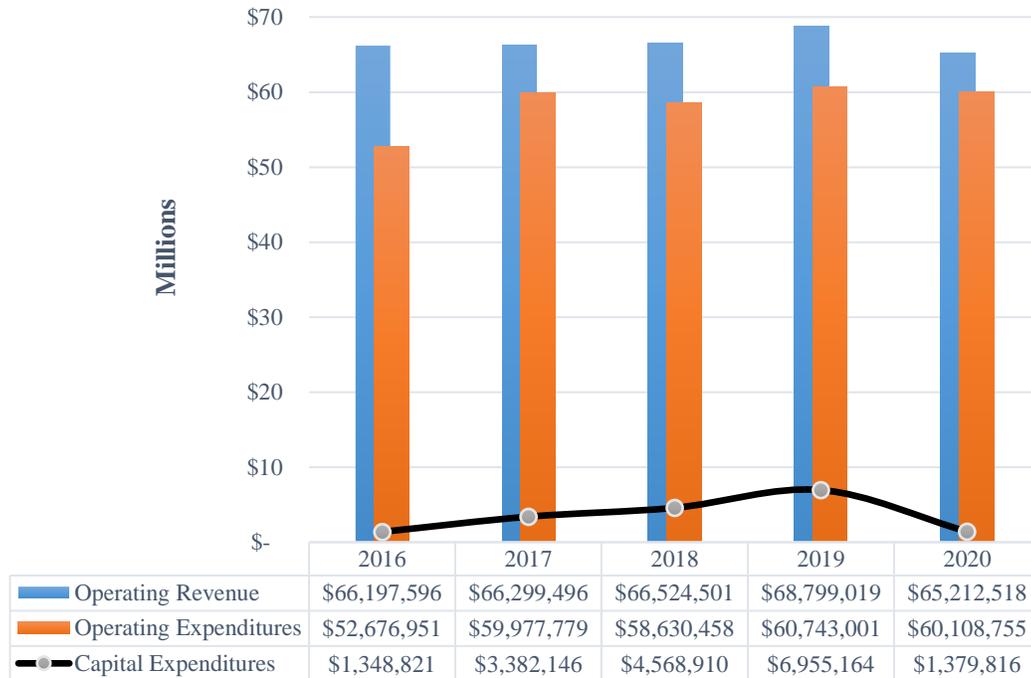
All City funds are audited in accordance with Government Accounting Standards Board ("GASB") standards. The Bureau of Financial Management makes annual adjustments for proper financial presentation within the audited Comprehensive Annual Financial Report (CAFR). However, for budgeting and internal financial management purposes, the City accounts for financial activity on a budgetary basis which includes a monthly cash basis reporting of total actual revenue and expenditures to the City Controller's office and other third-party stakeholders. This monthly reporting also includes year-to-date actuals compared to annual budget amounts as well as reflecting open encumbrance balances outstanding as of month-end; though not yet actually paid on the cash basis, the open encumbrance balances are viewed as a further committed reduction of available cash creating the transition from cash basis accounting to a reduced fund balance on a budgetary basis. Such reporting does not include any accruals for receivables or payables, nor any non-cash expenditures, as the budget is predominantly viewed internally as a working tool to monitor the City's ongoing changes in its critical available cash position. The financial schedules in this plan use the same basis of accounting.



2.2 Five-Year Operating History

As illustrated in the chart below, the City has achieved operating surpluses in each year from 2016 through 2020. The City has made modest contributions to capital improvements in recent years to help address a backlog of deferred maintenance projects.

**Operating Results
2016-2020**



3 Revenues

The table below presents a five-year history of Harrisburg’s revenues by major category. From 2016 to 2019, overall revenues increased 4.7%. The City realized lower revenues for 2020 due to COVID-19 related impacts on the local economy.

Real Estate taxes are the City’s primary revenue source representing 26% of all revenues. The City’s three highest revenue sources, Real Estate, Earned Income, and Local Services taxes, combined comprise 55% of Harrisburg’s operating revenues. The percentage of these sources’ share of total revenues is larger than usual in 2020 due to steep declines in parking related income.



**Key Operating Revenues
2016-2020**

	2016	2017	2018	2019	2020	Pct of Rev
Real Estate Taxes	17,323,448	17,594,105	17,659,922	17,240,236	16,879,692	26%
EIT - Act 511 (est)	3,863,927	4,006,443	4,163,356	4,466,620	4,458,689	7%
EIT - Act 124 (est)	7,175,864	7,440,537	7,731,946	8,295,152	8,280,423	13%
LST - Act 511 (est)	1,534,982	2,594,606	2,354,177	2,388,538	2,270,929	3%
LST - Act 124 (est)	2,850,680	4,818,553	4,372,042	4,435,856	4,217,440	6%
Mercantile Business Taxes	3,436,378	3,646,714	3,756,958	3,943,111	3,866,588	6%
Realty Transfer Tax	560,998	642,804	1,026,603	1,026,697	843,880	1%
Hotel Fee	840,000	0	0	900,000	900,000	1%
Parking Taxes	3,783,428	3,967,513	3,961,779	4,255,144	3,523,170	5%
Ground Lease	1,093,623	974,526	1,460,125	1,275,290	287,388	0%
Priority Payment	1,717,788	1,457,735	2,097,494	2,241,682	231,331	0%
Parking Tickets	447,119	423,493	422,889	381,107	259,533	0%
State Public Safety Contribution	5,000,000	5,000,000	5,000,000	5,162,039	5,128,284	8%
Pension Aid	2,545,914	2,639,729	2,894,903	3,310,806	3,163,377	5%
Fees/Permits	1,971,941	2,781,236	2,568,695	2,298,779	2,189,743	3%
TV Franchise License	572,217	607,259	564,392	570,000	522,963	1%
Medical/Employee Contribution	598,009	641,211	765,967	773,195	785,864	1%
Police Extra Duty	660,784	715,040	881,981	769,502	1,064,919	2%
PILOTS	728,031	542,364	809,462	654,938	728,893	1%
Vehicle Maint. Charge Backs	375,030	396,092	363,793	338,222	333,477	1%
Transfers from Other Funds	857,166	811,103	1,088,847	811,063	0	0%
Other	8,260,269	4,598,431	2,579,171	3,261,042	5,275,934	8%
Total	\$66,197,596	\$66,299,496	\$66,524,501	\$68,799,019	\$65,212,518	100%

The following is a description of each major operating revenue source followed by an annual growth assumption for the multi-year financial forecast.

Real Estate Taxes – In 2019, the City collected approximately \$17.2 million in Real Estate taxes, including \$15.1 million in current Real Estate taxes and \$2.1 million in delinquent taxes. The City



collected \$16.9 million in Real Estate tax revenue in 2020 including \$14.9 million in current and \$1.96 million in delinquent collections.

The City's Real Estate tax millage is split into the assessed value of the land (30.97 mills) and the value of improvements or structures (5.16 mills). The blended land and improvement components result in an effective millage rate of 10.955 mills.

The City is home to many non-profit and governmental entities and, thus, tax-exempt properties represent a large portion of Harrisburg's real estate value. Total combined land and value components are almost 50% tax-exempt, with state property representing approximately 60% of that total.

Projection – Current collections for 2021 are projected to rebound modestly from 2020. Current collections are projected to grow 0.5% annually from 2022 to 2024, reflecting limited increases in assessed values and a constant collection rate. No change in millage rate is assumed. Delinquent collections are projected to remain flat in 2021 and then increase by 1% annually through 2024.

Earned Income Taxes – The City imposes an Earned Income Tax on residents and non-residents. Under the Local Tax Enabling Act (Act 511), the EIT is capped at 1.0% and split equally with the School District, effectively limiting the tax to 0.5% for residents. The non-resident EIT is also capped at 1%.

Under provisions allowed under Act 47 and recommended in its previous recovery plans, the City imposed an additional 1% EIT on its residents. These special taxing powers were scheduled to expire with the termination of the ICA at the end of calendar year 2024, but, as noted above, the recent change to the state fiscal code extends the EIT taxing power indefinitely.

The City collected \$12.7 million in 2020, which, despite the COVID pandemic, was in line with 2019 collections.

Projection – The City's 2020 EIT projection was based on the following assumptions: the Harrisburg-Carlisle metropolitan area unemployment rate, which was 11.6% in June of 2020, will decline gradually to 8.0% by the year end. In preparation for a slow economic recovery, the City budgets a decline in revenue to \$12.5 million in 2021. The five-year projections assume a stronger recovery in 2022, with a 5% unemployment rate by year end. The projections also assume 1% annual growth in the labor force beginning in 2022 and 1% annual wage growth from 2022 through 2024.

Local Services Taxes – The Local Services Tax is an annual \$52 tax (or \$1 per week) charged to every person working in the City that does not qualify for the low-income exemption (annual income below \$24,000). The LST is imposed on individuals who work within a municipality as compensation for the services provided by the municipality irrespective of the person's residency.

Among other amendments to Act 47 that were enacted in late 2014 was the ability of Act 47 communities to increase the LST from \$52 per year to \$156 per year. The City first implemented the increased LST in 2016. Similar to the EIT, this special taxing power was scheduled to expire with the termination date of the ICA at the end of calendar year 2024. However, the change in the fiscal code extends these full special taxing powers for 10 years and then extends 50% of the special taxing power for another 5 years.



Harrisburg's LST collections were approximately \$6.8 and \$6.5 million in 2019 and 2020, respectively.

Projection – LST projections from 2020 through 2024 are based on the same employment level assumptions described in the EIT assumption above.

Parking Taxes – The City imposes a 20% tax on all revenues generated from off-street parking lots and garages (not meters). In 2019, the City realized \$4.3 million in Parking Tax revenues; however, 2020 revenues were just \$3.5 million.

Projection – This plan projects Parking Tax revenues to rebound in 2021, but not reach 2019 levels until 2022. The projections assume 0.5% annual growth in 2023 and 2024; however, these revenues are at risk with the prospect of increased telecommuting and reduced parking activity in the City.

Mercantile Business Privilege Tax – The Mercantile Business Privilege Tax (“BPT”) is a tax on gross receipts on business activity conducted in the City. Revenues from this tax has increased from \$3.2 million in 2015 to \$3.9 million in 2019.

Projection – The City collected \$3.9 million in 2020. However, because of the timing of BPT filing and payment of taxes, the negative COVID-related impacts on this revenue source will not be fully realized until 2021. The projections assume 2021 revenue equal to \$2.8 million. The projections also assume a gradual recovery to 2019 levels by 2023 and 0.05% growth in 2024.

Realty Transfer Tax – This is a 1% tax on real estate transactions within the City. The City and the School District split the proceeds from this tax.

Projection – This revenue source has averaged \$800,000 annually over the last five years. Based on year-to-date collections, the City collected \$843,000 for 2020 and projects \$800,000 annually from 2021 through 2024.

State Public Safety Contribution – The Commonwealth provides a \$5 million annual payment to the City to defray the costs of fire service. This payment is not guaranteed and may be discontinued at any time. Also in this category are various public safety fees and income, which usually amount to about \$100,000.

Projection – The projection assumes the \$5 million payment from the Commonwealth will be constant.

State Pension Aid – Harrisburg, like other Pennsylvania municipalities that provide pension benefits to their police officers and firefighters, receives aid from the Commonwealth to support its pension funds. Funding levels are determined by beneficiary headcount, workforce size, pension costs, and how much the state takes in as foreign insurance tax revenue (the primary state funding source for state aid).

Projection – The multi-year projection assumes 2% annual increases in pension aid, consistent with recent trends.

Ground Lease/City Priority Payments – The monetization of the parking system resulted in two revenue streams to the City, including a ground lease for long-term access to the parking structure and payments to compensate the City for revenues lost when the previous arrangement was eliminated. These



payments are determined by an asset transfer agreement, but are still conditional on the level of parking activity and revenues generated by the parking system, both of which were decimated by the COVID pandemic.

Projection – Per the asset transfer agreement, the City was to receive \$2.3 million in 2020, but only realized \$519,000. Because of the “waterfall” arrangement of parking revenues and the requirement to replenish depleted reserves, revenue in 2021 and beyond are also at risk. These projections assume \$0 in Ground Lease/City Priority Payments in 2021 and just 50% of the contracted amount in the asset transfer agreement for 2022 before returning to the full contracted amounts in 2023.

Fees/Permits – The City collects fees and permits revenue for a variety of functions. Building permits, rental inspections, and street cutting inspections are the three main revenue sources in this category.

Projection – These projections assume 2021 revenues about even with 2020, but will not return to 2019 levels until 2022. These revenues are projected to grow 1.5% annually from 2023 to 2024.

TV Franchise License – The City receives fees from private cable television companies as compensation for using public property as right-of-way for its cable.

Projection – Projected 2021 revenue is modestly higher than 2020 collections. These revenues are projected to be flat from 2022 through 2024.

Employee Medical Contribution – These receipts are from regular employee contributions towards insurance premiums.

Projection – The projected annual growth rate is consistent with projected salary growth rate.

Police Extra Duty – The City receives reimbursement for providing police service at certain special events and facilities.

Projection – Projected Extra Duty income is based on past performance and 2% annual increases.

Transfers from Other Funds – These are transfers from the Neighborhood Services Fund to reimburse the General Fund for certain equipment expenses.

Projection – The City will eliminate transfers from the Neighborhood Services Fund beginning in 2022. The City projects future transfers from the Senators Fund, which is discussed further in Section 3.1, Revenue Initiative 1.

Other Revenues – Other Revenues include miscellaneous items such as contributions and donations, demolition collections, and others. One-time \$2.8 million in COVID relief from Dauphin County and a \$150,000 reimbursement from Capital Blue Cross are part of Other Revenues in 2020. In 2021, the City budgets \$2.5 million for a one-time federal grant to fund a sink hole project that is categorized as Other Revenue in this plan.



3.1 Revenue Initiatives

1) Redirect Park Permit Revenues to General Fund

In 2004, the City issued a Park Permit for use of the minor league baseball stadium facilities to an affiliate of the Baltimore Orioles to relocate and play its home games at the improved stadium facility. Revenues paid pursuant to the Park Permit from the Orioles affiliate were pledged to pay debt service on the Harrisburg Redevelopment Authority, Series 2005A-2 Bonds. The City assigned Park Permit revenues to the Harrisburg Civic Baseball Club (“HCBC”) to make these debt service payments.

If the City is successful in defeasing the Series 2005A-2 Bonds, it should terminate the assignment of the Park Permit revenues to the HCBC for the benefit of the General Fund. The Park Permit has generated approximately \$400,000 in annual revenue in recent years; however, future revenues are largely contingent on minor league baseball resuming at the stadium. The projections reflect an additional \$400,000 in Transfers from Other Funds beginning in 2022 to account for these revenues. No revenue from this source is assumed for 2021.

2) Continue to Pursue Increased Payment in Lieu of Tax (PILOT) Agreements (2019 Plan Initiative)

Approximately 50% of assessed value in Harrisburg is non-tax revenue generating because it is used for tax-exempt purposes. The City will endeavor to enhance existing PILOT agreements and seek new ones, with the proceeds dedicated to supporting capital improvements.

Prior to the COVID pandemic, the City sent approximately 18 letters to non-profit entities to solicit PILOT contributions and received one voluntary payment as a result. The City successfully renegotiated a large PILOT and Municipal Services agreement increasing the contribution by \$150,000.

Post-COVID, the City will send additional letters and continue to work through existing agreements to renegotiate increased PILOT contributions. The City is initially focusing on those entities that have recently completed new construction projects and expanded their footprint in Harrisburg, as well as potential increases in the assessed value of the property in Dauphin County.

3) Improve Collection Rates in the Neighborhood Services Fund

The collection rate (combined current and delinquent fees) for the Neighborhood Services Fund is about 85%. The City will set the goal of improving the collection rate by 3% to 88% by 2022 and an additional 5% to 93% beginning in 2023. An 88% collection rate will generate approximately \$500,000 in incremental revenue and a 93% rate will generate \$1.3 million compared to current levels. A 93% collection rate is achieved in other communities and is a reasonable goal. The benefit of this initiative is assumed to be realized over time, rather than instant short-term improvement.

Prior to the COVID pandemic, the City mailed letters to all delinquent residential trash accounts. A sampling of 500 letters were sent out in November 2019, resulting in 37% of those accounts making a payment. In January of 2020, an additional 2,778 letters were mailed out to delinquent residential trash accounts, resulting in 22% of those accounts making a payment. The City’s Communications/Marketing team also began to notify the public via various social media platforms, along with sending out inserts in



the trash bills. The communications were established over several months and informed the billpayers of the various methods in which payment can be made to the City, which lead to notification that the City will be actively pursuing delinquent accounts. The Public Works team reviewed returned mail to find more accurate billing addresses. The City also began the process of combining the filing of civil complaints for delinquent trash bills and delinquent mercantile taxes and/or landlord licenses. The City recently received judgements on some of these accounts.

Post-COVID, the City plans on continuing the letter campaign, working with Public Works employees to ensure correct addresses for trash accounts, and filing civil complaints and liens.

4) Review Service Delivery Alternatives (2019 Plan Initiative)

The City has an established track record of collaborating with other governmental and non-governmental entities to deliver services cheaper and more efficiently. Examples of such arrangements include:

- A transfer of the Communications Center for emergency calls to Dauphin County.
- A transfer of the operation of the Harrisburg Resource Recovery Center from The Harrisburg Authority (now Capitol Regional Water “CRW”) to the Lancaster County Solid Waste Management Authority.
- The transfer of the partial City ownership and operation of water and sewer services exclusively to CRW.
- The long-term lease and operation of the City’s parking garages and on-street metered parking system to the Pennsylvania Economic Development Financing Authority (“PEDFA”) and the Pennsylvania Department of General Services (“DGS”).

Police Services

The City is exploring possibilities of intergovernmental agreements with surrounding municipalities for police services to determine if shared services would mutually benefit the City and neighboring municipalities in both police service and the cost of policing. In the past, the City participated in a countywide study of regionalizing policing services that ultimately showed the number of police calls in the City far exceeded the calls elsewhere in Dauphin County. Those facts make shared policing with other municipalities a difficult operational change for other municipal police departments, as their additional availability on City calls would predictably outpace the City’s ability to respond to calls in neighboring townships and boroughs.

Fire Services

The City participates in mutual aid agreements for fire protection services and provides fire protection services to the Commonwealth for structures in and outside the City. The Fire Bureau is exploring the potential for regionalized fire protective services, as there is a nationwide crisis in volunteer firefighting. Providing professional fire services has the potential to both provide better protection to more people and property in the areas surrounding the City, but also assist with cost-sharing of equipment and operations.

Procurement

The City joined the Capital Area Procurement Council of Government (“CAPCOG”), which provides advantages in certain (but far from all) categories of purchasing. Also, the City frequently participates in



the Costars Program operated by DGS for more efficient purchasing. Similarly, the City participates in electrical purchases on a brokered platform provided by the Commonwealth.

Information Technology

The City has worked with a series of Information Technology professionals through teams at Harrisburg University to explore stabilizing, operating, and modernizing essential governmental computer services. The City shares certain technologies relating to policing; utilizes County web-based information for aspects of property and tax data; and routinely accesses the data of other governmental entities to improve efficiencies.

Waste Removal

The City upgraded its solid waste and recycling services to better satisfy public health needs through its Neighborhood Service Fund and thereby tackle significant blight and trash issues. The City has entered into a successful partnership with Steelton Borough whereby Steelton residents pay Harrisburg a flat fee for trash and recycling services. Providing the service to the Borough has resulted in additional annual revenues of about \$640,000 to the Neighborhood Services Fund compared to annual costs of about \$456,120 (not including one-time start-up expenses of about \$186,000). The City has entered into similar agreements with Penbrook Borough and Paxtang Borough.

The City will endeavor to forge new arrangements with other entities with the goal of reaching an agreement similar in budgetary impact as the Steelton partnership by 2022.

5) *Seek Increased Federal Grant Funding*

The City is refocusing its efforts on identifying and pursuing federal grant funding opportunities. The revised five-year projections conservatively assume \$25,000 in new annual federal grant funding. The City will also refocus efforts to secure grants for the Neighborhood Services Fund to defray fleet maintenance costs. The City plans on taking a more active approach to identifying and pursuing grants. The City's departments will have a central role in working with the administration to decide which projects and priorities to move forward in a given year and then determine appropriate grant programs.

Below is a summary of federal grants that the City is pursuing. The summary does not include Housing and Urban Development ("HUD") or Community Development Block Grant funds. It also does not include sinkhole grants, some of which are federal funds from Federal Emergency Management Agency ("FEMA") and HUD, or COVID-related funds.

- FEMA - The City regularly applies for and is awarded money from FEMA through various Assistance to Firefighters Grant programs. Grants specific to fire generally range \$30,000 to \$50,000. The City will continue to apply for these grants every year, but there is no expectation for large grant awards. Awards are about \$50,000 maximum.
- Department of Justice ("DOJ") – The City has received federal DOJ money in the form of Community Oriented Policing Services ("COPS") grants. The City will consider applying for COPS grants in the future.
- Food and Drug Administration ("FDA")/National Institutes of Health ("NIH") – The City received a \$70,000 grant from the FDA/NIH for a health standards planning grant. The City



would like to pursue additional, and even larger, grants for the implementation of some of the measures that the planning study uncovers.

- Better Utilizing Investments to Leverage Development (“BUILD”) – The City has applied unsuccessfully for these grants; however, the City will continue to apply. The City will attempt to build a coalition among private sector and local/regional planning agencies in new applications.

3.2 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2021 Projection refers to the adjusted budget approved by City Council in January 2021.

Revenue Forecast, 2021-2024

	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Real Estate Taxes	16,879,692	17,379,267	17,368,628	17,466,231	17,564,430
Earned Income Taxes	12,739,112	12,337,933	13,018,369	13,621,000	13,893,439
Local Services Taxes	6,488,369	6,775,107	6,829,652	6,897,949	6,966,928
Mercantile Business Taxes	3,866,588	2,817,100	3,299,936	3,779,703	3,798,451
Realty Transfer Taxes	843,880	800,000	800,000	800,000	800,000
Hotel Fee	900,000	500,000	900,000	900,000	900,000
Parking Taxes	3,523,170	3,810,000	4,258,883	4,280,178	4,301,579
Ground Lease	287,388	0	696,724	1,435,251	1,435,251
Priority Payment	231,331	0	543,173	1,101,546	1,101,546
Parking Tickets	259,533	425,102	425,102	425,102	425,102
State Public Safety Contribution	5,128,284	5,100,000	5,100,000	5,100,000	5,100,000
Pension Aid	3,163,377	3,306,117	3,372,239	3,439,684	3,508,478
Fees/Permits	2,189,743	2,190,112	2,294,395	2,321,894	2,349,812
TV Franchise License	522,963	550,000	541,774	541,774	541,774
Medical/Employee Contribution	785,864	801,582	817,613	833,965	850,645
Police Extra Duty	1,064,919	1,000,000	1,020,000	1,040,400	1,061,208
PILOTS	728,893	840,000	865,000	865,000	865,000
Vehicle Maintenance Charge Backs	333,477	283,500	338,222	344,947	351,807
Transfers from Other Funds	0	162,000	400,000	400,000	400,000
Other	5,275,934	5,238,039	2,468,554	2,481,429	2,495,711
Total	\$65,212,518	\$64,315,859	\$65,358,263	\$68,076,053	\$68,711,161



4 Expenses

The table below presents a five-year history of the City’s expenses by major category. Personnel and medical expenses are the primary cost drivers, representing 68% of 2020 operating expenses. In 2020, personnel and medical expenses, along with debt service, comprised 85% of total operating expenses, which limits budget flexibility.

Key Operating Expenses 2016-2020

	2016	2017	2018	2019	2020	Pct of Budget
Personnel	26,301,230	28,605,023	29,517,938	30,447,220	31,457,827	52%
Medical	9,042,604	10,034,106	9,157,579	10,107,539	9,387,608	16%
Services	4,310,520	4,951,820	6,833,348	5,917,302	5,587,092	9%
Supplies	1,777,104	1,789,366	2,347,103	2,138,482	2,061,570	3%
Debt Service ¹	9,217,206	9,962,755	10,098,957	11,175,421	10,541,705	17%
Other Operating	2,028,287	1,683,043	329,665	434,473	1,072,954	2%
Transfers	0	2,951,666	345,868	523,241	0	1%
Total Operating Exp	52,676,951	59,977,779	58,630,458	60,743,680	60,108,755	
Capital Expenses	1,348,821	3,382,146	4,568,910	6,956,322	1,379,816	
Total (incl Capital)	\$54,025,772	\$63,359,925	\$63,199,368	\$67,700,001	\$61,488,571	

¹ Transfers to the Senators Fund for payment on the Series 2005A-2 Bonds are represented as Debt Service for the purposes of these tables and the five-year plan.

Workforce

Like most local governments, personnel costs are the main expense driver in Harrisburg’s operating budget. The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 (“FOP”), the American Federation of State County and Municipal Employees District Council 90, Local 521 (“AFSCME”), and the International Association of Firefighters, Local No. 428 (“IAFF”). Each of the City’s unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the initial Strong Plan in August 2013. The amendments to the prior collective bargaining agreements, as well as savings initiatives for the City’s non-union employees, were implemented, and cost reductions from these changes began to be realized.



Headcount

For 2021, Harrisburg is budgeted to employ 507 full-time employees, including 407 full-time equivalents budgeted to be paid out of the General Fund, 87 to be paid out of the Neighborhood Service Fund, and 3 paid from the Host Fee Fund. Ten employees are paid out of the Community Development Block Grant Fund.

The following table shows the number of budgeted 2021 full-time employees by employee group:

Employee Group	Covered Positions	2021 Budgeted Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	114	N/A
FOP	All sworn police officers	151	December 31, 2025
AFSCME	All non-executive, non-management, non-confidential employees not otherwise covered in FOP or IAFF	156	December 31, 2021
IAFF	All firefighters, lieutenants, captains, battalion chief, and deputy chiefs	86	December 31, 2022
Total		507	

In 2020, Harrisburg, like other municipalities across the country, evaluated how it keeps its communities safe. The City created a Community Services Division after its reexamination of public safety services. This division will have a greater emphasis on community policing, which will include an expansion of crisis intervention workers that will assist uniformed officers and will be managed by a Police Captain. In addition, the City will use civilian management employees to assist with crime analysis and reporting. This division will enhance the services that the City provides to the community, with an emphasis on mental health and crisis intervention. The division will be staffed by 7 Community Service Aides (“CSAs”) and one new Community Service Manager.

The new Community Services Division allows for the separation of uniform patrol responsibilities and other services. Housing special units together provides greater cohesion and a more unified response to community needs or concerns in a timely manner. The appropriations allow for the addition of civilian staff either through the technical services, such as body-worn cameras, records management, and online reporting, which will free up uniform police officer(s) currently assigned to those positions and provide for a more timely, efficient, and accurate handling of requests for services.

The CSA addition of civilian staff will assist in bringing the community together with the police by being dedicated to quality of life issues that are not always addressed by police in a timely manner. Police officers can focus on the more serious criminal issues, while CSAs can address issues that can be directed to the other services that the City may offer. In time, the Police Department would like to use the CSA pool of personnel to recruit for new police officer positions, which would reduce the time required for the hiring process and select potential hires whom already have the best interest of the City in mind.



Salaries and Wages

Salaries and wages are the largest component of personnel costs, representing 56% of these expenses and 37% of all General Fund expenses. As described above, in 2020, the City and the FOP ratified a new collective bargaining agreement that runs through 2025 and includes regular salary increases based on a fixed pay scale determined by years of service and job classification. Based on the pay scale and anticipated staffing levels, the City projects average annual salary increases of less than 2%.

Per its collective bargaining agreement, salaries for IAFF union members will increase 2% annually through 2022. The projections assume 2% increases in 2023 and 2024.

The City and AFSCME have agreed to a 2% salary increase for 2021. The projections assume 2% annual increases through 2024.

Similarly, salary increases for non-represented employees will average 2% for 2021 and are projected to increase 2% annually through 2024.

In addition to salaries, overall compensation includes a wide variety of components, such as overtime, longevity pay, shift pay, special assignment pay, other cash premiums and bonuses, employer portion of applicable payroll taxes, vacation, holidays, paid leave, active employee life insurance, and other miscellaneous fringe benefits.

As a result of the 2013 contract amendments, all full-time employees (represented and non-represented) were moved to the Basic Health Plan that previously had only been mandatory for non-represented City employees. In addition, all unions agreed their members would contribute towards the cost of health care premiums, as set forth below:

FOP	
Tier of Coverage	Percent of base salary effective 2020-2025
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%
AFSCME	
Tier of Coverage	Percent of base salary effective 2021
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%

IAFF employees contribute towards their health insurance coverage at the rate of \$40 per biweekly pay for single coverage, and \$90 per biweekly pay for two or more person coverage.



The City self-insures for health insurance coverage, meaning it does not use a third-party provider for health insurance.

The City also provides for certain post-retirement health benefits for its represented employees. In recent contract negotiations, the bargaining units have agreed to change retirement benefits with respect to active employees and future (yet-to-be-hired) employees. All units agreed that future employees would not be entitled to receive post-retirement health care at the City's cost. All bargaining units agreed that active employees, upon their retirement, would be provided benefits at the same levels as active employees, and that such retiree coverages may be modified from time to time if similarly modified for active employees.

Projection –

- The number of City employees remains at the current 2021 budgeted workforce level.
- Current wages are increased as specified in the current collective bargaining agreements, interest arbitration awards, or court orders. At the conclusion of a current collective bargaining agreement with the IAFF in 2022, annual wage increases are projected to increase 2%. Salaries for AFSCME and non-represented City employees are increased 2% annually.
- The City, which self-insures, has budgeted \$9.8 million for medical expenses in 2021. Medical expenses are potentially a volatile expenditure, which the City monitors closely. These expenses are projected to increase 5% annually from 2021 to 2024, which is in line with the City's experience and the actuarial assumptions used in the calculation of the City's Other Post-Employment Benefits liability. The City has worked with its insurance consultant to secure approximately \$1.1 million in annual health insurance/prescription drug savings.

Services

The City contracts for a variety of services such as legal, auditing, building maintenance, information technology support, insurance, utilities, fuel, traffic control, and heavy equipment repairs. Almost all of the City's contracted services fill an essential government need and are non-discretionary.

Projection - These costs are projected to increase 2% annually, close to the annual rate of inflation.

Long-Term Debt

General Obligation Debt

Series 1997D&F General Obligation Bonds

In 1997, the City issued its Series D&F Bonds to advance refund its Series 1997 B-1 Bonds and currently refund its Series 1995 Bonds. The Series 1997 D&F Bonds are capital appreciation bonds and not subject to redemption prior to maturity. Credit enhancement on the bonds was provided by Financial Guaranty Insurance, which is now Ambac Assurance Corporation ("Ambac").

In 2012, facing severe financial distress, the City defaulted on the bonds and the insurer agreed to make scheduled principal and interest payments on the bonds. The City and Ambac entered into an amended settlement agreement in April 2013 under which the City's forbearance liability accrues interest and is scheduled to be repaid over a ten-year period from 2023 to 2032.



Issue	Amount Outstanding/ Accreted Value ²	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
Series 1997D (Capital Appreciation Bonds)	\$3,076,324	Advance refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997F (Capital Appreciation Notes)	\$12,852,163	Current refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997D&F Forbearance Liability	\$25,454,829	Repay draws on enhancement facility	Any time	2032	6.75%	NA

² As of March 15, 2021.

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Bonds)

The City guaranteed a loan issued by the Harrisburg Redevelopment Authority (“HRA”) and insured by Financial Security Assurance, now Assured Guaranty Municipal Corp (“AGM”), that was used to acquire a site now known as the Verizon Tower. Anticipating the need to rely on the City’s guarantee for debt service payments scheduled to begin in 2016, in 2015, the City, the HRA, and AGM entered into a settlement agreement. The settlement agreement outlined terms for annual debt service payments that provided liquidity to the City, which was under fiscal distress and could not afford to make the full scheduled debt service payments. Under the settlement agreement, the City is required to make minimum contributions between \$500,000 and \$1.5 million annually through 2032. The City’s obligations would increase if it borrows under the settlement; however, the combination of improving economics on the building and higher anticipated rental income allow the City to avoid draws and save on interest expense.

Harrisburg Redevelopment Authority, Series 2005A-2 (Stadium Project)

In 2005, the HRA issued taxable bonds, insured by Ambac and guaranteed by the City, to renovate and upgrade the Harrisburg Senators baseball stadium. There is currently \$5,050,000 outstanding on the bonds, which are not callable and mature in 2030. In recent years, the City has paid about \$230,000 annually towards debt service costs. The COVID pandemic resulted in the cancellation of the 2020 minor league baseball season and subsequently required the City to make the full principal and interest payments on the 2020 debt service. The projections assume that the City will continue to make full annual debt service payments going forward.

Issue	Amount Outstanding/ Accreted Value ³	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A (Verizon Bonds)	\$19,473,464	Acquire Strawberry Square site	Non-callable	2033	Zero Coupon (Taxable)	AGM
HRA Series 2005A-2 (Stadium Project)	\$5,050,000	Senators Stadium improvements	Non-callable	2030	5.00-5.29% (Taxable)	Ambac

³ As of January 1, 2021.



LED – Guaranteed Energy Savings Contract

The City obtained a bank loan with M&T Bank using a guaranteed energy savings contract extended by the Efficiency Network. Under this agreement, the City is guaranteed energy savings that will more than cover the debt service on the bank loan. If savings exceed annual debt service of \$386,140, the benefit accrues to the General Fund. After 10 years, the City owns the equipment and bulbs financed by the original loan.

**Annual Debt Service Summary
2020-2024**

	2020	2021	2022	2023	2024
Series 1997D&F	8,660,000	8,655,000	8,650,000	-	-
Series 1997D&F Ambac Repayment	87,498	87,498	87,498	3,888,906	3,888,906
HRA Series 1998A (Verizon Bonds) ⁴	940,000	1,390,000	950,000	1,250,000	1,250,000
HRA Series 2005A-2 (Stadium Project) (est) ^{5,6}	649,690	649,895	653,705	651,345	647,945
Bank Loan - Energy Savings Contract	386,140	386,140	386,140	289,605	-
Total⁷	\$10,723,328	\$11,168,533	\$10,727,343	\$6,079,856	\$5,786,851

⁴ Represents minimum annual debt service due from City from 2022 to 2024.

⁵ Reflects anticipated annual debt service obligations prior to the proposed Amended Settlement Agreement with Ambac.

⁶ Since these guarantee payments are unknown and are estimates, the City does not typically include them as a budgeted debt service fund transfer for budgeting purposes. However, these expected expenditures are accounted for in the General Fund budget. The projections in this plan include these anticipated payments as debt service.

⁷ Actual transfer from the General Fund for debt service in 2020 was \$10,541,916. The City applied existing Debt Service Fund balance for the remainder of the 2020 obligation.

Pension

The City has three single-employer, defined benefit pension plans: the Police Pension Fund, the Firefighters Fund, and the Non-Uniformed Pension Plan. These plans cover substantially all full-time employees. Commonwealth law requires all municipalities, including Harrisburg, to make annual contributions to the pension funds based on a calculation of the minimum municipal obligation (“MMO”). The MMO is based on an annual actuarial valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. The City’s MMO is projected to continue to increase at a rate slightly above that of salaries and wages.

The table below shows the key statistics for the Police, Firefighters, and Non-Uniform pension funds in recent years. As of December 31, 2018, the police pension fund had a negative net position of over \$21 million with a funded ratio of 78.5%. The firefighters and non-uniformed pension plans had positive funding ratios of 101.9% and 109.4%, respectively.



The funding ratios worsened from 2017 to 2018 due to investment losses in pension assets, which tracked generally with market losses during that time period.

Pension Summary
December 1, 2017 and December 1, 2018

	Police Summary		Firefighters Summary ⁸		Non-Uniformed Summary ⁸	
	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018
Participants						
Active Employees	132	139	72	83	180	197
Vested Former	2	2	1	1	31	27
<u>Receiving Benefits</u>	<u>213</u>	<u>209</u>	<u>131</u>	<u>130</u>	<u>204</u>	<u>220</u>
Total Participants	347	350	204	214	415	444
Total Pension Liability	\$95,561,114	\$98,203,560	\$71,106,314	\$73,363,119	\$61,196,335	\$66,639,766
Plan Fiduciary Net Position	\$84,306,974	\$77,054,079	\$81,213,997	\$74,774,932	\$79,911,152	\$72,911,381
Net Pension Liability (Asset)	\$11,254,140	\$21,149,481	(\$10,197,683)	(\$1,411,813)	(\$18,514,817)	(\$6,271,615)
Plan Fiduciary Net Position as % of Total Pension Liability	88.2%	78.5%	114.4%	101.9%	130.3%	109.4%

⁸ Membership related to the Non-uniform Employees' and Combined Firefighters' plans are as of December 31, 2016.

Projection – MMOs are projected to increase 2% annually, which is generally consistent with wage increases for each City employee group.

Other-Post Employment Benefits

Other Post-Employment Benefits (“OPEB”) are benefits other than pension that are provided to retirees, including medical, prescription drug, dental, vision, hearing, life insurance, long-term disability, long-term care, death benefits, and any payments made to the retiree that are to be used for such coverage.

GASB rules require the use of accrual-based accounting methods for disclosure of the liabilities related to OPEB costs. The accrual-based accounting recognizes costs when benefits are earned, not when the benefit is actually paid.

Like most other governments, Harrisburg uses a “pay-as-you-go” approach for funding OPEB costs. Per the most recent actuarial valuation dated January 1, 2018, Harrisburg’s total OPEB liability was \$130.1 million, which is reduced from recent years when it was over \$150 million.



**Other Post Employment Benefit Summary
January 1, 2018**

Demographic Information	Police	Firefighters	Non-Uniformed	Total
Active Participants	93	66	124	283
Vested Former Participants	3	1	39	43
Retired Participants	174	107	118	399
Total	270	174	281	725
Financial Information	Police	Firefighters	Non-Uniformed	Total
Total OPEB Liability	\$65,384,379	\$42,202,464	\$23,094,132	\$130,680,975
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	\$65,384,379	\$42,202,464	\$23,094,132	\$130,680,975
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	982.81%	100.44%	377.56%	769.26%
OPEB Expense	(\$3,451,203)	(\$1,445,003)	(\$974,239)	(\$5,870,445)

The City has a multi-faceted approach to reduce its OPEB liability. The City has begun to address this liability with new provisions in its collective bargaining agreements. In addition, following the monetization of the parking system, the Commonwealth deposited \$3.2 million in a bank account established for an OPEB fund. This deposit will fund the OPEB Trust that the City plans to establish early in 2021, as required by Act 124.

**Expense Growth Assumptions,
2021-2024**

	2021	2022	2023	2024
Salaries and Wages	2%	2%	2%	2%
Overtime/Other Premium	2%	2%	2%	2%
Medical	5%	5%	5%	5%
Other Benefits	2%	2%	2%	2%
Pension	2%	2%	2%	2%
Services	2%	2%	2%	2%
Supplies	2%	2%	2%	2%
Debt	See Expense Initiatives 4.1(2)			



4.1 Expense Initiatives

1) Implement Steps to Reduce Health Insurance Costs

The City is exploring ways to reduce health insurance costs, including working with a broker to lower prescription drug costs, instituting a wellness program, and considering changing the structure of its self-insurance model. The City has secured annual medical cost savings of approximately \$1.1 million beginning in 2021.

2) Explore Opportunities to Restructure Debt Obligations (2019 Plan Initiative)

The City has been engaged in negotiations with Ambac regarding opportunities to reduce the forbearance liability associated with the Series 1997D&F General Obligation bonds as well as the outstanding Series 2005A-2 Bonds, which are guaranteed by the City. The City's current restructuring plans for these liabilities include the following:

Defease the Series 2005A-2 Bonds

The City and Ambac have reached an agreement that includes defeasing the Series 2005A-2 Bonds (which are not callable). The total gross cost of the defeasance (principal and interest) is about \$6.0 million (assuming the defeasance occurs after the next debt service payment date on May 15, 2021). In exchange for defeasing the debt, Ambac will reduce the forbearance liability on the Series 1997 General Obligation debt by \$1,768,900. The total estimated upfront cost to the City will be approximately \$5.22 million after investment earnings in the defeasance escrow and the release of a debt service reserve fund of about \$658,000 currently held for the benefit of bond holders. The \$5.22 million assumes the bonds are defeased after the scheduled May 15, 2021 debt service payment.

The defeasance will eliminate approximately \$650,000 in annual debt service through 2030 that was guaranteed by the City. In recent years, the City was contributing approximately \$240,000 towards annual debt service on these bonds. In 2020, because the Harrisburg Senators baseball season was cancelled due to the COVID pandemic, the City made the full annual debt service payment. While the Senators are expected to resume playing next season, the status of 2021 minor baseball is still unclear.

Repay the Series 1997D&F Forbearance Liability

The agreement with Ambac also involves the repayment of a portion of the Series 1997D&F forbearance liability at a discount. Per the agreement, for every \$1 the City pays towards the liability (up to \$4 million) through 2021, Ambac will apply an additional \$0.38. The City budgets a \$2 million payment towards the liability in 2021 meaning the liability will be reduced by \$2.76 million (not including the \$1.8 million reduction related to the Series 2005A-2 defeasance). The City is pursuing a refinancing of the entire forbearance liability which will allow them to maximize the benefit of the Ambac agreement.

Consider Options to Finance the Series 2005A-2 Bond Defeasance and Forbearance Liability Repayment

The City will pursue financing alternatives for the defeasance of the Series 2005A-2 Bonds and the Series 1997 D&F Forbearance Liability. Refinancing the forbearance liability, which accrues interest at 6.75%,



will allow the City and to take advantage of interest rate savings and also capitalize on the prepayment incentives in the Ambac agreement.

Financing the Series 2005A-2 Bonds defeasance rather than funding the defeasance with a cash outlay would not result in interest expense savings (interest expense would actually increase). However, financing the defeasance would allow the City to preserve liquidity and create a manageable repayment structure. The City has not committed to financing the defeasance and will evaluate its options with its financial advisor.

The tables below show the projected annual debt service and liability balance comparison between the existing and pro forma restructured debt. The tables assume the forbearance liability is refinanced in September 2021 with an interest rate of 4.25%, 2032 maturity (matching the existing forbearance liability repayment schedule), and level debt service. The defeasance financing assumes a 5.25% interest rate, 2030 maturity (matching that of the existing debt), and level debt service. These terms are subject to market conditions and the City's ability to execute a financial plan that maintains structural budgetary balance and a strong fund balance, among other credit factors. As noted above, the City has not committed to a specific plan of finance and will review its alternatives with its financial advisor and other professionals.

A refinancing would not be a realistic consideration if the City's special EIT and LST taxing powers were not extended by the recent amendment to the state fiscal code.

Annual Debt Service Comparison (Series 2005A-2 Bonds and Series 1997D&F Forbearance Liability)							
	Existing			Forbearance Refinancing	Pro Forma		Difference
	Forbearance	Series 2005A-2	Total		Series 2005A-2 Defeasance	Total	
2021	76,429	649,895	726,324	-	527,583	527,583	(198,742)
2022	87,498	653,705	741,203	988,593	910,821	1,899,413	1,158,210
2023	3,888,906	651,345	4,540,251	2,903,593	760,888	3,664,480	(875,771)
2024	3,888,906	647,945	4,536,851	2,904,205	757,425	3,661,630	(875,221)
2025	3,888,906	648,375	4,537,281	2,903,333	757,450	3,660,783	(876,499)
2026	3,888,906	647,276	4,536,182	2,903,890	760,688	3,664,578	(871,604)
2027	3,888,906	649,503	4,538,409	2,903,665	757,138	3,660,803	(877,607)
2028	3,888,906	650,144	4,539,050	2,903,530	756,800	3,660,330	(878,720)
2029	3,888,906	649,197	4,538,103	2,903,315	754,538	3,657,853	(880,251)
2030	3,888,906	(11,571)	3,877,336	2,903,850	755,213	3,659,063	(218,273)
2031	3,888,906	-	3,888,906	2,903,923	-	2,903,923	(984,984)
2032	\$3,888,906	-	\$3,888,906	\$2,903,363	-	\$2,903,363	(\$985,544)



Debt/Liability Balance Comparison							
	Existing			Pro Forma			Difference
	Forbearance Liability	Series 2005A-2	Total	Forbearance Refinancing	Series 2005A-2 Defeasance	Total	
2021	26,248,829	4,655,000	30,903,829	23,261,000	5,480,000	28,741,000	(2,162,829)
2022	27,962,652	4,235,000	32,197,652	23,261,000	4,905,000	28,166,000	(4,031,652)
2023	25,927,451	3,795,000	29,722,451	21,346,000	4,400,000	25,746,000	(3,976,451)
2024	23,752,556	3,335,000	27,087,556	19,349,000	3,870,000	23,219,000	(3,868,556)
2025	21,428,379	2,850,000	24,278,379	17,268,000	3,310,000	20,578,000	(3,700,379)
2026	18,944,671	2,340,000	21,284,671	15,098,000	2,715,000	17,813,000	(3,471,671)
2027	16,290,485	1,800,000	18,090,485	12,836,000	2,090,000	14,926,000	(3,164,485)
2028	13,454,118	1,230,000	14,684,118	10,478,000	1,430,000	11,908,000	(2,776,118)
2029	10,423,065	630,000	11,053,065	8,020,000	735,000	8,755,000	(2,298,065)
2030	7,183,963	-	7,183,963	5,457,000	-	5,457,000	(1,726,963)
2031	\$3,722,533	-	\$3,722,533	\$2,785,000	-	\$2,785,000	(\$937,533)
2032	-	-	-	-	-	-	-

**Pro-Forma
Annual Debt Service Summary
2021-2024**

	2021	2022	2023	2024
Series 1997D&F	8,655,000	8,650,000	-	-
Series 1997D&F Ambac Repayment	2,087,498	87,498	-	-
HRA Series 1998A ("Verizon Bonds") ⁸	1,390,000	950,000	1,250,000	1,250,000
Bank Loan - Energy Savings Contract	386,140	386,140	289,605	-
HRA Series 2005A-2 Defeasance Financing ⁹	527,583	910,821	760,888	757,425
Forbearance Liability Refinancing (2021) ⁹		988,593	2,903,593	2,904,205
Total^{10,11}	\$13,046,221	\$11,973,051	\$5,204,085	\$4,911,630
Existing Annual Debt Service	\$11,168,533	\$10,727,343	\$6,079,856	\$5,786,851
Difference	(\$1,877,688)	(\$1,245,708)	\$875,771	\$875,221

⁸ Represents minimum annual debt service due from City from 2022-2024.

⁹ A refinancing will depend on market conditions and the City's ability to execute a financial plan that maintains structural budgetary balance and a strong fund balance, among other credit factors.

¹⁰ Actual transfer from the General Fund for debt service in 2020 was \$10,541,916. The City applied existing Debt Service Fund balance for the remainder of the 2020 obligation.

¹¹ In 2021 the City budgeted a \$5,750,000 transfer from the General Fund to the Senators Fund to defease the Series 2005A-2 Bonds, but under the pro-forma scenario would finance the defeasance. The City budgets \$895,000 of existing Debt Service Fund balance for a portion of the 2021 debt obligations.



4.2 Expense Forecasts

Below is the multi-year expense forecast based on historical growth trends, planned initiatives, and other available data. The 2021 Budget refers to the proposed budget introduced to City Council on November 24, 2020, budget amendments of January 2021, and adjustments based on a refinancing later this year.

	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel (less Medical)	31,457,827	36,569,189	37,367,137	38,136,423	38,775,317
Medical	9,387,608	9,763,864	10,252,057	10,764,660	11,302,893
Services	5,585,519	7,812,923	6,842,089	6,970,431	7,101,339
Supplies	2,045,689	3,766,865	3,053,701	3,111,875	3,171,213
Other Operating	1,072,954	901,947	638,292	646,222	654,311
Transfers	0	0	0	0	0
Total Expenses (Pre-Debt Service)	49,549,597	58,814,788	58,153,277	59,629,612	61,005,074
Debt Service ¹²	10,541,705	10,074,791	11,885,553	5,204,085	4,911,630
Total Operating Expenses	60,091,302	68,889,579	70,038,830	64,833,697	65,916,704
Capital Expenses	1,397,270	5,937,223	1,617,000	1,597,000	1,477,000
Total	\$61,488,571	\$74,826,802	\$71,655,830	\$66,430,697	\$67,393,704

¹² In 2021 the City budgeted a \$5,750,000 transfer from the General Fund to the Senators Fund to defease the Series 2005A-2 Bonds, but under the pro-forma scenario would finance the defeasance. The City budgets \$895,000 of existing Debt Service Fund balance for a portion of the 2021 debt obligations.

The 2021 budget amendment includes adjustments for encumbrances (claim against General Fund balance for an expenditure) carried over from 2020 to 2021. These encumbrances, which totaled \$2,543,186, were “rolled over” into the new year even though they were incurred in 2020. It is important to consider encumbrances when evaluating available fund balance. The City ended 2020 with a General Fund cash balance of \$32.1 million; however, since about \$2.5 million was already encumbered, the available balance was just \$29.6 million.



5 Other Initiatives

The City is committed to providing essential services to the community while securing its long-term fiscal stability. Below is a summary of the progress in implementing initiatives not already covered in the previous sections and additional actions the City is taking to achieve its goals:

1) Reestablish Access to the Debt Markets and Restore Credit Rating (2019 Plan Initiative)

Key to the City's long-term viability is access to the debt markets to fund capital projects and other deferred maintenance needs. As described above, the extension of the City's EIT and LST taxing powers likely makes a refinancing for annual debt service savings feasible. The City has engaged an independent financial advisor that is currently advising on its capital structure and potential market receptivity to a refinancing. The City and the financial advisor are currently developing a plan to assemble a financing team and establish a timeline for a potential financing.

2) Establish an OPEB Trust (2019 Plan Initiative)

The City set aside \$3.2 million from the parking monetization as an initial deposit for an OPEB fund. The purpose of the fund is to provide a source of future and ongoing funding for the City's OPEB obligations. The City has engaged legal counsel to advise on this issue and anticipates forming the OPEB trust early in 2021.

3) Implement Workforce Stabilization Program (2019 Plan Initiative)

The primary strategy for stabilizing the workforce was to reach a new agreement with the FOP, the City's largest union. The City and the FOP entered into a new collective bargaining agreement that is fair to both the City and the workforce, addresses attrition concerns in the department, and provides budgeting certainty through 2025. Both the administration and the union are confident that the new agreement will improve employee retention and recruitment concerns that were detrimental to the department in the past.

4) Promote Economic Development (2019 Plan Initiative)

Key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues. Even after it is clear that the City will retain its extraordinary taxing powers, its capacity to deliver basic services to its residents depends on a strong local tax base. These tasks are even more difficult in the face of a pandemic that caused a virtual economic shutdown earlier this year and pushed many local businesses to close or to the brink of closing.

The City's economic development efforts over the last several months were focused on helping the local business community cope with COVID related pressures and hardships. While tax and economic base expansion is a clear goal for Harrisburg, it is also imperative that the City step in to preserve existing local businesses that are struggling to survive through the health crisis. The following are examples of actions the City has taken to support businesses during this uniquely difficult time:



- In April 2020, the City partnered with Impact Harrisburg to build a \$1.5 million (Impact Harrisburg provided additional funds) grant fund to help Harrisburg small businesses impacted by the coronavirus shutdown.
- The City designed the Neighborhood Business Stabilization Program (NBSP) to provide emergency cash flow to help small businesses cope with the COVID crisis. A total of 313 businesses were awarded \$5,000 grants (of which 62 were minority-owned businesses) to assist with operating costs, such as rental and mortgage payments, utility payments, outstanding vendor invoices and payroll during this first funding round. A second round of this program began on December 1, 2020. Over 130 pre-applications have been received to date.
- In July 2020, the City provided a one-time credit on future trash bills opportunity for commercial refuse account holders, negatively impacted by the emergency closures and shutdowns due to the COVID pandemic. The City received 214 applications, of which 148 have been approved. The total dollar amount credited for this program to date is approximately \$164,000.
- As a response to the COVID public health crisis and the resulting statewide business closure order, ChooseHBG was initiated to encourage people, businesses, and local government to think, and more importantly, spend locally first.

Even beyond COVID, the City understands the importance of solidifying and expanding its tax base. The City has implemented the following initiatives to further these efforts:

- In partnership with the Harrisburg Housing Authority (“HHA”), the City submitted application to the U.S. Department of Housing and Urban Development (“HUD”) for the Choice Neighborhoods Planning Grant. If awarded, this grant will provide \$450,000 to the City for the development of a comprehensive neighborhood revitalization strategy (the “Transformation Plan”) for the South Harrisburg Neighborhood/Hoverter Homes Development.
- The HHA and the City also plan to submit application to HUD for the Choice Neighborhoods Implementation Grant, which provides up to \$30 million to implement Transformation Plan.
- The City, through its Bureau of Economic Development, created an Affordable Housing Taskforce to help guide and support the development of a new affordable housing policy, designed to make home renting and ownership more cost-effective in Harrisburg. This taskforce also assists in identifying tools, strategies, and incentives necessary to encourage affordable and mixed-use development. The Bureau of Economic Development is coordinating efforts to produce an Affordable Housing Density Bonus Ordinance. This ordinance is a joint effort of the Administration and City Council.
- The Department of Business Development held workshops to provide information, resources, and support to members of Harrisburg’s small and diverse business community. In addition, the sessions create professional networking opportunities where attendees can develop relationships that will help further their business endeavors.

The City is in the process of completing the review and update of its Comprehensive Plan and planning and zoning criteria. A required 45-day review period of the Comprehensive Plan recently ended. City Council will review and adopt the plan early in 2021.



The City has just begun the process of reviewing and updating its planning and zoning criteria. The City plans to issue a Request for Proposals and select a consultant by the end of 2021.

5) Improve Information Technology Capabilities

The City is implementing a number of initiatives to improve its information technology capabilities and infrastructure as outlined below:

1. Replace the current disparate systems, including mainframe systems (City, Revenue, and Personnel), finance system (Central Square), and payroll system (Paychex) with an ERP system from one vendor, where all modules are integrated with each other.
2. Obtain Office 365 Licenses to support our Microsoft suite of tools: Outlook (Email), Word, Excel, PowerPoint, etc.
3. Replace of the Data Center core switch, which controls the critical infrastructure for all City-deployed technology.
4. Replace the aging fleet of City-wide printers with new machines.
5. Replace the security camera system at Reservoir Park, which is unreliable and not integrated with our other camera systems.
6. Implement a Laserfiche public portal that would allow for a single point of citizen access to City-related documents.
7. Replace the equipment (servers and Storage Area Network (SAN)) in the Data Center and Co-location site, as they reach the end of their useful life.

Update on Exploration of Home Rule (2019 Plan Initiative)

As noted in the 2019 plan, over the course of the last ten or so years, the potential of Home Rule has been reviewed. Legislation to pursue Home Rule was presented in 2018 and reviewed by elected officials. With the recent extension of the City's special EIT and LST taxing powers, Home Rule will not be explored any further.



6 Capital Improvement Plan

As described in the 2019 five-year plan, the City has a backlog of deferred maintenance and unfunded capital needs. Capital needs far exceed funding capacity. Most critically important capital needs will remain unfunded unless operating projections outperform expectations or new funding sources are identified. The tables below show the capital projects the City plans to fund with General Fund transfers and other sources. Note: projected 2021 amounts differ from the budget due to how expenditures are classified in the budget and changes in project costs and scope.

Capital Improvement Projects - General Fund

Department	Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Total
IT	DCIT & DREV System Replacement	250,000	250,000	-	-	500,000
IT	DPER System Replacement	250,000	-	-	-	250,000
IT	Data Center Core Switch Replacement	-	100,000	100,000	-	200,000
IT	Date Center Equipment Replacement	-	-	-	300,000	300,000
IT	Other IT	158,298	37,000	12,000	-	207,298
Police	Police Patrol Vehicles	330,000	260,000	260,000	260,000	1,110,000
Police	Other Police Vehicles	270,000	-	-	-	270,000
Police	Radios	112,000	-	-	-	112,000
Police	Surveillance Cameras	100,000	-	-	-	100,000
Police	Other	52,000	-	-	300,000	352,000
Fire	Apparatus Replacement	780,000	350,000	700,000	400,000	2,230,000
Fire	Timesheet Management System	100,000	-	-	-	100,000
Fire	Baydoors	80,000	-	-	-	80,000
Fire	Other	25,000	-	-	217,000	242,000
Public Works	Vehicle Leasing Program	479,830	620,000	525,000	-	1,624,830
Public Works	Engine Reader	30,000	-	-	-	30,000
Engineering	Lease Purchase	9,830	-	-	-	9,830
Engineering	Other	63,000	-	-	-	63,000
Facilities	M&T Bank Building Rehab	200,000	-	-	-	200,000
Facilities	PSB Fire Panel Replacement	95,000	-	-	-	95,000
Facilities	GESA	1,000,000	-	-	-	1,000,000
Facilities	Other Facilities	295,153	-	-	-	295,153
Subtotal		\$4,680,111	\$1,617,000	\$1,597,000	\$1,477,000	\$9,371,111

Capital Improvement Projects - Neighborhood Services Fund¹³

Department	Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Total
NSF	Vehicle Purchase Program	945,857	1,245,000	740,000	1,062,000	3,992,857
NSF	Equipment Leasing	607,111	607,111	341,003	85,251	1,640,476
NSF	Building Improvements	202,190	46,410	47,338	48,285	344,223
NSF	Equipment - Other	139,513	50,000	50,000	50,000	289,513
Subtotal		\$1,894,671	\$1,948,521	\$1,178,341	\$1,245,536	\$6,267,069

¹³ In addition to NSF revenues, funding includes grant funds in the amount of \$300,000 per year from 2022 to 2024.



Capital Improvement Projects - Capital Projects Fund¹⁴

Department	Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Total
Engineering	Vision Zero (Signal Upgrades)	50,000	100,000	50,000	-	200,000
Engineering	Vision Zero (2nd Street)	5,456,104	223,372	-	-	5,679,476
Engineering	Vision Zero - Capitol Gateway	1,018,020	-	-	-	1,018,020
Engineering	Vision Zero - State Street	653,000	-	-	-	653,000
Engineering	East-West Multimodal	650,000	743,070	-	1,725,000	3,118,070
Engineering	Mulder Square	2,800,000	-	-	-	2,810,000
Engineering	North 7 th Street	4,411,752	-	-	-	4,411,752
Engineering	Allison Hill Paving	1,600,000	-	-	400,000	2,000,000
Engineering	Uptown and Midtown Paving	550,000	-	1,000,000	-	1,550,000
Engineering	South Paving Project	224,112	224,112	224,112	224,112	896,448
Subtotal		\$17,422,988	\$1,290,554	\$1,274,112	\$2,349,112	22,336,767
Total		\$23,997,770	\$4,856,075	\$4,049,453	\$5,071,648	\$37,974,947

¹⁴ Other funding sources, in addition to Capital Projects Fund balance, includes grant funds and Liquid Fuels Funds.

Without new revenues from either General Fund transfers, grants, or other sources, commitments to these projects will result in declining balances in the Capital Projects Fund, as illustrated in Appendix C. The improved fiscal and fund balance position resulting from the implementation of this plan will allow the City to reassess the capital funding strategy to possibly include increased General Fund transfers or debt funding.

The City has further prioritized its capital needs as Priority One and Priority Two level projects.

The City has 41 unfunded Priority One projects with costs up to \$8.5 million through 2024. The City has 81 unfunded Priority Two projects costing with a cumulative estimated cost of over \$21 million. The table below summarizes the annual costs of the Priority One and Priority Two projects. A project listing is included in the Appendix.

Unfunded Capital Improvement Projects

Level	Number of Projects	2021	2022	2023	2024	Total
Priority One	41	666,682	1,553,487	3,259,487	2,995,000	8,474,656
Priority Two	81	672,500	3,835,700	5,762,536	10,752,813	21,023,549
Totals	122	\$1,339,182	\$5,389,187	\$9,022,023	\$13,774,813	\$29,498,205

The total cost of the unfunded projects identified above is about \$29 million. Not included in this listing are Priority Three projects, which are even farther beyond the City's current funding capacity. Taking into account Priority Three projects, Harrisburg's total capital needs exceed \$100 million.



7 Financial Forecasts

The operating forecasts, which assume the full implementation of the initiatives described above, demonstrate the City's ability to maintain a fund balance level of at least 16% of expenses at the end of each year of the five-year plan.

The projections also demonstrate the ability to maintain essential City services and address other priorities. In addition to the initiatives outlined in this plan, the City relies on its significant unreserved General Fund balance to fund capital needs and, under certain circumstances, cover the gap between revenues and expenses. The adopted 2021 budget includes a \$15.2 million transfer from General Fund balance, which included \$7.75 million of cash to defease the Series 2005A-2 Bonds and prepay the Ambac forbearance liability. Rather than transferring cash, the City plan to use a financing to execute these transactions, which will preserve liquidity and operating flexibility.

The City anticipates weaker revenues in 2021 as the COVID health crisis recovery continues and, instead of balancing the budget with tax increases, will utilize a portion of its fund balance. The City will not increase the tax burden on its residents at a time when so many face job insecurity and are struggling just to pay their bills. Moreover, raising tax rates is counterproductive to Harrisburg's efforts to attract private investment and expand the tax base, especially during this challenging period for the local economy.

The City understands the fiscal uncertainty associated with the COVID-19 pandemic recovery and has the ability to adjust to unanticipated shortfalls just as it effectively managed such a situation in 2020. One example of a contingency action is to slow the pace of hiring new employees and filling vacancies. The City budget assumes that all new employees are hired and vacancies will be filled on January 1, 2021. As a practical matter, the new positions will not be filled immediately in the new year, so there is some flexibility already built into the budget. The City has the ability to delay hires and implement a general hiring freeze if City revenues are lower than expected.

The forecasts show a declining fund balance in 2021 and 2022 and then General Fund surpluses in 2023 and 2024. Key to achieving these surpluses is the City's debt restructuring strategy described in the preceding sections. In addition, annual debt service obligations will fall significantly after the City's General Obligation Bonds mature in 2022, enabling the City to achieve surpluses in 2023 and 2024 and replenish and rebuild fund balance. If the plan is executed as anticipated, the City can reexamine its strategy to finance capital improvements and other priorities while maintaining sufficient liquidity.

Planned budget enhancement initiatives will enable the City to maintain a substantial fund balance through 2024. Moreover, the extension of the special EIT and LST taxing powers will allow the City to avoid a revenue cliff and potential draconian service cuts. The City is committed to providing essential services to the community while securing its long-term fiscal stability. The City will take every responsible action necessary to achieve these objectives.



7.1 Initiatives Summary

Initiative	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Five-Year Impact
Revenue					
Redirect Park Permit Revenues to General Fund	-	400,000	400,000	400,000	1,200,000
Pursue PILOT Agreements ⁺	-	25,000	25,000	25,000	75,000
Review Service Delivery Alternatives ⁺	-	100,000	100,000	100,000	300,000
Seek Increased Federal Grant Funding	-	25,000	25,000	25,000	75,000
Improve Neighborhood Service Fund Collection Rates*	-	500,000	1,300,000	1,300,000	3,100,000
Expense					
Implement Steps to Reduce Health Insurance Costs	1,100,000	1,155,000	1,212,750	1,273,388	4,741,138
Explore Opportunities to Restructure Debt Obligations ⁺	198,742	(1,158,210)	875,771	875,221	791,522
Other					
Reestablish Access to Debt Markets and Restore Credit Rating ⁺	-	-	-	-	-
Establish an OPEB Trust ⁺	-	-	-	-	-
Implement Workforce Stabilization Program ⁺	-	-	-	-	-
Promote Economic Development ⁺	-	-	-	-	-
Total – General Fund	\$1,298,742	\$546,790	\$2,638,521	\$2,698,609	\$7,182,662
Total – All Funds	\$1,298,742	\$1,046,790	\$3,938,521	\$3,998,609	\$10,282,660

⁺ Indicates 2019 Five Year Plan initiative

* Indicates benefit to the Neighborhood Services Fund, not General Fund

As described above, the City plans to refinance its forbearance liability with Ambac and finance the defeasance of its outstanding Series 2005A-2 Bonds. The projections below assume that the City execute a financing to execute both transactions.



Operating Forecasts, 2020-2024
Scenarios 1: Finance Series 2005A-2 Bond Defeasance and Forbearance Liability

	Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
Revenues	65,212,518	64,315,859	65,358,263	68,076,053	68,711,161
Expenses	49,549,808	58,814,788	58,153,277	59,629,612	61,005,074
Result (Pre-Debt Service/Cap Ex)	15,662,710	5,501,071	7,204,986	8,446,442	7,706,088
Capital Expenses	1,397,270	5,937,223	1,617,000	1,597,000	1,477,000
Change in Fund Balance (Pre-Debt Service)	14,265,441	(436,152)	5,587,986	6,849,442	6,229,088
Debt Service	10,541,494	10,074,791	11,885,553	5,204,085	4,911,630
Change in Fund Balance	3,723,947	(10,510,943)	(6,297,567)	1,645,357	1,317,457
Beginning Fund Balance	28,394,997	32,118,944	21,608,001	15,310,434	16,955,791
Ending Fund Balance Surplus (Deficit)	\$32,118,944	\$21,608,001	\$15,310,434	\$16,955,791	\$18,273,248
Ending fund balance as % of Expenses	53%	31%	22%	26%	28%

The final 2021 plan of finance is not finalized yet. The City may choose to defease the Series 2005A-2 Bonds with cash rather than through a financing. The projections below assume the City refinances the Ambac forbearance liability, but uses cash to defease the Series 2005A-2 Bonds.

Operating Forecasts, 2020-2024
Scenarios 2: Cash Defeasement Series 2005A-2 Bonds and Finance Forbearance Liability

	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Revenues	65,212,518	64,315,859	65,358,263	68,076,053	68,711,161
Expenses	49,549,808	58,814,788	58,153,277	59,629,612	61,005,074
Result (Pre-Debt Service/Cap Ex)	15,662,710	5,501,071	7,204,986	8,446,442	7,706,088
Capital Expenses	1,397,270	5,937,223	1,617,000	1,597,000	1,477,000
Change in Fund Balance (Pre-Debt Service)	14,265,441	(436,152)	5,587,986	6,849,442	6,229,088
Debt Service	10,541,494	15,297,209	10,974,732	4,443,198	4,154,205
Change in Fund Balance	3,723,947	(15,733,360)	(5,386,746)	2,406,244	2,074,882
Beginning Fund Balance	28,394,997	32,118,944	16,385,584	10,998,837	13,405,082
Ending Fund Balance Surplus (Deficit)	\$32,118,944	\$16,385,584	\$10,998,837	\$13,405,082	\$15,479,964
Ending fund balance as % of Expenses	53%	22%	16%	21%	24%



8 Principal Proprietary Funds

The City maintains two main proprietary funds, which account for activities that involve business-like transactions: the Neighborhood Services Fund and the Harrisburg Senators Fund.

8.1 Neighborhood Services Fund

Created in 2016, the Neighborhood Services Fund (“NSF”) accounts for the revenues and expenses associated with the provision of refuse collection and disposal services to residential, commercial, and industrial establishments of the City, as well as Parks and Recreation maintenance services and road repair services, as those are related to the facilitation of refuse collection and disposal services.

Neighborhood Services Fund Forecasts 2020-2024

	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operations	15,319,602	15,764,310	16,319,116	17,176,662	17,237,086
Miscellaneous	515,042	418,702	412,205	412,205	412,205
Transfers	49,141	5,000	5,000	5,000	5,000
Cash Carryover	0	2,667,106	0	0	0
Total Revenues	15,883,785	18,855,118	16,736,321	17,593,867	17,654,291
Personnel	5,269,184	6,141,109	6,188,382	6,335,100	6,486,178
Services	8,537,732	9,443,601	8,882,489	9,059,639	9,240,332
Supplies	907,648	1,188,704	908,382	926,550	945,081
Other	1,668	24,900	0	0	0
Capital	1,983,191	1,894,671	1,648,521	878,341	945,536
Transfers	0	162,133	0	0	0
Total Expenditures	16,699,424	18,855,118	17,627,774	17,199,630	17,617,127
Surplus (Deficit)	(815,639)	(0)	(891,453)	394,237	37,164
Beginning Fund Balance	7,760,146	6,944,507	4,277,401	3,385,948	3,780,184
Ending Fund Balance	\$6,944,507	\$4,277,401	\$3,385,948	\$3,780,184	\$3,817,348

The NSF’s primary revenue sources are garbage collection and disposal fees. The City projects \$4.5 million in garbage collection fees in 2020 and \$10.5 million in disposal fees. The City does not project any fee increases for Harrisburg residents. The City will build on its efforts to improve collection rates from 85% to 88% in 2022, which would result in at least \$500,000 in additional annual fee revenues.

In addition, the City will set the goal of increasing the collection rate another 5% to 93% beginning in 2023, which will generate approximately \$1.3 million annually compared to current levels.



The primary NSF expense is contracted service for garbage disposal of approximately \$6.3 million. The costs will increase 2.5% annually through 2024. The contracted payment to the Lancaster Solid Waste Authority is also accounted for in this fund. The tipping fee is \$201.70 per ton in 2021 and will be adjusted on January 1 of each calendar year by the Consumer Price Index. The projections assume other contractually mandated increases, which range between 5% and 8%.

The City has entered into contracting agreements with two nearby municipalities – Penbrook Borough, and Paxtang Borough - which will result in a significant net benefit to the NSF. Combined with the Steelton partnership, these arrangements will generate approximately \$320,000 in net income, not including one-time start-up costs of about \$533,000.

Approximately 87 employee salaries are paid out of the NSF making personnel costs a key expense driver. Projected personnel cost increases mirror those in the General Fund – 2% annual salary increases and 5% annual medical insurance increases.

The NSF will carryover \$2.7 million in fund balance to cover rollover expenses from 2020, almost \$1 million in one-time expenses associated with new potential Penbrook and Paxtang agreements, and the settlement of liability claims connected with the fund. Without any fee increases to Harrisburg residents, the projections show fund balance equal to at least 20% of expenditures through the 2024.

The City will prioritize improving collection rates and ensuring all customers are paying their current fees obligations before fee increases or service reductions are considered. The projected collection rates are reasonable and assumed to be achieved over time rather than an instant improvement. The City will also prioritize securing grants to defray the costs of maintaining the NSF fleet. As noted above, the City is refocusing its efforts secure grants in general, but will put special focus on the Driving Forward Grant, 902 Grants, and other grants that would benefit the NSF. If revenues do not materialize as projected in 2022 and 2023, the City will evaluate other corrective actions.

8.2 Harrisburg Senators Fund

The Harrisburg Senators Fund accounts for the revenues and expenses associated with the payment of debt on the financing of the Harrisburg Senators new stadium. In recent years, the fund has been subsidized by approximately \$240,000 in annual transfers from the City's general operations. When the minor league baseball season was canceled earlier this year due to the COVID pandemic, the City made the entire annual debt service payment of approximately \$650,000 on the Series 2005A-2 Bonds.

If successful in defeasing the Series 2005A-2 Bonds, the City will transfer surpluses from the Senators Fund to the General Fund.



**Harrisburg Senators Fund Forecast
2020-2024**

	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operations	-	17,857	400,000	400,000	400,000
Transfers	506,780	5,750,000	-	-	-
Total Revenues	506,780	5,767,857	400,000	400,000	400,000
Services	-	-	-	-	-
Debt Service	646,552	5,750,000	-	-	-
Transfers to General Fund	-	-	400,000	400,000	400,000
Total Expenditures	646,552	5,750,000	400,000	400,000	400,000
Surplus (Deficit)	(139,772)	17,857	-	-	-
Beginning Fund Balance	178,697	38,925	38,925	38,925	38,925
Ending Fund Balance	\$38,925	\$38,925	\$38,925	\$38,925	\$38,925

8.3 Other Non-Major Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following tables consolidate the recent and projected financial performance of these funds. Details of each individual non-major fund are included in the Appendix.

Other Non-Major Funds, Historical Financial Performance (2016-2020)

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual
Operating	1,880,637	2,072,103	2,241,083	2,334,008	623,684
Grants/Donations	151,787	150,494	211,447	128,057	95,321
Miscellaneous	14,699	10,346	8,586	2,004,762	17,317
Transfers	2,016,893	1,880,934	4,047,698	6,636,184	5,049,201
Cash Carryover	0	0	0	0	22,095
Revenue	\$4,064,016	\$4,113,877	\$6,508,815	\$11,103,011	5,807,618
Personnel	162,536	167,283	177,379	175,183	151,220
Services	810,585	729,786	733,152	612,584	575,420
Supplies	296,956	139,393	332,195	185,454	339,057
Debt	0	0	0	0	226,355
Capital	2,651,537	960,831	2,396,391	8,097,635	2,804,683
Transfers	976,433	404,920	639,878	1,170,000	0
Other Operating	139,062	10,000	243,980	158,482	81,862
Expense	\$5,037,109	\$2,412,213	\$4,522,975	\$10,399,338	\$4,178,597



Other Non-Major Funds Forecast

	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	623,684	880,369	865,496	871,776	878,244
Grants/Donations	95,321	137,500	137,500	337,500	337,500
Miscellaneous	17,317	12,900	12,900	12,900	12,900
Transfers	5,049,201	12,919,213	3,083,500	3,063,500	2,943,500
Cash Carryover	22,095	9,034,337	681,171	465,729	141,700
Revenue	\$5,807,618	\$22,984,319	\$4,780,567	\$4,751,405	\$4,313,844
Personnel	151,220	181,914	181,041	183,759	186,532
Services	575,420	1,210,400	1,075,596	1,076,492	1,077,406
Supplies	339,057	428,400	435,947	435,481	435,138
Debt	226,355	224,112	224,112	224,112	224,112
Capital	2,804,683	20,564,454	2,709,692	2,673,250	1,953,250
Transfers	0	60,000	0	0	0
Other Operating	81,862	285,072	30,000	30,000	30,000
Expense	\$4,178,597	\$22,954,352	\$4,656,389	\$4,623,094	\$3,906,438



Appendix A

Baseline Financial Forecast by Department

The 2021 Projection in the tables below refers to the Amended 2021 Budget and the anticipated Series 2005A-2 defeasance and forbearance financing that is included in this plan.

Office of City Council	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	303,035	302,026	310,356	316,563	322,894	329,352
Services	114,200	25,976	114,200	116,484	118,814	121,190
Supplies	11,000	2,509	11,000	11,220	11,444	11,673
Debt	0	0	0	0	0	0
Capital	3,400	0	3,400	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	431,635	330,511	438,956	444,267	453,152	462,216

Office of Mayor	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	242,213	209,013	244,689	249,583	254,574	259,666
Services	17,480	6,659	28,080	28,642	29,214	29,799
Supplies	14,187	4,772	14,187	14,471	14,760	15,055
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	273,880	220,444	286,956	292,695	298,549	304,520

Office of City Controller	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	154,190	153,373	156,832	159,969	163,168	166,431
Services	10,500	40	10,500	10,710	10,924	11,143
Supplies	9,200	703	9,200	9,384	9,572	9,763
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	173,890	154,116	176,532	180,063	183,664	187,337



Office of City Treasurer	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	357,216	329,499	376,283	383,809	391,485	399,315
Services	62,700	36,832	62,700	63,954	65,233	66,538
Supplies	11,000	1,228	84,000	4,080	4,162	4,245
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	430,916	367,559	522,983	451,843	460,880	470,097

Office of City Solicitor	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	490,240	336,908	582,108	593,750	605,625	617,738
Services	233,277	170,427	328,066	237,942	242,701	247,555
Supplies	41,065	25,576	45,483	44,436	45,325	46,232
Debt	0	0	0	0	0	0
Capital	0	11,099	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	764,582	544,010	955,657	876,129	893,651	911,524

Office of Business Administrator	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	258,361	245,503	193,771	197,646	201,599	205,631
Services	70,525	61,859	114,400	116,688	119,022	121,402
Supplies	5,568	4,757	5,168	5,271	5,377	5,484
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	334,454	312,119	313,339	319,606	325,998	332,518

Department of Finance	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	458,021	356,863	473,184	482,648	492,301	502,147
Services	268,730	167,026	310,656	282,361	288,008	293,769
Supplies	12,100	2,382	12,100	12,342	12,589	12,841
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	738,851	526,272	795,940	777,351	792,898	808,756



Grants Bureau	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	69,973	69,616	71,372	72,799	74,255	75,741
Services	4,000	0	4,000	4,080	4,162	4,245
Supplies	500	0	500	510	520	531
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	74,473	69,616	75,872	77,389	78,937	80,516

Bureau of Communication	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	201,985	185,255	253,400	258,468	263,637	268,910
Services	29,800	10,650	44,915	45,813	46,730	47,664
Supplies	14,500	11,310	14,500	14,790	15,086	15,388
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	246,285	207,216	312,815	319,071	325,453	331,962

Office of Social Equity/Affirmative Action	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	67,745	8,681	64,590	65,882	67,199	68,543
Services	0	0	8,920	9,098	9,280	9,466
Supplies	0	0	1,600	1,632	1,665	1,698
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	67,745	8,681	75,110	76,612	78,144	79,707

Bureau of Information Technology	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	487,569	417,263	499,033	509,014	519,194	529,578
Services	582,466	573,848	607,830	481,649	491,282	501,108
Supplies	291,155	217,356	279,810	270,198	275,602	281,114
Debt	0	0	0	0	0	0
Capital	750,188	189,199	945,907	387,000	112,000	300,000
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	2,111,378	1,397,666	2,332,580	1,647,861	1,398,078	1,611,800



Bureau of Human Resources	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	376,554	330,822	396,322	404,248	412,333	420,580
Services	74,645	58,012	113,568	93,866	95,743	97,658
Supplies	2,200	929	2,000	2,040	2,081	2,122
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	453,399	389,763	511,890	500,154	510,157	520,360

Bureau of Licensing, Taxation and Central Support	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	339,129	309,668	405,991	414,111	422,393	430,841
Services	280,295	224,899	330,395	337,003	343,743	350,618
Supplies	58,172	46,014	63,172	64,436	65,725	67,039
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	677,597	580,581	799,559	815,550	831,861	848,498

General Expenses	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	897,419	911,174	920,491	938,901	957,679	976,833
Medical	10,893,750	9,387,608	9,763,864	10,252,057	10,764,660	11,302,893
Services	1,949,754	2,122,331	2,151,982	2,150,089	2,185,091	2,220,793
Supplies	25,500	100	40,540	26,010	26,530	27,061
Debt	0	211	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	501,802	572,954	610,518	617,892	625,414	633,087
Total Expenses	14,268,225	12,994,378	13,487,395	13,984,950	14,559,375	15,160,666

Transfers to Other Funds	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	0	0	0	0	0	0
Services	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Debt	15,056,747	10,541,494	10,074,791	11,885,553	5,204,085	4,911,630
Capital	1,685,000	324,432	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	500,000	0	0	0	0
Total Expenses	16,741,747	11,365,926	10,074,791	11,885,553	5,204,085	4,911,630

* Transfers to Senators Fund to pay debt service on the Series 2005-A2 Bonds are reflected as Debt Service for the purposes of this five-year plan



Bureau of Planning	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	239,430	146,960	250,230	255,235	260,339	265,546
Services	100,000	69,183	87,797	88,740	90,515	92,325
Supplies	2,500	3,231	5,500	5,610	5,722	5,837
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	341,930	220,171	342,730	349,585	356,576	363,708

Bureau of Codes	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	916,987	782,886	942,798	961,654	980,887	1,000,505
Services	29,250	10,793	29,250	29,835	30,432	31,040
Supplies	19,200	9,794	19,700	20,094	20,496	20,906
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	965,437	803,473	991,748	1,011,583	1,031,815	1,052,451

Bureau of Business & Resource Development	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	57,636	55,705	159,298	162,484	165,734	169,048
Services	5,525	1,906	8,475	8,645	8,817	8,994
Supplies	300	0	1,500	1,530	1,561	1,592
Debt	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	200,000	0	0	0
Total Expenses	63,461	57,611	369,273	172,658	176,112	179,634

Bureau of Police	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	17,770,397	16,534,021	19,185,823	19,636,104	20,050,769	20,327,951
Services	956,283	596,728	1,141,620	894,131	911,513	929,244
Supplies	429,608	210,568	623,871	554,940	565,139	575,542
Debt	0	0	0	0	0	0
Capital	556,000	266,032	864,000	260,000	260,000	260,000
Transfers	0	0	0	0	0	0
Other Operating	0	0	20,000	20,400	20,808	21,224
Total Expenses	19,712,287	17,607,350	21,835,314	21,365,575	21,808,230	22,113,960



Bureau of Fire	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	7,842,925	8,049,587	8,575,236	8,746,740	8,921,675	9,100,109
Services	373,100	378,024	382,042	380,052	387,653	395,406
Supplies	264,565	170,534	308,451	277,506	283,056	288,718
Debt	0	0	0	0	0	0
Capital	233,000	242,492	1,377,310	350,000	700,000	400,000
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	8,713,590	8,840,636	10,643,038	9,754,299	10,292,384	10,184,232

Office of Traffic and Engineering	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	791,133	707,504	854,732	871,827	889,263	907,048
Services	655,470	582,364	776,296	659,756	672,952	686,411
Supplies	358,300	295,188	425,793	197,008	200,948	204,967
Debt	0	0	0	0	0	0
Capital	9,830	13,946	72,830	0	0	0
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	1,814,733	1,599,002	2,129,651	1,728,591	1,763,163	1,798,426

Bureau of Vehicle Management	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	423,645	352,718	504,983	515,083	525,384	535,892
Services	484,256	277,742	487,357	400,361	408,368	416,536
Supplies	1,059,375	780,801	1,424,028	1,179,503	1,203,093	1,227,154
Debt	0	0	0	0	0	0
Capital	482,000	221,805	708,515	620,000	525,000	500,000
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	2,449,276	1,633,066	3,124,883	2,714,946	2,661,845	2,679,582

Bureau of Parks, Recreation, & Facilities	Budget 2020	Actual 2020	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024
Personnel	1,007,217	662,781	1,142,458	1,165,307	1,188,613	1,212,386
Services	479,473	210,219	675,084	407,502	415,652	423,965
Supplies	328,206	257,936	371,361	336,690	341,424	346,252
Debt	0	0	0	0	0	0
Capital	652,153	128,264	1,968,661	0	0	17,000
Transfers	0	0	0	0	0	0
Other Operating	0	0	0	0	0	0
Total Expenses	2,467,049	1,259,200	4,157,564	1,909,499	1,945,689	1,999,603



Appendix B

Financial History and Forecast – Non-Major/Special Revenue Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following are projections for those funds. The 2020 actual results reflect bottom-line revenues and expenses. Allocations between revenue and expense categories are likely to change. 2021 Projection reflects the January 2021 budget amendment and roll over expenses.

Capital Project Fund– This fund accounts for revenues and expenses connected with the City’s capital projects.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	1,133,063	1,212,427	1,263,669	1,466,200	0	0	0	0	0
Grants/Donations	0	0	2,380,532	0	0	0	0	200,000	200,000
Miscellaneous	0	0	0	2,000,000	0	0	0	0	0
Transfers	633,616	500,000	200,000	5,194,833	3,538,865	11,590,530	1,617,000	1,597,000	1,477,000
Cash Carryover	0	0	0	0	0	5,155,531	323,372	150,000	0
Revenue	1,766,680	1,712,427	3,844,201	8,661,033	3,538,865	16,746,061	1,940,372	1,947,000	1,677,000
Capital	2,427,061	223,543	2,017,866	7,884,745	2,460,649	16,746,061	1,940,372	1,947,000	1,527,000
Transfers	965,000	250,000	527,784	1,150,000	0	0	0	0	0
Expense	3,392,061	473,543	2,545,650	9,034,745	2,460,649	16,746,061	1,940,372	1,947,000	1,527,000
Surplus/(Deficit)	(\$1,625,382)	\$1,238,884	\$1,298,551	(\$373,711)	\$1,078,216	\$0	\$0	\$0	\$150,000
Cash Balance BOY	\$2,712,161	\$1,086,779	\$2,325,663	\$3,624,214	\$4,716,501	\$5,794,717	\$639,186	\$315,814	\$165,814
Cash Balance EOY	\$1,086,779	\$2,325,663	\$3,624,214	\$4,633,357	\$5,794,717	\$639,186	\$315,814	\$165,814	\$315,814



State Liquid Fuels Fund – Funded by an annual Commonwealth of Pennsylvania State Liquid Fuels Tax allocation. The fund is used to account for state aid revenue expended primarily for streets and traffic lighting, traffic controls, and maintaining City road and bridges in accordance with policies and procedures of the County Liquid Fuels Tax Act of 1931 and the Liquid Fuels Tax Act 655 of 1956 of the Commonwealth of Pennsylvania.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	1,271,580	1,342,534	1,430,015	70,656	30,100	10,427	5,000	5,000	5,000
Transfers	0	0	0	1,421,351	1,392,284	1,247,183	1,425,000	1,425,000	1,425,000
Cash Carryover	0	0	0	0	0	2,946,453	218,099	175,029	0
Revenue	1,271,580	1,342,534	1,430,015	1,492,007	1,422,384	4,204,063	1,648,099	1,605,029	1,430,000
Personnel	0	0	0	0	0	0	0	0	0
Services	560,743	338,398	288,690	265,283	361,100	423,300	413,198	413,198	413,198
Supplies	210,359	63,496	209,869	135,170	317,246	255,000	267,719	267,719	267,719
Debt	0	0	0	0	226,355	224,112	224,112	224,112	224,112
Capital	175,066	602,410	314,346	162,273	323,024	3,301,651	743,070	700,000	400,000
Expense	946,168	1,004,304	812,905	562,726	1,227,724	4,204,063	1,648,099	1,605,029	1,305,029
Surplus/(Deficit)	\$325,412	\$338,229	\$617,110	\$929,281	\$194,660	\$0	\$0	\$0	\$124,971
Cash Balance BOY	\$943,774	\$1,269,186	\$1,607,415	\$2,224,525	\$3,156,936	\$3,351,595	\$405,143	\$187,044	\$12,015
Cash Balance EOY	\$1,269,186	\$1,607,415	\$2,224,525	\$3,156,936	\$3,351,595	\$405,143	\$187,044	\$12,015	\$136,986



Host Municipal Fund – Funded by quarterly amounts of host municipality benefit fees received from the THA for waste tonnage received and disposed at the Harrisburg Resource Recovery Facility. Proceeds made available as a funding source for critical environmental projects.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	315,137	325,603	328,701	354,281	350,854	364,142	344,696	350,976	357,444
Miscellaneous	2,674	2,178	3,223	3,347	0	3,400	3,400	3,400	3,400
Transfers	0	0	0	0	0	40,000	0	0	0
Cash Carryover	0	0	0	0	0	196,581	0	0	0
Revenue	317,811	327,781	331,924	357,628	350,854	604,122	348,096	354,376	360,844
Personnel	118,132	101,378	128,402	136,910	131,594	133,245	135,910	138,628	141,401
Services	1,608	29,605	77,609	58,620	52,144	129,000	95,350	95,350	95,350
Supplies	18,010	3,838	11,813	21,562	10,117	10,000	18,750	18,750	18,750
Capital	0	112,000	0	0	0	71,209	0	0	0
Transfers	7,347	0	0	0	0	40,000	0	0	0
Other Operating	139,062	10,000	243,980	158,482	73,924	211,901	30,000	30,000	30,000
Expense	284,159	256,821	461,804	375,575	267,779	595,355	280,010	282,728	285,501
Surplus/(Deficit)	\$33,652	\$70,961	(\$129,880)	(\$17,947)	\$83,075	\$8,767	\$68,086	\$71,648	\$75,344
Cash Balance BOY	\$455,589	\$489,241	\$560,202	\$430,322	\$412,375	\$495,450	\$307,637	\$375,723	\$447,371
Cash Balance EOY	\$489,241	\$560,202	\$430,322	\$412,375	\$495,450	\$307,637	\$375,723	\$447,371	\$522,715



Neighborhood Mitigation (Special Revenue Fund) – Accounts for fee revenues and expenses related to the City as they pertain to enforcement of ordinances regulating blight and local health, housing and safety codes and regulations.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast
Operating	57,844	75,135	87,727	68,825	63,848	48,000	48,000	48,000	48,000
Miscellaneous	608	0	0	0	0	0	0	0	0
Transfers	0	0	4,000	0	0	0	0	0	0
Cash Carryover	0	0	0	0	0	144,546	17,000	18,000	19,000
Revenue	58,453	75,135	91,727	68,825	63,848	192,546	65,000	66,000	67,000
Personnel					5,583	12,569	0	0	0
Services	10,435	17,950	18,771	50,669	25,319	118,000	44,807	45,704	46,618
Supplies	5,618	5,820	5,138	1,933	0	38,000	19,369	19,757	20,152
Other Operating	0	0	0	0	0	23,977	0	0	0
Expense	16,053	23,770	23,910	52,602	30,903	192,546	64,177	65,460	66,770
Surplus/(Deficit)	\$42,399	\$51,365	\$67,818	\$16,223	\$32,945	\$0	\$823	\$540	\$230
Cash Balance BOY	\$163,772	\$206,171	\$257,537	\$325,354	\$341,577	\$374,522	\$229,976	\$213,799	\$196,339
Cash Balance EOY	\$206,171	\$257,537	\$325,354	\$341,577	\$374,522	\$229,976	\$213,799	\$196,339	\$177,569



Public Works (Special Revenue Fund) - Repository for funds generated from contributions from citizens interested in supporting the functions of the Department and revenue from the sale of recyclable materials collected by the Department. The fund is used for maintaining and supporting the various endeavors of the Department of Public Works.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast
Operating	3,873	70,803	64,834	19,428	13,655	21,300	21,300	21,300	21,300
Grants/Donations	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	0	0	0	0	0
Revenue	3,873	70,803	64,834	19,428	13,655	21,300	21,300	21,300	21,300
Services	0	0	5,250	5,250	0	1,000	1,000	1,000	1,000
Supplies	0	0	38,420	0	5,250	19,000	19,000	19,000	19,000
Expense	0	0	43,670	5,250	5,250	20,000	20,000	20,000	20,000
Surplus/(Deficit)	\$3,873	\$70,803	\$21,164	\$14,178	\$8,405	\$1,300	\$1,300	\$1,300	\$1,300
Cash Balance BOY	\$27,753	\$31,625	\$102,428	\$123,592	\$137,770	\$146,175	\$147,475	\$148,775	\$150,075
Cash Balance EOY	\$31,625	\$102,428	\$123,592	\$137,770	\$146,175	\$147,475	\$148,775	\$150,075	\$151,375



Fire (Special Revenue Fund) – Accounts for revenues and expenses supporting Fire department activities.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast
Operating	83,933	92,385	15,350	21,345	10,470	10,300	10,300	10,300	10,300
Grants/Donations	100	17,273	109,304	6,710	3,400	2,500	2,500	2,500	2,500
Miscellaneous					15,992	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	0	232,733	10,500	10,500	10,500
Revenue	84,033	109,658	124,654	28,055	29,862	245,533	23,300	23,300	23,300
Services	52,622	63,560	68,787	3,249	5,122	0	0	0	0
Supplies	6,063	665	19,996	0	0	21,000	19,004	18,150	17,412
Capital	0	0	5,100	11,058	0	224,533	0	0	0
Expense	58,685	64,225	93,883	14,308	5,122	245,533	19,004	18,150	17,412
Surplus/(Deficit)	\$25,349	\$45,433	\$30,771	\$13,747	\$24,750	\$0	\$4,297	\$5,150	\$5,888
Cash Balance BOY	\$131,075	\$156,423	\$201,857	\$232,628	\$246,375	\$271,124	\$38,391	\$32,188	\$26,838
Cash Balance EOY	\$156,423	\$201,857	\$232,628	\$246,375	\$271,124	\$38,391	\$32,188	\$26,838	\$22,227



Police (Special Revenue Fund) - Accounts for revenues and expenses supporting Police department activities.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Budget	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	112,346	90,327	148,951	115,778	97,525	79,000	89,000	89,000	89,000
Grants/Donations	116,779	1,000	2,420	5,750	1,035	0	0	0	0
Miscellaneous	1,917	457	1,215	640	1,225	0	0	0	0
Transfers	0	0	0	0	108,204	0	0	0	0
Cash Carryover	0	0	0	0	0	130,300	80,300	80,300	80,300
Revenue	231,042	91,784	152,586	122,168	207,989	209,300	169,300	169,300	169,300
Personnel	908	13,267	0	0	0	0	0	0	0
Services	19,176	70,530	47,520	68,385	42,970	102,400	105,000	105,000	105,000
Supplies	31,464	11,745	0	1,851	0	28,900	48,900	48,900	48,900
Capital	0	0	47,827	39,559	0	34,000	0	0	0
Transfers	4,086	100,283	69,594	0	0	40,000	0	0	0
Expense	55,635	195,824	164,941	109,795	42,970	205,300	153,900	153,900	153,900
Surplus/(Deficit)	\$175,407	(\$104,040)	(\$12,355)	\$12,373	\$165,019	\$4,000	\$15,400	\$15,400	\$15,400
Cash Balance BOY	\$341,241	\$516,648	\$412,608	\$400,253	\$412,626	\$577,645	\$451,345	\$386,445	\$321,545
Cash Balance EOY	\$516,648	\$412,608	\$400,253	\$412,626	\$577,645	\$451,345	\$386,445	\$321,545	\$256,645



WHBG (Special Revenue Fund) – Accounts for financial activity related to the City’s government access cable television channel, station facilities and programming management.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	0	98	479	736	1,042	0	0	0	0
Miscellaneous	9,500	7,500	4,050	775	0	9,500	9,500	9,500	9,500
Cash Carryover	0	0	0	0	0	0	0	0	0
Revenue	9,500	7,598	4,529	1,511	1,042	9,500	9,500	9,500	9,500
Services	0	0	0	0	0	3,000	3,000	3,000	3,000
Supplies	0	0	0	0	0	2,000	2,000	2,000	2,000
Capital	0	0	0	0	21,010	0	0	0	0
Expense	0	0	0	0	21,010	5,000	5,000	5,000	5,000
Surplus/(Deficit)	\$9,500	\$7,598	\$4,529	\$1,511	\$(19,968)	\$4,500	\$4,500	\$4,500	\$4,500
Cash Balance BOY	\$10,636	\$20,136	\$27,734	\$32,263	\$33,774	\$13,806	\$18,306	\$22,806	\$27,306
Cash Balance EOY	\$20,136	\$27,734	\$32,263	\$33,774	\$13,806	\$18,306	\$22,806	\$27,306	\$31,806



Events (Special Revenue Fund) – Accounts for all revenue raised in support of the City’s events, including the July 4th Celebration, Kipona, the Holiday Parade, and New Year’s Eve. This fund also accounts for related expenses and is overseen by the Director of Business Development and the Events and Marketing Manager.

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast
Operating	0	61,478	117,679	75,860	13,974	230,200	230,200	230,200	230,200
Grants/Donations	0	52,221	28,400	52,850	40,736	71,000	71,000	71,000	71,000
Miscellaneous	0	56	98	0	0	0	0	0	0
Transfers	0	54,637	50,000	20,000	6,712	20,000	20,000	20,000	20,000
Cash Carryover	0	0	0	0	22,095	3,000	900	900	900
Revenue	0	168,391	196,177	148,710	83,517	324,200	322,100	322,100	322,100
Personnel	0	2,996	2,784	0	0	0	0	0	0
Services	0	113,049	159,114	115,971	62,598	321,000	321,000	321,000	321,000
Supplies	0	834	259	20	0	1,100	1,100	1,100	1,100
Expense	0	116,879	162,157	115,991	62,598	322,100	322,100	322,100	322,100
Surplus/(Deficit)	\$0	\$51,512	\$34,020	\$32,720	\$20,919	\$2,100	\$0	\$0	\$0
Cash Balance BOY	\$0	\$51,512	\$85,532	\$118,252	\$118,252	\$117,076	\$116,176	\$115,276	\$114,376
Cash Balance EOY	\$51,512	\$85,532	\$118,252	\$104,676	\$117,076	\$116,176	\$115,276	\$114,376	\$113,476



Parks and Recreation (Special Revenue Fund) - Accounts for revenues and expenses supporting the maintenance and betterment of the City's Parks and Recreation bureau, activities, and programming.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast
Operating	170,294	127,611	174,344	140,899	42,217	117,000	117,000	117,000	117,000
Grants/Donations	150,750	80,000	71,323	62,747	50,150	64,000	64,000	64,000	64,000
Miscellaneous	0	155	0	0	100	0	0	0	0
Transfers	0	0	22,500	0	3,136	21,500	21,500	21,500	21,500
Cash Carryover	0	0	0	0	0	225,194	31,000	31,000	31,000
Revenue	321,044	207,765	268,168	203,646	95,603	427,694	233,500	233,500	233,500
Personnel	43,496	49,643	46,193	38,272	14,043	36,100	45,131	45,131	45,131
Services	166,001	96,694	67,410	45,156	26,178	112,700	92,241	92,241	92,241
Supplies	25,441	52,996	46,700	24,919	6,444	53,400	40,105	40,105	40,105
Capital	49,410	22,878	11,252	0	0	187,000	26,250	26,250	26,250
Transfers	0	54,637	42,500	20,000	0	20,000	0	0	0
Other Operating					7,938	9,194			
Expense	284,348	276,847	214,055	128,347	54,602	418,394	203,727	203,727	203,727
Surplus/(Deficit)	\$36,697	(\$69,082)	\$54,113	\$75,299	\$41,001	\$9,300	\$29,773	\$29,773	\$29,773
Cash Balance BOY	\$268,384	\$305,081	\$235,999	\$290,112	\$365,411	\$406,412	\$190,518	\$189,291	\$188,064
Cash Balance EOY	\$305,081	\$235,999	\$290,112	\$365,411	\$406,412	\$190,518	\$189,291	\$188,064	\$186,836



Appendix C

Unfunded Priority One Capital Improvement Projects

Department	Project Name	2021	2022	2023	2024	Total
Parks/Facilities	Park Maintenance – Front End Loader	95,000				95,000
Parks/Facilities	Park Maintenance – Ventrac attachments	13,252				13,252
Parks/Facilities	Park Maintenance – Utility Trailer	12,386	15,000	15,000	15,000	57,386
Parks/Facilities	Park Maintenance – Full concrete floor replacement	10,728				10,728
Parks/Facilities	Parks Maintenance Building - Repair Main Electric Line	7,200				7,200
Parks/Facilities	Reservoir Park Brownstone – HVAC repairs and upgrades	23,000				23,000
Parks/Facilities	Park Maintenance Building – Plastic recycling pit	6,000				6,000
Parks/Facilities	Italian Lake/Riverfront Geese Management	30,000	30,000	30,000	30,000	120,000
Parks/Facilities	Additional video surveillance for highly trafficked park areas	9,000				9,000
Parks/Facilities	City Shade Tree Program	100,000	100,000	100,000	100,000	400,000
Parks/Facilities	Italian Lake Dredging	30,000	45,000	45,000	45,000	165,000
Parks/Facilities	Park Maintenance – Skid Steer driven snow blower	9,000				9,000
Parks/Facilities	Public Safety Building - Fire alarm system and smoke detectors	95,000				95,000
Parks/Facilities	Reservoir Park Mansion - New Windows	15,000				15,000
Parks/Facilities	Public Safety Building - Windows	85,000	71,250	71,250		227,500
Parks/Facilities	MLK - Heated Air Curtain	24,000				24,000
Parks/Facilities	Reservoir Park Mansion - Porch masonry, railings and wood		35,000			35,000
Parks/Facilities	Public Safety Building - 1st and 2nd floor flooring		84,000	84,000		168,000
Parks/Facilities	Public Safety Building - Ceiling Tiles		29,829	29,829		59,658
Parks/Facilities	Public Safety Building - Access Control	10,000	25,000	10,000	10,000	55,000
Parks/Facilities	Public Safety Building - Non-Working Valve in Mechanical Room		13,000			13,000
Parks/Facilities	MLK – Repair brick walkway	23,000				23,000
Parks/Facilities	Public Safety Building – Window Coverings	10,000	25,000	25,000		60,000
Parks/Facilities	1820 Paxton St. - Wet Glazing	7,866				7,866

City of Harrisburg
Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	Total
Parks/Facilities	1820 Paxton St. - Exterior Fencing - VMC	8,000				8,000
Parks/Facilities	1820 Paxton St – Secondary bulk oil distribution system	15,000				15,000
Parks/Facilities	Reservoir Park Brownstone – Replace gutters	15,000				15,000
Parks/Facilities	MLK – Weather Stripping			50,000	50,000	100,000
Parks/Facilities	Reservoir Park Mansion - Garage Roof			21,000		21,000
Parks/Facilities	MLK – Complete Remodel			2,700,000	2,700,000	5,400,000
Parks/Facilities	MLK – Codes carpet replacement	13,250				13,250
Parks/Facilities	Reservoir Park Mansion - Lighting		160,000			160,000
Parks/Facilities	Reservoir Park Mansion – Cameras		9,500			9,500
Parks/Facilities	Public Safety Building – Carbon Monoxide Ventilation		19,000			19,000
Parks/Facilities	Public Safety Building – 1 st Floor Roof overhang		25,000			25,000
Parks/Facilities	Public Safety Building – LED Panel Lighting		15,500	15,500		31,000
Parks/Facilities	MLK – Window Coverings		25,908	25,908		51,816
Parks/Facilities	1820 Paxton St – Bathroom remodel		15,000	10,000	15,000	40,000
Parks/Facilities	1820 Paxton St – Access Control		15,000	15,000	15,000	45,000
Parks/Facilities	MLK – HVAC (GESAs)		720,000			720,000
Parks/Facilities	City Island - Deck		75,000			75,000
Total		\$666,682	\$1,553,487	\$3,259,487	\$2,995,000	\$8,474,656



Priority Two Capital Improvement Projects

Department	Project Name	2021	2022	2023	2024	Total
Parks/Facilities	Park Maintenance – 6100m Motrim			160,000		160,000
Parks/Facilities	Park Maintenance – Small 8yrd sanitation packer		110,000			110,000
Parks/Facilities	Park Maintenance – 1-ton dump with brine system		105,000	105,000		210,000
Parks/Facilities	Park Maintenance – 72” Z turn mowers		37,000			37,000
Parks/Facilities	Park Maintenance – Walk behind mowers		6,000	6,000	6,000	18,000
Parks/Facilities	Park Maintenance Building – Update restrooms in both shops			6,200		6,200
Parks/Facilities	Park Maintenance – Repair flat roof at upper shop				7,000	7,000
Parks/Facilities	Park Maintenance – 8ft slit seeder				9,000	9,000
Parks/Facilities	Park Maintenance – 5-ton dump		155,000	155,000		310,000
Parks/Facilities	Park Maintenance – Backhoe			75,000		75,000
Parks/Facilities	Park Maintenance – Tractor				50,838	50,838
Parks/Facilities	Park Maintenance – Trackless Unit			149,886		149,886
Parks/Facilities	Park Maintenance – 2 bucket trucks				150,000	150,000
Parks/Facilities	Parks Maintenance Building – Rebuild front steps - masonry			115,000		115,000
Parks/Facilities	Public Safety Building - Basement ceiling-garage		30,000			0
Parks/Facilities	Hall Manor Swimming Pool (pool 2) - Epoxy coating		37,000			0
Parks/Facilities	Hall Manor Swimming Pool (pool 1) - Epoxy coating			37,000		37,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - expansion joint		100,000			100,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - new roof		22,000			0
Parks/Facilities	MLK - Non-Working Valves in Mechanical Room (GESA)		13,000			0
Parks/Facilities	Civil War Museum - Rotunda improvement				250,000	250,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) – Changing Rooms		250,000			0
Parks/Facilities	1820 Paxton St – Replacement Generator			165,000		165,000
Parks/Facilities	Public Safety Building – Bathroom Upgrades		56,250	56,250	56,250	168,750
Parks/Facilities	Public Safety Building – New elevator cars		241,450			241,450
Parks/Facilities	Reservoir Park Mansion – New roof			43,000		43,000
Parks/Facilities	Strawberry Alley – Bollards			28,000		28,000
Parks/Facilities	Public Safety Building – Expansion tank			6,500		6,500

City of Harrisburg
Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	Total
Parks/Facilities	Stadium Lights		945,000			945,000
Parks/Facilities	Radnor Basketball Court			470,000		470,000
Parks/Facilities	Shipoke Playground		90,000			90,000
Parks/Facilities	Mansion and Brownstone		100,000			100,000
Parks/Facilities	Radnor Ballfield and Bleachers			350,000		350,000
Parks/Facilities	Hall Manor Pool – Spray park renovations			2,100,000		2,100,000
Parks/Facilities	Pleasantview Park				45,000	45,000
Parks/Facilities	City wide water fountains			250,000		250,000
Parks/Facilities	Riverfront Park – Electric		350,000			350,000
Parks/Facilities	City Island (Consultant)			100,000		100,000
Parks/Facilities	Morrison Park (Consultant)		65,000			65,000
Parks/Facilities	Argyle Park			25,000		25,000
Parks/Facilities	Reservoir Park – Phase 4 & 5 of Master plan				1,700,000	1,700,000
Parks/Facilities	City Island design – Phase 16				500,000	500,000
Parks/Facilities	14 th & Shoop (fencing) and Braxton			150,000		150,000
Parks/Facilities	City Island (Skyline field & Press Box area)				5,100,000	5,100,000
Parks/Facilities	Morrison Park renovation project				800,000	800,000
Parks/Facilities	Penn & Dauphin equipment and fencing				400,000	400,000
Parks/Facilities	4 th & Dauphin playground	285,000				285,000
Parks/Facilities	Reservoir Park Chutes & Ladders	250,000		800,000		1,050,000
Parks/Facilities	Wilson Park (Consultant)	50,000				50,000
Parks/Facilities	Park Amenities (P&R)	30,000				30,000
Parks/Facilities	Radnor (Consultant)	30,000				30,000
Parks/Facilities	Small Projects	27,500				27,500
Parks/Facilities	Reservoir Park – Phasing		960,000			960,000
Parks/Facilities	Wilson Park Renovations		475,000			475,000
Parks/Facilities	City Island/Riverfront (Consultant)		30,000			30,000
Parks/Facilities	Public Safety Bldg. – Janitor Closets		10,000	10,000		20,000
Parks/Facilities	MLK – Janitor Closets			10,000	10,000	20,000

City of Harrisburg
Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	Total
Parks/Facilities	Hall Manor Pool (pool 2) – Update changing rooms/bathrooms			250,000		250,000
Parks/Facilities	Reservoir Park Brownstone – Replace roof			67,000		67,000
Parks/Facilities	Reservoir Park Brownstone – Exterior paint			6,700		6,700
Parks/Facilities	Hall Manor Pool (pool 2) – Lights and Cameras				47,000	47,000
Parks/Facilities	City Island Bathhouse – New roof					0
Parks/Facilities	MLK Building – Exterior brick pavers and lighted bollards			66,000		66,000
Parks/Facilities	1820 Paxton St – Replace roof at VMC				500,000	500,000
Parks/Facilities	MLK – Elevator mechanical modernization				160,000	160,000
Parks/Facilities	MLK – Replace switchgear				350,000	350,000
Parks/Facilities	Public Safety Building – Hot water storage tank				20,000	20,000
Parks/Facilities	Public Safety Building – Replace switchgear				200,000	200,000
Parks/Facilities	Reservoir Park Brownstone– Bathroom remodel				5,725	5,725
Parks/Facilities	Broad Street Market – Replace roof				325,000	325,000
Parks/Facilities	1820 Paxton St – Building Automation System				27,000	27,000
Parks/Facilities	Reservoir Park Mansion – Exterior paint				34,000	34,000
Total		\$ 672,500	\$ 3,835,700	\$ 5,762,536	\$ 10,752,813	\$ 21,023,549



Office of Mayor Eric Papenfuse
MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

Via Electronic Mail & Hand Delivery

March 12, 2021

Audry Carter, Chair
Intergovernmental Cooperation Authority for the City of Harrisburg
Harrisburg, PA
Email: ica.cartera@gmail.com

Re: Revised Annual Five-Year Financial Plan of the City of Harrisburg

Dear Chair Carter:

In accordance with Section 209 (e) of the *Intergovernmental Cooperation Authorities Act for Cities of the Third Class*, 53 P.S. § 42101, et seq. (Act 124 - 2018), I hereby am reconfirming and submitting, for the express purpose of maintaining a single complete submittal packet on behalf of the City of Harrisburg, the revised Annual Five-Year Financial Plan for the City of Harrisburg. The City had previously provided a complete copy of Harrisburg's 2020 Approved Budget as well as the 2021 Proposed Budget. The resubmission is expressly intended to finalize the process on the submission that commenced last October.

In accordance with Section 209 (e) (3) (ii) of the Act, I confirm that I understand the 2020 and 2021 Budget documents for the City of Harrisburg each to include a capital budget and otherwise satisfy the requirements of Act 124. In my official capacity of Mayor and acting as the chief fiscal officer for the City, I hereby do now state as follows:

- (a) The 2020 Approved Budget and 2021 Approved Budget are respectively consistent with the previous and later revised proposed financial plans of the City;
- (b) The 2020 Approved Budget and 2021 Approved Budget each include funding that would be adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies;
- (c) The 2020 Approved Budget and 2021 Approved Budget are each based upon prudent, reasonable and appropriate assumptions and methods of estimation; and
- (d) The 2020 Approved Budget and 2021 Approved Budget are each compliant with the governing law and ordinances of the City or applicable State law regarding balanced budgets.

Audry Carter, Chair
ICA for HBG
March 12, 2021
Page two

A digital copy of this packet is being transmitted to yourself and Jeffrey Stonehill, Authority Manager for the ICA. An original executed hard copy will be delivered this week, in a manner consistent with current social distancing and other COVID-19 precautions.

Please do not hesitate to contact me should the Board require additional information on the matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric Papenfuse', with a stylized flourish extending to the right.

Eric Papenfuse
Mayor

Encs.

CC: Jeffrey Stonehill, Authority Manager
Wanda R. D. Williams, Council President
Benjamin Allatt, Council Vice-President & Chair, B&F Committee
Charles DeBrunner, City Controller
Daniel Miller, City Treasurer
Marc Woolley, Business Administrator
Dan Connelly, City Designee
Neil A. Grover, City Solicitor
Kirk Petroski, City Clerk



**Office of the Business Administrator
The City of Harrisburg**

MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

December 14, 2020

Mr. Marc Woolley
Business Administrator, City of Harrisburg
Martin Luther King, Jr. Government Center
10 N. Second Street
Harrisburg, PA 17101

Ms. Audrey Carter
Chair, Intergovernmental Cooperation Authority for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

Dear Ms. Carter,

Below, please find responses to the issues and concerns identified in your correspondence dated November 24, 2020.

1. Financial Projections

- **The budget is very robust and actually increases in most revenue and expenditure categories despite the uncertainties of many sources of revenue. Please explain how expenditure increases are advisable under the circumstances.**

The 2021 budget includes a significant fund balance draw; however, the City projects to finish the year with more than \$10 million in fund balance. This amount is equal to about 14% of operating expenses, which is well above the City's adopted fund balance policy of 5%. This budget prioritizes the City's long-term fiscal position with the majority of the increase in spending dedicated towards paying down debt, which will significantly reduce future operating expenses. The multi-year projections show a declining fund balance again in 2022 before surpluses and growing fund balances in 2023 and beyond.

- **What is included in the "Other" category totaling \$5.2 million?**

The 2021 budget includes \$2.5 million in one-time federal grant revenue to fund a sink hole repair project. That is the primary revenue source for this category. The Other category includes a variety of revenues

including refunds for expenditures, demolition collections, contributions/donations, and stop loss recoveries just to name a few.

- **The narrative states that transfers will be eliminated from the Neighborhood Services Fund, yet they appear to be budgeted as General Fund revenues in the amount of \$700K in each of these years. Please explain.**

The Five-Year Plan revenue projections assume \$300,000 in revenue transfers from the NSF to the General Fund beginning in 2022. The text in the plan has been updated to reflect this. There is also \$400,000 in planned annual transfers from the Senators Fund to the General Fund after the Stadium Bonds are defeased.

- **The Neighborhood Services Fund projects a deficit in each of these years and approaches a fund balance of \$0. Please explain.**

The NSF projections have been updated to reflect the \$200,000 in additional annual revenue beginning in 2022 from improved collections. The projections previously omitted these revenues. The revised projected 2024 year-end fund balance is \$1.5 million.

- **Please provide a financial summary of the Energy Savings Contract.**

Expenses	
Design, labor, materials (The Efficiency Network)	\$3,701,714.08
Quality Assurance (Suburban Lighting Consultants)	\$16,400.00
Loan Financing (M&T Bank)	\$431,988.50
Total Project Cost	\$4,150,102.58
Revenue	
DEP Grant	\$500,000.00
Refund from PPL for past overbillings	\$98,779.69
PPL Act 129 Rebate	\$374,141.77
Total Project Revenue	\$972,921.46

Annual Savings

The independent auditors hired by PPL verified that the City is achieving a total annual savings of 3,741,417 Kwh. The dollar savings is hard to quantify because of all the variables. For example, PPL changes the transmission rate from year to year. The transmission rate also varies based upon the configuration of the pole (utility pole vs. decorative pole vs. aluminum pole). Additionally, the City competitively bids the electrical generation, which decreased \$0.05457 per kwh before project to \$0.0363 per kwh after project to \$0.04709 currently. The estimate below uses current costs. Also, the maintenance is performed by City staff, who now spend more time on other deferred maintenance activities like light pole foundations, poles, and wiring replacement. The maintenance savings is based upon the material warranty and the pre-project streetlight procurement costs. This savings will expire when the equipment warranty expires.

Electrical Generation = 3,741,417 Kwh x \$0.04709/Kwh = \$176,183.33

Electrical Transmission = 3,741,417 Kwh x \$0.10437/Kwh = \$390,491.69

Estimated Savings by stopping overbilling for lights that didn't exist = \$20,000

Maintenance Savings based upon 10-year material warranty = \$60,000

Total Annual Savings = \$646,675.02

Pay Back Period

	Revenues	\$972,921.46
	Expenses	\$4,150,102.58
(a)	Subtotal	(\$3,177,181.12)
(b)	Annual Revenues	\$646,675.02
	Payback period (a/b)	4.9

The City initiated this program in 2015, so it has surpassed the estimated 4.9 year payback/breakeven point for net savings.

- **Revenue Initiatives: Certain goals are stated without specifying any initiative(s). Please provide description of the specific initiatives in the case of:**

i. Continue to improve increased PILOT Agreements

Prior to COVID, approximately 18 letters were sent out to non-profit entities to solicit PILOT contributions. We received one voluntary payment as a result.

We successfully renegotiated a large PILOT and Municipal Services agreement increasing the prior amount by \$150,000. Post COVID, we will send out additional letters and continuing to work through existing agreements to renegotiate increased PILOT contributions. We are initially focusing on those entities that have recently completed new construction projects whose footprint in Harrisburg has increased including potential increases in the assessed value of the property via Dauphin County.

ii. Improve Collection Rate in the NSF

Prior to COVID, letters were mailed out to all delinquent residential trash accounts. A sampling of 500 letters were sent out in November resulting in 37% of those accounts making a payment. In January of 2020, an additional 2,778 letters were mailed out to delinquent residential trash accounts resulting in 22% of those accounts making a payment. Our Communications/ Marketing team also began to notify the public via various social media platforms along with sending out inserts in the trash bills. The communications were established over several months which included informing the billpayers of the various methods in which payment can be made to the City leading up to notification that the City will be actively pursuing delinquent accounts. Our Public Works team also continued to "work" returned mail to find more accurate billing addresses. We also began the process of combining the filing of civil complaints for delinquent trash bills and delinquent mercantile taxes and/or landlord licenses. We recently received judgements on some of these accounts.

Post COVID, we plan on continuing the letter campaign, working with Public Works employees to ensure we have correct addresses for trash accounts and will continue to file civil complaints and liens.

iii. Procurement

The City is currently considering the centralization of procurement activities to streamline processes. A new process is currently under evaluation and no final structuring decisions have been made yet.

iv. Information Technology

Below are the City's current initiatives to improve its information technology capabilities and infrastructure:

1. Replace the current disparate systems, including mainframe systems (City, Revenue, and Personnel), finance system (Central Square), and payroll system (Paychex) with an ERP system from one vendor, where all modules are integrated with each other.
2. Obtain Office 365 Licenses to support our Microsoft suite of tools: Outlook (Email), Word, Excel, PowerPoint, etc.
3. Replace of the Data Center core switch, which controls the critical infrastructure for all City-deployed technology.
4. Replace the aging fleet of City-wide printers with new machines.
5. Replace the security camera system at Reservoir Park, which is unreliable and not integrated with our other camera systems.
6. Implement a Laserfiche public portal that would allow for a single point of citizen access to City-related documents.
7. Replace the equipment (servers and Storage Area Network (SAN)) in the Data Center and Co-location site, as they reach the end of their useful life.

i. Seek Increased Federal Grant Funding

Background

Below is a summary of federal grants that the City is pursuing and the strategies it is implementing to pursue them. The summary does not include Housing and Urban Development or Community Development Block Grant funds. It also does not include sinkhole grants, some of which were federal funds from FEMA and HUD, or COVID-related funds.

Federal

- Federal Emergency Management Agency - The City regularly applies for and is awarded money from FEMA through various AFG (assistance to firefighters) grant programs. Grants specific to fire and are generally in the \$30,000 to \$50,000 range. The City will continue to apply for these every year, but there is no expectation for large grant awards. Awards will always be only about \$50,000 maximum.
- Department of Justice – The City has received federal DOJ money in the form of COPS grants. The City could consider applying for another COPS grant, but they are consistently difficult to win and very time consuming to administer.
- Food and Drug Administration/National Institutes of Health – The City received a \$70,000 grant from the FDA/NIH for health standards planning grant. The City is hopeful, the award will lead to

further, much larger grants for the implementation of some of the measures that the study uncovers. This is a one-off specific to a unique program at the City, but a nice award for Harrisburg.

- BUILD – The City has applied unsuccessfully for these grants; however, the City is trying again. Applying again will require the City to build a coalition among private sector and local/regional planning agencies.

One of the keys to securing more federal grant funding is to begin a systematic review of the major fed agencies, HUD (apart from current DBHD programs), the Department of Education, FEMA, Department of Agriculture, Department of Energy, Department of Interior/National Park Service, Department of Commerce, DOJ, the Department of Health and Human Services, and the Department of Labor.

- The City plans on taking a more active approach to identifying and pursuing grants. The City will decide on a department level on which projects and priorities it wants to move forward in a given year and then find grant programs that fit our projects.

It should be noted that certain transportation projects are eligible for Federal Funding, but the projects take years to develop, permit, and fund. When the City was in receivership, all City sponsored federal transportation projects (except for the N. 7th St. widening) were removed from the long-range transportation plan including projects such as the Southern Gateway and the Division Street Bridge partially due to the City's inability to provide matching funds. This resulted in a several year gap in the receipt of federal transportation dollars for City sponsored projects. Recent efforts to secure federal transportation funding have been more calculated resulting in significant awards including: Industrial Road Resurfacing (\$2,846,772.85 in federal dollars FY 2018); Herr St. Accessible Route (\$372,107 in federal dollars FY 2019); Riverwalk Reconstruction (\$1,780,861.00 in federal dollars FY 2019); and the Capital Gateway (\$762,940 for 2022). This calculated pursuit of federal funding for eligible transportation projects through proper planning and project prioritization will continue. Approval of the Comprehensive Plan and the ability to budgeting matching local funds will benefit this initiative.

2. Planning Discussions

- **This draft, like the 2019 plan, does not include any internal controls, policies, or procedures to avoid a future fiscal emergency condition and includes a significant draw on the fund balance. This is highly concerning in light of the deficiencies in internal controls identified in the independent auditor's management letter.**

The has established the following narratives describing policies and procedures regarding finance and other City operations. These documents are reviewed annually by the City's auditors and are updated as necessary:

- DBHD-1 (narrative CDBG HOME ESG as well as Lead Program)
- IT-1 (Computer Controls Applications -2019)
- IT-1 (Computer Controls General Mainframe- 2019)
- IT-1 (Computer Controls General Network -2019)
-
- TO- 2 (Bank Reconciliation Procedures)
- TO-2 (Cash Receipts Narrative- Individual Dept.)
- TO-2 (Cash Receipts Narrative- Treasury)
- TO-2 (Scanner MAVRO Payment Processing)

- OEE0-1 (MOED controls narrative)
- HR-1 (compensated absence memo)
- HR-1 (workers' compensation memo)
- HR-1c (Risk Management note)
- HI-1 (Health insurance narrative)
- HSF-3 (Summary of Relevant Portions of Senator's Sale Documents)
- P-3 (Accounts payable narrative)
- P-3 (Accrued Payroll narrative)
- P-3 (cash disbursements procedures)
- P-3 (debt reconciliation)
- P-3 (fixed assets)
- P-3 (journal entry)
- P-3 (payables input)
- P-3 (year end close out)
- P-6 (codes- other receipts)
- P-7 (planning-other receipts)

The City has taken actions to address findings from previous audits. The City is scheduled to meet with the auditor later this month to discuss steps taken to resolve past issues and discuss any new findings from this year's audit. This meeting will presumably include a review of any suggested changes to the City's existing policies and procedures.

- **The Authority has made multiple requests for a report on revenues and expenses specific to the trash and recycling services provided to the Steelton Borough. It is essential that the City be able to provide proper and ongoing accounting of this arrangement so that its financial benefit (or burden) for Harrisburg taxpayers can be determined.**

Please see attached. The administration and the Controller's Office are partnering to create a new reporting mechanism that should be live no later than February. The reporting mechanism will run through Pentamation and Munilink and is being designed of providing improved accounting and financial monitoring of trash and recycling activities.

- **Exploring regionalization of public safety efforts shows promise. Please share the referenced countywide study as well as any other studies or analysis you may have on hand.**

Please see attached.

- **There was a concern expressed about the robust nature of the post-retirement benefits. Is the City exploring strategies for diminishing the responsibility for paying for such benefits for new employees over time?**

Non-represented employees already do not receive retirement health benefits, which helps the City control its Other Post Employment Benefit Liability. The City is open to a variety of strategies to address its OPEB liability in the next round of contract negotiations with its labor unions, including diminishing the responsibility for

paying for such benefits for new employees over time. The City understands that controlling retirement health benefit costs (and legacy costs in general) is important to securing its long-term fiscal position and this will be an area of focus in the collective bargaining process.

- **We would like to have a better understanding of the City's access to debt markets to refinance the forbearance liability.**

The extension of the City's special taxing powers resolves the most serious immediate threat to the General Fund and will likely enable the City to reenter the debt markets. This would allow the City to refinance its existing high interest rate debt, specifically, the forbearance liability associated with its Series 1997 General Obligation Bonds, which carry an 6.75% interest rate. The City is working with its financial advisor to chart out a plan to form a financing team and outline the steps to execute a financing.

- **Similarly, we would like to understand the risks and benefits with the City's self-insured health plan.**

The City will explore the feasibility of transitioning from a self-insured health program to a traditional program. The concern is that once an organization has been self-insured as long as the City has, it may be very difficult to convert. There are plan designs in place for unions and other special situations that may not be mirrored on a fully insured basis. However, the City will evaluate a conversion for 2022.

- **Within the Pension Summary we would like clarification as to why the Net Position worsened so dramatically from 2017 to 2018.**

Pensions funds are impacted by the ebbs and flows of the market, which is what accounts for the fluctuations in pension asset values. Attached are three documents that pertain to the Police pension plan. The Fire and Non-uniform plan are administered by PMRS.

The first attachment is the Statement of changes in net position as supplied by our Auditors (Maher Dussel). This shows that the net position of the plan increased from \$77,054,079 at the end of 2018 to \$91,291,461 at the end of 2019, which exceeded the pension plan investment return assumption. This sheet also details the value changes to the plan during 2018.

The second sheet was received from our Actuary (Conrad Siegel). The actuarial valuation as of 1/1/2019 details the market value of assets of the police pension plan from year 2011 thru 1/1/2019 (which shows the fluctuations year to year based on the markets). This page also shows the funded ratio of the plan during this period.

The third sheet is the from the investment performance review as received from PFM (investment advisor). Also attached is a sheet pertaining to the S&P 500 performance over the past couple of years showing that in 2018, the annual percentage change was a negative 6.24%.

3. Capital Budget

- **The Authority would like a more formal Capital Improvement Plan process to be explored to allow an informed evaluation of the near-term and long-term challenges. We noted that the CIP varies drastically from the last plan, indicating the need for more rigorous planning.**

Financial plans prepared by the City are in conformity with Statement No. 34 of the Governmental Accounting Standards Board. Capital Improvement Plans are documents that will change from year to year, particularly during a global pandemic. As noted in the plan, the existing and long-term revenue projections are insufficient to make serious investments into capital assets such as roads and bridges.

For example, in 2019, the City had a Pavement Condition and Analysis Report completed for all 158 miles of streets owned by the City. Attached is a copy of the report. The recommendations of the report were broken down into different budget levels including Fix All Budget (\$92.2 million over 5 years), Maintain Current Backlog Budget (\$11.1 million per year), Recommended Budget (\$9.8 million per year), Steady State Current PCI Budget (\$4.66 million per year) and Do Nothing. The report shows that if the budget for roadway resurfacing falls below \$4.66 million per year the overall conditions of the roads will deteriorate as the backlog of roads beyond their useful life will continue to increase. The reality is that when revenues are considered, Harrisburg is closer to the Do Nothing Budget than the Steady State Current PCI Budget. The report also compared Harrisburg to 60 other municipalities throughout the Country and only two had a worse pavement condition index than Harrisburg, but Harrisburg will soon be last based upon budget restrictions. The long-term challenges of the City are daunting, so instead of budgeting based upon the actual cost of providing services and maintaining capital assets the Capital Improvement Plan for roadway work is based upon the following: (1) available budget revenue from unused service and supplies are made available to the growing list of capital needs; (2) other funding sources, such as grants are identified for the prioritized capital needs; (3) for roadway projects investments into roads with upcoming utility work are postponed until completion of the utility upgrades; (4) the list of roadways projects are further refined based upon safety per the Vision Zero Plan; (5) roadway projects on the refined list are weighed against other capital needs such as bridges, dams, buildings, equipment, parks resulting in a realistic capital budget. As stated in the Five-Year Financial Plan, projects are given a status of Priority One, Priority Two or Priority Three. Priority One projects are those funded, Priority Two projects are those that could be funded if revenues exceed expenditures or if expenditures were less than projected or if grants or other funds are identified. Priority Three projects are farther beyond the City's current funding capacity. After capital projects are prioritized by City staff based upon the funds available, City Council votes on the budget expenditures. This process is consistent with how federally funded transportation projects are prioritized.

• **Using information at hand, our observation is that there does not seem to be any correlation/relationship between the Priority One projects in the FY19 plan total and the FY20 plan. As an example, the current plan identifies \$8.7 million in FY21 projects vs. \$1.4 million for FY21 in the FY plan. Please explain.**

The Priority One Capital Improvement Projects for FY21 per the Five-Year Financial Plan submitted on October 30, 2020 totaled \$8,719,987. This deviates from the \$1,387,203 Priority One Capital Improvement Projects for FY21 per the Five-Year Financial Plan submitted on May 29, 2019 for the following reasons:

1. The latest version of the plan includes \$1,600,000 for Vision Zero (2nd St.). This was first budgeted in 2019 due to grant match requirements and carried forward in 2020 and 2021.
2. The latest version of the plan moves Forster Street from a 2022 project to a 2021 based upon the award of a Federal Transportation grant and the expected project timeline.
3. The latest version of the plan moves the East-West Multitmodal project from a 2022 project to a 2021 project based upon the award of a State Multimodal grant and the expected project timeline.
4. The latest version of the plan includes \$200,000 to fit out 1002 N. 7th St. a land acquisition necessitated by PennDOT's I-83 expansion project the extent of which was not known when the May 29, 2019 plan was submitted.
5. The latest version of the plan combines various energy savings projects in the Public Safety Building (PSB) previously budgeted in multiple years into one project to be delivered in 2021. The cost was revised to include new air quality requirements necessitated by the COVID-19 epidemic.

6. The above referenced project was inadvertently included twice in the latest version, resulting in a \$1,000,000 typo.
7. Certain projects previously budgeted in 2020 were delayed and were pushed forward to 2021. For example, the Fire Apparatus Bay Doors.
8. Various projects were rescope, brought forward, or delayed based upon design, refined budgeting, and/or department needs.

4. Economic Development

- **Please provide an accurate self-evaluation of economic development plans.**

Attached is a summary of the City’s Economic Development strategy. The City will perform a self-evaluation of its economic development plans over the coming weeks. The City has recently hired a new Economic Development director who is performing an economic development assessment of her own and will make changes as required as she builds out the department.

- **Please describe the timeline for the completion of the Comprehensive Plan and the review and updating of the City’s planning and zoning criteria.**

A required 45-day review period of the Comprehensive Plan recently ended. City Council will review the plan in February, which would put the City on track to have an adopted plan by late February or early March.

The City has just begun the process of reviewing and updating its planning and zoning criteria. The City plans to issue a Request for Proposals and select a consultant by the end of 2021.

- **Please provide a report on the results to-date of the LERTA program.**

Please see attached.

5. Staffing and Workforce Strategies

The Authority Members would like more information about the Workforce Stabilization Program to include a staffing audit. Such an audit would help illustrate the distribution of the increase in non-represented increase of staff from 96 in the FY19 plan to the 119 anticipated in FY21 according to the current plan.

The City has not performed a full staffing audit; however, historical personnel headcount tables by Bureau and employee group are available below.

Bureau	Budget 2019	Budget 2020	Budget 2021
CITY COUNCIL	9.00	9.00	9.00
OFFICE OF MAYOR	4.00	4.00	4.00
OFFICE OF CONTROLLER	3.00	3.00	3.00
OFFICE OF TREASURER	6.75	6.75	6.75
OFFICE OF SOLICITOR	6.00	6.00	8.00
OFFICE OF THE BUSINESS ADMINISTRATOR	2.00	3.00	2.00
FINANCIAL MANAGEMENT	7.00	5.00	7.00

GRANTS OFFICE	1.00	1.00	1.00
COMMUNICATION	5.00	4.00	5.00
OFFICE OF SOCIAL EQUITY/AFFIRMATIVE ACTION	1.00	1.00	1.00
INFORMATION TECHNOLOGY	8.00	7.00	7.00
HUMAN RESOURCES	6.00	6.00	6.00
OPERATIONS & REVENUE - DIRECTOR	6.00	6.00	7.00
PLANNING	4.00	4.00	4.00
INSPECTIONS AND CODES ENFORCEMENT	16.94	16.94	17.00
OFFICE OF BUSINESS DEVELOPMENT	1.00	1.00	2.00
OFFICE OF POLICE CHIEF	165.00	170.00	194.00
DEPARTMENT OF PARKS AND RECREATION	14.00	15.75	14.00
TRAFFIC AND ENGINEERING	13.00	14.00	14.00
HOST FEE	3.00	3.00	3.00
FIRE	86.00	90.00	90.00
NEIGHBORHOOD SERVICES FUND	77.00	80.00	87.85
Total	444.69	456.44	492.60

The majority of the staffing increases in the last two years are related to public safety, including new police officers and community service aides. There were also increases for additional firefighters and staffing support for the Neighborhood Services Fund.

The table above does not include seasonal employees, which in 2021 bring the total budgeted full time equivalent employee headcount to 512, as reflected in the five-year plan.

- **Please share budget, benchmarks, and goals of the Community Aides program. Has the City explored liaisons with the County or the courts who both have efforts in this area?**

The creation of the Community Services Division allows for us to separate from uniform patrol responsibilities and house all the appropriate special units together for greater cohesion and unified response to community needs or concerns in a timelier manner. The appropriations allow for the addition of civilian staff either through the technical services such as BWC, RMS, and Online Reporting to free up uniform police officer(s) currently assigned to those positions and thus be able to handle request for services in a more timely, efficient, and accurate manner.

The CSA addition of civilian staff will assist in branching the community back with the police by being a direct source dedicated to quality of life issues that are not always addressed by police in a timely manner. Police officers can direct their focus back on the more serious criminal issues, while CSA can address those that require proper direction to the other services that City may offer. In time, the Police Department would like to use the CSA pool of personnel to recruit for new police officer positions thus cutting down time in the hiring process and picking for potential hires from persons whom already have the best interest of the City in mind.

The City is working with the County regarding staffing Co-Responders. Currently the County has provided the Police Bureau with 1 full-time dedicated Co-Responder. The direction to budget (2) additional Co-Responders for the City was made by the Mayor. The status of the County Co-Responder staying is currently unknown.

A Co-Responder is a civilian position designed to work side by side with a Law Enforcement Officer for the purpose of identifying and servicing calls that involve or it is suspected involve a mental health disorder and/or behavioral health issues only. A Co-Responder has specific training in the mental health field. An assessment is made and mental health services are directed and or initiated directly.

A CSA is also a civilian position designed to work either in combination or along with the Law Enforcement Officer to handle a variety of calls for service in the City. There is no specific expertise or experience in handling calls for service that involve mental health disorders

See both job descriptions, at this time we have only the County Co-Responder job description, however, the City job description will mirror the county one.

The Community Aides program budget will be finalized after the City Council meeting on December 14, 2020.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Woolley", with a stylized flourish at the end.

Marc Woolley
City of Harrisburg
Business Administrator

City of Harrisburg



Neighborhood Services Fund

February 2021
Amended and Restated March 9, 2021



- Multi-year Projections
- Key Initiatives
- Partnership Financial Analysis
- Capital Needs



City of Harrisburg

Multi-Year Projections

	Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operations	15,319,602	15,764,310	16,319,116	17,176,662	17,237,086
Miscellaneous	515,042	418,702	412,205	412,205	412,205
Transfers	49,141	5,000	5,000	5,000	5,000
Cash Carryover	0	2,667,105	0	0	0
Total Revenues	15,883,785	18,855,117	16,736,321	17,593,867	17,654,291
Personnel	5,269,184	6,141,109	6,188,382	6,335,100	6,486,178
Services	8,537,732	9,443,601	8,882,489	9,059,639	9,240,332
Supplies	907,648	1,188,704	908,382	926,550	945,081
Other	1,668	24,900	0	0	0
Capital	1,983,191	1,894,671	1,648,521	878,341	945,536
Transfers	0	162,133	0	0	0
Total Expenditures	16,699,424	18,855,118	17,627,774	17,199,630	17,617,127
Surplus (Deficit)	(815,639)	(1)	(891,453)	394,237	37,164
Beginning Fund Balance	7,760,146	6,944,507	4,277,401	3,385,948	3,780,184
Ending Fund Balance	\$6,944,507	\$4,277,401	\$3,385,948	\$3,780,184	\$3,817,348



- The NSF projection shows a modest surplus in 2024 and fund balance above 20% of annual expenditures throughout the projection period. The City understands the sensitivities in the projection and has strategies to secure the fund's fiscal position.
- Improve Collection Rates. The City's primary strategy for strengthening the fund's fiscal position is through the improvement of fee collection rates, which (combined current and delinquent collections) is just 85%. The previous version of the five-year plan assumed a 3% increase in the collection rate beginning in 2022, which would result in approximately \$500,000 of annual incremental revenue. This was intentionally a very conservative assumption.

The revised plan assumes an additional 5% increase in the collection rate beginning in 2023, which would generate approximately \$1.3 million annually compared to current levels. While the 93% collection rate target is clearly more aggressive, this is achieved in other communities and a reasonable projection. Moreover, the benefit of this initiative is assumed to be realized over time, rather than instant short-term improvement. Achieving this goal results in a 2024 year-end fund balance of \$2.7 million (15% of fund expenditures).

- The City will prioritize improving collection rates and ensuring all customers are paying their current fee obligations before rate increases or service reductions are considered. If revenues do not materialize as projected in 2022 and 2023, the City will evaluate other corrective actions.



- Pursue New Partnerships. The City has recently forged partnerships with the Boroughs of Steelton, Paxtang, and Penbrook to deliver refuse/disposal services in exchange for a fee paid by the residents of those communities. As demonstrated in the enclosed analysis, the City projects incremental revenue from these arrangements to help support the NSF. The City will regularly monitor these revenues and expenses associated with these partnerships to confirm the existing terms remain in the City's best interests. The City will also explore similar partnerships that may benefit Harrisburg and the NSF.
- Examine Workforce Levels/Costs. The five-year projections assume that the City hires six additional laborers to accommodate the new responsibilities associated with the Steelton/Paxtang/Penbrook partnerships. The City will monitor the workforce needs and assess if fewer than eight new laborers are required to adequately staff these activities and if there's opportunity for the City to save on personnel expenses.
- The City will prioritize improving collection rates and ensuring all customers are paying their current fee obligations before rate increases or service reductions are considered. If revenues do not materialize as projected in 2022 and 2023, the City will evaluate fee increases or other corrective actions.



Partnership Financial Analysis – Projected 2021 Revenues and Expenses

	<u>Steelton</u>	<u>Paxtang/ Penbrook</u>	<u>Total</u>
Revenue			
Refuse/Disposal Charges	640,000	460,524	1,100,524
Total	640,000	460,524	1,100,524
Expenses			
Salaries	122,191	113,157	235,348
Benefits	48,877	45,263	94,139
Personnel	171,068	158,419	329,487
Fuel	5,350	3,360	8,710
Permitting	120	60	180
Vehicle Maint. (incl supplcs)	11,523	4,496	15,849
Depreciation	41,011	15,558	56,569
Disposal Fees	220,068	168,546	388,614
Total Expenses	448,970	350,439	799,409
Net Income	\$191,030	\$110,085	\$301,115
One-time expenses			
Toters	\$281,770	\$251,863	\$533,633



Partnership Financial Analysis – Refuse/Disposal Revenues

Borough of Steelton

- Refuse/Disposal revenues based on prorated 2020 collections. Actual 2020 collections (\$705,000) included 14 total months of collections due to timing of receipts.

Boroughs of Paxtang/Penbrook

- City invoices each Borough (not Borough residents) directly, so no delinquency rate

Borough	Accounts	Fee	Total
Paxtang	651	\$252	\$164,052
Penbrook	1,123	\$264	\$296,472
Total			\$460,524



Partnership Financial Analysis – Labor Cost Analysis

• Borough of Steelton

Averages	Hourly Rate	Daily Total (8 hours)	Annualized (52 days)
All Sanitation Workers	\$20.64	\$165.14	\$8,587.45
Non-MEO	\$20.43	\$163.42	\$8,498.05
MEO	\$21.72	\$173.74	\$9,034.48
Steelton Salary Cost			
Laborers (8)	\$163.42	\$1,307.39	\$67,984.38
MEOs (6)	\$130.31	\$1,042.44	\$54,206.88
Total	\$293.73	\$2,349.83	\$122,191.26
Steelton Benefits Costs**			
	\$117.49	\$939.93	\$48,876.51
Total Labor Costs	\$411.22	\$3,289.76	\$171,067.77

- Serving Steelton Borough requires 14 total sanitation workers (6 motor equipment operators and 8 laborers) one day per week for 52 weeks per year
- Salary costs based on average hourly rates of existing NSF employees
- Benefits costs based on the historical relationship between salary costs and benefits costs. Benefits costs estimated to be 40% of salary costs.

• Boroughs of Paxtang/Penbrook

Averages	Hourly Rate	Daily Total (8 hours)	Annualized (52 days)
All Sanitation Workers	\$20.64	\$165.14	\$8,587.45
Non-MEO	\$20.43	\$163.42	\$8,498.05
MEO	\$21.72	\$173.74	\$9,034.48
P/P Salary Cost			
Laborers (8)	\$163.42	\$1,307.39	\$67,984.38
MEOs (5)	\$108.59	\$868.70	\$45,172.40
Total	\$272.01	\$2,176.09	\$113,156.78
P/P Benefits Costs**			
	\$108.80	\$870.44	\$45,262.71
Total Labor Costs	\$380.82	\$3,046.53	\$158,419.50

- Serving Paxtang and Penbrook Boroughs requires 13 total sanitation workers (8 motor equipment operators and 5 laborers) one day per week for 52 weeks per year



Partnership Financial Analysis – Depreciation Analysis

• Borough of Steelton

Seven existing trucks are used to service Steelton one day per week (20%). 20% of the annual depreciation on those vehicles attributed to Steelton. Depreciation calculated based on seven-year straight line method.

Asset ID	Vehicle Type	Acq Date	Cost	Annual Depr	Steelton %	Steelton Portion
17619	Mack Refuse Truck	6/29/2017	239,228.29	34,175.47	20%	6,835.09
17620	Mack Refuse Truck	7/5/2017	239,229.29	34,175.61	20%	6,835.12
17621	Mack Refuse Truck	7/5/2017	239,230.29	34,175.76	20%	6,835.15
17622	Mack Refuse Truck	8/1/2017	239,231.29	34,175.90	20%	6,835.18
17623	Mack Refuse Truck	8/11/2017	239,232.29	34,176.04	20%	6,835.21
17624	Mack Refuse Truck	8/24/2017	239,233.29	34,176.18	20%	6,835.24
17625	Mack Refuse Truck	10/14/2017	239,234.29	34,176.33	20%	6,835.27
			1,674,619.03	239,231.29		47,846.26

• Boroughs of Paxtang/Penbrook

Three trucks are used to service Paxtang and Penbrook Boroughs. One truck is used once per week for the Boroughs and six days per week overall (17% for the Boroughs). Two trucks are used once per week for the Boroughs (20%).

Asset ID	Vehicle Type	Acq Date	Cost	Annual Depr	P/P %	P/P Portion
	A-3	2020	171,481.24	24,497.32	20%	4,899.46
	Chassis & Packer	2020	171,481.24	24,497.32	20%	4,899.46
	Chassis & Packer	2020	201,567.73	28,795.39	20%	5,759.08
			544,530.21	77,790.03		15,558.01

* Depreciation calculated based on seven-year straight line method.



Partnership Financial Analysis – Vehicle Cost Analysis

- The City calculated the annual maintenance, repairs, fuel, and supplies costs associated with each vehicle in its fleet. The analysis below allocates those costs based on usage to serve Steelton, Paxtang, and Penbrook Boroughs.

Borough of Steelton

	Annual City-wide (260 days/yr)	Per Day	Steelton Portion
Fuel	\$26,750.32	\$102.89	\$5,350.06
Permitting	\$600.00	\$2.31	\$120.00
Maintenance (incl supplies)	\$56,764.51	\$218.33	\$11,352.90
	\$84,114.83	\$323.52	\$16,822.97

Boroughs of Paxtang/Penbrook

	Annual City-wide	Per Day	P/P Portion
Fuel	\$16,798.44	\$59.51	\$3,094.69
Permitting	\$300.00	\$1.09	\$56.77
Maintenance (incl supplies)	\$22,480.85	\$78.68	\$4,091.30
	\$39,579.29	\$152.23	\$7,915.86

A-3 Truck Cost
(260 days/year operating)

	Annual City-wide	Per Day	P/P Portion
Fuel	\$8,215.00	\$26.50	\$1,378.00
Permitting	\$100.00	\$0.32	\$16.77
Maintenance (incl supplies)	\$12,550.85	\$40.49	\$2,105.30
	\$20,865.85	\$80.25	\$4,173.17

A-10 and A-11 Truck Cost
(260 days/year in operation)

	Annual City-wide	Per Day	P/P Portion
Fuel	\$8,583.44	\$33.01	\$1,716.69
Permitting	\$200.00	\$0.77	\$40.00
Maintenance (incl supplies)	\$9,930.00	\$38.19	\$1,986.00
	\$18,713.44	\$71.97	\$3,742.69

* Steelton, Paxtang, and Penbrook portions based on 52 days of usage annually



- Borough of Steelton

Disposal fees based on actual experience

- Boroughs of Paxtang/Penbrook

Projected disposal fees based on a pro-rated amount compared to Steelton Borough, adjusted for population. The combined Paxtang/Penbrook populations are about 77% of that of Steelton's, thus the projected disposal fees are 77% of Steelton's



VEHICLE PURCHASE PROGRAM

NARRATIVE: The City engages in a vehicle purchasing program to support its fleet management activities. Public Works vehicles support both General Fund and Neighborhood Service Fund activities. The vehicles are currently on a ten-year rotation cycle. Projected NSF vehicle purchase expenditures are shown below.

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	300,000	300,000	300,000	900,000
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	945,857	945,000	440,000	762,000	3,092,000
Total	-	\$945,857	\$1,245,000	\$740,000	\$1,062,000	\$3,992,857

DETAILED EXPLANATION OF COST: The Fleet Manager in the Bureau of Vehicle Management utilizes multiple funding sources to address the City’s ongoing vehicle needs. In the past, the primary funding sources have been General Fund transfers, Capital Project Fund transfers, State Liquid Fuels Funds, and grants. Going forward, the City will also rely on Neighborhood Service Fund transfers to support these needs. Aggressive grant seeking, such as 902 Grant, DERA Grant, Driving PA Forward Grant, and other sources is essential for managing these costs. The estimates do not take into account trade-in values or residual value returned from sales, so the bottom-line fiscal impact will be less than shown in the table.



EQUIPMENT LEASING

NARRATIVE: Leases include six dump trucks, seven refuse trucks, two front-end loaders, and one backho.

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	607,111	607,111	341,003	85,251	1,640,475
Total	-	\$607,111	\$607,111	\$341,003	\$85,251	\$1,640,475



BUILDING IMPROVEMENTS

NARRATIVE: Improvements to Neighborhood Services facilities include Reservoir Brownstone HVAC Repairs and upgrades in be in compliance with DA; video surveillance system for highly trafficked park areas; long-range prox card reader for Parks Maintenance; and miscellaneous repairs.

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	202,190	46,410	47,338	48,285	344,233
Total	-	\$202,190	\$46,410	\$47,338	\$48,285	\$344,233

DETAILED EXPLANATION OF COST: More detailed costs for these capital expenditures are as follows: HVAC Repairs and upgrades - \$23,000; video surveillance system for highly trafficked park areas - \$9,500; long-range prox card reader - \$6,000; and miscellaneous repairs - \$7,000.



EQUIPMENT – OTHER

NARRATIVE: This capital expenditure includes a front-end loader; additional attachments for existing equipment to expand staff’s scope of work; utility trailer used to move Parks and Maintenance equipment; replace equipment that cannot be repaired; and a skid steer driven snow blower.

	Carry Forward	2021	2022	2023	2024	Total
.General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	139,513	50,000	50,000	50,000	289,513
Total	-	\$139,513	\$50,000	\$50,000	\$50,000	\$289,513

DETAILED EXPLANATION OF COST: Itemized costs for 2021 capital expenditures are as follows: front-end loader - \$95,000; additional attachments for existing equipment - \$13,252; utility trailer - \$12,386; replace equipment - \$9,875; a skid steer driven snow blower - \$9,000.



Funding Summary

The table below shows the aggregate funding sources for the planned NSF capital initiatives.

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	300,000	300,000	300,000	900,000
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	1,894,671	1,648,521	878,341	945,536	5,367,068
Total	-	\$1,894,671	\$1,948,521	\$1,178,341	\$1,245,536	\$6,267,068



**Office of the Business Administrator
The City of Harrisburg**

MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

February 19, 2021

Mr. Marc Woolley
Business Administrator, City of Harrisburg
Martin Luther King, Jr. Government Center
10 N. Second Street
Harrisburg, PA 17101

Ms. Audrey Carter
Chair, Intergovernmental Cooperation Authority for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

Dear Ms. Carter,

Below, please find responses to the issues and concerns identified in your correspondence dated December 21, 2020.

City of Harrisburg
Responses to ICA Questions/Comments from December 21, 2020 Correspondence

1. The Neighborhood Services Fund (NSF), a principal proprietary fund of the City, demonstrates annual deficits.
2. The NSF fund balance is on a trajectory towards depletion.

The City's primary strategy for strengthening the fund's fiscal position is through the improvement of fee collection rates, which (combined current and delinquent collections) is just 85%. The previous version of the five-year plan assumed a 3% improvement in the collection rate to 88% beginning in 2022, which would result in approximately \$500,000 of annual incremental revenue. This was intentionally a very conservative assumption. The annual \$300,000 transfer from the General Fund to the NSF has been eliminated so the entire benefit of improved collection rates remains in the NSF.

The revised plan assumes an additional 5% improvement in the collection rate to 93% beginning in 2023, which would generate approximately \$1.3 million annually compared to current levels. While the 93% collection rate target is clearly more aggressive, this is achieved in other communities and a reasonable projection. Moreover, the benefit of this initiative is assumed to be realized over time, rather than instant short-term improvement. The revised projections also take into account the 5% annual fee increases associated with the Paxtang and Penbrook agreements, which were not reflected in the previous draft.

Achieving the collection rate goals result in a modest surplus by 2024 year-end and a fund balance of \$3.6 million, which is equal to over 20% of the fund's annual expenditures.

The City will prioritize improving collection rates and ensuring all customers are paying their current fee obligations before rate increases or service reductions are considered. If revenues do not materialize as projected in 2022 and 2023, the City will evaluate other corrective actions.

3. The NSF forecasts are inconsistent with other information in the proposed plan pertaining to transfers to the General Fund.

The City has made the decision to eliminate transfers from the NSF to the General Fund. Schedules in the plan have been revised accordingly.

4. A schedule of projected capital commitments to the NSF is not included.

Attached is a summary of City-wide capital projects and funding sources, which includes commitments to the NSF. These capital commitments are included in the revised NSF projections.

5. Financial information provided for a major initiative of the NSF, Steelton partnership, appears defective and not in accordance with GAAP.

Please see the attached revised analysis.

The City's finance department has had extensive discussions with the Controller's office on the accounting/budgetary basis for all of the City primary funds and there is agreement on the current practice. The City will note the differences between the budgetary and full accrual methods in its budget document, as is done in other municipalities and recommended by the GFOA.

6. The schedule of capital improvement projects for the General Fund does not include required supporting information, i.e. detailed budgets and descriptions.

Attached is a summary of capital project descriptions and funding sources.

7. The schedule of capital improvements for other funded projects does not include required supporting information, i.e. detailed budgets, descriptions, and sources of funding.

Attached is a summary of capital project descriptions and funding sources.

8. New initiatives are proposed relatively abruptly without demonstrating proper planning procedures. In specific, an increase in headcount from 462 to 512 FTEs and a new Community Services Division are in contradiction to the most recent spending priorities articulated to the Authority, and do not include detailed budgets, descriptions, and measurable outcomes that the new spending aims to achieve.

The costs of the new employees were fully considered and reflected in the 2021 budget and five-year plan. The detailed costs of the new employees are clearly outlined in the 2021 budget document expense detail for each City department/bureau (attached). Those costs are taken into account in each year from 2022 through 2024 of the five-year plan.

Regarding the CSD specifically, in 2020, Harrisburg, like other municipalities across the country, evaluated how it keeps its communities safe. The City created the CSD after an overall reexamination of its public safety services. The Community Service Aids will provide a direct resource dedicated to quality of life issues that are not always

addressed by police in a timely manner. Police officers can direct their focus back on the more serious criminal issues, while CSA can address those that require proper direction to the other services that City may offer.

The increased efficiency in the Police Department with the utilization of civilian staff focuses officer and leadership attention to crime fighting, increased public safety and more positive community actions when there is more time to spend on calls and solving problems. Police resources are stretched thin and any time gains garnered can be spent back on improving the quality of service during a call. Also, with more time to spend on a call, this can improve the communication and interaction with the community.

The Police Department will continue to use its existing performance measures to evaluate the effectiveness of its initiatives. The department evaluates performance based on citizen program participation and feedback, quarterly logs, and comparative crime statistics.

- ...no examination is offered of what actions would be warranted should a worst-case scenario occur.

The City has the ability to adjust to unanticipated budget shortfalls in 2021 just as it effectively managed such a situation in 2020. One example of a contingency action is to slow the pace of hiring new employees and filling vacancies. The City budget assumes that all new employees are hired and vacancies will be filled on January 1, 2021. As a practical matter, the new positions will not be filled immediately in the new year, so there is some flexibility already built into the budget. The City has the ability to delay hires if City revenues are lower than expected.

The City can also reduce the amount of the forbearance liability it prepays to Ambac in 2021. The City's agreement with Ambac assumes a \$2 million cash outlay for the repayment of the Series 1997 D and F forbearance liability. Because of required court and legislative approvals, at the earliest, the Ambac agreement will be effective in April and more likely May or June. This schedule will allow the City to assess its fiscal position several months into the new year and evaluate how much of the budgeted \$2 million to prepay. It is the City's goal to finance the entire Ambac forbearance liability and possibly the defeasance of the Stadium Bonds to preserve liquidity and mitigate against the worst-case scenario risks,

Additional language was added to Section 7 of the plan.

- Expand on Taxing Authority extension

Additional clarity was included in the revised plan.

- Can the process of working with auditors to develop "control documents" be reflected in the Plan directly?
- Are there efforts in place to cure prior year deficiencies, especially in light of the City's imminent attempt to enter the credit markets?

The City has been meeting with its auditors on an annual basis to discuss internal control matters and other issues that may arise during the audit process for many years. Several years ago, the City developed a portfolio of controls documents that are also reviewed by the auditors on an annual basis. The City does not feel that the practice of meeting with the auditors and reacting to findings and recommendations needs to be reflected directly in the plan.

Updated audit findings and management responses are included in the 2019 audit, which is nearing finalization and will be shared with the ICA as soon as it is available.

- Is the City exploring strategies for diminishing the responsibility for paying [post-retirement] benefits for new employees over time?

Yes, the City is exploring strategies for reducing the responsibility for paying post-retirement benefits for new employees. Non-represented employees already do not receive retirement health benefits. The City is considering a

variety of strategies to address its OPEB liability in the next round of contract negotiations with its labor unions, including increased retiree cost sharing of retirement health benefits. The City understands that controlling retirement health benefit costs is important to securing its long-term fiscal position and this will be an area of focus in the collective bargaining process.

- The City has previously stated, “Streamlined processes were a priority during the COVID pandemic for supporting local businesses.” What processes were streamlined?

The primary improvement to this process was strengthening web-based functionality, which made remote applications and interactions easier. The improved website applications were actually implemented prior to the COVID, but paid off during the pandemic when the City was able to process a record number of business license applications.

- The reference to the Federal grants administration and increased activity in the plan seems to modest.

The plan assumes a modest \$25,000 in annual incremental revenue from Federal grants (rather than a higher revenue amount) in the interests of conservatism. This should not be interpreted to mean that the City does not plan to aggressively pursue new Federal grant funding. As outlined in our previous response, the City has a multifaceted approach to securing new grant funding. Excerpts of our previous response is included in the revised five-year plan.

- The City is projecting parking garage ground lease payments returning to 50% in 2022. Does that projection take into account the extreme shortfall in the formula for the waterfall payments?

Yes. The projections assume that the debt service shortfall is fully repaid in 2022 and partial payments begin flowing back to the City. The City will track parking-related revenues particularly closely as they have been heavily impacted by COVID.

- The question of citywide technology projects is really important. In a recent budget hearing, the City noted that it is replacing all of the modules of the financial management software, over the course of several years, beginning with the Treasurer’s needs. How will this be coordinated to assure a streamlined conversion?

The software implementation plan and schedule will not be finalized until a vendor is selected. The implementation plan and training will be strongly considered in the proposal review and vendor selection process.

- The City is proposing to redirect “park permit revenues,” which is believed to be \$400,000, to the General Fund. Is this revenue guaranteed or non-guaranteed?

This revenue is not guaranteed and dependent on activities resuming at the minor league baseball stadium. When fully operational, these revenues were consistently over \$400,000, but the plan projects \$400,000 (beginning in 2022) to be conservative.

- NSF – The plan does not include supporting planning information for the new agreements signed with the Boroughs of Paxtang and with Penbrook. Please summarize activity projections, revenues, expenses, and capital costs especially in light of the commitment to seven new staff. Please also indicate if the increased revenues are included in the projections in the Plan.

The 2021 budget and five-year plan includes revenues from the new Paxtang and Penbrook agreements. Revised projections include the 5% annual fee increases contractually mandated in the Paxtang and Penbrook agreements.

Attached is an analysis of the revenues and expenses associated with the Steelton, Paxtang, and Penbrook agreements.

- On page 5, it states that overall revenues increased 19% from 2016 to 2019. The numbers presented in the table increased 4.7%. Does that need a correction?

The 19% increase was from 2015. A correction is noted in the revised plan.

- On page 6, the historical figure inaccuracies pointed out by the Controller in his Memorandum of November 17, 2020 do not seem to have been corrected.

The corrections are included in the revised plan.

- On page 9, what is the cost of overhead for the NSF that the General Fund has been bearing?

As noted above, the City has eliminated transfers from the NSF to the General Fund except for instances where equipment or labor expenses are funded directly from the General Fund. The multi-year projections assume that all of those costs are borne by the NSF going forward.

- Please include all information answered by Marc Woolley somehow into the plan itself and make it a standalone.

Not all of the information provided in our previous correspondence fits neatly into the plan or is necessarily appropriate to be included. We have updated the plan and inserted the materially selectively as we deemed fit.

- On page 11, it states that Steelton pays Harrisburg a flat fee for trash collection. That appears to be inaccurate since Harrisburg sends individual bills to customers.

Steelton residents (rather than the Borough itself) pay a flat fee. A clarification noted in the revised plan.

- On page 18, under debt service summary, there appears to be a discrepancy. The 2020 total of \$10.7 million does not match the total on page 13, which is \$10.2 million. The annual debt service increase by \$2 million for the same Series 1997 D and F Bonds. What is the explanation?

The General Fund transfer to the Debt Service Fund in 2020 was \$10.2 million. The difference between the \$10.7 million and \$10.2 million was covered by existing fund balance in the Debt Service Fund.

The Series 1997 D and F annual debt service is consistent throughout this plan. In the 2019 plan, the debt service summary table showed \$2 million in lower debt service for those bonds to reflect the minimum the City is required to pay under the existing Amended and Restated Settlement Agreement with Ambac. A subsequent table in the 2019 plan noted the City's intention to make the full \$8.6 million Series 1997 D and F debt service payments in 2019 and 2020, which it did.

- On page 22, there is an annual debt service comparison that does not seem to match the narrative. The narrative references \$2,000,000 payments in 2021 and 2022. The payment is showing 2021, but it is not shown in the following year 2022.

In the previous draft of the plan, the 2022 \$2 million payment is rolled into the refinancing. Since the last draft was submitted, the City's financing goals and timeline have changed and were updated in the text accordingly.

- Capital projects in Appendix B match with budget sections for capital projects

Not all capital expenditures necessarily flow through the Capital Projects Fund. Some capital expenditures are funded directly by the General Fund, the Liquid Fuels Fund, or Neighborhood Services Fund, so the Capital Projects Fund will not reflect the sum total of all capital expenditures.

The primary funding sources for the Capital Projects Fund are the General Fund and grant funds. Often times, grants require the City to pay projects costs upfront before getting reimbursed or other receiving other grant monies. In these

cases, the City typically funds the project from the Capital Projects Fund and then grant funds are deposited into the Capital Projects Fund. There are no General Fund transfers into the Capital Projects fund in the 2021 budget.

Included, is a summary table showing the Capital Project Fund Sources, the total expenditures, and the projects funded.

A handwritten signature in black ink, appearing to read 'Marc Woolley', with a stylized flourish extending to the right.

Marc Woolley
Business Administrator

Project	2021 CIP Budget and Carryover	2021 Adopted Budget	Difference	Note
General Fund	Revised	Budget	Difference	
DCIT & DREV System Replacement	250,000	250,000	0	
DPER System Replacement	250,000	250,000	0	
Other IT	158,298	158,298	0	
Police Patrol Vehicles	330,000	330,000	0	
Other Police Vehicles	270,000	270,000	0	
Radios	112,000	112,000	0	
Surveillance Cameras	100,000	100,000	0	
Police - Other Capital Improvements	52,000	52,000	0	
Apparatus Replacement	780,000	780,000	0	
Timesheet Management System	100,000	100,000	0	
Bay Doors	80,000	80,000	0	
Fire - Other Capital Improvements	25,000	25,000	0	
Vehicle Leasing Program	479,830	479,830	0	
Engine Reader	30,000	30,000	0	
M&T Bank Building Rehab	200,000	200,000	0	
PSB Fire Panel Replacement	95,000	95,000	0	
GESA	1,000,000	1,000,000	0	
Facilities - Other Capital Improvements	295,153	295,153	0	
Engineering Lease Purchase	9,830	0	9,830	2021 Adopted Budget shows as "Other Operating" expenses rather than capital expenditures.
Engineering Other Capital	63,000	0	63,000	2021 Adopted Budget shows as "Other Operating" expenses rather than capital expenditures.
Subtotal	4,680,111	4,607,281	72,830	

<u>Neighborhood Services</u>	Revised	Budget	Difference	
Vehicle Purchase Program	705,000	705,000	0	
Equipment Leasing	607,111	607,111	0	
Building Improvements	45,500	45,500	0	
Equipment - Other	139,513	139,513	0	
Subtotal	1,497,124	1,497,124	0	
<u>Liquid Fuels Fund</u>	Revised	Budget	Difference	
Vision Zero - Uptown Paving (2nd St)	851,000	821,119	29,881	Reorganization of funding sources.
Allison Hill Paving (S. 15th St)	800,000	800,000	0	
Allison Hill Paving - Bellvue	800,000	800,000	0	
Uptown Paving	550,000	550,000	0	
South Paving Project	224,112	224,112	0	
Subtotal	3,225,112	3,195,231	29,881	
<u>Capital Projects Fund</u>	Revised	Budget	Difference	
Vision Zero - North 7th Street	4,411,752	3,950,000	461,752	Year 1 project cost increase. \$223,372 remaining in Year 2. Overall cost decrease of \$153,642.
Vision Zero - Second Street	4,604,985	5,012,000	(407,015)	Project cost increase.
Mulder Square	2,810,000	2,810,000	0	The CIP shows \$2,810,000 as "Carryover" where the 2021 Adopted budget shows as a Capital Expenditure. No bottom-line cost difference.
Vision Zero (East-West Multi-Modal)	650,000	650,000	0	
Vision Zero (State Street)	653,000	653,000	0	
Vision Zero - Capitol Gateway	1,018,020	1,012,940	5,080	Project cost increase
Vision Zero - Courthouse Connection	0	1,165,590	(1,165,590)	Project is currently unfunded, so it is not included in the "Funded Projects" list.
Vision Zero - Signal Upgrades	50,000	50,000	0	
Subtotal	14,197,757	15,303,530	(1,105,773)	
Total	23,600,104	24,603,165	(1,003,061)	

CITY OF HARRISBURG
BUREAU OF ECONOMIC DEVELOPMENT
FIVE-YEAR FINANCIAL PLAN

The City of Harrisburg’s Bureau of Economic Development is committed to growing the City’s economy in a diverse and inclusive manner by retaining, expanding and attracting businesses, promoting investments, and increasing career opportunities for residents. The Bureau will accomplish these goals by providing a holistic approach that includes, innovation and equity, place and infrastructure, and governance and financial stewardship.

On March 19, 2020, Governor Wolf ordered a statewide closure of all "non-life sustaining businesses, operations and services," due to the coronavirus pandemic. This turn of events required the Bureau to respond quickly, to ensure the needs of the business community were met, as well as to secure the local economy.

We shifted our focus from business as usual, and strategically transitioned to survival mode. The Bureau provided technical assistance and created programs to help our local small businesses, our lifeline, to survive during this difficult time. The Bureau plans to continue to provide this much-needed assistance, for as long as the pandemic and/or the threats persist. With that said, we have not lost sight of our commitment to economic development and growth; instead, we are taking aggressive and necessary steps to achieve our goals.

As part of our Five-Year Plan, we have created community and economic development initiatives that will help to grow our economy, revitalize neighborhoods, and provide opportunities for individuals and families to live, work, and play, right here in Harrisburg.

In addition, the Bureau is in the process of preparing an Economic Development Strategic Plan. A strategic plan is integral in achieving measurable, sustainable economic development, growth and quality of place. This Plan, long-term in scope, will serve as a framework for setting clear and attainable economic development objectives, and design policies and programs to achieve them.

(Approach to Economic Development Strategic Plan – See Below)

FIVE-YEAR PLAN (INITIATIVES)

Staffing: The Bureau of Economic Development is currently comprised of two employees: Director of Economic Development and Director of Business Development. We are planning to execute quite a few initiatives, and will need two additional employees to assist: (1) administrative and (1) community outreach.

1. Small Business Incubator

The City will develop a Small Business Incubator program to help encourage, develop, and retain small businesses in Harrisburg. With a focus on the retail industry, the Small Business Incubator will employ a marketplace concept that will allow startups and early-stage businesses to collaborate and network. The City will provide staff, counseling and education to help small businesses become sustainable. Businesses will receive assistance identifying space in Harrisburg when they are ready to transition out of the Incubator.

2. Affordable Housing Initiative

The Bureau will continue to work with the real estate development community, City departments, residents, nonprofits and various stakeholders to encourage and incentivize affordable housing development for all income levels, and to promote mixed-income and mixed-use development throughout the City of Harrisburg. This initiative is designed to enhance the quality of life for our residents, and to also grow the City's property tax base.

3. City of Harrisburg Business Investment Grant (BIG)

Business recruitment and expansion are important to Harrisburg's economic growth. Attracting companies with high sales volumes and employment generation are key to accomplishing our goals. The City will work in collaboration with our economic development partners in the region to encourage companies to locate to Harrisburg or expand their Harrisburg operations by providing a healthy economic environment that includes, but is not limited to, a skilled workforce, a low cost of doing business, commitment to maintaining and building quality infrastructure, and targeted incentives. All of our partners will play a unique role in helping businesses relocate and grow in Harrisburg.

Businesses seeking to relocate to Harrisburg or expand their existing operations may be eligible for a grant through the City's Business Investment Grant (BIG) program. Our BIG program, which aligns with other local initiatives, provides grant to eligible businesses based upon the amount of property tax generated by the private business investment and the number of jobs created when the company moves or expands here.

Grant recipients will be encouraged to hire residents of Harrisburg and to use local small, minority and women-owned businesses as vendors when available at competitive prices.

4. Business Development Workshop Series

The Bureau of Economic Development/Business Development will continue to provide quarterly workshops to attract, retain, and grow businesses in Harrisburg. The series is designed to provide information, resources and support to members of Harrisburg's small and diverse business community. In addition, the sessions create professional networking opportunities where attendees can develop relationships that will help further their business endeavors. The workshops averaged about 30 participants per session and have served culturally diverse audiences representing various business industries.

5. Microenterprise Business Startup Program (MBSP)

Microenterprises are the smallest, least visible portion of the business world, but are one of the major job generators in our economy. They include a range of service providers and retail businesses. In an effort to grow microenterprise businesses and the city's tax base, the Bureau will offer the Microenterprise Business Startup Program (MBSP). This program will provide technical and financial support for the establishment of microenterprises (10 or fewer employees) in the City of Harrisburg. The City expects to assist annually in the creation of 15-20 new microenterprises (to include M/WBEs), through this startup program.

6. ChooseHBG Local Spending Campaign

ChooseHBG is designed to encourage people, businesses, and local government to think, and more importantly, spend locally first. This Campaign was originally created in response to the COVID-19 public health crisis; however, the Bureau of Economic Development/Business

Development will continue to provide this support to our local businesses to help them sustain and to “boost” the local economy. The campaign focuses on shifting more dining, purchasing, contracting, and investing to local entrepreneurs.

7. Marketing & Workforce Development

As part of the City of Harrisburg’s Economic Development strategy, the department will target areas of growth in regional employment as a means of attracting businesses to the City. Data provided by the High Priority Occupation List (HPO) for the South-Central WDA shows the occupations that project significant growth from 2016 – 2026. The City will prepare specialized marketing to attract businesses in these industries. Businesses will benefit from coming to South Central PA, and specifically Harrisburg, where there is a growing workforce to meet their staffing needs for years to come. The City will leverage existing partnerships with Harrisburg University to help attract Software and App Development companies. Similar partnerships exist with UPMC that the City can use to help leverage companies in the healthcare industry.

		WAGES (2019)			EMPLOYMENT		
	Ed.	Entry Level	Annual Avg	Exper. Level	Est. 2016	Proj. 2026	% Chg
Physical Therapist Assistants	AD	\$40,890	\$56,940	\$64,960	590	750	27.1%
Massage Therapists	PS	\$22,810	\$44,580	\$55,470	460	570	23.9%
Phlebotomists	PS	\$30,150	\$36,210	\$39,240	640	740	15.6%
Plumbers, Pipefitters & Steamfitters	LT OJT	\$36,270	\$52,280	\$60,280	1,870	2,160	15.5%
Software Developers, Applications	BD	\$61,560	\$86,220	\$98,550	2,420	3,050	26.0%

In addition, the City will continue to explore opportunities for workforce development partnerships, in an effort to meet all educational, training, and skill needs.

8. Shop Black Business Friday

The City of Harrisburg is committed to supporting all local small businesses; however, we realize that since the pandemic, Black and Brown businesses across the nation, have been closing at approximately twice the rate of others. Harrisburg will address this concern by encouraging the community to support Shop Black Business Friday; an initiative that has recently been launch in the City of Philadelphia. This effort is designed to increase sales, support job stability and highlight Black and Brown businesses recognized as community anchors. One month will be designated for this initiative.

9. Public-Private Partnerships, Outreach and Community Engagement

The Bureau develops internal and external partnerships and performs customized community outreach in an effort to achieve community goals, to leverage funding and other opportunities for economic development (local, regional, state and federal), to help businesses and non-profits meet their goals, and to inform the citizens of Harrisburg about major development and redevelopment projects in the City.

10. Minority Business Certification Program

To help local business owners position themselves for growth and success, the department of Economic Development will offer a Minority Business Certification program. Interested businesses will apply to become part of a cohort that will participate in business development workshops and receive mentoring from currently certified minority business owners. Finally, these businesses owners will qualify for financial assistance to apply for their own minority business certification. This certification is nationally recognized and can be a valuable tool for businesses that want to advance in their respective industries.

11. Neighborhood Business Stabilization Program (NBSP)

This program was launched in 2020 as a result of COVID-19, and the need to provide financial support to the City’s local small businesses. This program provides much-needed cash flow to small businesses in emergency situations and will be initiated by the City when deemed necessary. This program also helps to provide goods and services to Harrisburg’s residents and helps the City to maintain economically, especially during and after a time of difficulty or a major crisis.

12. Commercial Refuse Credit Program

This program was also launched in 2020 as a result of COVID-19, and will be used only if necessary. The Commercial Refuse Credit Program provides a one-time credit on future trash bills to commercial refuse account holders, negatively impacted by an emergency situation. It is intended to provide relief in the form of a credit, instead of a grant.

13. Harrisburg Gives (Name TBD)

The City of Harrisburg will partner with a nonprofit to develop and execute the Harrisburg Gives Campaign. The purpose of this 24-hour Campaign is to encourage participants to give locally; to raise funds and awareness about nonprofits located in Harrisburg/Dauphin County; to help individuals and families in need; and, to assist in the economic growth and development of the City/County.

14. Commercial Corridor Reinvestment Program

The Bureau will work to implement the Commercial Corridor Reinvestment Program. The purpose of this program is to foster economic development and urban revitalization in the City’s corridors, and the neighborhoods where they exist. As stated in the City of Harrisburg 2020 Comprehensive Plan (Draft), there is a need to stimulate and revitalize Harrisburg’s mixed-use corridors through “the use of targeted economic development programs, zoning, incentives, and good neighborhood planning.” This program will focus on preparing corridors for reinvestment by promoting mixed-use redevelopment, and by “strengthening retail, commercial, and residential activities to encourage live, work, and play environments within Downtown.”

Considering the pace of change and uncertainty in today's economy, the Bureau of Economic Development will partner with community stakeholders to develop the City of Harrisburg Economic Development Strategic Plan.

APPROACH TO ECONOMIC DEVELOPMENT STRATEGY

1. Team - Key Stakeholders

To approach the Plan from a number of different angles, and to ensure diversity, the Bureau will create a dynamic team of up to 12 key stakeholders who are committed to developing a strategic plan. Each member will have a distinct role not only within your community but on the team. Our list of potential representatives will include:

- Influential local elected officials
- Local economic development organization (LEDO) representatives
- Leaders within the business community
- Resident members
- Non-profit agencies
- Local churches or places of worship
- A member of a local or regional workforce development office

2. The Plan will include strategically built frameworks, but is not limited to:

- Population growth or decline
- Booming economy
- Job creation and retention
- Public and private partnerships and investment
- Human resource development, education and training
- Land use and sustainable housing growth
- Commercial and industry stock
- Social, recreational, arts and cultural development

3. About the Plan

The Economic Development Strategic Plan will be simple and straightforward as possible, to all stakeholders and City and economic development officials. It will include all initiatives, investments and programs we currently have in place to: increase employment and job quality, improve quality of life for today and in the long term, and boost the overall business climate, etc.

4. The Economic Development Plan Framework will also include:

The Economic Development Framework will include: values, vision, mission, strategies, objectives, processes (policies, programs and projects) and implementation and results. It will also include, methods, benchmarks, and budgeting and Finance.

5. Creating the Plan

The team will create a working plan with key milestones for tasks, deadlines and cost for completion and implementation. The milestones will include tasks, deadlines and costs for completion and implementation.

6. The Team will consider the following as we develop the Plan:

- Economic and demographic data from research, analysis and forecasting;
- Natural assets;
- Community information – (past, present and future);
- SWOT (Strengths, weaknesses, opportunities and potential threats);
- Market trends and industries;
- Public input;
- Current economic development initiatives; and,
- The City of Harrisburg 2020 Comprehensive Plan

7. Plan Implementation

Implementation will be based on short, medium, and long-term goals, upcoming key projects and programs, as well as costs associated with implementation.

8. Annual Updates

The Economic Development Strategic Plan will be monitored on a regular basis and updated annually, to ensure that both economic growth and the plan remain consistent with the vision, mission and goals we've established. Also, the Bureau will modify the plan on a regular basis to ensure all information, development, trends and technologies are considered.

**City of Harrisburg
Dauphin County, Pennsylvania**



2021 Capital Improvement Project Summary

Rev. Dr. Martin Luther King, Jr. City Government Center
10 North 2nd Street
Harrisburg, PA 17101

2021 Project Summary

Project	Department	Carryover	Projected				Total
			2021	2022	2023	2024	
DCIT & DREV System Replacement	IT	0	250,000	250,000	0	0	500,000
DPER System Replacement	IT	0	250,000	0	0	0	250,000
Data Center Core Switch Replacement	IT	0	0	100,000	100,000	0	200,000
Date Center Equipment Replacement	IT	0	0	0	0	300,000	300,000
Other IT	IT	0	158,298	37,000	12,000	0	207,298
Police Patrol Vehicles	Police	0	330,000	260,000	260,000	260,000	1,110,000
Other Police Vehicles	Police	0	270,000	0	0	0	270,000
Radios	Police	0	112,000	0	0	0	112,000
Surveillance Cameras	Police	0	100,000	0	0	0	100,000
Police - Other Capital Improvements	Police	0	52,000	0	0	300,000	352,000
Apparatus Replacement	Fire	0	780,000	350,000	700,000	400,000	2,230,000
Timesheet Management System	Fire	0	100,000	0	0	0	100,000
Bay Doors	Fire	0	80,000	0	0	0	80,000
Fire - Other Capital Improvements	Fire	0	25,000	0	0	217,000	242,000
Vehicle Leasing Program	Public Works	0	479,830	620,000	525,000	0	1,624,830
Engine Reader	Public Works	0	30,000	0	0	0	30,000
M&T Bank Building Rehab	Facilities	0	200,000	0	0	0	200,000
PSB Fire Panel Replacement	Facilities	0	95,000	0	0	0	95,000
GESA	Facilities	0	1,000,000	0	0	0	1,000,000
Facilities - Other Capital Improvements	Facilities	0	295,153	0	0	0	295,153
Vehicle Purchase Program	Neighborhood Svc	0	705,000	995,000	990,000	1,062,000	3,752,000
Equipment Leasing	Neighborhood Svc	0	607,111	607,111	341,003	85,251	1,640,475
Building Improvements	Neighborhood Svc	0	45,500	46,410	47,338	48,285	187,533

Equipment - Other	Neighborhood Svc	0	139,513	50,000	50,000	50,000	289,513
Lease Purchase	Engineering	0	9,830	0	0	0	9,830
Engineering - Other Capital Impr.	Engineering	0	63,000	0	0	0	63,000
Vision Zero (Signal Upgrades)	Engineering	0	50,000	100,000	50,000	0	200,000
Vision Zero (Second Street)	Engineering	0	5,456,104	223,372	0	0	5,679,476
Vision Zero (Capitol Gateway)	Engineering	0	1,018,020	0	0	0	1,018,020
Vision Zero (State Street)	Engineering	0	653,000	0	0	0	653,000
Vision Zero (East-West Multi-Modal)	Engineering	0	650,000	743,070	0	1,725,000	3,118,070
Mulder Square	Engineering	2,810,000	0	0	0	0	2,810,000
N 7th Street	Engineering	0	4,411,752	0	0	0	4,411,752
Allison Hill Paving	Engineering	0	1,600,000	0	0	400,000	2,000,000
Uptown and Midtown Paving	Engineering	0	550,000	0	1,000,000	0	1,550,000
South Paving Project	Engineering	0	224,112	224,112	224,112	224,112	896,448
Total		\$2,810,000	\$20,790,223	\$4,606,075	\$4,299,453	\$5,071,648	\$37,577,399

The 2021 Capital Budget shown above differs in some respects from the adopted 2021 budget due to how expenditures are classified in the budget and changes in project costs and scope. A summary explanation of the differences is found on the following page.

City of Harrisburg – Capital Improvement Plan/Adopted Budget Reconciliation

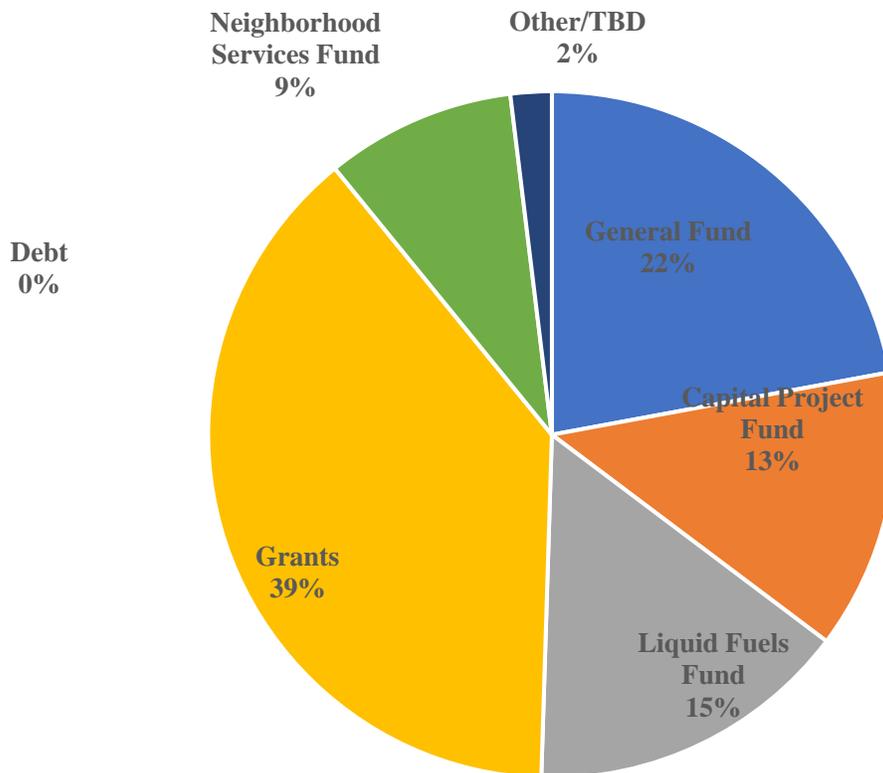
Project	2021 CIP Projection and Carryover	2021 Adopted Budget	Difference	Notes
General Fund	Revised	Budget	Difference	Notes
DCIT & DREV System Replacement	250,000	250,000	0	
DPER System Replacement	250,000	250,000	0	
Other IT	158,298	158,298	0	
Police Patrol Vehicles	330,000	330,000	0	
Other Police Vehicles	270,000	270,000	0	
Radios	112,000	112,000	0	
Surveillance Cameras	100,000	100,000	0	
Police - Other Capital Improvements	52,000	52,000	0	
Apparatus Replacement	780,000	780,000	0	
Timesheet Management System	100,000	100,000	0	
Bay Doors	80,000	80,000	0	
Fire - Other Capital Improvements	25,000	25,000	0	
Vehicle Leasing Program	479,830	479,830	0	
Engine Reader	30,000	30,000	0	
M&T Bank Building Rehab	200,000	200,000	0	
PSB Fire Panel Replacement	95,000	95,000	0	
GESA	1,000,000	1,000,000	0	
Facilities - Other Capital Improvements	295,153	295,153	0	
Engineering Lease Purchase	9,830	0	9,830	2021 Adopted Budget shows as “Other Operating” expenses rather than capital expenditures.
Engineering Other Capital	63,000	0	63,000	2021 Adopted Budget shows as “Other Operating” expenses rather than capital expenditures.
Subtotal	4,680,111	4,607,281	72,830	

Neighborhood Services	Revised	Budget	Difference	Notes
Vehicle Purchase Program	945,857	705,000	240,857	Budget reallocation, carryover from 2020
Equipment Leasing	607,111	607,111	0	
Building Improvements	202,190	45,500	156,690	Budget reallocation, carryover from 2020
Equipment - Other	139,513	139,513	0	Budget reallocation, carryover from 2020
Subtotal	1,894,671	1,497,124	397,547	
Liquid Fuels Fund	Revised	Budget	Difference	Notes
Vision Zero - Uptown Paving (2nd St)	851,000	821,119	29,881	Reorganization of funding sources.
Allison Hill Paving (S. 15th St)	800,000	800,000	0	
Allison Hill Paving - Bellvue	800,000	800,000	0	
Uptown Paving	550,000	550,000	0	
South Paving Project	224,112	224,112	0	
Subtotal	3,225,112	3,195,231	29,881	
Capital Projects Fund	Revised	Budget	Difference	Notes
Vision Zero - North 7th Street	4,411,872	3,950,000	461,872	Year 1 project cost increase. \$223,372 remaining in Year 2. Overall cost decrease of \$153,642.
Vision Zero - Second Street	4,604,985	5,012,000	(407,015)	Project cost increase.
Mulder Square	2,810,000	2,810,000	0	The CIP shows \$2,810,000 as "Carryover" where the 2021 Adopted budget shows as a Capital Expenditure. No bottom-line cost difference.
Vision Zero (East-West Multi-Modal)	650,000	650,000	0	
Vision Zero (State Street)	653,000	653,000	0	
Vision Zero - Capitol Gateway	1,018,020	1,012,940	5,080	Project cost increase
Vision Zero - Courthouse Connection	0	1,165,590	(1,165,590)	Project is currently unfunded, so it is not included in the "Funded Projects" list.
Vision Zero - Signal Upgrades	50,000	50,000	0	
Subtotal	14,197,757	15,303,530	(1,105,653)	
Total	\$23,997,770	\$24,603,165	(\$605,395)	

Five-Year Funding Summary

	Carry Forward	Projected 2021	2022	2023	2024	Total
General Fund	0	4,680,111	1,617,000	1,597,000	1,477,000	9,371,111
Capital Projects Fund	410,000	2,792,541	323,372	350,000	50,000	3,925,914
Liquid Fuels Fund	0	3,225,231	967,182	924,112	574,112	5,690,637
Grants	2,400,000	8,185,304	300,000	300,000	817,500	12,002,804
Debt	0	0	0	0	0	0
Neighborhood Svc.	0	1,894,671	1,648,521	878,341	945,536	5,367,068
Other/TBD	0	409,912	0	0	1,207,500	1,617,412
Total	\$2,810,000	\$21,187,770	\$4,856,075	\$4,049,453	\$5,071,648	\$37,974,946

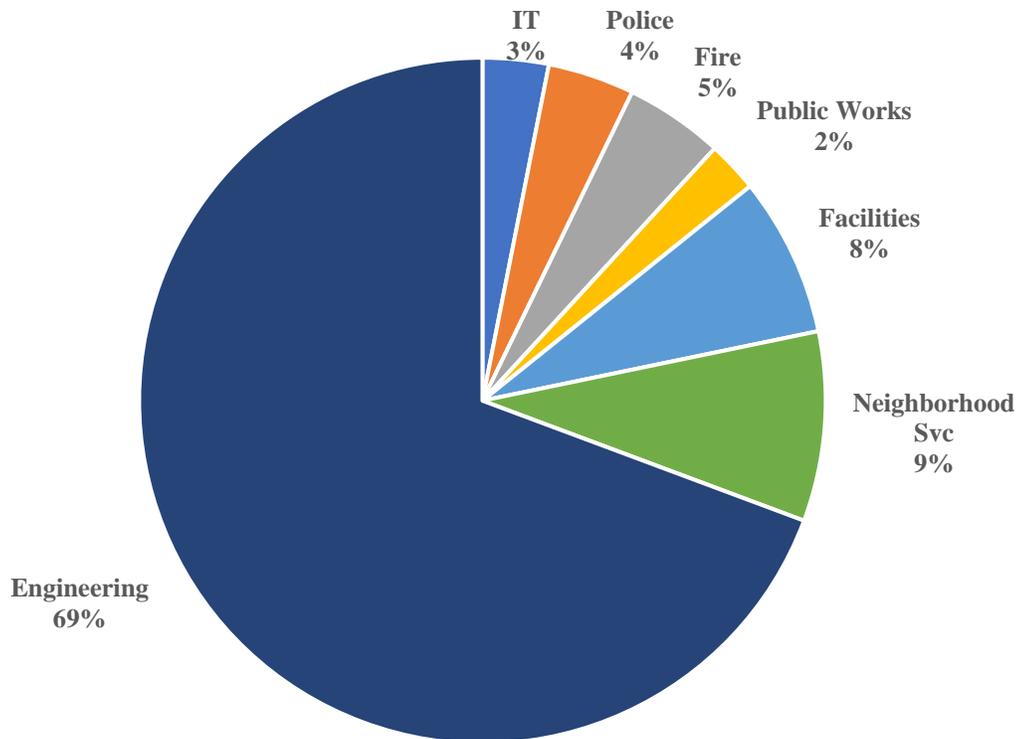
Projected 2021 Capital Expenditures Funding Source Summary



Capital Funding by Department

Department	Carry Forward	Projected 2021	2022	2023	2024	Total
IT	0	658,298	387,000	112,000	300,000	1,457,298
Police	0	864,000	260,000	260,000	560,000	1,944,000
Fire	0	985,000	350,000	700,000	617,000	2,652,000
Public Works	0	509,830	620,000	525,000	0	1,654,830
Facilities	0	1,590,153	0	0	0	1,590,153
Neighborhood Svc	0	1,894,671	1,948,521	1,178,341	1,245,536	6,267,068
Engineering	2,810,000	14,685,818	1,290,554	1,274,112	2,349,112	22,409,597
Total	\$2,810,000	\$21,187,770	\$4,856,075	\$4,049,453	\$5,071,648	\$37,974,946

Projected 2021 Capital Expenditures
Funding by Department



DCIT & DREV SYSTEM REPLACEMENT

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2022

DEPARTMENT: Information Technology

NARRATIVE:

Replace the current mainframe City system (DCIT) and Revenue system (DREV) with an industry standard system, developed by a reputable vendor. The current system was developed in-house, by developers who no longer work for the City. The systems and supporting technologies (hardware and software) have been in use for over 30 years. Replacing the systems with vendor developed and supported systems that uses current technologies, will allow the City to be more flexible and take advantage of enhancements that the vendor develops over time. Also, it will allow for the automation of certain time-consuming processes, which are manual or maintained off system.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	250,000	250,000	-	-	500,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$250,000	\$250,000	-	-	\$500,000

DPER SYSTEM REPLACEMENT

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Information Technology

NARRATIVE

Replace the current mainframe Personnel system (DPER) with an industry standard system, developed by a reputable vendor. The current system was developed in house, by developers who no longer work for the City. The system and supporting technologies (hardware and software) have been in use for over 30 years. Replacing the system with a vendor developed and supported system that uses current technologies, will allow the City to be more flexible and take advantage of enhancements that the vendor develops over time. Also, it will allow for the automation of certain time-consuming processes, which are manual or maintained off system.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	250,000	-	-	-	250,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$250,000	-	-	-	\$250,000

DATA CENTER CORE SWITCH REPLACEMENT

COMMENCEMENT DATE: 2022

COMPLETION DATE: 2023

DEPARTMENT: Information Technology

NARRATIVE

The network switching infrastructure throughout the City, but more specifically the city government center will need a hardware refresh. At the time of replacement, the core switch and all switches in the remote closets will be 7 years old or more, out of warranty and reaching end of life support. This will require replacement of the switching infrastructure as part of the Capital Improvement Plan, to sustain network connectivity and stability of Bureau of Information Technology infrastructure and its applications.

FUNDING STATUS: Funded/Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	100,000	100,000	-	200,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	-	\$100,000	\$100,000	-	\$200,000

DATA CENTER EQUIPMENT REPLACEMENT

COMMENCEMENT DATE: 2024

COMPLETION DATE: 2024

DEPARTMENT: Information Technology

NARRATIVE

Replace the network equipment (SAN and Servers) with new equipment to keep pace with emerging technologies and ensure that the overall infrastructure that is deployed continues to support the overall operations of the City. At the time of replacement, the equipment will be about 7 years old, out of warranty and reaching end of life support. The equipment supports all open system platforms and runs about 60 Virtual Machines (systems) that are used by various departments in the City. It also stores documents and files that are critical for all aspects of City operations.

FUNDING STATUS: Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	300,000	300,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	-	-	-	-	\$300,000

INFORMATION TECHNOLOGY – OTHER CAPITAL IMPROVEMENTS

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2023

DEPARTMENT: Information Technology

NARRATIVE

For 2021, this project includes the following items: Laserfiche Public Portal (\$12,000); Server/SAN Lease (\$28,298); Office 365 Licenses (\$43,000); and Printer Fleet Replacement (\$75,000).

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	158,298	37,000	12,000	-	207,298
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$158,298	\$37,000	\$12,000	-	\$207,298

POLICE PATROL VEHICLES**COMMENCEMENT DATE:** Ongoing**COMPLETION DATE:** Ongoing**DEPARTMENT:** Police**NARRATIVE**

The City engages in a vehicle purchasing program to support its fleet management activities. The City is purchasing patrol vehicles to replace a portion of its fleet that will be retired. Expenditures for 2021 includes five vehicles plus upfitting vehicles. Expenditures for 2022 through 2024 are for four vehicles plus upfitting (Ford Police Interceptor Utility).

FUNDING STATUS: Funded/Committed**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	330,000	260,000	260,000	260,000	1,110,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$330,000	\$260,000	\$260,000	\$260,000	\$1,110,000

OTHER POLICE VEHICLES

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Police

NARRATIVE

The City engages in a vehicle purchasing program to support its fleet management activities. The City will purchase a command vehicle, two new police captain SUVs, a vehicle for co-responders, a Special Crimes Unit (SCU) SUV, and another SCU vehicle.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	270,000	-	-	-	270,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$270,000	-	-	-	\$270,000

RADIOS

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Police

NARRATIVE

The radios are part of the communication system used by the Bureau of Police, which gives the patrol cars the ability to receive and respond to calls from the main call center. With the Community Service Aides and police hires, the department is planning on purchasing 16 new radios at a cost of \$6,700 per unit (\$107,200). The capital budget reflects a modest amount of cushion in case of unexpected cost increases.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	112,000	-	-	-	112,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$112,000	-	-	-	\$112,000

COMMAND VAN

COMMENCEMENT DATE: 2021**COMPLETION DATE:** 2021**DEPARTMENT:** Police**NARRATIVE**

The department will purchase a new command van to add to its fleet of vehicles. The capital budget reflects a \$100,000 match for a UPMC grant.

FUNDING STATUS: Funded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	100,000	-	-	-	100,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$100,000	-	-	-	\$100,000

POLICE - OTHER CAPITAL IMPROVEMENTS

COMMENCEMENT DATE: 2021**COMPLETION DATE:** 2021**DEPARTMENT:** Police**NARRATIVE**

This project includes co-responder vehicle and related equipment.

FUNDING STATUS: Funded/Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	52,000	-	-	300,000	352,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$52,000	-	-	300,000	\$352,000

APPARATUS REPLACEMENT

COMMENCEMENT DATE: Ongoing

COMPLETION DATE: Ongoing

DEPARTMENT: Fire

NARRATIVE

These funds are budgeted to continue our apparatus replacement program. We will be replacing Wagon 3 and Squad 8, both of which will be placed in reserve status. This will update our front line and reserve fleet of apparatus to have more reliable apparatus to serve the citizens.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	780,000	350,000	700,000	400,000	2,230,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	780,000	350,000	700,000	400,000	2,230,000
Total	-	\$780,000	\$350,000	\$700,000	\$400,000	\$2,230,000

TIMESHEET MANAGEMENT SYSTEM

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Fire

NARRATIVE

This system will allow the Bureau to begin further migration from the mainframe, and also automate the overtime and staffing process thus eliminating issues that have occurred in the past.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	100,000	-	-	-	100,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$100,000	-	-	-	\$100,000

BAY DOORS

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Fire

NARRATIVE

This system will allow the Bureau to begin further migration from the mainframe, and also automate the overtime and staffing process thus eliminating issues that have occurred in the past.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	80,000	-	-	-	80,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$80,000	-	-	-	\$80,000

FIRE - OTHER CAPITAL IMPROVEMENTS

COMMENCEMENT DATE: 2021**COMPLETION DATE:** 2021**DEPARTMENT:** Fire**NARRATIVE**

This line item is used for any repairs that are needed to the fire station that are in excess of \$5,000. In the past these items have included hot water heaters, flooring, ceiling tiles, etc.

FUNDING STATUS: Funded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	25,000	-	-	-	25,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$25,000	-	-	-	\$25,000

VEHICLE LEASING PROGRAM

COMMENCEMENT DATE: 2021**COMPLETION DATE:** 2023**DEPARTMENT:** Public Works**NARRATIVE**

The City engages in a vehicle leasing program to support its fleet management activities. Expenditures for each year are as follows:

- 2021 - current maintenance costs
- 2022 - lease maintenance costs and about \$150,000 for new vehicles leases (25 vehicles)
- 2023 - second round of initial Enterprise Lease vehicles, trade off initial vehicles for the next five- year term (25 vehicles).

Once the City and ICA enter into an agreement, the City will likely enter into a new lease that would begin in 2024. The nature and funding source for the lease is not yet determined.

FUNDING STATUS: Funded/Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	479,830	620,000	525,000	-	1,624,830
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$479,830	\$620,000	\$525,000	-	\$1,624,830

ENGINE READER

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Public Works

NARRATIVE

The engine reader his is for a diagnostic computer for the CDL vehicles. Most of our Trucks are powered by Cummins Engines. Our current software for diagnostics is Jaltest, which is a generic diagnostic computer for the trucks/construction equipment/agriculture equipment. We put in for a specific diagnostic computer to help us with maintenance on engine specific issues and codes. Jaltest will remain our software for everything else.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	5,000	-	-	-	5,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$5,000	-	-	-	\$5,000

M&T BUILDING RENOVATION**COMMENCEMENT DATE:** 2021**COMPLETION DATE:** 2021**DEPARTMENT:** Facilities**PROJECT DESCRIPTION:**

The City will be moving its Public Works and Facilities operations into the M&T Building. The building was purchased for \$375,000 and requires renovations of approximately \$200,000. The City Engineering department was placed at the PW building, which sits parallel to I83, currently PennDOT is expanding I83 which greatly reduces the PW building capacity. Thus, forcing the city to find new locations for their departments, Traffic/Engineering is the only one that could be removed offsite with minimal disruption.

FUNDING STATUS: Funded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	\$200,000	-	-	-	\$200,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$200,000	-	-	-	\$200,000

PSB FIRE PANEL REPLACEMENT

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Facilities

PROJECT DESCRIPTION:

The current asset is extremely out of date. Parts are unobtainable and the system is not addressable. Fire detection is an absolute life safety issue. The northeast side, 3rd floor of the Public Safety Building is not currently covered by a fire system. There are no additional forms of egress and early detection will save lives.

The system that the building has is unable to be upgraded, as noted by Simplex Grinnell, the only option is a full system replacement. This is also highly urged by the Fire Marshall, in order to save lives, reduce property loss and maintain building code compliance.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	95,000	-	-	-	95,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$95,000	-	-	-	\$95,000

GESA

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Facilities

PROJECT DESCRIPTION:

This is for the HVAC replacement at the public safety building, a mission critical system. This system is original to the building from the 1960's and is rusty, faulty and unreliable. If the HVAC system fails, the Fire Office, Police Station, and all public serving offices within the building, will have to shut down and personnel relocated. To handle such an emergency and prevent extreme building damage, the City would be forced to rent portable heating and/or cooling units, at an estimated cost of \$50,000 per month.

Not only is the system not up to ASHRAE or current COVID air quality standards, especially in a pandemic environment, we put thousands of residents at risk if the Fire/Police/Traffic Engineering departments have to be shut down and relocated.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	1,000,000	-	-	-	1,000,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$1,000,000	-	-	-	\$1,000,000

FACILITIES – OTHER CAPITAL IMPROVEMENTS

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Facilities

PROJECT DESCRIPTION:

This capital expenditure item includes the PSB window replacement on the north side of the building; replace old carpet in the Codes Department, including the need to move all of the furniture; adding fencing to the Radnor ball field and replacing fence at Gorgas Playground; Air Curtain – MLK; repair the brick walkway in front of the MLK; replace the old carpet in the building and housing area; mansion window replacement to increase energy savings and efficiency; secondary bulk oil distribution system; replace old rotten wood and missing gutters at Brownstone; window coverings for 2nd floor of PSB for additional energy saving; access control for police doors, window glazing at Public Works; new flooring to replace worn out gym mat, to help with shock and sound absorption.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	289,347	-	-	-	289,347
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$289,347	-	-	-	\$289,347

VEHICLE PURCHASE PROGRAM**COMMENCEMENT DATE:** Ongoing**COMPLETION DATE:** Ongoing**DEPARTMENT:** Neighborhood Services Fund**NARRATIVE**

The City engages in a vehicle purchasing program to support its fleet management activities. Public Works vehicles support both General Fund and Neighborhood Service Fund activities. Expenditures for each year are as follows:

- 2021 – (1) paver, (10) third-eye camera systems, (1) 25-yard sanitation truck, (1) 10-yard sanitation mini-packer
- 2022 – tentatively (3) recycle packers, front-end load sanitation packer, pick-up with ext fuel tank/trailer
- 2023 – (2) sanitation packers, front-end loader (wheeled – mid/large), pull behind leaf vac
- 2024 – (1) sanitation packer/ backhoe, (2) 5-ton dumps, (2) 1-ton dumps, street sweeper, trailer, skid-steer

FUNDING STATUS: Funded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	300,000	300,000	300,000	900,000
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	945,857	945,000	440,000	762,000	3,092,857
Total	-	\$945,857	\$1,245,000	\$740,000	\$1,062,000	\$3,992,857

EQUIPMENT LEASING

COMMENCEMENT DATE: Ongoing

COMPLETION DATE: Ongoing

DEPARTMENT: Neighborhood Services Fund

NARRATIVE

These expenses cover the lease costs of certain equipment including sanitation packers, front-end load packers, and 5-ton dump trucks.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	607,111	607,111	341,003	85,251	1,640,475
Total	-	\$607,111	\$607,111	\$341,003	\$85,251	\$1,640,475

BUILDING IMPROVEMENTS

COMMENCEMENT DATE: Ongoing

COMPLETION DATE: Ongoing

DEPARTMENT: Neighborhood Services Fund

NARRATIVE

Improvements to Neighborhood Services facilities include Reservoir Brownstone HVAC Repairs and upgrades in be in compliance with DA; video surveillance system for highly trafficked park areas; long-range prox card reader for Parks Maintenance; and miscellaneous repairs.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	202,190	46,410	47,338	48,285	344,223
Total	\$0	\$202,190	\$46,410	\$47,338	\$48,285	\$344,223

EQUIPMENT - OTHER**COMMENCEMENT DATE:** Ongoing**COMPLETION DATE:** Ongoing**DEPARTMENT:** Neighborhood Services Fund**NARRATIVE**

This capital expenditure includes a front-end loader; additional attachments for existing equipment to expand staff's scope of work; utility trailer used to move Parks and Maintenance equipment; replace equipment that cannot be repaired; and a skid steer driven snow blower.

FUNDING STATUS: Funded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Neighborhood Svc Fd	-	139,513	50,000	50,000	50,000	289,513
Total	\$0	\$139,513	\$50,000	\$50,000	\$50,000	\$289,513

LEASE PURCHASE

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Engineering

PROJECT DESCRIPTION:

This capital expenditure item is for essential engineering equipment.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	9,830	-	-	-	9,830
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$9,830	-	-	-	\$9,830

ENGINEERING – OTHER CAPITAL IMPROVEMENTS

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2021

DEPARTMENT: Engineering

PROJECT DESCRIPTION:

This project includes the installation of video detection at 3 signalized intersections to replace damaged detection loops.

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	63,000	-	-	-	63,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$63,000	-	-	-	\$63,000

VISION ZERO (SIGNAL UPGRADES)

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2025

DEPARTMENT: Engineering

NARRATIVE

This project proposes to provide certain safety upgrades to traffic signals along the high injury network. The High Injury Network represents a collection of crash datasets from within Harrisburg’s city limits. A study of five years of PennDOT crash data (2013-2017) revealed that 66% of all traffic-related deaths and severe injuries occurred on just 4% of streets. The High Injury Network and the methodology used to develop it are available on the City’s Vision Zero website at www.visionzerohbg.org. Focusing on these streets for safety improvements is the foundation for the City’s Vision Zero data-driven program.

As stated in the City’s Vision Zero Action Plan, the proposed upgrades at the signalized intersections will consist of low-cost countermeasures such as twelve-inch LED lenses on all signal heads; backplates on signal heads with reflectorized borders, pedestrian signal countdown displays and high visibility crosswalks.

Revising signal timing including yellow and red change intervals and pedestrian clearance times to the latest standards will be completed as needed and leading pedestrian intervals (LPI) will be added as warranted. LPIs provide pedestrians with an opportunity to enter the crosswalk at a signalized intersection before motorists are given a greenlight. LPIs increase pedestrian visibility, reduce conflicts, increase the likelihood of yielding, and enhance safety for pedestrians who may be slower to enter the intersection (people with disabilities, children and seniors).

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	50,000	100,000	50,000	-	200,000
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt						
Other/TBD	-	-	-	-	-	-
Total	-	50,000	100,000	50,000	-	200,000

VISION ZERO (2ND STREET)

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2022

DEPARTMENT: Engineering

NARRATIVE

This project consists of converting North Second Street from Forster Street to Division Street from one-way northbound to two-way operation. Converting Second Street to two-way operation to promote more livable transportation options and improve the safety of the corridor has been a focused goal of the City of Harrisburg since late 1956, a few months after it was converted to one-way. Multiple mayoral candidates campaigned on a pledge to complete the conversion and various feasibility studies completed over the years have shown that the conversion has merit and will actual improve vehicular traffic flow on State Routes within the City. Research has shown that converting one-way couplets to two-way flow improves the livability in neighborhoods by reducing crime, reducing collisions, increasing property values, increasing business revenue/taxes, increasing bicycling traffic, increasing pedestrian traffic and improving vehicle circulation.

A community survey was conducted between November 21st and December 5, 2018. Respondents included 491 residents and 183 commuters. The top desired changes were (1) crosswalk improvements; (2) shops and local businesses; (3) trees or landscaping; (4) lighting; (5) pedestrian signals; and (6) parking. The proposed project will address the crosswalks, ADA accessibility, landscaping, and lighting. More information about the project including the public survey results is available on the City's Vision Zero website at www.visionzerohbg.org.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	1,315,933	223,372	-	-	1,539,305
Liquid Fuels Fund	-	851,119	-	-	-	851,119
Grants	-	3,289,052	-	-	-	3,289,052
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$5,456,104	\$223,372	-	-	\$5,679,476

VISION ZERO - CAPITOL GATEWAY

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2022

DEPARTMENT: Engineering

NARRATIVE

The Capitol Gateway project will transform the 100 block of Forster Street (between 2nd Street and Front Street) in Harrisburg by implementing a lane diet--replacing a turning lane with landscaping--that will reduce vehicle speeds from 50 MPH to 35 MPH and reduce the number of lanes pedestrians and cyclists have to travel when crossing Forster; and, at the intersections of Forster and Front Street and Forster and 2nd Street, the project will widen sidewalks and crosswalks, install ADA compliant bump outs and pedestrian and cyclist islands, and add a sidewalk and additional landscaping.

The proposed improvements will create safe and continuous pedestrian and cyclist access routes along Forster and at the crossings of Forster and Front streets and Forster and 2nd streets, providing pedestrian and cyclist connectors from Front Street into Riverfront Park and across Forster from midtown to downtown Harrisburg. This project addresses the following problems: -- Vehicle speeds on this stretch of Forster are chronically too high, which increases crash incidences and endangers pedestrians and cyclists -- Forster and Front is the most crash prone intersection in Harrisburg (47 crashes within 250 feet of this intersection that involved major injuries and fatalities occurred between 2015 and 2018) -- There are few crosswalks and no ADA compliant crossings at the Forster and Front Street and Forster and 2nd Street intersections, leaving almost no space for pedestrians and cyclists to congregate as they wait for the lights to turn, and making it unsafe for them to cross Forster's many lanes when the lights do change. The project will improve the quality of life for residents and visitors in Harrisburg and create an attractive a safe place “to go” rather than “to go through”.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	402,650	-	-	-	402,650
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	762,940	-	-	-	762,940
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	1,165,590	-	-	-	1,165,590

VISION ZERO - STATE STREET

COMMENCEMENT DATE: 2021

COMPLETION DATE: 2022

DEPARTMENT: Engineering

NARRATIVE

This project kicked off the City’s Vision Zero response to serious crashes involving pedestrians. In a two year period, four pedestrians were killed trying to cross State Street, with many other serious injuries city-wide. The project makes physical and operational changes to State Street as a result of significant input of residents and community members. More information about the project including the public survey results is available on the City’s Vision Zero website at www.visionzerohbg.org.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	153,000	-	-	-	153,000
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	500,000	-	-	-	500,000
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	653,000	-	-	-	653,000

VISION ZERO - EAST WEST MULTIMODAL (PHASE 1 and PHASE 2)

COMMENCEMENT DATE: 2021 (Phase 1), 2024 (Phase 2)

COMPLETION DATE: 2022 (Phase 1), 2024 (Phase 2)

DEPARTMENT: Engineering

NARRATIVE

The Harrisburg East-West Multimodal Connection project will add vital east-west multimodal connections and bicycle and pedestrian connectivity within Harrisburg’s Central Business District (CBD) by eliminating three major gaps in the existing network. The proposed project addresses three corridors: 1) Walnut Street (North Front Street to North 3rd Street); 2) Market Street (South 4th Street to Cameron Street), and 3) Chestnut Street (South Front Street to the Harrisburg Transportation Center). These improvements will reinforce ongoing redevelopment efforts in and around the Central Business District. Phase 1 consists of Walnut Street and Chestnut Street, while Phase 2 will include Market Street.

The east-west connections in the CBD do not currently offer and accessible transportation options that are needed to support the City’s Vision Zero program, the Federal Courthouse’s LEED certification, and other public and private redevelopment activities in the area.

The three sections of roadway that the East-West Multimodal Connection Project proposes to address - Walnut Street from North Front Street to North 3rd Street, Market Street from South 4th Street to Cameron Street, and Chestnut Street from South Front Street to the Harrisburg Transportation Center - currently lack dedicated bicycle accommodations, the pavement is in fair to poor condition, and pedestrian facilities are deficient. The proposed project involves multimodal improvements, including: pavement resurfacing; signage and pavement marking upgrades to incorporate bike lanes, bulb-outs, and new curb ramps; sidewalks and crosswalks; minor drainage improvements; and improved bus stops. Additional improvements include relocating a rectangular rapid flashing beacon, creating midblock crossings, and upgrading two traffic signals. The improvements will be constructed within City rights-of-way by reducing the number of lanes on all streets included in the grant and reducing lane widths on Market and Chestnut Streets. Once the project is complete, the corridors will comply with federal, State, and local requirements, including ADA standards for Accessible Design, as well as PennDOT and MUTCD requirements.

The goal of the project is to improve and increase the currently limited amount of bicycle, pedestrian, and transit connections; to introduce streetscape elements; and to prioritize active transportation. The improvements proposed by this project will support these goals, benefiting residents, businesses, commuters, and visitors, and enhancing access to businesses and institutions, as well as to recreational, economic, and social amenities in Harrisburg’s Central Business District and its many surrounding neighborhoods.

FUNDING STATUS: Phase 1 – Funded; Phase 2 - Unfunded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	150,000	-	-	-	150,000
Liquid Fuels Fund	-	-	743,070	-	-	743,070
Grants	-	500,000	-	-	517,500	1,017,500
Debt	-	-	-	-	-	150,000
Other/TBD	-	-	-	-	1,207,500	1,207,500
Total	-	650,000	743,070	-	1,725,000	3,118,070

MULDER SQUARE

COMMENCEMENT DATE: 2021 (Carried forward from 2020)

COMPLETION DATE: 2021

DEPARTMENT: Engineering

NARRATIVE

This project will construct a mini-roundabout at the intersection of Mulberry Street and Derry Street to serve as a gateway to the Allison Hill Community. This intersection is within Harrisburg’s Vision Zero High Injury Network. In addition to the traffic calming effects of the roundabout, other improvements that meet the Vision Zero initiative include compliant curb ramps, a raised crosswalk, sidewalk bulb-outs that shorten pedestrian crossing lengths, and improved lighting. The project contains two other sites, one that removes the cul de sac at the end of Derry Street and replaces it with a linear park, the other is a green alley. More information about the project including the public survey results is available on the City’s Vision Zero website at www.visionzerohbg.org.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	410,000	-	-	-	-	410,000
Liquid Fuels Fund	-	-	-	-	-	-
Grants	2,400,000	-	-	-	-	2,400,000
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	2,810,000	-	-	-	-	2,810,000

NORTH 7th STREET RECONSTRUCTION

COMMENCEMENT DATE: 2021 (Carried forward from 2020)

COMPLETION DATE: 2021

DEPARTMENT: Engineering

NARRATIVE

This project will reconstruct 7th Street from Herr Street to Reily Street, which falls on Harrisburg’s Vision Zero High Injury Network. Elements of the Project include a large landscaped median on N. 7th Street, an urban multi-lane roundabout at the intersection of 7th Street and Reily Street, a two-way cycle track on the southbound side of 7th Street, a protected intersection at Herr Street, two mid-block pedestrian crossings with raised crosswalks near the Pennsylvania Higher Education Assistance Agency building, and

upgraded transit facilities including a floating bus stop. More information about the project including the public survey results is available on the City’s Vision Zero website at www.visionzerohbg.org.

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	868,528	-	-	-	868,528
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	3,133,312	-	-	-	3,133,312
Debt	-	-	-	-	-	-
Other/TBD	-	409,912	-	-	-	409,912
Total	-	\$4,411,752	-	-	-	\$4,411,752

ALLISON HILL PAVING

COMMENCEMENT DATE: 2022 and 2024

COMPLETION DATE: 2022 and 2024

DEPARTMENT: Engineering

NARRATIVE

This project consists of installation of ADA curb ramps and neighborhood street resurfacing in Allison Hill. Individual streets will be selected in the prior year based upon the Pavement Condition and Analysis Report dated March 11, 2019 and with coordination with the underground utility providers (specifically Capital Region Water and UGI).

FUNDING STATUS: Funded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	50,000	50,000
Liquid Fuels Fund	-	1,600,000	-	-	350,000	1,950,000
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	1,600,000	-	-	400,000	2,000,000

UPTOWN AND MIDTOWN PARKING

COMMENCEMENT DATE: 2021 and 2023

COMPLETION DATE: 2021 and 2023

DEPARTMENT: Engineering

NARRATIVE

This project consists of installation of ADA curb ramps and neighborhood street resurfacing in Uptown and Midtown Harrisburg. Individual streets will be selected in the prior year based upon the Pavement Condition and Analysis Report dated March 11, 2019 and with coordination with the underground utility providers (specifically Capital Region Water and UGI).

FUNDING STATUS: Funded/Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	300,000	-	300,000
Liquid Fuels Fund	-	550,000	-	700,000	-	1,250,000
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$550,000	-	\$1,000,000	-	\$1,550,000

SOUTH PAVING PROJECT

COMMENCEMENT DATE: Completed

COMPLETION DATE: Completed

DEPARTMENT: Engineering

NARRATIVE

This road paving project was completed in 2020; however, the City will be making annual lease payments through 2021 and will fund through the Liquid Fuels Fund.

FUNDING STATUS: Funded/Committed

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	\$224,112	-	-	-	224,112
Grants	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	\$224,112	-	-	-	\$224,112

COURTHOUSE CONNECTION**COMMENCEMENT DATE:** 2022**COMPLETION DATE:** 2023**DEPARTMENT:** Engineering**NARRATIVE**

The Courthouse Connection project comprises two adjacent projects: the Urban Meadow Extension and the Reily Streetscape Improvements. This project will advance Harrisburg’s Vision Zero goals by creating safe, multimodal thoroughfares along Boyd Street and Reily Street that are pedestrian/bicycles and transit-friendly to connect Harrisburg’s midtown with the new government and commercial sites on N. 6th Street.

FUNDING STATUS: Unfunded**FUNDING SOURCES:**

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	150,000	150,000	-	-	300,000
Capital Project Fund	-	-	-	-	-	-
Liquid Fuels Fund	-	-	-	-	-	-
Grants	-	-	964,550	-	-	964,550
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	150,000	1,114,550	-	-	1,264,550

17th STREET CORRIDOR STREETSCAPE PROJECT

COMMENCEMENT DATE: 2025

COMPLETION DATE: 2025

DEPARTMENT: Engineering

NARRATIVE

In 2017, the Harrisburg Redevelopment Authority received funding from the U.S. EPA to prepare a Brownfields Area-Wide Plan (AWP) for the South Allison Hill neighborhood. The AWP planning process focused on obstacles preventing brownfields reuse, opportunity-supported development, and necessary infrastructure and other improvements. An emphasis of the effort is creating a great community where transportation, housing, community services, modern industry, and commercial development investments are coordinated so that residents and visitors have access to adequate, affordable, and environmentally sustainable options. 17th Street was identified through the AWP planning process as a critical backbone of the neighborhood’s overall community revitalization strategy. This corridor study was undertaken in tandem with the preparation of the AWP, with each process and resultant document helping to inform the other. The AWP honed-in on the importance of public investment in improving pedestrian, bicycle, and transit facilities including crosswalks, sidewalks, and streetscape amenities. 17th Street between Market and Derry Streets has a diverse character, with the blocks at each end individual residential homes, while the core of the corridor, between Chestnut and Mulberry Street, is anchored by the Hamilton Health Center and other commercial-oriented uses. The AWP’s emphasis is on attracting greater investment in former industrial properties that are either vacant or under-utilized, and many of these directly front onto 17th Street, including the vacant lot at 137 S. 17th Street and the former Coca-Cola Bottling Plant located at 227 S. 17th Street.

The 17th Street Corridor Complete Streetscape Plan provides a schematic approach to achieve the goals and outcomes outlined in the AWP. It responds to the need to improve traffic safety and functionality along the corridor and at intersections. It properly defines on-street parking lanes in a manner that helps to ensure that vehicles parked on-street have adequate protection from travelling vehicles. This project is the next phase of ongoing economic development and community-wide planning in Harrisburg.

FUNDING STATUS: Unfunded

FUNDING SOURCES:

	Carry Forward	2021	2022	2023	2024	Total
General Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	534,000	534,000
Liquid Fuels Fund	-	-	-	-	534,000	534,000
Grants	-	-	-	-	2,492,000	2,492,000
Debt	-	-	-	-	-	-
Other/TBD	-	-	-	-	-	-
Total	-	-	-	-	3,560,000	3,560,000



City of Harrisburg
LERTA: Local Economic Revitalization Tax Assistance
Five-Year Report

Data

Harrisburg City's LERTA Ordinance was adopted May 12th, 2015 and the appointment of a program Administrator and formation of a LERTA Appeals Board followed in 2017. A new LERTA Administrator was hired by the City in September 2019. In the period from September 2019 to September 2020, various activities have been performed to promote LERTA and its benefits to homeowners, potential homebuyers and to developers interested in commercial and residential construction projects. Outreach activities have included:

11/14/2019 – **"Qualified Opportunity Zones and LERTA,"** presentation at Greater Harrisburg Association of REALTORS (GHAR)

1/16/2020 – **"Starting & Growing Your Business in Harrisburg,"** Lunch + Learn presentation at st@rtup Harrisburg

9/16/2020 – **"Starting & Growing Your Small Business,"** virtual workshop for Dauphin County Library System

In addition to these outreach presentations, conversations have taken place with many local developers and members of the construction industry to promote LERTA, answer questions and hear their concerns. Some of these discussions have resulted in increased interest in LERTA with several conversations resulting in new LERTA applications being submitted.

Program Snapshot

The data below shows that from January 1, 2020 through November 1, 2020 there have been 848 building permits issued by the City. Of those requesting a building permit, 42 property owners have also applied for LERTA with 40 of those projects being for Residential Improvements and 2 for Commercial/Industrial Improvement. There have been 0 LERTA applications seeking to do New Commercial or Residential Construction.

Building Permits Issued				848
Applied for Abatement				42
(1) Residential Improvement				40
(2) New Residential Construction				0
(3) Commercial/Industrial Improvement				2
(4) Comm/Industrial New Construction				0
(5) Mixed-Use Commercial/Residential				0
(6) Mixed-Use (70%) Comm/Residential				0

The figures below reflect the total number of properties in the LERTA program (270) along with the total taxable and exempts amounts.

		Exempt Amount	Taxable Amount
TOTAL	270 PROPERTIES IN PROGRAM	\$10,506,400	\$37,661,300

Assessment

Due to the COVID-19 pandemic and related statewide business closure order, commercial construction was restricted for a significant period of time between March and June 2020. This impacted the number of commercial construction projects that applied for City building permits and that would have considered applying for LERTA. In addition, City employees were required to work remotely which limited the opportunities to conduct in-person outreach that is generally performed by staff.

The LERTA Administrator and Appeals Board members convene for monthly meetings where they review the data and discuss the current state of the program. Low number of LERTA applicants is a frequent topic of discussion. Historically, there has not been a large number of LERTA applicants for new construction projects, either commercial or residential. The City of Harrisburg's LERTA Ordinance differs from most other municipalities in Pennsylvania in that the Ordinance contains three additional characteristics that developers of commercial projects must meet in order to qualify for the abatement. Those conditions mandate 15% minority participation, 15% local workforce, and that the labor force shall be paid at the prevailing-wage rate. Based on feedback from several local developers, these additional conditions have been a significant factor in some of their decisions to forego applying for LERTA. They cite difficulty identifying enough minority contractors and city resident workforce to meet the 15% thresholds. In order to aid potential developers, the LERTA Administrator maintains a list of MBE/WBE/DBE contractors and businesses to share with those who are looking to identify minority business partners. In conjunction with this assistance measure, the LERTA program maintains a Good Faith Effort policy when it comes to minority participation. Developers should make every effort to contact minority contractors and then should document those efforts as a way to meet the additional condition for LERTA.

In summary, the LERTA program in its current form has not proven to be a largely effective tool for encouraging major redevelopment projects in Harrisburg. While many residential improvement projects have and will continue to benefit from LERTA, the same cannot currently be said for large commercial construction projects. Some local developers have utilized the program and do not view the “Additional Conditions” as a hinderance; while on the contrary, a significant number of developers opted not to apply for LERTA because of those conditions. In order for Harrisburg City to realize some of the benefits that the original LERTA Ordinance hoped to encourage such as elimination of blight and significant redevelopment, the LERTA program requires modifications. Such adjustments might include altering the additional conditions for eligibility, or eliminating those conditions altogether. Another suggestion is to increase the level of tax abatement on commercial projects from 50% to 100%. As it stands, commercial new construction, improvement, and mixed-use projects only qualify for a 50% abatement with an opportunity to reach 100% based on how many jobs are created by the project. Job creation, though listed as an incentive for developers, in essence serves as a fourth additional condition they must meet if they hope to receive the 100% abatement. Perhaps, if developers knew they would be assured a 100% abatement, then they would be more receptive to meeting the three additional conditions for eligibility.

Plan

The following action steps are suggested as a strategy to increase the use and effectiveness of the LERTA program:

1. Conduct quarterly LERTA outreach/listening sessions targeting individuals from the real estate, financial and construction industries to both share information about LERTA and to hear any concerns about the program
2. Improve the placement of LERTA information on the City’s website so that it is more visible to visitors. Some individuals report that they did not apply for the program because they were unaware that it existed
3. Create specific marketing for LERTA with the help of the Communications Department. Additional video and digital promotion of the program may encourage more applicants
4. Submit a report to the Mayor and City Council outlining the success and struggles of LERTA, suggesting modifications to the Ordinance to make it more appealing to developers

Dauphin County Police Services Study



POLICE EXECUTIVE
RESEARCH FORUM

Background

The Novak Consulting Group, on behalf of the Dauphin County Board of Commissioners, contracted with the Police Executive Research Forum (PERF) in 2014 to examine the police organizations currently operating in Dauphin County and to provide alternatives, including a countywide option, for delivering police services to its 40 municipalities.

Summary: Current Costs and Projected Costs for Jurisdictions Impacted by Each Option

Options	Current Costs	Projected Year-One Costs	Cost savings (or increase)
1. Dauphin Metropolitan	\$38,838,711	\$23,507,490	Savings: \$15,331,221
2. Harrisburg Metropolitan	\$55,333,058	\$37,124,420	Savings: \$18,208,638
3. Southern Dauphin Merger	\$15,643,813	\$11,615,720	Savings: \$4,028,093
4. Southern Dauphin Regional	\$7,396,017	\$6,720,560	Savings: \$675,457
5. Derry Regional	\$6,971,439	\$4,729,680	Savings: \$2,241,759
6. Northern Regional	\$447,851	\$2,071,660	Increase: \$1,623,809
7. Countywide	\$55,780,909	\$39,609,670	Savings: \$16,171,239

Cost Savings

- It is important to note that the cost savings presented in the report will take place gradually over several years due to personnel attrition.
 - Officers will not be laid off. Rather, retirements will, over time, reduce the number of personnel in each option to proposed levels.
 - The models presented allow more efficient deployment of officers and are based on calls for service data.

Advantages to Consolidation

- **Effectiveness**
- **Efficiencies**
- **Wider range of capabilities**
- **Professionalism**
- **Recruiting and developing employees**
- **Organization**
- **Enhanced liability control**

Disadvantages to Consolidation

- Possible increase in cost
- Loss of “personalized” services
- Decreased upward mobility
- Pension issues

Governance

- Police Board/Commission
- Joint Police Powers Authority
- Contract Services Agreement

Option 1: Dauphin Metropolitan Police Department

- Twelve police departments that make up the central urban-suburban core of Dauphin County around Harrisburg would form a single metropolitan police department (Derry Township, Highspire Borough, Hummelstown Borough, Lower Paxton Township, Lower Swatara Township, Middletown Borough, Paxtang Borough, Penbrook Borough, Royalton Borough, Steelton Borough, Susquehanna Township, and Swatara Township).
- **This option could provide an approximate 39% cost savings.**
- Expected First Year Cost = \$23,507,490
- Current cost for policing in this region = \$38,838,711
- Population served: 155,009
- Number of officers: 198 sworn
- **Cost savings: \$15,331,221**

Option 1 Cost per Resident

Dauphin Metropolitan	Current Costs	Future Costs
Derry Township	\$247.39	\$151.65
Highspire Borough	\$371.51	\$151.65
Hummelstown	\$190.88	\$151.65
Lower Paxton Township	\$195.44	\$151.65
Lower Swatara Township	\$235.91	\$151.65
Middletown Borough	\$285.46	\$151.65
Paxtang Borough	\$361.31	\$151.65
Penbrook Borough	\$224.40	\$151.65
Royalton Borough	\$67.83	\$151.65
Steelton Borough	\$325.86	\$151.65
Susquehanna Township	\$297.83	\$151.65
Swatara Township	\$291.82	\$151.65

Option 1: Cost per Municipality

Dauphin Metropolitan	Current Costs	Future Costs
Derry Township	\$6,105,240	\$3,742,630
Highspire Borough	\$891,254	\$363,814
Hummelstown	\$866,199	\$688,198
Lower Paxton Township	\$9,256,000	\$7,182,258
Lower Swatara Township	\$1,950,490	\$1,253,862
Middletown Borough	\$2,540,876	\$1,349,858
Paxtang Borough	\$564,000	\$236,729
Penbrook Borough	\$675,000	\$456,170
Royalton Borough	\$61,521	\$137,548
Steelton Borough	\$1,951,876	\$908,398
Susquehanna Township	\$7,158,658	\$3,645,117
Swatara Township	\$6,817,597	\$3,542,903

Option 2: Harrisburg Metropolitan Police Department

- This agency would be composed of the 12 departments that make up the central core of the County, as described in Option 1 previously, plus the City of Harrisburg.
- **This option could provide an approximate 33% cost savings.**
- Expected First Year Cost = \$37,124,420
- Current cost for policing in this region = \$55,333,058
- Population served: 204,537
- Number of officers: 312 sworn
- **Cost savings: \$18,208,638**

Option 2: Costs per Resident

	Current Costs	Future Costs
Harrisburg Metropolitan		
Harrisburg	\$333.03	\$181.50
Derry Township	\$247.39	\$181.50
Highspire Borough	\$371.51	\$181.50
Hummelstown	\$190.88	\$181.50
Lower Paxton Township	\$195.44	\$181.50
Lower Swatara Township	\$235.91	\$181.50
Middletown Borough	\$285.46	\$181.50
Paxtang Borough	\$361.31	\$181.50
Penbrook Borough	\$224.40	\$181.50
Royalton Borough	\$67.83	\$181.50
Steelton Borough	\$325.86	\$181.50
Susquehanna Township	\$297.83	\$181.50
Swatara Township	\$291.82	\$181.50

Option 2: Costs per Municipality

	Current Costs	Future Costs
Harrisburg Metropolitan		
Harrisburg	\$16,494,347	\$8,989,563
Derry Township	\$6,105,240	\$4,479,354
Highspire Borough	\$891,254	\$435,430
Hummelstown	\$866,199	\$823,668
Lower Paxton Township	\$9,256,000	\$8,596,061
Lower Swatara Township	\$1,950,490	\$1,500,681
Middletown Borough	\$2,540,876	\$1,615,573
Paxtang Borough	\$564,000	\$283,329
Penbrook Borough	\$675,000	\$545,966
Royalton Borough	\$61,521	\$164,625
Steelton Borough	\$1,951,876	\$1,087,213
Susquehanna Township	\$7,158,658	\$4,362,646
Swatara Township	\$6,817,597	\$4,240,312

Option 3: Southwest Dauphin Merger

- Seven smaller agencies (Highspire Borough, Hummelstown Borough, Lower Swatara Township, Middletown Borough, Paxtang Borough, Royalton Borough and Steelton Borough) would be merged with Swatara to reduce redundancy and improve efficiency.
- **This option would provide an estimated 26% cost savings.**
- Expected First Year Cost = \$11,615,720
- Current cost for policing in this region= \$15,643,813
- Population served: 55,926
- Number of officers: 94 sworn
- Cost savings: \$4,028,093

Option 3: Cost per Resident

Municipality	Current Costs	Future Costs
Highspire Borough	\$371.51	\$207.70
Hummelstown Borough	\$190.88	\$207.70
Lower Swatara Township	\$235.91	\$207.70
Middletown Borough	\$285.46	\$207.70
Paxtang Borough	\$361.31	\$207.70
Royalton Borough	\$67.83	\$207.70
Steelton Borough	\$325.86	\$207.70
Swatara Township	\$291.82	\$207.70

Option 3: Cost per Municipality

Municipality	Current Costs	Future Costs
Highspire Borough	\$866,199	\$498,268
Hummelstown Borough	\$891,254	\$942,534
Lower Swatara Township	\$1,950,490	\$1,717,247
Middletown Borough	\$2,540,876	\$1,848,720
Paxtang Borough	\$564,000	\$324,217
Royalton Borough	\$61,521	\$188,382
Steelton Borough	\$1,951,876	\$1,244,111
Swatara Township	\$6,817,597	\$4,852,241

Option 4: Southern Dauphin Regional Police Department

- This option would combine five small agencies (Highspire Borough, Lower Swatara Township, Middletown Borough, Royalton Borough and Steelton Borough) into a single department, with a focus on less redundancy and more effective policing.
- **This option could provide an approximate 9% cost savings.**
- Expected First Year Cost = \$6,720,560
- Current cost for policing in this region = \$7,396,017
- Population served: 26,465
- Number of officers: 52 sworn
- Cost savings: \$675,457

Option 4: Costs per Resident

Municipality	Current Costs	Future Costs
Highspire Borough	\$371.51	\$253.94
Lower Swatara Township	\$235.91	\$253.94
Middletown Borough	\$285.46	\$253.94
Royalton Borough	\$67.83	\$253.94
Steelton Borough	\$325.86	\$253.94

Option 4: Costs per Municipality

Municipality	Current Costs	Future Costs
Highspire Borough	\$891,254	\$609,205
Lower Swatara Township	\$1,950,490	\$2,099,588
Middletown Borough	\$2,540,876	\$2,260,333
Royalton Borough	\$61,521	\$230,325
Steelton Borough	\$1,951,876	\$1,521,109

Option 5: Derry Regional Police Department

- Hummelstown Borough would be merged with Derry Township under a contract arrangement to provide a more efficient approach to policing in these adjacent jurisdictions.
- **This option could provide an approximate 32% cost savings.***
- Expected First Year Cost = \$4,729,680
- Current cost for policing in this region = \$6,971,439
- Population served: 29,217
- Number of officers: 42 sworn
- Cost savings: \$2,241,759

*This savings is based on countywide average salaries. True savings will be less due to Derry's current pay structure which is higher than the county average. Additional savings are reflected under the assumption that Derry will move to the county's dispatch center instead of maintaining its own dispatch center and dispatch personnel.

Option 5: Cost per Resident

Derry Regional	Current costs	Future costs
Derry Township	\$247.39	\$161.88
Hummelstown borough	\$190.88	\$161.88

Option 5: Cost per Municipality

Derry Regional	Current costs	Future costs
Derry Township	\$6,105,240	\$3,995,064
Hummelstown Borough	\$866,199	\$734,616

Option 6: Northern Regional Police Department

- This option would combine four small agencies (Halifax Borough, Lykens Borough, Millersburg Borough and Wiconisco Township) north of the mountains to provide expanded coverage to this area. At least two officers would be on patrol around the clock.
- **This option would result in an estimated 363% cost increase but is provided to demonstrate what would be required for dedicated full-time policing in the north part of the county.**
- Expected First Year Cost = \$2,071,660
- Current cost of service to the municipalities in the northern region = \$447,851
- Population served: 6,387
- Number of officers: 17 sworn
- **Cost increase: \$1,623,809**

Option 6: Cost per Resident

Municipality	Current Cost	Estimated Future Cost
Halifax Borough	\$50.59	\$324.36
Lykens Borough	\$50.01	\$324.36
Millersburg Borough	\$104.16	\$324.36
Wiconisco Township	\$41.32	\$324.36

Option 6: Cost per Municipality

Municipality	Current Cost	Estimated Future Cost
Halifax Borough	\$50.59	\$324.36
Lykens Borough	\$50.01	\$324.36
Millersburg Borough	\$104.16	\$324.36
Wiconisco Township	\$41.32	\$324.36

Option 7: County-wide Police Department

- **Option 7: Countywide Police Department** – Although a change in state law would be required to enact this scenario, PERF was asked to examine the parameters for one police department that would serve the entire county. This agency would be composed of four police districts and a substation, in order to maintain a degree of localized policing.
- **This option could provide an estimated 29% cost savings.**
- Expected First Year Cost = \$39,609,670
- Current cost for policing services in the region = \$55,780,909
- Population served: 210,924
- Number of officers: 325 sworn
- **Cost savings: \$16,171,239**

Option 7: Cost per Resident

Municipality	Current	Estimated Future Costs
Harrisburg	\$333.03	\$147.74
Halifax Borough	\$50.59	\$147.74
Lykens Borough	\$50.01	\$147.74
Millersburg Borough	\$104.16	\$147.74
Wiconisco Township	\$41.32	\$147.74
Lower Paxton Township	\$195.44	\$147.74
Penbrook Borough	\$224.40	\$147.74
Susquehanna Township	\$297.83	\$147.74
Derry Township	\$247.39	\$147.74
Hummelstown Borough	\$190.88	\$147.74
Highspire Borough	\$371.51	\$147.74
Lower Swatara Township	\$235.91	\$147.74
Middletown Borough	\$285.46	\$147.74
Paxtang Borough	\$361.31	\$147.74
Royalton Borough	\$67.83	\$147.74
Steelton Borough	\$325.86	\$147.74
Swatara Township	\$291.82	\$147.74
Remaining County	0	\$147.74

Option 7: Cost per Municipality

Municipality	Current Costs	Estimated Future Costs
Harrisburg	\$16,494,347	\$9,300,922
Halifax Borough	\$42,550	\$157,932
Lykens Borough	\$88,974	\$334,081
Millersburg Borough	\$266,327	\$480,182
Wiconisco Township	\$50,000	\$227,227
Lower Paxton Township	\$9,256,000	\$8,893,791
Penbrook Borough	\$675,000	\$564,876
Susquehanna Township	\$7,158,658	\$4,513,749
Derry Township	\$6,105,240	\$4,634,499
Hummelstown Borough	\$866,199	\$852,196
Highspire Borough	\$891,254	\$450,511
Lower Swatara Township	\$1,950,490	\$1,552,658
Middletown Borough	\$2,540,876	\$1,671,529
Paxtang Borough	\$564,000	\$293,142
Royalton Borough	\$61,521	\$170,327
Steelton Borough	\$1,951,876	\$1,124,869
Swatara Township	\$6,817,597	\$4,387,178

Summary: Cost per Municipality per Option

	Current	Option 1 Dauphin Metropolitan	Option 2 Harrisburg Metropolitan	Option 3 SW Dauphin Merger	Option 4 Southern Dauphin Regional	Option 5 Derry Regional	Option 6 Northern Regional	Option 7 County- wide
Harrisburg	\$16,494,347		\$8,989,563					\$9,300,922
Halifax Borough	\$42,550						\$272,783	\$157,932
Lykens Borough	\$88,974						\$577,029	\$334,081
Millersburg Borough	\$266,327						\$829,378	\$480,182
Wiconisco Township	\$50,000						\$392,470	\$227,227
Lower Paxton Township	\$9,256,000	\$7,182,258.62	\$8,596,061					\$8,893,791
Penbrook Borough	\$675,000	\$456,170.48	\$545,966					\$564,876
Susquehanna Township	\$7,158,658	\$3,645,117.57	\$4,362,646					\$4,513,749
Derry Township	\$6,105,240	\$3,742,630.08	\$4,479,354			\$3,995,064		\$4,634,499
Hummelstown Borough	\$866,199	\$688,198.68	\$823,668	\$942,534		\$734,616		\$852,196
Highspire Borough	\$891,254	\$363,814.16	\$435,430	\$498,268	\$609,205			\$450,511
Lower Swatara Township	\$1,950,490	\$1,253,862.21	\$1,500,681	\$1,717,247	\$2,099,588			\$1,552,658
Middletown Borough	\$2,540,876	\$1,349,858.19	\$1,615,573	\$1,848,720	\$2,260,333			\$1,671,529
Paxtang Borough	\$564,000	\$236,729.43	\$283,329	\$324,217				\$293,142
Royalton Borough	\$61,521	\$137,548.75	\$164,625	\$188,382	\$230,325			\$170,327
Steelton Borough	\$1,951,876	\$908,398.00	\$1,087,213	\$1,244,111	\$1,521,109			\$1,124,869
Swatara Township	\$6,817,597	\$3,542,903.84	\$4,240,312	\$4,852,241				\$4,387,178

CITY OF HARRISBURG POLICE PENSION PLAN

STATEMENTS OF CHANGES IN PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Additions:		
<hr/>		
Contributions:		
Plan member	\$ 475,531	\$ 458,735
Employer	3,714,804	3,400,136
	4,190,335	3,858,871
Investment income (loss):		
Interest and dividend income	3,029,736	2,398,424
Net appreciation (depreciation) in fair value of investments	13,719,584	(6,801,030)
	16,749,320	(4,402,606)
Total investment income (loss)		
Less: investment expense	(192,527)	(207,050)
	16,556,793	(4,609,656)
Net investment income (loss)		
Total additions	20,747,128	(750,785)
Deductions:		
<hr/>		
Pension benefits	6,458,735	6,450,151
Administrative expenses	51,011	51,959
	6,509,746	6,502,110
Total deductions		
Change in Plan Net Position	14,237,382	(7,252,895)
Net Position:		
<hr/>		
Beginning of year	77,054,079	84,306,974
End of year	\$ 91,291,461	\$ 77,054,079

The accompanying notes are an integral part of these financial statements.

City of Harrisburg Police Pension Plan
Actuarial Valuation as of January 1, 2019
Supplemental Information

Schedule of Funding Progress

Valuation Date	Market Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Net Position as a % of Total Liability (b-a)/b	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2011	\$ 59,734,278	\$ 72,302,610	\$ 12,568,332	17.4%	82.6%	\$ 10,398,023	120.9%
1/1/2012	60,066,719						
1/1/2013	65,851,384	78,322,540	12,471,156	15.9%	84.1%	10,061,424	124.0%
1/1/2014	73,661,935						
1/1/2015	75,237,247	87,520,944	12,283,697	14.0%	86.0%	9,363,263	131.2%
1/1/2016	73,580,318						
1/1/2017	75,079,690	92,974,321	17,894,631	19.2%	80.8%	8,628,184	207.4%
1/1/2018	84,306,974						
1/1/2019	77,054,079	95,280,102	18,226,023	19.1%	80.9%	8,885,970	205.1%

Schedule of Interest Rate Sensitivity Testing

Interest Rate ¹	Market Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Net Position as a % of Total Liability (b-a)/b	Funded Ratio (a/b)
7.00%	\$ 77,054,079	\$ 105,254,303	\$ 28,200,224	26.8%	73.2%
8.00%	77,054,079	95,280,102	18,226,023	19.1%	80.9%
9.00%	77,054,079	86,828,466	9,774,387	11.3%	88.7%

¹ Valuation interest rate is 8.00%

Account Reconciliation

QTR

	Market Value As of 10/01/2019	Net Flows	Return On Investment	Market Value As of 12/31/2019
Total Fund	83,689,937	2,170,295	5,447,519	91,307,751

YTD

	Market Value As of 01/01/2019	Net Flows	Return On Investment	Market Value As of 12/31/2019
Total Fund	77,204,410	(2,480,473)	16,583,814	91,307,751

1 Year

	Market Value As of 01/01/2019	Net Flows	Return On Investment	Market Value As of 12/31/2019
Total Fund	77,204,410	(2,480,473)	16,583,814	91,307,751

Lost for - \$ 84,993,550



Historical S&P 500 Returns

The index is focused on large-cap, U.S. companies. Here's how it got started, and how it has performed over time

DAVE BUTLER · UPDATED:MAY 5, 2020 12:19 PM EDT · ORIGINAL:APR 29, 2020

Many consider the annual returns of the S&P 500 index to be the benchmark by which investors should measure their success. If you underperform the S&P, you have missed out on the simple gains you would have made by a diversified index approach. If, however, you can achieve gains that are higher than the S&P 500, you're creating value that otherwise might be missed.

Exactly what kind of performance does it take to "beat the market"?

History of the S&P 500 Index

The index's origins trace back to 1926 when the Standard Statistics Company (which later merged with Poor's Publishing to become Standard & Poor's) created a 90-stock index.

In 1956, the index developed into a broader attempt to gauge the economy; incorporating 500 companies based on several criteria. The attempt here is to follow large cap businesses that also offer enough liquidity that they can be invested in, so market capitalization and volume are factors.

To be clear, it's an index focused on America. The companies are primarily operating in the U.S., and file here. Managed by a committee at [Standard & Poor's](#), the final say comes down to that group.

CYBER MONDAY SALE: Join Jim Cramer's Investing Club For 2 Years For The Price Of 1

The S&P 500 Change, Year by Year:

Year	Year Open	Year High	Year Low	Year Close	Annual % Change
2019	2510.03	3240.02	2447.89	3230.78	28.88%
2018	2695.81	2930.75	2351.10	2506.85	-6.24%
2017	2257.83	2690.16	2257.83	2673.61	19.42%
2016	2012.66	2271.72	1829.08	2238.83	9.54%
2015	2058.20	2130.82	1867.61	2043.94	-0.73%
2014	1831.98	2,090.57	1,741.89	2,058.90	11.39%