

*Intergovernmental Cooperation Authority for Harrisburg  
Minutes of the Governing Board Meeting  
February 24, 2021  
Via Teleconference on the Zoom Meeting Platform  
**hbgica.org***

<b>Members Present</b>	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, and Mr. H. Ralph Vartan	
<b>Ex-Officio Members Present</b>	Mr. Mark Ryan, Office of the Secretary of the Budget, and Mr. Dan Connelly, City of Harrisburg	
<b>Staff Present</b>	Mr. Jeffrey Stonehill, Authority Manager, and Anna Marie Sossong, Independent General Counsel	
<b>Call to Order</b>	Mr. Stonehill reminded the participants that the meeting was being recorded and a copy of the meeting will be available on the Authority's YouTube.com page after the meeting is concluded. He asked that those not speaking mute their microphones. Ms. Carter called the meeting to order at 4:05 p.m. All current Board members were present.	
<b>Welcome by the Board Chair</b>	Ms. Carter noted that Mayor Papenfuse and Business Manager, Marc Woolley, were present for the meeting. She welcomed Marita Kelley, Act 47 Coordinator, from the Pennsylvania Department of Community and Economic Development. Ms. Carter introduced Anna Marie Sossong from the firm Johnson Duffie, who was appointed as the new Independent General Counsel and retained by the Board at the last Authority meeting. Ms. Carter introduced Mr. Dan Connelly, who has been the financial advisor for the City of Harrisburg for a number of years. Mr. Connelly is a senior advisor with Marathon Capital Strategies.	
<b>Approval of Dan Connelly as Member Ex-Officio for the City of Harrisburg</b>	Ms. Carter stated that on February 19 <sup>th</sup> , the Authority received a request from Mayor Papenfuse to appoint Mr. Connelly as the representative member ex-officio for the City of Harrisburg replacing City Solicitor Neil Grover. Ms. Carter added, "Dan is eminently qualified for this role as he has been instrumental in working through the financial projections for the City. In his day job, he is a senior advisor for Marathon Strategies, and he has over 15 years of	Appointment; approved 4-0

	<p>experience in all facets of municipal finance and with Act 47 distressed municipalities.”</p> <p>She concluded, “Marita Kelley and Dan know each other quite well and she speaks highly of his talent.”</p> <p>Ms. Carter asked for a motion to accept the Mayor’s request for Mr. Connelly’s appointment until a new Director of Finance is appointed by the City of Harrisburg.</p> <p>On a motion by Ms. MacNett, with a second by Mr. Hill, Mr. Connelly was appointed Member Ex-Officio as a representative of the City of Harrisburg to the Board of the Authority.</p>	
<b>Approval of January 27, 2021 Minutes</b>	Ms. Carter presented the minutes, which had been reviewed by her and Ms. MacNett; on a motion to approve by Mr. Vartan, seconded by Mr. Hill.	Minutes; approved 4-0
<b>Review of Bills Paid</b>	<p>Mr. Stonehill reviewed the bills paid since the last regular meeting of the Authority stating that as of February 24, 2021 the Authority has a fund balance of \$82,672.66.</p> <p>Mr. Stonehill stated that the ICA has been in contact with Beverley Hutzler of the Pennsylvania Department of Community and Economic Development to request the remittance of the remaining balance of funding for the current fiscal year, which we now await.</p> <p>It has been suggested that the Authority move the legal address from the law offices of the previous Independent General Counsel, Jeff Engle. Mr. Stonehill reported that he has investigated several alternatives for a location that would be permanent, not need to be changed again, and within the City. He concluded by saying that he has obtained a written quote from St@rtUp Harrisburg, a telework site on N. Third Street, which could provide the Authority with a permanent street address as well as meeting space, if needed. Mr. Stonehill asked for authorization to execute the agreement with St@rtUp Harrisburg and to begin the process of migrating the official address to this location.</p>	

	<p>Everyone seemed to welcome the change and Mr. Stonehill will let everyone know when the change is in effect.</p>	
<p><b>Report of the Chairperson</b></p>	<p>Ms. Carter said, “what a difference, a month makes.”</p> <p>She went on to explain, “Less than two weeks we changed course and are re-engaged with the City. We once again got moving on the important initiatives of the ICA. First on the list was the appointment of Dan Connelly, which we just talked about. The second was the revelation that the City, contrary to prior legal notification, had been working revisions to its Five-Year Financial Plan. Further, the City delivered this document on February 19<sup>th</sup>. The revisions respond to the concerns that the ICA had shared with the City on December 22<sup>nd</sup>, and we will discuss that more in the next item of business. Thirdly, the City came back to the table to restart negotiations on the intergovernmental cooperation agreement between the City and the ICA. We will have a short update on that from the General Counsel later.”</p> <p>Ms. Carter added, “as we move into the next item on the agenda, which is a discussion of the provisions of the plan, Mr. Connelly has agreed to answer any questions the board members may have. It’s been a short amount of time that we’ve had it and I have not been able to dig deeply into it; but certainly, there are things that maybe everyone has seen already.”</p> <p>Chair Carter asked the Board to amend the deadline for submission of the 2020 Five-Year Financial Plan, so that the submission recently received in 2021, would fall within a deadline for last year’s submission.</p> <p>Mr. Hill thanked the City for its return to the table. He went on to note that there will be one more submission of this Five-Year Plan, during March 2021, to fix typographical errors pointed out in the 2020 plan, and that would constitute the final 2020 plan document. He reminded the Board that the subsequent plan for 2021 would be due in April 2021, which makes the plan a living document.</p>	<p>A motion to retroactively extend response window for a revised 2020 Five-Year Plan to March 19, 2020; approved 4-0.</p> <p>A motion to rescind the finding of noncompliance and to certify compliance to the Commonwealth of Pennsylvania, pursuant to Act 124; approved 4-0</p>

	<p>Mr. Hill added, “Later on the agenda, we will be talking about the intergovernmental cooperation agreement, which talks about us regularly corresponding with each other, as circumstances change, as the City has new proposals to bring us, and as new issues arise for which we are obligated under statute to render advice counsel.”</p> <p>Mr. Hill made a motion that the Authority retroactively extend response window for a revised Five-Year Plan from 15 days to 60 days to ensure that the Five-Year Plan was delivered on schedule; and further, that the Authority rescind the finding of noncompliance and make an appropriate communication of that fact to the Commonwealth of Pennsylvania pursuant to Act 124.”</p> <p>Ms. Carter asked these to be two separate motions and Mr. Hill agreed.</p> <p>On a second by Mr. Vartan, a motion to retroactively extend response window for a revised Five-Year Plan from December 22, 2020, for 60 days or March 19, 2021, to ensure that the 2020 Five-Year Plan was delivered on schedule.</p> <p>The motion was approved 4-0.</p> <p>On a second by Mr. Vartan, a motion to consider the submission of March 19, 2021, a sign of good faith, and to certify to the Commonwealth that the City was back in compliance, by sending correspondence to that effect.</p> <p>The motion was approved 4-0.</p>	
<p><b>Discussion regarding the Mayor’s Five-Year Financial Plan</b></p>	<p>Mr. Connelly gave a high-level review of the changes in the March 19 document for the Board. He offered a review of the Neighborhood Services Fund. Specifically it was started in 2016 for expenses associated with refuse collection services in the City and the other partnerships with surrounding boroughs. It serves residential, commercial, and industrial customers. It also accounts for parks and recreation facility maintenance and road repair services related to facilitation of collection services. The primary revenue sources for the fund are refuse collection and disposal fees that are charged to the customers. On the expense side, disposal fees to the City are the primary cost driver in addition to</p>	

personnel costs. In 2021, the City budget adds seven full-time equivalent positions to the fund. Finally, there are also capital expenditures in the fund, including vehicles, building maintenance, equipment, and other capital needs. The capital investment tapers off over time. It is a deliberate management strategy to spend down fund balance to address deferred capital needs, which had accumulated while the City considered potential outsourcing.

Mr. Connelly added, "We eliminated a \$300,000 transfer the Neighborhood Services Fund to the General Fund. This decision was made after considering past issues with the City transferring money from one fund to the General Fund and thereby artificially supporting the General Fund.

Mr. Connelly added, "the Five-Year Plan demonstrates a more assertive approach to improving collections. Right now, the collection rate for the fund is 85%, which is really quite low. Most communities target a minimum of 95% for any fee or property tax. These new projections project out to 93% collections again combined current year plus payment of delinquent collections, certainly not by next year, but by 2023."

Mr. Connelly closed by pointing out there are no plans for rate increases in the Five-Year Plan for Harrisburg residents.

Ms. Carter asked for questions.

Mr. Hill thanked Mr. Connelly for his work on the plan as well as Mr. Woolley for his work on the cover letter. He asked whether the projected fund balance projected for the Neighborhood Services Fund, in the out years, is the targeted fund balance. Mr. Connelly said that it offers cushion.

Ms. Carter asked about the debt expense line disappearing in the Neighborhood Services Fund

chart. Mr. Connelly explained that those are lease payments, which are not debt expenses and now classified in the capital line thus it is reflected in the expenses.

Mr. Vartan asked about eliminating the transfers from the Neighborhood Services Fund to the General Fund. Mr. Connelly said that while the Neighborhood Services Fund is a separate fund, many operations do not charge back overhead to the General Fund. Finally, there were legal issues with other similar transfers; so, to avoid any doubt, it was decided to eliminate the transfer. Mr. Vartan expressed concern. Mr. Connelly said it was a City decision for now.

Ms. MacNett commented that she believes that the Neighborhood Services Fund might be the only fund of the City that has operations outside the City. Mr. Connelly indicated that he could not confirm it was the only one, but that clearly the Neighborhood Services Fund now provides services to the three surrounding boroughs through intermunicipal agreements. Ms. MacNett asked about an intermunicipal administration charge. Ms. MacNett asked about delinquent commercial debt recovery.

Mr. Vartan asked about improvements to the collection rates. He went on to ask about the accounting of previous years' uncollectible receivables. Mr. Connelly explained that the City did not list the previous year's receivables as a separate item. Each year, a certain percentage of previous year's uncollectible receivables will be recovered and increase the current year's receipts. Mr. Vartan followed up by asking whether it was also true for late fees. Mr. Connelly confirmed, they record all receipts in the same bucket. Mr. Vartan wanted to clarify whether the anticipated revenue in future years therefore includes collection of some past due receipts from prior years. Mr. Connelly indicated there is no distinction between current year and previous year receipts.

	<p>Ms. Carter asked about Dan Miller’s proposal for collectible previous year’s receipts.</p> <p>She went on to ask if the City budgets its personnel costs based on every position being filled on January 1 and therefore big sums of money that accrue each year. She said that it was her understanding that City Council had suggested, and the Mayor had agreed that this year all those funds would be looked at quarterly and they would go be designated to assist with blight remediation, COVID relief or tangible impact on the lives of the citizens. Mr. Connelly said he was unfamiliar with that consideration, but the plan was making a distinction on how the budget cushion operates.</p> <p>Ms. Carter pointed out the Mr. Stonehill will be collecting the comments of the Board. She thanked Mr. Connelly.</p> <p>The Authority must officially respond to the City’s submission within fifteen days.</p>	
<p><b>Schedule a Special Meeting of the ICA Board</b></p>	<p>Ms. Carter explained that in order to respond officially to the revised 2020 Mayor’s Five-Year Financial Plan, the Authority must hold a special meeting.</p> <p>Ms. Carter suggested Friday, March 5<sup>th</sup>, and asked Mr. Stonehill to poll the members of the board to ascertain the best time that day for a public meeting.</p> <p>Mr. Stonehill acknowledged he would advertise it.</p>	
<p><b>Update from the General Counsel on the Status of the Agreement Negotiations</b></p>	<p>Ms. Sossong stated, “I have provided the City Solicitor, Neil Grover, with the revised version of the agreement that was originally provided from the City. I talked to each of you individually throughout and read all of the prior material, which I picked up from Jeff Engle, so I had a sense of the concerns of the group; as well as I hope the needs of the City. I gave to Mr. Grover what I hope to be a way through this. It does a several things,</p>	

	<p>including adding some definitions, clarifying statutory requirements, pointing to ways to foster cooperation, asking the City to work towards GASB compliant reporting and budgeting, reasonably limiting what records are required to be submitted to the Authority, and asking for quarterly reviews of the economic development plan. It is our hope that it is viewed positively.”</p> <p>It is in the City’s hands.</p> <p>Ms. Carter thanked Ms. Sossong for her assistance and continued work with Mr. Grover.</p>	
<b>Report on the 2019 Audit</b>	<p>Ms. Carter informed the Board that we met as guests of the City Audit Committee on February 11th and heard from the managing partner of Boyer and Ritter as he gave a summary of the 2019 Audit. As a result, Ms. Carter thought it would be worthwhile to invite Mr. Woolley to the Board’s March 24th meeting to review his plan to follow up on the single audit for the governmental area; an update of the recommendations that he originally presented in 2019 to the Board.</p> <p>Mr. Vartan asked if there was an update on the filling of the open Director of Finance position. He noted that there is an extraordinary level of commitment from the persons working in the Finance Department. Mr. Connelly is not sure of the status of that search.</p> <p>Ms. Carter asked Mr. Connelly if he is playing a role in addressing audit findings. Mr. Connelly said he would help addressing the lack of resources, but that he generally does not work on those areas. They are under Mr. Woolley’s area.</p>	
<b>Other Business</b>	There was none.	
<b>Public Comments</b>	There was none.	



<b>Adjourn</b>	Ms. Carter let the Mayor and Mr. Woolley know that if they ever want to make public comments, they are welcome, and should just let the board know of their intent.  At 5:08 p.m., on a motion by Ms. MacNett, with a second by Mr. Vartan, the Authority adjourned.	Adjournment approved 4-0
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Respectfully submitted:



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Jeffrey Stonehill, Authority Manager  
ICA for Harrisburg

## APPENDIX DOCUMENTS

## Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – February 24, 2021

- |   |            |                   |
|---|------------|-------------------|
| • Digital Ocean<br><i>Website software licenses</i> | \$10.60    | February 1, 2021  |
| • Digital Ocean<br><i>Web Host</i>                  | \$5.72     | February 1, 2021  |
| • Domain Registration<br><i>2019-2020 ICA Audit</i> | \$228.00   | February 23, 2021 |
| • MESH PA LLC<br><i>Authority Manager</i>           | \$4,319.88 | February 24, 2021 |

Starting balance: \$87,008.86

Ending balance: \$82,672.66

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|---------------------------|--------|
| • Interest earnings Y-T-D | \$1.50 |
| • Fees Y-T-D              | \$1.50 |