



The Intergovernmental Cooperation Authority  
for Harrisburg  
922 N 3rd Street  
Harrisburg, PA 17102

November 10, 2021

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

Dear Mayor Papenfuse:

Please be advised that at its public meeting on October 27, 2021, the Intergovernmental Cooperation Authority for Harrisburg (the “Authority”) determined that the City of Harrisburg (the “City”) has not adhered to its approved five-year financial plan (as amended and restated on June 11, 2021, the “Plan”).

The Authority received and reviewed financial reports and additional information provided by the City for conformance with the criteria set forth in the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act 124 of 2018), and with consideration for changed conditions and unexpected events that may affect the City’s adherence to the Plan.

The Authority determined that the City’s actual revenues vary from those estimated in the Plan for the following reason:

- Failure to implement an initiative to improve collection rates in the Neighborhood Services Fund from 85% to 88% by 2022, which would result in at least \$500,000 in additional annual fee revenues.

The Authority has contacted you, your office, and representatives of the City numerous times concerning the City’s adherence to the Plan, including correspondence dated July 12, August 18, and September 28, 2021.

In the Plan it is stated:

The City has identified several tasks that are each assigned a lead that will develop a more detailed action plan and benchmarks. The Business Administrator will meet with task leads on at least a quarterly basis to review progress on implementing each initiative and ensure the team is working collaboratively where appropriate.

The Authority requested you please provide the list of tasks, the assignments of leads, and the detailed action plan and benchmarks as indicated above. The Authority further requested you please confirm if the quarterly meetings have taken place as indicated, and provide copies of all written materials related to such meetings, including agendas, minutes, reports, etc. You have failed to provide any response on these requests.

The City's Office of the Business Administrator transmitted an unsigned and undated correspondence, via email on October 18, 2021, which indicated:

Due to the Covid-19 pandemic, the City of Harrisburg decided to reduce its collection efforts on delinquent accounts and focus on the distribution of federal and city utility relief funds. Nevertheless, we have continued with passive collection efforts, such as, mailing delinquent notices and encouraging residents to enter into payment plans.

The Authority has determined that this explanation for the variation is not reasonable. If the City suspended this important Plan initiative, the Plan is no longer being implemented as approved. Further, there is no justification for how the Covid-19 pandemic prevents the City from improving one of its basic business functions in collections.

Therefore, without improvement to the collection rates in the Neighborhood Services Fund, there is a structural deficit which needs to be corrected.

Accordingly, the Authority has determined that due to the failure to implement the initiative to improve the collection rates as set forth in the Plan, a variation exists.

This correspondence shall constitute official notification of the Authority's determination in accordance with Act 124.

The Authority recommends that the Assisted City take immediate action to improve the collection rates in the Neighborhood Services Fund. Please contact Authority Manager Jeffrey Stonehill for coordination and assistance on addressing this specific issue.

In addition, the Authority wishes to offer recommendations consistent with our desire to consult with the City in achieving compliance with the Plan:

- Please confirm your plans to take the necessary actions to establish the Other Post-Employment Benefits (OPEB) Trust, including the appointment of a Board of Trustees. This initiative is required pursuant to Act 124. It has been included in the City's five-year financial plan since 2019. City Council approved an ordinance on March 23, 2021 authorizing and directing the creation of the OPEB Trust Fund.
- Please confirm your plans to take the necessary actions to conclude the amended settlement agreement with Ambac, defease the Series 2005A-2 bonds, and repay a portion of the Series 1997D&F forbearance liability at a discount.

We look forward to working with you on resolving these important issues.

Sincerely,

A handwritten signature in blue ink that reads "Audry Carter". The signature is fluid and cursive, with the first name "Audry" being more prominent than the last name "Carter".

Audry Carter  
Chair

cc: Authority Members  
Hon. Wanda R.D. Williams  
Hon. Ben Allatt  
Hon. Charles DeBrunner