IN THE COMMONWEALTH COURT OF PENNSYLVANIA

DENNIS M. DAVIN, 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

Marita J. Kelley, 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.

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PENNSYLVANIA

Respectfully submitted this 2nd day of October, 2018.

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pennsylvania
DEPARTMENT OF COMMUNITY
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Date: October 2, 2018

To: The Honorable Bonnie Brigance Leadbetter

From: Marita J. Kelley, MPA, City of Harrisburg, Recovery Coordinator

Re: Update on Receiver's Plan Implementation

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan, as confirmed by the Court on March 9, 2012; on the Modified Plan, the Harrisburg Strong Plan ("Strong Plan"), confirmed by the Court on September 23, 2013 and the Strong Plan Modifications, as confirmed by the Court on July 20, 2016. This will be the nineteenth report to the Court since the appointment of the Coordinator, by then Department of Community and Economic Development (DCED) Secretary C. Alan Walker, effective March 1, 2014.

As the Coordinator, in accordance with Act 47, the Municipalities Financial Recovery Program, as amended by Act 199 of 2014, the Recovery Coordinator Team provided the Final Act 47 Exit Plan for the City of Harrisburg on August 8, 2018. The Act 47 Exit plan recommends three more years to permit the City to complete many of the components in the Strong Plan that are not yet executed.

As such, the final City of Harrisburg' Act 47 Exit Plan was submitted on July 9, 2018 at 5:00pm, to the City of Harrisburg's Chief Clerk and the Mayor's Office which recommended a three-year extension as part of the City's Exit strategy from Act 47, the Municipalities Financial Recovery Program. The Coordinator has had some preliminary discussions with the Mayor and City Council regarding the recommendations set forth in the final Act 47 Exit Plan. The public had fourteen days from July 9, 2018, to provide written public comment on the Act 47 Exit Plan. A public meeting was held on July 24, 2018 at 5:30 pm at the City Council Chambers to receive oral public comment on the Act 47 Exit Plan. The last day for oral or written public comment was July 29, 2018. The Final Act 47 Exit Report was submitted to the Mayor's Office and the Office of Chief Clerk of the City Council on August 8, 2019. A copy of the Act 47 Exit Plan Report was submitted to the Court on August 15, 2018. On September 10, 2018, the Mayor and City Council were granted an extension from the Commonwealth Court and the City Council has until November 15, 2018 to vote on the City of Harrisburg's Final Act 47 Exit Plan.

The City's General Fund, available cash balance as of September 20, 2018 stands at $25.2 million; however, $5.0 million is encumbered for major capital expenses for IT, Public Safety, and Public Works. These capital improvement projects were deemed necessary by the Mayor and City Council during the 2018 budget adoption. This will leave approximately $20.2 million in the General Fund.

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 Strong Plan, including the modifications thereto, through the third quarter of 2018.

During the past three months, (July, August, September) the Coordinator and the rest of the Coordinator's team have been working with the City of Harrisburg's Mayor, Finance Department, and City Council to review the mid-year report submitted by the Mayor at the August 29, 2018 City Council meeting. The final 2017 Audit and related Financial Statements and Required Supplementary Information is expected in October 2018.

The Coordinator team is preparing to be engaged and involved, in the 2019 annual budget processed throughout the fall. The budget will be reviewed to assure that it is in full compliance with the Harrisburg Strong Plan and the pending Act 47 Exit Plan.

On May 21, 2018 the Commonwealth of Pennsylvania, et al, filed a complaint against seven professional firms based on the Harrisburg incinerator project and series of financing transactions. The case is filed in the Commonwealth Court at 368MD2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP.

Office of the Receiver/Coordinator

It has now been just over four years and seven months 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 appointed a Coordinator to oversee the further implementation of the Court confirmed 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 Recovery plan's status and Harrisburg's Recovery, I am providing this third quarter 2018 report on the City's progress with further implementation activities.

During the third quarter of 2018, the Recovery Coordinator oversaw the implementation of the Strong Plan modifications. The modifications provide financial projections 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 or Exit of its Act 47 designation. The modifications recognize the current fiscal position of the City and provide a fiscal roadmap for City officials to advance their recovery to the point at which a Rescission of its distress determination can occur. As stated above the Recovery Coordinator has completed and issued the Final Act 47 Exit Plan for the City of Harrisburg. This plan provides the City with a three-year comprehensive strategy to balance future budgets using the limited tools that are at the City's discretion. It offers preferred alternatives that attempt to assuage the fiscal burden of City taxpayers and current employees and gives the City's elected officials flexibility to achieve balanced operating budgets. It also provides opportunities for funding capital improvement programming for services that are essential to improve the City's quality of life and economic vitality, some of which are incorporated in the 2018 approved budget. In fact, the Mayor and City Council have committed an unprecedented $7.0 million to the capital improvement and investment in the City. Most of the capital improvements are for IT, Public Works, and Public Safety facilities. There is also a considerable investment in the City's Park System for the first time in more than a decade.

As Coordinator, I hold bi-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 Resources Advisory Group, and Harris, Wiltshire & Grannis, along with DCED and the Office of General Counsel, has and will continue to support the Coordinator with further implementation of the Strong Plan Modifications and the proposed Act 47 Final Exit Plan.

The following sections of the report provide an updated summary of progress of the Harrisburg Strong Plan 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 third quarter of 2018 Impact Harrisburg Board continued to move forward with Infrastructure and Economic Development project grants that the Board has awarded. The Board is responsible for the administration of 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, Impact Harrisburg Board, was appointed by the Coordinator in January 2015 following the receipt of recommendations from the Mayor, City Council, and Dauphin County. The Board historically has been meeting bi-weekly (beginning January 1, 2018 the meetings were moved to monthly meetings rather than bi-weekly meetings) to address organizational activities and has made considerable progress to date. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Gloria Martin-Roberts as second Vice Chair, Brian Hudson as Secretary and Brittany Brock as Treasurer. Sheila Dow-Ford serves as Executive Director. The Board had engaged Vance Antonacci of McNees Wallace & Nurick LLC as counsel to assist with its incorporation with the Department of State and establishment as a 501(c)(3) non-profit organization with the Internal Revenue Service. Articles of Incorporation were filed with the Department of State and approved on March 17. The 501(c)(3) application was also filed with the IRS in March and approved by the IRS on June 18, 2015.

From the period beginning January 2016 and through September 30, 2018 several significant activities occurred to advance the work of Impact Harrisburg. In early 2016 the organization retained both an accounting and an auditing firm, established a website presence, and hired a web master. In addition, the organization entered into a lease arrangement with the Harrisburg Area Community College to rent office space at the HACC midtown campus, thus establishing a central and convenient location within the city.

As Coordinator, my office continues to provide administrative support to the Board of Directors and Sheila Dow-Ford, its Executive Director. I attend Board meetings along with my staff and I offer input, as appropriate. I continue to meet with Ms. Dow-Ford to provide guidance and historic perspective on the role of the Board. I have provided input on contracting, contract compliance issues, disbursements, and related matters. My Administrative Assistant continues to provide administrative support to the Board including the recording and preparation of the Board's meeting minutes. The Board's minutes are posted on the Department's website.

The Board has established the Pennsylvania Housing Finance Agency (PHFA) as its permanent meeting location. The organization has adopted a conflicts of interest policy, a records retention policy, an expense allocation policy; and a policy on Impact Harrisburg grant/reimbursement drawdowns. In 2017, the organization also underwent its first audit for the fiscal period ending in June 30, 2016; the organization received a "clean" report. The second annual Impact Harrisburg audit for the period ending June 30, 2017 has also been finalized.

Within the operational realm, working as a team, the Board of Directors and the Executive Director had finalized requirements for the three programs to be established and administered: 1) Economic Development; 2) Community Building, and 3: Infrastructure Contingency. Under the established criteria only two entities, the City of Harrisburg and Capital Region Water are eligible for participation in the Infrastructure Contingency program.

Thereafter, the Executive Director convened and attended several formal and informal education sessions at which the Impact Harrisburg grant programs and application process were introduced and discussed with a broad diversity of community participants. In addition, print and television media were used to bring publicity to the grant program.

On July 15, 2016 twenty-five applications were filed seeking Impact Harrisburg funding. Over the course of several days, the board met as a committee of the whole to review the applications in detail, and thereafter determined that 14 projects met the established funding criteria. As of September 30, 2018, the total amount of the grant awards allotted by Impact Harrisburg to various grantees stands at $9,962,010.50. This amount represents a subsequent increase in the grant amount provided to one grantee, based upon a request for an amendment to the original grant agreement to accommodate an increase in the project scope due to unforeseen structural issues requiring remediation and other contingencies.

Projects Funded/Grant Amount/Project Status as of September 30, 2018:
Completed Projects:

1. City of Harrisburg Microsoft Office 365 ($250,000 grant)
2. TLC Construction and Renovations ($500,000 grant)
3. Webpage FX ($500,000 grant)
4. Paxton Street Home Benevolent Society ($100,000 grant)
5. Harrisburg River Rescue ($81,369 grant)
6. Gamut Theatre ($250,000 grant)

Outstanding Projects:

1. Capital Region Water/City of Harrisburg Multi-Modal Collaborative Facility ($5,487,290.50 grant)
2. East Shore YMCA ($138,592 grant)
3. Tri-County Community Action Commission ($204,759 grant)
4. Tri-County Housing Development Corporation ($350,000 grant)
5. City of Harrisburg Playground Resurfacing ($250,000 grant)
6. Harrisburg Redevelopment Authority ($500,000 grant)
7. YMCA Camp Curtin ($500,000 grant)
8. *Community First Fund ($350,000 grant) (This project is discussed in greater detail within this document.)
9. Salvation Army for new facility multi-purpose facility ($500,000)

A uniform grant agreement was developed and has been entered into by all grantees with the exception of Community First Fund, with which Impact Harrisburg established a stand-alone agreement because of the unique nature of the purposes of the grant.

In addition, to ensure close adherence with all grant program requirements and any applicable state, local or federal laws, the board developed a Request for Proposal under which the

organization retained the services of two compliance professionals with extensive expertise in the grant's management area. The two individuals work in close coordination with the Executive Director to provide oversight and technical assistance to grantees, as is necessary and appropriate. The team and Executive Director developed various program templates and processes for working with grantees in a uniform and consistent manner. To date, the compliance consulting team attends many board meetings and provides consistent updates on all projects through a shared drive electronic medium (accessible by grantees and board members) as well as via written reports. After serving in this capacity for one year the board deemed it prudent to extend the compliance contract, given the high quality and value of the work performed by the compliance consultants and the remaining number of grantees with future project start dates.

As of September 2018, the Impact Harrisburg Board continues to meet monthly and in accordance with its Bylaws, elected its board leaders at the Annual Meeting. Further, the Finance Committee meets on a regular basis, between meetings of the board, and all members are invited to attend and participate.

The Board maintains an Operating account at Fulton Bank with a balance of $312,794, as of the end of September 30, 2018. The remaining funds totaling $8,359,434 are invested with Wilmington Trust.

At the June 2018 meeting of the Board the organization's investment advisers, Wilmington Trust, provided an update on the organization's financial standing and reviewed with the Board the feasibility of continuing with the fund allocation policies previously established. The professional recommendation was to continue to adhere to the policy as established, with a continuation of regular reviews and updates, as required.

The Harrisburg Business Opportunity Fund

In March 2018 Impact Harrisburg announced the start of the Harrisburg Business Opportunity Fund (HBOF), a one million-dollar ($1,000,000) loan fund established to bring low interest funding opportunities to new and existing businesses within the City that traditionally have been excluded from more traditional lending outlets. The initial one-million-dollar capitalization for the HBOF was provided by a three hundred fifty thousand-dollar ($350,000) grant from Impact Harrisburg, and a six hundred fifty-thousand-dollar grant ($650,000) grant from the Commonwealth Cornerstone Group (CCG), a wholly-owned subsidiary of the Pennsylvania Housing Finance Agency (PHFA). The HBOF grant fund is administered by the Community First Fund (CFF), a Lancaster City-based community development financial institution, which has established an office in Harrisburg and dedicated support staff to build diversity in economic development opportunity within the region. Under the agreement between and among the parties, CFF will report on HBOF activity on a quarterly basis.

Impact Harrisburg has invited the City of Harrisburg to become an HBOF partner both through a contribution to the fund and through the active development of programs to bring greater financial education and opportunities to actual and potential borrowers in a manner that is consistent with the goals articulated under the Act 47 Harrisburg Strong Plan. Impact Harrisburg has partnered with the City and other local financial services entities including CREDC, the lending arm of the Capitol Region Chamber of Commerce; the Kutztown Small Business Development Center, M&T Bank, and the Harrisburg Young Professionals to establish a consortium that will bring expertise to building a more cohesive and diverse business community and to enhancing entrepreneurship within Harrisburg.

Harrisburg Supplemental Growth Fund

The City has executed a construction contract in collaboration with PennDOT which was awarded to Lamb Construction, Inc. This award partially addresses the Harrisburg Supplemental Growth Fund that Dauphin County and Assured Guaranty Municipal Corporation (AGM) desired 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. 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 transferred the $6.666 million set aside in the Supplemental Harrisburg Growth Fund to M&T Bank in February 2015 pursuant to the agreement.

Dauphin County and AGM have expressed concerns over the time it has taken to obtain disbursements under the Escrow Agreement. Following discussions between all parties on how to expedite the allocation and disbursement of the remaining $6.9 million, PennDOT advised the City to file an application under PennDOT's FY 17/18 Multi-Modal application program for the remaining funds. PennDOT has approved an award of a $2,236,667 grant to improve the vehicular, transit, pedestrian and bicycle movements in the City and to address several transportation safety issues. At the same time, PennDOT also committed a total of $6,710,000 over the next three years for City projects. This approach will fully satisfy PennDOT's commitment and is intended to expedite the process moving forward. Design work, and some cases, construction has begun on these projects and the Coordinator will cooperate with the affected parties in connection with the funding to the City and disbursement of escrow proceeds.

PennDOT's commitment is to provide $2.0 million annually over a five-year period toward infrastructure repair in addition to existing funding commitments. In May 2015, the City received formal approval from PennDOT for an initial $3.19 million grant to undertake street related improvements. A contract was executed, the City completed various resurfacing projects and an initial $633,000 was disbursed to the City in April 2016 pursuant to the contract.

The City approved the Multi-modal grant reimbursement agreement with PennDOT for the remaining $2.542 million at its March 21, 2017 meeting. This will complete the initial $3.19 million PennDOT grant. These funds are designated for several City streets to be improved. All environmental clearances had been obtained for the project. Utility companies have finalized their work, which was completed in advance of construction. NRG completed their work at the intersection of Third and Walnut, in advance of street construction. Final design work is complete, and the contract was awarded to Lamb Construction, Inc to commence construction and the contractor will continue through summer and fall of 2018. Crews have been on site and have been aggressively working towards the completion goal. The project includes significant modernization of the Third Street corridor in the City from Market to Division Streets.

Fiscal Matters

As mentioned above, as required by the revision to the Municipalities Financial Assistance Act, the Coordinator filed the City of Harrisburg, Act 47 Exit Plan on July 9,2018. After the public comment period and meeting, a Final Plan was submitted to the City on August 8, 2018. On September 10, 2018, the City was granted an extension from the Commonwealth Court and has until November 15, 2018 to vote to on the Act 47 Exit Plan.

As outlined in the 2017 fourth quarter report, the City moved through its budget development and approval process cumulating in City Council's adoption of the 2018 budget at its December 19, 2017 meeting. The adopted 2018 budget was balanced and totaled $106,165,855. The two major funds are the General Fund and the Neighborhood Services Fund. The Budget has had several adjustments. As a result, the General Fund Budgeted Expenditures were increased to $76,360,321 from the adopted budget amount of $72,810,194. During the third quarter of 2018, the City has begun to work on the 2019 Budget.

A review of actual revenues and expenditures through the end of August finds that the City's total General Fund revenues were $42,632,444 (67.0% of budget) while expenditures were $37,486,699 (49.1% of budget). The City received $14,626,657 (96.7% of budget) of current year Real Estate Taxes through the end of August. The City also received significant Earned Income Tax revenues through August bringing the year to date revenue to $8,244,837 (72.1% of Budget), which has further strengthened its cash position.

Through September, the City will have timely met all of its scheduled debt service payments for the year. The City is to be commended for fulfilling its debt service payments on a timely basis.

Following the September 20, 2018 check run and payroll, the City's General Fund cash balance was $25.2 million. The City's bi-weekly General Fund payroll averaged $925,000 for the third quarter and the Neighborhood Services Fund bi-weekly payroll averaged $140,000.

The Coordinator reviews City payables for both the General and Neighborhood Services Funds on a bi-weekly basis to ensure expenditures are consistent with the confirmed Strong Plan. During the third quarter, six bi-weekly check runs were reviewed, comments were provided, and check runs were approved. Through the continued diligence of the City's Finance Office, the City has been able to meet payroll and critical creditor obligations through the third quarter and has continued to maintain a current status (within 30 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 2018 cash flow summary attached with this report reflects actual revenues and expenditures through August with projections through year-end.

The Strong Plan modifications included several recommendations related to capital improvements. As the City's recovery progresses, it will have to fund capital projects through a combination of grant funds, borrowing and pay as you go (PAYGO). The 2018 budget takes advantage of certain grants and likewise uses a portion of its fund balance on a PAYGO basis to address targeted capital needs primarily in the IT, public safety and public works areas. Through August, the City has spent $2.1 million of its budgeted $8.4 million in capital due to the amount of time to plan, acquire materials and schedule the work.

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. This information is an important element in having transparent fiscal information available for elected officials to make timely decisions as well as keeping the public aware of the City's financial condition.

The Finance Office spent considerable time during the third quarter of 2018 in working on the FY 17 audit. Trout, Ebersole & Groff was again engaged to complete their audit preparation work in the areas of OPEB, compensated absences, and utility receivables (refuse and disposal). Maher Duessel (MD), the City's independent auditor, completed interim procedures in February. This included testing cash disbursements, reviewing previously provided updated internal control

narratives/memos, and confirming its work chart for the various sections of the audit. At that time all audit confirmations (mostly for restricted cash or trust accounts and debt) were completed/signed and provided to MD for handling. MD also has obtained the following items as part of its preliminary work: internal control updates, bank statements for testing, 2017 budget information, 2017 journal entries, OPEB valuation, new debt documentation, and some IT reports. MD was onsite and began work on the audit in mid-June with expected issuance of the FY 17 audit by mid-September 2018. During the third 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

During the third quarter of 2018, Harrisburg with the support of the Coordinator, made further progress on a number of key Strong Plan operational initiatives. A progress report regarding these areas, as well as other key Strong Plan operational priorities and initiatives, is detailed below.

In August of 2016 the City received an Act 47 grant in the amount of $465,380 to support implementation of four key Strong Plan initiatives relating to augmentation of managerial capacity. The primary areas of focus relate to the utilization of Act 47 grant resources to augment managerial capacity; enhance IT infrastructure development, strategic planning, project management capacity; and creating lasting improvements in the City's refuse and recycling collection operation.

Treasurer's Office

Dan Miller, CPA is now serving as Treasurer having been appointed by Council in June 2016 to fill the vacancy due to the resignation of Tyrell Spradley. Mr. Miller was sworn in on July 5, 2016 and is working to make the Treasury Department efficient and well run.

In order to improve the operation of the Treasurer's Office and address concerns that had arisen, the City engaged Alvarez & Marsal (A&M) to undertake a review of the City's financial operation with an emphasis on the Treasurer's Office and its policies, procedures and processes.

Treasurer, Dan Miller completed a review of the recommendations and agreed there was a need for better segregation of duties to strengthen internal controls.

The City Treasurer's Office has worked to address the issues that were deemed substantive and accurately defined in the audit.

The Treasurer's Office has finalized the process of closing dormant accounts and transferring those funds into the General and Neighborhood Services Funds, which represents the City's two major governmental funds. Payments are now made directly from the General and Neighborhood Services Funds thus increasing transparency for these transactions. Having completed this process for the City's major general and restricted funds, the Treasurer has begun meeting with the City's auditors to identify and clarify those accounts corresponding to minor governmental funds that can be consolidated or closed. This represents a continuation of the effort to streamline and simplify the City's accounting practices. To date, the Treasurer's Office has closed or consolidated over 40 dormant accounts.

The Office of Treasurer and the Controller's Office have also initiated a process whereby the Controller's Office provides additional segregation of duties for all wire transfers. All wire transfers

require review and sign off by the Controller's Office, which creates a best practice segregation of duties for such activities.

The Treasurer's Office and the Bureau of Financial Management have completed the effort to adjust historical journal entries to ensure that the Treasurer's accounting software pairs with the City's General Ledger, which is housed on the Pentamation financial system. This has created parity between the Office of the Treasurer's system, the General Ledger, and the City's prior year audit adjustments. In addition, the Office of the Treasurer and the Bureau of Financial Management have initiated a process to ensure that these reconciliations occur monthly so that backlogs do not occur again.

Collaboration between the Treasurer's Office and other City offices has significantly improved under the direction of the current City Treasurer. The Treasurer's Office has maintained a close working relationship with the Controller's Office and the Bureau of Financial Management. Meetings occur monthly to review accounts and address any issues that arise and staff in these offices work together on an almost daily basis to carry forward the financial management work of the City. The Treasurer and the Mayor have also begun meeting monthly to discuss projects of joint interest and foster cooperation and communication among the City's financial and executive management personnel. This cooperation is a fundamental goal of the Act 47 Strong Plan.

To further provide the necessary capacity to ensure better segregation of duties, the Treasurer's Office filled two positions – an Accounting Clerk and a Customer Service Representative. Filling these two positions, and, more importantly, filling the position of Assistant Deputy Treasurer, has allowed the Treasurer's Office to institute the necessary segregation of duties in the office and address one of the A&M Study recommendations.

The Treasurer's Office was engaged in a number of additional special projects. The Treasurer and the Mayor have initiated project planning to expand ACH participation, or automatic payments, for City licenses, permits, and service fees. Currently the City estimates that less than 6% of the eligible public utilize the ACH system. The Treasurer's Office and the Mayor's Office are seeking to dramatically expand participation in ACH, which will in turn generate significant process efficiencies in the City's financial management and accounting functions. Though the project plan is still under development, the initial goal is to develop an intensive marketing and public communication campaign.

Similarly, the Treasurer's Office and Mayor's Office are in active discussions to determine ways in which the sanitation billing and collections processes, and treasury/cash management processes can be better integrated to allow for timely response to customer inquiries, rapid follow-up on delinquent accounts, and timely processing of payments. The Treasurer has proposed that Dauphin County issue the trash bill with the annual Real Estate bill. This proposal is being considered by City Council. Regardless of the outcome of this effort, this represents a strong effort on the part of elected officers to work together to streamline processes and improve service to the residents and business owners of Harrisburg.

The Treasurer's Office is also working to develop a more favorable banking arrangement for the City's workers' compensation account. Wells Fargo has traditionally managed the City's workers' compensation account and charged an annual management fee of $6,500. This fee has often exceeded the interest generated in the account. The Treasurer's Office is working to establish an account with a local bank and estimates that doing so may result in new interest revenue to the City.

The Treasurer's Office, Controller's Office, Mayor's Office and Bureau of Financial Management are working collaboratively to improve the financial management operations of the City including addressing recommendations from the A&M report. The broader cooperation that is occurring will strengthen internal controls and improve overall efficiency in the City's financial operation. I have offered the Coordinator team's assistance with implementing the report's recommendations.

Lastly, staff from the Treasurer's Office has been working diligently to support the annual financial audit.

Finance and Administration

In the area of finance, administration, and support services, the City has made progress in a number of key areas and is working on several ongoing projects. The City Administrator, who began working with the City in October of 2017, is focusing on the development of a strategic operating plan for the City and is working to clarify and prioritize operating, management, and resource challenges. This is especially important in the City's key support services areas such as Finance, HR, and IT. These will be priority areas of focus for the City's administrative functions going forward. The strategic plan is scheduled to be rolled out to Departments by the end of 2018. The Act 47 Coordinators' team will review the plan for compliance with the City's Exit Plan and the broader Act 47 Strong Plan initiatives. Further, we will seek to provide implementation support to the City, where possible.

In financial management and oversight, Finance Bureau staff have been working on several projects in in the third quarter of 2018. The most significant project relates to the City's annual audit. In the second quarter of 2018, the City completed pre-audit work with limited support from contracted accounting firms. The City's auditing firm, Maher Duessel, began fieldwork in June and, with the consistent support of the City's finance personnel, the draft audit has been completed. The audit is currently under review and the finance staff are focused on compiling the Comprehensive Annual Financial Report (CAFR) sections as well as the management discussion and analysis and audit response. The City anticipates the audit will be released early this fall.

The third quarter has also seen the Finance Bureau focus on facilitating the operating and capital budget process. The Finance Bureau has begun the 2019 annual budget process. The Departments/Bureaus Chiefs have submitted their budgets requests to the Finance Bureau and they are currently being compiled. Revenue assumptions have been updated to reflect August actuals, and general expenses have been finalized regarding insurance, MMO, and other annual City-wide 2019 expenditures. The first round of Departmental budget review meetings was held on September 26 and 207, 2018. The City is currently seeking to secure funding through special legislation which has been introduced and a Legislative hearing was held to discuss the proposed legislation on September 25, 2018. The City will deliver a recommended budget to the Act 47 Coordinator by October 15, 2018.

The Finance Bureau, Treasurer's Office, and Controller's Office continue to work closely together to streamline processes and improve local government services. In the third quarter, the Finance Bureau and Treasurer's Office worked to implement an improved credit card payment system for the City. This has created greater opportunity for customers to make payments electronically and reduced the fees paid by the City for offering credit card payments as an option. They are also actively working to streamline the purchasing process by limiting the number of layers of approvals that are required in the Purchase Order Process.

The Finance Bureau and Controller's Officer continue to work closely to monitor and improve the purchasing control process. In addition, the Treasurer's Office and Finance Bureau have devised an approach to convert the monthly sanitation billing process into an optional annual billing option through the City's property tax assessment billing process. This could potentially streamline billing operations and generate significant savings for both the City and customers who opt for the annual billing approach. This is included in the updated sanitation ordinance that is being considered by City Council.

In addition to this area, the City is seeking to improve the contract review and management process, which is an element of the purchasing process. The City has filled the vacant solicitor position who will take on the responsibility of providing legal contract review with the goal of expediting the contract review process and, as a result, translating into more rapid service improvements in the City. The City is still recruiting for this position

Information Technology

As of June 2018, the age and condition of the City's Information Technology infrastructure continues to be major structural challenge for the City; however, notable progress has been made. The City has filled the vacant Deputy IT Director position and is finalizing an offer to fill a critical mainframe programmer position. This will result in full staffing for the IT Bureau.

During the past nine months, the IT Bureau has been engaged in several important projects. The initial effort has been to develop a plan to upgrade and replace the City's antiquated Storage Area Network (SAN). The City has purchased and installed five new servers and upgraded all 30 virtual servers integrated into the network. The final migration will occur in the coming weeks. This will generate significant additional storage capacity and freed up space for operating and administrative departments to improve the use of technology. This is especially important in the public safety areas. For example, the Police Bureau, with the support of IT, is developing an RFP to purchase and implement body cameras and the IT Bureau is working to develop the necessary storage capacity for video storage and ready access.

The IT Bureau is also working to enhance the functionality of its mainframe. The City's mainframe is over 25 years old and operates under a program database, IDMS, that is so old that it is difficult to find employees who are conversant in the programming language. The City has two alternatives to address this issue. The City has received a quote to replatform the existing mainframe systems to utilize the SQL and environment. This quote is under contractual review. The City is also exploring the option of replacing them with the off-the-shelf systems. As the City works through the 2019 budget approval process, options will be evaluated against the level of available funding, which will help to determine how quickly the City can proceed and whether a replacement or platforming project would better fit the City's environment.

The IT Bureau is also in the process of evaluating options to develop a more robust disaster recovery plan. The City is in the process of testing a virtual tape server for backing-up the mainframe systems and denning the data to a Data Center in Colorado to migrate the risk of losing the mainframe hardware in the City's Data Center. They are also exploring local Data Centers for the City's open (non-mainframe) systems. The IT Bureau is targeting the end of 2019 to complete both initiatives, though budget approval for equipment and colocation space will be needed in order to complete both projects.

Community and Economic Development

In the Community and Economic Development area, the Director has retired, and the City is currently seeking an applicant to replace her. She was working diligently to execute the work related to the 2016, $3.5 million, Commonwealth of Pennsylvania, Redevelopment Assistance Capital Program (RACP) grant that was awarded to developers to assist with an $8 million investment in commercial and residential revitalization in mid-town. A second RACP grant of $3 million was awarded to the City to launch the revitalization of an entire neighborhood in Allison Hill. This will include streetscaping, affordable apartments, and retail stores. The Paxton Creek De-Channelization project is to begin to utilize the RCAP award and the (Mulder Square) housing project should be completed by December 21, 2018, with 48 new affordable housing units and new interest from developers.

The Planning Bureau also reports an increase in building and development plan applications for new development and expansions in key commercial and residential spaces in downtown. This is a leading economic indicator of economic development and tax base growth for the City and adds momentum for further growth in the community and throughout the City.

The City's LERTA program is also currently active and although there has not been recent new construction under the program, the City reports that investors are rapidly purchasing existing properties for future development under the program. This is a positive indicator from a development perspective. As of August 31, 2018, 250 LERTA applications have been filed. The total amount abated for all eight (8) properties qualified to receive tax abatement. The total amount abated for all eight (8) properties equals $1,829.23. This amount should increase as it is anticipated that additional properties will qualify for the tax abatement. Several outreach sessions have been held to explain the program to the overall public.

The City's comprehensive plan development process continues to be a challenge. The Planning Commission is engaged in a process to review each section of the draft plan. Currently, the Planning Commission is reviewing the Housing Chapter through their bi-weekly red-lined workshop session. The Planning Commission still has to review the Introduction, Implementation, Economic Development, Chapters and then they must coordinate the document. The Planning Commission anticipates that the review will be completed by the endo of the first quarter of 2019. After the red-lined workshops, the Planning Commission will provide direction on recommended changes to the Administration and to City Council. The Act 47 Coordinator's team member(s) attends these meetings to offer support and input into this process.

The City continues moving forward with the organization of its Land Bank which will focus on blighted properties and provide the ability to acquire vacant or abandoned properties, undertake improvements and return them to the tax base. 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 Board is looking at judicial sales for potential acquisition and is awaiting finalization of the comprehensive plan to provide further strategic direction.

The Community and Economic Development Division is also beginning a project with the City Engineer's Office to create a bus route optimization plan as well as a bicycle transportation plan that can be integrated into the City's capital improvement plan. This is targeted to increase the livability and attractiveness of the City to potential new residents and businesses.

Park and Recreation Bureau

The Bureau of Parks and Recreation is actively engaged in planning for an estimated $1.8 million in upgrades to five parks and playgrounds in the City. They have obtained grants from DCNR, DCED, Impact Harrisburg, and Capital Region Water to complete major repairs to the Heights playground, Royal Terrace playground, Penn and Sayford playground, Norwood and Holly playground, and the Fourth and Dauphin playground. Upgrades are complete in all five parks and a ribbon cutting ceremony was held on September 6, 2018, numerous officials were in attendance including DCED and DCNR.

Another of the City's park and recreation assets is Reservoir Park. Following DCNR's award of a $50,000 matching grant to develop a master site plan to reimage the historic park, the City retained H. Edward Black and Associates as lead consultant supported by Simone Collins landscape architects and Urban Partners to undertake the study. The City has completed a public engagement process to work on a development plan and the City's consultants are currently engaged in the design process. Plans and cost estimates are expected to be presented to the City within the next month. The City is also in the process of upgrading the chutes and ladders playground and is currently waiting on bids for the design and installation of the playground.

Police Bureau

In the Police Bureau, staffing levels continue to be the primary challenge for the Bureau. There are currently 14position vacancies including 13 worn and 1 civilian position. Sworn vacancies include 8 patrol officer positions and 5 detective positions. There is also a civilian police data technician that is vacant. The Bureau is expecting a number of retirements from the sworn the ranks by the close of the year. The Bureau and Human Resources have been diligent about maintaining hiring lists and will need to continue that effort going forward. The Bureau could lose a significant number of police personnel in retirements as mentioned above. The Bureau is currently in the process of creating a new supervisory promotional test for 2019, as the current list is exhausted. The Bureau is also well into testing for the January 2019 recruitment class where at least nine new officers will be considered.

The Bureau has made positive progress in its effort to maintain the condition and availability of its police fleet. In the past several years the Bureau has been successful at obtaining grants to update and upgrade vehicles. In the third quarter of 2018, the Bureau finalized a leasing program for police vehicles. In the first and second quarter, the Bureau has begun replacing non-patrol investigations and command vehicles through a 5-year lease and rotation program. In 2019 they intend to expand the lease to include marked cars/patrol vehicles.

Lastly, the Police Substation Project, Phase I, is in full construction. Work is currently being finalized at both sites, 15th Street and NRB in Lancaster. There are some anticipated delays with the landscaping plan; however, the building should be constructed and on the foundation by December 10, 2018. Phase II (paving of the parking lot, curbs, and street work) should begin in the second quarter of 2019.

The Bureau is also actively working with IT to develop two new applications for the Police Bureau including MAS360 and the Everbridge system. The MAS360 program is a security feature that will allow the IT bureau to wipe phones remotely in case they are lost or misplaced. The Everbridge System is currently used by the Fire Bureau that is being expanded to the Police Bureau. It is an automated officer contact system that the Bureau can use to call in personnel during major events

or convey messages to officers. The Bureau is currently engaged in a test pilot of the program and expects full implementation in the fourth quarter.

In addition, the Bureau's Community Policing Unit is fully staffed and working better than expected. Last month they hosted the City's first National Night Out and the event was a success with approximately one thousand people were in attendance.

The Bureau also purchased the new Motorola 8000 model radios in anticipation of all law enforcement nationwide moving off the current radio network. The first phase, 75% of the radios will be rolled out and the second phase the remaining 25% of the radios will be received. This is a major initiative that will require assistance from the IT Bureau.

The Body Camera bid spec development project is in the final phase and the Bureau is planning to issue the RFP in the fourth quarter. The bid documents are currently legal review and the Bureau is evaluating new technology solutions for the parking enforcement management system and the Police Records Management System.

Fire Bureau

The Fire Bureau is making progress in a number of key areas as well. Currently, the Bureau is staffed with 81 bargaining unit members, two management chiefs, and one management administrative assistance. Total complement is budgeted at 86. The Bureau plans on conducting a written examination in November, as the current Civil Service list expires in December. The Bureau plans on hiring in the spring academy of 2019 from the newly created list.

The Bureau has also made progress on implementing a long-standing Recovery Plan recommendation to implement a modified fire company inspection program. The Bureau is moving to develop a process whereby fire companies complete basic occupancy "evaluations" to identify and remediate fire hazards in the community. They have purchased and installed Getac Tablets in all front-line apparatus which will assist in the task of data collection and record keeping. The Bureau will also be working closely with the codes enforcement on any implementation and are currently looking to potentially revise the fee structure that will net additional income regarding the fire prevention permits. This is a best practice and will ultimately enhance the Bureau's fire prevention efforts.

The Fire Bureau continues to experience challenges related to fire apparatus. In 2018 the City activated new pumper truck. Shortly after it was put service, the apparatus was involved in a major traffic accident, causing major damage to the pumper. The Apparatus repair has taxed the Bureau's budget. However, the Bureau has sufficient back up apparatus to maintain continuity of operations. The Bureau is also in the process of developing a capital funding plan for the consideration by the administration to add additional apparatus to the fleet in 2019.

The Bureau is also working closely with Harrisburg Firemen's Relief to cost share the replacement of both of these pieces of apparatus and is also exploring the option of leasing. Fire Bureau members are doing a good job of completing minor repairs, mounting equipment, and performing general maintenance on the apparatus which is a cost saving to the Bureau.
The Bureau is also making progress on fire station repair projects. In 2018 the City funded approximately $ 1 million in roof repair projects. Station 1 is 95% complete with a new roof and perimeter caulk joints. Station 8's roof is currently under construction and should be complete by the end of October. Station 2's roof construction and caulking should start soon. The Station 1 kitchen remodel is complete. The Bureau is working on many other smaller projects including the

conversion of Station 2 to LED lighting once the roof is completely replaced. The Bureau is budgeting to replace all of the exterior bay doors on both Station 1 and 2 in the 2019 CIP.

Neighborhood Services Department- Trash Collection

The Neighborhood Services Department has been actively engaged in a number of key projects in the refuse and recycling, maintenance, and infrastructure development areas.

In the refuse and recycling areas, the City has completely taken over the front-load commercial refuse collection business in the City. This was accomplished by purchasing the necessary front-loader equipment and working over the past several years to transition all commercial accounts to the City. The only commercial accounts that are not currently being serviced by the City are downtown high rises and facilities that have trash compactors. However, the City is developing a plan to purchase the necessary roll-off containers and equipment to take over these accounts in 2019. The roll-off business is proceeding as the City has a 20-year contract beginning in September to service the PA Farm Show Complex. The City is taking temporary measures until equipment is purchased in 2019 to service roll-offs. New front loader garbage trucks for commercial accounts are expected to be in service by the end of the year.

The City is also making progress in its effort to develop and manage a composting facility in Susquehanna Township. The City and Act 47 Coordinator's team developed a revised PADEP permit application that includes the City and the School District as program participants. The development of a composting site will serve two important goals. First, it will enhance the City's yard waste collection and composting program, which will in turn decrease the number of tons of waste disposed of at the Harrisburg incinerator (thus reducing disposal expenses). Second, it will advance intergovernmental cooperation in the Harrisburg metropolitan area. Although at this time it is only the City and School District, the potential exists for other municipalities to utilize the site thus sharing resources.

The composting application was submitted to DEP in May 2018 and is currently under review. In addition, the City is developing its application to Susquehanna Township to build the composting facility. This application is expected to be submitted in July. This will be the major obstacle to facility development. The City attempted to submit another application in 2017 but was met with widespread resistance from the Township. Since then, the City has actively worked with the Township officials and residents to educate them on the impact of the facility and incorporate their concerns into the process. This new application to DEP and the Township is designed to address those concerns and we are hopeful that the project will be successful. In addition, the City is currently engaged in training program to create two state certified compost facility operators in the Traffic and Engineering Division.

The City has also made substantive progress in the area of recycling. In the Fall of 2017, the City began the process of collecting glass recyclables from bars and restaurants in the City's downtown. This program has been successful and in 2018, the City established a residential glass recycling drop off area so that the program can continue to be expanded. In addition, the City has established a cardboard recycling program targeted at commercial businesses. This program generates revenue for the City and offsets fluctuations and losses in other areas of the recycling commodity market. The City is currently collecting approximately 100 tons of cardboard per month. Overall, recycling is about four time higher than when the City originally entered Act 47.

City Council has also approved the purchase of an application software "Recycle Coach" to provide up to date details regarding recycling, in multiple languages. Recycle Coach went live in the

second quarter and selected users to test the software. Residents and Businesses can access the program from their phones to review information regarding recycling rules and schedules. The software was placed into service in June 2018.

In late May 2017, City administration submitted a revised waste collection ordinance to City Council for consideration. The revision reconciles the ordinance to reflect the current approach to waste and recycling collection, enforcement, fee payment, collection location, waivers, and methods of citation. The Act 47 Coordinator's team reviewed a draft of this ordinance to ensure that it was consistent with sanitation system improvements identified in the Act 47 plan. City Council took up review ordinance and held three public meetings in the Spring of 2018 to hear comment on the proposed changes. City Council adopted the Sanitation Ordinance in mid-2018 prior to the summer recess. The City is already using the enforcement provisions to invoice for additional services and delinquent accounts.

The City is also working on collections from delinquent accounts. Collection of revenue has been slow through 2017; however, 2018 has demonstrated significant improvements in City procedures and the ability to get payment plans into place for both residential and commercial accounts.

The 2018 capital budget had money for a structure to protect the new garbage trucks from the elements of weather. The City is also progressing with construction of a fabric structure to cover garbage truck to the end of 2018.

The Department of Public Works is also becoming the host fee for the mainframe backup computer storage. Alterations of the DPW structure are required as is a dedicated electrical backup generator. This work is currently scheduled for the completion in 2018. With the addition of the roll-off business to DPW, there is funding proposed in the 2019 CIP budget to procure the software to manage the roll-off service.

Neighborhood Services Department- Traffic and Engineering

A number of active projects are also underway in the Traffic and Engineering area. The City has hired a new facilities manager and is actively working to develop a facilities improvement plan that includes the potential to separate the City Hall and Police Headquarters facilities, sell the current police headquarters, and relocate Police Headquarters into a City neighborhood where they can be more directly connected to key service areas.

The Traffic and Engineering Division has made progress updating the City's traffic signal infrastructure and has entered into an agreement with a vendor who is willing to provide the City a notable discount for new traffic signal controllers in exchange for the City's old controllers. As of early September, the City has updated controllers in 93 of 100 signalized intersections. The remaining seven are proposed for consideration in the 2019 budget process.

The City finalized a line painting project in the third quarter totaling about $100,000.

The City Engineer, Planning and Economic Development staff, and Redevelopment Authority (HRA) continue to work closely with PennDOT on a plan to make major improvements to the Harrisburg Transportation Center (HTC). The Center serves as a key anchor for the downtown and a hub for both rail and bus service for the City and region. Following last year's award of $15 million by PennDOT to fund a number of needed physical improvements, PennDOT has moved forward with design work that will address improvements including new roofs, an energy efficient HVAC system, and improved ADA access. PennDOT, as the project lead, is working with Amtrak to acquire the

building. Until the building is acquired, PennDOT's renovation efforts will be modest, focusing on roof replacement. The land survey is still underway on Paxton Creek and the City Redevelopment Authority was awarded $2 million for land acquisition and bridge demolition to begin the Paxton Creek project. The City applied to the Commonwealth Financing Authority for a project called the "Harrisburg East-West Multimodal Connection," which is focused on multimodal connections to the HTC and is consistent with the PennDOT Transit Oriented Development Master Plan.

The Federal Courthouse project continues to make progress. President Trump's budget proposal for FY 18 released May 23 included $137.2 million for construction of new 243,000 square foot Federal Courthouse at Sixth and Reily Streets. This followed action in January 2017 by the U.S. General Services Administration (GSA) to award a $9,194,935 contract to Ennead Architects of New York to provide architectural/engineering services for the Courthouse. The services include revising the former approved design concept and completing the design services for the new courthouse. Design services are estimated to be completed in fall 2018. The City's Planning and engineering staff are meeting with the design team every three weeks to review design progress and to identify, discuss, and address infrastructure impacts associated with the project. The primary focus of engineering personnel has been to deal with utility easement challenges around the courthouse.

One of the requirements of the project is that PPL Electric Utilities move its utilities and underground conduit banks to accommodate the development. The General Services Administration (GSA) and PPL could not come to an agreement as to who would own the conduit bank for fiberoptic cable and, to facilitate progress on the project, the City agreed to take ownership of the conduit banks in exchange for a 25-year easement fee which would cover the cost of maintenance.

Over the last quarter the City has made further progress with the sinkhole mitigation project on South 14th Street in their efforts to address the significant housing and infrastructure issues on this street. In September 2016, FEMA awarded the City $1.65 million to undertake an initial phase of the project to acquire and demolish approximately 25 homes in the center of the block. As of September, 45 homes have been acquired and eight homes remain to be purchased. The City is currently slightly behind schedule but grant extensions have been provided. There are various reasons for the delay: bank foreclosures, bankruptcy filings, deaths and estates, outstanding taxes, tenant, and relocation issues. On August 30th, bids were opened for the demolition and the low bid was under budget. Asbestos testing will occur this month and acquisitions will continue, but utility work cannot proceed until the properties are acquired and demolition cannot begin until the asbestos (if present) is removed and utility disconnects are complete.

The Traffic and Engineering Bureau is also actively engaged in several capital improvement projects. The City is currently managing a $300,000 "Assessable Route Project" to install ADA access ramps at intersections along McLeay Street. Submittals have been approved and the contractor will mobilize to the site to start construction September 10, 2018. Work will continue this fall until the weather prohibits it and will be completed in the spring. The Herr Street Accessible Route Project is currently out for bid and will be let in early October. The Third Street Multimodal project is underway but has significant delays and over a million dollars in cost overruns due to Capital Region Water's redesign and weather. The substantial completion date is now set for August 30, 2019, but the contractor is two months behind that schedule. The City government roof replacement projects (specifically the skylight replacement) will be completed in the fourth quarter. Rain delays and manufacturing delays put this project two months behind schedule.

In 2014, the Pennsylvania Department of Transportation (PennDOT) committed to providing $10 million over a five-year period for street-related infrastructure improvements in the City. This commitment stood in addition to PennDOT's planned repairs and projects on Commonwealth managed roads in Harrisburg. In the first and second quarter of 2018, the City has been working primarily on the North Seventh Street portion of this project. They are currently working on the design process for infrastructure improvements in this area with a goal to pave in 2019. However, the paving schedule may be adjusted to accommodate the federal Courthouse development schedule to ensure that new pavement is laid after all additional underground infrastructure work is complete on that project. Traffic and Engineering staff will evaluate this in conjunction with courthouse project progress. Similarly, the City is also in the process of completing a two-way traffic study for Second Street downtown. They expect the study to be complete this September and for design work to begin in 2019. Paving work will be coordinated with Commonwealth Gas's gas main replacement schedule in 2019 and 2020. By the end of this year, the City expects to have approximately $5.42 of the $10 million under contract with PennDOT via three Multimodal Reimbursement Grant Agreements (City Paving $647,500 – Complete; Third St. – $2,542,348.00 – construction underway; N. 7th – in design). The City expects to have the remaining $4.57 million awarded via Multimodal Grants for the N. 2nd Street and Berryhill Street projects.

The City is also currently managing a $2.8 million-dollar paving project for Industrial Road along the major railroad corridor. This is funded with federal grant revenue and will represent a major improvement to a commercial and industrial area in the City.

Lastly, the City kicked off a Vision Zero commitment to eliminate traffic fatalities and serious injuries in the City within 10 years. This was a recommendation in both versions of the draft comprehensive plans. Thus far, the City has received strong support from the public and PennDOT. As the City develops their Vision Zero Action Plan through a grassroots effort with neighborhood groups and the community coming together for the common purpose of traffic safety, they expect to not only save lives but to positively impact community goodwill and City livability.

Solicitor's Office

The Commonwealth of Pennsylvania, et al, filed a complaint against seven professional firms based on the Harrisburg incinerator project and series of financing transactions. The case is filed in the Commonwealth Court at 368MD2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP.

The City is also in the midst of defending a lawsuit challenging the commercial trash rates, the exclusive use of the incinerator and the put or pay provision of the Strong Plan. In Spring 2018, the commercial property owner plaintiffs filed a Motion to Amend the matter to a class action suit. The Plaintiff alleges the Court should reduce the rates retroactively and provide past, present and ongoing relief. The City will retain outside counsel to file a Reply in Opposition to the Motion to Amend on various grounds. The litigation is ongoing, and the City intends to vigorously oppose the suit.

The City Solicitor's office has filled two new positions, Senior Deputy Solicitor and Deputy Solicitor. In addition, the City retained outside real estate counsel to assist in a variety of title and transfer issues, both current and historic. The Solicitor's Office also accepted the assignment of a management employee who assists with much needed record keeping system and filing updates.

The collections attorney has been involved in numerous trainings of the varied record keeping systems, including main frame searches, as well as reviewing files and opening negotiations with large sanitation accounts. Notices of intent to commence litigation on select sanitation accounts are being pursued if the accounts cannot be promptly resolved.

The City had received $10,000 from the first major delinquent waste account. In addition, several other settlements are pending. Neighborhood Services, the Bureau of Financial Management, the Treasurer's Office, and the City Solicitor's Office are working together on an initiative to create automatic electronic collection of sanitation fees as well as other City licenses and fees.

This will represent a significant improvement in customer service and serve as an opportunity to generate consistency in cash flow and limit account delinquency. Once this system is in place and fully communicated to the public, the City will cease the practice of granting waivers on penalties for late payments. This not only represents an improved sanitation and revenue collection process but reflects functional cooperation between City Departments and the Treasurer's Office to address operating challenges. This is a fundamental goal of the Act 47 plan and a positive reflection on the City's progress.

There are several litigation issues that could pose a liability for the City. One involves a civil dispute between landowners and insurance carriers over the 2016 collapse of a wall and parking lot onto a Cameron Street business. There are at least 10 parties involved in this matter and though the City should have no exposure related to the collapse and there are other legal costs involved for the City that are significant.

There is also a federal civil rights claim challenging the City's Buffer Zone Ordinance, which was remanded by the Third Circuit Court of Appeals to the U.S. District Court for the Middle District of Pennsylvania for that Court to consider anew a request for preliminary injunctive relief. A hearing was held in October and several City officials testified. A final ruling has not been issued in this case.

The Strong Plan modifications provided for the City to again retain experienced public-sector employment labor counsel for its labor relations activities including the negotiation of FOP and AFSCME contracts that expired the end of 2016 and the IAFF contract that expires the end of 2017. The City engaged John Dean of Elliott Greenleaf to serve as outside labor counsel to assist with these contracts. During the first quarter 2017, Elliott Greenleaf attorneys successfully negotiated both the FOP and AFSCME contracts and negotiations with the IAFF have recently concluded. The IAFF voted on December 29, 2017 to not to accept the City's proposal. A second proposal was pursued. The City and IAFF reached an agreement for a successor CBA, because of negotiations. IAFF ratified the terms of this agreement on or about February 8, 2018. The agreed upon terms are integrated into current successor CBA and was approved by City Council on July 3,2018.

Intergovernmental Cooperation

While there are specific instances of cooperation between and among the City, various Commonwealth agencies, Dauphin County, the Harrisburg School District and other neighboring municipalities as discussed below and elsewhere in this report, it remains important for the City to continue to take a proactive role in pursuing intergovernmental cooperation opportunities.

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. Examples include the City

producing, distributing and collecting real estate taxes on behalf of the School District and performing a similar function for the shared Business Privilege/Mercantile Tax and the recent cooperation on the establishment of a yard waste facility and LERTA program.

The City and Dauphin County collaborate in the provision of various 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 City, resulting in a significant savings to the City.

Following a Strong Plan recommendation, the City also became a member of the Capital Region Council of Governments (CRCOG) in 2014. CRCOG is a voluntary association of 40-member municipalities from Cumberland, Dauphin, Perry and York Counties, formed to promote intergovernmental communication and cooperation. Among its programs are a joint purchasing program and an auction for surplus property and equipment. The City's participation in the COG has resulted in cost savings for various commodities and services. The COG also provides a forum to discuss common issues in the Harrisburg region. The City also uses the COG's job opening website for recruitment of personnel.

The City is also a member of the Dauphin County Tax Collection Committee which has engaged Keystone Municipal Service to collect the Earned Income Tax for all municipalities and school districts in the County. Beginning in 2016 the City entered into a contract with Keystone Municipal Service for the collection of the Local Services Tax to have a more efficient collection operation for its employment-based taxes.

The City is currently engaged in active discussions with the Harrisburg School District on a joint yard waste facility project that is discussed further under Public Works – Sanitation discussion. It is partnering with PennDOT on a Transit Oriented Development study of the Transportation Center and surrounding area and as a supplement to this project also working with PennDOT and their engineering consultant on a Paxton Creek Evaluation Study to understand the existing flood potential and identify different options to help mitigate flooding within the TOD project area.

The Act 47 Plan includes a number of initiatives relating to intergovernmental relations. In the area of public safety, there are two major opportunities going forward. The first opportunity relates to the recommendations of the regional policing study which was completed in December 2015. The study funded partially by the Act 47 program and completed by the Police Executive Research Forum (PERF), identifies multiple opportunities for intergovernmental service sharing and cooperation in the policing area. It is important for the City to pursue those opportunities to determine where costs savings and/or service enhancements can be achieved.

The second public safety opportunity relates to the fire service. With staffing in the Bureau of Fire, and volunteer firefighter availability in surrounding communities declining, the City is 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, but they potentially serve as an opportunity to enhance service levels and secure valuable revenue for the City, while potentially enhancing fire service quality in neighboring communities. These opportunities should be aggressively pursued as part of the City's recovery effort.

The City must continue to work closely and cooperatively with the County and Commonwealth agencies on infrastructure and economic development initiatives. PENNDOT has committed to contribute significant resources to the City for infrastructure repair and development that is critical

in fostering the City's economic recovery. The County along with the Harrisburg Regional Chamber and CREDC are important partners in the region's economic development. 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 initial Strong Plan in August 2013. The amendments to the prior collective bargaining agreements for the bargaining units, as well as those initiatives for the non-union City employees, were implemented, and cost reductions resulting from these changes continue to be monitored. Although the formal Amendment documents setting forth the revised contract language were 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 has continued to insure implementation of the negotiated changes and assist as necessary with respect to any issues and grievances that arise relating to those changes or to any of the Plan initiatives.

In the Amended Strong Plan that was passed by City Council in April 2016 and approved by the Commonwealth Court on July 20, 2016, 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, the new 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 compensation items that are most important to the employees in each unit.

Because the CBAs with FOP and AFSCME expired on December 31, 2016, the City entered negotiations with the FOP in September 2016, with AFSCME negotiations starting thereafter. The negotiations for the FOP and AFSCME successor agreements were the first time since the City entered Act 47 that the unions were obligated to negotiate all terms with the City and that the City had the right to renegotiate employment terms with the unions. The City retained the law firm of Elliott Greenleaf to handle its labor negotiations.

Elliott Greenleaf represented the City in its negotiations with the FOP and AFSCME throughout the fourth quarter of 2016 and the first two quarters of 2017. While negotiations with the FOP did not result in a successor contract being reached by the end of 2016, the parties eventually reached an agreement without needing to resort to interest arbitration in March 2017. That agreement has since been executed and ratified by the FOP membership and City Council has passed a resolution approving its terms.

While negotiations with AFSCME started more slowly, the City quickly reached a successor agreement with that union as well. On January 10, 2017, City Council passed a resolution approving the terms of a CBA with AFSCME to cover the years 2017 and 2018; however, at this juncture, the parties do not yet have an executed version of the final contract. Execution of the CBA was stalled originally because the parties required a study from the Pennsylvania Municipal Retirement System ("PMRS") regarding the actuarial information on the impact of certain provisions in the new CBA. Thereafter, typographical errors were identified in that final contract, which has further delayed execution. Nonetheless, the City has already implemented all other aspects of the CBA as amended, and hopes that it will have a contract executed in short order. In the meantime, given that the latest AFSCME contract was only for a two-year term and expires at the end of this calendar year. The City and AFSCME met this summer and settled on agreement after one bargaining session. The City is, and the union are working on integrating the new agreement into an updated contract, which they will present to City Council for approval when it is finalized, presumable before the end of the fiscal year 2018.

The CBA with the IAFF expired on December 31, 2017. At the IAFF's invitation, the Coordinator made a presentation last April to the IAFF's entire membership, providing an overview of the Act 133 Amendments to Act 47 and the terms of the Amended Strong Plan, and opening a discussion up for any questions that the membership might have. The Coordinator felt that this meeting was positive and set the stage for constructive negotiations for a successor agreement. Elliott Greenleaf represented the City as its labor counsel in connection with negotiations with the IAFF. The City and IAFF reached an agreement for a successor CBA as a result of negotiations. IAFF ratified the terms of this agreement on or about February 8, 2018. The agreed upon terms are integrated into current successor CBA and was approved by City Council on July 3,2018.

In terms of pending grievances, AFSCME's grievance regarding the manner in which the bonus provision in the current CBA is being interpreted remains pending. In accordance with the current CBA, the City has paid bonuses to "all employees in the bargaining unit as of December 31, 2016…" AFSCME, however, contends that "all employees in the bargaining unit" includes those individuals who were not yet bargaining unit members because of their probationary status and lack of dues obligation. The Coordinator and the City believe that payments have been made appropriately and will prevail if this grievance proceeds to arbitration. Other grievances previously mentioned in prior reports also remain pending, including an FOP grievance that was filed after the police chief would not allow officers to perform off-duty work at the Great American Outdoor Show. An FOP grievance is also pending on an individual employee suspension issue, and there is a pending request for arbitration from the FOP related to a police officer's request to return to work or receive injury-on-duty benefits. There are currently three IAFF grievances pending, but the City does not view them as significant at this time and expects to resolve each. The City Solicitor has a meeting with IAFF leadership scheduled in a mutual effort to resolve these grievances. From the Coordinator's understanding, there is not a significant risk of exposure on any of these pending matters, and the Coordinator will provide further information when it becomes available.

Fire overtime has been a continuing issue for the City since long before the City entered Act 47, as the expenses were constantly exceeding budget. However, the City has been able to significantly reduce its overtime expense after the IAFF CBA was amended in April 2014, one fire station closed, and new firefighters were appointed in June 2014. Through prudent personnel management, the City's Fire Chief has successfully been able to continue to contain Fire overtime costs. For example, for the first quarter of 2014, total overtime (inclusive of premium pay) 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 before the CBA amendment. For the full 2014-year, overtime was 40.5% of salary and 91% of the $2,000,000 budget for overtime. Positive trends

in overtime costs continued in 2015, 2016, 2017 and to date in 2018. The City has also successfully contained additional premium pay over the course of these years. That said, in 2017, the City did exceed its modest $650,000.00 annual budget for overtime by spending $935,348.52. Still, this sum is lower than the amount spent annually in overtime in years prior to 2014.

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," and
- Activities related to the transfer of the water and sewer operation from the City to CRW.

After the December 2013 consummation of the Strong Plan, the City is no longer a guarantor of debt payable on either the Resource Recovery Facility or Parking System. Debt service on these assets is now payable by the Lancaster County Solid Waste Management Authority and the Pennsylvania Economic Development Financing Authority (PEDFA), respectively.

The Strong Plan focused not merely on restructuring City liabilities, but also the elimination of the clear majority of the City's debt and other obligations. The exceptions were the City's General Obligation Bonds, and to a more limited extent, the so-called "Verizon Bonds." The former was restructured as part of the Strong Plan's consummation. As to the latter, over half of the debt service will be paid for by lease payments made by the Commonwealth and expense reductions achieved by management. The remaining obligation of the City was restructured as part of the Settlement Agreement on the Verizon bonds in January 2015.

Continuing in the third quarter of 2018, PEDFA has engaged in conversations with all affected parties, engaged its professionals and staff to craft an amendment to the bond indenture, and has, as of December 12, 2017, sent to all interested parties an amendment to the bond indenture for their review. PEDFA believes the amendments will resolve the outstanding ambiguities. Payment has been made to SP+. It is PEDFA's desire to resolve the remaining issues regarding the other distributions to the City, HPA and the Capital Reserve as soon as possible.

Harrisburg Parking

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 put in place a monetization structure that maintained ownership of the assets for Harrisburg, and aligned the incentives of the parties, so that the better the system performed, the more the City would benefit. The latter approach was chosen and therefore it is to the City's benefit that it does everything in its power to improve revenues and support the parking system. This includes recognition that proper maintenance of the parking system is critical to the continuing flow of revenue for the City.

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

1. Repay the balance of negotiated settlement with Resource Recovery Facility creditors ($128 million).
2. Pay debt service on GO Bonds for first time since September 15, 2011 ($6 million).
3. Repay all 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 – (The OPEB Board remains to be created by the City; however, the Coordinator has met with the City's Business Administrator, Marc Woolley, City Solicitor, Neil Grover, and City Finance Director, Bruce Weber to discuss its construct. The goal is to have the OPEB Board selected during 2018.)
    c. Fund deposit to Impact Harrisburg
    d. Fund a budgetary reserve to get through first three months of each year (This has worked well as the City has not needed to draw on a TRAN)
    e. Repay Pennsylvania Investment Bank
    f. Repay agreed upon amounts to equipment lender

Subsequent to Plan consummation, the parking assets are under the auspices of the PEDFA who engaged Capital Region Economic Development Corporation (CREDC) as their agent to oversee the operation and management of the parking operation. (Please see the note above about the PEDFA proposed amendments). 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 contracted with CDM Smith in the fall of 2015 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.

Park Harrisburg Fiscal Year 2018 Operating and Capital Budgets Projections

The projected revenues and expenses through August 2018 were approximately equal to 2017 revenues for the same nine-month period. Adverse winter weather resulted in lower transient and meter revenues. The operating expenses through August 2018 was the same for the nine-month period in 2017.

The proposed 2018 operating and capital budgets have not been approved and interim budgets continue to be utilized. In general, the 2018 interim operating budget will reflect the current rates for monthly, transient and meter parking while the DGS lease rate will increase per the terms of the lease. The 2018 interim budgeted operating expenses will be equal to the 2017 budgeted operating expenses increased by Consumer Price Index (CPI). The 2018 interim capital budget will be equal to the amount in the CDM Smith report for 2018, which is $1,394,580.

Scheduled City/HPA payments year-to-date (through September 1, 2018) - The City has been paid $1,321,748 of $881,166 due and HPA has been paid $802,213 of $928,545 due.

For other expenses paid at the Subordinate Expense level of the Trustees waterfall, there have been no Performance Fee deposits/payments made in 2018 and no PEDFA fee deposits/payments made in 2018. The Trustee is holding $1,979,900 pending resolution of issues related to ambiguities in the bond indenture concerning payment of unpaid amounts from previous periods.

SP+ was paid $544,041 in May 2018 for amounts due from the 2014 overpayment. The City, HPA, PEDFA and the Credit Enhancers (Dauphin County and Assured Guaranty) approved the payment.

Capital & Operational Improvements

Capital Improvement projects completed in 2018 include concrete repair and generator replacement at Locust Street and roof repair at the Chestnut Street garage.

The parking system entered into an energy saving contract and has saved $21,630 YTD through August 2018.

5-7 Free Parking program

Dauphin County, the City of Harrisburg and the Harrisburg Downtown Improvement District (the "DID") agreed to fund a pilot program where the three parties pay Park Harrisburg in an amount equal to $270,000 in return for free meter parking in the DID area from 5-7pm Monday through Saturday. The $270,000 amount is the estimated meter revenue which the system collected from the DID area for the 5-7 pm time in 2017. The program commenced on April 1, 2018 and is to last for one year at which time it will be reassessed by all parties.

ParkMobile

ParkMobile, the parking application provider for the meter system, had approximately 80,000 transactions for the period of January through August 2018.

Payments to the City and Harrisburg Parking Authority

Regarding the City/HPA payments through August 2018, the City has been paid $399,200 and HPA has been paid $188,683.

As to other subordinate expenses of the bond indenture waterfall, there have been no Performance Fee deposits/payments made in 2018 and no PEDFA fee deposits/payments made in 2018.

The Trustee is holding $1,979,900 pending resolution of issues related to ambiguities in the bond indenture, and certain previously described underpayments and over payments from previous periods.

Notwithstanding, the fact that the parking system is generating insufficient amounts to pay all subordinate expenses, Tables 1 and 2 below reflects the significant positive impact the parking transaction has had on revenues of the City derived from parking related fees and charges. In 2012 and 2013, parking tax receipts that the City collected and retained in its general fund were approximately $1.5 million and $1.6 million, respectively. Parking tax revenues have consistently risen year over year and are expected to do so again this year.

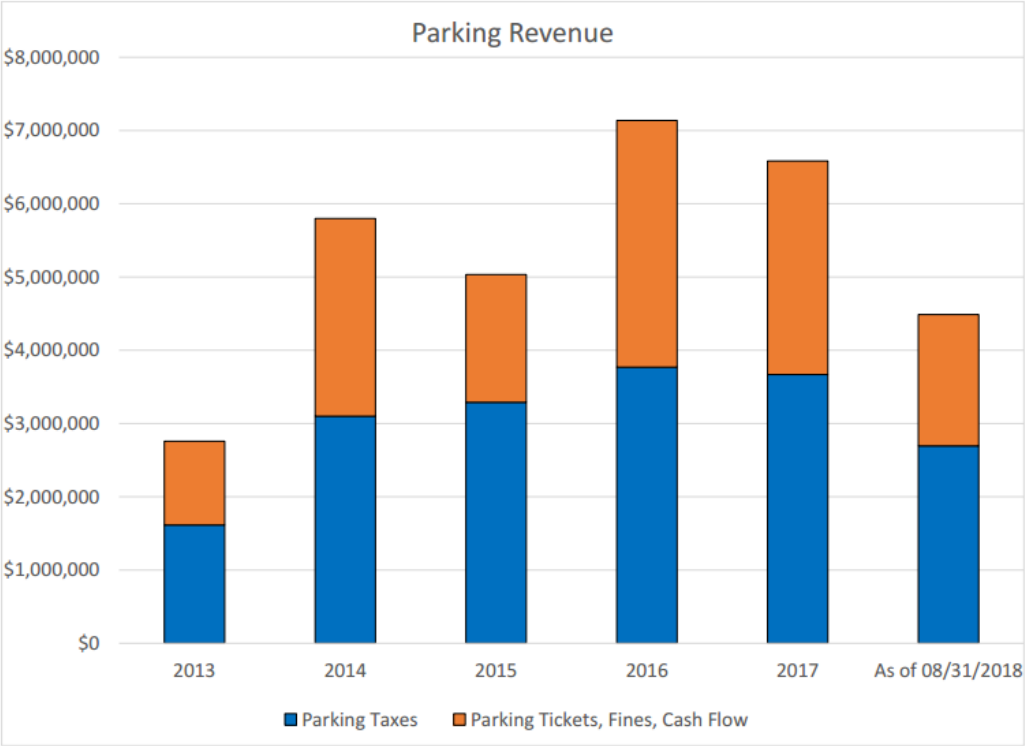
City of Harrisburg
Parking Revenues

Table 1

Group	Account Description	2013	2014	2015	2016	2017	As of 8/31/2018
Parking Taxes	MBP PARKING TAXES CURRENT	1,613,906	3,100,722	3,289,446	3,769,704	3,668,788	2,695,214
Parking Taxes	MBP PARKING FEE	13,271	16,721	11,573	13,724	12,580	11,034
Parking Fees	PARKING LICENSE FEE-PRIOR	476	3,266	2,131	710	4,076	0
Parking Fees	PARKING LICENSE FEE-PENAL	668	3,477	2,007	3,010	3,284	1,459
Parking Fees	TOWING FEES	24,954	28,360	21,665	22,595	20,706	13,744
Parking Fees	METER BAG RENTAL	149,706	62,834	21,504	24,116	49,312	44,904
Parking Fees	FINE AND COSTS	72,919	72,570	49,535	42,244	13,627	27,106
Parking Fees	BOOTING FEES	1,925	14,595	8,850	3,300	2,925	1,275
Parking Tickets	PARK TICKETS-VIO FINE	880,585	475,248	463,641	447,119	376,923	293,224
Ground Lease Payment	PRIORITY PARKING DISTR.	0	900,000	527,900	1,093,623	974,526	699,040
Priority Parking Distribution	PRIORITY PARKING DISTRIBUTION		1,100,000	636,951	1,717,788	1,457,735	701,336
Rental Income	HPA RENTAL INCOME	0	20,800	0	0	0	0
HPA Coordinated Pkg	HBG PRK AUTH COORD PKG	0	0	0	0	0	0
	Total Parking Revenue	2,758,410	5,798,593	5,035,203	7,137,933	6,584,482	4,488,336

City of Harrisburg
Parking Revenues

Table 2



Additional Incentive Programs

A 15-minute free parking program was initiated last year for several parking areas in the Central Business District (CBD) of Harrisburg previously marked as loading zones. To date, parking revenue from meters located around the free parking spaces have not been less than what was budgeted. The program was expanded in early 2017 to include conversion of 22 additional loading zones in the Harrisburg Central Business District to 15-minute free parking areas.

On April 2, 2018 the Mayor and Dauphin County announced, "Free Parking," within the Central Business District. The cost is to be borne by the City, County, and the Harrisburg Downtown Improvement District.

ParkMobile

ParkMobile was selected by Park Harrisburg to replace Pango as the provider for mobile-payment solutions effective March 1, 2017. ParkMobile is the leading provider of mobile-enabled parking and mobility-related services in North America. The company's mobile payments solution allows parkers to use their mobile phones to pay for parking at all of the on-street spaces managed by Park Harrisburg. Customers can pay with their smartphones using ParkMobile's mobile applications for iPhone, Android, and Windows phones, or by calling the toll-free number on the ParkMobile meter stickers. Park Harrisburg in partnership with the City and ParkMobile has implemented two other promotional programs that can provide a more customer-friendly parking

experience. LUV HBG provides 4 hours of free metered parking on Saturdays and provides $1/hour meter rates from 5:00 to 7:00 p.m. in the central business district. Park Harrisburg and ParkMobile are working with local businesses on other promotional programs utilizing this application.
The ParkMobile application compares quite favorably to the PANGO transactions. Public response to ParkMobile to date has been favorable.

ParkMobile had approximately 77,000 transactions for the period of January through September. 2018.

Accruals

The Trustee has provided an opinion on language in the bond indenture related to the waterfall payments and stated that the language related to accruals is ambiguous. PK Harris, the Asset Manager, engaged CDM Smith to update the capital study in order to factor in capital requirements for the system as part of a term sheet. Subsequent to the completion of the updated capital study, AGM and Dauphin County, in their role as credit enhancers and creditors, prepared a proposed term sheet for discussion. Several positive meetings were held between the creditors and the City to discuss the term sheet. It is the Coordinator's belief that a mutually acceptable resolution that balances the needs of the parking system and the City can be reached by the parties.

Capital and Operational Improvements

Capital Improvement projects completed in 2017 and third quarter 2018 include:

1. Concrete repairs and generator replacement at the Locust, Market Square and Chestnut garages. New roof for the Chestnut Street Garage.
2. Repaving of the 7th Street Lot and sealcoating of the 10th Street Lot and Mulberry Street Lots. As a result of additional research on cost saving measures by the Operator, SP+, the final cost of repaving the 7th Street lot was $300,000 below estimates in the Capital Study.
3. A new 10-year Capital Study has been completed and will be utilized for identification of capital improvements by year for the future.

Parking Advisory Committee

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 under provisions of the Asset Transfer Agreement and continues to meet periodically to keep stakeholders informed on the parking 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 parking system.

Resource Recovery Facility

Results for 2014 - 2018

The Lancaster County Solid Waste Management Authority (LCSWMA) has operated 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, again in 2015 when the City disposed of 36,636 tons (105%), and again in 2016 when the City disposed of 35,953 tons (103%). As of the end of August 2018, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was 27,669 tons (78.4%) of the City's 35,000 ton minimum put or pay requirement. It is running slightly below last year at this point but is on target to again meet or exceed the 35,000-ton minimum.

Tipping fees were reduced in 2014 and have remained the same since that time. The more the City diverts from the waste stream through recycling, the less it must pay for disposal costs. The plan to avoid using general fund monies to pay for any costs resulting from the put or pay provisions being activated included the combination of increasing recycling which will result in payments for recyclable materials, savings from reducing disposal charges (freeing up additional disposal fees) and reducing "leakage" from the system.

The City also receives an annual Host Fee from SRMC. Through August 2018, the City had received $237,367 in Host Fees.

The "Verizon Bond Problem"

The resolution of the Verizon Bond matter has resulted in significant positive benefits to the City. The resolution has been discussed thoroughly in prior reports. The benefits, though, are continuing to have a positive impact on the City. The lease between Harristown Development Corporation (HDC) and the Department of General Services (DGS) of what is now known as the Commonwealth Tower has resulted in approximately 780 people moving into the Tower in 2016. This influx of employees in the central business district has increased Local Service Tax revenues by approximately $120,000 per year and also spurred increased economic activity throughout the Strawberry Square and Market Street areas.

Current Status of Commonwealth (formerly Verizon) Tower Project

The Commonwealth renamed the Tower, the Commonwealth Tower, and by mid-2016 DGS had completed the build-out and all Human Services employees had been transferred to the Tower. All told, approximately 780 new Commonwealth employees now work in the Commonwealth Tower. By all accounts, the project is one of the biggest improvement projects that has been undertaken in downtown Harrisburg and has spawned considerable additional activity in the Strawberry Square complex. This project has also resulted in considerable savings to both the City and the Commonwealth (the former in regard to reduced total debt service obligations and the latter in regard to reduced energy costs under its lease).

Additional Improvements to Solution to the Verizon Bonds/Building Problem

A recent negotiated settlement relating to the real property assessment of the parcel is expected to yield a significant, beneficial economic impact for the City. As built into the transaction's legal structure, operating expense savings inure to the benefit the landlord (Redevelopment Authority of the City of Harrisburg - the "RDA") and to the manager of the buildings (Harristown Development Corp.). To the extent additional cash flow - or conditional rent - is directed to the RDA, there is a dollar for dollar reduction in the obligations of the City under its Guaranty of the RDA's Federally Taxable Guaranteed Revenue Bonds, Series A of 1998.

The Stipulation and Joint Motion document and Amended Order of Court executed in July and August 2017, respectively, state that the assessment of the parcel changed, effective January 1,

2016. The first conditional rent that would include any tax savings would be paid in April 2018 for the calendar year ending December 31, 2017 (because calendar year 2016 is already closed). Although not yet final (and subject to the taxing bodies' further review), calculations provided to the Coordinator of the refunds/credits due from the County, City and School District for calendar years 2016 and 2017, approximate $517,000 and may be available in August 2018. This is assuming no other offsetting items are in the conditional rent calculation and assuming the taxing bodies issue the checks in 2017, and only after recovery by HDC of $51,000 in unreimbursed losses per the 2016 conditional rent calculation provided by HDC. HDC is awaiting confirmation from the City and School District regarding their calculations of the amounts of refunds/credits due and no actual refunds/credits have yet been issued.

In the original structure, HDC agreed to assume certain operational risks and subordinate certain payments to the Trustee on the 1998 Bonds. They did so fully intending to bring this tax appeal, reduce energy costs and reduce as many expenses relating to the project as possible. Under the applicable documents, if there are "excess funds" (gross rent less operating expenses and fixed rent) the first $150,000 goes to HRA as conditional rent and the balance is split 50/50 between HRA and the HDC.

HDC's estimate of the amount of conditional rent that they expect to be paid to the RDA beginning in April of 2019 is $282,000 per year through 2025. This is comprised of the first $150,000 plus 50% of the remaining excess funds.

Harristown Development Corporation Activities

Harristown Development Corporation (HDC) continues to actively pursue additional development opportunities in Strawberry Square and the surrounding neighborhood. Strawberry Square itself is a great redevelopment story based on the 17-year Commonwealth lease for the Commonwealth Tower. Building on last year's successes, which included a new Hallmark store, expansions of apparel retailer, Amma Jo, and the Capital Area School for Arts (CASA), several additional projects have moved forward during the second quarter.

Rite Aid opened its new store in Strawberry Square on May 25, 2017. This is the largest retail lease HDC has experienced in its 40-year history. The 14,000 square feet store is double the size of its previous location on Market Street and is considered one of Rite Aid's Flagship stores. It offers an extensive amount of new products and services and has a special partnership with The Hershey Company with a "Chocolate World" style display and gift area. In the month since its opening, sales have been brisk and have exceeded Rite Aid's expectations.

Fresa Bistro, a new 50 seat sit-down restaurant opened at the end of the first quarter and is doing extremely well. It offers a menu of freshly made items, including sandwiches, paninis, salads, wraps and soups. HDC has also signed a lease for a new fast casual Asian Fusion restaurant known as "Freshido." The 2,500-square foot restaurant is located at the corner of 3rd and Market Streets and has seating for approximately 60. The opening of Freshido provides yet another dining option in the downtown.

Best Friends Day Care which opened in 2015 has seen its business grow with the influx of new office employees and has just signed a lease for an additional 1,000 square feet.

HDC is also hosting a monthly Pop-Up Happy Hour in Strawberry Square that creates additional foot traffic in the Strawberry Square complex and is a plus for retail establishments.

Public Financial Management, a major downtown employer relocated its 150 employees to the M&T Bank building taking about 63,000 sq. ft. which is the available office space remaining in this building. The move represents PFM's long-term commitment to the City as one of the leading businesses in the region.

Additions to Strawberry Square (SSQUARE) complex this year including energy savings results

- New lease signed for 11,000 s.f. inside SSQUARE at end of August which will be SkarlatosZonarich LLC—law firm bringing 35 new employees to SSQUARE expected occupancy date is Feb. 1, 2019 following major renovations to the space ($1 Million of improvements) press release attached. As discussed in release above, Harristown will be purchasing 17 S. Market Square (currently owned by Skarlatos) and redeveloping that building along with the 21 S. 2nd Street site (vacant lot) into a $10 Million mixed used project to be completed by 2020.
- Completion of New Public Elevators in SQUARE
- Energy efficiency results continue to be strong and in line with prior years since the major 16 Million capital improvements made in 2015/16.

Recent residential activity this year:

- "Bogg on Cranberry" Street opened as new redevelopment of former office building at 221 N. 2nd Street—this is a 12-unit upscale apartment complex on the edge of Restaurant Row—it opened last week with 8 of 12 units already leased.
- All of Harristown's entire other 60 units are fully leased
- Harristown and its partners also have plans to produce a 70-unit apartment project converting two office buildings on Pine Street (116 and 124 Pine) converting over 80,000 s.f. of office into apartments. This project will commence in Jan. 2019 and be delivered to the market in fall of 2019.
- The overall vacancy rate for market rate apartments in the City is less than 2 percent according to a July 2018 market assessment by Real Property Research Group sponsored by Harristown, HBG City, and Harrisburg Housing Authority.

Other Activity:

Residential development also is continuing in both Strawberry Square and the surrounding Third Street neighborhood. Demand for residential housing in downtown Harrisburg is strong as evidenced by a study commissioned by Harristown Enterprises, Inc. The "residential opportunity assessment" report was completed by the national consulting firm, Real Property Research Group (RPRG) and concluded that downtown Harrisburg has great potential to absorb as many as 300 new market rate apartments over the next three years — a very encouraging sign for the City's future. HDC's focus is to create an environment where you can walk to almost everything you need."

In 2016 HDC completed renovations and placed into the market 51 high-end apartments in three complexes: The Flats at Strawberry Square (22 units); F@TT (Fifteen at 22 S. Third) (15 units) and South of Market (SoMa) (14 units). By March all of these units were occupied and there is a waiting list for openings. HDC is currently constructing two additional units at the Flats and has purchased three additional row buildings on South Third Street that it is renovating into six apartment units. HDC is also looking for opportunities to convert older class B and C office buildings into apartments given the demand for housing.

The Downtown Improvement District and Harrisburg Property Services recently partnered to open a new safety and security sub-station in the SoMa district. They will work closely with the City's

police department and provide safety and security service to residents and patrons of businesses in this neighborhood.

Two other developers, WCI Partners, LP and the Vartan Group have been partners in the development of residential properties in the City. WCI recently developed the Union Street Lofts (33 units), the Locust Street Apartments (14 units) and Walnut Court Apartments (21 units). Both Locust Street and Walnut Court projects were leased in 6-8 weeks. WCI is bringing on an additional 8 units at 916, 918, and 920 North Third St., adjacent to the Union Street Lofts.

On the educational and technology front, the Blackberry Technology Center opened in the SoMa neighborhood. The project involved the redevelopment of a blighted former hardware store that had been vacant for over 30 years into a three story, 4,500 sq./ft. building that now houses three technology-based companies that employ approximately 30 individuals. All three companies are a product of Harrisburg University's (HU) technology accelerator. HU has been a key player in the development of a burgeoning technology industry in the City as evidenced by a number of technology initiatives. Adjacent to SS, HU has recently completed the build-out of its current building and is pursuing additional space in the downtown area. The technology sector has grown nicely with over 20 firms located in and around downtown employing over 800 individuals. Many of these individuals desire housing in the downtown and contribute to the economic growth evidenced in downtown.

Temple University is also part of the educational corridor with its location in Strawberry Square and has also experienced strong growth in both undergraduate and graduate programs. The Capital Area School for the Arts in Strawberry Square is entering its fifth year as a charter school. It now boosts over 200 students and is expected to renew its charter in 2018.

Strawberry Square Energy Efficiency Upgrade

The Energy Upgrade in Strawberry Square was a separate project thru DGS and HDC that was coordinated with the build-out in PHASE 1 and 2, and is now complete. HDC entered into the performance agreement phase of the contract where the guarantee of savings by Siemens should be sufficient to pay the debt service on the loans. Siemens, as part of their performance agreement, maintains very tight oversight of the building's operation during the ten-year period. Comparative data for 2016 reflects an overall energy cost savings of 31% over 2015 with continued savings being experienced in 2018.

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 amounted to between $180,000 and $200,000 annually between 2012 and 2013 and has continued to be a growing obligation. The goal of the Receiver, and now Coordinator, was for the City to enter into a new permit/lease that insured adequate revenues paid from operations of the Stadium to fulfill the debt service obligations on the stadium bonds without further burdening City taxpayers. The City and Coordinator met on several occasions to discuss options and staffing for reaching out to the parties involved. The City has now assumed responsibility for the "Senators' Stadium" financing matter, though the Coordinator's team continues to be available to assist should the City desire.

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 (beyond a May payment of $163,061) to meet the debt service requirement for a total of $248,061 on the bonds for the year. In May 2016, the City made a payment of $241,362 and in October paid an additional $91,272 for a total of $332,634. Annual debt service obligations on the stadium bonds will exceed $650,000 in 2018. The exact amount the City will need to contribute is unknown, though it is likely to be similar to the 2016 payment which represented about half of the total debt service, unless a resolution is found. The increase in debt service being paid by the City, 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 hundreds of thousands of dollars in debt service each year.

The Mayor has met with the Senators new owner, a local businessman, multiple times and continues to pursue additional uses for the stadium that would generate additional revenue for the City. Initiatives that increase cash flow to support the Stadium's expenses would inure to the benefit of the City and are recognized by the Coordinator as positive steps by the City.

The Coordinator has recommended in the adopted 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.

Finally, both installments of settlement proceeds from the *In Re Derivatives* class action law suit have been paid to the Harrisburg Redevelopment Authority and should be used to defray some of the debt service expenses of this bond issue and the Verizon Bond issue. The Coordinator has stressed the importance of applying the proceeds of the settlement assets award to the respective obligations.

Water Sewer and Storm Water Operation - Transfer of Assets

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 water and sewer (wastewater and stormwater) operations were transferred to The Harrisburg Authority, now Capital Region Water ("CRW"), which was converted into an operating authority (from a financing authority). Under this structure, water and sewer revenues would be insulated and separated from the City's General Fund; and the infrastructure would be improved through expert and focused management and by eventually reinstating an investment grade credit rating.

The transfer, effectuated in late 2013, consolidated the ownership, administrative, operational and financial responsibilities for the drinking water, wastewater and stormwater operations to CRW. All City employees from the Bureaus of Water, Sewerage, and Operations & Revenue became employees of CRW. This transfer and consolidation was supported by the suburban communities served by the water systems, as well as regulators, and has been well-received by the citizens of Harrisburg. The organization is managed by a five-member, City-appointed Board of Directors with an administration comprised of a Chief Executive Officer, Chief Financial Officer, and Directors of Engineering, Operations and Administration. It has grown from approximately 80 staff to over 115 since late 2013, vastly improving the quality of service being provided to the City's water and sewer customers.

Strategic Planning

Capital Region Water's Strategic Plan was approved and adopted by its Board of Directors at its October 26, 2016 Board meeting.

The Strategic Plan identifies the following guiding principles that will lead the organization's decision-making process in the coming years:

> **Vision**: To be a leading, innovative and efficient water utility focused on serving our community.
>
> **Values**: Capital Region Water has a shared commitment to sustainability and to doing the right thing for public health and the environment, customers and coworkers.
>
> **Mission**: Capital Region Water is a dedicated team of professionals devoted to customer satisfaction and stewardship of our community's water systems from raindrop to river.
>
> **Goals**: (1) Efficient Use of Resources, (2) Public Health & the Environment, (3) Customers & Stakeholders, (4) Workforce, and (5) Infrastructure Stability.

All departments of CRW are using the Strategic Plan as a guide toward project prioritization. A system of program tracking and reporting is being developed. More specific updates will be provided in future reports.

Wastewater and Stormwater Compliance – Partial Consent Decree

The US Department of Justice and the US Environmental Protection Agency ("EPA"), along with the Pennsylvania Department of Environmental Protection ("DEP"), viewed the transfer favorably due to the capacity and expertise at CRW that would ensure the system's compliance with the Clean Water Act and Chesapeake Bay requirements.

Due to the authority's ability to access capital and work closely with the regulatory agencies, the conversion of CRW into an operating authority resulted in millions of dollars in savings to the City and rate payers through fine and penalty avoidance and lower cost of debt associated with environmental compliance orders including improvements to the Advanced Wastewater Treatment Facility ("AWTF") and significant wet weather pollution initiatives.

The City faced millions of dollars in fines and penalties from the Department of Justice (representing the EPA) and from DEP, due to failure to treat sewage properly and comply with applicable effluent treatment and combined sewer overflow standards. With the support of the Commonwealth, Capital Region Water secured a $24 million low interest loan from PENNVEST for construction of the AWTF upgrades. With this low interest loan commitment, CRW was able to arrange for a private placement for the balance of the $50 million AWTF project. Construction on the project was completed as of December 2016 (pending final documentation) and when final costs are tabulated is projected to come in under budget.

CRW has complied with all milestones of the Partial Consent Decree entered into by CRW, the City, the State Department of Environmental Protection, the US Environmental Protection Agency, and

the US Department of Justice. The potential fines and penalties that would have been imposed on the City appear to have been avoided.

City Beautiful H_2O

"City Beautiful H_2O" is a community-based campaign to improve the health of local waterways and green the City 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 meet Paxton Creek water quality standards, and a robust community education and engagement process. These plans will be incorporated into CRW's Wet Weather

Planning for regulatory compliance and the City has indicated that it will be included in their Comprehensive Plan update currently underway. These plans will result in significant investment into the community while attempting to minimize the financial impact to rate payers.

CRW held a series of "Community Greening Parties" throughout the City to provide education and receive resident feedback on the development of the Green Stormwater Infrastructure Plan. The Green Stormwater Infrastructure Plan was presented to the CRW Board of Directors at its December 21, 2016 meeting and adopted by the Board at its January 25, 2017 meeting. The project team has taken the feedback received to prepare several conceptual designs including creating a "green block" between the Camp Curtain YMCA and Camp Curtain Memorial-Mitchell United Methodist Church on North 6th Street. The Green Stormwater Infrastructure Plan was presented to the CRW Board of Directors and adopted by the Board at its January 25, 2017 meeting. CRW and its consultants are also working with the City's Parks and Recreation Department on the development of a master plan for the City's Reservoir Park and the incorporation of green elements into five city parks, three of which will receive pervious basketball courts.

Harrisburg's municipal separate storm sewer system (MS4) is permitted by the Pennsylvania Department of Environmental Protection. The system is operated under a permit issued to the City of Harrisburg. This permit could not be transferred to CRW as part of the transition in 2013 because the permit had expired. CRW applied for a permit in October 2014 and has provided all information requested by DEP. CRW continues to operate the system under the City's permit through a cooperative agreement.

Close coordination and cooperation with the City is imperative to being able to meet the requirements of the MS4 permit and our NPDES permit for Combined Sewer Overflows. CRW and its consultants continue to coordinate and facilitate multiple meetings with representatives from the City's Codes, Engineering, Planning, Parks and Recreation, and Fire Departments to discuss the best way to jointly meet the requirements of the permits and City Ordinances. CRW is currently drafting Consolidated Rules and Regulations for its Drinking Water, Wastewater, and Stormwater systems, and will be providing requests/recommendations to the City for modification to City ordinances to ensure consistency between the two.

Project Funding

CRW has been successful in preventing large costs of borrowing by developing successful financial strategies. CRW has completed five successful borrowings since 2013 and was scheduled to complete one additional borrowing in the third quarter of 2018.

Due to many factors, including purchase of the water system from the City, water system debt service grew to 60% of operating expenses. In 2014, certain short-term finance deals were scheduled to begin collecting accelerated principal and interest payments. Because of the transition, CRW was able to refund these amounts resulting in a present worth savings of over $2-million.

Prior to 2016, CRW had not been able to access the financial bond markets due to the withdrawal of its bond ratings by the rating agencies. In early 2016, with two years of financial records and operating history, CRW was able to restore its Water bond rating (to A+ from Standard and Poor) and refinance over $52 million in water bonds, resulting in a present worth savings of approximately $9 million.

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."

In April of 2017, CRW was successful in re-establishing its Sewer Bond Rating to an investment grade level (A+ S&P). Additionally, CRW successfully marketed $43,915,000 of Sewer Bonds which were utilized to refund M&T Bank's portion of the AWTF project financing and to provide necessary funding for 2017 and 2018 capital projects.

Impact Harrisburg Board's desire for collaborative projects between the City and CRW viewed this project positively. After learning of the City's plans for street restoration in areas with underground infrastructure ("Multi-Modal Transportation Projects") and the importance for their receiving funding for that work, CRW laid aside plans to apply for funding to offset project costs included in the five-year Capital Improvement Plan, and submitted an application requesting funding for water and sewer infrastructure to align with the City's Multimodal Transportation Projects.

CRW was notified on July 22, 2016 that Impact Harrisburg had approved a grant in the amount of $2,743,645.25 to CRW for work associated with the City's Multimodal Project. This funding would offset up to $8 million in CRW costs for condition assessments, design, bidding, and construction of rehabilitation of drinking water, wastewater and stormwater infrastructure. The project also includes the incorporation of Green Stormwater Infrastructure as practical in accordance with CRW's City Beautiful H2O wet weather and community greening plan. CRW is working to complete work in coordination with the City. Representatives of both bodies met with the IH Board on August 16, to discuss their plans and address concerns of the Board. The City's projects include:

3rd Street Resurfacing Project; 2nd, 7th and Division St Project; Berryhill Pedestrian Improvements Project; and North 17th Street Reconstruction.

CRW's General Counsel provided a draft grant agreement to the Impact Harrisburg Board to establish terms of receipt, however, we have not received a response from the Impact Harrisburg Board regarding the acceptance of the grant agreement.

During the third quarter of 2018 CRW would actively coordinating sewer infrastructure repair work and stormwater collection and management, both green infrastructure and conventional (catch basin) as part of the City's 3rd St improvement project. The timeline is controlled by the City, as CRW's work is supplementary to the primary City work.

Relationship with City

In 2013, the City and CRW entered into a Shared Services Agreement to facilitate the transition of service from the City to CRW and to provide for the effective coordination of services between the parties. The Coordinator continues to encourage the City and CRW to work cooperatively on a number of fronts pursuant to the Shared Services Agreement; however, areas for mutual service cooperation may disappear entirely unless current disputes are resolved and additional service agreements are negotiated.

CRW met with representatives from the City to discuss the remaining outstanding issues related to the transfer of operations and the Shared Services reconciliation. It is believed that there is agreement on the majority of the items in question. One of the remaining areas to be reconciled is the Street Sweeping portion of the Shared Services agreement. The City provided the Street Sweeping expense summary and CRW is working with City personnel to resolve any remaining issues with the street sweeping charges and was to effectuate a resolution prior to December 31, 2017. CRW will be conducted street sweeping throughout fiscal year 2018.

At the request of the City, CRW prepared a new Shared Services Schedule wherein CRW would complete water and sewer service disconnects on City-demolished properties at the City's expense. CRW has completed work on a dozen of these properties and is waiting for the City to approve the proposed schedule or offer any amendments to the agreement.

One project that CRW is providing service to the City for is related to sanitary sewer overflows at the Harrisburg Transportation Center (HTC). The HTC has experienced sanitary sewer overflows into its lower areas for quite some time, though until recently nothing had been done to remedy the situation. Following several months of investigative work by CRW, their staff met with Harrisburg Redevelopment Authority to review findings from site analysis and hydraulic modeling of the area.

CRW is proceeding on the modeling and planning schedule of our Consent Decree with USEPA, PADEP and USDOJ. The analysis was to be largely completed before the end of 2017 with the final plan submission due on April 1, 2018. HTC is in the middle of three sewer sheds, and long-term plans will likely consolidate two or all of those sewer sheds into a single shed. HTC will also likely separate stormwater from the sanitary sewer system in part or all of the area, and evaluate the potential for attenuation of stormwater with green infrastructure. These changes will require substantial investment and infrastructure relocation complicated by the obstacle created by the railroad tracks. The schedule for implementation of such improvements may well be more than ten years out, and the improvements themselves would not address the building back-up issues as they are created by a site impact (roof drainage) and not combined sewer interceptor or creek

backwater. CRW will continue to partner with HRA and PENNDOT on the best collaborative solutions for HTC.

Cooperation between the City and CRW has improved through the regular meetings discussed above and through improved communication of issues between parties. A large part of this improvement is the result of revised channels of communication that allow better management of tasks. There are numerous areas where CRW and the City can collaborate for the benefit of all including comprehensive and green infrastructure planning (including parks and playgrounds), coordination of roadway and utility capital improvement plans, increasing code enforcement, and issues related to the sinkhole and utility line collapse problems. As Coordinator, I continue to encourage such collaboration as it benefits the City's recovery process.

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; creditors of the City and Authority, including AGM, Dauphin County, and AMBAC; and other creditors who were involved in the renovations to the Resource Recovery Facility and the monetization of City assets. Parties that have not participated to date in the City's recovery are 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 have continued to actively pursue the forensic claims.

On May 21, 2018 the Commonwealth of Pennsylvania on behalf of the City of Harrisburg has filed the Incinerator Lawsuit Complaint against seven firms that provided professional guidance and advice to the City of Harrisburg on the Incinerator Project for engineering and financing. The law firm of Harris, Wiltshire & Grannis, LLP are representing the Commonwealth.

Concurrently, a separate claim related to the Harrisburg Parking Authority (HPA) and Harrisburg University has also been pursued. This claim relates to the payment of $3.6 million that was to be made at plan consummation in order to obtain free and clear title to the Harrisburg Parking Authority facilities at Harrisburg University. Under an agreement with HPA this claim was assigned to the City through the Office of the Coordinator. Counsel selected by AGM and Dauphin County determined to opt out of representation of the Coordinator in the complaint originally filed by that counsel in the Dauphin County Court of Common Pleas. As a result, the Coordinator selected Harris, Wiltshire & Grannis to represent him in this matter.

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Summary

As I author the third quarterly update of 2018, I want to express my appreciation for the leadership exhibited by the City's Elected Officials. As the Coordinator for the past year, I have overseen the Harrisburg Strong Plan and its' related activity. This has given me a chance to understand and become quite familiar with the City's Operational needs. The City's Elected and Appointed Officials have worked with me very closely over this past year as we progressed through the Final Act 47 Exit Plan process.

An updated Financial Condition Report with a forthcoming Exit Strategy was presented to the Mayor and City Council on March 22, 2018 due to statutory changes to Act 47 through Act 199. The Financial Condition Report which was embodied in the Act 47 Exit Plan was submitted to the Mayor's Office and the Chief Clerks Office on Monday, July 9, 2018. The Final Act 47 Exit Plan provides direction on a number of issues which include fiscal projections for 2018-2021. The Final Exit Plan was submitted to the Mayor and City Council on August 8, 2018 after a period of written and oral public comment. As you know, Commonwealth Court has permitted a Stipulation to delay the vote on the Act 47 Final Exit Plan by City Council until November 15, 2018. The Mayor, City Council, and the Act 47 Recovery Coordinator intend to work together to provide the most reasonable recommendations going forward. Clearly, there will need to be some important policy decisions recommended, in the Exit Plan, that the Governing Body will need to consider during the next three years of the plan.

The enactment of the Strong Plan modifications, when it was adopted in September of 2013, was a critical next step in the City's recovery and its move towards a path of sustainability and an Exit from Act 47. The Final Act 47 Exit Plan recommended a three-year Exit Strategy to allow the City to further stabilize its revenues and reduce its expenditures. As noted above, City Council must consider and vote on the plan prior to or on November 15, 2018.

Although challenges remain, the City has made significant progress on many fronts. Through the third quarter of 2018, the City's operating position is healthy and its cash position strong. The third quarter also saw additional revenue from the Local Services tax along with significant EIT revenues. The General Fund shows a cash balance of $25.2 million, with $5 million encumbered for necessary Capital Expenditures, leaving a cash balance of $20.2 million. The City's fiscal health continues to gain strength and stability. The City's cash position is a very positive sign and negated the need for a Tax and Revenue Anticipation Note (TRAN) for fiscal year 2018.

The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including keeping their audits up-to-date, securing compliance with SEC disclosure requirements, making timely debt service payments, bringing all payables into a current status, and undertaking its first capital borrowing since entering Act 47. The City made the bond payment in March and will make another bond payment in October 2018, so it will not need to rely on AMBAC to make its bond payments for the City. The current discussions related to possible repayment of the advances made by AMBAC also bodes well for the City's fiscal credibility. The City recently hired Marathon Capital, as their Financial Advisors to assist with the negotiations with AMBAC. It is imperative that the Mayor, the Financial Advisors, and AMBAC continue to keep the Coordinator apprised of their progress regarding these negotiations, as it was the Harrisburg Receiver who negotiated the first two agreements with AMBAC on behalf of the City. The City is eagerly approaching the time when it can fully re-enter the bond marketplace to assist in financing much needed capital infrastructure for the future.

Restructuring City operations has played a key role in the City's positive current fiscal position. Ensuring long-term sustainability remains a challenge and requires the revitalization of the City's tax base to generate sufficient revenues to meet service needs of City residents. Progress on this front is typically slower, though we are seeing many positive signs. With full occupancy of the Commonwealth Tower by almost 800 Pennsylvania Department of Human Services employees, the City is seeing a number of positive economic benefits in Strawberry Square and surrounding area including new businesses and residences resulting in increased tax and parking revenues. The Commonwealth Tower project, along with the Transit Oriented Development (TOD) study of the Transportation Center area, can serve as further stimulus for additional economic activity in the downtown. The City is also experiencing growth in the technology sector industry that is supported by Harrisburg University and other educational institutions in and around the City. Likewise, the continued advance of plans and funding for the new Federal Courthouse in Midtown will spur further economic activity in that area. The GSA broke ground for the courthouse project on June 18, 2018.

Recent State Redevelopment Assistance grants for revitalization efforts in both Midtown and Allison Hill will further incentivize economic activity, all of which serves to strengthen the City's tax base. It is important that the City continue to build on these successes and partner with governmental and community stakeholders to further advance revitalization efforts.

I, as the Coordinator, and my team will continue to work with Mayor Papenfuse and his Administration, as well as City Council and other City Elected and Appointed Officials to assist the City as it moves forward with Strong Plan initiatives and the Final Act 47 Exit Plan recommendations. Regular interaction with the City Administration on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and human resources is an important element to the City's recovery. The Coordinator and team will continue to work with City Officials to effectively manage the adopted 2019 budget, including its capital improvement programming component, increase the City's management capacity, and continue to enact sound financial management policies. City Council Finance Chair, Ben Allatt, plans to adopt several "best management practices," financial management policies. These policies are on the agenda for adoption at the City Council Meeting on October 2, 2018. My team and I will work continue to work closely with the Mayor and the City Council as they move to consideration of the Ordinance for the Final Act 47 Exit Plan, which was submitted to them on August 8, 2018. The City Council vote on the plan will take place on or before November 15, 2018 per Commonwealth Court Stipulation. The final Exit Plan includes a three-year extension to the Recovery Plan for the City.

I will also work to further strengthen public safety, implement additional sanitation system improvements, address City Island matters, pursue intergovernmental initiatives, finalize work on the City's comprehensive plan update and work with the Impact Harrisburg Board to implement the approved infrastructure and economic development projects to spur development and improve the quality of life for City residents.

I am pleased to inform the court that I have met with Mayor Papenfuse, Solicitor Neil Grover, Finance Director, Bruce Weber, and the Controller Charles DeBrunner to discuss the transfer of the Other Post-Employment Benefits (OPEB) funds of $3.2 million from the Harrisburg Recovery Coordinator to the City of Harrisburg in the form of an OPEB Trust. I will continue to work with the Mayor and Solicitor to move this effort forward and to begin to construct the OPEB Trust Board. The formulation of this trust will have multiple benefits to the City of Harrisburg including a possible improvement in the City's bond rating. The Recovery Coordinator's Legal team has drafted an OPEB trust agreement which will be submitted to Neil Grover, City Solicitor for his review before

final consideration. The OPEB trust agreement will need to go before City Council in the form of an Ordinance. I am committing to the Court that this process will proceed and will be effectuated in 2018.

As the Recovery Coordinator, I want to recognize the significant progress that has occurred since Harrisburg entered the Act 47 Program in 2010. Looking forward, I have an optimistic outlook for the future of Pennsylvania's Capital City and I am proud of its renaissance. It is now a place that individuals want to come to work and live in, to serve their community through service on the City's non-profit boards, and to socialize in and to take in a baseball game on a summer's eve. Indeed, Harrisburg is a shining example of how, by working collaboratively, engaging in partnerships, and sharing in both the pain and success, a City can transition from near bankruptcy to a City that is fiscally healthy and has a vibrant economy that will carry it forward into the next decade.

CITY OF HARRISBURG
CASH FLOW

City of Harrisburg
General Fund
2018 Estimated Cash Flow

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual June	Actual Jul	Actual Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec	Total
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	2,348,575	7,069,601	12,573,345	3,653,135	5,747,570	3,762,367	2,256,798	5,221,054	5,508,987	3,175,722	4,600,562	3,976,843	59,894,558
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	405,532	405,532	811,063
Transfer in from Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer in from Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety Allocation	0	0	0	0	0	0	0	0	5,000,000	0	0	0	5,000,000
Transfer from Other Funds	0	0	0	0	0	0	0	0	670,000	0	0	0	670,000
Total Revenues	**2,348,575**	**7,069,601**	**12,573,345**	**3,653,135**	**5,747,570**	**3,762,367**	**2,256,798**	**5,221,054**	**11,178,987**	**3,175,722**	**5,006,093**	**4,382,374**	**66,375,621**
Expenditures													
Personnel	3,245,512	2,413,192	2,713,151	2,610,195	3,836,295	2,724,636	2,594,242	2,693,739	3,092,421	6,677,457	2,665,894	5,302,484	40,569,218
Services	481,016	445,896	519,514	1,360,113	476,981	415,249	410,196	419,300	460,609	925,831	719,600	886,975	7,521,280
Supplies	124,396	250,284	114,127	136,084	163,928	165,865	149,408	198,344	222,391	256,256	244,289	568,828	2,594,200
Other	322,222	240,994	130,919	180,595	649,141	89,714	1,109,844	180,405	1,113,320	1,110,740	452,781	589,525	6,170,198
Debt Service	0	0	5,235,346	500,000	-7,214	96,535	0	96,535	3,948,673	20,508	151,180	96,535	10,138,098
Total Expenditures	**4,173,147**	**3,350,366**	**8,713,057**	**4,786,987**	**5,119,130**	**3,491,999**	**4,263,691**	**3,588,322**	**8,837,414**	**8,990,792**	**4,233,743**	**7,444,346**	**66,992,994**
Operating Surplus/(Deficit)	**-1,824,572**	**3,719,235**	**3,860,288**	**-1,133,852**	**628,440**	**270,368**	**-2,006,893**	**1,632,731**	**2,341,574**	**-5,815,070**	**772,350**	**-3,061,972**	**-617,373**

City of Harrisburg
General Fund

2018 Estimated Cash Flow	**Actual Jan**	**Actual Feb**	**Actual Mar**	**Actual Apr**	**Actual May**	**Actual June**	**Actual Jul**	**Actual Aug**	**Estimated Sep**	**Estimated Oct**	**Estimated Nov**	**Estimated Dec**	
Cash Summary													
Unrestricted Cash Balance Beginning of Month	**20,980,423**	19,166,422	22,915,521	26,788,212	25,654,360	26,309,162	26,606,813	24,606,277	26,248,046	28,589,620	22,774,550	23,546,900	
Surplus/(Deficit)	-1,824,572	3,719,235	3,860,288	-1,133,852	628,440	270,368	-2,006,893	1,632,731	2,341,574	-5,815,070	772,350	-3,061,972	
Change in Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	
Other items affecting Cash	10,570	29,864	12,404	0	26,362	27,283	6,357	9,038	0	0	0	0	
Unrestricted Cash Balance End of Month	**19,166,422**	**22,915,521**	**26,788,212**	**25,654,360**	**26,309,162**	**26,606,813**	**24,606,277**	**26,248,046**	**28,589,620**	**22,774,550**	**23,546,900**	**20,484,928**	
Revenues, Expenditures, Surplus/(Deficit)													
Revenues without Transfers	2,348,575	7,069,601	12,573,345	3,653,135	5,747,570	3,762,367	2,256,798	5,221,054	5,508,987	3,175,722	4,600,562	3,976,843	59,894,558
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	405,532	405,532	811,063
Transfer in from Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer in from Landfill/Incin Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety Allocation	0	0	0	0	0	0	0	0	5,000,000	0	0	0	5,000,000
Transfer from Other Funds	0	0	0	0	0	0	0	0	670,000	0	0	0	670,000
Total Revenues	**2,348,575**	**7,069,601**	**12,573,345**	**3,653,135**	**5,747,570**	**3,762,367**	**2,256,798**	**5,221,054**	**11,178,987**	**3,175,722**	**5,006,093**	**4,382,374**	**66,375,621**
Expenditures													
Personnel	3,245,512	2,413,192	2,713,151	2,610,195	3,836,295	2,724,636	2,594,242	2,693,739	3,092,421	6,677,457	2,665,894	5,302,484	40,569,218
Services	481,016	445,896	519,514	1,360,113	476,981	415,249	410,196	419,300	460,609	925,831	719,600	886,975	7,521,280
Supplies	124,396	250,284	114,127	136,084	163,928	165,865	149,408	198,344	222,391	256,256	244,289	568,828	2,594,200
Other	322,222	240,994	130,919	180,595	649,141	89,714	1,109,844	180,405	1,113,320	1,110,740	452,781	589,525	6,170,198
Debt Service	0	0	5,235,346	500,000	-7,214	96,535	0	96,535	3,948,673	20,508	151,180	96,535	10,138,098
Total Expenditures	**4,173,147**	**3,350,366**	**8,713,057**	**4,786,987**	**5,119,130**	**3,491,999**	**4,263,691**	**3,588,322**	**8,837,414**	**8,990,792**	**4,233,743**	**7,444,346**	**66,992,994**
Operating Surplus/(Deficit)	**-1,824,572**	**3,719,235**	**3,860,288**	**-1,133,852**	**628,440**	**270,368**	**-2,006,893**	**1,632,731**	**2,341,574**	**-5,815,070**	**772,350**	**-3,061,972**	**-617,373**
Accounts Payable													
Accounts Payable Beginning of Month	**-1,505,728**	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	-1,505,728	
Accounts Payable End of Month	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**	
Change in Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	

City of Harrisburg
General Fund
2018 Estimated Cash Flow

Cash Summary

Revenues, Expenditures, Surplus/(Deficit)	Actual 1st Quarter	Estimated 2nd Quarter	Estimated 3rd Quarter	Estimated 4th Quarter	Total
Revenues	21,991,521	13,163,071	18,656,839	12,564,189	66,375,621
Expenditures	16,236,570	13,398,116	16,689,427	20,668,881	66,992,994
Operating Surplus/(Deficit)	**5,754,951**	**-235,044**	**1,967,412**	**-8,104,692**	**-617,373**
Unrestricted Cash Balance Beginning of Quarter	20,980,423	26,788,212	26,606,813	28,589,620	
Surplus/(Deficit)	5,754,951	-235,044	1,967,412	-8,104,692	
Change in Accounts Payable	0	0	0	0	
Other items affecting Cash	52,838	53,645	15,395	0	
Unrestricted Cash Balance End of Quarter	**26,788,212**	**26,606,813**	**28,589,620**	**20,484,928**	

Accounts Payable				
Accounts Payable Beginning of Quarter	-1,505,728	-1,505,728	-1,505,728	-1,505,728
Accounts Payable End of Quarter	**-1,505,728**	**-1,505,728**	**-1,505,728**	**-1,505,728**
Change in Accounts Payable	0	0	0	0

City of Harrisburg
2018 Estimated General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2018	Budget 2018	Variance
Real Estate Taxes Current	335,665	2,418,105	10,095,808	342,149	850,676	237,296	118,557	228,401	78,742	161,770	103,517	513,919	15,484,605	15,121,493	363,112
Real Estate Taxes Delinquent	85,471	0	175,286	216,374	170,954	236,819	0	336,939	251,483	532,763	129,859	91,680	2,227,628	2,283,377	-55,749
Tax Liens Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
															0
EIT	540,819	1,606,336	1,009,734	518,401	1,607,695	907,859	494,774	1,559,219	1,041,331	647,950	1,433,799	752,922	12,120,839	11,429,997	690,842
EMS/LST	96,048	1,449,198	129,103	201,991	1,300,586	167,421	237,289	1,329,344	283,243	237,599	1,328,358	224,034	6,984,216	6,049,251	934,965
Mercantile Business Privilege	198,894	230,573	418,632	1,228,517	432,814	137,381	106,341	229,897	69,690	186,248	164,641	78,750	3,482,378	3,368,550	113,828
Other Act 511 Taxes	58,313	36,324	28,220	3,505	87,204	496,791	76,728	42,130	55,220	44,349	380,061	340,290	1,649,136	1,471,000	178,136
Capital Fire Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cdbg Reimb. - Demolition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Justice Fees	31,961	26,343	34,100	35,713	39,779	36,625	33,993	38,391	42,113	61,830	21,687	26,746	429,279	383,000	46,279
Fed/State(Fed)Pass Thr Gr	0	0	0	0	0	0	0	0	9,220	3,640	7,279	162,569	182,708	211,583	-28,875
Federal Grants	0	0	0	0	0	0	0	0	0	250,000	0	51,546	301,546	51,546	250,000
Fees/Permits	219,079	90,719	92,513	97,283	87,868	94,452	201,823	434,246	75,317	119,862	137,012	172,817	1,822,990	1,350,715	472,275
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	16,459	15,413	13,621	16,817	19,377	19,678	19,230	19,816	2,406	1,317	1,459	4,703	150,296	26,566	123,729
License	0	146,336	19,850	0	139,313	0	0	141,405	523	824	150,127	11,795	610,173	623,493	-13,320
Miscellaneous	70,537	151,030	70,731	82,007	129,218	268,990	61,227	72,786	165,753	124,766	115,450	197,300	1,509,795	1,821,133	-311,338
Pension System State Aid	0	0	0	0	0	0	0	9,319	2,629,069	0	0	0	2,638,389	2,629,069	9,319
Public Safety Fees/Permits	13,701	5,276	25,685	23,903	16,624	21,313	14,300	10,156	18,457	18,232	12,441	17,130	197,219	216,451	-19,232
Public Safety Grants	47,218	9,539	22,986	18,977	9,897	3,891	59,019	9,570	5,059,164	11,016	6,066	26,884	5,284,228	5,361,556	-77,329
Public Safety Reimbursements	44,858	102,794	48,129	159,939	61,196	130,696	89,523	57,134	51,954	82,572	84,994	119,128	1,032,918	1,019,502	13,416
Public Works Fees/Permits	0	0	0	0	0	0	0	0	0	0	58,605	191,057	249,662	250,000	-338
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	163	163	163	163	163	163	163	163	46	58	40	59	1,503	2,100	-597
Recreation Fees	15	20	30	25	30	220	3,656	1,125	563	139	117	34	5,973	11,231	-5,258
Sale Of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicle Maintenance Charges	73,792	29,728	0	95,857	0	36,615	74,624	0	25,680	18,156	3,416	10,204	368,072	279,300	88,772
PILOTS	0	121,292	259	0	108,142	338,978	37,345	5,861	70,113	13,563	43,077	7,000	745,631	676,797	68,834
Pub Utilty Realty Tax	0	0	0	0	0	0	0	0	0	11,320	0	0	11,320	45,000	-33,680
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	32	0	257	0	8	2	1	300	214	86
Sewer Maint Liens-Princip	0	0	11	9	0	39	4	163	35	51	42	16	371	542	-171
Sewer Utility Fund	0	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	0	0	0	0	0	0	0	0
Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	405,532	405,532	811,063	811,063	0
Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	670,000	0	0	0	670,000	670,000	0
Parking Taxes	313,797	373,606	283,941	330,261	374,549	309,599	321,295	399,200	238,143	303,055	77,224	666,585	3,991,255	3,912,500	78,755
Parking Fees	29,944	3,146	3,530	5,709	14,399	15,134	13,052	3,573	8,952	3,165	2,879	14,755	118,239	95,020	23,219
Parking Tickets	30,277	27,049	25,257	25,501	47,051	52,341	43,822	41,926	30,827	37,332	38,173	32,742	432,298	425,102	7,196
Ground Lease Payments	58,415	93,508	31,260	103,171	103,172	103,172	103,172	103,172	98,390	135,409	110,268	117,531	1,160,639	1,238,060	-77,421
Priority Parking Distribution	83,152	133,105	44,497	146,861	146,861	146,861	146,861	146,861	202,551	168,730	189,967	144,646	1,700,951	1,762,331	-61,380
THA Shared Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harrisburg Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	**2,348,575**	**7,069,601**	**12,573,345**	**3,653,135**	**5,747,570**	**3,762,367**	**2,256,798**	**5,221,054**	**11,178,987**	**3,175,722**	**5,006,093**	**4,382,374**	**66,375,621**	**63,597,544**	**2,778,077**

City of Harrisburg
General Fund

2018 Estimated Expenditures by Month	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2018	Budget Total 2018	Variance Act - Bud
Office of City Council Personnel	21,113	20,780	22,023	22,023	33,034	22,023	22,023	22,023	22,291	22,472	24,657	29,738	284,198	286,888	-2,690
Office of City Council Services	21,137	3,851	481	438	5,573	1,631	166	0	2,837	27,964	2,454	26,978	93,511	102,080	-8,569
Office of City Council Supplies	0	545	96	300	1,120	167	257	934	262	437	387	5,730	10,234	22,000	-11,766
Office of City Council Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Council	42,250	25,176	22,600	22,760	39,726	23,820	22,446	22,957	25,390	50,873	27,498	62,446	387,943	410,968	-23,025
Office of Mayor Personnel	11,092	10,896	10,896	10,896	16,344	10,896	14,793	14,855	17,694	16,866	17,921	22,646	175,795	229,295	-53,500
Office of Mayor Services	0	2,089	96	0	234	32	0	59	3,378	199	471	2,158	8,716	11,463	-2,747
Office of Mayor Supplies	801	0	442	0	0	0	0	695	1,909	734	793	2,058	7,432	15,010	-7,578
Office of Mayor Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of Mayor	11,892	12,985	11,434	10,896	16,579	10,929	14,793	15,609	22,980	17,799	19,186	26,862	191,944	255,768	-63,824
Office of City Controller Personnel	11,284	11,910	11,609	11,590	17,425	11,622	11,622	11,640	11,623	11,667	12,885	15,099	149,976	151,595	-1,619
Office of City Controller Services	0	0	0	0	0	0	0	0	263	372	125	619	1,379	10,500	-9,121
Office of City Controller Supplies	24	44	0	66	33	34	34	0	453	149	230	2,185	3,250	9,207	-5,957
Office of City Controller Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Controller	11,308	11,954	11,609	11,655	17,458	11,655	11,655	11,640	12,339	12,187	13,239	17,903	154,604	171,302	-16,698
Office of City Treasurer Personnel	25,942	26,069	26,074	26,024	39,106	26,152	26,152	26,152	25,988	24,771	25,946	31,157	329,533	340,724	-11,191
Office of City Treasurer Services	490	0	27,835	3,378	-65	0	89	122	1,520	3,054	1,413	5,335	43,169	61,200	-18,031
Office of City Treasurer Supplies	1,630	125	340	0	0	0	3,611	0	105	7,973	160	1,375	15,320	17,865	-2,545
Office of City Treasurer Other	0	0	5,865	0	0	0	0	0	5,000	0	0	0	10,865	40,038	-29,173
Office of City Treasurer	28,062	26,193	60,114	29,402	39,041	26,152	29,852	26,274	32,614	35,798	27,518	37,866	398,887	459,827	-60,941
Office of City Solicitor Personnel	21,864	25,163	29,245	28,738	43,402	31,700	31,550	29,204	35,791	35,253	37,894	47,298	397,102	455,215	-58,113
Office of City Solicitor Services	199	9,312	5,280	9,643	30,379	5,857	17,898	21,745	14,275	15,529	13,942	53,968	198,029	236,632	-38,604
Office of City Solicitor Supplies	1,297	3,003	2,116	1,849	2,932	2,135	1,951	74	4,586	6,251	4,789	10,639	41,623	61,725	-20,102
Office of City Solicitor Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of City Solicitor	23,360	37,479	36,641	40,231	76,712	39,693	51,399	51,023	54,652	57,033	56,625	111,905	636,754	753,572	-116,818
Office of Business Administrator Personnel	17,952	18,437	18,437	14,474	21,711	14,474	14,474	14,474	18,882	22,111	28,982	29,107	233,514	240,060	-6,546
Office of Business Administrator Services	0	0	0	0	10,225	5,000	5,000	5,000	5,583	5,838	6,037	5,279	47,961	65,550	-17,589
Office of Business Administrator Supplies	0	0	470	0	0	0	0	0	115	75	132	2,817	3,609	4,796	-1,187
Office of Business Administrator Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office of Business Administrator	17,952	18,437	18,907	14,474	31,936	19,474	19,474	19,474	24,580	28,025	35,150	37,202	285,083	310,406	-25,323
Bureau of Financial Management Personnel	34,134	32,781	32,982	34,121	51,181	34,121	34,121	33,965	36,660	38,562	41,212	47,779	451,618	501,659	-50,041
Bureau of Financial Management Services	247	23,418	751	60	2,395	4,393	41,943	58,285	7,249	23,996	16,551	16,787	196,076	266,863	-70,788
Bureau of Financial Management Supplies	143	1,812	484	838	89	215	0	87	167	195	468	4,630	9,128	12,598	-3,469
Bureau of Financial Management Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Financial Management	34,525	58,011	34,217	35,018	53,665	38,728	76,064	92,338	44,076	62,754	58,231	69,196	656,822	781,120	-124,298
Bureau of Communications Personnel	20,624	22,741	22,122	22,120	33,178	22,118	22,116	22,114	22,436	23,085	26,364	30,489	289,507	293,303	-3,796
Bureau of Communications Services	60	4,188	1,457	225	147	151	110	475	638	1,066	5,178	3,269	16,963	18,000	-1,037
Bureau of Communications Supplies	2,304	78	375	112	207	100	50	50	2,293	3,022	3,042	5,047	16,678	23,793	-7,115
Bureau of Communications Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Communications	22,988	27,007	23,953	22,457	33,532	22,369	22,276	22,639	25,368	27,173	34,584	38,804	323,149	335,096	-11,948

City of Harrisburg
General Fund
2018 Estimated Expenditures by Month

	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2018	Budget Total 2018	Variance Act - Bud
Bureau of Risk Management Personnel	5,635	5,127	5,127	5,127	7,690	5,127	5,127	5,127	5,527	5,578	6,664	7,334	69,190	66,743	2,447
Bureau of Risk Management Services	0	1,158	0	0	0	0	0	1,950	1,258	1,258	1,258	1,258	8,141	15,100	-6,959
Bureau of Risk Management Supplies	0	0	0	0	40	0	0	69	92	92	92	92	476	3,475	-2,999
Bureau of Risk Management Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Risk Management	5,635	6,285	5,127	5,127	7,730	5,127	5,127	7,146	6,877	6,928	8,014	8,684	77,807	85,318	-7,511
Bureau of Information Technology Personnel	25,442	28,887	30,122	30,026	45,039	30,026	33,559	34,739	41,577	42,450	42,435	51,027	435,331	515,762	-80,431
Bureau of Information Technology Services	22,853	87,730	17,514	26,507	45,733	12,998	27,225	16,828	19,652	66,390	93,806	59,295	496,533	592,963	-96,430
Bureau of Information Technology Supplies	27,713	12,926	8,982	6,977	14,560	5,914	7,169	5,811	29,421	16,866	16,919	14,356	167,615	196,091	-28,476
Bureau of Information Technology Other	597	3,260	40,601	5,725	10,852	5,725	597	5,721	54,379	54,379	54,379	54,379	290,591	441,685	-151,093
Bureau of Information Technology	76,606	132,803	97,219	69,235	116,184	54,663	68,551	63,098	145,029	180,085	207,539	179,058	1,390,069	1,746,500	-356,431
Bureau of Human Resources Personnel	19,331	19,496	19,500	19,500	34,506	23,004	23,004	23,004	24,650	25,523	26,904	32,239	290,660	334,792	-44,132
Bureau of Human Resources Services	648	3,864	4,116	3,229	5,519	2,891	5,342	3,644	5,586	3,845	5,141	10,532	54,358	64,903	-10,545
Bureau of Human Resources Supplies	0	0	0	0	247	0	0	334	83	83	176	907	1,831	2,300	-469
Bureau of Human Resources Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Human Resources	19,979	23,360	23,616	22,729	40,272	25,895	28,346	26,981	30,319	29,451	32,222	43,678	346,848	401,995	-55,147
Operations and Revenue (Office of the Director) Personnel	20,380	20,110	20,110	20,110	26,314	16,610	16,610	16,659	20,130	30,195	20,130	20,442	247,800	265,584	-17,784
Operations and Revenue (Office of the Director) Services	40,437	16,978	12,945	21,091	9,418	19,060	9,380	14,337	17,289	19,770	12,818	27,602	221,127	235,873	-14,747
Operations and Revenue (Office of the Director) Supplies	1,346	2,554	4,799	2,012	4,099	2,770	468	5,226	1,105	1,999	5,342	5,694	37,413	55,821	-18,408
Operations and Revenue (Office of the Director) Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations and Revenue (Office of the Director)	62,163	39,641	37,854	43,212	39,831	38,440	26,459	36,222	38,525	51,964	38,290	53,739	506,339	557,278	-50,939
															0
General Expenses Personnel	1,373,000	527,060	541,437	821,929	1,027,914	653,024	671,940	669,299	937,066	1,216,979	715,087	1,509,268	10,664,003	12,295,898	-1,631,895
General Expenses Services	147,743	80,417	134,382	1,077,316	125,595	145,146	67,231	113,330	79,934	366,934	252,929	152,165	2,743,120	2,846,788	-103,668
General Expenses Supplies	0	0	0	0	0	0	7,369	0	0	0	0	102	7,471	25,306	-17,835
General Expenses Other	0	77,234	1,236	77,566	0	0	18,396	76,852	1,560	78,412	1,560	1,560	334,377	318,329	16,048
General Expenses	1,520,743	684,711	677,056	1,976,810	1,153,508	798,169	764,936	859,481	1,018,560	1,662,326	969,576	1,663,095	13,748,971	15,486,321	-1,737,351
Transfers to Other Funds Debt Service	0	0	5,235,346	500,000	-7,214	96,535	0	96,535	3,948,673	20,508	151,180	96,535	10,138,098	9,866,020	272,078
Transfers to Other Funds Other	0	0	0	0	489,681	0	0	0	5,000	5,000	5,000	219,000	723,681	723,681	0
Transfers to Other Funds	0	0	5,235,346	500,000	482,467	96,535	0	96,535	3,953,673	25,508	156,180	315,535	10,861,779	10,589,701	272,078
															0
Office of the Director for the DCED Personnel	9,999	10,103	10,103	10,599	15,899	10,599	8,281	5,962	10,706	15,630	10,857	14,795	133,533	150,710	-17,177
Office of the Director for the DCED Services	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000	-1,000
Office of the Director for the DCED Supplies	0	0	0	0	130	0	0	0	0	0	500	0	630	1,500	-870
Office of the Director for the DCED Other	0	0	0	0	2,000	0	0	0	1,917	26,917	1,917	1,917	34,667	48,000	-13,333
Office of the Director for the DCED	9,999	10,103	10,103	10,599	18,029	10,599	8,281	5,962	12,623	42,547	13,274	16,711	168,830	201,210	-32,380
Bureau of Planning Personnel	4,238	4,300	4,300	4,300	10,583	7,608	7,608	7,608	8,247	11,046	5,225	11,483	86,544	200,229	-113,685
Bureau of Planning Services	3,258	462	2,127	9,319	5,540	4,868	225	5,656	9,904	8,947	4,637	17,451	72,394	108,042	-35,648
Bureau of Planning Supplies	0	0	1,603	0	0	0	0	0	458	365	937	366	3,730	6,500	-2,770
Bureau of Planning Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning	7,496	4,762	8,030	13,619	16,124	12,476	7,833	13,264	18,609	20,358	10,799	29,300	162,668	314,771	-152,103

City of Harrisburg
General Fund

2018 Estimated Expenditures by Month	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2018	Budget Total 2018	Variance Act - Bud
Bureau of Codes Personnel	56,843	56,173	56,169	56,210	89,146	62,541	65,726	65,277	65,761	97,342	60,236	95,720	827,142	915,449	-88,307
Bureau of Codes Services	202	365	683	995	327	90	991	0	5,448	1,477	3,103	2,184	15,864	29,250	-13,386
Bureau of Codes Supplies	0	1,199	1,246	184	1,409	3,301	834	1,520	814	633	1,897	1,235	14,272	20,056	-5,784
Bureau of Codes Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Codes	57,045	57,737	58,097	57,389	90,882	65,932	67,551	66,797	72,023	99,451	65,236	99,139	857,279	964,755	-107,477
Economic Development Personnel	8,905	9,004	9,004	4,311	6,467	4,311	10,159	12,664	9,289	9,289	10,699	11,694	105,797	117,878	-12,081
Economic Development Services	0	0	0	0	1,203	0	0	0	83	83	83	4,083	5,536	5,000	536
Economic Development Supplies	0	0	0	0	0	259	0	0	1,085	669	0	939	2,951	2,900	51
Economic Development Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development	8,905	9,004	9,004	4,311	7,670	4,570	10,159	12,664	10,457	10,041	10,783	16,716	114,285	125,778	-11,493
Office of the Police Chief Personnel	931,238	922,695	1,084,539	874,343	1,376,126	1,000,141	883,955	925,466	1,080,169	3,807,537	889,321	2,235,102	16,010,633	16,740,361	-729,728
Office of the Police Chief Services	130,071	42,406	134,225	47,120	26,960	87,924	10,687	32,542	53,282	103,920	45,341	121,328	835,804	987,972	-152,168
Office of the Police Chief Supplies	1,525	8,312	18,455	43,219	14,052	46,035	1,833	11,973	24,452	7,591	10,787	36,832	225,066	405,509	-180,443
Office of the Police Chief Other	167,636	9,750	59,494	0	0	0	795,250	25,587	282,465	250,971	160,721	60,465	1,812,340	2,277,738	-465,398
Office of the Police Chief	1,230,469	983,163	1,296,712	964,682	1,417,138	1,134,100	1,691,725	995,568	1,440,368	4,170,020	1,106,171	2,453,727	18,883,843	20,411,580	-1,527,737
Bureau of Fire Personnel	507,649	523,238	640,916	476,989	758,271	581,827	487,925	583,555	548,356	1,066,980	514,871	867,011	7,557,588	7,816,057	-258,469
Bureau of Fire Services	22,254	17,025	28,871	20,708	51,610	26,359	29,539	11,714	18,601	32,511	41,522	106,577	407,290	456,095	-48,805
Bureau of Fire Supplies	8,692	37,422	1,345	1,141	6,133	6,741	41,760	21,828	18,067	27,013	30,495	143,728	344,366	355,605	-11,239
Bureau of Fire Other	13,000	0	0	0	22,215	0	74,817	22,967	339,768	399,354	206,497	206,497	1,285,114	1,930,694	-645,580
	551,595	577,685	671,132	498,838	838,229	614,927	634,040	640,063	924,792	1,525,858	793,385	1,323,813	9,594,358	10,558,450	-964,092
Office of Traffic and Engineering Personnel	60,544	57,952	56,701	54,341	92,973	64,020	68,029	58,791	67,102	65,895	75,933	95,357	817,639	859,940	-42,301
Office of Traffic and Engineering Services	65,786	130,900	129,533	125,372	133,524	83,151	171,809	117,269	144,802	182,316	127,216	169,123	1,580,800	2,570,003	-989,202
Office of Traffic and Engineering Supplies	24,064	111,643	3,094	8,226	32,889	9,435	2,941	75,550	47,125	63,360	46,481	77,800	502,609	752,498	-249,888
Office of Traffic and Engineering Other	140,989	150,750	170	97,305	114,537	173	154,000	36,625	250,000	274,000	1,000	24,000	1,243,550	2,336,260	-1,092,710
Office of Traffic and Engineering	291,383	451,245	189,498	285,245	373,924	156,778	396,779	288,235	509,029	585,572	250,630	366,280	4,144,598	6,518,700	-2,374,102
Bureau of City Services Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of City Services 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	34,516	38,876	40,199	40,785	57,961	39,565	37,747	35,187	43,387	63,537	43,875	65,969	541,604	631,060	-89,456
Bureau of Vehicle Management Services	22,070	20,120	18,473	11,533	17,533	8,010	1,852	11,006	34,794	35,050	50,998	66,313	297,751	458,254	-160,503
Bureau of Vehicle Management Supplies	54,712	66,401	56,936	56,218	66,900	79,018	67,426	60,105	75,065	111,567	104,189	229,501	1,028,038	1,186,336	-158,298
Bureau of Vehicle Management Other	0	0	49	0	9,856	0	2,824	12,654	21,706	21,706	21,706	21,706	112,209	161,850	-49,641
Bureau of Vehicle Management	111,297	125,397	115,656	108,536	152,250	126,593	109,849	118,952	174,953	231,861	220,769	383,490	1,979,601	2,437,500	-457,899
Office of the Director of Parks, Recreation and Enrichment Personnel	23,786	21,394	21,538	21,640	32,025	53,129	97,723	75,974	39,087	24,688	27,796	31,730	470,512	554,164	-83,652
Office of the Director of Parks, Recreation and Enrichment Services	3,561	1,614	747	3,179	5,130	7,688	20,709	5,339	34,233	25,312	34,576	34,671	176,758	215,756	-38,998
Office of the Director of Parks, Recreation and Enrichment Supplies	146	4,221	13,344	14,942	19,088	9,743	13,704	14,086	14,734	7,182	16,473	22,796	150,459	194,455	-43,996
Office of the Director of Parks, Recreation and Enrichment Other	0	0	23,504	0	0	83,816	63,960	0	151,524	0	0	0	322,805	1,499,000	-1,176,195
Office of the Director of Parks, Recreation and Enrichment	27,493	27,229	59,133	39,761	56,243	154,376	196,096	95,400	239,578	57,182	78,844	89,198	1,120,534	2,463,375	-1,342,841

City of Harrisburg
General Fund

2018 Estimated Expenditures by Month	**Actual Jan**	**Actual Feb**	**Actual Mar**	**Actual April**	**Actual May**	**Actual June**	**Actual July**	**Actual August**	**Estimated September**	**Estimated October**	**Estimated November**	**Estimated December**	**Estimated Total 2018**	**Budget Total 2018**	**Variance Act - Bud**
Bureau of Act, Culture & Tourism Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Act, Culture & Tourism 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
	4,173,147	3,350,366	8,713,057	4,786,987	5,119,130	3,491,999	4,263,691	3,588,322	8,837,414	8,990,792	4,233,743	7,444,346	66,992,994	76,341,292	-9,348,298

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

DENNIS M. DAVIN, IN HIS CAPACITY AS SECRETARY FOR THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, Petitioner, v. CITY OF HARRISBURG, Respondent.	Docket No. 569 MD 2011

CERTIFICATE OF CONFIDENTIALITY

I certify that this filing complies with the provisions of the "Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Sean Campbell, hereby certify that on this 2nd day of October 2018, the foregoing **Status Report of the Coordinator for the City of Harrisburg** has been served upon counsel in the manner indicated below, which service satisfies the requirements of Pennsylvania Rule of Appellate Procedure 121:

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