

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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C. ALAN WALKER, IN HIS  
CAPACITY AS SECRETARY  
FOR THE DEPARTMENT OF  
COMMUNITY AND ECONOMIC  
DEVELOPMENT

Petitioner,

v.

NO. 569 MD 2011

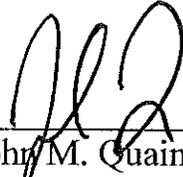
CITY OF HARRISBURG

Respondent.

**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 5<sup>th</sup> day of April, 2016.



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Date: April 4, 2016

To: The Honorable Bonnie Brigance Leadbetter

From: Fred A. Reddig, Coordinator

Re: Update on Receiver's Plan Implementation

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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, the Harrisburg Strong Plan, filed with the Court on August 26, 2013 and subsequent to the Court's September 19 hearing, confirmed on September 23, 2013. This will be my ninth report to the Court since my appointment by Department of Community and Economic Development (DCED) Secretary Walker as Coordinator effective March 1, 2014.

This memorandum, supported by the accompanying attachment, provides the Court with a summary of actions that have occurred and issues that are involved with the continued implementation of the confirmed Harrisburg Strong Plan over the first quarter of 2016.

#### **Office of the Receiver/Coordinator**

It has now been just over two years since your honor issued an order on February 25, 2014 to vacate the Office of the Receiver, return the City to the underlying provisions of Act 47 and for DCED's Secretary to appoint a Coordinator who would oversee the further implementation of the Court confirmed Harrisburg Strong Plan. As part of the order vacating the Receivership, the Court retained jurisdiction over the further implementation of the Strong Plan. Consistent with the Court's order and to keep the Court apprised of the plan's status and Harrisburg's recovery, I will continue to provide quarterly reports on the City's progress with further implementation activities.

As Coordinator, I continue to hold weekly status conference calls with members of our consulting team to coordinate all aspects of plan implementation. The Team of professional advisors comprised of the Novak Consulting Group, Pennsylvania Economy League, Dilworth Paxson, Public Resource Advisory Group and Harris Wiltshire and Grannis along with DCED and the Office of General Counsel, have continued to support the Receiver during this time. Following the procurement process last fall to obtain the services of firms to further pursue the forensic investigation and labor issues, Harris Wiltshire and Grannis and Dilworth Paxson respectively are now fully engaged in their respective areas of responsibility.

The first quarter of 2016 was largely dominated by the Coordinator and his team's work to update the City's recovery plan. Significant amendments to Act 47 were enacted at the end of 2014, and these require certain modifications to the Strong Plan. Act 199 which amended Act 47 last year has now provided certain options that were not available when the Strong Plan was enacted and thus it is appropriate that these options be considered as part of plan modifications. In addition, certain changes to the Strong Plan are now required by Act 199 in order to provide financial projections through 2018 which represents the initial five-year term for a municipality to be under the provisions of the Act. During the fifth year a review is to be undertaken by the Coordinator and recommendations made as to whether the distressed designation should be rescinded; the

Receivership provisions of the Act invoked; a dissolution process undertaken (in limited instances); or a three year exit plan be prepared. Given these matters, the Coordinator and his Team worked with City officials to prepare modifications to the Strong Plan that will provide financial projections for 2016 through 2018 (the five year initial term of Act 47) along with attendant recommendations that will advance the City's recovery towards the ultimate rescission of its Act 47 designation.

A draft of the Strong Plan modifications was provided to the City late last year for their review. During the first quarter, multiple individual meetings were held with City officials as well as public hearings convened by Council on January 21, February 2 and March 14, all to review the content of the Plan modifications and receive feedback from elected officials and key stakeholders. The final version of the Plan modifications was provided to the Administration and City Council on March 21. Council plans to introduce the ordinance to enact the Plan Modifications on April 12, hold a public meeting the week of April 18 and act on the Plan on April 28. Upon approval by the City they will be submitted to your Court for review and approval. It is also noted that the City filed an application for "pre-authorization and approval" with your Court for the increase in Local Services Tax on December 17 which was then approved by the Court on January 27, 2016.

This section of the report provides an updated summary of progress made with respect to:

- Impact Harrisburg – Non-Profit for Infrastructure and Economic Development
- Fiscal Issues
- Operational Matters
- Collective Bargaining/Personnel matters
- Asset Related issues

### **Impact Harrisburg**

The first quarter of 2016 saw the Impact Harrisburg Board having completed its organizational activities with the appointment of an Accountant in January and is now focusing on the finalization of the guidelines and application process for economic development and infrastructure activities. Shelia Dow-Ford started work as Executive Director in mid-December and is providing management continuity for the Board. The Board administers the \$12.3 million set aside as part of the parking transaction to fund both economic development and infrastructure initiatives to aid the City in strengthening its tax base and addressing critical infrastructure needs thus enhancing the quality of life for City residents.

The nine-member Board appointed by the Coordinator and comprised of recommendations from the Mayor, City Council and the County, continues to meet approximately twice monthly and through 2015 made considerable progress with organizational activities. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Brian Hudson as Secretary and Brittany Brock as Treasurer. Articles of Incorporation were filed with the Department of State and approved on March 17, 2015. The 501(c)(3) application was also filed with the IRS and approved on June 18, 2015. With the appointment of Ms. Dow-Ford as Executive Director, her husband, Board member Les Ford submitted his resignation and the Board then appointed Russ Montgomery to replace Mr. Ford.

The Coordinator and his Team have provided support to the Board and will continue to do so to provide a smooth transition with the Executive Director. I have met with Ms. Dow-Ford numerous times during the quarter in assisting her with transitional issues, discussing the background of Impact Harrisburg and reviewing program guidelines.

During the 1st quarter, the Board met on January 19, February 2 and 16 and March 3. Ms. Dow-Ford is based in the Board's new offices at the Pinnacle Health facility on North Third Street. Pinnacle has provided office space, basic office equipment and a meeting room for the Board all at no cost to the Board. Following presentations by three firms in December and subsequent clarification of their proposals, the Board finalized the selection of an accountant with the appointment of Gift and Associates in January. The Board's Finance Committee also worked with its Investment Manager Wilmington Trust on the investment of a substantial portion of the Board's funds pursuant to their Investment Guidelines.

Ms. Dow-Ford has worked with Harrisburg University (HU) on the development of a web site for the Board that will publicize the mission and work of the Board. HU is providing this assistance at no cost to the Board. The website will go live later this spring. She has also been engaged in considerable outreach during the quarter in meeting with various organizations and individuals to inform the community about Impact Harrisburg and the resources available to advance the City's recovery and strengthen its tax base.

The Board also received a request from attorneys for PA Media Group to open the Board's meetings to the public. In light of this request, the Board filed an application with Commonwealth Court for a declaratory judgment to determine Impact Harrisburg's status under the Sunshine Act. Several other media outlets have filed actions to intervene in the case. The Coordinator supports the Board's need for transparency in its actions given that its funds were derived from public sources.

In looking ahead to the next quarter, it is anticipated that that the Board and Executive Director will finalize the grant program guidelines and application process and open an application cycle. They anticipate acting on the guidelines at their April 5 meeting. The set aside of these funds from the parking monetization to be used for infrastructure initiatives and incentivizing economic and community development projects is a critical element to strengthening the City's tax base and moving the City's recovery to a point of sustainability for the long term.

### **Harrisburg Supplemental Growth Fund**

The City is also working with Dauphin County and Assured Guaranty Municipal Corporation (AGM) to address the \$10 million commitment from PennDOT that occurred as part of the Transportation Reform legislation passed in late 2013. An Escrow Agreement and the Escrow Disbursement agreement were both executed by all parties in February 2015. The escrow agreement accounts for the use of funds set aside in the Supplemental Harrisburg Growth Fund and their distribution to the Infrastructure, Economic Development and OPEB funds should the City not receive PennDOT funding. AGM and the County selected M&T Bank as the depository for these funds and the Coordinator saw that the \$6.666 million set aside in the Supplemental Harrisburg Growth Fund was transferred to M&T Bank on February 19, 2015 pursuant to the agreement. PennDOT's commitment was to provide \$2 million annually in each of the next five years toward infrastructure repair in addition to existing funding commitments. On May 13, the City received formal approval along with a contract from PennDOT of an initial \$3.19 million grant to undertake street related improvements. After review the City executed the contract and returned it to PennDOT. A meeting was held on October 8 with representatives of AGM, Dauphin County, PennDOT, the City and the Coordinator to discuss next steps with respect to the remaining funds from the \$10 million allocation. Dauphin County and AGM have both expressed concerns over the time it has taken to obtain the PennDOT funding. PennDOT

thus recommended that the City file an application under their Multi-Modal application program for the remaining funds in order to expedite the process moving forward though releases would occur on a project by project basis. The City with assistance from PennDOT filed their application by the December 18 deadline. Pursuant to the Escrow Disbursement Agreement, the City Solicitor provided a Certification to AGM and Dauphin County on December 1, certifying that the City had not obtained an enforceable commitment of at least \$2,000,000. The City has thus far expended approximately \$672,000 for street related work and has submitted a reimbursement request for \$672,000 to PennDOT. Payment is expected in April after which a proportionate amount can be released to AGM/Dauphin County pursuant to the Escrow Agreement. PennDOT currently has all multi-modal applications under review and has indicated that an announcement should occur later this spring.

### **Fiscal Matters**

The City's 2016 General Fund budget of \$60.5 million was enacted by Council on December 15, 2015. Following Council's reorganization in January and the opportunity for the three new Council members to have input on the budget, the final budget was enacted by Council on February 11, 2016. The budget was balanced and generally consistent with the Harrisburg Strong Plan. The budget maintains current taxes at existing levels though it does provide for an increase in the Local Services Tax from \$52/year to \$156/year as authorized by the 2014 amendments to Act 47. New this year was the establishment of the Neighborhood Services Fund. This fund is used to account for the revenues and expenses associated with refuse collection and disposal services as well as Parks and Recreation maintenance services and road repair services, as those are related to the facilitation of refuse collection and disposal services. Its budget for FY 16 is \$16.5 million. In addition, the City has a number of Special Revenue funds including Debt Service, Liquid Fuels, Host Municipality, WHBG, Police Protection, Fire Protection, Blight Remediation, Parks and Recreation, and Special Events and Projects Reimbursement funds. The City's total budget from all sources is \$92.5 million though the vast majority of City operations are accounted for in the General Fund and the new Neighborhood Services Fund.

The Coordinator continues to closely monitor the City's financial position and works with the City's finance office on cash flow related matters. The City's bi-weekly payroll averaged \$862,500 for the quarter even accounting for a \$1 million payroll due to the late January heavy snow storm that resulted in significant overtime. With the disaster declaration for this storm recently issued by the President, the City should be reimbursed for additional payroll, equipment rental and related costs and is encouraged to work with the County's Emergency Management Office in that regard.

The Coordinator reviews City payables on a bi-weekly basis to insure expenditures are consistent with the confirmed Strong Plan. During the quarter, 6 bi-weekly check runs were reviewed, comments provided and approved. Through very close monitoring of the City's cash flow and the diligence by the City's Finance Office, the City has been able to meet payroll and critical creditor obligations through the first quarter as well as maintain a current status (within 60 days or less) for virtually all payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing "necessary and vital services".

The City is now past its cash flow low point and thru their ability to conserve cash early in 2016 was able to make its first quarter check runs without having to draw on the \$4.5 million TRAN from M&T Bank though it was available especially should the Commonwealth payment for public safety have

been further delayed. It's important to note that for each year since the Strong Plan's consummation in December 2013, the City has been able to obtain a TRAN, though it has not had to draw on it. Prior to 2014, the City had been unable to obtain a TRAN. This represents a major step in restoring the City's credibility in the financial marketplace.

Payables on hold through the final months of 2015 averaged in the \$2.5 - \$3 million range primarily due to the state budget situation. Payables on hold after the March 24 check run total only \$1,347,080.00 with vast majority internal and to the City Treasurer for medical related payments. There is an estimated cash balance of \$7,541,608.45 as of late March.

Real Estate Tax notices were sent out in February and along with the receipt of the state's payment for public safety services has greatly improved the City's cash flow.

Through the end of February the City's total General Fund revenues were \$11,251,609 while expenditures were \$5,062,712. The most significant revenue was the receipt of the \$4.5 million state appropriation for public safety services from DCED. An additional \$496,000 payment from DGS was also received in March. These appropriations were included in the FY 15-16 State budget that was partially resolved with the Governor's signing of the budget document on December 29.

The 2016 cash flow summary attached with this report reflects actual revenues and expenditures through February with projections through year-end.

The City also met all of its debt service obligations for the quarter in a timely manner. This included payment of \$4,681,069 on the 1997 Series D and F GO bonds by their March 15 due date; payment of \$297,742.41 on the PA Infrastructure Bank loan; and payment of \$96,534.90 to M&T Bank on the streetlight LED conversion loan. The City is to be commended for fulfilling its debt service payments on a timely basis.

The Coordinator continues to support the work of the City Controller and Finance Office to provide budget vs. actual reports to the Administration and Council. The Coordinator has had periodic discussions with the Controller's office during the quarter to address fiscal related matters including issues related to accounting and purchasing.

The Controller's office continues to monitor compliance with purchase order procedures and recently updated its review of City purchasing procedures through March. The review found continued improvement in the various departments complying with purchasing procedures. When the Controller began its review early last year each individual department, bureau and office was acting as an autonomous purchasing entity operating under its own policies. With the Mayor's support, the long vacant Purchasing Manager position was filled and a commitment made to follow City procedures for purchasing. Instances where individuals purchased goods and services prior to a fully executed purchase order being generated have been greatly reduced and there has been a marked improvement in adherence to related fundamental internal controls. The non-compliance rate dropped from 81% in the first quarter of 2015 to 26% in the second quarter and further dropped to 8% for the last two quarters of 2015. Thru the first quarter of 2016 the non-compliance rate increased to 18%. It's important that all City personnel follow the City's purchasing procedures and obtain purchase orders prior to a purchase to ensure available funding.

Now that the City has been able to bring their audits up to date, they plan to continue to advance the audit calendar. Last year the City's accounting manager led the audit preparation work though Trout Ebersole and Groff assisted on a limited basis by focusing on compensated absences, OPEB and workers compensation matters. As the City continues to build internal capacity it is hoped that the reliance on outside assistance can be totally eliminated. Preliminary work has started on the pre-audit work. The goal for 2016 is to have the 2015 audit completed by mid-summer. The timely completion of audits represents another critical step in the City's recovery.

The City's Audit Committee was established to provide an independent review and oversight of the City's financial reporting processes, internal controls and its annual audit. The Committee is comprised of five voting members, and the Chair of the Budget and Finance Committee. The City's independent auditor now reports directly to the Audit Committee. The Committee meets on a regular basis and continues to be quite active with fiscal management matters. The Coordinator has recommended policies on debt and fund balance to the City's administration and Council and has reviewed these policies with the Committee.

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

### **Operational Issues**

As noted earlier, the first quarter of 2016 was largely dominated by the effort to update the City's recovery plan. That effort allowed the Act 47 Coordinator to revisit and assess the success of prior recovery plan initiatives and identify new initiatives that will contribute toward the City's efforts to sustainably exit Act 47. Those accomplishments and proposed major initiatives are discussed below.

The 2013 Harrisburg Strong Plan included nine major initiatives for the Department of Administration. Many of the initiatives were the responsibility of the Bureau of Financial Management and focused on developing financial policies and procedures and appropriately staffing the financial management function.

Many of these initiatives have been accomplished effectively. The Bureau of Financial Management has successfully implemented quarterly financial reporting, implemented a standard budget development calendar, and established a standard position control system. The Department has conducted a comprehensive review of City purchasing policies and worked with the Office of the Controller to implement improvements to the purchasing process and is more fully discussed in the fiscal section of this report.

The Department has also modified the existing chart of accounts to track grant program funds on an individual basis. Most significantly, the Department of Administration has developed critical staffing capacity in the areas of financial management and IT management. These improvements in internal expertise have resulted in real progress. The Bureau of Financial Management is fully staffed and has caught up on a backlog of prior year audits and built internal expertise to complete annual pre-audit preparation. This advancement will allow the City to remain up-to-date on its annual financial audits.

Though the City has completed a number of important initiatives, there are still significant opportunities in the areas of executive management, financial management, and information technology that deserve attention in the coming months and years and are therefore included in the City's recovery plan update.

A key element of the Strong Plan is building administrative capacity in City government within the resources available. One of the most significant of these initiatives is to fill the position of Business Administrator. The City has been without a Business Administrator position for over two years and, as a result, the Mayor has served as both the chief executive officer and chief administrative officer of the City. The complexity of the City's operational and financial challenges and prospective special projects warrant a dedicated full-time employee. It would provide the Mayor with a qualified and experienced individual who would manage the City's daily activities thus allowing the Mayor the ability to devote more time to external activities including the strengthening of partnerships with the many entities the City interacts with and that can provide resources to advance the City's recovery. Efforts to hire a Business Administrator have been very difficult given the City's limited resources, thus the Act 47 Coordinator and the Department have extended an offer to assist the City by providing funding for a salary supplement for period of three years to help attract a quality candidate.

The City must also continue to develop and adopt comprehensive financial policies. The 2013 Strong Plan called for the development and adoption of comprehensive financial policies. Such policies are looked upon favorably by rating agencies and are another important step in the City regaining credibility in the financial marketplace. Standard & Poors commented on this matter in their statement on the rating for Capital Region Water's recent bond issue. In 2015, the Act 47 Coordinator developed a draft debt policy for prospective review and adoption by the City. This draft has also been reviewed with the City administration and Council. The Chair of Council's Finance Committee has expressed strong interest in advancing this policy. Examples of a Fund Balance policy have also been provided to the City for consideration. The City has also developed and adopted operating budget schedules and processes, processes for the annual closing of books, and a cash flow analysis process. However, there are still policies that warrant development and enactment. With guidance and support from the Act 47 Coordinator, the City must continue to establish formal financial policies.

The City also must develop a comprehensive Capital Improvement Planning (CIP) process. Though Harrisburg has made significant strides in refining and improving its operating budget process, the City has yet to develop a multi-year capital budget and planning process that centrally identifies and prioritizes capital needs in the City. This tool has not been prioritized for development because it has been several years since the City has had access to the financial resources necessary to fund a capital improvement program. This, however, will not always be the case.

Resources provided through the parking monetization to Impact Harrisburg, the non-profit corporation established to administer \$12.3 million in funds available to the City for infrastructure and economic development, along with the completion of the City's comprehensive plan, will serve as a foundation for a capital improvement program. The City has also budgeted funds in 2016 for certain capital expenditures. Further the modification of the City's debt

structure should afford the City the opportunity to regain access to the capital markets over the next several years. Finally, grant funding opportunities at both the state and federal level also provide resources to support capital investment. For example, PennDOT has committed to \$10 million in infrastructure development investment in the City of Harrisburg over the next five years. To that end, it is important to develop the necessary process and planning tools to take advantage of funding opportunities that become available. It is especially important to have a structure in place to centrally and comprehensively evaluate all capital needs and prioritize investment within the strategic priorities of the City. Currently, each department or bureau is responsible for funding capital investment as an element of their operating budget. There is no process in place to segregate and evaluate comprehensive capital investment needs or to plan to address needs beyond the one-year operating budget timeframe. Further, it places Department directors in the difficult position of deciding priorities between ongoing operational needs and capital investment.

The Treasurer's Office went through a transition following the resignation of John Campbell in September 2014 due to charges filed by the Dauphin County District Attorney for theft from the Historic Harrisburg Association and the Stonewall Democrats. Tyrell Spradley was selected by Council to replace Mr. Campbell and assumed office in December 2014. He served the balance of Mr. Campbell's term through 2015 and was elected to a new 4 year term in November 2015. In order to improve the operation of the Treasurer's office and address concerns that had arisen, the City engaged the firm of Alvarez & Marsal to undertake a review of the City's financial operation with a particular emphasis on the Treasurer's Office and its policies, procedures and processes. The review was conducted in late 2015 and the report was issued in February. Although the review did not find any instances of suspicious activity it did identify a number of key findings including:

- A lack of segregation of duties with the Deputy Treasurer performing multiple tasks without necessary checks and balances.
- Lack of timely reconciliation of the City's bank accounts leading to unresolved variances between book balance and bank balance
- No inventory of all City bank accounts
- Adjusting entries are not always recorded in the general ledger by the Finance Bureau
- A culture of the acceptance of errors in accounting and financial matters
- Lack of written policies and procedures in the Treasurer's office

The report further recommended the following:

- Segregate responsibility for the approval and release of wire transfers from their initiation
- Eliminate generic "Wires" bank token
- Move responsibility for account reconciliations from Treasury to another office, possibly the Controller's office
- Bring all account reconciliations up to date and record all prior adjusting entries
- Address all known discrepancies in City books in a timely manner
- Create a master inventory of all City bank accounts/close unnecessary accounts
- Hire a strong Assistant Deputy Treasurer and ensure that person is empowered to act independently
- Create a set of written policies and procedures for all processes in Treasurer's office
- Improve physical security of Treasurer's office

- Address cultural issues related to acceptance and expectation of errors

It is very important that the Treasurer, Controller and Finance offices work together to address the report's findings in an expeditious manner. The Coordinator's team has been asked by the Controller to assist in this process and will provide technical resources to assist in the implementation of the recommendations.

In the 2013 Harrisburg Strong Plan the Law Bureau had a total of three initiatives which have all been completed. The Law Bureau hired outside counsel to assist in labor relations activities and increased the number of staff attorneys from one to three. The Bureau filled the vacancy in the assistant solicitor position in January and is currently recruiting for an additional assistant solicitor position. In addition, the Law Bureau also completed, re-codified, and the City enacted the Code of the City of Harrisburg.

The City utilized outside professional assistance for labor negotiations in 2013 and 2014 to successfully negotiate voluntary contract amendments pursuant to the Strong Plan. The City is tasked with negotiating two collective bargaining agreements in 2016 (FOP and AFSCME) and a third in 2017 (IAFF). It continues to be important for the City to contract for specialized expertise in this area. As such, the proposed recovery plan modifications call for the City to retain experienced public-sector employment labor counsel for its labor relations activities beginning with negotiation of new collective bargaining agreements. The Coordinator has provided references for the City's use and an RFP process is underway with selection of counsel anticipated for April in advance of the start of contract negotiations.

The Department of Public Works (DPW) has undergone considerable change since the passage of the Strong Plan in 2013. The Bureaus of Water and Sewerage, and the responsibilities of those bureaus, have been transferred to Capital Region Water (CRW). This transfer, though necessary, decreased the number of Public Works staff that could be drawn upon to meet the department's maintenance responsibilities.

Staffing availability has been further limited as a result of systematic issues in the sanitation operation. It was recognized that the sanitation system was broken and unsustainable without significant change. Recurring staffing shortages in the sanitation operation have historically forced the department to regularly draw upon street maintenance personnel to effectively perform refuse and recycling routes. As a result, the City has been unable to dedicate sufficient resources to street maintenance operations which has impacted the City's ability to repair transportation infrastructure issues in a timely and proactive way.

However, with Act 47 funding and support from the Act 47 Coordinator, a comprehensive sanitation program evaluation was completed in mid-2015, a number of recommendations were provided and a plan developed to modernize the sanitation operation which built on recommendations from the 2013 Strong Plan. The approach of the study was one of a managed competition through a partnership between the City and the union with the goal of creating an efficient refuse collection system. The report's recommendations focused on obtaining new or refurbished collection vehicles, purchasing and deploying new trash and recycling containers, increasing recycling through educational efforts, enforcing current ordinances and validating all commercial and residential billing information. Significant improvements were made in 2015

including the purchase of a new recycling truck through a DEP Recycling program grant and the purchase of several refurbished front end loaders that allow for the collection of commercial containers. A representative from Barton and Loguidice, as a member of the Act 47 Coordinator's Team, continues to provide implementation support to the City and meets with City leadership on a regular basis to provide consultation services and assist with implementation questions.

The City continues to be able to both increase recycling volume and satisfy the 35,000 ton put or pay requirement with LCSWMA. Even if recycling begins to exceed 30% of the waste stream, the Strong Plan assumed the City could earn some money through recycling of its waste and could use some of the amounts it received in disposal fees, in excess of what was then needed to be paid for disposal, to fund sanitation system improvements. With the deployment of 14,000 new recycling containers in 2015 the City has increased its recycling rate from around 5% to over 20%. With the education and outreach program now underway, and through coordination with the County's recycling office, the City should be able to further increase recycling tonnage while still meeting the required tonnage by monitoring and deterring diversion of municipal solid waste from exempt commercial establishments. The more the City recycles, the less it has to pay from sanitation fees collected for disposal, which is all-in-all, a good thing. It is anticipated that these improvements will help stabilize the refuse and recycling collection operation and improve the overall appearance of the City.

Key to continuing to maximize the tonnage that needs to be disposed of at the incinerator is capturing all of the waste, especially commercial waste, which is generated in the City but not attributed to the City's waste stream through greater enforcement efforts. Although identifying the waste leakage is difficult, the City has taken an aggressive approach with commercial accounts to ensure that all waste generated in the City is taken to the LCSWMA facility and credit given to the City. The Mayor has met with the major haulers and continues to meet with various commercial accounts to facilitate transition of these accounts from private haulers to the City. Negotiations are also underway with the Department of General Services to enter into an updated intergovernmental agreement for sanitation services.

Tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) again exceeded the City's minimum required 35,000 tons in 2015. For all of 2015 the City disposed of 36,636 tons (105%) of the put or pay minimum. Thru the end of February 2016 the City had disposed of 5,184 tons (15%) of the put or pay requirement. At the same time, recycling has increased dramatically.

As part of the 2016 budget the City restructured the sanitation and public works operations through the creation of the Bureau of Neighborhood Services. This restructuring adds staffing resources to the sanitation operation, thereby allowing street maintenance personnel to be fully dedicated to their assigned tasks. The budget also includes funding for additional collection equipment and with the assistance of another DEP Recycling Performance grant the purchase of a vacuum sweeper to assist with leaf collection and street sweeping. The restructuring addresses both operational and financial needs and will enhance the City's ability to provide more efficient sanitation and street related services to its residents. These are positive steps and the progress that has been made in the sanitation operation is to be commended. The City

has also begun an effort to establish a municipal composting site. This effort is being completed in partnership with the school district and with the support of the Act 47 Coordinator's Team.

These have been very positive developments in addressing core responsibilities of City government and are to be commended. However, there are additional steps that must be taken looking into the future to ensure that the City can capitalize on this progress and advance further improvements in the sanitation operation. The proposed 2016 Strong Plan modifications outline many of those initiatives, many of which will require investment from the City. The sanitation reform process will be monitored as the year progresses and further evaluated at the close of 2017 to determine success and viability going forward.

The City continues to address a lawsuit requesting that a declaratory judgment be issued claiming that the City's current commercial refuse rates are unreasonable and unenforceable. The above course of action with respect to commercial refuse is intended to assist in resolving this suit.

The Bureau of Engineering, with Commonwealth enabled funding, has also made significant investments in the City's infrastructure. In 2014, the Pennsylvania Department of Transportation (PennDOT) committed to contributing \$10 million over a five year period toward infrastructure repair funding in the City. This commitment stood in addition to PennDOT's planned repairs and projects on Commonwealth managed roadways and highways in Harrisburg. As of early 2016, the City had been awarded \$3.19 million in funding from PennDOT and has requested reimbursement of approximately \$670,000 for the City's accrued costs related to applicable projects. The City intends to use this reimbursement amount as local match money for future grant applications through PennDOT and other Commonwealth and Federal agencies. This funding will serve to allow the City to make major road repairs in the coming months and years. Following meetings with PennDOT last fall and based on PennDOT's recommendation, in December the City submitted an application under PennDOT's multi-modal program for the balance of the \$10 million. This funding will allow the City to make major road repairs in the coming years. PennDOT has indicated that grant awards are to be issued later this spring.

The Bureau of Engineering is also in the process of updating its traffic signal system and has adopted the practice of updating traffic signal infrastructure when other road projects are being completed. This is a prudent approach to replacing the antiquated traffic signal system. The City used residual funding from the historic artifact sale to meet the matching requirements for PennDOT's "Green Light Go" program to fund the replacement of outdated traffic control system equipment. In addition, the City is currently engaged in a comprehensive street light upgrade program to replace the City's incandescent street lights with Light Emitting Diode (LED) lights. This project, which was funded through an Energy Savings Performance Contract (ESCO), with initial funding from a \$3.2 million loan from M&T Bank and a PennDOT grant, will serve to reduce the City's ongoing utility expenses by approximately \$500,000/year. The M&T loan was the City's first capital borrowing since before it entered the Act 47 program. Though these are noteworthy projects and represent important progress in the City's recovery, there are still significant infrastructure issues to be addressed.

Though the Department has made strides in the area of infrastructure repair, the City will be confronted with significant facility viability issues in the future. The City's lease on the

Department of Public Works garage facility expires in March of 2017 and the City must assess and pursue alternatives well in advance of the lease termination date. The Strong Plan modifications address the need to develop a long range plan for a public works facility. In addition, the City will be confronted with the need to make significant facility related capital improvements in the coming years. Those needs must be professionally assessed and options evaluated so that both daily maintenance plans and capital investment requirements can be appropriately prioritized.

The Department has also made significant improvements in its fleet maintenance operation. It has appointed a full-time fleet manager and has included additional fleet maintenance personnel in the 2016 budget. There are, however, opportunities for the Bureau of Vehicle Management to more proactively take advantage of existing software to improve fleet management, and to implement practical best practices.

The Act 47 Coordinator will continue to work proactively with the City to pursue these initiatives as outlined in the proposed recovery plan modifications.

Effective in 2014, Harrisburg amended its organization structure to create a consolidated Department of Community and Economic Development led by a new position, the Director of Community and Economic Development. The reorganization consolidated the Bureaus of Planning, Business Development, Building and Housing Development, and Parks and Recreation under the direction of one director. In addition, the reorganization created a new Bureau of Arts, Culture and Tourism under the direction of the Director.

The Bureaus that now comprise the Department of Community and Economic Development have made noteworthy progress toward the implementation of key 2013 Strong Plan initiatives.

Beginning in late 2014, the City began the process to update its 30 year old comprehensive plan. With the Court's approval to allocate up to \$75,000 from the funds set aside for economic development in the Harrisburg Growth Fund, the City reinitiated the Comprehensive Plan update process. Council and the Planning Commission took action to move forward with the update in early 2015. An RFP was developed, proposals received and evaluated and a consultant selected. In April, the City awarded the contract to Office of Planning and Architecture (OPA) of Harrisburg to lead the process supported by 5 other firms (K&W Engineers and Consultants, Good Land Collaborative, ARUP Americas, CSPM Group and AB3 Development). Following a contest held to brand the planning process, "BeHBG" was selected as the name for the update process. A "BeHBG" web site established to provide the community with ongoing updates and to allow further community input has resulted in over 500 registered users and generated over 1200 ideas to date in topical areas of transportation, housing, economic development, historic resources and parks and recreation.

The process has included extensive public engagement with numerous stakeholder meetings and community workshops held. Staff also participated in 24 community events in getting the word out about the update, to gather further input on how the City should evolve and develop over the next twenty years and to obtain a sense of the priority of City issues. The consultants have also met with PennDOT to coordinate on transportation issues and Harrisburg Housing Authority representatives to discuss housing issues. A final day long community workshop was held in

December at the Capitol View Commerce Center to summarize the results. At this workshop the entire consulting team presented information gathered to date to about 150 people who attended throughout the day. Three general presentations were made at different times as well as specific presentations on Housing and Transportation. There remains work to be done on the housing section of the Plan and the City is working with OPA and the City's CDBG consultants on this section. The first part of 2016 has focused on the retooling of the document based on the public input received in advance of a presentation to Council. The comprehensive plan will provide land use guidance and strategies for housing and economic development and is expected to be completed by around mid-year. This is a significant accomplishment that will serve to guide the City's strategic investments going forward.

The City and its Redevelopment Authority (HRA) have continued to work closely with PennDOT on a plan to make major improvements to the Harrisburg Transportation Center (HTC). In January PennDOT announced the award of \$15 million to fund a number of needed physical improvements to the Center including new roofs, energy efficient heating and cooling systems and replacement windows. The Center serves as a key anchor for the downtown and a hub for both rail and bus service for the City and region. The HTC and surrounding properties possess great potential for supporting mixed use residential and commercial development designed to maximize access to public transportation and incorporate features encouraging transit ridership. To that point, PennDOT indicated in their grant announcement the intent to make further investments in the Transportation Center and surrounding area of up to \$50 million to strengthen the Center's role as a transportation focal point for the region. Expansion of the HTC's multi-modal transportation services can serve as the foundation for the transit oriented redevelopment of surrounding and underutilized properties including the sizeable former U.S. Postal Service property located at the corner of Market and Cameron Streets, and possibly the former Patriot News Building located on Market Street. There is ultimately the potential for a P3 arrangement for the HTC for future years.

The City has developed and adopted a Local Economic Revitalization Tax Assistance (LERTA) program. LERTA is a tax abatement program designed to incentivize development within Harrisburg by offering tax abatement programs for those individuals and businesses interesting investing in targeted neighborhoods. Priorities of the LERTA program, and the City's LERTA program administrator, will further be informed by the City's updated comprehensive plan. During the quarter the City met with the Harrisburg School District to discuss their participation in the program and is awaiting their action to approve the LERTA program.

As a result of the parking asset sale, approximately \$12.3 million was set aside, under the administration of a non-profit board called Impact Harrisburg, to be used for infrastructure investment and economic development purposes. It is important that the City work closely with the Impact Harrisburg Board, Capital Region Water and the Act 47 Coordinator to develop a list of projects for consideration that meet the intent of the funding and, where possible, leverage other funding resources available at the Commonwealth and Federal level. The City is expected to begin applying for access to these resources later this spring upon the opening of the application period. These funds serve as a valuable opportunity to leverage additional resources toward economic development that will grow the City's tax base and aid in its economic recovery and ultimate exit from Act 47. This is more fully discussed in the Impact Harrisburg section of the Plan.

The Bureau of Planning, which has been heavily involved in the comprehensive planning process, has also made significant strides in increasing the utilization of the City's Geographic Information System (GIS). The City has fully developed internal capacity to manage the GIS and has taken over the responsibility from a contracted third party. In addition, the Bureau has worked cooperatively with Capital Region Water to consolidate and share GIS information that will prove useful to the City planning and operations and maintenance personnel.

The City continues moving forward with the organization of a Land Bank Board, following the enactment of an ordinance to create a Land Bank last summer. The Land Bank will assist the City with its focus on blighted properties and provide the City with the ability to acquire vacant or abandoned properties, improve them and return them to the tax base. The Land Bank Board is scheduled to meet monthly and has issued an RFP for legal services to assist it. The Land Bank will use available resources to facilitate the return of vacant, blighted, abandoned and tax-delinquent properties to productive use, thus combating community deterioration, creating economic growth and stabilizing the housing and job market. This will provide the City with a major tool to tackle blight and assist in growing the City's tax base and furthering its recovery.

The Bureau of Parks and Recreation is responsible for the management of recreation programming at the City's active recreation areas, such as the City's two pools, Reservoir Park, and the City Island beach. Park maintenance is completed by park maintenance staff housed in the Bureau of Neighborhood Services. It is important for recreation programming to be closely coordinated with park maintenance. The Bureau of Park Maintenance and the Bureau of Neighborhood Services have a good working relationship and coordinate with each other well but there are opportunities to build upon this relationship. To that end it will be important to define clear expectations of service and workload standards for the park maintenance function. Identifying these standards clearly establishes a standard and provides a metric that the Bureau of Parks and Recreation can use to evaluate park maintenance service alternatives.

City Island is a significant asset for not only the City but also the region. It offers many opportunities that can support the City's economic development plans though without a thoughtful strategy the Island's full potential will not be achieved. The City has undertaken a more comprehensive view of City Island and continues its efforts to try to determine its best use as a regional asset. The City participated in a charrette undertaken by the Urban Land Institute (ULI) that provided both short-term and long-term recommendations. Key recommendations included developing a master plan for the Island and centralizing management for island related activities. Other priorities though have limited further pursuit of these recommendations. There are also issues related to permits and prior grants the City received under the Federal Land and Water Conservation Program (LWCP) for work on City Island including the stadium area. The Department of Conservation and Natural Resources (DCNR) is the administrator for these grants and close coordination with them is needed to resolve outstanding issues. There remain numerous City Island issues that are yet to be fully addressed including parking issues, DCNR related matters and the Senator's park permit. The Strong Plan modifications address moving forward with the development of a long term plan for the Island that addresses these issues and enhances the Island's role in the City's recovery.

In addition, the 2016 budget provides for a full-time position to manage the City's extensive festivals and special events. These festivals and special events are important community development and economic development tools for the City and need this type of focus.

In the 2013 Harrisburg Strong Plan, the Bureau of Fire had a total of 13 initiatives that were the direct responsibility of the Bureau of Fire. The Bureau has made significant progress toward implementing many of those initiatives. Notably, through collective bargaining negotiations, the Department has been able to close one fire station and adjust its company staffing level to 14 firefighter/lieutenants and one command officer per shift, which has in turn allowed the Bureau to significantly reduce its overtime expenses. This has added significant value from both a public safety and firefighter safety and response perspective.

The Bureau has also worked to cover the cost of providing special services provided outside the course of normal firefighting services. City Council adopted an ordinance increasing emergency response and vehicle extrication fees and the City is now aggressively billing insurance companies accordingly. City Council also approved increased fire alarm fees that more accurately reflect the cost of providing services, though additional adjustments to the false fee structure are warranted.

The Bureau, with the cooperation of the IAFF, has also converted an Administrative Assistant position to a civilian position. In addition, the Bureau has created a formal Safety Committee review of each work-related injury, as well as observed safety issues, so that effective action can be taken to reduce the incidence of injury going forward.

There are however additional initiatives and opportunities that should be pursued by the Bureau in the coming years. The most significant initiative with the potential to both enhance service levels and revenue relates to regional fire service delivery. With changes to the deployment model and the addition of personnel to the Bureau of Fire, staffing and deployment has stabilized in the Bureau. The Bureau provides a high level of service to residents, businesses and visitors, and maintains a complement of highly trained firefighters and command staff.

Given the level of service provided by the Bureau, and the Bureau's proximity to other boroughs and township's, there are opportunities to develop regional partnerships or contracting models whereby Harrisburg could provide fire suppression, special rescue, and fire prevention services to neighboring communities. This is especially true given the loss of volunteers across the Commonwealth. Such initiatives have the potential to serve improve fire service in neighboring communities while also providing a revenue source for the City.

The Fire Bureau has begun evaluating these opportunities. However, a full evaluation of options available will require detailed deployment and staffing analysis, cost estimates, and extensive conversations with neighboring communities and their elected officials. In moving forward the City should seek to partner with Dauphin County and the Act 47 Coordinator to conduct a fire regionalization and service sharing study to identify and prioritize opportunities.

The Bureau of Police has made strides in implementing many of the initiatives provided for in the 2013 Strong Plan. The Bureau has consolidated the use of specialized units in the Bureau in favor of assigning additional personnel to the patrol function. It has reduced civilian staffing in the parking

enforcement function as a result of the monetization of parking assets to Standard Parking. In addition, the Bureau has decreased the number of captain positions from three to two.

However, the most pressing issue confronting the Bureau is staffing shortages and the lack of sufficient resources to both hire new officers and outfit those officers with reliable and functioning equipment. To that end, it is appropriate to evaluate what steps can be taken to increase the availability of officers within the Bureau and to prioritize the funding of equipment deemed necessary and critical to effective public safety.

The most significant operational and financial challenge confronting the Bureau of Police relates to sworn staffing, especially in the Uniformed Patrol Division, which is the largest sworn police function. According to interviews with the senior executive officers of the Bureau, the Uniformed Patrol Division targets a daily shift staffing goal of 15 patrol officers per shift to meet its calls for service demand and adequately engage in the proactive policing activities, such as foot and bicycle patrols. This is based on Bureau's existing patrol beat and response structure. Though the target for the daily shift staffing is 15 patrol officers, the Department maintains a minimum required staffing level of 10 officers per shift. If staffing falls below the 10 officer minimum, officers are called in on overtime to meet minimum staffing targets. According to Bureau estimates, each of the platoons requires a target staffing of 25 officers in order to consistently meet the patrol officer staffing goal of 15 officers per shift; the current budgeted patrol officer staffing level per platoon is 21 patrol officers. According to the Department's staffing estimates, an additional 12 patrol officers are required to meet the shift target staffing level.

In late 2015, the City received word that it had been awarded a Department of Justice COPS grant for over \$550,000 to fund the salaries for five patrol officer positions through 2016 and 2017. These officers will be devoted to community policing. Recruitment efforts are underway with the intent to have the officers enrolled in the Police Academy's July class. The City must maintain funding for these positions through 2018. Though this will help the Bureau maintain staffing levels in the face of naturally occurring attrition, it will not resolve the staffing shortfall discussed above. Further, it is not clear that sufficient financial resources will be available to the City in the coming five years to fund significant increases in patrol staffing.

To address the staffing situation, it is appropriate to evaluate if other deployment schedules are available to enable the Bureau to more effectively, or more efficiently, deploy its limited staffing resources. Police officers who are assigned to uniformed patrol perform steady tours of either 7:00 a.m. to 3:00 p.m.; 3:00 p.m. to 11:00 p.m.; or 11:00 p.m. to 7:00 a.m., with steady days off. Although a steady tour schedule provides a welcome measure of regularity for the workforce, there are a number of other schedule alternatives that can be evaluated to determine if deployment and schedule changes can mitigate the impact of staffing shortages. For example, implementation of 12 hour schedule deployment models has demonstrated value in decreasing the incidence of unexpected time off, which impacts staffing availability and potentially overtime usage.

Effective scheduling requires analysis of operational and financial efficiencies, the unique needs of the Bureau and the community, and the impact of the schedule on the agency's employees. There are literally dozens of possible alternatives, and the evaluation of those alternatives must be made to ensure they result in a more efficient use of resources that will enhance police service without creating undue stress on the members of the Police Bureau. Therefore, before a new duty schedule is

implemented, an in-depth study should be conducted to ensure that the nuances of the Bureau are explored and addressed. The Chief of Police, representative(s) of the Fraternal Order of Police, and the Act 47 Coordinator shall work to implement this initiative and make a final determination on a new schedule that meets the operational needs of the Bureau, enhances efficiency and reduces expense to the greatest degree possible.

Similar to the Bureau of Fire, there are opportunities in the policing area to promote regional efforts that can enhance service and potentially generate revenue or reduce expenses. In 2015, Dauphin County and the District Attorney's Office, with support from the Act 47 program, contracted with the Police Executive Research Forum (PERF) to assess opportunities for regional police initiatives in the County. The City's Bureau of Police, as the largest police department in the County, was included as an important participant in that assessment. Harrisburg's Police Chief and the City's FOP representative participated as members of the study Task Force. The final report with recommendations for service and cost sharing was completed in late 2015. The report identified opportunities for Harrisburg's Bureau of Police to engage in cooperative efforts that may enhance service and potentially reduce expenses. It is recommended that the City aggressively and proactively pursue those opportunities as this intergovernmental initiative is consistent with the Strong Plan's goals and could open the door to even greater cooperative ventures in the future.

Prior to, and since the City's entrance into the Act 47 program, the City has engaged in collaborative work with a variety of intergovernmental agencies. For example, the City produces and distributes property tax bills on behalf of the School District and also collects the payments. They perform a similar function for the shared Business Privilege/Mercantile Tax.

The City and Dauphin County collaborate in the provision of public safety services. The Harrisburg Police Bureau participates in the Dauphin County Special Weapons and Tactics Team (SWAT) and works closely with the Dauphin County District Attorney's Office in criminal investigations. Since June 2011, the Dauphin County Communication Center has provided 911 and dispatch operations for the Harrisburg, at no charge to the City.

Dauphin County, through its Department of Community and Economic Development, directly assists businesses and municipalities within the County in undertaking economic development projects. The Dauphin County Economic Development Corporation, a non-profit development entity, has partnered with the City in ongoing efforts to retain and grow existing businesses as well as attract new ones through business resource networks and calling programs.

Following a Strong Plan recommendation, the City became a member of the Capital Region Council of Governments (CRCOG) in 2014. CRCOG is a voluntary association of 40 member boroughs and townships from Cumberland, Dauphin, Perry and York Counties, formed to promote intergovernmental communication and cooperation. It offers a joint purchasing program and an auction for surplus property and equipment. Participation in the COG has resulted in cost savings for various commodities and services including last fall the contract for street line painting. The City is also a member of the Dauphin County Tax Collection Committee which administers the collection of the Earned Income Tax for all municipalities and school districts in the County through their appointed collector, Keystone Municipal Services. In November the City entered into a contract with Keystone Municipal Service for the collection of

the Local Services Tax in order to have a more efficient collection operation for its employment based taxes.

While there are specific instances of cooperation between and among the City, the Commonwealth, Dauphin County, the Harrisburg School District and other neighboring municipalities, aside from Capital Region COG, there is no mechanism or body that facilitates discussion of issues of mutual interest or concern. It is therefore important for the City to take a proactive role in pursuing intergovernmental cooperation opportunities. The Strong Plan modifications include a number of initiatives relating to intergovernmental relations and cooperation. In the area of public safety, there are two major opportunities going forward. The first opportunity relates to the recommendations from the recently completed regional policing study discussed above. The study, funded partially by the Act 47 program, identifies multiple opportunities for intergovernmental service sharing and cooperation in the policing area. It will be important for the City to pursue those opportunities to determine where costs savings and/or service improvements can be achieved.

The second public safety opportunity relates to fire service. As staffing in the Bureau of Fire has stabilized, and volunteer firefighter availability in surrounding communities declines, the City may be in a position to offer fire service to its neighbors. The deployment approach, service impact, and financial implications of such opportunities must be fully vetted though it potentially serves as an opportunity to enhance service levels and secure valuable revenue for the City, while enhancing fire service quality in neighboring communities. These opportunities should be aggressively pursued as part of the City's recovery effort.

The City must also work closely and cooperatively with Dauphin County and the Commonwealth on infrastructure and economic development initiatives as well as ongoing contributions towards public safety related services. PENNDOT has committed to contribute significant resources to the City for infrastructure repair and development that will be critical in fostering the City's economic recovery. The cooperative relationship that exists between the City and PENNDOT should be maintained. Likewise, the City has worked closely with the Department of General Services on police, parking and sanitation services that provide win-win opportunities for both. The City and the County are also important partners in the region's economic development and, equally important, in the delivery of services to City and county residents. These efforts, and others, should be aggressively pursued to strengthen the City's recovery and support its sustainable exit from Act 47.

### **Collective Bargaining**

The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 ("FOP"), the American Federation of State County and Municipal Employees District Council 90, Local 521 ("AFSCME"), and the International Association of Firefighters, Local No. 428 ("IAFF"). Each of the City's three unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the Strong Plan in August 2013. The amendments to the prior collective bargaining agreements for the bargaining units, as well as those initiatives for non-union City employees, have been implemented, and cost reductions resulting from these changes continue to be monitored. Although the formal Amendment documents setting forth the revised contract language have been finalized and agreed to by AFSCME and the FOP, an amendment document for the IAFF was never

completed. The City prepared a formal Amendment document setting forth the changes in the Tentative Agreement document – which was formally ratified by both the IAFF and the City and provided it to the IAFF for execution – however, the IAFF never responded to this formal Amendment document. The Coordinator will continue to insure implementation of the negotiated changes and to assist as may be necessary with respect to any issues and grievances that arise relating to those changes or to any of the Plan initiatives.

In the Modifications to the Strong Plan currently before the City for action, the Coordinator established new compensation allocations for the FOP, AFSCME, and IAFF units that are consistent with significant amendments which were made to Act 47, commonly referred to as the Act 133 Amendments of 2012 (“Act 133 Amendments”). As amended, Act 47 now requires the Coordinator to project revenues and expenditures for the current and next three fiscal years, and develop a capped amount for each city bargaining unit to be available for total compensation and benefits for employees in that unit. For that reason, and unlike the predecessor Strong Plan, this Plan separates the costs related to each of the City’s collective bargaining units included in the overall cost projections in the Plan so that each bargaining unit can have an active role in collectively bargaining for those terms of compensation that are most important to the employees in such unit.

Because the Modifications to the Strong Plan include a capped amount for each unit, it is strongly advisable that the City adopts the Plan prior to the start of collective bargaining negotiations for successor agreements. Although the CBA with the IAFF is not set to expire until December 31, 2017, the CBAs with the FOP and AFSCME expire on December 31, 2016. As a practical matter, it is strongly advisable that the City be prepared to begin negotiations with the FOP and AFSCME prior to June 30, 2016. Negotiations for successor agreements with each of the unions will be the first time since the City entered into Act 47 that the unions are obligated to negotiate all terms with the City and that the City has the right to renegotiate employment terms with the unions.

There is a pending class action grievance filed by the IAFF on behalf of the Harrisburg Bureau of Fire members who entered the Fire Academy in March 2014 and began receiving pay from the City at that time. In the grievance, it is alleged that this class of individuals is not being afforded the proper benefits in accordance with the former iteration of the CBA (pre-April 2014 amendments). It is the Coordinator's understanding that City employees in cadet status, whether attending the Fire Academy or Police Academy, are not members of the respective bureaus/bargaining units until they graduate and are sworn into service by the Mayor. Accordingly, they are not afforded the benefits of collective bargaining until such time and are, likewise, not obligated to pay dues or participate in any other bargaining unit activities. It is the Coordinator's further understanding that the City and IAFF were both aware at the time of the amendments that fire cadets enrolled in the Fire Academy at the time of the amendments would join the bargaining unit upon being sworn in by the Mayor pursuant to the terms of the amended agreement. An arbitration of that grievance has been scheduled for April 29, 2016. While the Coordinator is hopeful that there will be a favorable decision, an adverse decision will create further restraints on the maximum expenditures available for the IAFF unit.

On January 12, 2016, the FOP filed a grievance against the City after the police chief would not allow officers to perform off-duty work at the Great American Outdoor Show. As of this writing, this dispute is still pending. The Coordinator will provide a further update when more information becomes available.

Fire overtime had been a continuing issue for the City and was constantly exceeding budget; however, with the new fire contract approved in April 2014, the closing of a fire station and the addition of a new complement of firefighters in July 2014; the City has been able to significantly reduce its overtime expense. The City's Fire Chief has used these tools and through prudent personnel management has contributed greatly to cost containment in the Fire budget. Total overtime (inclusive of premium pay) for the first quarter of 2014 was \$727,432 or 64% of salary while for the balance of 2014 total overtime was \$1,100,943 or 32.5% of salary, half of what it had been averaging prior to the new contract. For the year overtime (inclusive of premium pay) was 40.5% of salary and 91% of the \$2 million overtime budget. Positive trends continued in 2015 with overtime (inclusive of premium pay) at 94% of budget and 24% of salaries. Although there is only data for the first two months of 2016, the positive trend of reduced overtime and the ability to stay within budget continues. Through February overtime (inclusive of premium pay) was \$174,608 or 24% of normal salary and 17% of the \$1,015,000 budget which is \$210,000 less than the 2015 budget. This pattern of reduced overtime has had a positive impact on City finances and is anticipated to continue throughout 2016.

### **Asset Monetization Matters**

This section of the report provides an updated summary of progress made with respect to:

- Long-term capital lease of Harrisburg's parking assets from the City and the Harrisburg Parking Authority (HPA) to the Pennsylvania Economic Development Financing Authority (PEDFA),
- The sale of the incinerator from The Harrisburg Authority, now Capital Region Water (CRW) to the Lancaster County Solid Waste Management Authority (LCSWMA),
- Activities related to the "Verizon Bonds",
- Activities related to the transfer of the water and sewer operation from the City to CRW.

After consummation of the Strong Plan in December 2013, the City is no longer a guarantor of debt service payable by either the Lancaster County Solid Waste Management Authority (LCSWMA) on the Resource Recovery Facility or the Pennsylvania Economic Development Financing Authority (PEDFA) for the parking system. The Strong Plan focused not merely on a restructuring of City liabilities, but the elimination of the vast majority of the City's debt and other obligations (see chart attached). The exceptions were the City's General Obligation Bonds and the so-called "Verizon Bonds." The former were restructured as part of the Plan's consummation and the latter were restructured in January 2015 as part of the Settlement Agreement on the Verizon Tower.

The parking monetization was the cornerstone of the City's recovery plan. The choice faced by the Office of the Receiver was whether to sell the system to a private equity firm or hedge fund, or to put in place a monetization structure that maintained ownership of the assets in Harrisburg, and aligned the incentives of the parties so that the better the system performed, the more the City would benefit. The latter was chosen and therefore it is important that the City do everything in its power to improve revenues and support the parking system.

The proceeds of the parking monetization that became available in December 2013 were allocated to the "Acquisition Price" used by the HPA and City as follows:

1. Repay balance of negotiated settlement with Resource Recovery Facility creditors (\$128 million).
2. Pay debt service on GO Bonds for first time since 9/15/11 (\$6 million).
3. Repay all of the Harrisburg Parking Authority's debt (\$99.8 million).

4. Pay \$36 million to the City of Harrisburg to be used to:
  - a. Reduce payables,
  - b. Create an OPEB Irrevocable Trust and fund an initial deposit,
  - c. Fund deposit to Impact Harrisburg,
  - d. Fund a budgetary reserve to get through first three months of year,
  - e. Repay Pennsylvania Investment Bank, and
  - f. Repay agreed upon amounts to equipment lender.

### **Harrisburg Parking**

With Plan consummation, the parking assets are now under the auspices of the PEDFA. They have engaged the Capital Region Economic Development Corporation (CREDC) as their agent to oversee the operation and management of the parking operation. PK Harris/Trimont Real Estate Advisors is responsible for managing the parking assets and Standard Parking Corporation/SP+ is managing day to day operations. PEDFA awarded a contract to CDM Smith last fall to review certain financial elements of the Park Harrisburg System, given the failure to satisfy the 125% rate covenant under the bond indenture. PEDFA in consultation with the bond guarantors determined that a review of the operational issues to provide recommendations aimed at improving the system's operations and financial performance would be undertaken. CDM Smith began the review in September and issued its report at PEDFA's October 21 meeting. Key comments and recommendations were:

#### **SP+**

- *It is the opinion of CDM Smith that a much smoother handover from HPA to SP+ could have taken place, including temporarily hiring former HPA employees. Hence, we believe that SP+ management should have better planned for the transition from HPA to their firm. This transition also should have included more support from SP+ managers outside Harrisburg.*
- *It would have been difficult to completely mobilize because the transfer date was uncertain. Devoting resources in a standby capacity during the holiday season would have been difficult. Further complicating the transition period from HPA to SP+ was the company's recent merger between Standard Parking and Central Parking becoming SP+.*
- *PK Harris also expressed concern with the on street parking enforcement equipment's inability to allow a 5 minute grace period on parking meter violations. According to SP+, it is a technology issue, and the vendor had not provided a solution. A 5 minute grace period would engender some goodwill with downtown Harrisburg parkers. (The grace period has now been implemented)*

### **Results of Operation**

#### **Results for 2014**

Parking tax collections that are deposited into the general fund of the City and used to provide vital and necessary government services were projected to increase by more than \$1.4 million per year due to the parking transaction. In 2014 and 2015, the City indeed enjoyed such increases. Parking tax increases are projected to increase by another \$600,000 per year commencing in 2016.

In addition, the amount the City had collected from meter fines (\$.88 m in 2013) was replaced with payments by PEDFA under the Indenture waterfall and was similarly expected to increase by material amounts. Below is the year over year comparison based upon reported results which indicates that

as a direct result of the parking transaction with PEDFA total parking revenues to the City of Harrisburg increased by approximately: i) \$3 million in 2014 as compared to 2013, and ii) approximately \$2.3 m in 2015 as compared to 2013.

**Parking - Table I**

Group	Account Description	2012	2013	2014	2015	Change	
						\$	%
Parking Taxes	MBP PARKING TAXES CURRENT	1,507,727	1,613,906	3,100,722	3,289,446	1,781,720	118.2
Parking Taxes	MBP PARKING FEE	13,513	13,271	16,721	11,573	-1,940	-14.4
Parking Fees	PARKING LICENSE FEE-PRIOR	784	476	3,266	2,131	1,347	171.8
Parking Fees	PARKING LICENSE FEE-PENAL	2,298	668	3,477	2,007	-291	-12.7
Parking Fees	TOWING FEES	27,775	24,954	28,360	21,665	-6,110	-22.0
Parking Fees	METER BAG RENTAL	171,576	149,706	62,834	21,504	-150,072	-87.5
Parking Fees	FINE AND COSTS	91,092	72,919	72,570	49,535	-41,557	-45.6
Parking Fees	BOOTING FEES	16,200	1,925	14,595	8,850	-7,350	-45.4
Parking Tickets	PARK TICKETS-VIO FINE	1,093,142	880,585	1,887,962	1,100,593	7,451	0.7
Priority Parking Distribution	PRIORITY PARKING DISTR.	0	0	587,286	527,900	527,900	100.0
Rental Income	HPA RENTAL INCOME	24,267	0	20,800	0	-24,267	-100.0
Hbg Prk Auth Coord Pkg	HBG PRK AUTH COORD PKG	250,000	0	0	0	-250,000	-100.0
	<b>Total Parking Revenue</b>	<b>3,198,374</b>	<b>2,758,410</b>	<b>5,798,592</b>	<b>5,035,205</b>	<b>1,836,831</b>	<b>57.4</b>

While 2015 parking revenues declined as compared to 2014, the increases in general fund revenues resulting from the parking transaction have been instrumental in the City's recovery. This increased revenue stream, coupled with continuing fiscal restraint by City management and the decrease in debt service expenses that resulted from implementation of the Strong Plan have enabled the City to adopt and manage balanced budgets.

The table below illustrates the benefits sought to be conferred on the City by the parking transaction as included in the Court confirmed Strong Plan versus the 2014 and 2015 actual results and 2016 budget. In 2014, the benefits exceeded projections contained in the Strong Plan, and it appears that in 2016, the benefits of the parking monetization will meet or exceed projections in the Strong Plan. As can be seen, 2015 revenues from parking were more than \$1 million short of projections; however the City monitored this situation as the year progressed and did a good job managing expenses in light of the performance of the parking system.

Amounts built into Addendum 1 of Strong Plan (\$ millions)					
	2014	2015	2016		
Line 1	\$ 1.10	\$ 1.10	\$ 1.10	Baseline Tickets and Fines	
Line 1	\$ 3.20	\$ 3.20	\$ 3.20	Parking Taxes/ 20% of off-street; includes ≈\$1.4 m per year increase	
Line 4	\$ 0.40	\$ 0.40	\$ 0.40	Priority payments under waterfall of Indenture	
Line 5	\$ 0.50	\$ 1.00	\$ 1.50	Priority payments under waterfall of Indenture	
TOTAL	<u>\$ 5.20</u>	<u>\$ 5.70</u>	<u>\$ 6.20</u>		
Strong Plan vs. Actual/Updated Projection (\$ millions)					
	2014	2015	2016		
Strong Plan	\$ 5.20	\$ 5.70	\$ 6.20		
Actual/Projected	<u>\$ 5.62</u>	<u>\$ 4.66</u>	<u>\$ 6.39</u>		
Difference	<u>\$ 0.42</u>	<u>\$ (1.04)</u>	<u>\$ 0.19</u>		
Notes:					
2014 Actual is based upon City financial statements; includes \$.521 M in parking fines outside of Competing Parking Area; \$2 M from PEDFA and \$3.1 M of taxes.					
2015 is based upon City financial statements; assumes \$.463 M in parking fines outside of Competing Parking Area; \$1 M from PEDFA and \$3.2 M of taxes.					
2016 is based upon City budget; assumes \$.47 M in parking fines outside of Competing Parking Area; \$2.12 M from PEDFA and \$3.8 M of taxes.					
Amount allocable to 2015 may be increased upon receipt of amounts owed with respect to 2015 parking.					

### SP+ - 2014 Audit

The audit of SP+ 2014 accounting is in its final stages. Completion has taken longer than expected due to the review associated with the SP+ overpayment and general review associated with the first audit of the system. The initial review has found overpayments that occurred to the City, Trimont and SP+ in 2014 and is estimated at approximately \$800,000. The actual amount will be determined by the final audit and will be factored into a repayment plan in 2016.

### 2015 Results

Park Harrisburg presented their year-end results for 2015 to the Parking Advisory Board at its February 22 meeting. A summary of the results follows.

- Transient revenue ran under budget by \$360K though that amount was more than offset by higher meter revenues that exceeded budget by \$764K. Meter rates are lower for some time periods than Transient rates which has some effect on those revenues.
- Monthly contract revenues including the DGS Vehicle Lease were slightly below budget (\$26,000) primarily due to the Commonwealth budget situation that has resulted in some delayed payments. These delayed payments in 2015 will inure to the benefit of the system in 2016. Approximately 220 new occupants of the Commonwealth/Verizon

building have drawn parking passes and generated additional revenue for the project in 2015. When the Verizon Tower is fully occupied by May 2016 approximately 500 additional spaces will be occupied.

- Fines and penalty revenues were well below budget (\$1.5M) primarily due to low collection of tickets issued in 2014. The Coordinator has facilitated interaction between Trimont/SP+ and AOPC in order to initiate a booting program which is expected to be implemented in later this spring. This should assist with parkers who disregard tickets issued, however expectations as to revenues from fines and penalties have been lowered in the 2016 budget.
- Operating Expenses came in near budget for 2015.
- Payments of \$1,164,827 were made to the City/HPA as Subordinated Expense in 2015.

### Results for 2016

- The 2016 Operating and Capital Budgets were approved by PEDFA at its December 21 meeting. Rate increases were generally held to rates stipulated in the project documents or existing rates except for Transient Rates which were increased slightly to meet the Rate Covenant (i.e. 1.25x coverage on Class A, B and C bond debt payments for 2016).
- Revenues actually received by the City in the first quarter of 2016 from waterfall payments are significantly more than received in 2014 and 2015 as shown below. As a result of the Commonwealth's DGS Vehicle Lease adding over 750 additional spaces, and increases in parking rates under that lease, the City is expected to enjoy its best year yet from a revenue standpoint as a result of the parking monetization.
- As this report was being finalized Trimont notified the City that the April waterfall payment was the highest month yet with \$360,618 paid.
- Trimont has stated that the City's payments will be made consistent with the schedules in the Asset Transfer Agreement until such time as all parties agree to any changes.

#### Payments from Parking Waterfall to City and HPA

	January	February	March	Total
2016	\$ 63,064.71	\$ 152,859.96	\$ 295,203.79	\$ 511,128.46
2015	\$ 158,702.33	\$ -	\$ -	\$ 158,702.33
2014	0	0	0	0

### **Enforcement Revenues - Lower than Projected.**

Fines and penalty revenues were well below budget in 2015 due to the actions needed to initiate the collection process, the large number of outstanding tickets and the difficulty in obtaining adequate responses from alleged offenders in order to move the tickets through the adjudicatory process. The Coordinator and Trimont/SP+ were engaged with the County Court system and Administrative Office of the Pennsylvania Courts for much of 2015 in an effort to address this problem.

- Meetings between the parties involved in the parking fine collection process has improved communication and resulted in the flow of information on a regular basis to monitor the collection process. This information is currently being reviewed by the

Coordinator and Trimont/SP+ in an effort to determine the revenue that can be anticipated on a regular basis. Based on information provided by the Court for 2015, 20,660 cases were filed; total fines assessed were \$1,017,279; and total collections were \$723,041 for a 71% collection rate. Through February 2016 1,801 cases were filed; total fines assessed were \$43,530 and collections were \$31,350 for a 72% collection rate.

- Annual enforcement revenue generated from fines and penalties is expected to range from a low of \$1.5 million to a high of \$1.9 million once the system settles down and everything is working smoothly.

### **Improvements to the Parking System**

Many enhancements have occurred to the system since the monetization. Over \$9 million was set aside for improvements to on-street and off-street parking facilities and technology and is being invested in the system. The capital budget for 2016 is \$2.7 million.

Parking meter stations that accept credit cards, allow for pay-by-phone and add time by phone have greatly improved parking meter operations. New technology has been installed in all 9 garages with automated garage entrance and exit installations completed by the end of 2015. With the new garage technology, additional parking programs and improvements should become available to workers, merchants and residents thus providing additional benefits to system users. This technology will also allow for further analysis of parking patterns, thus allowing additional enhancements to occur.

During 2015 the following actions occurred with the parking system.

- Reduced meter rates from 5 p.m. - 7 p.m. weekdays and a 4-hour free parking period on Saturdays through a subsidy of up to \$285,000 provided by the City. Through November none of the subsidy has had to be drawn upon.
- An Ambassador Program is being provided by the on-street enforcement employees.
- Free parking is available at Walnut Street Garage for those contesting tickets.
- Reduced rates to park at River Street garage during lunch hours, weekdays and weekends is in place.
- Enhanced night-time visibility on the meters to assist with inputting license information.
- Five minute grace period at all meters.

New energy efficient lighting will be installed in 2016 which will increase visibility and enhance safety. Various other safety improvement measures will also be undertaken during the year. Additional enhancements to the system for 2016 include the use of loading zone spaces for short term free parking to allow for the drop off and pick up of items at commercial establishments along 2<sup>nd</sup> Street. Consideration is also being given to additional residential parking programs.

A Parking Advisory committee chaired by PK Harris/Trimont Real Estate Advisors, the Asset Manager, and comprised of representatives from CREDC (as PEDFA's representative); SP +, the Operator; HPA; the Mayor; City Council; Department of General Services (DGS); AGM; and the County was established early in 2014 and continues to meet on a periodic basis to keep stakeholders informed on the system's operation. Although it has no decision-making authority, the Advisory Committee serves 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 system. The Advisory Committee held its most recent meetings on February 22 and 23.

### **Resource Recovery Facility**

#### **Results for 2014 - 2016**

The Lancaster County Solid Waste Management Authority (LCSWMA) has been operating the resource recovery facility since December 2013. Tonnage from the City, delivered to the Susquehanna Resource Management Complex (SRMC) exceeded the City's minimum required 35,000 tons in 2014 and again in 2015. For 2015 the City disposed of 36,636 tons (105%) of the put or pay minimum. Thru the end of February 2016 the City had disposed of 5,184 tons (15%) of the put or pay requirement. At the same time, recycling increased dramatically. The more the City recycles, the less the City has to pay from sanitation fees collected for disposal. In the event the Department of Environmental Protection provides grant money to defray a portion of the City's Recycling Coordinator salary, the City should seek to take advantage of any such reimbursement. The City also received an annual Host Fee from SRMC of \$299,277 for 2015, slightly exceeding the estimated \$285,000 per year. Tipping fees, which were reduced in 2014, have not been increased for 2016 all as agreed to with LCSWMA.

The City can increase recycling further through continued focus on techniques that are tried and true in the County. The deployment of new recycling containers in 2015 and continued educational efforts have furthered the increase. The Coordinator believes that the City should be able to continue to increase recycling volume and exceed the required tonnage specified in the put or pay agreement by continuing to monitor and deter diversion of municipal solid waste from large commercial establishments historically permitted to be treated as exempt. Under the 2013 Strong Plan, the additional dollar amounts in the Sanitation Fund that were being collected at the time provided significant cushion against recycling exceeding 30 – 35% of the waste stream emanating from the City, and tonnage declining below the 35,000 ton minimum. Without taking into account the value of (or the amount paid to the City for recyclables), the reduced cost of disposal coupled with the cushion, would be more than sufficient to protect the general fund from costs under the put or pay. The City should be careful not to reprogram all of this cushion to operations in the Neighborhood Services Bureau, or it may find itself increasing the risk that the Neighborhood Services Fund may need to generate additional revenue if the put or pay is not otherwise satisfied.

### **Sanitation**

In 2014, Barton & Loguidice was retained by the Coordinator to conduct a study of the sanitation collection system in the City. They concluded that the system was *broken and unsustainable*. The choice facing the City was to build or to buy an integrated waste management program.

The report suggested numerous changes and significant improvements and capital expenditures that would be necessary to fix the current state of affairs. The report recommended:

- g. Prioritize initial improvements that are most critical to changing the system*
- h. Make these changes, and allow a trial period of at least 12 months, to demonstrate the capability of the City to make changes, and to demonstrate the success of the initial changes and improvements to the system*
- i. Perform an evaluation of specific and measurable changes to the system*

- j. *If initial success can be demonstrated, initiate additional changes/improvements in a similar manner to achieve the greater goals identified within this report*
- k. *If these initial changes do not result in measurable and observable system improvements, then acknowledge this and move on to a private bid process to procure waste and recycling collection system services, and identify residual services that will need to continue as a City responsibility"*

The 2016 budget dedicates significant sums for improvements to the system including equipment and additional staffing. The Coordinator recommends that the City proceed cautiously in staffing decisions and pay heed to the recommendations in the report – to undertake a trial period, evaluate the results and determine whether there are specific and measureable changes and improvements. If the initial changes do not result in measurable and observable system improvement, “then acknowledge this and move on to a private bid process to procure waste and recycling collection system services...” The Sanitation Department should be given an opportunity to bid for the services. In evaluating whether the current effort is cost effective (that is, whether the increases in expenditure will be offset by revenue increases), the City should make sure it includes the salaries resulting from new hires, as well as associated health care and pension costs. Finally, the Coordinator encourages the City to develop a Capital Improvement Plan as called for in the Strong Plan for City-wide needs and prioritize capital expenditures between sanitation and other pressing needs.

### **The “Verizon Bond Problem” has been addressed.**

The “Verizon Bond Problem” is described in greater detail in the Strong Plan, and originated from the fact that the so-called Verizon Bonds were issued as long term, capital appreciation bonds in 1998 to fill a budget shortfall of the City at the time. Bond proceeds were received and spent by the City nearly 20 years ago, and now tax dollars were slated to pay back the debt.

The assumption had been that Verizon or someone would be tenant in the building paying sufficient rent to service approximately \$41.6 million of debt service from 2016 – 2033. The City had guaranteed repayment of all the debt service on the Verizon Bonds. The Verizon lease ended prior to the requirement that debt service be paid. Therefore, if Verizon moved out prior to the debt service becoming due, which in fact has occurred, and the building remained vacant, the City would be required to pay the entire \$41.6 million in debt service. This would have been disastrous and would have undermined the City's financial recovery.

The Coordinator's team worked diligently with the various parties involved, especially DGS and Harristown Development Corporation (HDC), through 2014 and early 2015 to develop a viable resolution to this liability. The negotiation of a lease between HDC and DGS was a critical component to providing an ongoing revenue stream. The resolution of the Verizon Bond Problem included:

- Obtaining a tenant for the entire building,
- Negotiating a rental rate and lease
- Amending a Commonwealth statute to accommodate the move,
- Negotiating concessions from HDC,
- HDC procured an energy savings based loan for significant improvements to the building,

- The Coordinator's Team negotiated with creditors a flexible repayment schedule in order to make the City's remaining obligations more affordable and provide the City with the capacity to borrow for capital improvements beginning within the next several years,
- Negotiating a Settlement Agreement entered into with AGM which was approved by the Court on March 13, 2015.

The benefits to the City of the arrangement that was consummated on January 30, 2015 include:

- The Commonwealth as a Single tenant, with high credit rating and high likelihood of staying in Harrisburg entered into a 17 year lease, the entire repayment term of the Verizon Bonds.
- HDC concessions and DGS willingness to make installment purchase payments provide significant reduction in City's ultimate obligations (Expected to be in excess of a \$20 million reduction).
- HDC is provided incentives to increase the subsidy of City debt service coming from lease payments.
- Remaining debt service is affordable, allows for incremental capital borrowing over time and maintains the City's debt service ratio within financial industry accepted limits.
- Property remains on tax rolls generating approximately \$4.4 million per year.
- Over \$16 million in capital improvements to the 3 buildings in the Strawberry Square complex.
- Significant energy saving improvements to reduce the cost to Commonwealth and increase amounts available to City.
- Approximately 800 people moving into central business district should help merchants and will increase Local Service Tax to City by approximately \$42,000 per year.
- Additional vehicles to be parked in system should increase parking tax collections of the City by approximately \$325,000 per year and total parking revenues by approximately \$1.650 million annually at the 2016 rate of \$180/space/month.

### **Current Status of Verizon Tower Project**

This project is on track to be completed by May and by all accounts is one of the biggest improvement projects being undertaken within downtown Harrisburg. The final structure will save both the City and Commonwealth considerable sums of money (the former in regard to reduced total debt service obligations and the latter in regard to reduced energy costs under its lease).

**Verizon Fit-Out Project:** The Coordinator has worked closely with DGS to monitor construction activity. Work started in February 2015 to ready the building for occupancy with the first wave moving into the building beginning last September. Phases 1 & 2 were completed by the end of 2015 with the 6<sup>th</sup>, 7<sup>th</sup> and 9<sup>th</sup> floors successfully occupied by 409 Department of Human Services (DHS) employees. By late December, Verizon had vacated the remaining space and Phase 3 construction commenced on the remaining floors (4<sup>th</sup>, 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup>). The DGS Security System Upgrade Project throughout the Capital Complex was coordinated with the security system requirements for DHS in the Commonwealth Tower. The security system has been completed for all Phases and occupants have been granted access with card readers. R.S. Mowery, the general contractor has worked well with HDC and DGS on this project over the last 10 months. The project is approaching the finish line, though actual occupancy of the Commonwealth Tower will not commence until after April 11, 2016. Phase 3 furniture installation has been completed on the 4<sup>th</sup>, 8<sup>th</sup> and 12<sup>th</sup> floors with partial acceptance of the renovations issued for each floor. The 11<sup>th</sup> Floor

furniture is scheduled for installation 4/26/16 -5/9/16 to be followed by Acceptance of Renovations Inspection 5/10/16. Additional time was also required to complete the telephone service installation. The move involves three and one half floors with nearly 400 people and will be staged over approximately 5-6 weeks beginning April 6. The building should be totally occupied with a 771 DHS employees by the end of May, 2016. The new DGS lease became effective March 1.

**Strawberry Square Energy Efficiency Upgrade:** The Energy Upgrade was a separate Project thru DGS Facilities Management and HDC that was coordinated with build out in PHASE 1 and PHASE 2. This project is approximately 95% complete. HDC has entered into the performance agreement phase of the contract where the guarantee of saving by Siemens should be sufficient to pay the debt service on the loans. Siemens as part of their performance agreement maintains a very tight oversight of the buildings operation during the ten year period. Once the Siemens implementation team leaves the complex and moves on to other installations there will be quarterly operations meeting with a Siemens representative to insure that the building is operating to the specs outlined in the agreement. One very positive outcomes that has surfaced relates to the ability of the engineers to now have real data to test the assumptions used in creating the savings forecast, as one might expect, the savings forecasts were conservative, the real data now being seen predicts an even higher potential for savings.

DGS has also officially named the Harrisburg State Office Buildings as:

SO1: STRAWBERRY SQUARE

SO2: 333 MARKET STREET

SO3: COMMONWEALTH TOWER (Verizon)

### **Senator's Stadium Bonds**

The park permit/lease with the Harrisburg Senators for the City Island stadium remains an issue as the City has had to make up the difference in debt service from what the permit revenue provides. This had amounted to between \$180,000 and \$200,000 annually and appears to be a growing obligation. In 2015 the owners of the team held back certain payments to the City in order to fund capital improvements to the stadium, thereby increasing the amount of debt service the City was required to pay under the Guaranty of the bonds. In October 2015, the City had to transfer an additional \$85,000 to meet the debt service requirement on these bonds. The increase in debt service versus the Strong Plan projections heightens the reasons for making best efforts to use all resources and capacity available to reduce or eliminate this obligation. A resolution of the Stadium Bonds in a manner where they become self-supporting would save the City approximately a quarter million dollars per year in debt service. The goal of a new permit/lease is to insure that adequate revenues are received to fulfill the debt service obligations on the stadium bonds without further burdening City taxpayers.

The Coordinator has recommended in the Plan modifications that so long as the City is making payments under its guaranty of these bonds; all advances made are memorialized in a manner that enables the City to maximize its ability to be reimbursed by the team ownership out of excess revenues, if and when they become available.

The Mayor has met with the Senators new owner, a local businessman, and is pursuing additional uses for the stadium that would generate additional revenue for the City. Earlier this year an arrangement was announced whereby the City Islanders soccer team would play ten

games in the stadium this year. Uses of the stadium for other events are also being discussed by the City with the new owner. The addition of the City Islanders to the Schedule at Metro Bank Park and any initiatives that would increase cash flow to support the Stadium's expenses could inure to the benefit of the City and are recognized by the Coordinator as positive steps by the City. The City has assumed responsibility for the "Senators' Stadium" financing matter though the Coordinator's team continues to be available to assist should the City desire.

### **Water and Sewer Operation**

As the municipal authority responsible for stewarding drinking water, wastewater and stormwater services for the City and its surrounding municipalities, Capital Region Water (CRW) is refreshing the way its customers think about their water. In late 2013, CRW took over Harrisburg's water and sewer systems as part of the Harrisburg Strong Plan. This action resulted in the transfer and consolidation of the administrative, operational and financial responsibilities for water, wastewater and storm water operations to CRW and was favorably viewed by the Departments of Justice, EPA and DEP in achieving compliance with the Clean Water Act and Chesapeake Bay requirements. The creation of an operating authority was also supported by the suburban communities.

The conversion of CRW into an operating authority included a number of initiatives that saved the rate payers and City millions of dollars including avoidance of millions of dollars in fines and the ability to access capital for much needed improvements to the advance wastewater treatment facilities. When the Receiver's Team looked at the City's assets and assessed options, three different strategies for three different assets were pursued. The incinerator was sold, the parking system was "monetized" and for water and sewer, the authority was converted into an operating authority (from a financing authority) and insulated from the City's general fund and foresaw a path to improve the infrastructure by eventually reinstating its credit rating.

The City faced millions of dollars in fines and penalties from Department of Justice (representing the EPA) and from DEP, due to failure to treat sewage properly and comply with applicable effluent treatment standards. The Commonwealth of Pennsylvania stepped in with resources with a \$24 million low interest loan through PENNVEST. With this low interest loan commitment, CRW was able to arrange for a private placement for the balance of the BNR project which was funded and is nearly complete. The potential fines and penalties that would have been imposed on the City appear to have been avoided.

Due to withdrawal of the City's rating and then that of THA, CRW has not to this date been able to refinance outstanding bonds at lower interest rates to save ratepayers money. With the restoration of a rating on March 25, 2016 (A+ from Standard and Poor's with respect to the water bonds), CRW will market refinancing bonds shortly and save the ratepayers millions of dollars. The rating agency report had several notable remarks including:

Based on our Operational Management Assessment (OMA), we view Capital Region Water to be a '3' on a scale of 1-6, with '1' being the strongest. This indicates, in our view, that operational and organizational goals are generally well-aligned, even if some challenges exist. The OMA of "good" includes a secure long-term water supply by way of a CRW-owned-and-operated dam and reservoir on the Susquehanna River that, combined with existing treatment facilities, provides the system with more than twice its peak day demand requirements.

The water system's financial risk profile is an area of strength, with only minimal qualifications. The current management team has been very aggressive in ensuring that asset management and preventive maintenance are the focus of the capital improvement program. Therefore, the current five-year capital improvement plan (CIP) through 2020 has identified about \$23.7 million in capital commitments, a number that has been verified by an external consulting engineer that provides annual updates to the general system condition and the financial forecast.

The City and CRW entered into a shared services agreement to facilitate the transfer and provide for the effective coordination of services between the parties. The Coordinator encourages the City and CRW to work cooperatively on a number of fronts pursuant to the Shared Services Agreement. By the second half of 2015, CRW had implemented its new billing system for water and sewer and separated from the City's utility billing system. The amount paid to the City under the Shared Services Agreement has diminished and may disappear entirely unless amounts that are currently in dispute between the parties are resolved.

CRW and the City have also coordinated on other issues including GIS related needs, street openings and are working cooperatively on issues related to the sinkhole problem that has faced the City. With the federal government's expansion of the definition of a disaster in late 2014 to include sinkholes, Harrisburg is now eligible to apply for federal mitigation money to buy approximately 23 homes ruined by sinkholes on South 14<sup>th</sup> Street. In cooperation with Dauphin County and PEMA, the City pursued federal funding to address the sinkhole problem and acquire those homes. Although ranked as the number 1 project by PEMA, FEMA awarded funding to Palmyra to address their sinkhole problem. The City is now pursuing alternate funding possibilities in order to address this critical issue including a new application to FEMA.

Capital Region Water's goal is to invest in its customers' communities and become the region's premier water utility. Currently, CRW has just over 100 employees and is managed by a five-member, City-appointed Board of Directors with a Chief Executive Officer, Chief Financial Officer, and Directors of Engineering, Operations and Administration. Since late 2013, CRW has made significant advancements toward complying with regulatory demands, increasing capacity to operate aging infrastructure, increasing preventive maintenance measures, and creating a long-term renewal and replacement strategy. Examples of these advancements are provided below:

- CRW is currently undertaking a \$50-million upgrade to Capital Region Water's Advanced Wastewater Treatment Facility (AWTF) to reduce nutrients entering the Susquehanna River and the Chesapeake Bay thanks to funding from PENNVEST and M&T Bank secured after the transition of operations from the City to CRW. The project began in March 2014 and will be completed in 2016. This project is currently on schedule and forecast to come in on budget.
- In April 2015, CRW launched City Beautiful H<sub>2</sub>O—a community based campaign to improve the health of local waterways and green the City of Harrisburg, Pennsylvania while meeting stormwater and combined sewer system compliance issues. This campaign includes a Green Stormwater Infrastructure plan for CRW's stormwater service area, a partnership with Lower Paxton and Susquehanna Townships to complete a watershed-wide compliance strategy to meeting Paxton Creek water quality standards, and robust community education and engagement. These plans will be incorporated into the City's Comprehensive Plan and CRW's Wet Weather Planning for regulatory compliance. These

- plans will result in significant investment in the community while attempting to minimize the financial impact to its customers.
- Since 2013, CRW has been completing a comprehensive mapping and condition assessment of its underground infrastructure. Consultants and in-house staff are compiling both observed and historically documented data into a Geographic Information System and Asset Management System that will allow us to prioritize capital repairs and improvements and to identify weaknesses in the system for repair prior to failure.
- CRW has been successful in preventing large costs of borrowing by developing successful financial strategies. CRW has completed four successful borrowings since 2013 and plans for two more in 2016.
- CRW is developing a Strategic Plan that will be completed later this year that will further streamline operations to the benefit of our customers, ratepayers, and community.

### **Conclusions as to Impact of Monetizations**

In the absence of the implementation of the Strong Plan, the City's obligations to repay the incinerator bonds, notes, swaps and other obligations would have been in excess of \$17.5 million in 2015, and the parking revenues would have been approximately \$2.3 million less than the amount received from the General Fund, which would have resulted in an approximately \$20 million structural deficit. As a result of the incinerator sale, the parking monetization and expenditure restraint, 2014 saw a year-end surplus which added to the fund balance of the City. While 2015 saw a decrease in several revenue streams, the City did a good job of managing expenses and it entered 2016 with a positive cash balance even though the Commonwealth's budget situation resulted in the \$5 million appropriation for public safety not being received until the first quarter of 2016.

### **Forensic Claims**

To date many parties have been impacted by the Strong Plan and participated in the resolution of the City's debt related issues. This includes City residents who are faced with higher taxes, City employees who suffered wage freezes and made other concessions, AGM, Dauphin County and AMBAC creditors of the City and Authority, other creditors who were involved in the renovations to the Resource Recovery Facility and the monetization of City assets. The one group of parties that has not participated to date in the City's recovery is the various professionals who were involved in the financing transactions related to the Resource Recovery Facility. Pursuant to the provisions of the Strong Plan, the Receiver and now the Coordinator continues to actively pursue the forensic claims

The Receiver initially engaged the firm of McKenna Long & Aldridge, (now Dentons) as Counsel in the pursuit of these claims. With the forensic audit completed by The Harrisburg Authority as background, letters were sent to parties involved in the various financings related to the Resource Recovery Facility. Meetings were also held with the parties in an effort to achieve a consensual resolution as to their role in the financings.

In the absence of an amicable resolution of the claims, the Coordinator through the Office of General Counsel solicited proposals in the summer of 2015 from firms to engage in possible litigation. Harris Wiltshire and Grannis LLP with their main office in Washington was selected in September and is now engaged to represent the Coordinator in the continued pursuit of all outstanding claims up to and including litigation, if necessary. During the quarter the firm has

reviewed considerable documents and prepared necessary next steps in the pursuit process. Additional meetings are now being scheduled over the next month with several parties in the pursuit of a resolution of these claims.

### **Summary**

The City continues to make progress on many fronts with the further implementation of the Harrisburg Strong Plan. Following the Office of the Receiver being vacated in March 2014, the City returned to the underlying Act 47 process with continued oversight of Strong Plan implementation provided by the Court. As noted much of the Coordinator's Team's focus during the first quarter was on the refinement of the Strong Plan modifications. Concurrently, the Team continued to work with Mayor Popenfuse and his Administration to assist with numerous issues in helping the administration move forward with Strong Plan initiatives and other operating matters. Regular interaction with the City administration occurred on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and personnel. Agendas have focused on the most significant issues that are pending at the moment with the plan modifications being high priority. Meetings have been productive and resulted in addressing plan related issues in a constructive and positive way. I have also engaged in periodic meetings with Council President Williams, other members of Council and the Controller, with the same objectives. Again, these meetings have been very productive as we work to achieve consensus between City officials on plan related initiatives.

The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including bring their audits up-to-date, securing a TRAN for the third consecutive year, compliance with disclosure requirements, making timely debt service payments, bringing all payables into a current status and undertaking its first capital borrowing since entering Act 47.

With resolution of the Verizon Tower bonds and full occupancy of the Tower by approximately 800 DHS employees, the City will see a number of positive economic benefits including increased LST and parking revenues as well as additional economic activity in the downtown. Further, the City has resolved what would have otherwise been a \$41 million liability with a debt service schedule that has been restructured to fit within its budget and to provide opportunities for future borrowing.

At the end of the first quarter of 2016 the City's financial position is stable. With the receipt of the Commonwealth's \$5 million appropriation along with real estate and EIT revenues, the City's cash flow is nearing what is typically its highest point for the year. Close monitoring of both EIT and parking revenues will be important as the year progresses to ensure they stay on track with the budget. Positive results continue to be realized with personnel cost containment given the collective bargaining contracts that are now in place. There remain challenges with the implementation of recommendations from the sanitation system review and the newly established Neighborhood Services Fund that will require ongoing attention.

Moving into the second quarter of 2016 our focus is on the approval and implementation of the Strong Plan modifications that include the Act 199 provisions, the increase in LST pursuant to Act 199, financial projections for 2016-18 and related recommendations to further advance the City's recovery process. The enactment of the Strong Plan modifications represents a critical next step in the City's recovery and its move towards a path of sustainability and an exit from Act 47. We will work with City officials to see that the modifications are enacted and advanced to your Court for review and action in a timely manner. We will further work with City officials to effectively manage

the 2016 budget, increase the City's management capacity, enact sound financial management policies, initiate collective bargaining negotiations with the FOP and AFSCME, further strengthen public safety, further implement sanitation system improvements, address City Island matters, pursue intergovernmental initiatives, finalize work on the City's comprehensive plan update and see the Impact Harrisburg Board reaches the point where it can begin to approve infrastructure and economic development projects with the \$12.3 million that was set aside as part of the parking monetization to spur development and improve the quality of life for City residents.

As Coordinator, I will continue to keep the Court apprised of the progress on these initiatives through subsequent reports.

City of Harrisburg  
2016 Estimated Cash Flow

3/23/2016

2:24 PM

	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
<b>Cash Summary</b>													
<b>Unrestricted Cash Balance Beginning of Month</b>	<b>1,223,853</b>	459,372	9,256,163	9,851,259	11,350,979	12,129,541	10,624,376	9,132,334	8,083,467	6,342,998	10,712,883	9,573,681	
Surplus/(Deficit)	-805,251	6,994,149	1,014,694	1,499,720	778,562	-1,505,165	-1,592,043	-1,148,866	-1,840,470	4,369,886	-1,139,202	-4,895,488	
Change in Accounts Payable	62,818	736,289	-419,598	0	0	0	100,000	100,000	100,000	0	0	-447,080	
Other items affecting Cash	-22,047	1,066,353	0	0	0	0	0	0	0	0	0	0	
<b>Unrestricted Cash Balance End of Month</b>	<b>459,372</b>	<b>9,256,163</b>	<b>9,851,259</b>	<b>11,350,979</b>	<b>12,129,541</b>	<b>10,624,376</b>	<b>9,132,334</b>	<b>8,083,467</b>	<b>6,342,998</b>	<b>10,712,883</b>	<b>9,573,681</b>	<b>4,231,113</b>	
<b>Revenues, Expenditures, Surplus/(Deficit)</b>													
Revenues without Transfers	1,629,387	5,118,222	10,199,275	7,359,942	4,294,240	2,739,590	2,575,642	4,139,397	2,510,031	5,444,961	2,732,375	2,821,415	51,564,478
Sanitation Utility Fund	0	0	0	0	0	0	0	271,434	514,909	0	190,216	934,504	1,911,063
Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in from Host Fee for Enviromental Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	4,504,000	0	0	0	0	0	0	0	4,504,000	0	0	9,008,000
<b>Total Revenues</b>	<b>1,629,387</b>	<b>9,622,222</b>	<b>10,199,275</b>	<b>7,359,942</b>	<b>4,294,240</b>	<b>2,739,590</b>	<b>2,575,642</b>	<b>4,410,830</b>	<b>3,024,941</b>	<b>9,948,961</b>	<b>2,922,592</b>	<b>3,755,919</b>	<b>62,483,541</b>
Expenditures													
Personnel	2,009,378	2,224,093	3,093,603	3,529,049	2,753,449	3,571,977	3,449,593	3,342,731	2,856,714	4,541,414	2,829,153	6,146,814	40,347,967
Services	362,570	259,957	491,636	376,173	418,967	370,065	420,517	558,816	326,808	455,337	670,233	948,697	5,659,776
Supplies	61,606	118,156	147,587	203,094	208,909	171,408	231,237	181,271	151,038	192,091	287,020	447,723	2,401,141
Other	1,085	25,867	376,408	1,558,669	58,692	131,305	66,338	84,875	133,711	236,011	235,947	303,894	3,212,803
Debt Service	0	0	5,075,346	193,237	75,661	0	0	1,392,004	1,397,140	154,224	39,440	804,279	9,131,330
<b>Total Expenditures</b>	<b>2,434,638</b>	<b>2,628,074</b>	<b>9,184,581</b>	<b>5,860,222</b>	<b>3,515,678</b>	<b>4,244,754</b>	<b>4,167,685</b>	<b>5,559,697</b>	<b>4,865,410</b>	<b>5,579,076</b>	<b>4,061,794</b>	<b>8,651,407</b>	<b>60,753,016</b>
<b>Operating Surplus/(Deficit)</b>	<b>-805,251</b>	<b>6,994,149</b>	<b>1,014,694</b>	<b>1,499,720</b>	<b>778,562</b>	<b>-1,505,165</b>	<b>-1,592,043</b>	<b>-1,148,866</b>	<b>-1,840,470</b>	<b>4,369,886</b>	<b>-1,139,202</b>	<b>-4,895,488</b>	<b>1,730,525</b>
<b>Accounts Payable</b>													
Accounts Payable Beginning of Month	<b>-967,572</b>	-1,030,390	-1,766,678	-1,347,080	-1,347,080	-1,347,080	-1,347,080	-1,447,080	-1,547,080	-1,647,080	-1,647,080	-1,647,080	
<b>Accounts Payable End of Month</b>	<b>-1,030,390</b>	<b>-1,766,678</b>	<b>-1,347,080</b>	<b>-1,347,080</b>	<b>-1,347,080</b>	<b>-1,347,080</b>	<b>-1,447,080</b>	<b>-1,547,080</b>	<b>-1,647,080</b>	<b>-1,647,080</b>	<b>-1,647,080</b>	<b>-1,200,000</b>	
Change in Accounts Payable	62,818	736,289	-419,598	0	0	0	100,000	100,000	100,000	0	0	-447,080	

Note: Balanced budget with Fund Balance of \$543,000. Not reflected in revenues & expenditures.  
2015 Commonwealth Allocation for Public Safety received in February 2016. 2016 Allocation receipt estimated in October.  
Additional LST is not included in projections.  
Suburban Payment \$1.5 million in April.

City of Harrisburg  
2016 Projected General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Estimated March	Estimated April	Estimated May	Estimated June	Estimated July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2016	Budget 2016	Variance
Real Estate Taxes Current	274,767	1,968,130	7,390,622	3,374,271	717,111	323,299	168,620	125,904	71,749	81,698	104,079	371,443	14,971,694	14,777,056	194,638
Real Estate Taxes Delinquent	0	83,314	89,487	143,885	200,973	99,084	352,001	86,192	122,363	607,166	118,005	59,114	1,961,583	1,937,945	23,638
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
EIT	131,843	428,954	364,208	343,803	310,910	321,682	123,413	388,023	358,749	206,578	444,812	151,924	3,574,898	3,572,143	2,754
Act 47 EIT	263,685	857,908	728,417	687,605	621,819	643,363	246,826	776,045	717,497	413,156	889,625	303,848	7,149,796	7,144,287	5,509
EMS/LST	94,380	229,073	194,309	91,402	180,060	228,046	201,686	406,151	202,251	141,294	190,511	155,440	2,314,604	4,989,344	-2,674,740
Mercantile Business Privilege	165,962	286,686	363,167	1,136,792	509,772	168,840	75,275	146,099	67,899	188,108	102,245	54,908	3,265,753	3,265,457	296
Other Act 511 Taxes	36,530	119,839	66,529	339,066	209,720	30,268	93,107	494,840	49,308	90,201	89,840	162,994	1,782,243	1,779,838	2,405
Capital Fire Protection	0	0	0	0	0	0	165,333	165,333	0	0	0	165,333	496,000	496,000	0
Cdbg Reimb. - Demolition	0	0	0	5,792	0	29,187	4,727	0	13,903	35,413	0	25,978	115,000	115,000	0
District Justice Fees	29,393	25,991	15,679	76,098	25,693	10,648	22,515	6,963	65,481	71,404	20,821	18,294	388,981	394,009	-5,028
Fed/State(Fed)Pass Thr Gr	3,750	0	0	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	44,997	45,000	-3
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees/Permits	172,383	108,579	111,985	78,747	55,789	48,629	121,798	111,974	70,788	118,226	83,955	182,380	1,265,233	1,245,721	19,511
Government Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	1,333	1,966	2,653	2,564	2,219	2,788	2,065	1,879	2,451	1,720	2,012	2,594	26,244	26,525	-281
License	0	132,628	25,999	383	137,328	0	0	143,048	8,666	0	131,978	832	580,861	581,744	-883
Miscellaneous	42,382	97,420	180,551	223,762	156,286	224,062	115,259	229,887	238,914	225,850	96,053	166,404	1,996,830	1,994,836	1,994
Pension System State Aid	0	0	0	0	0	0	0	0	0	2,200,000	0	0	2,200,000	2,200,000	0
Public Safety Fees/Permits	13,877	20,293	12,716	30,501	12,107	9,219	10,424	8,682	14,289	12,865	9,004	9,499	163,476	156,530	6,946
Public Safety Grants	25,306	23,227	6,829	18,248	122,304	37,525	8,537	3,410	17,945	3,313	11,673	7,945	286,264	273,106	13,158
Public Safety Reimbursements	32,008	48,850	38,794	222,589	49,450	103,403	104,354	114,846	46,250	106,726	71,549	52,564	991,384	1,000,459	-9,075
Public Works Fees/Permits	0	0	125,000	0	0	0	0	0	0	0	0	0	125,000	125,000	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	163	163	325	160	160	185	185	160	160	214	130	166	2,171	2,113	58
Recreation Fees	0	0	5	48	180	2,484	8,073	3,665	169	11	0	37	14,672	14,677	-5
Sale Of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicle Maintenance Charges	0	170,245	936	33,197	81,946	14,138	44,528	39,489	46,161	44,355	18,130	22,830	515,956	430,080	85,876
PILOTS	0	698	7,222	146,013	24,670	31,441	64,609	7,359	13,343	188,956	7,139	0	491,448	500,000	-8,552
Pub Utility Realty Tax	0	0	0	0	0	0	0	0	0	45,000	0	0	45,000	45,000	0
Sewer Maint Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint Liens-Penalty	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint Liens-Princip	18	0	0	0	0	0	0	0	0	0	0	0	18	0	18
Sewer Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sanitation Utility Fund	0	0	0	0	0	0	0	271,434	514,909	0	190,216	934,504	1,911,063	1,911,063	0
Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	4,504,000	0	0	0	0	0	0	0	4,504,000	0	0	9,008,000	4,504,000	4,504,000
Parking Taxes	266,332	324,426	156,695	154,642	619,818	182,925	260,551	602,050	105,142	411,934	128,282	634,423	3,847,219	3,812,500	34,719
Parking Fees	21,620	6,378	7,156	9,265	5,874	16,023	12,034	10,617	7,143	8,361	6,708	14,463	125,642	113,436	12,206
Parking Tickets	25,277	30,595	14,787	22,288	31,231	30,950	29,451	53,383	38,381	34,568	24,425	33,448	368,785	350,000	18,785
Ground Lease Payments	0	59,462	114,833	97,249	97,249	97,249	97,249	97,249	97,249	97,249	97,249	97,249	1,049,538	1,166,990	-117,452
Priority Parking Distribution	28,379	93,398	180,371	79,568	79,568	79,568	79,568	79,568	79,568	79,568	79,568	79,568	1,018,255	954,810	63,445
THA Shared Service	0	0	0	37,421	37,421	0	158,870	31,997	49,628	26,446	0	43,153	384,936	400,000	-15,064
Harrisburg Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>1,629,387</b>	<b>9,622,222</b>	<b>10,199,275</b>	<b>7,359,942</b>	<b>4,294,240</b>	<b>2,739,590</b>	<b>2,575,642</b>	<b>4,410,830</b>	<b>3,024,941</b>	<b>9,948,961</b>	<b>2,922,592</b>	<b>3,755,919</b>	<b>62,483,541</b>	<b>60,324,669</b>	<b>2,158,873</b>

City of Harrisburg 2016 Estimated Expenditures by Month		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 2015	Budget Total 2015	Variance Act - Bud
Office of City Council Personnel	Personnel	21,460	21,457	21,489	21,489	21,489	32,233	21,489	21,489	21,489	21,489	21,489	32,233	279,292	279,352	-60
Office of City Council Services	Services	1,024	21,829	4,980	1,367	2,113	3,434	10,400	698	10,095	32,238	12,161	11,276	111,613	105,593	6,020
Office of City Council Supplies	Supplies	331	1,247	7,571	1,034	1,818	1,725	3,327	1,596	931	833	880	5,822	27,115	29,450	-2,335
Office of City Council Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Council		22,815	44,533	34,039	23,890	25,420	37,391	35,216	23,782	32,515	54,560	34,529	49,331	418,020	414,395	3,626
Office of Mayor Personnel	Personnel	17,888	16,724	16,769	16,769	16,769	25,153	16,769	16,769	16,769	16,769	16,769	25,153	219,066	217,991	1,074
Office of Mayor Services	Services	165	1,668	2,381	220	504	534	342	328	313	310	2,960	3,988	13,712	15,514	-1,802
Office of Mayor Supplies	Supplies	0	0	907	490	0	0	0	302	0	0	126	2,097	3,922	4,300	-378
Office of Mayor Other	Other	100	100	15	15	15	766	700	15	15	15	296	59	2,110	2,000	110
Office of Mayor		18,152	18,492	20,072	17,494	17,287	26,453	17,811	17,413	17,096	17,093	20,150	31,297	238,810	239,805	-995
Office of City Controller Personnel	Personnel	10,836	10,873	10,942	10,942	10,942	16,414	10,942	10,942	10,942	10,942	10,942	16,414	142,075	142,251	-176
Office of City Controller Services	Services	40	0	125	125	160	125	125	125	125	125	5,137	5,402	11,746	12,025	-279
Office of City Controller Supplies	Supplies	46	5,108	4	0	16	1,683	5,560	135	0	231	172	172	13,129	7,975	5,154
Office of City Controller Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Controller		10,922	15,980	11,072	11,067	11,118	18,222	16,628	11,203	11,067	11,431	16,252	21,988	166,949	162,251	4,698
Office of City Treasurer Personnel	Personnel	17,567	22,021	25,201	25,201	25,201	37,802	25,201	25,201	25,201	25,201	25,201	37,802	316,803	327,618	-10,814
Office of City Treasurer Services	Services	12,391	48	11,757	15,382	7,622	1,055	3,222	1,052	554	2,051	11,166	14,376	80,676	80,615	61
Office of City Treasurer Supplies	Supplies	0	0	1,158	644	0	172	409	291	68	2,295	1,194	2,667	8,896	9,000	-104
Office of City Treasurer Other	Other	0	0	0	0	0	0	0	0	0	0	4,000	4,000	8,000	8,000	0
Office of City Treasurer		29,958	22,070	38,116	41,227	32,824	39,029	28,831	26,545	25,824	29,547	41,561	58,845	414,375	425,233	-10,857
Office of City Solicitor Personnel	Personnel	23,413	24,708	30,485	30,485	30,485	45,727	30,485	30,485	30,485	30,485	30,485	45,727	383,454	396,303	-12,848
Office of City Solicitor Services	Services	2,739	50,169	15,542	59,789	13,994	25,754	31,825	25,099	27,845	16,527	38,230	57,901	365,415	319,992	45,423
Office of City Solicitor Supplies	Supplies	1,716	1,876	2,796	3,386	1,613	2,604	3,125	3,278	2,819	606	5,706	8,553	38,077	36,068	2,009
Office of City Solicitor Other	Other	100	100	190	190	190	0	380	190	190	190	0	0	1,719	1,900	-181
Office of City Solicitor		27,968	76,853	49,013	93,850	46,282	74,085	65,815	59,051	61,338	47,809	74,421	112,181	788,666	754,263	34,403
Office of Business Administrator Personnel	Personnel	4,953	4,951	4,968	4,968	4,968	7,453	4,968	4,968	4,968	4,968	4,968	7,453	64,556	64,590	-34
Office of Business Administrator Services	Services	0	0	95	429	381	784	18	423	253	1,922	3,967	3,392	11,664	11,810	-146
Office of Business Administrator Supplies	Supplies	27	0	9	105	11	1,266	75	20	30	0	459	716	2,718	2,700	18
Office of Business Administrator Other	Other	199	0	0	0	0	0	0	0	0	0	0	0	200	0	200
Office of Business Administrator		5,179	4,951	5,072	5,502	5,361	9,503	5,061	5,411	5,252	6,891	9,394	11,561	79,138	79,100	38
Bureau of Financial Management Personnel	Personnel	26,326	27,530	32,304	32,304	32,304	48,456	32,304	32,304	32,304	32,304	32,304	48,456	409,202	419,954	-10,752
Bureau of Financial Management Services	Services	21,169	2,270	27,457	2,223	9,743	12,431	57,272	60,864	11,590	28,959	30,449	31,987	296,414	288,591	7,823
Bureau of Financial Management Supplies	Supplies	16	6,148	4,112	4,112	0	1,982	114	119	172	1,409	1,512	1,512	19,696	13,532	6,164
Bureau of Financial Management Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Financial Management		47,511	35,949	63,873	38,639	42,047	60,888	91,558	93,282	44,013	61,435	64,162	81,955	725,313	722,077	3,235
Bureau of Communications Personnel	Personnel	12,712	13,868	17,638	17,638	17,638	26,457	17,638	17,638	17,638	17,638	17,638	26,457	220,599	229,295	-8,695
Bureau of Communications Services	Services	1,060	217	372	372	372	1,428	330	3,290	344	250	2,184	2,184	12,402	11,849	553
Bureau of Communications Supplies	Supplies	431	0	1,717	0	0	0	0	0	0	0	2,794	2,794	7,736	7,305	431
Bureau of Communications Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Communications		14,203	14,085	19,727	18,010	18,010	27,885	17,968	20,928	17,982	17,888	22,616	31,435	240,737	248,449	-7,711
Bureau of Risk Management Personnel	Personnel	5,706	5,706	5,714	5,714	5,714	8,571	5,714	5,714	5,714	5,714	5,714	8,571	74,262	74,279	-16
Bureau of Risk Management Services	Services	259	0	526	0	0	0	0	0	0	0	97	97	979	720	259
Bureau of Risk Management Supplies	Supplies	0	0	0	0	0	0	0	0	0	0	750	750	1,500	1,500	0
Bureau of Risk Management Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Risk Management		5,965	5,706	6,240	5,714	5,714	8,571	5,714	5,714	5,714	5,714	6,561	9,418	76,741	76,499	243
Bureau of Information Technology Personnel	Personnel	28,183	28,389	34,297	34,297	34,297	51,445	34,297	34,297	34,297	34,297	34,297	51,445	433,835	445,856	-12,021
Bureau of Information Technology Services	Services	7,768	9,644	8,964	53,975	65,967	5,190	7,980	12,759	5,792	5,272	34,679	23,823	241,812	238,446	3,366
Bureau of Information Technology Supplies	Supplies	6,945	5,683	1,727	7,374	24,617	9,002	8,422	9,630	13,788	14,871	11,527	15,507	129,093	128,628	465
Bureau of Information Technology Other	Other	0	24,500	0	0	0	0	0	0	0	0	26,684	99,816	151,000	151,000	0
Bureau of Information Technology		42,896	68,216	44,988	95,645	124,880	65,636	50,699	56,686	53,876	54,440	107,186	190,590	955,740	963,931	-8,191
Bureau of Human Resources Personnel	Personnel	17,710	18,451	18,163	18,163	18,163	27,245	18,163	18,163	18,163	18,163	18,163	27,245	235,957	236,122	-165
Bureau of Human Resources Services	Services	1,041	2,640	3,643	2,709	2,382	2,950	4,414	3,743	3,310	2,898	5,824	10,117	45,671	47,375	-1,704
Bureau of Human Resources Supplies	Supplies	0	0	62	14	0	0	32	61	0	0	906	1,224	2,300	2,300	0
Bureau of Human Resources Other	Other	100	100	120	120	120	0	239	120	120	120	0	0	1,156	1,196	-40
Bureau of Human Resources		18,851	21,191	21,988	21,006	20,665	30,195	22,849	22,087	21,593	21,181	24,894	38,586	285,084	286,993	-1,909
Operations and Revenue (Office of the Director) Personnel	Personnel	14,529	15,228	18,680	18,680	18,680	28,020	18,680	18,680	18,680	18,680	18,680	28,020	235,236	242,838	-7,602
Operations and Revenue (Office of the Director) Services	Services	15,069	6,602	17,787	17,315	14,414	11,391	15,669	12,094	7,694	14,529	13,718	30,030	176,310	176,372	-62
Operations and Revenue (Office of the Director) Supplies	Supplies	0	1,521	1,196	1,677	1,980	863	1,843	9,518	676	1,274	2,689	4,985	28,221	28,100	121
Operations and Revenue (Office of the Director) Other	Other	0	99	0	0	0	0	0	0	0	0	0	0	99	0	99
Operations and Revenue (Office of the Director)		29,599	23,451	37,663	37,671	35,074	40,274	36,192	40,291	27,049	34,483	35,086	63,034	439,867	447,310	-7,443

**City of Harrisburg  
2016 Estimated Expenditures by Month**

		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 2015	Budget Total 2015	Variance Act - Bud
General Expenses Personnel	Personnel	211,915	504,877	1,031,627	1,415,841	910,768	802,223	1,312,684	1,278,446	828,069	947,815	950,230	1,653,421	11,847,916	11,810,335	37,581
General Expenses Services	Services	121,576	57,173	113,667	64,961	87,221	99,536	57,947	175,448	55,701	137,891	75,129	107,553	1,153,803	1,099,510	54,293
General Expenses Supplies	Supplies	0	0	2,083	2,083	2,083	2,083	2,256	2,115	2,083	2,083	2,083	2,186	21,139	25,306	-4,167
General Expenses Other	Other	128	0	334,195	1,519,491	19,514	16,256	22,575	41,581	16,714	21	69,994	96,087	2,136,555	2,136,587	-32
General Expenses		333,618	562,050	1,481,572	3,002,376	1,019,586	920,098	1,395,462	1,497,590	902,567	1,087,810	1,097,436	1,859,248	15,159,414	15,071,738	87,675
Transfers to Other Funds Debt Service	Debt Service	0	0	5,075,346	193,237	75,661	0	0	1,392,004	1,397,140	154,224	39,440	804,279	9,131,330	8,759,227	372,103
Transfers to Other Funds Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Other Funds		0	0	5,075,346	193,237	75,661	0	0	1,392,004	1,397,140	154,224	39,440	804,279	9,131,330	8,759,227	372,103
Office of the Director for the DCED Personnel	Personnel	6,046	5,962	13,829	13,829	13,829	20,743	13,829	13,829	13,829	13,829	13,829	20,743	164,126	179,776	-15,650
Office of the Director for the DCED Services	Services	0	0	208	208	208	208	208	208	208	208	208	208	2,083	2,500	-417
Office of the Director for the DCED Supplies	Supplies	0	0	167	167	167	167	167	167	167	167	167	167	1,667	2,000	-333
Office of the Director for the DCED Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of the Director for the DCED		6,046	5,962	14,204	14,204	14,204	21,118	14,204	14,204	14,204	14,204	14,204	21,118	167,876	184,276	-16,400
Bureau of Planning Personnel	Personnel	6,946	6,946	6,956	6,956	6,956	10,434	6,956	6,956	6,956	6,956	6,956	10,434	90,406	90,426	-20
Bureau of Planning Services	Services	14,765	764	4,463	4,548	2,370	3,810	7,892	7,767	5,087	6,375	8,823	9,128	75,793	60,600	15,193
Bureau of Planning Supplies	Supplies	0	0	167	463	167	167	167	290	167	1,119	2,500	1,731	6,937	7,800	-863
Bureau of Planning Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning		21,711	7,710	11,586	11,967	9,493	14,410	15,015	15,013	12,210	14,450	18,279	21,293	173,137	158,826	14,311
Bureau of Codes Personnel	Personnel	41,470	42,172	51,518	51,518	51,518	77,277	51,518	51,518	51,518	51,518	51,518	77,277	650,340	669,734	-19,394
Bureau of Codes Services	Services	1,056	1,224	2,200	1,766	1,110	2,035	1,446	3,237	3,389	1,448	3,521	5,014	27,446	26,300	1,146
Bureau of Codes Supplies	Supplies	0	1,995	822	3,242	583	786	3,340	583	583	583	3,835	3,874	20,228	19,400	828
Bureau of Codes Other	Other	0	100	0	0	0	0	0	0	0	0	0	0	100	0	100
Bureau of Codes		42,527	45,489	54,540	56,526	53,211	80,098	56,304	55,339	55,490	53,549	58,875	86,165	698,113	715,434	-17,321
Economic Development Personnel	Personnel	4,548	4,548	4,554	4,554	4,554	6,832	4,554	4,554	4,554	4,554	4,554	6,832	59,195	59,208	-13
Economic Development Services	Services	0	0	0	0	0	0	0	2,490	510	0	0	0	3,000	3,000	0
Economic Development Supplies	Supplies	0	0	1	0	149	0	0	12	45	74	0	469	750	750	0
Economic Development Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development		4,548	4,548	4,555	4,554	4,704	6,832	4,554	7,056	5,110	4,628	4,554	7,301	62,945	62,958	-13
Office of the Police Chief Personnel	Personnel	939,925	856,374	952,868	1,056,717	918,856	1,351,917	1,023,515	1,019,841	1,072,198	2,630,305	960,386	2,743,704	15,526,605	15,645,640	-119,035
Office of the Police Chief Services	Services	95,630	37,498	100,227	44,139	52,730	52,407	29,993	51,812	56,878	99,015	65,656	81,549	767,535	868,707	-101,172
Office of the Police Chief Supplies	Supplies	505	3,196	4,485	39,148	6,319	9,286	34,841	4,609	14,969	3,198	53,530	47,111	221,198	245,696	-24,498
Office of the Police Chief Other	Other	0	0	0	0	0	156	0	1,404	44,842	153,160	34,365	-24,366	209,560	243,000	-33,440
Office of the Police Chief		1,036,059	897,068	1,057,580	1,140,005	977,905	1,413,767	1,088,349	1,077,666	1,188,887	2,885,678	1,113,937	2,847,997	16,724,898	17,003,043	-278,146
Bureau of Fire Personnel	Personnel	499,576	489,841	675,132	625,058	491,656	745,009	581,084	549,609	510,580	531,723	473,898	1,078,724	7,251,891	7,234,836	17,054
Bureau of Fire Services	Services	16,972	12,683	18,324	20,029	55,879	9,316	43,027	21,844	9,560	21,638	22,706	78,898	330,878	326,200	4,678
Bureau of Fire Supplies	Supplies	17,034	29,669	3,081	27,659	12,114	21,399	34,849	14,571	30,255	29,347	26,834	40,233	287,045	286,150	895
Bureau of Fire Other	Other	0	0	0	0	0	38,942	0	0	0	0	58,029	58,029	155,000	155,000	0
Bureau of Fire		533,583	532,193	696,538	672,746	559,648	814,666	658,960	586,025	550,394	582,708	581,468	1,255,884	8,024,814	8,002,186	22,627

**City of Harrisburg  
2016 Estimated Expenditures by Month**

		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 2015	Budget Total 2015	Variance Act - Bud
Office of the Director of Public Works Personnel	Personnel	47,716	50,216	52,656	52,656	52,656	78,983	52,656	52,656	52,656	52,656	66,584	102,493	714,582	724,523	-9,941
Office of the Director of Public Works Services	Services	39,664	40,707	132,763	48,120	54,699	110,083	85,262	88,934	77,094	61,393	270,671	406,521	1,415,911	1,474,406	-58,495
Office of the Director of Public Works Supplies	Supplies	86	11,795	27,796	28,911	27,351	26,349	29,852	27,121	27,681	29,169	35,076	40,349	311,536	352,500	-40,964
Office of the Director of Public Works Other	Other	359	770	41,769	38,734	38,734	75,184	42,204	41,445	71,711	82,385	42,579	70,269	546,145	674,808	-128,663
Office of the Director of Public Works		87,826	103,488	254,984	168,420	173,440	290,599	209,973	210,156	229,142	225,603	414,910	619,632	2,988,174	3,226,237	-238,064
Bureau of City Services Personnel	Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Services	Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Supplies	Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Vehicle Management Personnel	Personnel	37,069	40,285	50,031	46,904	46,976	70,466	47,400	46,962	47,176	47,152	46,913	71,401	598,734	621,747	-23,013
Bureau of Vehicle Management Services	Services	9,884	11,690	18,126	26,117	37,682	20,325	46,767	29,865	28,856	14,557	35,749	32,520	312,138	292,150	19,988
Bureau of Vehicle Management Supplies	Supplies	34,122	47,683	80,974	75,007	122,852	77,115	89,249	97,088	49,099	98,628	126,585	257,004	1,155,408	1,088,700	66,708
Bureau of Vehicle Management Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Vehicle Management		81,075	99,659	149,131	148,028	207,510	167,906	183,416	173,914	125,131	160,337	209,247	360,926	2,066,280	2,002,597	63,683
Office of the Director of Parks, Recreation and Enrichment Personnel	Personnel	12,884	12,965	17,782	18,367	19,031	53,117	118,748	81,710	32,529	18,256	17,635	26,811	429,835	439,255	-9,420
Office of the Director of Parks, Recreation and Enrichment Services	Services	298	3,129	8,028	12,380	9,416	7,269	16,377	56,738	21,608	7,599	27,198	32,734	202,776	215,400	-12,624
Office of the Director of Parks, Recreation and Enrichment Supplies	Supplies	347	2,235	6,753	7,577	7,068	16,741	11,740	9,771	7,558	7,440	7,799	7,799	92,829	103,900	-11,071
Office of the Director of Parks, Recreation and Enrichment Other	Other	100	100	120	120	120	0	240	120	120	120	0	0	1,159	1,200	-41
Office of the Director of Parks, Recreation and Enrichment		13,629	18,429	32,683	38,444	35,635	77,127	147,105	148,338	61,815	33,415	52,632	67,345	726,598	759,755	-33,157
Bureau of Act, Culture & Tourism Personnel	Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Services	Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Supplies	Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Other	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2,434,638	2,628,074	9,184,581	5,860,222	3,515,678	4,244,754	4,167,685	5,559,697	4,865,410	5,579,076	4,061,794	8,651,407	60,753,016	60,766,580	-13,564



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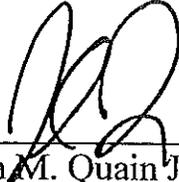
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Dated: 4/5/10

  
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