IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as Secretary for the Department of Community and Economic Development, Petitioner, v. City of Harrisburg, Respondent	No. 569 M.D. 2011

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STATUS REPORT OF THE COORDINATOR FOR THE CITY OF HARRISBURG

Frederick A. Reddig, Coordinator for the City of Harrisburg (the "Coordinator"), by and through the Office of Chief Counsel for the Department of Community and Economic Development, respectfully submits the following Status Report regarding the implementation of the Harrisburg Strong Recovery Plan, as confirmed by this Honorable Court on September 23, 2013.

Respectfully submitted this 31st day of March, 2014.

By:

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pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

Date: March 31, 2014

To: The Honorable Bonnie Brigance Leadbetter

From: Fred A. Reddig, Coordinator Fred A Reddig

Re: Update on Receiver's Plan Implementation

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan as confirmed by the Court on March 9, 2012 and on the Modified Plan filed with the Court on August 26, 2013 and subsequent to the Court's September 19 hearing, confirmed on September 23. This will be my first report to the Court since my appointment by DCED Secretary Walker as Coordinator effective March 1, 2014.

This memorandum, supported by the accompanying attachments, provides the Court with a summary of the actions that have occurred over the last quarter.

Office of the Receiver

Given that the Fiscal Emergency that was declared in October 2011 by Governor Corbett has now been alleviated, the Department of Community and Economic Development on January 16, 2014 filed an application to vacate the Receivership and return the City to the underlying provisions of Act 47. Following review by the Court, your honor issued an order on February 25, 2014 to vacate the Office of the Receiver and for DCED's Secretary to appoint a Coordinator who will oversee the further implementation of the Court confirmed Harrisburg Strong Plan. The Court will also retain jurisdiction over the further implementation of the Plan. We will continue to keep the Court apprised of the plan's status through both periodic meetings and our quarterly reports.

Municipal Financial Recovery Advisory Committee (MFRAC)

Pursuant to the provisions of Section 711 of Act 47, former Receiver Lynch continued to convene semi-monthly meetings of the Municipal Financial Recovery Advisory Committee. Since the last status report, meetings were held on January 8, February 12 and February 26. The January 22 meeting was cancelled due to inclement weather. The meetings were attended by the members designated in the Act: Mayor Eric Papenfuse; Council President Wanda Williams; Fred Lighty (Dauphin County designee for Commissioner Jeffrey Haste) and Doug Hill (Governor's appointee). At each meeting an update of the status of the implementation of the Recovery Plan was provided and questions were answered. A public comment period was also provided. Minutes of the January 8, February 12 and February 26 meetings are attached. Pursuant to the order to vacate the Receivership effective March 1, meetings of the MFRAC have also ceased.

I will continue to provide regular reports to the Court, City officials and the public on activities related to the continued implementation of the Harrisburg Strong Plan. Mayor Papenfuse and I have discussed some form of ongoing communication with the public as a replacement for the MFRAC meetings. In that regard, a press conference was held by the Mayor, members of Council and myself on March 27 to provide an update on Harrisburg Strong activities during the month of March.

The Receiver held weekly status conference calls with members of his consulting team to coordinate all aspects of plan implementation thru the end of February. As Coordinator I am continuing to hold those weekly meetings with the professional advisors who will continue to be engaged in the further implementation of the Strong Plan. These meetings are very important to the overall coordination of implementation activities.

Below is a summary of key actions and issues related to the implementation of the confirmed Harrisburg Strong Plan.

Asset Monetization Matters

A key milestone of the Harrisburg Strong Plan was reached with the closing on the sale of the Resource Recovery Facility and monetization of the parking assets that occurred on December 23. This step represented the consummation of the Harrisburg Strong Plan and notice of said consummation was provided to the Court at that time.

Since that time work has shifted to address operational issues, though there also remains work to implement actions following plan consummation related to both the Resource Recovery facility and the parking system.

The Lancaster County Solid Waste Management Authority (LCSWMA) has assumed operation of the resource recovery facility. The City recently completed the relocation of its public works facility to a former automobile dealership on Paxton Street pursuant to the terms of the sales agreement with LCSWMA. The City was under a March 23 deadline to complete the move in order to receive the full $300,000 payment from LCSWMA. Although it was a significant challenge the City was able to meet this deadline and the LCSWMA subsidy will pay for rent on the new facility for approximately 20 months. This will afford the City time to determine a long term plan to address the needs of its public works facility.

The parking assets are now under the auspices of Pennsylvania Economic Development Financing Authority who has engaged the Capital Area Regional Economic Development Corporation (CREDC) to oversee the operation and management of the parking operation. Standard Parking Corporation is now managing day to day operations of the facilities and Trimont Real Estate Advisors is managing the parking assets. A Parking Advisory committee comprised of a representative of each of the CREDC (as the representative of the Authority); Trimont Real Estate Advisors, the Asset Manager; Standard Parking Corporation, the Operator; the Parking Authority; the Mayor; City Council; DGS; Assured Guaranty; and the County has been established and is meeting. The Advisory Committee is intended to serve as a forum for communication and interaction among the parties with interests in the operation of the Parking System and as a vehicle for customer and public input with respect to the operation of the Parking System. The Advisory Committee has no decision-making authority, but is empowered solely to provide input to the parties. Standard Parking is in the process of making various improvements to the parking facilities including the installation of new state of the art parking meters. Improvements to the parking garages are planned for later this year.

As reported in prior reports, the focus of the water and sewer system monetization changed to one of establishing an operating authority. Upon reaching agreement with all parties, the City transferred responsibility for the ongoing operation of its water and sewer facilities to The Harrisburg Authority (THA) now known as Capital Region Water (CRW) effective November 4, 2013. This action resulted in the transfer and consolidation of the administrative, operational and financial responsibilities for the water, wastewater and storm water operations to CRW. This operational approach addresses compliance with the Clean Water Act and the Chesapeake Bay requirements and has been viewed as an acceptable model for the Department of Justice, EPA and DEP. The creation of an operating authority was also supported by the suburban communities. The City and CRW have entered into a shared service agreement to facilitate the transfer and provide for the effective coordination of services between the parties.

The City and CRW were awarded a $26 million loan from PENNVEST in the summer of 2013. This represents half of the total project cost of $52 million. One of the conditions of the loan was the transfer of operational and financial responsibility to CRW. The loan proceeds will be used to address the necessary upgrades to the wastewater treatment plant to meet Chesapeake Bay requirements. In mid March, CRW closed on a line of credit with M&T Bank that allows a notice to proceed to be issued to contractors to begin work on the improvements to the wastewater treatment facility that address EPA and DEP requirements. Efforts to secure the remaining financing are continuing with encouraging signals being received from the financial community.

Work is also underway to address the City's guarantee on approximately $40 million in Harrisburg Redevelopment Authority bonds for the Verizon Tower. Discussions are occurring with the Department of General Services to address the relocation of state offices to fill vacant office space caused by the departure of Verizon. Discussions are also under way with Assured Guaranty Corporation the current bond insurer on financing for this transaction.

The Coordinator's Team is also assisting the City in reviewing and revising the lease with the Harrisburg Senator's for the City Island stadium so as to insure that adequate revenues are received to fulfill the debt service obligations on the stadium bonds.

Task Force for Infrastructure and Economic Development

The Receiver made appointments to Harrisburg Strong Plan's Task Force for Infrastructure and Economic Development in late January. The nine member Task Force has organized with the selection of Doug Hill and Les Ford to co-chair it. The Task Force is established to: (A) further refine the purposes of Economic Development (EDC) and Infrastructure Improvement Corporations (IIC); (B) identify and assign priorities to the EDC's and IIC's respective proposed activities; (C) make recommendations concerning certain governance features of the EDC and IIC; and (D) create a five year action plan for the EDC and IIC. The Task Force has had two meetings to date with another scheduled for March 31 and is well on its way to establishing the governance structure necessary to administer the funds set aside as part of the monetization for economic development and infrastructure improvements that will strengthen the City's tax base. This effort is also being coordinated with the $2 million annual allocation from PennDOT that is a result of the Transportation Reform legislation passed in late 2013.

As we now move beyond consummation of the Harrisburg Strong Plan, our focus has shifted to a greater emphasis on operational issues in order to provide for a sustainable balanced budget. Initiatives in the Strong Plan will assist with effecting greater efficiencies in the delivery of core municipal services, strengthening revenue collection and internal controls and revitalizing the City's tax base thru community and economic development initiatives.

Fiscal Issues

The Office of Receiver (OTR) and the Coordinator have continued to closely monitor cash flow as part of the implementation of the confirmed Recovery Plan. The City's bi-weekly payroll averages $1.1 million. It also processes payables on a bi-weekly basis. OTR and the Coordinator reviewed and approved payables for 6 bi-weekly check runs through the end of March to insure that expenditures are consistent with the confirmed Plan. I have worked with the City to both manage cash and prioritize payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing for "necessary and vital services." Efforts have continued to identify and account for all liabilities to ensure they are included in the City's financial reports.

Although final audited year-end numbers are not yet available, based on preliminary numbers the City ended the year with a positive operating position of approximately $3.6 million. This takes into account funds that flowed out of the December transactions.

Through very close monitoring of the City's cash flow and the cooperation of the City's Finance Office, the City was able to meet payroll and critical creditor obligations through the first quarter of the year as well as maintain a relatively current status for most payables. During the quarter, the City also satisfied outstanding obligations to SunTrust and the Pennsylvania Infrastructure Bank and is now current with those obligations. Through the end of March, and with the help of the funds that flowed to the City as a result of the plan consummation in late December, the City has been able to reduce its outstanding payables to a reasonable level and has brought virtually all creditors into a current status. Payables on hold thru the March 27 run total $2,121,421 while those over 90 days total $277,695. Upon my advice, the City has maintained communication with the most significant vendors to avoid any disruption or termination of critical services.

Given the limited revenue that the City receives during the first quarter proposals were received for a Tax and Revenue Anticipation Note. One proposal was submitted by Metro Bank and was accepted by the City. The City closed on the $2 million TRAN in March, its first financing since the Series U parking revenue bond transaction and represents a positive step in its recovery. This provided short term funds, if needed, to insure the payment of the March debt service obligation and other critical operating expenditures. Though cash flow remains tenuous, the City is now receiving the bulk of its real estate revenues and should maintain a stable position thru at least the fall.

The Metro Bank obligation previously reported on was secured by the Wild West artifacts. In late September, the City received its first payment of $2,088,066 from the proceeds from the July sale and with authorization from this Court, applied the proceeds to the Metro Bank obligation. Since then the City has received two additional payments bringing the total proceeds to approximately $2.6 million. Pursuant to the Court's authorization, the City in mid-March made final payment to

Metro Bank and the loan is now fully satisfied. There is a residual balance of approximately $94,000 which will accrue to the City.

On March 13, the City made its first payment on its General Obligation Bonds since 2011. The $5.14 million payment was made to Bank of New York Mellon in advance of the March 15 payment due date. This timely payment was reported favorably in several financial publications.

The City's 2014 budget was enacted by Council on December 17; however, pursuant to provisions of the Third Class City Code following a Mayoral election, Mayor Papenfuse introduced a revised budget to Council on January 14. This budget was discussed at budget hearings in late January and early February and was enacted by Council on February 10. OTR provided comments to the Mayor's office and Council on the budget to ensure that the revisions were within the framework of the Harrisburg Strong Plan. The revised budget was balanced and generally consistent with the Harrisburg Strong Plan. They reflect total revenues of $57,577,728 and total expenditures of $57,575,091 and an estimated positive year end fund balance.

During the quarter, the City continued to provide the appropriate Material Event Notices on EMMA related to debt obligations and audits and maintained compliance with Securities and Exchange Commission (SEC) reporting requirements.

Operational Issues

The Receiver and now the Coordinator continues to be supported by the Novak Consulting Group, Pennsylvania Economy League, Stevens & Lee and Public Resource Advisory Group to assist with implementation of operational issues that are part of the confirmed Plan. Efforts have focused on key priorities that are the most time sensitive and can affect operational efficiencies and savings.

The Receiver/Coordinator's Team has worked extensively with Mayor Papenfuse and his administration during the quarter to assist with numerous transition issues. Our meetings started late last year, following the election and have continued thru the first quarter. Strong lines of communication are in place, though the Administration is dealing with numerous vacancies especially in key management positions. We provided input to Mayor Papenfuse's transition team in preparing a transition report that identified key priorities for his administration to focus on and to ensure that the initiatives of the Harrisburg Strong Plan continue to be advanced. Our agendas have focused on the most significant issues that are pending at the moment. This has included the revised 2014 budget, resolution of the IAFF contract, the relocation of the DPW facility and fiscal issues. Meetings have been very productive and resulted in addressing plan related issues in a constructive and positive way. Former Receiver Lynch and I have also engaged in periodic meetings with Council President Williams, with the same objectives. Again, these meetings have also been very productive as we work to achieve consensus between the Mayor and Council on plan related initiatives.

As noted in the prior reports, the 2011 audit was completed on May 13 and the 2012 audit was completed on November 8, bringing the City's audits up to date. Given the limited capacity of the City's Finance Office, arrangements have been made to again utilize Trout, Ebersole & Groff LLP (TEG), a third party accounting firm, to assist the Finance office in preparation work necessary for

the 2013 audit. Their work is to begin in mid-April, following tax season. Following the completion of their work, Maher Duessel will then undertake the 2013 audit which should be completed by mid- summer. Bringing the audits up to date and maintaining them in a current status is critical to CRW as they undertake further financing for the wastewater treatment facility upgrade as well as to the City in establishing a solid financial baseline.

With the assistance of the Coordinator's Team, the City continues their efforts to integrate a management system within City operations that more clearly defines goals and objectives. The Coordinator's Team is in the process of assessing the City's finance operation in light of the transfer of the water and sewer operations to CRW with a goal of improving overall efficiency. The retirement of the Finance Director and Purchasing Manager late last year resulted in the further loss of institutional knowledge that needs to be rebuilt. A companion assessment of the City's IT system is also underway to further the sharing of information across departments, eliminate redundancy and improve overall efficiency and service to the public.

The OTR/Coordinator also continues to review requests to fill all position vacancies. Requests to fill vacancies are submitted to the Office of the Receiver and approval is required by the Receiver prior to positions being filled. To date, limited requests have been approved when properly supported as being critical to providing necessary and vital services. Mayor Papenfuse has filled key management positions including a City Solicitor, Finance Director, ED/CD Director, Communications Director, DPW Director, Human Resources Director, and Police and Fire Chief.

The City has continued thru the process to establish a new eligibility list for police officers and following certification by the Civil Service Commission, eight officers were hired and sworn in on January 17 by Mayor Papenfuse. They are now enrolled in the Police Academy Class that started January 21. With a current eligibility list it is anticipated that 12 additional positions will be selected for appointment and enroll in the next Police Academy Class that starts in July.

A new Eligibility List for fire positions was also developed. Following the testing and certification process, 14 candidates were hired and are enrolled in the Fire Academy Class that started March 24. I have further advised the City to continue to follow the provisions of the Emergency Action Plan and the confirmed Plan in funding only those activities that are essential to maintaining "vital and necessary services" and provide for the health, safety and welfare of City residents.

Following an RFP selection and evaluation process to outsource sanitation services that occurred during the summer, on September 23 former Mayor Thompson selected Republic Services from the 5 proposals received as the selected party to negotiate a contract with. Based on their proposal the City would accrue an annual savings of $800,000. Her selection was presented to Council and following a November Council meeting with the administration and Republic Services a decision was made to table further action until the new administration was in place. Subsequent to the November meeting, the Mayor's Office provided Council with three options:

- Negotiate a contract with Republic Services
- Issue a new RFP
- Maintain the sanitation operation in-house

Mayor Papenfuse plans to revisit this situation and advance a recommendation on solid waste collection during the next quarter.

Although started during the 3rd quarter, the former Mayor halted work on three interrelated planning recommendations of the Strong Plan – 1.) An update of the City's Comprehensive Plan, 2.) Development of a Housing Strategy and 3.) Development of an Economic Development Strategy. Work was halted due to various questions raised by City Council and the Planning Commission on the process. This matter has also been deferred and will be taken up by the new administration.

Since plan confirmation, the Coordinator's Team has continued to meet regularly with directors of all City departments to review priorities and provide further guidance on implementation activities. A matrix documenting the status of implementation initiatives through late March is attached.

Collective Bargaining

Following the development of the maximum costs and expenses for each of the City's 3 collective bargaining units – FOP, IAFF, AFSCME – that are consistent with the recent changes in Act 47 as a result of Act 133 of 2012, the Office of the Receiver's labor counsel in concert with the City's labor counsel developed negotiation proposals to modify the existing agreements in order to implement certain initiatives in the confirmed Plan prior to their current expiration dates. In mid-June, the FOP membership ratified an amendment to their collective bargaining agreement, modifying the current agreement and extending the term through December 31, 2016. In mid-July, the AFSCME bargaining unit likewise ratified an amendment to their collective bargaining agreement similar to the FOP agreement. Both amendments were ratified by City Council on September 16.

The IAFF membership ratified the Final Proposals presented by City in February, 2014 for their contract extension. The cost reductions resulting from these Final Proposals were incorporated into the City's revised 2014 budget. City Council has not yet ratified these Final Proposals, but it is anticipated that a special meeting will be held the week of April 7, 2014.

Other employee and labor relations matters have been settled by the various revised agreements reached involving former City employees now employed by The Harrisburg Authority, and former employees of the Harrisburg Parking Authority.

MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE MEETING MINUTES

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
January 8, 2014
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

Mayor Eric Papenfuse
Wanda Williams, City Council President
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners

Anne Morrow (Recording Secretary)

Absent: Doug Hill, County Commissioners Association of Pennsylvania (Governor's Appointee)

Reports
Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:36 a.m.

Mr. Lynch welcomed Mayor Papenfuse to the meeting and congratulated Council President Williams on receiving a majority vote from City Council to serve as Council President for another 2 years.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the December 11, 2013 Committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Harrisburg Strong Plan.

Operational Issues

- Since the December 11 meeting the Receiver's Team has continued to work with City Council, the Mayor's office and others on the further implementation of the various elements of the Harrisburg Strong Plan as confirmed on September 23 by Commonwealth Court. Considerable focus and effort was placed on the various activities related to the consummation of both the Resource Recovery Facility and the parking monetization, which will be covered later in this report.

- The OTR has engaged with the Mayor Papenfuse and his team over the last month in a series of transitional meetings to bring the Mayor and his team up to speed with the range of activities the OTR is engaged in and to review the support that the OTR has and will continue to provide on the further implementation of the Strong Plan initiatives. Our goal continues to be one of providing assistance in making the transition as smooth as possible.

- OTR continues work in cooperation with City officials in implementing the various operational related issues that are included in the Harrisburg Strong Plan.

- Personnel – The City continues to actively recruit for approximately 67 positions. There have been a number of retirements and resignations across various departments that have occurred over the last month. There are a number of key management positions that were vacated including Finance Director, HR Director, Purchasing Manager, Fire Chief and IT Director. In several instances acting individuals are in these positions and temp help has been hired to fill key vacancies for the short term.

- The OTR has worked with the City to address critical vacancies in the Finance Bureau. Interim arrangements have been made to engage Trout Ebersole & Groff to provide interim financial management assistance as necessary especially with the reconciliation of transactions related to the various monetizations so they can be properly recorded and incorporated into the 2013 audit. The OTR also provided approval to the City to fill the Staff Accountant/Analyst position and recruitment is underway. Maintaining continuity in the Finance Bureau is critical to addressing cash flow, payables and 2014 budget related issues.

- Fifteen of the positions being recruited are Fire positions previously approved by the Receiver's Office. A new Eligibility List is being developed. The physical ability test was administered on December 7 and 8 to the 57 candidates who passed the written exam. Out of the 57 candidates, 35 passed, 9 failed, 1 withdrew, 1 was disqualified and 11 did not show up for the test. Background checks are now underway for the 35 that passed. The next Fire Academy Class starts March 4, 2014. It's anticipated the 15 positions will be hired and enroll in the March class. Materials for a promotional exam in the Fire Bureau have also been developed and notification letters were sent to all eligible fire personnel that they may apply for the promotional exam for Battalion Chief, Fire Captain and Fire Lt. Applications were due November 15 and the exam will be administered on February 12, 2014.

- Twenty-six vacancies are for Police Officer and at the request of the City, the OTR previously approved filling 20 Officer positions. The Police Civil Service Commission certified the list of eligible candidates for appointment at their December 16 meeting. This followed both a written and a physical examination that occurred during the fall. Offers of conditional employment were extended to 10 candidates. One individual has declined the offer. The remaining 9 have moved forward to the medical and psychological examination stage. The next Police Academy class starts January 21, 2014. It's anticipated that the 9 candidates will enroll in that class.

- Promotional examination materials have also been made available to all eligible police personnel for the positions of Lieutenant, Sergeant and Corporal. The promotional exam and oral interviews for these positions will be administered on January 25 and 26, 2014.

- As 2013 closed, it should be noted that the City made tremendous progress over the last 15 months with the completion of the 2009, 2010, 2011 and 2012 audits. Bringing their audits up to date was a significant accomplishment and removed an impediment to financings by not only the City but also THA. In moving forward, it is vital that the

City remain current with their audits and audit prep work begin as soon as possible in preparation for the 2013 audit.

- Council adopted the 2014 budget at their December 17 meeting. The OTR has assisted the new Administration with 2014 budget related issues including a model to consider budget adjustments that they may propose. A budget reopening process is provided for a Third Class City Code following a local election year. If a budget amendment process is initiated, it needs to be completed by February 15.

- As reported at the last meeting, the RFP for sanitation services has been placed on hold due to a number of issues that were raised at a November meeting with Council and Republic Services. Numerous questions raised at that meeting warrant further review and consideration. This issue will be revisited with the new Administration and Council early in 2014 in order to resolve these issues before further action occurs. Three courses of action have been identified.

    1. Approve the current RFP-selected vendor
    2. Re-bid the vendor selection process
    3. Maintain in-house and upgrade DPW staff and equipment capabilities

- The City's new insurance policies through Marsh USA, the selected broker through an RFP process, have been implemented. The new brokerage service will result in further cost savings and has been put in place over the last 4-6 weeks to coincide with the City's renewal schedule. The new contract consolidates insurance coverage for the City to include property, liability, vehicle, public officials liability, errors and omissions, workers compensation insurances as well as to provide risk management services.

- The update to the City's Comprehensive Plan has been placed on hold pending discussion with the new Administration. Several questions have arisen with respect to the process and the role of the Planning Commission. The development of a solid economic development and housing strategy are vital to the City's recovery and OTR would like to see this process move forward in the near term. Mullin & Lonergan Associates was engaged to initiate the comp plan and housing strategy components while CREDC was engaged to complete the economic development plan. Work to date has only involved initial data collection that was part of the Phase 1 process. It is anticipated that it will take approximately 14-18 months to complete the entire update and development process. The scope of work that has been developed provides for a strong neighborhood focus involving 6 distinct regions of the City with significant opportunity for public input at various stages of the process. The Strong Plan also provides dedicated funding to assist with the implementation of this plan.

- The City continues to proceed with implementation of the Fleet Management recommendations. To date approximately $28K has been realized from the disposition of 11 pieces of equipment. This amount already exceeds the study's estimate of $18K and there are an additional 15 pieces of equipment still to be disposed.

- The City received an additional $300K in December from the proceeds of the July and October auction of the various Wild West Artifacts. This additional payment brings the total to an approximate $2.4M that has been realized from the artifact sale. Following the action by Commonwealth Court to approve the use of the proceeds of the funds for

debt purposes, payment of the $2.4M has been provided to Metro Bank. There is a balance of $90K due on the Metro loan and there is still a small amount to be received as the auction house continues to follow up with collection efforts. It is anticipated the amount to be received will equal the amount of the outstanding indebtedness.

- We have continued communication with the IAFF on terms for a contract modification. Ongoing discussions have occurred. There is a remaining issue that we are trying to resolve relative to the pension proposal. In order to resolve this issue, the OTR has engaged in discussions with PMRS (Pennsylvania Municipal Retirement System) that administrators the fire pension program for the City in an effort to try to resolve this matter prior to a vote on the contract modification.

Fiscal issues - Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting we have reviewed both the December 19 and January 2 check-runs and provided a response to the City.

- The December 19 check-run totaled $776K and the January 2 check-run totaled $1.15M. The largest payments for both check-runs were to the City Treasurer for various insurances which amounted to approximately 60% of each check-run. The City also paid HPA the reciprocal parking tax payment for the 3rd Quarter of $339K following the consummation of the RRF and parking transactions as previously agreed. This had provided the City with cash flow flexibility until the December consummation. The City also satisfied the remaining pension MMO payment by the end of December and obligations to AMBAC were satisfied as part of the Plan's consummation.

- As the year closed, the City was generally up to date with its payables. The receipt of parking revenue, transfers from the Sanitation, Capital and Grant Funds along with the Strong Plan's consummation provided the resources to meet payroll and critical vendor obligations through early January. Payables on hold after the January 2 check-run and the payment to Sun Trust total $1.340M, which is approximately half of the amount of payables that existed at the end of the December 5 check-run. Of this amount, payment to the PA Infrastructure Bank, which is for a PENNDOT loan, represents the largest obligation of approximately $437K. Other payables relate to insurances and utilities. The debt service amount has been reduced significantly with the payment to Metro Bank as a result of the artifact sale and also the payment to Sun Trust which was part of the Plan consummation. Obligations over 60 days total $800K with 99% represented by payments to PA Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for various insurances.

- A review of the cash position shows that the City had a cash balance of approximately $2.7M as of December 24. Following the January 2 check-run and payroll, the City's cash balance was $1.6M. The City anticipates an EIT payment prior to the next check-run, which should provide adequate funding for that check-run and next week's payroll. We are asking that the City continue to closely monitor payables that are being advanced for payment, recognizing that the City's cash flow remains a bit tenuous during the early part of the year.

- Although our recent focus was on consummating the transactions by year-end, we have also pursued cash flow alternatives that will be necessary to meet payroll and vendor obligations during the early part of 2014. This is normal for municipalities given the ebb and flow of their revenue, especially real estate tax revenue that occurs during the course of their fiscal year and similar to what occurred with cash flow the end of 2012 into early 2013. An RFP for a tax and revenue anticipation note was issued in late November. Metro Bank provided a response by the due date of December 20. The OTR is meeting with Metro Bank officials on Friday to further discuss terms of their proposal. We are also preparing a request to Commonwealth Court to again undertake an inter-fund borrowing similar to what occurred last year to also provide revenue for the next few months until the real estate taxes are received. We are working on a dual track and would recommend that the City continue to pursue the TRAN activity as well as the inter-fund borrowing. As those two issues materialize further, we will provide additional information to the City.

- The City continues to be in compliance with all financial reporting obligations. During the month of December, five City officials including those in the Finance and Solicitor's Offices completed required SEC training.

Asset Monetization

- December 23 represented a significant milestone for the City with the sale of the RRF to LCSWMA (Lancaster County Solid Waste Management Authority) and the monetization of the City's parking facilities with Harrisburg First, a consortium of Guggenheim, Trimont and Standard Parking. Both transactions yielded funds within the parameters of the Strong Plan. Agreements with the major creditors were also executed as part of the transaction. This included AGM, Dauphin County, Covanta, CIT, a number of vendors who had smaller outstanding claims related to the RRF. Further agreements were executed with AMBAC on the general obligation bonds and with Sun Trust on their lease/purchase agreement with the City.

- SP + Municipal Services, which is a division of Standard Parking, assumed management of the City's parking operations on December 23, 2013, subsequent to the Plan consummation. They will now operate and manage the City's 1,250 on street metered spaces, 10 off street garages and 5 surface lots. As the year progresses various improvements will be occurring to the parking facilities. This will include updated meters, automated parking facilities and mobile application access.

- Work likewise continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA. The official transfer occurred on November 4 although there are still a number of transitional issues that are being worked through. This effort will continue over the coming months. A shared services agreement between the City and THA is in place to address the relationship and responsibilities of both the City and THA. The transfer was one of the conditions of the $26M PENNVEST loan. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues related to both the Chesapeake Bay and Clean Water Act requirements. The transfer that has occurred will consolidate the administrative, operational and financial responsibilities for the water and sewer operation into THA, as an operating authority.

- Our efforts over the last month have focused extensively on the timely consummation of the various transactions that are part of the confirmed Plan. We have also worked simultaneously to continue implementation of various operational elements of the Plan and to work with the incoming Administration on various transitional issues. This work will continue in the coming weeks. The ability to achieve a consensual solution for Harrisburg and to close on the transactions that implement that solution without question represents a very significant accomplishment. Indeed, it is a model that can be replicated in other municipalities with similar fiscal situations. Credit goes to the City's creditors – AGM, Dauphin County, Covanta, CIT, AMBAC as well as to City employees, the Mayor and City Council for all coming to the table and recognizing the value of a consensual resolution as opposed to time consuming and costly litigation. This is in sharp contrast with what is occurring in Detroit as they continue to proceed through the uncertainty of the Federal Bankruptcy process and with other municipalities who have had similar struggles through the bankruptcy process in California and Alabama. Harrisburg has received much favorable publicity from various financial publications and others on its ability to reach a consensual solution to its fiscal difficulties.

- Without question, the Strong Plan represents a significant and positive milestone for the City. It sets a new course. One that has fully eliminated the debt on the RRF, and now provides balanced budgets thru at least 2016, along with an ongoing revenue stream from the parking assets and provides needed resources to address capital needs and economic development purposes and to address the City's OPEB liabilities.

- Although there is more work that remains, especially in furthering operational improvements and efficiencies, the OTR sees that the City is now in an excellent position to move forward with community and economic development initiatives that will strengthen its tax base and provide for a bright and promising future for the City.

Mr. Lynch thanked Mr. Reddig for his excellent and comprehensive report.

Mr. Lynch asked for committee member comments.

Council President Williams inquired why a TRAN was now being considered as she understood that it was a desire to have everything completed by December 20 so the City would have monies by December 31.

- Mr. Reddig noted and agreed that this did happen, which allowed the City to pay down on the outstanding payables also noted in Mr. Reddig's report. Mr. Reddig further noted it is not uncommon for any municipality to experience cash flow issues in the early part of the year and undertaking a tax revenue anticipation note is a fairly common occurrence in municipalities. If one looks at the City's cash flow, even understanding Plan consummation, it doesn't mean that all of the City's financial issues are fully addressed and it has a great surplus of funds. The City is now at a breakeven point. Their payables have been paid down, certainly the debt obligations have been resolved but the City is now in a situation similar to many other municipalities, where it needs to rely on a balanced budget moving forward and that balanced budget is predicated on the ebb and flow of revenues that occur during the course of the year. Typically, municipalities receive their greatest influx of revenue during the March, April, May time period when the revenues from the real estate tax are received. During

January and February, there are obligations that need to be satisfied. When you look at expenditures in the course of the year, they are relatively even from month-to-month. There may be a spike with debt obligations but for the most part, payroll and normal vendor obligations are relatively even month-to-month. Whereas revenue is very low in January and February and then increases significantly in the March, April, May time period. With that said, that is the reason why a TRAN as well as the internal borrowing that was mentioned, should be undertaken. We are estimating that an amount of approximately $4M is what would be necessary to deal with those cash flow issues.

Council President Williams inquired on the account that was established last year to assist the City with funds and was never drawn on.

- Mr. Reddig stated that last year City Council approved the borrowing of funds from the Sewer Fund, if necessary. He noted those funds are no longer available now that the water and sewer operations have been transferred to THA. We are looking at an inter-fund transfer for this year and we are preparing documents for Commonwealth Court. That would allow the City, if the court agrees, to use funds from the Plan consummation that are dedicated for capital and economic development purposes and then to repay those funds later in the year, similar to the understanding that occurred last year with the Sewer Fund.

- Another reason that it would be good business practice to engage in a TAN, even if the amount is limited in nature, is that it helps restore the City's credit worthiness with the financial community. Much like you and I as a consumer, the financial community looks at an individual or in this case a municipality's ability to repay an obligation. The City has not been able to be in the marketplace for a number of years, in part due to its inability to fulfill debt obligations, its fiscal condition and the lack of audits. By engaging in a TAN and repaying it in a very timely manner the City would restore its credit position in the financial community.

Council President Williams had the understanding that these perimeters were set up in November with the anticipation of the City needing funds in early 2014. She will review City Council's actions and come back to this discussion at our next MFRAC meeting.

Council President Williams noted Mr. Reddig reported there are 26 vacancies for Police Officers and 20 positions were previously approved to be filled. Are we looking to fill the other 10 positions any time soon?

- Mr. Reddig deferred to the new Administration but noted from our standpoint, we would want to see that process move forward. As mentioned, the City did not have a current Civil Service list. Starting last summer the City worked with the Dauphin County Police Chief's Consortium to begin the testing process. A list of candidates was developed as the testing process proceeded. Most recently, the City's Civil Service Commission issued their list of eligible candidates to select from. Having that active list in place will make subsequent hiring move quicker. We had hoped 10-12 positions would be filled for the January class; however, the number is now down to 9 candidates. We anticipate that they will be hired and join the January class and that additional candidates will be selected for a summer class.

Council President Williams noted that Mr. Reddig indicated in his report that a recommendation on the sanitation process was submitted to City Council. Council President Williams thought this was on hold until the questions City Council had were answered.

- Mr. Reddig confirmed that he did indicate that the sanitation process is currently on hold.

Council President Williams inquired about the 60% of insurance payments to the Treasurer and thought there was a new insurance carrier.

- Mr. Reddig noted the payments he mentioned in the report are related to the health insurance payments. These payments are the City's most significant payables on a bi-weekly basis and are to Highmark, Express Scripts and Dental.

Council President Williams stated that the payments shouldn't be this high because that is why Council put it out on bid.

- Mr. Reddig confirmed Council has saved money with the consolidation of the liability, workers compensation insurance, etc. The payments he was alluding to were for health insurance.

Mr. Lighty had no comments.

Mayor Papenfuse had no formal comments but wanted to express his appreciation and thanks to Mr. Reddig and the whole team at DCED and to the Receiver's office who have been extremely helpful to his new Administration during the transition. Everyone made themselves available at a moment's notice, we met frequently and thinks they have been put in a really good position to understand all major issues and looks forward to continuing a close relationship as they move forward.

Mr. Lynch thanked Mayor Papenfuse for his gracious comments.

Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, a resident of the City

Mr. Cluck asked if the Plan has been consummated.

- Mr. Lynch replied the Plan was consummated on December 23, 2013 at 1:07 p.m.

Mr. Cluck noted that the Plan states that certain bodies were to make recommendations within 10 days to appoint a 9-member task force; the Receiver then makes the appointments. The Mayor, City Council and the County are to provide recommendations. Mr. Cluck asked if that had happened and is that list going to be made public?

- Mr. Lynch noted that the recommendations have not happened yet as they have been consumed with other things. However, this is the next order of business.

Mr. Cluck noted the Receiver then has 30 days to make the appointments. Once the task force is formulated, it is to address both silos for ED/CD and for infrastructure. Then there's a

separate task force for the other post retirement employee benefits. Mr. Cluck inquired if there will be two different task forces.

- Mr. Reddig confirmed that was the case and that there is a separate advisory board for OPEB.

Mr. Cluck noted there is also to be some money available for those task forces to operate and asked if the task forces will be authorized to retain expertise to assist them with informing these organizations or will the Receiver be doing that.

- Mr. Lynch responded he didn't know if the Receiver would be doing that or not. He noted one of the things we are trying to avoid is a bureaucracy or bureaucracies. Mr. Lynch suggested that this would not be his preference. We would prefer to see this done on a voluntary basis and keep the legal input to a minimum.

Mr. Cluck had no further comments.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:12 a.m.

Approved this 8th day of January 2014.

William B. Lynch
Receiver for the City of Harrisburg

Secretary – Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
February 12, 2014
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

Mayor Eric Papenfuse
Wanda Williams, City Council President
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners
Doug Hill, County Commissioners Association of Pennsylvania (Governor's Appointee)

Anne Morrow (Recording Secretary)

Reports
Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:34 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the January 8, 2014 Committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Prior to the update on the implementation of the confirmed Harrisburg Strong Plan, Mr. Lynch congratulated the IAFF for their recent acceptance of their contract proposals. This is the last piece of the puzzle and is significant to the Harrisburg Strong Plan and we applaud their willingness to be part of the solution. Mr. Lynch expressed his appreciation to Mayor Papenfuse for his involvement with the IAFF.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Harrisburg Strong Plan.

Operational Issues

- Since the Committee's last meeting on January 8, the Receiver's Team has continued to work with City Council, the Mayor's office and others on the further implementation of the various elements of the Harrisburg Strong Plan as confirmed by Commonwealth Court on September 23. Though OTR has been involved in follow-up activities related to the consummation of the Strong Plan, it has now shifted most of its focus to operational issues and assisting the Papenfuse Administration in transitioning into their role.

- The OTR has continued its engagement over the month with Mayor Papenfuse and his team in various meetings and discussions to assist with fiscal, budgetary and organizational issues. The OTR has engaged with department heads on the range of

activities related to further implementation of the Harrisburg Strong Plan and will continue to provide assistance as we move forward. We have also had several meetings with the City's new Controller, Charles DeBrunner, in a similar manner. Our goal continues to be one of providing assistance in making the transition as smooth as possible.

- The City is actively recruiting for approximately 80 positions. A number of retirements and resignations have occurred across various departments over the last two months. The Mayor has been moving forward with his reorganization plans to address key management positions that are, in part, included in the budget amendments passed by City Council last night. In several instances, acting individuals are serving until permanent appointments are made.

- The Finance and Treasurer's offices are currently dealing with critical vacancy issues. Interim arrangements are in place to engage Trout Ebersole & Groff to provide interim financial management assistance, as necessary, especially with the reconciliation of transactions related to the monetizations so they can be properly recorded and incorporated into the 2013 audit. The OTR also provided approval to the City to fill the Staff Accountant/Analyst position and recruitment is underway. Maintaining as much continuity as possible in the Finance Bureau is critical to addressing cash flow, payables and 2014 budget related issues. A request from the Controller's office has also been advanced and is under review by the OTR. The position would restructure an Auditor position to an Audit Manager position.

- Fifteen of the positions being recruited are Fire positions previously approved by the Receiver's office. A new Eligibility List is being developed. The physical ability test was administered in December. Out of the 57 candidates who passed the written exam 35 passed, 9 failed, 1 withdrew, 1 was disqualified and 11 did not show up for the test. Background checks are underway for the 35 that passed. The next Fire Academy Class starts March 4, 2014. It's anticipated the 15 positions will be hired and enroll in the March class. A promotional exam in the Fire Bureau will occur on February 12 for 4 Battalion Chief, 2 Fire Captain and 2 Fire Lieutenant positions.

- Twenty-six vacancies are for Police Officer and at the request of the City, the OTR previously approved filling 20 Officer positions. Eight Officers were hired and sworn in on January 17 by Mayor Papenfuse and are enrolled in the Police Academy Class that started January 21. Now that there is a current Eligibility List certified by the Civil Service Commission additional hires can be made. It is anticipated that 12 additional positions will be selected for appointment and enroll in the next Police Academy Class that starts in July.

- Promotional examinations took place on January 25 and 26 for the positions of Lieutenant, Sergeant and Corporal. The Eligibility List must now be certified by the Civil Service Commission and then those appointments can be made.

- Following its introduction by the Mayor in January, Council's Budget and Finance Committee held two meetings to review in detail with the Mayor, his Administration and the OTR proposed budget amendments. City Council acted on those amendments after making certain modifications at last night's meeting and approved the 2014 Amended Budget.

- As previously reported, the RFP for sanitation services has been placed on hold due to a number of issues that were raised at a November meeting. This issue will be revisited in the future.

- The update to the City's Comprehensive Plan has also been placed on hold pending further discussion with the new Administration. This issue will be addressed in the near future. The development of a solid economic development and housing strategy are vital to the City's recovery and key elements of the Harrisburg Strong Plan.

- The City continues to proceed with implementation of the Fleet Management recommendations. To date approximately $28K has been received from the disposition of 11 pieces of equipment and there are an additional 15 pieces of equipment still to be disposed.

- The City is actively pursuing the relocation of the Public Works facility from the RRF location. Alternatives have been identified. One particular site is being seriously considered and costs estimates related to the move are being determined.

- The City received an additional $188,566 this week from the proceeds of the July and October auction of the various Wild West Artifacts. This additional payment brings the total received from the auction to approximately $2.6M. Following the action by Commonwealth Court to approve the use of the proceeds of the funds for debt purposes, payment of the prior proceeds were made to Metro Bank. The remaining balance on the Metro Bank loan is approximately $92.5K and that will be satisfied with the receipts that were received this week. The OTR then plans to petition the Court for approval to allocate the remaining funds to the City.

- As announced by the Mayor and the IAFF leadership yesterday and mentioned by General Lynch this morning, an agreement has been reached with the IAFF on terms for a contract modification. Those terms are similar to those approved in 2013 by the FOP and AFSCME bargaining units. They include no salary increases in 2013 or 2014, 1% increases in 2015 & 16 and a 2% increase in 2017. The contract extension also restructures health care coverage and reduces the minimum manning from 16 to 14 plus a Supervisor. The settlement is consistent with the provisions of the Strong Plan and is a critical component to the 204 Budget.

Financial issues - Cash Flow

There are a number of financial issues to highlight.

- The City's financial position has improved markedly over where it has been since entering Act 47. With the consummation of the Strong Plan, the City has not only been able to retire all of the debt related to the RRF and parking system, it has also satisfied outstanding general obligation delinquent debt payments that were due to Ambac, Sun Trust and PA Infrastructure Bank that had not been paid over the last 2 years. It is now current with its general obligation debt. Last year in mid-February the City had a cash balance of $176K and payables of $4.8M. This year it has been able to significantly reduce its payables and is now carrying approximately $1.2M in payables or about a quarter of what it had last year with only $352K of those payables delinquent over a 60-day period. Most of those are represented by payments to the City Treasurer for health insurance.

- The Governor's proposed FY14-15 Budget includes the $5M appropriation to the City for public safety services that is an integral part of the Strong Plan's fiscal plan. That appropriation is split between the Department of General Services where $496K is included for fire protection and the Department of Community and Economic Development where another $4.504M is provided for public safety services. We are very hopeful and will be advocating for that appropriation as the legislature moves through its budget review and approval process.

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting we have reviewed the January 16, January 30 and February 13 check-runs and provided responses to the City.

- The January 16 check-run totaled $217K, the January 30 check-run totaled $879K and the February 13 check-run totals $1.13M. The largest payments on these runs were primarily for debt payments to Sun Trust, the PA Infrastructure Bank, and for fuel and utility expenses. Payments to the City Treasurer for various insurance reimbursements have been deferred based on available balances in the Treasurer's office. This has helped provide the City with cash flow flexibility early in the year.

- The receipt of parking revenue, transfers from the Sanitation, Capital and Grant Funds along with the Strong Plan's consummation have provided resources to meet payroll and critical vendor obligations thus far in 2014. A review of the City's cash position shows that it had a cash balance of approximately $3.5M as of February 6. Following this week's check-run and payroll, the City's cash balance will be approximately $2.1M. Based on discussions with Keystone Tax Service this week, the City should receive additional EIT payments prior to the next check-run, which should provide sufficient funding for the next payroll. We are asking that the City continue to closely monitor payables that are being advanced for payment, recognizing that the City's cash flow remains very tenuous during this part of the year.

- In order to address a possible cash flow problem, the OTR and the Administration have pursued alternatives to meet payroll and vendor obligations over the next month. This is normal for municipalities given the ebb and flow of their revenue, especially real estate tax revenue that occurs during the course of the fiscal year and is similar to what occurred with cash flow the end of 2012 into early 2013. A proposal was received from Metro Bank for a Tax Revenue and Anticipation Note (TRAN) of between $2M & $4M. We have assisted the City in preparing the documents required for the TRAN; however, at this point action on the TRAN is on hold pending further review of cash flow.

- As we have reported previously, the City made tremendous progress over the last 16 months with the completion of the 2009, 2010, 2011 and 2012 audits. This has certainly been a significant accomplishment and removed an impediment to various financings by not only the City but also of THA. In moving forward, it is vital that the City remain current with their audits. We recommend that audit preparation work begin as soon as possible to prepare for the 2013 audit.

- The City continues to be in compliance with all financial reporting obligations.

Asset Monetization

- The OTR is continuing to be involved in certain clean-up work related to the monetization of the RRF and parking system. Last week the OTR provided City Council with a summary of how the proceeds from the sale of the RRF and the monetization of the parking system were applied. The net proceeds from the sale of the RRF were $129.9M and while they had been estimated at between $126M-$132M. The parking proceeds netted $267M while the estimate was $258M-$268M. In both cases OTR was in line with what the Strong Plan had estimated back in August when it was filed. Proceeds were used to satisfy approximately $490M in outstanding debt from the RRF and parking bonds. Obligations to AGM, Dauphin County, Covanta, CIT and a number of smaller vendors were satisfied along with approximately $100M in outstanding parking bonds.

- The City will receive significant positive benefits from the monetization transactions on an ongoing basis. These include:

    - $288K/year from host municipality fees
    - $1.55M/year in parking tax revenues that were previously pledged for parking related debt
    - Lease payments of $2M/year from the parking system
    - Deposit of approximately $16M into a restricted fund for OPEB, Infrastructure and Economic Development.

  SP+ Municipal Services, which is a division of Standard Parking, assumed management of the City's parking operations on December 23, 2013, subsequent to the Plan consummation. They now operate and manage the City's 1,250 on-street metered spaces, 10 off-street garages and 5 surface lots. Improvements have already started with replacement of new and more advanced parking meters. As the year progresses and weather improves, various further enhancements will be occurring to the parking facilities. This will include updated meters, automated parking facilities and mobile applications. Trimont, the Asset Manager, and SP+ Municipal Services have been working closely with the City to address issues that have arisen in order to make the transition as smooth as possible. To that end a Parking Advisory Committee has been formed pursuant to the Plan. An initial meeting is tentatively scheduled for next week.

- The OTR is also in the process of establishing the Task Force to create a Governance and Action Plan for the Infrastructure and Economic Development LLCs. Nominations have been requested and submitted by the various constituent entities. Appointments were made last week and an initial meeting is on the horizon.

- Likewise, OTR is in the process of establishing the OPEB Trust Board. Appointments have been requested and some of the responses have been received but not from all of the entities. We have the Trust documents that were used to establish a similar Trust in Pittsburgh and will be sharing them with the Board once all appointments have been made.

- Work also continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA. Although the official transfer occurred on November 4 there are still a number of

transitional issues that are being worked on including utility payment processing and the establishment of a Lock Box. This effort will continue over the coming months. A shared services agreement is in place between the City and THA to address the relationship and responsibilities of both parties.

- Our efforts over the last month have now turned to implementation of various operational elements of the Plan and to work with the new Administration on various transitional issues. The ability to achieve a consensual solution for Harrisburg and to close on the transactions that implement that solution without question represents a very significant accomplishment and is a model that can be replicated in other municipalities with similar fiscal situations.

- On January 16 the DCED filed an application with Commonwealth Court to vacate the Receivership effective March 1. Secretary Walker in the application included certification that Fiscal Emergency had now ended and that City should fall under the provisions of Chapters 2 - 5 of Act 47. At this time we are awaiting a response by Court to that application.

- With the plan consummation, the issues that led to the declaration of fiscal emergency and ultimately Receivership have been resolved, though there remains considerable work ahead in order to fully implement operational elements of the Strong Plan and provide a sustainable fiscal future for the City. The Commonwealth is committed to seeing this process through and ultimately reaching the point where the distress declaration itself can be rescinded. Although the Receivership may end, the resources previously provided to the City through the Receiver will continue to be provided by the DCED in furthering the implementation of the Court confirmed Harrisburg Strong Plan. The Plan provides the roadmap for the City's future. One that now provides balanced budgets through at least 2016, along with an ongoing revenue stream from the parking assets and needed resources to address capital needs and economic development and the City's OPEB liabilities.

- Although there is more work that remains, especially in furthering operational improvements and efficiencies, the OTR sees that the City is now in an excellent position to move forward with community and economic development initiatives that will strengthen its tax base and provide for a bright and promising future for the City.

Mr. Lynch thanked Mr. Reddig for his report and noted that it was very comprehensive and complete.

Mr. Lynch asked for committee member comments.

Council President Williams asked Mr. Reddig for a list of the members of the Task Force.

- Mr. Reddig replied he would forward a list to her and noted that we are waiting for one appointment from one of the bargaining units in relation to the OPEB Board at this time.

Council President Williams noted Mr. Reddig mentioned the net proceeds from the parking transaction netted $267K and asked for verification.

- Mr. Reddig responded that amount was correct.

Council President Williams asked to confirm the net proceeds from the sale of the artifacts was $188,566.

- Mr. Reddig confirmed that this was the amount that came in this week but not the overall total.

Council President Williams thanked Mr. Reddig for his wonderful and accurate report. She noted his report was very thorough and appreciates all his hard work. She noted she looks forward to continuing to work with him over the next 2 years.

Council President Williams made a statement to Receiver Lynch and to the residents attending the meeting.

- Last evening City Council approved the budget for the City of Harrisburg. At that time, after the budget, there was an indication of grandstanding by one of the Council Members, Ms. Wilson, and then by the Mayor who also made a statement about grandstanding. Council President Williams wants to assure everyone that the Members of City Council certainly were not grandstanding. She noted there was no reason for Council to do that. City Council was doing their due diligence, worked hard on the budget and repeatedly asked several questions; 46 questions were asked by Council President Williams personally.
- City Council didn't have a personal agenda to fulfill. She wants everyone to know that they took their time and went through the budget to make sure they were looking at it accurately and wanted to make sure all the revenues added up because City Council really didn't know of all the real revenues that came in.
- Council President Williams said she made sure Council Members understood they all need to work together in making sure this Mayor has all the support and tools he needs to continue moving the City forward in a debt free status.

Mr. Lynch thanked Council President Williams for her comments and noted that everyone understands and appreciates her work and how deeply involved she and all of City Council is in this process.

Mr. Lighty noted the County would like to thank everyone involved in reaching a meeting of the minds with the fire fighters contract. We view that as a very positive step.

Mr. Lynch agreed with Mr. Lighty and congratulated the Mayor for his leadership. He noted how crucial this was to the Strong Plan.

Mr. Hill also concurred with the same sediment with Mr. Lighty and Mr. Lynch in regards to the IAFF agreement. He noted the agreement with the fire fighters gets us to where we want to be in consummating the entirety of the arrangements and positions us well going forward. Mr. Hill acknowledged the Mayor and the Receiver's work as well as the fire fighters who gave their support in reaching that agreement.

Mr. Hill noted the tax anticipation note is a contingency at this point and appreciates that fact since many municipalities issue a TAN as a matter of course. This speaks well to the new financial position we find ourselves in and particularly compared to when we entered 2013. Have the banks quoted a rate and is it comparable to what other communities are seeing?

- Mr. Reddig noted that Metro Bank quoted a rate of 2.5%. The rate is higher than a municipality in a stronger financial position would find, however, it contrasts to the City of Scranton where we have a rate that is well in excess of that given their fiscal situation. Given the fact that the City has not had a TRAN for a number of years, for obvious purposes, and we were unable for the last two years to get one. Mr. Reddig noted he had been personally involved in talking with the banks over the last several years. The banks were not interested in giving the City a TRAN and it is a foray back into the financial market place so we didn't feel that the rate was out of bounds given the situation that Harrisburg is in today.

Mr. Hill agreed the City is in a much better position than the City has been in.

Mr. Hill noted that back in the fall there was a proposal on the table to look at replacing all the streetlights in the City with a LED system and a projected savings of $300K a year. Is that something that has been forwarded to the new Administration to reconsider?

- Mr. Reddig deferred answering to Mayor Papenfuse. He stated that this initiative had started and then was stopped by the previous Administration back in the fall. It is an issue that the OTR would like to see addressed for the potential for savings. We do understand that there is a lot on the table right now that the City Administration is dealing with and asked if the Mayor has any comments.

- Mayor Papenfuse noted there were preliminary discussions by the past Administration with the Phillips Group regarding an LED conversion. It was only for a portion of the City streetlights and it wasn't put out to bid to other company's to see what might be the best deal for the City. That was an initiative that we were going to assign to our Sustainability office. It was going to be a top priority over the next 6 months; going out for bids and looking at energy savings generally throughout the City.

Mr. Hill appreciated the Mayor's response and recognized that this is a relatively small point considering the major issues that he is working through on transition. As a City resident, whenever Mr. Hill talks to his neighbors about the work the committee is doing invariably this is one of those small things that surface, whether they are able to focus or not on the bigger issues.

Mr. Hill appreciates the dialog here between the Mayor and President Council. Again, as a City resident, while we are all working through the dance together and learning to work with each other from the prospective of many of us, Mr. Hill, thinks we've seen many encouraging signs. A tenacious picture certainly helps but at the same level on the same point he thinks we've seen a level of cooperation that we are all pleased with and once we get through the transition, we'll see that the City is heading in the right direction both under the Plan and with new leadership.

Mr. Lynch noted Mr. Hill's comments were well said and thanked him for expressing his comments.

Mayor Papenfuse noted he didn't share in all the optimism this morning.

- Last night what happened was City Council in a series of arbitrary and capricious actions basically targeted individual managers and reduced salaries, totaling approximately $47K. There was no particular pattern. They didn't reduce salaries

across the board. It was all done essentially at the last minute through a series of amendments on the floor. It was not done through dialog or discussion.

- Probably, what should have happened was we should have had a conversation about how much salary savings City Council wanted to achieve and then we could have done that through a flat cut across the board to management. Instead, individuals were targeted; some were reduced by as low as $4K and some were reduced as much as $10K.
- In addition, our Sustainability department proposal, which was key to our economic development concept as well as the plan for using the Host Fees was arbitrarily cut and eliminated from the budget.
- There is no savings achieved because then Council went ahead and spent the money, indeed more money, on a new position, which was a duplicated position for one that the City already had. They created a new Affirmative Action position for the City by reducing these other salaries even though the City already had this position in the budget. Now the City has 2 Affirmative Action positions and we now have a lot of people that were penalized.
- Mayor Papenfuse gave an example stating his one, single Administrative Aide had her salary reduced from $50K to $45K. Mayor Papenfuse feels particularly terrible about this because $50K was the salary she needed to come to work for the City. She left a job, as did many of the others, to come to work for the City. The Mayor had already reduced his staff by 1. As many of you know, if you come to see the Mayor he answers his own door, he answers his own phone and has one Administrative Assistant. His Administrative Assistant does all the scheduling, handles all the emails, all proclamations, you name it, works around the clock and had her salary reduced from $50K to $45K for no reason other than a desire to exert political power.
- The Mayor thinks it bodes poorly for the future of the City. The Mayor thinks the key now is for City Council and the Mayor's office to improve their relationship. It has to be one that is based on dialog and discussion back and forth.
- We didn't receive any of these amendments until the last second last night. The Sustainability amendment was proposed on the floor without any warning what so ever. Up to that point at 4:30 p.m., Council said they were going to eliminate a different part of economic development.
- In eliminating Sustainability they also eliminated the City's Recycling Coordinator. They eliminated the possibility of bringing a lot of grants and a lot of potential energy to this new economic development department.
- Mayor Papenfuse didn't want to go on at great length but there could have been very serious considerations made with the budget. There could have been additional appropriations made for public safety or public works and instead they actually reduced the public safety budget by taking our Community Policing Coordinator and arbitrarily knocking his salary from $65K to $55K even though he too had left a job to come to the City to work. We had paid for that position through additional grant money coming through the County that was supporting a new concept of community policing for the City, which was much talked about and discussed. Even during the budget hearings Council praised this individual, praised the concept of community policing and stated we needed more money for public safety.
- The Mayor thinks what happened last night was really the worst of Harrisburg politics. What we need to get through now is to focus on rebuilding a relationship, making sure that relationship occurs through a back and forth dialog and not just last minute changes. We also need a salary ordinance for Harrisburg that establishes salary ranges for positions. Mayor Papenfuse had already proposed this to City Council who should

have already acted on it. That would eliminate this type of situation in the future. There should be a range of salaries of under which management and bureau heads are paid, thus allowing the Chief Executive to come in and negotiate the right salary. We don't have that in Harrisburg though. As a result, individuals come to the City to work and give it their all.

- The Mayor noted he had to hire basic staff to function and then finds that their salary is essentially politicized or put into a context that has nothing to do with merit or work or the job.
- Unfortunately, the Mayor doesn't feel there was due diligence done with regard to the budget. The Mayor certainly doesn't feel that he has all the support he needs especially with regard to economic development in order to move the City forward. Most importantly, he doesn't feel that we have repaired the relationship between City Council and the Mayor's office, which is really what has held the City back. Mayor Papenfuse doesn't think it's due to a lack of effort on his part. That engagement is a two-way street.

Mr. Lynch thanked Mayor Papenfuse for his comments and noted it sounds like there is a lot of work to be done. Mr. Lynch assured Mayor Papenfuse that the OTR will help any way it can.

Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, a resident of the City of Harrisburg

- Mr. Cluck noted he is now the Vice Chair of the Harrisburg Authority having stepped down from the position of Chairman with the understanding he would have a job in the City to work on making the City green.

- Mr. Cluck noted the public comment he has is on the artifacts and asked if the $188K that was received is it or does the City have outstanding receivables?

    - Mr. Reddig noted there are some minimal collections yet that Guernsey is involved with but for the most part this is going to be pretty much all of it. It's going to depend on their ability to collect some outstanding amounts.

- Mr. Cluck noted the Harrisburg Authority was the owner of the artifacts purchased by the former Mayor, from 2004 forward. THA did not do a separation because it was impossible to determine which artifacts were bought with what funds and the invoices in the system were so poorly organized that rather than have the Authority enter into a separate agreement with Guernsey, THA agreed to allow the City to go forward with the sale of the artifacts with the understanding that after the Metro Bank loan was paid off there would be a discussion with the City about dividing up the excess monies.

- Mr. Cluck noted the Solicitor for the Harrisburg Authority had been in discussions with the City's prior Solicitor after the sale was completed. THA had been waiting month after month to get a total and this is the first time they are hearing an actual dollar amount. There is no written agreement but before the Receiver goes back to the Court on how to use those proceeds, Mr. Cluck noted the Authority and their Solicitor would like to sit down with the City and come to some mutual understanding on how to use those proceeds.

- Mr. Cluck noted with the intending retirement of the General, assuming March 1 is approved by the Court, he asked what happens to this advisory committee? The advisory committee is not part of Chapters 2-5; therefore, will these public meetings at 8:30 a.m. every 2nd and 4th Wednesday end? Is it feasible to say that there will be one more meeting?

    - Mr. Lynch noted this committee is a creature of Chapter 7 of Act 47. When the City moves away from Chapter 6 and 7, he would assume the committee will end as well.

- Mr. Cluck said he would bring the champagne to the next meeting. He thanked the General for everything he has done for the City; he noted he looks forward to working with Mr. Reddig.

- Mr. Cluck ended by saying the Harrisburg Authority thanks the Municipal Financial Recovery Advisory Committee for their service and noted it was invaluable. Even though the public is not here, they are paying attention. Most of them work for a living and can't be here. Unfortunately, the press doesn't seem to be here and that is very unfortunate but this was valuable to have in the statue. Mr. Cluck also thanked the prior City Council President and prior Mayor for ensuring that this was included in Act 47.

Mr. Lynch thanked Mr. Cluck. He expressed our appreciation for his kind words, persistence and attendance at these meetings.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:16 a.m.

Approved this 12th day of February 2014.

William B. Lynch
Receiver for the City of Harrisburg

Anne Morrow
Secretary – Anne Morrow

MINUTES
MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE
FOR THE CITY OF HARRISBURG
February 26, 2014
8:30 a.m.
Council Chambers

Present: William B. Lynch, Receiver

Mayor Eric Papenfuse
Wanda Williams, City Council President
Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners
Doug Hill, County Commissioners Association of Pennsylvania (Governor's Appointee)

Anne Morrow (Recording Secretary)

Reports
Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:33 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the February 12, 2014 Committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Harrisburg Strong Plan.

Operational Issues

- Since the last Committee meeting on February 12, the Receiver's Team has continued to work with City Council, the Mayor's office and others on the further implementation of the various elements of the Harrisburg Strong Plan as confirmed by Commonwealth Court on September 23. Our focus is now primarily on operational issues and assisting the Papenfuse Administration in building capacity within the Administration though there are some follow up activities related to the monetization's that are occurring.

- The OTR has continued its engagement over the last two weeks with the Mayor and his team in various meetings and discussions to assist with fiscal, budgetary and operational issues. We have engaged with department heads on the range of activities related to further implementation of the Harrisburg Strong Plan and will continue that assistance as we move forward. We have also had discussions with the City's new Controller, Charles DeBrunner, in a similar manner. Our goal continues to be one of providing assistance in making the transition as smooth as possible.

- The City is actively recruiting for approximately 70 positions. They have dealt with a number of retirements and resignations that have occurred across various departments

over the last several months. The Mayor has been moving forward with his reorganizational plans to address key management positions that are, in part, included in the budget amendments that were recently passed. Several positions were confirmed by City Council last night, including the Department of Public Works Director, the City Solicitor and the Director of Community and Economic Development. The Finance and Treasurer Offices is currently dealing with critical vacancy issues as well. Maintaining as much continuity as possible in the Finance Bureau is critical in addressing cash flow, payables and 2014 budget related issues.

- The Treasurer's Office is currently working overtime to address the processing of a backlog of revenues as real estate tax payments are becoming very heavy. The OTR also provided approval to the City to fill the Staff Accountant/Analyst position and recruitment is underway. Requests from both the Comptroller's Office and Treasurer's Office to fill positions have also been advanced and are under review. The OTR will be meeting with staff from the Finance, Comptroller and Treasurer Offices next week to complete a review of each of their operations in light of current staffing and revised responsibilities with the transfer of certain functions to the Harrisburg Authority. We will be assessing responsibilities post monetization and provide recommendations on building capacity and efficiencies between these 3 offices. The City's Finance Director has also contacted Trout Ebersole and Groff, LLC to provide interim financial management assistance with the reconciliation of transactions related to the monentizations so they can be properly recorded and incorporated into the 2013 audit as well as assistance with related audit preparation work.

- Seventeen of the positions being recruited are Fire positions. A new Eligibility List is being developed. The physical ability test was administered in December. Thirty-five out of the 57 candidates passed that test. The others either failed, withdrew, were disqualified or didn't show up. Background checks are underway for the 35. The next Fire Academy Class starts in March and it is hoped that a number of these positions will be hired and able to enroll in the March class. A promotional exam in the Fire Bureau also occurred on February 12 for 4 Battalion Chief, 2 Fire Captain and 2 Fire Lieutenant positions.

- Twenty-six vacancies are for Police Officer and at the request of the City, the OTR previously approved 20 of those positions. Eight individuals were hired and are currently enrolled in the Police Academy Class that started last month. Now that there is a current Eligibility List certified by the Civil Service Commission additional hires can be made. It is anticipated that approximately 12 additional positions will be selected for appointment and enroll in the next Police Academy Class that starts in July.

- Promotional examinations also took place on January 25 and 26 for the positions of Lieutenant, Sergeant and Corporal in the Police Department. The Eligibility List must now be certified by the Civil Service Commission and then those appointments can be made.

- With Council's action on February 11 to adopt the amended 2014 Budget, actions to implement various elements of the budget are currently underway including the filling of various positions that were part of the amended budget. This is a key step in building City administrative and management capacity.

- As previously reported, the RFP for sanitation services has been placed on hold due to a number of issues that were raised back at the November Council meeting and will be revisited in the future.

- The update of the City's Comprehensive Plan had also been placed on hold pending further discussion with the new Administration. This issue is now being addressed by the Community and Economic Development Director in concert with the City Planning Commission. It is anticipated that a new RFP will be issued in the near future. The update of the Comp Plan and the related housing strategy and economic development strategy are vital to the City's recovery and key elements of the Harrisburg Strong Plan.

- The City is actively pursuing the relocation of the Public Works facility from its current location at the Resource Recovery Facility. Under provisions of a sales agreement for the RRF, the City will receive a $300K payment if the relocation occurs within 90 days of closing or March 23. A lease agreement for the site on Paxton Street, that has been selected, has been negotiated and is pending before City Council. It is to be addressed at their meeting next week.

- As reported at our last meeting, the City had received an additional $188,560 in February from the proceeds of the July and October auction of the various Wild West artifacts. This additional payment brings the total received from the auction to approximately $2.6M. Following the action by Commonwealth Court to approve the use of those proceeds for debt purposes, payment of the prior receipts were made to Metro Bank. There is a remaining balance due of approximately $92.5K. The City Solicitor is currently drafting a settlement agreement and when completed the remaining balance will be paid and that loan also satisfied. We anticipate this should occur within the next week or two. The OTR plans to petition the court for approval to allocate the remaining funds to the City.

- With an agreement in place on terms of a contract modification with the Fire Fighters union, counsel for the City and the IAFF are working on amendment language, which will be advanced to council for action in the near future. Terms of their agreement are similar to those approved in 2013 by the Fraternal Order of Police and AFSCME bargaining units. Terms include no salary increases in 2013 or 2014, 1% increases in 2015 & 2016 and a 2% increase in 2017. The contract amendment also restructures health care coverage and reduces the minimum manning from 16 to 14 plus a Supervisor. The settlement is consistent with provisions of the Strong Plan and its implementation as soon as possible is a critical element to the City's 2014 budget.

Financial issues - Cash Flow

- The City's financial position, though significantly improved over where it has been since entering Act 47, remains tenuous during the early part of 2014. The City has been able not only to retire all of the debt related to the RRF and parking system, it has also satisfied outstanding general obligation debt payments due to AMBAC, Sun Trust and PA Infrastructure Bank that had not been paid in over 2 years. It is now current with its general obligation debt. Last year in late February the City had a cash balance of $300K and payables of $4.6M. This year at the end of February, the City has significantly reduced its payables and is now carrying approximately $2.4M of which about half of what existed last year at this time. Only $357K of those payables are

delinquent over a 60-day period. Most of the payables, $2.1M out of the $2.4M, are represented by payments to the City Treasurer for health insurance. Based on balances that currently exist, these payables are not creating an operating problem for the City.

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting we have reviewed the February 27 check-run and provided a response to the City. This check-run only totaled $30,500. The low amount of the check-run was due to efforts to conserve cash for the upcoming General Obligation Bond payment and Sun Trust debt payment, both of which are due in mid-March and total $4.9M. Payments to the City Treasurer for various insurance reimbursements have also been deferred based on available balances in the Treasurer's Office. Separation payments have also been deferred in order to conserve cash for those debt payments. A review of the City's cash position shows that it had a balance of approximately $3.9M as of February 21. Following this week's check-run and payroll, the City's cash balance will be approximately $3.6M although the Treasurer's Office is receiving funds on a daily basis and they estimate that amount now to be approximately $4.4M.

- In order to address a possible cash flow problem, the OTR and Administration have pursued a Tax Revenue and Anticipation Note (TRAN) to provide stop gap funding so that the upcoming GO debt service payment, payroll and other critical vendor obligations would be funded until receipt of additional tax revenues occur during the month of March. A TRAN is normal for municipalities at this time of year given the ebb and flow of revenue, especially real estate tax revenues that occur during the early part of the year. A proposal was received from Metro Bank for a Tax and Revenue Anticipation Note of between $2M - $4M. City Council, last night, approved entering into a TRAN with Metro Bank in the amount not to exceed $2M. The TRAN would be taxable thus eliminating costs for bond counsel. There would be an initial origination fee payment of $10K and an additional $5K in legal expense associated with the TRAN. Should the TRAN have to be drawn upon, the City would then also be subject to interest on the TRAN. This would be the extent of the costs associated with the TRAN. The OTR has recommended the TRAN and believes that it would provide insurance should revenues not be available to meet critical obligations in mid-March. We have been contacted by AMBAC, the bond issuer on the General Obligation Note. They are monitoring the City's cash flow closely and are concerned that the GO payment is made when due.

- As reported at our last meeting, the Governor's proposed budget includes a $5M appropriation for public safety services that is an intricate part of the Strong Plan. Of that, $496K is included in the Department of General Services budget for fire protection and an additional $4.504M is included in the DCED budget for public safety services. Since the last meeting the Department has testified at 2 budget hearings. One for the Senate Appropriations Committee and a second for the House Appropriations Committee. There were no issues raised relative to the City's appropriation at either of the Appropriation Committee hearings. We will continue to advocate for these appropriations as the budget deliberations move forward.

- As we previously reported, the City has made tremendous progress with the completion of the 2009, 2010, 2011 and 2012 audits. This is a significant accomplishment and removed a major impediment to various financings not only by the City but also by

THA. In moving forward, it is vital that the City remain current with their audits and that audit preparation work begin as soon as possible for the 2013 audit. To that end, the City's Finance Director has engaged Trout Ebersole and Groff, LLC to assist with audit preparation work. An initial meeting is scheduled for next week to outline the scope of this work though Trout Ebersole and Groff will not be able to fully engage after tax season in mid-April. They do not feel that this will be an impediment though to the audit's timely completion and are coordinating with the City's auditor, Maher Duessel. We anticipate that the 2013 audit will be completed in a timely manner.

- The City has recently made several appointments to their Audit Committee. These individuals and the audit committee in general will be able to assist with the audit preparation work and related audit activity.

- The City continues to be in full compliance with all of its financial reporting obligations.

Asset Monetization

- The OTR continues involvement with certain activities related to the monetization and certain follow-up activities. The OTR has provided City Council with a summary of how the proceeds from the sale of the RRF and the monetization of the parking system were applied. As we move forward, the City will be receiving significant ongoing benefits from the monetization transactions including:

    - $288K/year from host municipality fees
    - $1.5M/year in parking tax revenues that were previously pledged for parking related debt
    - Lease payments of $2M/year from the parking system
    - Deposit of approximately $16M into a restricted fund for Infrastructure, Economic Development and to address OPEB liabilities.

  SP+ Municipal Services, a division of Standard Parking, has assumed management of the City's parking operations, subsequent to the Plan's consummation. They now operate and manage the City's 1,250 on-street metered spaces, 10 off-street garages and 5 surface lots. Improvements are continuing with the replacement of new and advanced parking meters. As the year progresses and as weather conditions improve, enhancements will be continuing at a more rapid pace. This includes updated meters, automated parking facilities and mobile applications. PK Harris Advisors, a division of Trimont Real Estate, the Asset Manager, along with SP+ Municipal Services have worked closely with the City to address issues that have arisen in order to make the parking transition move as smoothly as possible. To that end a Parking Advisory Committee has been formed pursuant to the Plan. The initial meeting of the Committee was held last week. The nine member committee is chaired by the Asset Manager and can provide recommendations for management related issues. Its meetings also provide an opportunity for the public to provide input on the system's operation.

- The OTR has also established the Task Force for the infrastructure and economic development non-profits. Following appointments by the Receiver, the nine-member Task Force held its organizational meeting last week. Doug Hill and Les Ford were selected to co-Chair the Task Force. The charge of the Task Force is to create a governance and action plan over the next 4 months for review by the Receiver or

Coordinator and then for submittal to the court. Upon court approval, the infrastructure and economic development non-profits will be created to administer the funding streams that resulted from the monetization's to address infrastructure needs and to spur economic development activity.

- Likewise, the OTR is in the process of establishing the OPEB Trust Board. Appointments have been requested and some responses have been received, however, we are waiting for responses from all entities to be represented on the Trust. We have Trust documents that were used to establish a similar Trust in Pittsburgh and will be sharing those with the OPEB Trust Board once it is organized.

- Work also continues to implement provisions of the Strong Plan that provide for the transfer of operational responsibility for the water and sewer operations to THA. Although the official transfer occurred on November 4, there remain a number of transitional issues that are being worked on including utility payment processing and the establishment of a lock box. The OTR is also assisting with financing for the Waste Water Treatment Plant upgrades necessary to fulfill Clean Water Act and Chesapeake Bay requirements. Efforts to obtain financing to meet the matching requirements of the $26M PENNVEST loan are nearing completion and look very promising. A shared services agreement is in place between the City and THA to address the relationship and responsibilities of both parties.

- Our efforts over the last month have turned to implementation of various operational elements of the Plan and working with the new Administration on transitional issues. The ability to achieve a consensual solution for Harrisburg and to close on the transactions that implement that solution without question represents a very significant accomplishment and is a model that can be replicated in municipalities with similar fiscal situations.

- On January 16, DCED filed an application with Commonwealth Court to vacate the Receivership effective March 1. Secretary Walker in the application included a certification that Fiscal Emergency had now ended and that Harrisburg should fall under the provisions of Chapters 2 - 5 of Act 47. Following a conference call with all parties last week, Judge Leadbetter issued an Order yesterday approving the application to vacate the Receivership. As part of her Order, she directed that the Harrisburg Strong Plan is to remain in full force and effect and the Secretary of DCED is to appoint a Coordinator to further implement provisions of the Strong Plan. Further, she stated the Court will retain jurisdiciation over the Plan and any subsuquent modifications of the Plan.

- With Plan consummation, the issues that led to the Declaration of Fiscal Emergency and ultimately Receivership have been resolved, though there remains considerable work ahead in order to fully implement the operational elements of the Strong Plan and provide a sustainable fiscal future for the City. The Commonwealth remains committed to seeing this process through and ultimately reaching the point where the distress determination itself can be resinded. Although the Receivership is coming to an end, the resources previously provided to the City through the Receiver will continue to be provided by DCED to further the implementation of the Court confirmed Plan. The Plan provides the roadmap for the City's future. One that now provides balanced budgets through at least 2016, along with an ongoing revenue stream and needed resources to address capital needs, economic development and the OPEB liabilities.

- Mr. Reddig closed by recognizing the excellent leadership provided by General Lynch during his tenure as Receiver. He provided superb guidance and direction to a team of professionals in navigating Harrisburg through the unchartered waters of Chapter 7 of Act 47. He engaged the City's elected officials, collective bargaining units, suburban municipalities and other key stakeholders in the process. He was a very effective negotiator with key creditors that ultimately resulted in a consensual sulution. Indeed, Harrisburg is in a much better place today than 21 months ago when he assumed the Receivership. The City is now in an excellent position to move forward with community and economic development initiatives that will strengthen it's tax base and provide for a bright and promising future.

Mr. Lynch thanked Mr. Reddig for his kind words and noted that the Secretary of DCED and the Governor have named Fred Reddig as the Coordinator. Mr. Reddig is very qualified to guide the next phase of this process. Mr. Lynch also noted there are many people who were involved in this process and deserve our thanks - City Council President Williams and City Council Members made this Plan better. They demanded that it be better and because of their persistence and their hard work, it is better. The former Mayor was passionate and was an advocate for the City and made this Plan better and she demanded that it be better. County Commissioners and many stakeholders that were involved in this process that made it work.

There has been a lot of publicity about how contentious the situation is in Detroit right now and the truth is that the Harrisburg situation resulted in something far superior. There are all kinds of difficulties and there will be all kinds of problems as we implement the changes going forward. There is nothing more difficult to manage then change. As we discover problems, as we discover difficulties, as we discover that we don't really have it figured out yet about how we are going to work together, Mr. Lynch urged everyone to take a deep breath and asked them to work on solving problems. It's not really what happens to us; it's how we deal with it that makes a difference in who we are in the future.

Mr. Lynch thanked Mr. Reddig for his efforts in going forward and thanked Mayor Papenfuse for his willingness to take on this significant challenge. This is really just the beginning. The fact the Receivership is dissolved is a big step in the right direction but it's not the end of the process. There are many, many challenges to come. The City will require aggressive and astute management in the future as there will be difficult decisions to be made. In a couple of years I can see the City evolving from Act 47 and standing on its own as an excellent example of how to deal with this type of situation.

Mr. Lynch asked for committee member comments.

Council President Williams thanked Mr. Reddig for his involvement and work and to Mr. Lynch for his efforts and time in assisting the City to come up with a financial plan.

Mr. Lighty thanked Mr. Lynch on behalf of the entire County for all he has done through this process to get the City to this point.

Mr. Hill gave his thanks and recognition as well to General Lynch and his entire team for everything that was brought to the table. He recognized Judge Leadbetter's decision which confirmed the quality of the Strong Plan and gave recognition to the Commonwealth for their support of the petition itself. The City is back in shape and is ready for its leadership to take control of the City. It's a remarkable achievement. As was noted, the emergency is passed

and the Receivership is ended but the distress status remains so this is certainly just the beginning. From a personal prospective, Mr. Hill noted his appreciation to serve on the Municipal Financial Recovery Advisory Committee and to work with this group of people. They all have the right motives in mind and as Mr. Reddig noted in his report, Mr. Hill has been designated to help on the Task Force on creating two 501(c)(3) organizations. In that capacity, Mr. Hill looks forward to working with Mayor Papenfuse and Council President Williams and their designees to the Task Force to make sure they develop a process that works best for the City's interest going forward.

Mayor Papenfuse noted the City was very fortunate to have both General Lynch and the prior Receiver, David Unkovic, chosen by the Commonwealth to be Receivers. Together they laid the ground work for a very successful plan. More comments will be given this afternoon at a Press Conference on the end of the Receivership and what it means for the City. It's a truly significant moment that such a strong and powerful vehicle has been dissolved in a relatively short period of time and that the true democratic reins of government have returned back to the City and the emergency has passed. It's a significant watershed event. The City is also very fortunate to have Mr. Reddig as the new Coordinator and the Mayor looks forward to working with him. Mr. Reddig brings tremendous talent and perspective to the process. This may be the last meeting of this particular advisory committee but he is willing, with Mr. Reddig's agreement, to do some form of regular briefing to keep the public informed. This practice has been a good one. It has helped record the events and has helped keep the public informed on a regular basis through the process. The process continues to unfold and we should continue to do something in a revised format so we can televise it on Channel 20 and continue to get the word out about the City's progress.

Mr. Lynch asked if there were any public comments.

Mr. Bill Cluck, a resident of the City of Harrisburg

- Mr. Cluck noted he expressed his appreciation at the last meeting. His announcement is mainly for the press – in his capacity as Vice Chairman of the Harrisburg Authority, soon to be named the Capital Region Water, thanks to City Council's action last night. Tonight THA is going to be approving the necessary Resolution for the $50 million upgrade to the sewage treatment plant. We had a number of proposals from local banks, which is significant and a result of the Receiver's efforts and the Strong Plan. Details will be announced at the Authority's 6 p.m. meeting on Locust Street on the 1st floor.

- Mr. Cluck also noted in his capacity as Chair of the City of Harrisburg Environmental Council that they are having their first meeting of the year this Thursday night at 6 p.m. in the public safety auditorium. They will provide independent oversight of the new owner of the incinerator and have agreed to make monthly reports to the EAC on how much waste the City and County delivered to the incinerator so they can keep track for put or pay purposes. They have their first report and will release it Thursday evening. They may also have resolutions on recycling and energy efficiency.

- As a private citizen, Mr. Cluck agrees with the Mayor that there should be some sort of public forum to inform citizens on the status of the implementation of the Strong Plan. Previously we had a matrix and he's not sure if the intention is to continue to update this matrix. From Mr. Cluck's standpoint it is good because it is easy to track though

the print is really small. It's one thing to be here at 8:30 a.m. in the morning but we should really have community involvement preferably in the evening to involve the rest of the community so we don't have issues with parking. If we can inform the people of the changes that are coming or on the status of changes then they will be more likely to accept them.

- Now that the Receivership is being vacated, Mr. Cluck hopes that the Coordinator will continue efforts to go after the responsible parties for the fiscal emergency that occurred in the City. The Strong Plan calls for it and Mr. Cluck doesn't want anyone to forget that the public demands accountability. It doesn't necessarily mean that charges are brought or lawsuits are brought because there may be issues with doing that but at a minimum we need a public report following up on the Forensic Investigation of what happened. Mr. Cluck knows the Attorney General is actively investigating what occurred in the City. What was told to her agents was that at a minimum a public report is needed to tell the people what really happened.

- Mr. Cluck suggests a new role for the Receiver as Chief Lobbyist for the City of Harrisburg to convince Governor Corbett to take a position on repeal of the Biggert-Waters Flood Insurance Reform Act of 2012, which is causing substantial increases in flood insurance premiums throughout the state. Dauphin County has taken a leadership role in this. We have been working our Congressman and our Senators. It's important for Governor Corbett, especially in a re-election year, to know that Pennsylvania has the most number of river mile streams that flood in the country. If we don't repeal this law, the Harrisburg Strong Plan fails. Tax revenue, property assessments, people who can't sell their home and the loss of real estate transaction tax revenue will snowball. Without a flood this will ruin the City. We must advocate for its repeal.

Thomas Leonard, a resident of the City of Harrisburg

- Mr. Leonard noted he has been a resident of the City for about 32 years. He served on the City's Architectural Review Board, served as a leader on his neighbor association board and is an active citizen. He is following Mr. Cluck's request that the citizens of this City, the leaders of this City and the new Coordinator not forget the work that Mr. Cluck and the Harrisburg Authority did with the Forensic Audit of uncovering a set of transactions that led to the situation we are in.

- The Forensic Audit was confirmed by the Strong Plan and findings of the audit were approved by the Strong Plan with the recognition that it was inconceivable that the Plan for the incinerator upgrade could have worked. The Strong Plan calls for bringing to justice those individuals and entities who are responsible for those decisions. Mr. Leonard repeats that request. This City is not better than it was 4 years ago. We've got rid of a huge amount of debt but the City is suffering the effects of a civic trauma. We have lost our control over our waste disposal; we have lost the key asset of our City planning which are our parking facilities to other entities. President Williams at the last meeting before the Strong Plan was finally approved called for the same request of having these individuals and firms brought to justice. Mr. Leonard urged that the Coordinator do all he can to follow up on what the Strong Plan states.

- Mr. Leonard thanked everyone for their work in getting the City to this point. This will be a case that will be studied in textbooks 10 to 20 years from now for municipal finance as well as other areas of law. It is an historical moment that you have been through but he wants this committee to recognize that he speaks for many of his fellow citizens that we have been hurt and hurt badly. He noted he's not even speaking for the employees and their families in the City who had to give up benefits and wages. Mr. Leonard thanked General Lynch for his service but he wants everyone to keep in mind the reality that we have a long way to go.

Karen Balaban, a resident of the City of Harrisburg

- Ms. Balaban noted the lack of audience is not indicative of our interest in this committee. This is only the second meeting she has attended though she has watched 80% of the meetings on Channel 20. She appreciates the coverage the public received on these committee meetings by the print media, public video media and Channel 20. She also echoed her thanks to the committee members for their devotion, sacrifice and commitment and to General Lynch for doing a great job and wished Mr. Reddig the best and looks forward to continuing to work with him. Ms. Balaban echoed what her colleague's said in pursuing those responsible for the crisis and getting to the bottom of this. There's too much that still needs to be heard.

Mr. Lynch responded that we all agree with the sentiment expressed here and thanked everyone for their comments.

Mr. Lynch asked if there were any other public comments. Hearing none, Mr. Lynch called the meeting adjourned at 9:15 a.m.

Approved this 26th day of February 2014.

William B. Lynch
Receiver for the City of Harrisburg

Secretary – Anne Morrow

CITY OF HARRISBURG
CASH FLOW

City of Harrisburg
2014 Cash Flow

3/27/2014
10:30 AM

	Actual Jan	Actual Feb	Estimated Mar	Estimated Apr	Estimated May	Estimated June	Estimated Jul	Estimated Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec	Total
Cash Summary													
Unrestricted Cash Balance Beginning of Month	**3,578,271**	58,497	2,311,492	4,593,197	3,191,877	6,800,180	5,593,174	4,407,195	2,374,839	2,342,628	2,581,286	2,569,740	
Surplus/(Deficit)	-1,244,126	3,099,776	2,281,705	-1,401,320	3,608,303	-1,207,006	-1,185,979	-2,032,356	-32,211	-761,342	-1,011,546	-2,964,275	
Change in Accounts Payable	-1,648,586	-338,492	0	0	0	0	0	0	0	1,000,000	1,000,000	500,000	
Other Changes in Balance Sheet affecting Cash	-627,062	-508,289	0	0	0	0	0	0	0	0	0	0	
Unrestricted Cash Balance End of Month	**58,497**	**2,311,492**	**4,593,197**	**3,191,877**	**6,800,180**	**5,593,174**	**4,407,195**	**2,374,839**	**2,342,628**	**2,581,286**	**2,569,740**	**105,464**	
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	1,873,646	4,978,103	12,579,158	4,320,317	6,028,753	1,687,121	2,646,933	3,719,317	1,719,335	5,100,365	2,277,173	2,785,199	49,715,420
Sanitation Utility Fund	460,000	0	0	0	0	0	0	0	0	667,662	0	1,127,662	2,255,324
Transfers from Other Funds	0	0	0	0	0	0	0	0	4,504,000	0	0	0	4,504,000
Total Revenues	**2,333,646**	**4,978,103**	**12,579,158**	**4,320,317**	**6,028,753**	**1,687,121**	**2,646,933**	**3,719,317**	**6,223,335**	**5,768,027**	**2,277,173**	**3,912,861**	**56,474,744**
Expenditures without Debt Service	3,501,583	1,802,138	5,312,026	5,378,290	2,238,450	2,894,127	3,832,912	5,751,673	3,255,546	6,357,695	3,288,719	6,877,137	50,490,295
Debt Service Paid	76,189	76,189	4,985,427	343,348	182,000	0	0	0	3,000,000	171,674	0	0	8,834,826
Total Expenditures	**3,577,772**	**1,878,327**	**10,297,453**	**5,721,637**	**2,420,450**	**2,894,127**	**3,832,912**	**5,751,673**	**6,255,546**	**6,529,369**	**3,288,719**	**6,877,137**	**59,325,121**
Operating Surplus/(Deficit)	**-1,244,126**	**3,099,776**	**2,281,705**	**-1,401,320**	**3,608,303**	**-1,207,006**	**-1,185,979**	**-2,032,356**	**-32,211**	**-761,342**	**-1,011,546**	**-2,964,275**	**-2,850,378**
Accounts Payable													
Accounts Payable Beginning of Month	**-4,188,357**	-2,539,772	-2,201,280	-2,201,280	-2,201,280	-2,201,280	-2,201,280	-2,201,280	-2,201,280	-2,201,280	-3,201,280	-4,201,280	
Accounts Payable End of Month	**-2,539,772**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-2,201,280**	**-3,201,280**	**-4,201,280**	**-4,701,280**	
Change in Accounts Payable	-1,648,586	-338,492	0	0	0	0	0	0	0	1,000,000	1,000,000	500,000	

Notes:

Sewer Maintenance Charges removed from Revenue $825,000.
Concessions & Vacancies line item reduced to -$150,000 per month March - December; total -$1.5 million for remainder of year vs. a budget of -$3.9 million.
No refund of escrow from LCSWMA
EIT at Budget of $10.1 million; no adjustment for underwitholding which may increase revenue estimates.
THA Shared Service agreement reduced June - December from $130,000 monthly budget to $70,000 monthly estimate; total reduction $523,848.

City of Harrisburg

2014 Projected General Fund Revenues

Revenue Group	Act January	Act February	Estimated March	Estimated April	Estimated May	Estimated June	Estimated July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	YTD 2014	Budget 2014	Variance
Real Estate Taxes Current	450,559	1,259,354	10,184,080	1,275,352	852,065	142,081	221,018	175,893	50,666	64,182	78,728	359,261	15,113,239	15,113,239	0
Real Estate Taxes Delinquent	44,418	141,706	28,349	102,708	305,836	501	417,054	130,578	0	651,459	0	27,126	1,849,735	1,749,833	99,902
Tax Liens Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
													0	0	0
EIT	77,293	357,097	217,123	217,123	651,369	217,123	217,123	434,246	217,123	217,123	434,246	217,123	3,474,111	3,473,967	145
Act 47 EIT	154,587	714,194	434,246	434,246	1,302,738	434,246	434,246	868,492	434,246	434,246	868,492	434,246	6,948,223	6,947,933	289
EMS/LST	0	819,763	142,993	136,178	6,656	0	136,548	433,608	0	258,219	0	0	1,933,965	1,933,965	0
Mercantile Business Privilege	92,144	282,587	357,761	1,079,971	337,900	56,629	89,077	171,154	42,553	198,910	104,517	72,797	2,886,000	2,886,000	0
Parking Taxes	14,297	523,164	278,617	278,617	298,390	278,617	278,617	278,617	278,617	278,617	278,617	278,617	3,343,400	3,343,400	0
Other Act 511 Taxes	122,543	41,735	29,032	32,774	532,466	27,282	132,988	55,418	53,845	89,858	11,249	203,859	1,333,050	1,333,050	0
													0	0	0
Capital Fire Protection	0	0	0	0	0	0	0	496,000	0	0	0	0	496,000	496,000	0
Cdbg Reimb. - Demolition	0	0	0	13,106	0	0	10,697	0	9,923	51,268	0	30,006	115,000	115,000	0
District Justice Fees	0	0	60,733	0	52,845	41,242	88,029	0	0	142,912	0	51,499	437,260	523,000	-85,740
Fed/State(Fed)Pass Thr Gr	22,152	100,000	0	0	0	0	0	1,692	3,385	0	0	131,923	259,152	137,000	122,152
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees/Permits	271,127	72,045	305,775	129,382	74,150	74,371	34,010	115,291	90,321	89,874	27,596	181,718	1,465,660	1,465,660	0
Government Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Fund	73,400	0	0	0	87,866	0	0	0	0	0	0	0	161,266	87,866	73,400
Interest	4,155	1,894	5,617	4,017	4,376	5,944	4,215	3,502	3,669	3,083	3,035	3,003	46,511	44,708	1,803
License	0	137,772	24,778	0	133,793	0	0	141,135	4,786	0	132,272	997	575,532	570,000	5,532
Miscellaneous	83,008	17,049	6,562	13,027	1,141	11,239	8,774	7,184	89,251	354	12,111	395,163	644,864	550,845	94,019
Parking Fees	1,918	0	1,480	0	0	0	0	0	0	0	0	0	3,398	1,500	1,898
Parking Tickets	47,581	30,701	132,577	150,125	121,896	109,136	157,842	122,947	120,798	120,493	134,742	154,270	1,403,106	1,500,000	-96,894
Pension System State Aid	0	0	0	0	0	0	0	11,330	0	2,032,740	0	0	2,044,070	2,044,070	0
Public Safety Fees/Permits	63,339	23,690	29,946	24,517	25,393	20,704	32,940	31,605	34,185	22,555	13,157	27,367	349,397	305,538	43,859
Public Safety Grants	31,261	228,823	17,100	66,738	895,689	30,277	61,945	12,346	51,528	14,007	9,812	25,966	1,445,493	1,337,031	108,461
Public Safety Reimbursements	22,382	145,456	47,872	65,953	55,410	57,572	174,805	58,577	62,964	62,796	38,465	41,399	833,651	757,250	76,401
Public Works Fees/Permits	0	0	2,142	0	0	0	0	0	0	102,191	0	0	104,333	104,333	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	20,963	163	6,566	1,611	1,611	1,611	1,611	1,611	1,611	3,221	743	1,611	42,931	23,417	19,514
Recreation Fees	0	0	18	6	24	7,508	4,180	1,561	209	12	0	18	13,536	13,548	-12
Sale Of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicle Maintenance Charges	53,248	20,220	84,817	39,449	60,839	50,066	4,365	45,411	48,538	82,023	8,270	26,112	523,359	473,002	50,358
														0	0
PILOTS	10,641	11,339	9,307	189,579	54,634	9,307	25,182	9,453	9,453	31,999	9,453	9,453	379,801	371,158	8,643
														0	0
Pub Utilty Realty Tax	0	0	0	0	0	0	0	0	0	36,557	0	0	36,557	36,557	0
														0	0
Sewer Maint Charge	56,329	48,974	0	-105,303	0	0	0	0	0	0	0	0	0	823,149	-823,149
Sewer Maint Liens-Penalty	2	120	0	-122	0	0	0	0	0	0	0	0	0	700	-700
Sewer Maint Liens-Princip	148	257	0	-405	0	0	0	0	0	0	0	0	0	2,300	-2,300
Sewer Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
														0	0
Sanitation Utility Fund	460,000	0	0	0	0	0	0	0	0	667,662	0	1,127,662	2,255,324	2,255,324	0
Landfill/Incin Utility Fd	0	150,000	0	0	0	0	0	0	0	0	0	193,386	343,386	193,386	150,000
Sewerage Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Water Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Prk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	0	0	0	0	0	0	0	4,504,000	0	0	0	4,504,000	4,504,000	0
														0	0
Priority Parking Distribution	0	0	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	416,667	500,000	-83,333
THA Shared Service	156,152	0	130,000	130,000	130,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	1,036,152	1,560,000	-523,848
Total Revenues	**2,333,646**	**5,128,103**	**12,579,158**	**4,320,317**	**6,028,753**	**1,687,121**	**2,646,933**	**3,719,317**	**6,223,335**	**5,768,027**	**2,277,173**	**4,106,247**	**56,818,130**	**57,577,728**	**-759,598**
Transfers	460,000	150,000	0	0	0	0	0	0	4,504,000	667,662	0	1,321,048	7,102,710	6,952,710	150,000
Revenues without Transfers	1,873,646	4,978,103	12,579,158	4,320,317	6,028,753	1,687,121	2,646,933	3,719,317	1,719,335	5,100,365	2,277,173	2,785,199	49,715,420	50,625,018	-909,598

City of Harrisburg

2014 Budget Expenditures Est by Month	Budget 2014	Actual Jan	Actual Feb	Estimated Mar	Estimated April	Estimated May	Estimated June	Estimated July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2014	
Office of City Council Personel	279,352	26,380	17,115	21,489	21,489	21,489	21,489	21,489	32,233	21,489	21,489	21,488	21,486	269,125	10,227
Office of City Council Operating	206,743	0	4,631	17,192	6,436	7,816	6,614	3,372	6,509	6,934	124,908	5,710	16,049	206,170	573
Office of City Council	486,095	26,380	21,747	38,681	27,925	29,305	28,103	24,861	38,742	28,422	146,397	27,197	37,535	475,295	10,800
Office of Mayor Personel	285,273	27,191	19,777	21,216	21,216	21,216	21,216	21,216	31,824	21,216	21,216	21,275	21,334	269,913	15,360
Office of Mayor Operating	29,014	0	0	7,431	220	886	398	13,613	508	211	536	193	4,750	28,746	268
Office of Mayor	314,287	27,191	19,777	28,647	21,435	22,102	21,613	34,829	32,332	21,427	21,752	21,468	26,085	298,659	15,628
Office of City Controller Personel	142,988	13,048	6,714	10,983	10,968	10,949	10,968	10,956	16,433	10,901	10,962	10,867	11,610	135,358	7,630
Office of City Controller Operating	10,445	0	0	103	0	0	0	0	0	0	6,746	0	3,182	10,032	413
Office of City Controller	153,433	13,048	6,714	11,086	10,968	10,949	10,968	10,956	16,433	10,901	17,708	10,867	14,792	145,390	8,043
Office of City Treasurer Personel	286,902	35,750	21,604	22,754	22,754	22,839	22,923	22,923	34,384	22,923	22,346	18,221	17,949	287,369	-467
Office of City Treasurer Operating	78,400	75	0	15,963	22,409	1,206	1,642	4,236	1,759	1,262	7,462	17,968	4,419	78,400	0
Office of City Treasurer	365,302	35,825	21,604	38,718	45,163	24,044	24,565	27,159	36,144	24,185	29,808	36,189	22,368	365,769	-467
Office of City Solicitor Personel	325,275	33,675	22,847	22,506	22,506	22,506	22,506	22,506	42,945	28,630	28,630	26,154	30,122	325,532	-257
Office of City Solicitor Operating	230,268	0	53	4,693	70,714	73	5,661	36,036	16,037	18,712	876	20,123	57,151	230,130	138
Office of City Solicitor	555,543	33,675	22,900	27,199	93,220	22,579	28,167	58,542	58,981	47,342	29,506	46,277	87,273	555,662	-119
Office of Business Administrator Personel	134,563	12,824	3,196	10,718	10,718	10,718	4,447	10,718	16,078	10,718	10,718	10,779	10,840	122,474	12,089
Office of Business Administrator Operating	18,150	0	62	655	1,107	778	1,401	424	1,869	436	8,436	1,046	1,967	18,182	-32
Office of Business Administrator	152,713	12,824	3,259	11,374	11,825	11,496	5,848	11,143	17,947	11,154	19,154	11,825	12,807	140,656	12,057
Bureau of Financial Management Personel	401,002	29,448	20,961	35,355	35,355	35,355	33,093	30,831	44,140	25,827	28,616	24,000	20,163	363,144	37,858
Bureau of Financial Management Operating	290,165	0	0	50,512	417	591	786	46,548	90,747	47,259	1,835	37,987	11,032	287,712	2,453
Bureau of Financial Management	691,167	29,448	20,961	85,867	35,773	35,947	33,879	77,379	134,887	73,086	30,450	61,987	31,195	650,857	40,310
Bureau of Information Technology Personel	528,756	31,712	18,046	43,479	43,479	43,479	43,479	43,479	62,884	38,810	38,810	31,682	30,478	469,817	58,939
Bureau of Information Technology Operating	513,146	353	21	108,490	148,802	15,964	27,416	27,256	33,524	20,459	22,162	15,923	57,003	477,372	35,774
Bureau of Information Technology	1,041,902	32,065	18,067	151,969	192,281	59,443	70,895	70,735	96,408	59,269	60,972	47,605	87,481	947,189	94,713
Bureau of Human Resources Personel	328,588	29,855	14,444	25,399	25,399	25,399	25,399	25,399	38,098	25,399	25,399	24,329	25,472	309,992	18,596
Bureau of Human Resources Operating	46,499	2,657	889	4,606	2,769	1,433	3,242	3,436	5,113	2,594	3,067	7,260	9,390	46,456	42
Bureau of Human Resources	375,087	32,512	15,333	30,005	28,168	26,832	28,641	28,835	43,211	27,993	28,466	31,590	34,862	356,449	18,638
Operations and Revenue (Office of the Director) Personel	189,021	17,460	10,220	13,072	15,890	16,364	16,375	16,279	23,850	16,101	15,994	11,460	8,182	181,246	7,775
Operations and Revenue (Office of the Director) Operating	431,335	400	21	37,021	37,082	34,057	50,363	42,764	32,920	54,783	25,021	42,553	73,864	430,847	488
Operations and Revenue (Office of the Director)	620,356	17,860	10,241	50,093	52,971	50,422	66,737	59,043	56,770	70,884	41,016	54,012	82,046	612,093	8,263
General Expenses Personel	11,082,103	239,045	-11,436	1,795,338	991,655	12,689	587,564	718,984	1,864,307	22,583	1,260,159	847,527	2,338,090	10,666,505	415,598
General Expenses Personel Concessions	-3,959,157	0	0	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000	-1,500,000	-2,459,157
General Expenses Operating	3,077,381	323,510	11,748	234,424	1,564,188	118,033	51,241	212,312	106,618	71,786	88,900	135,839	159,428	3,078,028	-647
General Expenses	10,200,327	562,555	312	1,879,762	2,405,844	-19,278	488,805	781,296	1,820,925	-55,631	1,199,058	833,366	2,347,518	12,244,533	-2,044,206
Transfers to Other Funds Operating	8,831,177	76,189	76,189	4,985,427	343,348	182,000	0	0	0	3,000,000	171,674	0	0	8,834,826	-3,649
Transfers to Other Funds	8,831,177	76,189	76,189	4,985,427	343,348	182,000	0	0	0	3,000,000	171,674	0	0	8,834,826	-3,649
Office of the Director for the Department of Building and Housing Pe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the Department of Building and Housing Op	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the Department of Building and Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning Personel	97,703	5,584	3,601	6,124	6,124	6,124	6,124	6,124	9,186	6,124	6,124	12,154	18,183	91,578	6,125
Bureau of Planning Operating	45,845	0	0	4,763	4,095	720	2,849	4,666	2,276	6,080	5,580	9,649	5,035	45,714	131
Bureau of Planning	143,548	5,584	3,601	10,888	10,220	6,845	8,973	10,790	11,462	12,204	11,704	21,803	23,219	137,292	6,256
Bureau of Codes Personel	631,439	61,543	38,935	50,304	50,524	50,496	50,513	44,687	64,256	44,833	46,751	48,281	55,088	606,211	25,228
Bureau of Codes Operating	25,350	0	0	881	1,287	2,223	2,041	1,642	2,723	3,248	1,552	3,730	5,969	25,296	54
Bureau of Codes	656,789	61,543	38,935	51,185	51,811	52,719	52,554	46,329	66,979	48,081	48,303	52,011	61,057	631,508	25,281
Economic Development Personel	118,415	9,770	3,082	9,111	9,111	9,111	9,111	9,111	13,666	9,023	9,023	9,133	9,242	108,491	9,924
Economic Development Operating	13,439	0	53	306	0	77	260	225	313	616	434	1,726	9,482	13,492	-53
Economic Development	131,854	9,770	3,135	9,417	9,111	9,187	9,370	9,335	13,979	9,639	9,456	10,859	18,724	121,984	9,870
Office of the Police Chief Personel	15,500,556	1,228,023	783,106	1,090,581	903,797	920,584	858,981	1,097,351	1,359,024	1,703,553	3,108,822	752,631	1,470,212	15,276,665	223,891
Office of the Police Chief Operating	899,367	209,371	4,471	67,296	36,608	21,663	24,619	17,485	46,911	61,135	150,982	149,806	109,137	899,486	-119
Office of the Police Chief	16,399,923	1,437,395	787,577	1,157,877	940,405	942,247	883,600	1,114,837	1,405,935	1,764,687	3,259,804	902,437	1,579,349	16,176,151	223,772
Uniformed Patrol Personel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uniformed Patrol Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uniformed Patrol	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

City of Harrisburg

2014 Budget Expenditures Est by Month	**Budget 2014**	**Actual Jan**	**Actual Feb**	**Estimated Mar**	**Estimated April**	**Estimated May**	**Estimated June**	**Estimated July**	**Estimated August**	**Estimated September**	**Estimated October**	**Estimated November**	**Estimated December**	**Estimated Total 2014**	
Technical Services Personel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Services Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Criminal Investigation Personel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Criminal Investigation Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Fire Personel	7,803,971	818,853	574,850	660,900	618,184	547,183	572,549	656,495	969,508	588,434	658,624	550,832	709,037	7,925,449	-121,478
Bureau of Fire Operating	322,550	7,826	0	26,608	11,759	14,061	6,797	66,205	27,542	10,868	28,930	9,934	107,963	318,492	4,058
	8,126,521	826,678	574,850	687,508	629,943	561,244	579,345	722,700	997,051	599,302	687,554	560,766	816,999	8,243,941	-117,420
Office of the Director of Public Works Personel	557,263	56,126	29,041	37,608	37,873	42,686	42,664	42,676	64,009	42,635	46,611	48,668	57,398	547,993	9,270
Office of the Director of Public Works Operating	1,628,591	0	7,968	366,581	322,804	27,446	89,561	37,150	147,791	99,274	273,241	57,098	200,241	1,629,155	-564
	2,185,854	56,126	37,010	404,189	360,677	70,131	132,224	79,826	211,800	141,909	319,852	105,766	257,639	2,177,148	8,706
Bureau of City Services Personel	1,749,095	196,366	146,052	124,314	129,348	129,671	136,652	138,353	191,708	142,601	129,419	128,872	167,019	1,760,375	-11,280
Bureau of City Services Operating	1,573,618	10,192	594	160,461	138,281	5,659	107,056	290,575	100,447	79,855	47,551	30,206	678,166	1,649,043	-75,425
Bureau of City Services	3,322,713	206,558	146,645	284,774	267,629	135,330	243,707	428,929	292,155	222,456	176,971	159,078	845,185	3,409,418	-86,705
Bureau of Vehicle Management Personel	533,052	49,790	33,481	43,648	39,078	36,346	36,334	36,207	56,284	40,688	40,962	42,666	56,630	512,112	20,940
Bureau of Vehicle Management Operating	1,775,174	0	0	273,067	107,331	127,607	92,645	104,834	235,973	66,565	151,703	231,947	384,320	1,775,994	-820
Bureau of Vehicle Management	2,308,226	49,790	33,481	316,715	146,409	163,953	128,979	141,042	292,257	107,253	192,665	274,613	440,950	2,288,106	20,120
Office of the Director of Parks, Recreation and Enrichment Personel	395,634	24,755	15,860	16,336	16,412	17,617	40,271	88,832	97,422	25,781	17,644	16,430	18,010	395,372	262
Office of the Director of Parks, Recreation and Enrichment Operatin	116,640	0	129	19,736	20,100	5,337	6,880	5,516	9,854	5,200	9,454	2,574	32,042	116,823	-183
Office of the Director of Parks, Recreation and Enrichment	512,274	24,755	15,990	36,072	36,513	22,955	47,151	94,349	107,277	30,981	27,098	19,004	50,051	512,195	79
Bureau of Recreation Personel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Recreation Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Recreation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Parks Maintenance Personel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Parks Maintenance Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Parks Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	57,575,091	3,577,772	1,878,327	10,297,453	5,721,637	2,420,450	2,894,127	3,832,912	5,751,673	6,255,546	6,529,369	3,288,719	6,877,137	59,325,121	-1,750,030
	57,575,091	3,577,802	1,878,297	4,865,486	3,576,829	2,262,661	2,807,343	3,675,378	5,501,220	3,202,469	6,161,246	3,121,142	7,969,993	0	

ASSET MONETIZATION SUMMARIES/STATUS

The following provides updates since plan consummation on certain items and contains a summary of progress made with respect to:

i.) The long term capital lease of the City of Harrisburg's parking assets from the City and HPA to the Pennsylvania Economic Development Financing Authority (PEDFA),

ii.) The sale of the incinerator from The Harrisburg Authority to Lancaster County Solid Waste Management Authority (LCSWMA), and

iii.) Activities related to the "Verizon Bonds" and the "Senators' Stadium" financing.

Elimination of approximately $490 million in City obligations: City Benefits.

Approximately $490 million of City debt and other obligations were eliminated in the various settlements with creditors, sale of the incinerator and monetization of the parking assets. There were more than 15 settlement agreements (including one with approximately one dozen municipal entities and one with 13 different subcontractors to Covanta with regard to the incinerator).

Importantly, after consummation of the Strong Plan, the City is not a guarantor of the debt service payable by either LCSWMA or PEDFA. The vast majority of the Strong Plan was not merely a restructuring of City liabilities, but was actually the complete elimination of debt and other obligations (see chart on next page). The exceptions are the City's General Obligation Bonds and the so-called "Verizon Bonds". The former was restructured and the latter is in the process of being restructured.

Benefits to the City Derived from Consummation

The City will begin to receive approximately $288,000 per year as a Host Fee from LCSWMA and tipping fees paid by haulers of municipal solid waste derived from the City will be reduced slightly.

The City will immediately enjoy an increase in parking tax receipts as approximately $1.55 million per year that had been pledged to parking bonds issued by HPA are no longer pledged to HPA's bonds. All parking bonds that were guaranteed by the City have been repaid in full or "defeased" (an irrevocable escrow has been set up to provide for payment when the bonds can be redeemed in accordance with their terms). In the event there is a downturn in parking revenues, increase in expenses or both, the City is no longer at risk that its General Fund will be tapped to pay any shortfall on parking bonds.

The City will be entitled to lease payments that begin at $2 million per year and escalate thereafter throughout the entire term of the lease with PEDFA. In addition to the extent the parking enterprise flourishes, the City is entitled to a significant sum of the "residual cash flow" as part of the consideration being paid by PEDFA for the acquisition of the long-term lease.

After the HPA bonds were repaid or defeased, the City received a net of $35.9 million in proceeds from the parking monetization transaction. The City used $6 million of these net proceeds on December 23, 2013, to pay debt service on its General Obligation Bonds; this was the first time the City has been able to pay any of its General Obligation Bond debt service since 2011. In addition, the City paid $4.7 million from its General Fund prior to the March 15, 2014 due date for the next scheduled general obligation debt service payment. This is the first time since 2011 that the City made payment from its General Fund on the general obligation bonds.

The City used $4.5 million of these net proceeds from the parking monetization transaction on December 23, 2013, to repay 40% of the obligations owed to the Suburban Communities resulting from alleged over-charging of Sewer Rates. The City will pay another $1.5 million to the Suburban Communities next month, at which time it will have repaid more than half of the amount the parties agreed to.

All amounts promised for deposit by the City for OPEBs, Economic Development and Infrastructure Improvements were deposited with Metro Bank on December 23, 2013.

The City ended the year with in excess of $4 million of fund balance (subject to audit later this year), and accounts payable of less than $2.7 million.

Harrisburg Parking and Incinerator

The national rating agency, Standard and Poor's, upgraded Assured Guaranty from AA- to AA. This should result in holders' of the Series A and Series C parking bonds enjoying an increase in value in their bonds and increased liquidity.

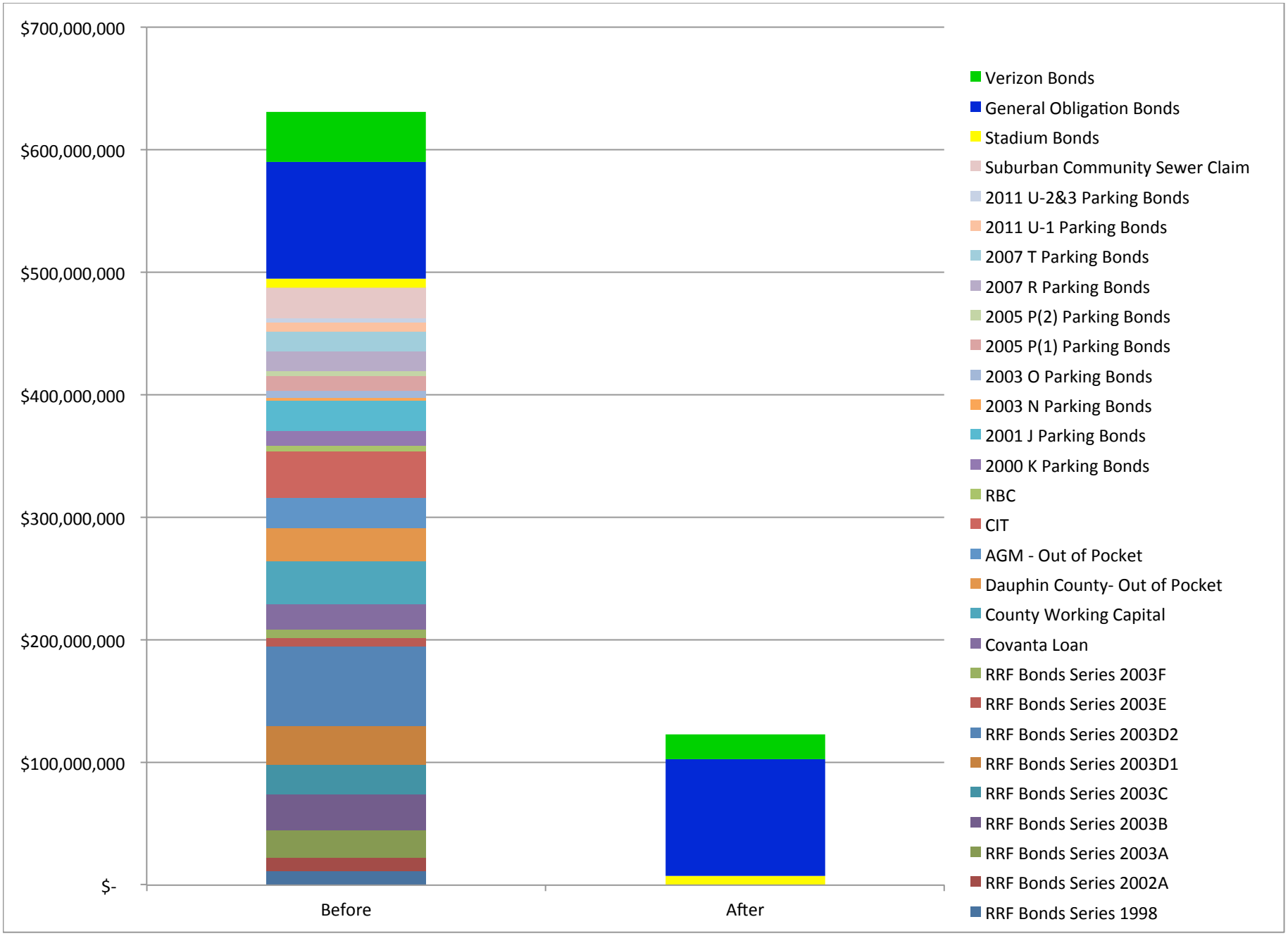
Due to extreme weather and other considerations there has been a delay in installing the new parking meters by more than a month. These new meters accept credit cards and will in the near future be useable through cell phone application – that is, users will be able to review their time remaining on the meter and pay for additional time, by using their smart phone. By summer, Standard Parking intends to have all of the smart meters installed and be in the process of upgrading the technology in the garages. Once the technology in the garages and on street are updated and integrated, the City should see many improvements and have additional options to address issues that have been raised by workers, merchants and residents.

Moody's Investors Service affirmed its A3 rating on LCSWMA. In February of 2013, well prior to the consummation of the Strong Plan, Moody's had warned of a potential "multiple-notch" downward rating change of LCSWMA should LCSWMA acquire the Harrisburg Resource Recovery Facility. According to LCSWMA's Executive Director, this rating confirmation, "acknowledges the positive structure of the recent purchase of the former Harrisburg waste-to-energy-plant..."

The "Verizon Bond" problem has been the focus of the Coordinator Team, since consummation of the Strong Plan. The Verizon Bond problem originated from the fact that the Verizon Bonds were issued in 1998 to fill a structural deficit of the City at the time. The assumption was that Verizon or someone would be in the building paying sufficient rent to pay approximately $40 million of debt service from 2016 - 2033. The City of Harrisburg had guaranteed repayment of all the debt service on the Verizon Bonds. The Verizon lease ends prior to the repayment of the debt service. Therefore, if Verizon moves out at the end of the lease term and prior to the debt service being repaid, which is expected, and the building remains fallow, the City's repayment guaranties with respect to the entire $40 million in debt service would be triggered. The Commonwealth's agreement to occupy the building some time in 2016 will greatly reduce the City's and AGM's exposure (AGM is the bond insurer on the Verizon Bonds).

The lease between the Department of General Services and Harristown Development Corporation (HDC) has been drafted and reviewed by counsel to each of the landlord and tenant. Discussions continue about term of lease and rental rates, both of which will have a bearing on how much of the City of Harrisburg's guaranty obligations on the Redevelopment Authority's Series 1998A bonds will be eliminated or reduced by this transaction. In addition, DGS and HDC are discussing a $12-$17 million upgrade to save energy in all three buildings. This transaction is being pursued contemporaneously with, and may have an impact on the timing and certain terms of the Verizon Bond restructuring. It is anticipated that a lease agreement could be completed during the second quarter of calendar year 2014, and all parties continue to believe it is feasible to move the Commonwealth employees into the building (in stages) so that some time in 2016, the building will be fully occupied.

The Coordinator Team has reached out to the Senator's organization and met with City officials to discuss revising the Stadium Park Permit pursuant to which the Senators make a portion of the payments on the stadium bonds. The Coordinator expects to be aiding the City with modifications of the Stadium Park Permit.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Before
After
Verizon Bonds
General Obligation Bonds
Stadium Bonds
Suburban Community Sewer Claim
2011 U-2&3 Parking Bonds
2011 U-1 Parking Bonds
2007 T Parking Bonds
2007 R Parking Bonds
2005 P(2) Parking Bonds
2005 P(1) Parking Bonds
2003 O Parking Bonds
2003 N Parking Bonds
2001 J Parking Bonds
2000 K Parking Bonds
RBC
CIT
AGM - Out of Pocket
Dauphin County- Out of Pocket
County Working Capital
Covanta Loan
RRF Bonds Series 2003F
RRF Bonds Series 2003E
RRF Bonds Series 2003D2
RRF Bonds Series 2003D1
RRF Bonds Series 2003C
RRF Bonds Series 2003B
RRF Bonds Series 2003A
RRF Bonds Series 2002A
RRF Bonds Series 1998

City of Harrisburg, Pennsylvania
Harrisburg Strong: Implementation Plan

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
PI01	Conduct regular Recovery Plan implementation meetings	N/A	Office of the Coordinator	Complete	Priority 1	May 2012	• Develop meeting agenda and process • Schedule meetings	Meetings began May 2012
PI02	Assemble and deploy Recovery Plan implementation teams	N/A	Office of the Coordinator	Completed	Priority 1	May 2012	• Identify key staff, consultants, and subject matter experts • Develop management and reporting protocol • Assemble teams	Act 47 Team is meeting with departments regularly to review initiatives.
PI03	Develop a performance management system	N/A	Business Administrator	In Process	Priority 3	Ongoing	• Review City programs and develop outcomes by program • Develop detailed work plans for the City's executive team • Schedule regular meetings to review work plan progress and program outcomes • Develop protocol for results and outcomes to be communicated to elected officials and the public	Weekly operations meetings between the Mayor and City Department leaders are held to review department programs and outcomes.

[1]Priority 1 - Important to complete as soon as possible to address emergent and immediate operational and/or financial issues
Priority 2 - Can be completed within one year but not urgent
Priority 3 - Mid to long-term initiatives
[2]Target completion dates are subject to amendment based on comparative prioritization and/or financial issues

Pending	In Process	Complete	Progress not tracking

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
WF01	Renegotiate existing contract extensions or in the alternative, declare extensions of collective bargaining agreements void and renegotiate existing contracts	N/A	Mayor	Complete	Priority 1	July 2012	• Consult with legal counsel to determine approach • Implement approach	Collective bargaining agreements with the FOP and AFSCME re renegotiated in 2013. The IAFF ratified amendments to its collective bargaining agreement which has not yet been ratified by the City.
WF02	Use professional assistance for labor negotiations	N/A	Mayor	Complete	Priority 1	July 2012	• N/A	The Mayor has hired and is using outside counsel. Having labor counsel engage in future negotiations remains important.
WF03	Establish a labor/management committee for all employee groups	N/A	Business Administrator	In Process	Priority 1	July 2014	• Meet with Union(s) to develop charter for committee • Develop committee structure and processes for bringing items before the committee • Develop committee work plan • Schedule committee meetings	The draft template for Labor Management Committee meetings has been submitted to management and the president of AFSCME, IAFF, and FOP unions for review and approval. All parties have reviewed the draft document and the final version will be submitted for official adoption at each union's Labor Management Committee meetings once approved by the Coordinator's labor counsel.

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
WF04	Limit new contract enhancements	N/A	Mayor	In Process	Priority 1	Ongoing	• Implement	Ongoing initiative, subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF05	Ensure future collective bargaining agreements remain compliant with Recovery Plan	N/A	Mayor	In Process	Priority 3	Ongoing	• Adopt a practice of vetting each negotiation proposal against the approved Receiver's Plan	Ongoing initiative, subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF06	Implement a three year wage and step freeze	N/A	Mayor	In Process	Priority 1	December 2013	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF07	Implement a new pay scale for new police officers	N/A	Mayor	Complete	Priority 1	July 2012	• Initiate discussions with labor union(s)	FOP collective barraging agreement adopted in 2013.
WF08	Implement a new pay scale for new firefighters	N/A	Mayor	In Process	Priority 1	January 2014	• Initiate discussions with labor union(s)	Subject to contract negotiations. Final Proposals were ratified by the IAFF but have not yet been ratified by the City.

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
WF09	Freeze longevity pay and eligibility	N/A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF10	Reduce paid holidays and personal leave to 10 days annually	N/A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF11	Adjust overtime eligibility thresholds to reflect hours actually worked	N/A	Mayor	Pending	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Pending direction from outside legal counsel before any action can be taken.
WF12	Adjust minimum overtime provisions	N/A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF13	Reduce vacation leave	N/A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
								ratified by the City.
WF14	Reduce sick leave allotments	N//A	Mayor	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF15	Implement a court-related overtime reduction strategy	N/A	Police Chief	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF16	Redesign employee health care	N/A	Business Administrator	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF17	Contain post-retirement healthcare cost	N/A	Business Administrator	In Progress	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Subject to contract negotiations. Agreements reached with AFSCME, FOP, and Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
WF18	Enhance light duty program	NA	Business	Pending	Priority 2	July 2014	• Initiate discussions with labor	Pending direction from

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
			Administrator				union(s)	outside legal counsel before any action can be taken.
WF19	Retain flexibility to fill vacant positions after six months	NA	Office of the Coordinator, Mayor, City Council , & Business Administrator	Pending	Priority 1	Ongoing	• Initiate discussions with labor union(s)	Pending direction from outside legal counsel before any action can be taken.
RET01	Prospectively reduce the level of benefits	NA	City Council & City Solicitor	Pending	Priority 1	Ongoing	• Initiate discussions with labor union(s)	This initiative is on hold pending labor negotiations.
RET02	Freeze benefit levels for all plans	NA	City Solicitor	Complete	Priority 1	July 2012	• Initiate discussions with labor union(s)	Benefit levels are currently frozen.
RET03	Consolidate administration of the City's three retirement plans	NA	City Solicitor	Complete	Priority 3	January 2013	• Conduct a study comparing the fully loaded cost of administering the City retirement plans • Consolidate plan management under the most cost effective trust	Law Bureau has researched whether consolidation of assets is possible. It is the Law Bureau's opinion that because the Police Pension Plan's separation from PMRS was included in an Act 111 Arbitration Award, any consolidation back in to PMRS must be bargained for. The attorney hired by Novak agreed with the Law Bureau's opinion: therefore, this initiative will not be implemented.
RET04	Seek IRS determination letter for Police Plan	NA	City Solicitor	In Process	Priority 1	June 1, 2014	• Review Police Plan against the IRS Employee Plan Compliance Resolution System and bring	Law Bureau has coordinated with the Police Pension Board to

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
							any plan defects, if they exist, into compliance • Complete IRS application for determination • Submit application for legal review and revise as appropriate • Submit application	develop an RFP that complies with Act 44 to seek and retain specialized outside counsel to facilitate this initiative. The RFP will be issued for execution in 2014.
RET05	Determine status of 2007 enhanced service increments and prevent implementation of such enhancements, if applicable	NA	City Solicitor	Complete	Priority 1		• Review Police Plan ordinance to determine if it has been amended to reflect the 2007 agreements • If not, do not amend the ordinances • If yes, initiate process to prospectively cap service increments at 60% of final salary	The pension amendment was approved (employee with 27 years of service receive 70% benefit). There is no way to prevent implementation. It has been adopted by City Council.
RET06	Aggressively defend an appeal, if applicable, regarding the 2009 enhanced service increments	NA	City Solicitor	Complete	Priority 1	Complete	• Implement	The Law Bureau aggressively defended the appeal by the FOP and recently obtained a favorable decision by the Supreme Court, who upheld the decision of the PA Labor Relations Board that the City did not commit an Unfair Labor Practice when City Council refused to enact the pension enhancement given by the former Mayor.
RET07	Update PMRS Agreement to reflect recent	N/A	City Solicitor	Complete	Priority 1	September 2013	• Revise ordinance to reflect	Complete

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
	changes in the Firefighters' Plan						relevant amendments • Submit ordinance to City Council for consideration	
RET08	Resolve discrepancies between the Non-Uniformed Plan and the Non-Uniformed PMRS Agreement	N/A	City Solicitor	Complete	Priority 1	January 2013	• Conduct comparative review of uniformed and non-uniformed plans • Identify discrepancies and appropriate amendments • Revise ordinance to reflect relevant amendments • Submit ordinance to City Council for consideration	The pension ordinance has been revised to reflect new collective bargaining agreements.
RET09	Amend Non-Uniformed collective bargaining agreement	N/A	City Solicitor	Complete	Priority 1	January 2013	• Amend plan ordinances to reflect collective bargaining changes that went into effect in 2009 • Submit ordinance to City Council for consideration	The contract changes made to the CBA re. pension improvements at the end of 2009 were conditioned upon Council approval within 120 days. Council approval was not obtained rendering those changes to the contract null and void. This initiative is invalid and unable to be implemented.
RET10	Establish Other Post-Employment Benefits (OPEB) Trust	N/A	City Solicitor	In Process	Priority 1	January 2014	• Identify procedure to establish OPEB Trust • Develop timeline, process and implementation plan	Draft Trust Agreement and supporting documents are under review by Coordinator Team and obligations have been identified with the receipt of the OPEB Actuarial Valuation Report as of 1/1/2012.

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
I&RM01	Fund risk management services	N/A	Director of Financial Management	Complete	Priority 1	October 2012	• Contact the City's Third Party administrator to schedule safety trainings • Schedule training events	The City has contracted Inservco, our workers compensation third-party administrator, to provide safety training. In 2012, three certified training sessions were conducted by Chuck Baker of Inservco for Public Works employees. Seventeen employees attended the Safe Driving Awareness session on 9/17/12. Two sessions were held on Thursday, December 20, 2012 - "Worksafe for Sanitation Workers", at which 17 employees attended and "Worksafe for Public Workers", at which 7 employees participated. The Public Works Director also conducted a Work Place Safety Training on 10/1/12 where 17 employees attended. The City is working with Inservco and Marsh USA to jointly identify other high-risk areas to focus future annual training sessions.

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
I&RM02	Revise terms of brokerage service agreement	N/A	Director of Financial Management	Complete	Priority 1	September, 2013	• Develop and issue RFP • Assemble RFP review committee • Review proposals and select the lowest responsible bidder	An RFP was developed and publicly issued on July 23, 2013 and, following an extensive selection process, contract was awarded to Marsh, Inc. on September 2013.
I&RM03	Engage an actuarial firm to perform an independent and objective evaluation of the City's ultimate liability and projected payments for the forthcoming fiscal period using the City's own loss experience as opposed to industry data	N/A	Director of Financial Management	In Process	Priority 2	January 2014	• Evaluate necessity of initiative based on the City's new insurance program. • Develop and issue RFP • Assemble RFP review committee • Review proposals and select the lowest responsible bidder	This initiative would require funding for a third-party firm to conduct the analysis. Given budget constraints and pressing fiscal issues, the initiative is temporarily put on hold until resources became available.
I&RM04	Revise collective bargaining agreements to allow for flexible Light Duty Program	N/A	Mayor, Business Administrator, City Solicitor, and Human Resources Director	In Process	Priority 2	July 2014	• Develop working committee consisting of representatives from management and each labor union • Conduct best practice research to define light-duty program options • Develop program • Draft and adopt MOUs establishing flexible light duty program	City and unions have agreed to develop labor management committees which will serve as the method for developing revisions to the light duty program
I&RM05	Create a safety program to manage risk of vehicle liabilities	N/A	Director of Financial Management and PW Director	In Process	Priority 2	July 2014	• Conduct research to identify best practice safety programs • Develop process to regularly review motor vehicle records of employees who operate motor	The City relies upon Inservco, its contracted safety training service provider, to provide certified trainers who

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
							vehicles • Develop review process for city vehicles involved auto accidents, and associated disciplinary process • Communicate program, policy and procedures to employees/labor groups • Conduct training for employees and initiate program	conduct the research to identify best practice safety programs as relates to the specific kinds of risk City employees are exposed to. Seventeen Public Works Employees attended a Safe Driving Awareness, Training Session on Sept. 17, 2012, conducted by Chuck Baker from Inservco. The City has since contacted Marsh USA and began a dialogue requesting their assistance in developing and implementing the 2nd, 3rd, and 4th bullets. Brit Insurance and Marsh Risk Consultants indicated in an e-mail dated 1/23/13 that they would be available to review these three "key implementation steps" with the City's Fleet Safety Officer and/or City's Fleet Manager and discuss possible implementation options and any related support which we might jointly provide to assist in the

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
								City's Fleet Safety Program when the Fleet Manager position is filled. Final implementation will require negotiations with the Unions.
I&RM06	Conduct a cost benefit analysis to determine adequate Umbrella Excess Liability coverage	N/A	Director of Financial Management	In Process	Priority 1	January 2014	• Evaluate necessity of initiative based on the City's new insurance program. • Conduct analysis to determine existing liability • Identify cost associated with increasing liability coverage to cover estimated risk in the interim • Evaluate and implement actions to decrease liability and risk (e.g., create a safety program) • Adopt a practice, as part of the Director of Financial Management's work plan, of assessing risk and coverage levels on an annual basis	City requested a range of quotes from Marsh USA to potentially expand Umbrella Excess Liability Coverage, as well as benchmarks to help conduct a cost benefit analysis. Marsh USA provided a Benchmark Report on 1/23/12 to compare the City's current Excess Limits of Liability ($5,000.000) to 89 Public Entity Peers from Marsh's data base and developed estimated premiums for increased coverage for the Coordinator to consider. The additional cost of coverage recommended by Marsh is cost prohibitive at this time Increases in coverage will be considered as part of the City's request for proposals for insurance brokerage services, with

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								the hope of realizing an overall net savings in the insurance program, despite increases in excess liability coverage.
I&RM07 (New)	Implement a worker's compensation buy-out program	N/A	Business Administrator	Pending	Priority 2	December 2014	• Conduct benchmarking research to identify programs that have been implemented in other third class cities • Develop program options • Solicit feedback from collective bargaining units and City Council • Develop and fund buy-out program	
EL01	Increase communication, and collaboration with Mayor, City Council, City Controller, City Treasurer, and Department of Administration	N/A	All Elected Officials	Ongoing	Priority 1	Ongoing	• Convene a working group, staffed with the Business Administrator, to identify the types of information that should be communicated (e.g., cash flow, financial statements, performance data), when, how often, and in what level of detail • Develop and adopt processes to institutionalize communication • Develop agenda, reports, etc., for monthly meetings • Schedule regular meetings	
EL02	Review progress on Financial Recovery Plan implementation monthly and quarterly	N/A	Mayor & City Council President	Ongoing	Priority 1	Ongoing	• Develop agenda, reports, etc., for monthly meetings • Schedule meetings	Monthly meetings conducted.

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EL03	Amend and pass City ordinances, fees and taxes as outlined in the Recovery Plan	N/A	City Council	Complete	Priority 1	Ongoing	• Revise ordinances • Submit ordinances to City Council for consideration and approval	Council adopted a 5% Parking Tax increase and .8 mill real estate tax increase in 2012 budget. Residential Parking increase and Parking Meter Rate increase was also approved in 2013.
IGR01	Identify and implement intergovernmental cooperative initiatives	N/A	Mayor & City Council	Pending	Priority 2	December 2014	• Schedule meetings with elected officials from other governments and agencies (local and State) to identify opportunities for intergovernmental cooperation • Develop prioritized list of opportunities and deliver to respective City staff for analysis • Conduct feasibility, cost, and operational impact analysis • Implement opportunities	
IGR02	Pursue membership in the Capital Region Council of Governments	N/A	Business Administrator	Pending	Priority 3	December 2014	• Identify funding • Initiate membership	
ADMIN01	Implement quarterly financial reporting and associated review process	N/A	Director of Financial Management	Complete	Priority 1	March 2014	• Develop quarterly department budget review process, and revenue review process managed by the Bureau of Financial Management • Develop and document internal revenue and budget analysis process • Develop reporting process to elected officials	The 1st, 3rd, and 4th bullets were developed and implemented during 2012. A formal budget amendment process is currently in place in the form of a Line-item Budget Reallocation Plan development, public issuance and review

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							• Develop budget amendment process to be included as a contingency option in the review and reporting process	process. However, the Administration will endeavor to review and discuss the possibility of limiting the frequency and amounts of Reallocation Plans by seeking City Council's approval through change in Ordinance to either increase the $20,000 threshold maximum line-item transfer allowed between the most restrictive category established by Ordinance, or to increase the legal level of budgetary control from the current line-item level to a higher categorical level as part of the 2013 Budget amendment process. Internal processes were documented on April 30, 2013. On July 9, 2013, City Council read into the record Bill No. 20-2013 to increase the current $20,000 line-item budget transfer threshold, which triggers the need for City Council approval, to $50,000 for reallocations

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								as set forth in the appropriation and expenditure procedures. The Bill was forwarded to the Budget & Finance Committee for future consideration.
ADMIN02	Develop comprehensive Citywide financial policies	N/A	Director of Financial Management	In Process	Priority 2	September2014	• Conduct research of best practice financial policies (begin with GFOA) • Develop draft policies • Assess existing financial practices against draft polices and develop action plan to amend practices as appropriate • Submit draft policies to the City Solicitor's Office for legal review • Submit policies as amended, for review and adoption by City Council • Conduct staff training	Support will be provided by the Act 47 Team to develop draft policies for the administration and City Council's consideration in 2014.
ADMIN03	Implement a standard budget development calendar	N/A	Director of Financial Management	Complete	Priority 1	N/A	• N/A	Budget Development calendar has been established.
ADMIN04	Establish standard position control system	N/A	Director of Financial Management	Complete	Priority 1	June 2013	• Develop tool (software or Excel) that compares budgeted positions to actual positions in the personnel system (should include cost projections by pay period) • Develop quarterly position control review process to identify discrepancies and eliminate	In order to eliminate all unbudgeted positions from the DPER system, HR and IT reviewed all positions listed in the DPER system, and coded all positions that were not currently held by an employee as "INACTIVE". Then, based on the

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							unfunded/unbudgeted positions from the personnel system • Eliminate all unbudgeted positions from the personnel system	current list of vacancies that HR is tracking, only those vacant positions were changed back to "ACTIVE". This was done due to the DPER system not being a true position control and budgeting system.
ADMIN05	Conduct comprehensive review of City purchasing policies	N/A	Director of Financial Management	Complete	Priority 2	July 2013	• Conduct research of best practice purchasing policies (take Pennsylvania rules into account) • Develop draft policies • Assess existing purchasing practices against draft polices and develop action plan to amend practices as appropriate • Submit draft policies to the City Solicitor's Office for legal review • Submit policies as amended, for review, and adoption by City Council • Conduct staff training	The current Purchasing Policies are in accordance with the State of Pennsylvania Regulations and the Third Class City Code. The Public Bid Limit for all Third Class Cities was increased to $18,500, signed into law by the Governor and went into effect January 1, 2012. This directive was approved by the Solicitor's Office and circulated to all City employees and officials. It did not have to be approved by City Council. Due to the current fiscal condition of the City, it has been determined that the City's purchase order limit of $1,000 will not be increased at this time. One-on-one training on

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								purchasing procedures is provided whenever needed. If it is deemed necessary, a training seminar for all staff involved in the purchasing function will be held in 2013.
ADMIN06	Modify existing chart of accounts to track Commonwealth and Federal grant program funds on individual basis	$260,000	Director of Financial Management	Complete	Priority 2		• N/A	The City has added additional detail to its Chart of Accounts to allow for individual grant-specific revenue and expenditure monitoring. In addition, a Grants Manager was hired June 4, 2012, to manage grant reporting processes.
ADMIN07	Revise the job description and increase hiring salary range for Chief of Staff/Business Administrator		Mayor & Director of Human Resources	Complete	Priority 1		• N/A	Interim Chief of Staff/BA hired effective 6/17/13.
ADMIN08	Eliminate manual data entry processes in the Bureau of Financial Management	N/A	Director of Financial Management	Complete	Priority 2	January 2013	• Develop crosswalk between the Pentamation and the DREV system • Test crosswalk in a test environment • Conduct pilot, redundant process in live environment • Assess and address crosswalk problems • Fully implement process	Crosswalk had been developed. However, upon testing, the data download and upload process proved to be equally manual-input driven to achieve the desired results. Two follow-up meetings were held in early January 2013 with Finance and IT staff to observe the original crosswalk in order to identify what

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								enhancements could be made to alleviate the need for continued manual effort and to tweak the programming to achieve the original desired results. IT staff's programmed changes were proven successful. Finance staff used the new application in test, and basic upload instructions were prepared and distributed. Go-Live occurred February 6, 2013.
ADMIN09	Hire a Senior Accountant position to the Bureau of Financial Management	-	Director of Financial Management	Complete	Priority 1	November 2012	• Conduct recruitment and hiring process • Hire and train employee	Senior Accountant hired on November 5, 2012.
IT01	Replace mission critical IT components	N/A	Director of Information Technology	Completed	Priority 1	February, 2014	• Develop inventory of existing IT infrastructure, life cycle, and replacement priority • Develop corollary target replacement schedule • Incorporate schedule into budget development process	The inventory list of existing IT infrastructure has been developed. The list includes replacement priority and has been incorporated into the budget development process. IT's adopted 2013 budget includes 1 Air conditioner, and the City has applied for a grant to pay for a new UPS. The current UPS is 25 years old.

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IT02	Replace outdated personal computers	(60,000)	Network Administrator	Completed	Priority 2	Ongoing	• Develop inventory of existing PCs, life cycle, and replacement priority • Develop corollary target replacement schedule • Incorporate schedule into budget development process	The inventory list has been developed that includes life cycle and replacement priority. Replacement schedule has been developed and incorporated into the budget development process. 47 computers were purchased at the end of 2012. 39 more computers have been ordered and scheduled to start rolling out during the month of September. Once complete an updated inventory list will be supplied.
IT03	Eliminate all personal printers and maintenance on printers	N/A	Network Administrator	Complete	Priority 2	September 2013	• Inventory all personal printers • Develop alternative network printing options, if they do not exist, for those with personal printers • Eliminate personal printers	Inventory of personal printers has been completed. (20 Identified) Alternative network printing options were provided for the 7 printers that were removed. 7 printers are used for special purposes (Photo ID, Fax, and Scanner). The remaining personal printers will be eliminated as supplies are used up.

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IT04	Develop custom Interface between County dispatch system and METRO	N/A	Director of Information Technology & Police Chief	Complete	Priority 3	December 2013	• Seek grant funding from the Commonwealth • Contract with an IT vendor to develop custom interface • Test interface in a redundant environment • Address interface problems • Fully implement interface	Standard Dispatching software is being provided without cost by Dauphin County. Police Chief and Technical Services Captain are in agreement that the interface is not needed.
IT05	Conduct a needs assessment for an Enterprise Resource Planning system	(80,000)	Director of Information Technology and Director of Financial Management	In Process	Priority 3	July 2014	• Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
IT06	Complete a needs assessment and audit of existing phone system and components	(50,000)	Director of Information Technology	In Process	Priority 2	December, 2014	• Seek grant funding from the Commonwealth • Develop RFP for consultant to complete needs assessment • Assemble RFP review committee • Review proposals and select the lowest responsible bidder	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
IT07	Pursue long-term strategic IT initiatives	N/A	Director of Information Technology	Pending	Priority 3	N/A	• N/A	The City is evaluating the opportunities available in 2014 to fund a system-wide IT infrastructure assessment and strategic plan.
LAW01	Use professional assistance for labor relations activities	N/A	City Solicitor	Complete	Priority 1	N/A	• N/A	Hired outside counsel in December

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LAW02	Increase the number of staff attorneys from one to three	N/A	Mayor & City Council	Complete	Priority 1	January 2013	• Incorporate positions into the budget development process as funds are available	Angela L. Raver, Esq. started employment with the City as Assistant City Solicitor on July 15, 2013. The Law Bureau is now staffed with three attorneys.
LAW03	Complete, recodify, and enact the Code of the City of Harrisburg	N/A	City Solicitor	Complete	Priority 1	December 2012	• Develop code • Submit code for approval by City Council	City Council adopted the recodification ordinance on April 9, 2013.
POL01	Restructure the Patrol Duty Schedule	131,250	Police Chief	Complete	Priority 1	TBD	• Develop alternative schedule options • Initiate discussion with the FOP	The Novak Group analysis indicated the 4-10 schedule was more costly to implement than the current 8-hour schedule and that, in light of the City's fiscal constraints, the schedule change is not recommended at this time.
POL02	Implement a vehicle replacement policy	(803,232)	Police Chief, Director of Public Works, & Director of Financial Management	Ongoing	Priority 1	Ongoing	• Conduct fleet condition and utilization analysis, based on life-cycle, maintenance costs, and the pre-defined utilization standards • Reassign or dispense of underutilized vehicles • Develop target replacement plan with prioritization • Incorporate replacement plan into budget development	The fleet survey has been completed and the replacement plan incorporated into the budget development process. Marked Patrol vehicles with more than 75,000 miles are the priority for replacement. Ten new patrol vehicles have been ordered, with

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							process	an estimated delivery date in late July. The vehicles and installation of police equipment are funded via the Local Share Gaming grant awarded by Dauphin County.
POL03	Review and revise stipend for newly promoted investigators		Police Chief & Director of Human Resources	In Progress	Priority 1	Jan 2013	• Draft new salary schedule • Initiate discussions with the FOP	Agreement reached with FOP.
POL04	Implement a proactive crime analysis and crime reduction strategy	N/A	Police Chief	Complete	Priority 1	May 2012	• Develop crime analysis software • Assign personnel as dedicated crime analyst(s) • Develop crime pattern analysis and reporting process • Develop information sharing and deployment processes tied to real time crime analysis and data	Assigned sworn police officer has been assigned crime analysis responsibilities. A crime mapping system is up and operational, as of May 2012. The long-term goal of the Department is to covert the crime analyst position to a civilian position and redeploy the sworn officer to policing functions.
POL05	Increase complement of VICE Unit	N/A	Police Chief	Complete	Priority 1	Sept 2012	• Assess ability to reassign officers from specialty units and/or officers made available from a shift schedule adjustment (Initiative POL1). • Reassign officers to VICE if operationally feasible • In the interim, develop a “90 day career advancement”	Career Development program in place. District Attorney’s Office to pay ongoing 5% stipend. An officer is assigned to Vice and paid for from the 5% stipend.

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							placement to increase VICE resources and provide professional development opportunities	
POL06	Assign representative to the District Attorney's Office Narcotics Task Force	N/A	Police Chief & District Attorney	Complete	Priority 2	January 2013	• Coordinate with District Attorney's office to assign personnel	The Coordinator has granted permission for two additional Detectives to enhance Vice operations and keep it under City control in order to provide more effective neighborhood safety oriented anti-drug operations. These personnel will be assigned to the Vice function by mid-February
POL07	Participate in Dauphin County Forensic Team	N/A	Police Chief & District Attorney	Complete	Priority 1	January 2013	• Coordinate with District Attorney's office to assign personnel	The forensic function is being kept under City control to allow their activities to be focused on neighborhood and community activities/ needs . There are currently sufficient resources available to meet the Bureau's needs without additional personnel.
POL08	Transfer prisoner booking responsibility to Dauphin County	N/A	Police Chief	Complete	Priority 3	July 2013	• Coordinate with County to formalize booking procedure • Train sworn officers on booking process • Transition booking process and	Complete.

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							reassign personnel assigned to booking	
POL09	Appoint a Civilian Manager for Parking Enforcement Office	N/A	Police Chief & Director of Human Resources	In Process	Priority 2	January 2015	• Conduct recruitment and hiring process • Hire and train employee	Currently, parking enforcement is directly managed by a Captain. The sale of the City's parking assets has reduced the City's enforcement coverage area by approximately 50%, resulting in a reduction to four parking enforcement officers. However, these positions still warrant civilian rather than sworn oversight. This initiative will be pursued as funding for civilianization becomes available.
POL10	Replace electronic parking ticketing devices	(112,200)	Police Chief & Director of Financial Management	Complete	Priority 1	November 2012	• Fund replacement of devices • Identify and select vendor • Purchase/lease and activate devices • Train parking enforcement officers	The devices have been fielded and are fully operational.
POL11	Increase operational efficiency in Parking Enforcement Office	480,480	Police Chief	In Process	Priority 1	Ongoing	• Establish targets for increased efficiency and relay targets to staff • Adopt a practice of accessing employee productivity against targets	The Department has implemented handheld ticket writing devices and will continue to pursue opportunities to increase efficiency.
POL12	Implement a new schedule for Parking Enforcement Officers	N/A	Police Chief	Complete	Priority 1	Oct 2012	• Create new schedule • Meet with affected employees	Metered enforcement is now handled by Standard

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							to discuss schedule change	Parking, per the asset monetization agreement. Schedule changes are no longer required.
POL13	Increase current parking ticket fees	4,500,000	Mayor & City Council	Complete	Priority 1	Oct 2012	• Develop new schedule of fees • Submit revised fee schedule to City Council for adoption • Conduct public information process • Begin enforcement	Fee increase proposal to increase metered parking fines to $30 has been adopted by City Council.
POL14	Evaluate the consolidation of Specialized Units	N/A	Police Chief	Complete	Priority 2	Complete	• Evaluate efficacy of special units on an ongoing basis, depending on crime profile and community need	Units have been absorbed into patrol platoons to meet staffing needs, except street crimes unit and traffic unit
POL15	Enhance leave supervision	N/A	Police Chief	Complete	Priority 1	April 2012	• Develop chronic sick and injury-related leave policy and sanctions, with advisory input from the FOP • Educate staff on policy and related expectations • Adopt policy enforcement into the performance management system	Sick leave abuse policy is in place and effect. Officers are allowed to run sick time out, at retirement. Needs to be addressed at labor relations. Considered unfair labor practice if discontinued.
POL16	Evaluate false alarm fee for burglar alarms and aggressively collect fees due	N/A	Police Chief and Director of Bureau of Operations and Revenue	Complete	Priority 1	September 2012	• Develop monthly review process of Dauphin County communications' records to identify calls eligible to be billed • Assess false alarm fees in the City-wide fee study and adjust as appropriate	On February 8, 2013, the City Clerk introduced legislation for approval to City Council, in ref to an ordinance addressing to update the fee schedule for burglar alarms.

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POL17 (New)	Conduct a workload-based staffing analysis of the City of Harrisburg Police Patrol function	N/A	Police Chief	Pending	Priority 1	June 2015	• Coordinate with Coordinator's Team to develop methodology and approach • Work with Dauphin County Communication Center to collect calls for service data • Complete analysis and staffing plan • Budget for adjustments recommended in the staffing plan	
FIRE01	Change current shift schedule	N/A	Fire Chief	Pending	Priority 1	December 2012	• Develop alternative schedule options • Initiate discussion with the IAFF	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
FIRE02	Eliminate premium pay	N/A	Mayor, Fire Chief, & Business Administrator	Pending	Priority 1	July 2012	• Initiate discussion with the IAFF	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
FIRE03	Evaluate the tradeoffs of taking a piece of apparatus out of service and increasing staffing on remaining apparatus	N/A	Fire Chief & Business Administrator	Pending	Priority 1	July 2012	• Identify alternative apparatus/deployment structures • Determine service impact associated with each and corollary impact on response capability • Develop preferred option and initiate discussions with the IAFF • Implement preferred alternative	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
FIRE04	Implement an engine company inspection program	N/A	Fire Chief	In Process	Priority 2	July 2014	• Review inspection inventory and identify company-based inspection plan • Develop inspection guidelines	Company officers are being trained for certification as fire inspector 1. The training

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							and procedures • Train inspectors • Incorporate inspection work plan into daily company activities	is scheduled to be completed in February 2014. The Fire Department will then evaluate company-based inspection opportunities
FIRE05	Increase billing/collection of emergency response and vehicle extrication fees	61,875	Fire Chief & City Council	Complete	Priority 1	April 2012	• Develop fee schedule • Submit fee schedule to City Council for adoption • Notify insurance companies of fee change • Aggressively bill and collect fees from insurance companies	Ordinance No.13 (Bill NO. 16-2012) passed as amended. The fee of $500, per vehicle is for Extrication. The Tax & Enforcement office will aggressively bill the insurance companies once notified and provided details of the extrication from the Fire Bureau.
FIRE06	Adjust false alarm fees to more accurately reflect costs and impacts	60,000	Fire Chief	Complete	Priority 1	April 2012	• Identify fully loaded cost (salary, benefits, vehicle use, and fuel, administrative/ billing overhead, etc.) of each false alarm response • Revise fee schedule to recover costs and provide disincentive of multiple false alarms • Submit fee schedule to City Council for adoption • Develop citizen education plan (include Commonwealth)	City Council has approved the increases to fire alarms.
FIRE07	Civilianize Bureau's Administrative Assistant position	N/A	Fire Chief & Director of Human Resources	Pending	Priority 2	March 2014	• Revise job description • Incorporate position into budget development process • Recruit and hire Confidential	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.

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							Secretary to the Fire Chief • Reassign firefighter to suppression duties	
FIRE08	Mandate formal Safety Committee review of every work-related injury in Bureau	N/A	Fire Chief & Director of Human Resources	Complete	Priority 2	N/A	Develop and adopt administrative policy Develop work related injury review process Educate employees on the process	The Fire Department has established the practice of reviewing workplace accidents and near misses through a joint labor-management committee. The Committee reviews safety issues and injuries and develops interventions as appropriate. This meets the intent of the initiative
FIRE09	Establish a formal in-house training program, including a shift swap system, that allows in-house trainers to lead events	N/A	Fire Chief	In Process	Priority 3	December 2014	• Develop charter and membership for in-house training committee • Conduct inventory of in- house expertise • Identify and train in-house trainers • Develop training curriculum and training schedule • Work with IAFF to develop a short-term shift swap system for in-house trainers	The Department has an established training program; however, training augmentation and shift swap opportunities will be evaluated for implementation in 2014.
FIRE10	Continue discussions with Harrisburg Area Community College Public Safety Center regarding possible training collaboration	N/A	Fire Chief	Complete	Priority 2	Ongoing	• Schedule regular formal and informal interaction with the college to identify training opportunities for City firefighters	Regular and informal interaction takes place as part of the Bureau of Fire's annual training schedule

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FIRE11	Revise turnout gear replacement practices	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	• Initiate discussions with the IAFF	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
FIRE12	Revise IAFF collective bargaining agreement to allow more efficient and effective use of resources	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	• Initiate discussions with the IAFF	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
FIRE13	Eliminate minimum manning upon expiration of current collective bargaining agreements	N/A	Business Administrator, City Solicitor, & Fire Chief	Pending	Priority 1	July 2012	• Initiate discussions with the IAFF	Final Proposals were ratified by the IAFF but have not yet been ratified by the City.
PW01	Implement container based collection system for residential solid waste and recycling	N/A (Should result in General Fund savings)	Director of Public Works	In Process	Priority 1	September 2012	• Conduct route optimization study and identify routes that can be automated • Assess capital investment required to automate select routes • Issue revenue bonds for capital expenses • Purchase carts and equipment • Train employees on routes and equipment use • Conduct public information campaign and define public inquiry triage process • Conduct cart distribution	The Novak Consulting Group completed an analysis of a fully funded City-owned operation as a basis for comparison. Contract execution is on hold until additional opportunities to augment the City operation can be analyzed and explored.
PW02	Enforce City's right to commercial collection and contract with private collector for collection of commercial waste	N/A	Director of Public Works	In Process	Priority 1	July 2013	• Identify all active businesses in the City (may require coordination with the Department of Revenue)	The Novak Consulting Group completed an analysis of a fully funded City-owned operation as

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							• Mail letters to all businesses indicating commercial waste hauling requirements • Issue bills to all Harrisburg businesses • Aggressively collect money owed	a basis for comparison. Contract execution is on hold until additional opportunities to augment the City operation can be analyzed and explored.
PW03	Increase recycling through education, accessibility, and enforcement - Sanitation Fund	N/A	Director of Public Works	In Progress	Priority 2	December 2012	• Develop recycling education process • Evaluate implementation of recycle bank program to incentivize recycling	Past History: City has a recycling grant which we have qualified for the last six years. There were education events through the Parks and Recreation Department, primarily through the Youth As Restorers (YAR) program. A flyer for recycling has been distributed and posted. The Keep Dauphin County Beautiful Program provided an education program at three (3) Harrisburg Public Schools during 2013. Our RPF contains an education piece that the contractor will have to comply with. The only piece of this intended program not met is the paper/cardboard piece, which would require extra equipment, space, and manpower which is

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								not feasible at this time. We will continue to look for ways to increase recycling, this issue should be considered closed. Three schools in Harrisburg were provided training through the Dauphin County recycling program. A draft job description for a Solid Waste/ Recycling Coordinator has been sent to Human Resources for review and to start the process of bringing this person on board to increase awareness and improve the recycling posture of the City of Harrisburg. **Current Status:** Have a Section 902 grant request with the DEP. Met with DEP on September 10, 2013 to update program. Request to fund a Solid Waste / Recycling Coordinator was approved by council on September 11, 2013. The City is currently recruiting for the position.
PW04	Aggressively manage fleet make-up and quantity	N/A	Director of Public	In Process	Priority 2	April 2013	• Develop detailed inventory of	Fleet inventory has been

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			Works				City fleet that includes key identifying data, life cycle data, mileage/utilization, use profile, etc. • Develop process of tracking and assessing utilization data, maintenance costs, fuel costs, etc. • Conduct fleet utilization analysis based on pre-defined utilization standards • Move underutilized vehicles/equipment out of service • Identify target fleet size and composition and incorporate into a vehicle replacement plan that fits within financial constraints	developed. Tracking and Utilization process is in place. Outmoded vehicles are currently in the process of being sold and the fleet with be evaluated quarterly in 2013 to get a better handle on this developing program. Updated list provided on 20 November, 2012 and the NOVAK group is compiling a report with recommendations. Based upon the January 15, 2013 meeting this is almost complete. The draft report has been reviewed (April 2013) and all additional information that had been requested by the Novak Group was forwarded on April 18, 2013. Received "draft" Fleet Assessment report and have reviewed the data. Awaiting council action for the permissions to fill a fleet manager position. **Current Status:** Request to fund a Fleet Manager was approved by council

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								on September 11, 2013. Advertisement to follow. This individual, once hired, will develop this program and manage it. The position is currently being recruited for.
PW05	Create Central Fleet Agency with Combined Facilities and Fleet Manager	N/A	Director of Public Works	In Process	Priority 3	January 2014	• Develop organization structure, bureau mission, programmatic responsibilities, and performance targets • Develop bureau work plan by program • Communicate change to impacted employees • Create internal service fund and associated chart of accounts • Incorporate structural and fund change into budget process and pursue City Council approval • Recruit and hire bureau director position • Incorporate work plan into the performance management system	Request to fund a Fleet Manager was approved by council on September 11, 2013. The position under recruitment
PW06 (New)	Develop a plan to develop a fleet and fuel management internal service fund operation.	N/A	Director of Public Works; Director of Financial Management	Pending	Priority 3	December 2014	• Pending hiring of fleet manager	Pending hiring of fleet manager
PW07 (New)	Develop an energy conservation program that allows the City to reduce operating costs through designated capital resources or grant funds.	N/A	Director of Public Works	Pending	Priority 2	July 2014	• Conduct needs assessment of Harrisburg city facilities • Develop prioritized list of improvements • Solicit grant opportunities	Pending resource allocation

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
FLEET01	Eliminate three dump trucks from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET02	Eliminate one bucket truck from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET03	Eliminate two street sweepers from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET04	Evaluate the elimination of two tractors from the Department of Public Works' fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	• Decommission one tractor for six month period • Evaluate utilization of remaining tractor • Assess practicality of eliminating one tractor from the fleet • Schedule auction and sell tractor • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Pending hire of fleet manager. Recruitment is underway.

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FLEET05	Eliminate one box van and one sport utility vehicle (SUV) from the Department of Public Works' VMC fleet	N/A	Director of Public Works	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET06	Eliminate 21 inoperable vehicles from the Police Department's fleet	N/A	Police Chief	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET07	Eliminate one prisoner transport van from the Police Department's fleet	N/A	Police Chief	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET08	Eliminate three out of service fire apparatus and one duplicate surplus pickup truck from the Fire Department's fleet	N/A	Fire Chief	In Process	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle • Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management	Surplus vehicle elimination is underway.
FLEET09	Return PEMA owned apparatus and specialty vehicles to the Commonwealth	N/A	Fire Chief	Pending	Priority 1	July 2014	• Initiate hand-over discussions with PEMA • Schedule transfer of vehicles	Pending the hiring of a Fire Chief
FLEET10	Develop a vehicle pool for the Bureau of Housing, and reallocate surplus vehicles to support two additional code enforcement officer	N/A	Director of Housing; Fleet Manager	Pending	Priority 1	July 2014	• Decommission vehicle • Schedule auction and sell vehicle	Awaiting hiring of fleet manager. Position is under recruitment

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	positions						• Revise insurance roles • Report salvage value and insurance savings to Director of Financial Management • Develop vehicle pool scheduling system • Communicate system to employees	
FLEET11	Utilize fleet reduction savings to purchase and install a fleet and fuel management system	N/A	Fleet Manager	Pending	Priority 1	December 2014	• Solicit feedback from fleet users/departments regarding necessary scope of system • Develop system specifications • Evaluate options and purchase cost effective software • Install software and test with one department. • Address system deficiencies and issues • Roll out system city-wide • Develop data collection and tracking processes and protocols and reporting processes	
FLEET12	Reclassify an Automotive Mechanic position to a Fleet Manager position	N/A	Director of Public Works	In Process	Priority 1	January 2014	• Develop job description • Obtain funding and City Council approval • Recruit and fill position	Position is under recruitment
BH01	Increase fees, fines, and charges based on fee study results	N/A	Mayor & City Council	Completed	Priority 1	May 2013	• Develop revised fee schedule • Submit fee schedule to City Council for review and approval	City Council Legislative session met on June 11, 2013 and approved Bill 6 of 2013 which provides for the revised Bureau of Codes fee structure.

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BH02	Quantify extent of inspections backlog and hire additional codes enforcement officers to clear and prevent backlogs	$100,000	Director of Building and Housing Development	Complete	Priority 2	August 2013	• Conduct internal evaluation of inspection backlog by type • Identify target efficiency standards per inspection by type • Assess staffing needs based on inspection backlog and incorporate additional position requests into the process	Passage of amendments to the Rental Inspection Ordinance and Buyers Notification Ordinance have restructured the Codes inspection programs and reduced unnecessary inspections.
BH03	Contract for demolition of blighted structures	N/A	Director of Building and Housing Development	Complete	Priority 2	July 2012	• Develop and issue RFP • Assemble RFP review committee • Review proposals and select the lowest responsible bidder • Develop demolition schedule based on safety priority	RFP is not required to obtain bids for emergency demolitions. There is no formal RFP Review Committee. RFPs are reviewed by: DBHD, the Purchasing Manager, Office of the Mayor and if needed the Law Bureau. RFP bid responses are awarded to the lowest and most qualified bidder. All properties scheduled for demolition that are based on public safety are reviewed and triaged by the Codes Administrator and staff. Requests for demolition bids are also based on available funds.
BH04	Assemble and systematically deploy code enforcement teams	N/A	Deputy Codes Administrator	Complete	Priority 2	December 2012	• Develop composition and structure of teams • Conduct assessment of "problem areas"	Composition of Team completed. Meeting to be scheduled for DBHD, Fire and Police

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							• Based on assessment, develop work plan and measurable goals for teams	Departments.
BH05	Adopt legislation requiring a local responsible agent for rental properties within the City	N//A	City Council	Complete	Priority 1	July 2012	• Draft ordinance and associated fine structure • Develop registration process • Submit ordinance to City Council for consideration • Conduct public notification and registration campaign before effective date	The measure was passed by City Council in October 2011, Ordinance 9-2011. In lieu of a registration process, Bureau of Codes maintains an electronic database of rental unit applications. Public notification was accomplished prior to passage of Ordinance.
BH06	Fill vacant HUD funded positions	N/A	Director of Building and Housing Development and Director of Human Resources	Complete	Priority 1	July 2013	• Conduct recruitment and hiring processes	Offer of employment made to selected candidate for Rehabilitation Specialist I on June 13, 2013. Start date: July 15, 2013.
BH07	Update the City's Comprehensive Plan	To be determined	Director of Building and Housing Development	In Process	Priority 3	December 2014	• Develop and issue RFP • Assemble RFP review committee • Review proposals and select the lowest responsible bidder • Conduct public engagement and planning processes	Implementation of the comprehensive plan development process is tabled for review by the Papenfuse administration.
HS01	Designate a Housing Coordinator	N/A	Mayor	Complete	Priority 1	July 2013	• Identify and evaluate interested candidates • Designate a Housing	The Housing Coordinator functions have been assumed by the Deputy

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							Coordinator	Director for the Bureau of Housing as well as the Program Directors and Program Managers for the Bureau of Housing.
HS02	Develop a comprehensive Housing Strategy	$10,000	Mayor, Business Administrator, Housing Coordinator.	In process	Priority 2	December 2014	• Convene a working group to guide strategy development • Develop working group charter and objectives • Develop project plan and process to develop housing strategy • Develop draft plan for review and comment by elected officials and partner agencies • Finalize plan based on feedback • Incorporate plan elements into the work plan of the housing coordinator and other relevant staff	Implementation of the comprehensive plan development process is tabled for review by the Papenfuse administration.
HS03	Utilize Vacant Property Reinvestment Board	N/A	Mayor, Business Administrator, & Housing Coordinator	In Process	Priority 2	December 2014	• Develop work plan and goals for the board based on comprehensive housing strategy • Develop implementation plan to engage private redevelopment groups and civic groups	Implementation of the comprehensive plan development process is tabled for review by the Papenfuse administration.
ED01	Designate an Economic Development Coordinator	$75,000	Mayor	In process	Priority 1	July 2013	• Develop position work plan and priorities • Conduct recruitment and hiring process	Director of Community and Economic Development appointed in February 2014
ED02	Develop a coordinated long-term economic development strategic plan	N/A	Mayor & City Council	In process	Priority 2	December 2014	• Develop and issue RFP • Assemble RFP review committee	To be included as part of the comprehensive plan. Implementation of the

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							• Review proposals and select the lowest responsible bidder • Conduct planning processes • Incorporate planning process results into the Economic Development work plan	comprehensive plan development process is tabled for review by the Papenfuse administration.
ED03	Evaluate the City's tax abatement strategy	N/A	Mayor & City Council	In Process	Priority 1	July 2014	• Conduct best practice research to identify successful tax abatement programs • Develop tax abatement strategy alternatives • Submit alternatives to City Council for consideration • Finalize abatement packages and strategies • Conduct proactive education and recruitment campaign to solicit program participants	The Law Bureau has developed a new Tax Abatement program. This new Tax Abatement has been submitted to City Council for approval and is awaiting a vote of Council.
ED04	Improve management of the City's MOED Loan Portfolio	N/A	Mayor, Business Administrator, & Economic Development Coordinator	In Process	Priority 2	June 2014	• Evaluate options available to centralize management of the MOED portfolio • Develop monitoring and enforcement processes and contract with vendors/partners as appropriate	City Administration will verify with the Revolving Loan Fund Board as to the status of completing its Bylaws. Appointments to the Revolving Loan Fund were approved by City Council on February 12, 2013 and referred to the Mayor for further action.
CIP01	Establish and maintain a multi-year (5-7) Capital Improvement Program	(22,227,548)	Director of Financial Management, with assistance from the Director of Public	In Process	Priority 2	July 2014	• Conduct inventory and condition assessment of existing capital assets • Prioritize capital improvement	Capital budget planning and development processes will be developed to interface

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			Works & Department Directors				needs based on key considerations such as infrastructure use, condition, safety, cost, etc. • Identify long-term Improvement plan based on resource estimates • Conduct capital budget development process and incorporate 5-7 year CIP development into the process	with the infrastructure non-profit funding silo established through the debt resolution and asset monetization process.,
CIP02	Establish a CIP development process	N/A	Director of Financial Management, with assistance from the Director of Public Works & Department Directors	In Process	Priority 1	July 2014	• Develop calendar to include resource estimates, target development, department budget submission, internal review and amendment, executive review, internal budget hearing, and recommended budget formulation • Develop associated templates and processes • Communicate processes to staff, the public, and elected officials in advance • Train staff on capital budget schedule, process, roles, responsibilities, and obligations	Capital budget planning and development processes will be developed to interface with the infrastructure non-profit funding silo established through the debt resolution and asset monetization process
CIP03	Establish and maintain an asset management system	(187,500)	Director of Financial Management & Director of Public Works	In Progress	Priority 3	January 2014	• Develop infrastructure condition rating systems and processes and incorporate into department work plans • Conduct inventory and	A current list of vehicles (fixed assets) has been identified. It will need to be consolidated with permanent assets and

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							condition assessment of existing capital assets • Incorporate infrastructure condition assessments into the capital budget development process	reviewed on a periodic basis. This program can best be managed by a facilities / fleet / asset management type of professional. : Request for fleet manager position has been forwarded to the Coordinator and approved. See initiative PW05. Request to fund a Fleet Manager was approved by council on September 11, 2013. Recruitment is on hold, pending funding availability.
CIP04	Investigate the sale and leaseback of City buildings	N/A	Mayor & Business Administrator	In Process	Priority 1	September 2012	• Identify City facilities that may have a market for sale and/or lease back • Assess operating implications of sale and/or lease back for each facility • If operationally feasible, place facilities on open market • Negotiate sale/lease back agreements and submit to City Council for consideration and approval	DBHD in cooperation with the Harrisburg Redevelopment Authority has reviewed City and HRA owned real estate with the intention of promoting selective properties for sale to "low to moderate income" families and individuals. In addition, the City released a RFP for purpose of soliciting a Real Estate Broker to market City and HRA owned properties. City has selected real estate

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								broker; the real estate broker is developing marketing plan.
OA01	Establish a stormwater utility fee	N/A	THA	Complete	Priority 1	January 2013	• Determine legal ability of an Authority to establish a stormwater fee • Conduct fee study • Develop fee schedule and submit to appropriate legislative body for consideration and approval • Develop billing and collection process • Conduct public education process • Implement billing process	Fee has been established.
OA02	Negotiate Payment in Lieu of Tax (PILOT) agreements with the City of Harrisburg	N/A	THA & Mayor	In Process	Priority 1	January 2015	• Define PILOT structure and calculation methodology • Initiate discussions to establish PILOT agreements • Submit draft agreements to City Council for consideration and approval • Develop payment schedule and processes	City has begun discussions with local non-profits.
OA03	Expand Stormwater Management Ordinance regarding discharges - THA	N/A	Mayor, City Council, & City Engineer	Complete	Priority 1	February 2013	• Draft ordinance amendments • Submit to City Council for consideration and approval • Communicate ordinance changes to the development community	The draft ordinance was completed by the Office of the City Engineer in March and reviewed by the solicitor. The Harrisburg Authority was copied on the final draft. The draft ordinance, Bill

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								No. 09-2013, appeared before the City Council in April, and the Public Works Committee on May 13th. On May 14th, City Council approved Bill 09-2013 at the scheduled Legislative Meeting. The City of Harrisburg Stormwater Management Ordinance is posted on the city website and can be downloaded by the general public. The city Department of Building, Housing and Development is apprising all land development plan applicants of the revised ordinance and directing stormwater related questions to the Office of the City Engineer. Also, this office has been notifying land development plan applicants and others with stormwater related issues of the ordinance revision informally, over the past year.

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REV01	Increase the Earned Income Tax (EIT) rate as required to eliminate operating deficits	N/A	City Council & City Tax Administrator	Complete	Priority 1	July 2013	• Draft enabling ordinance • Submit to City Council for consideration and approval • Communicate rate change to the public • Adjust revenue projections	City Council approved the EIT tax increase on October 24, 2012. The new tax rate will be effective on January 1, 2013.
REV02	Increase the Real Estate Tax rate as required to eliminate	NA/	Mayor & City Council	Complete	Priority 1	July 2013	• Draft enabling ordinance • Submit to City Council for consideration and approval • Communicate rate change to the public • Adjust revenue projections	.8 increase included in 2012 budget
REV03	Review Real Estate Taxable Assessments	N/A	City Treasurer with County Assessment Office and School District Business Manager	Pending	Priority 2	April 2013	• Initiate discussions with partner governments • Develop assessment plan and funding structure • Conduct reassessment • Evaluate revenue impact and revise revenue projections	
REV04	Review and increase utilization of Payment in Lieu of Property Tax (PILOT) Agreements; consider impact in sale of government owned property	N/A	Mayor, Business Administrator with County Assessment Office and School District Business Manager	Pending	Priority 1	July 2012	• Adopt a practice of evaluating property tax revenue impact associated with selling city owned property to non-profits • Identity and analyze opportunities to create new pilot agreements with tax exempt agencies that heavily utilize City services • Initiate discussions to establish PILOT agreements and draft agreements • Submit draft agreements to City Council for consideration and approval	

EChapter - #	Initiative	Five Year Financial Impact	Responsible Parties	Status	Priority[1]	Target Completion Date[2]	Key Implementation Steps	Comment
							• Develop payment schedule and processes	
REV05	Increase business license fees; improve compliance with Business Privilege and Mercantile Tax	N/A	City Council & City Tax Administrator	Complete	Priority 1	July 2012	• Develop new schedule of fees • Increase penalties for non-payment • Submit revised fee schedule to City Council for adoption • Conduct public information process • Institute amnesty period for delinquent remittances • Begin enforcement	The Business Privilege license fee is currently in line with the Maximus fee study results. The contract with Muniservices to help Improve compliance with the Business Privilege tax was signed by the Controller's office on 2/8/13.
REV06	Increase enforcement of the Local Services Tax	N/A	City Council, Mayor & Business Administrator	In Process	Priority 1	September 2014	• Increase penalties for non-payment • Conduct public information process • Institute amnesty period for delinquent remittances • Begin enforcement	A proposed Ordinance to increase interest and penalty for the LST along with creating an amnesty period was sent to City Council and is currently in committee. However, the ordinance has been tabled for revision to include language regarding amnesty options relating to other tax revenue sources.
REV07	Pursue Legislative Change for the Local Services Tax Levy	N/A	Mayor & City Council	Pending	Priority 1	September 2012	• Work with local legislator(s) to draft legislation to increase Local Services Tax	
REV08	Pursue Department of Revenue determination for additional tax, penalty, and interest	N/A	Law Bureau	Pending	Priority 1	September 2012	• Contact Department of Revenue to clarify process	

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	regarding realty transfer tax						• Develop agreement with the Department of Revenue • Submit agreement and cost benefit analysis to City Council for consideration and approval • Develop administrative process • Train relevant personnel on process.	
REV09	Increase Interest & Penalty Provisions Where Permitted	90,000	City Council & Tax Administrator	Complete	Priority 1	July 2012	• Conduct benchmark analysis of interest and penalty provisions • Develop revised interest and penalty framework • Submit ordinance to City Council for consideration and approval • Conduct public information process • Institute amnesty period for delinquent remittances • Begin enforcement	Bill 21-2012 was passed by City Council on January 22, 2013 increasing the penalty and interest provisions of the Business Privilege and Mercantile tax.
REV10	Improve Taxpayer Information	N/A	Tax Enforcement Administrator & IT Director	Complete	Priority 2	July 2012	• Create repository of tax related documents and forms • Design tax webpage and add tax document and forms • Test webpage • Go live with webpage and conduct public outreach process	Website updated
REV11	Improve real estate taxpayer collection rate	N/A	City Treasurer, Business Administrator, & Tax Enforcement Administrator	In Process	Priority 1	July 2014	• Evaluate opportunities to increase the collection rate • Develop implementation plan and associated targets • Develop improved system for notification of unpaid tax accounts	

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							• Meet quarterly to review real estate tax collections, identify issues, and develop interventions where possible to maintain to improve collections	
REV12	Generate revenue through Market Based Revenue Opportunities	800,000	Business Administrator	Pending	Priority 1	July 2012	• Develop and issue RFP for broker to identify potential City assets for an MRBO program • Assemble RFP review committee • Review proposals and select the lowest responsible bidder • Develop policy framework and market MRBO opportunities • Enter into agreements with potential partners	
REV13	Sell City acquired historical artifacts	500,000	Mayor & City Council	Complete	Priority 1	September 2012	• Conduct asset value study • Develop parameters for determining whether a property should be sold or maintained as a City asset • Place eligible properties on the market	Auction commenced on July 15, 2013 and will conclude on July 21, 2013. 7,500 bidders pre-registered for the auction and $1 million was committed on day 1 of the auction.
REV14	Revise Host Fee agreement between the City and the Harrisburg Authority	N/A	Mayor, City Council, & THA	Complete	Priority 1	September 2012	• Amend waste disposal agreement • Submit revised agreement to City Council for consideration and approval • Develop environmental compliance programs that will be supported by the host fee	Complete
REV15	Collection of $1 million in Ordinance and Parking Violation Fine	Estimated $1 million in	Bureau of Police, Constables, Codes	In Progress	Priority 1	2014	• In Place	This Initiative calls for the organization of a task

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		fines	Enforcement					force made up of special unit police, constables and codes officers to identify, locate and issue arrest warrants for individuals with the highest amount of parking and ordinance violations in the City of Harrisburg. A collection plan and task force has been organized, and a Memorandum of Understanding is currently being drafted by the City Law Bureau. Arrests and public announcements will be scheduled in the near future. This Initiative will address collection of approximately $1 million in outstanding parking and ordinance violation fines.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as Secretary for the Department of Community and Economic Development, Petitioner, v. City of Harrisburg, Respondent	No. 569 M.D. 2011

CERTIFICATE OF SERVICE

I certify that on this 31st day of March, 2014, I served a true and correct copy of the foregoing pleading via Electronic Mail, and via U.S. Mail, postage prepaid, properly addressed to the following:

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