

Respectfully submitted this 26th day of October, 2021.

/s/ Sean Christopher Campbell
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Date: October 27, 2021

To: The Honorable Bonnie Brigance Leadbetter

From:  C. Alan Walker, City of Harrisburg, Recovery Coordinator

Re: 2021 Third Quarter Update on the Coordinator's Act 47 Strong Plan Implementation

First, I would like to introduce myself to you. As Marita Kelley retired in July 2021, the Department of Community & Economic Development (DCED) Secretary, Dennis Davin appointed me as the Recovery Coordinator for the City of Harrisburg effective July 25, 2021. DCED acknowledges and thanks Marita for all her work and involvement with the City of Harrisburg and within DCED.

Second, 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 is the thirty-first report to the Court since the appointment of the Recovery Coordinator 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 was not adopted by the Harrisburg City Council prior to its effective annulment by the passage of House Bill 2557, which became Act 124 on October 24, 2018. Under the new law, the Coordinator and Strong Plan shall remain in place until the Intergovernmental Cooperation Agreement (ICA) Executive Board and Executive Director are appointed, after which the ICA shall execute an Intergovernmental Cooperation Agreement with the City. Pursuant to section 706(1) of Act 124, the Strong Plan shall continue until the agreement has been executed by the ICA and the City. Under section 706(2), the City's Act 47 Distressed Status shall automatically terminate once the Intergovernmental Cooperation Agreement is fully in place. The ICA and the City approved the Intergovernmental Cooperation Agreement, however, at the request of the City, the agreement has not yet been signed.

This memorandum 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 2021, which concluded on September 30, 2021.

With the anticipation of the termination of the City's Act 47 distressed status, on July 15, 2019, DCED suspended the contracts for the Act 47 Consulting team that were working with the Act 47 Coordinator since the inception of the Receivership. The Act 47 Coordinator continues to perform duties as assigned, which largely includes bi-weekly check run reviews and cash flow status analysis. The Coordinator also communicates and cooperates with Mayor Eric Papenfuse, City Council President Wanda Williams, Finance Chair Ben Allat, Business Administrator Marc Woolley, and Accounting Manager Bryan McCutcheon regularly to maintain input and monitor the status of the Strong Plan Activity and will until the City exits Act 47. The Coordinator has reviewed and provided input on the 2021 Final Adopted Annual Budget to Secretary Dennis Davin, Department of Community and Economic Development, as is required under the provisions of Act 47 of 1987, as amended.

During the past three months (July, August, and September), the Coordinator has also been monitoring the budgetary and other related financial management activities through the end of the Third Quarter of fiscal year 2021.

The City's General Fund, available cash balance as of September 30, 2021 stands at \$36.6 million dollars. For the same timeframe, the Neighborhood Service Fund available cash balance is \$6.9 million dollars.

On May 21, 2018, the Commonwealth of Pennsylvania, et al., filed a complaint against seven professional firms based on the Harrisburg incinerator project and the series of financing transactions. The case is filed in the Commonwealth Court at 368 MD 2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint.

On September 9, 2021, a three-judge panel of the Commonwealth Court issued an opinion and order sustaining in part and dismissing in part the defendants' preliminary objections in the litigation regarding the Harrisburg incinerator project filed at 368 MD 2018. Specifically, the Commonwealth Court found that the Governor and the Department of Community and Economic Development lacked standing to pursue their claims and dismissed them from the case. Further, all claims asserted against one of the professional firms, Foreman and Caraciolo, P.C. were dismissed. However, the Commonwealth Court also held that the Coordinator did have standing to pursue claims on behalf of the City of Harrisburg and directed the remaining defendants to file an answer to the complaint.

Please review the report provided here forward.

Office of the Receiver/Coordinator

It has now been just over seven years since your Honor issued an order on February 25, 2014 to vacate the Office of the Receiver, return the City to the underlying provisions of Act 47, and for DCED's Secretary 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 City of Harrisburg's Act 47 Strong Plan. Consistent with the Court's order and to keep the Court apprised of the Recovery plan's status and Harrisburg's Recovery, to wit this Third Quarter 2021 report on the City's progress with further implementation activities.

The Third Quarter of 2021 continues to be impacted by the pandemic, although eighteen months have passed since the Governor commenced the stay-at-home orders for the City of Harrisburg and the County of Dauphin. Some businesses have reopened, and people are beginning to go back into the office again. The pandemic situation has moderately improved since the rollout of the COVID-19 vaccine during the Third Quarter of 2021.

For the City of Harrisburg, the economic impact of this situation remains a concern, and its full impact will likely be felt for months and even years to come. Both the Federal and State Governments have taken steps to assist local government economies by providing Federal CARES ACT, and later the American Rescue Act, enacted on March 11, 2021, funding to support businesses and related business activities. The economic stability programs for small and large businesses will hopefully keep the economy neutralized as the crisis begins to ease.

President Joseph Biden signed into law the American Rescue Plan Act (ARPA). This far-reaching law will again greatly benefit municipal governments in their efforts to recovery from the economic impacts of the pandemic. The City of Harrisburg is poised to receive \$48.86 million dollars as part of the ARPA. This assistance will allow Harrisburg to regain economic vitality and neutralize the many negative impacts on governmental operations due to the COVID-19 shut down and related economic downturn.

As the City continues to mitigate this critical fiscal and economic challenge, it is evident that the leadership at the City of Harrisburg, the Mayor and City Council, Harrisburg Intergovernmental Cooperation Authority (ICA), along with the Board of Directors of Impact Harrisburg have demonstrated an immense desire to assist the City Neighborhood Businesses. The City continues to provide assistance to local business as the pandemic persists.

During the Third Quarter of 2021, the Recovery Coordinator continued to oversee the implementation of the Act 47 Strong Plan modifications. The modifications provide

financial analysis and input, along with attendant to the other recommendations that will advance the City's recovery towards the ultimate rescission of its Act 47 designation. The modifications recognize the current financial position of the City and it provides a fiscal roadmap for City officials to advance the City's financial recovery.

As Coordinator, I will continue to monitor the implementation of the Strong Plan Modifications and the proposed Act 47 Final Exit Plan until the planned exit from Act 47 is executed.

The following sections of the report provides 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
- Trimont Parking Report

Impact Harrisburg

The Impact Harrisburg, Board of Directors have been busy working on funding initiatives to assist businesses through the COVID pandemic. The Neighborhood Business Stabilization Program (NBSP), in partnership with the City of Harrisburg, provided \$5,000 grants to 314 small businesses within the City. This initiative was the first of its type within the Commonwealth of Pennsylvania, and it served as a template for programs in other communities, such as Allentown. The final amount disbursed was \$1,590,000.00.

A third round of economic development grants was advertised in multiple City outlets as well as the Web. The Board allocated approx. \$375,000 of the remaining non-committed funds for this purpose, which will largely deplete the original economic development allocation. The Board is currently working with the City on a potential allocation of budgeted City economic development funds to Impact Harrisburg in an amount sufficient to fund the full list of eligible applicants.

Impact Harrisburg's budget presumes final allocation of their remaining infrastructure and economic development fund before the end of 2021. The Board had a change in membership and leadership over the years, with the most recent change in the Chair position. Gloria Martin-Roberts was elected Chair on June 1, 2021. The Board does not anticipate taking action to fill the seats that have been vacated by Neil Grover (May 2021), Brain Hudson (2019), or Brittany Brock (2018).

The Impact Harrisburg Board has made a commitment to continue to respond to small business needs during this crisis so that the "core," businesses in the City, which

make up the economic vitality of the City and Region, can successfully continue to provide important services.

Despite the crisis, Impact Harrisburg Board continues 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.

At the September 2020 Impact Harrisburg's Board meeting, the board voted to approve extensions of outstanding grant agreements, for one year, until September 2021.

Over the last quarter, the Impact Harrisburg Board met on June 1, June 15th, August 3rd, and September 29th to further discuss future projects and the closing of the existing grants found below. The East Shore YMCA project is complete and the final check has been issued.

The following grantees have projects that are in various phases of implementation, and are thus subject to the grant extension referenced above:

1. The Tri-County Community Action Commission
2. The Harrisburg Redevelopment Authority
3. The City of Harrisburg/Capital Region Water Multimodal Project

Impact Harrisburg Completed Projects:

Projects Funded/Grant Amount/Project Status as of September 31, 2021:

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)
7. YMCA Camp Curtin (\$500,000 grant)
8. City of Harrisburg Playground Resurfacing (\$250,000 grant)
9. Tri-County Housing Development Corporation (\$370,000 grant)
10. Capital Region Water/City of Harrisburg Multi-Modal Collaborative Facility (\$5,797,701.17 grant)
11. Salvation Army for new facility multi-purpose facility (\$500,000)
12. Harrisburg Redevelopment Authority (\$500,000 grant)
13. East Shore YMCA (\$138,592 grant)

14. Tri-County Community Action Commission (\$204,759 grant)
15. Community First Fund (\$350,000 grant)
16. The City of Harrisburg/Capital Region Water Parks Project.
17. City of Harrisburg Microsoft Office 365 (\$250,000 grant)
18. TLC Construction and Renovations (\$500,000 grant)
19. Webpage FX (\$500,000 grant)
20. Paxton Street Home Benevolent Society (\$100,000 grant)
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22. Gamut Theatre (\$250,000 grant)
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25. Tri-County Housing Development Corporation (\$370,000 grant)
26. Capital Region Water/City of Harrisburg Multi-Modal Collaborative Facility (\$5,797,701.17 grant)
27. Salvation Army for new facility multi-purpose facility (\$500,000)
28. Harrisburg Redevelopment Authority (\$500,000 grant)
29. East Shore YMCA (\$138,592 grant)
30. Tri-County Community Action Commission (\$204,759 grant)
31. Community First Fund (\$350,000 grant)
32. The City of Harrisburg/Capital Region Water Parks Project

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 small business grants (less than \$5,000) which will be utilized with the grant funding.

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 one compliance professional with extensive expertise in the Grants Management area. This individual works 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 professional 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.

In early August 2021, a booklet entitled "Impact Harrisburg – A Work in Progress: A Report out to the Community", was prepared by the Impact Harrisburg Board, which is a compilation of the projects the Board engaged with and provides a status update on each project.

Round Three Grant Program

Currently, Impact Harrisburg rolled out a Third-Round Funding initiative, which is aimed at providing resources in the amounts of up to \$25,000 for capital and equipment assistance to small businesses within the City. The application period was opened from July 14th through August 2nd of 2021. The Board received 102 applications, which are being evaluated, and anticipate awarding these grants by mid-October. Approximately \$375,000 of the remaining non-committed funds have been allocated for this purpose.

Disparity Study

The Impact Harrisburg board voted affirmatively to seek a financial partnership with the City for the purpose of initiating a disparity study that would examine and measure the diversity of the City's vendors, suppliers, and contractors. The data developed will provide a useful benchmark for the City's economic development purposes.

A Memorandum of Understanding (MOU) concerning the procurement and carrying out of a disparity study was entered into on August 21, 2021 between the City of Harrisburg and Impact Harrisburg. The \$125,000 in economic development funds was earmarked toward this study and is a joint project with the City for which the MOU makes Impact Harrisburg the Administrator with the City providing a \$125,000 match.

A Zoom Proposers' Conference was held on Thursday, September 16, 2021 through Pennbid.net. Completed proposals were due by 5:00 p.m. on Friday, October 1, 2021. Updates on the status of the contract award will be posted to Pennbid.net once the decision is made final.

Wind-down

The Impact Harrisburg Board has begun the work of communicating with advisors, legal and financial, around the prospect of the organization winding down operations, given the prospect of all funds currently in place being fully expended by the Third Quarter of 2022. The Board is also actively examining the potential to obtain funding resources from third parties, given the organization's relative success.

After May 2022, absent the receipt of additional funds from the City, DCED, or some other source, Impact Harrisburg will suspend operations but keep the organization nominally in existence and available for administrative purposes should funding become available from a potential incinerator settlement, still in litigation, as outlined in the Strong Plan.

Harrisburg Supplemental Growth Fund

Introduction

In addition to repaying hundreds of millions of dollars in debt of the City, the Strong Plan envisioned an additional approximation of \$26 million infusion of cash that will benefit the City. Of this amount, \$3.3 million dollars would be deposited into an OPEB Trust Fund, and the remaining \$22.7 million would be used for economic development and infrastructure. To achieve a portion of these goals, PennDOT committed to provide the City of Harrisburg \$12.0 million annually over a seven-year period toward infrastructure repair in addition to existing funding commitments.

After closing on the Strong Plan transactions, it was determined to establish ***Impact Harrisburg*** which would combine the Infrastructure and Economic Development aspects of the plan into one fund. Impact Harrisburg's progress is carefully outlined above.

PennDOT funding. The City received formal approval from PennDOT through grant funding to undertake much of the street related improvements. The project included significant modernization of the Third Street corridor in the City from Market to Division Streets. This project was finished in 2020. This project included a complete overlay of Third Street as well as ADA compliance walkways and Traffic Calming intersections. Additional PennDOT funding has been secured for several road projects scheduled for the Spring of 2021 that were delayed due to the pandemic.

Future Transfers to OPEB Trust and Impact Harrisburg.

1. **OPEB Trust** – The Escrow Agreement has been terminated and proceeds maintained thereunder have been distributed. On March 23, 2021, the City of Harrisburg's City Council, unanimously passed the OPEB Trust Fund Ordinance. The OPEB Ordinance was one of the final requirements of the Strong Plan that is now in place and will be administered by the Mayor's Administration. Documents will need to be finalized. The City is making significant progress in developing the OPEB Trust documents. The OPEB Trust has \$3,300,000 that was slated in the Strong Plan to be available for the purpose of the primary funding for the OPEB Trust.
2. **Supplemental Funds** – Supplemental Funds include any recoveries from the pursuit of the Incinerator Claims. Supplemental Funds may eventually also include payments of surplus note amounts to the City pursuant to the parking transaction indenture.

Fiscal Matters

On November 24, 2020, the Commonwealth of Pennsylvania's State General Assembly approved legislation, which was signed by Governor Tom Wolf, to provide amendments to the State Fiscal Code, adopted as part of the Commonwealth's mid-year budget revisions. The amendments include provisions to resolve a looming deadline for the temporary taxing authority given to the City of Harrisburg as part of the exit strategy from its Act 47 fiscal distress status.

The provisions extend Harrisburg's ability to levy an enhanced Local Services Tax (LST) on all people who work in the city for 15 years; the first 10 years at \$3-per-week, or \$156 and for the five years after that, not to exceed \$2-per-week, or \$104. After that, it would revert to the same \$1-per-week rate that generally applies to municipalities statewide. It also permits the City to retain its 2% (percent) Earned Income Tax (EIT) on City residents in perpetuity, which is double the rate permitted in other Third-Class Cities throughout the Commonwealth. The authorizations for both the LST and EIT were previously set to expire in 2025.

This extension of the taxing authority will allow the City much more flexibility while fiscally moving forward as the City will no longer have the great concern of these taxing sources ending abruptly. The City can now count on those revenues for future financial planning.

As of September 30, 2021, the 2021 Amended General Fund Revenues (Sources) totals \$83,611,002. The 2020 Amended Budget (after budget amendments and budget reallocations represents General Fund Revenues of \$77,616,854. The 2021 Amended General Fund Revenues (Sources) represent an increase of 31% over the amended and reallocated 2020 Amended General Fund Budgeted Revenues.

As of September 30, 2021, the 2021 Amended General Fund Expenses (Uses) totals \$83,548,565. The 2020 Amended General Fund Budget Expenses (Uses) totals \$77,616,226. The 2021 Amended General Fund Expenses (Uses) represent an increase of 21% higher than the 2020 Amended General Fund Approved Expenses Budget.

The Neighborhood Services Fund Budget in 2021 for the Revenues and Expenses totals \$18,896,216.

On September 30, 2021, the City's General Fund available cash balance was approximately \$36.6 million. The Neighborhood Services Fund (NSF) had an available cash balance of \$6.5 million.

The City's bi-weekly General Fund payroll averaged \$1,075,000 for the Third Quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$175,000 for the Third Quarter.

The Coordinator reviews City payables for both the General Fund and Neighborhood Services Fund on a bi-weekly basis.

Due to the significant variances anticipated as a result of the COVID-19 financial crisis, the General Fund and Neighborhood Services Fund's revenues and expenses will fluctuate, and it will be difficult and challenging to render appropriate estimates or forecasts for Fiscal Year 2021 Budget. Ultimately, the COVID-19 fiscal crisis impacted both revenues and expenditures for this year and possibly the coming fiscal year. The pandemic could likely impact Fiscal Year 2022 revenues and expenditures forecasts. Although the vaccine roll-out appears to be successful, there still are a number of individuals who remain unvaccinated and there have been several variant strains that continue to pose a problem in completely eliminating the pandemic.

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 2021 Approved Budget has taken advantage of federal, state, and local grants, some COVID-19 related, and likewise will use a portion of its fund balance on a PAYGO basis to address targeted capital needs primarily in the IT, Administration, Public Safety and Public Works Departments.

During the Third Quarter of 2021, 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.

The City's 2021 Budget was approved by Harrisburg's City Council at the Legislative Session on December 21, 2020. Please note the Administration will periodically present modifications and adaptations to the budget which will change the budgeted amount as the result of these transactions.

Operational Issues

During the Third Quarter of 2021, the City of Harrisburg, with the support of the Recovery 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.

Operating Departments/Offices

The City of Harrisburg has made progress on several important initiatives in the City's operating departments. A summary of the status of those active projects and initiatives is detailed below.

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 is focusing on the development of the strategic operating plan. The City Business Administrator 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, Human Resources, Public Safety, and IT. These will be priority areas of focus for the City's administrative functions going forward. The City of Harrisburg is still actively recruiting for a Finance Director.

The City's Strategic Management Plan was incorporated into the 2021 budget process. The Act 47 Coordinator's reviewed the plan for compliance with the City's Strong Plan and broader Act 47 plan initiatives.

The City is currently seeking to improve the contract review and management process, which is an important element of the purchasing process.

The City is also seeking to purchase a new General Ledger Software package that more closely meets the City's Financial Management needs. After a request for proposals, solicitation was completed and the City selected Tyler Technologies as their Enterprise Resources Planning software vendor. Implementation will begin in October 2021.

The OPEB Trust Ordinance passed the City of Harrisburg's City Council on March 23, 2021. The Mayor and Business Administrator are working towards its full implementation in the coming months. At this time, members of the OPEB Trust have not been appointed.

Information Technology

The age and condition of the City's Information Technology infrastructure continue to be a major structural challenge for the City; however, notable progress has been made. The City signed an agreement with CODY to migrate the mainframe from METRO and Dispatch database and the InSynch database to the CODY system. The data migration will be completed this year. In addition, the City has started looking for a vendor to migrate the City finance and revenue databases to a new system. The other system that will need upgraded is the Personnel Management System. The data migration for the entire system will take several more years to complete. As noted above, the Administration and the Information Technology Office are working together to employ and implement a new Financial Management system for the City during Fiscal Year 2021. After a request for proposals solicitation was completed, the City of Harrisburg selected Tyler Technologies as their Enterprise Resources Planning software vendor. Implementation will begin in October 2021.

Community and Economic Development

The City has seen much progress in the Community and Economic Development area. At the end of 2016, a \$3.5 million state Redevelopment Assistance Capital Program (RACP) grant 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 (MulDer Square) with new streetscaping, affordable apartments, and retail stores. The MulDer Square housing project was recently completed. On September 13, 2021, a new Economic Development Director was hired to lead on-going economic and community development initiatives.

Police Bureau

Within the Police Bureau, staffing levels continue to be the primary challenge for the Bureau. In addition, it is anticipated that during fiscal year 2021, the Bureau could lose up to 40% of police uniformed personnel due to anticipated retirements. The Police Chief is concerned about the potential notable loss of tenured uniformed officer employees due to retirement. This was the reason that the new FOP contract includes both wage and benefit enhancements for patrolmen.

The 2021 Budget added a Community Policing Program and related Community Service Aides (CSA) to enhance the Civil and Orderly management of community services related to police and civilian interaction with the neighborhood communities and their leaders. This is a welcome addition to the Police Bureau, which clearly addresses the social justice issues that arose during the summer of 2020.

The Community Policing Program has recently switched directors from Blake Lynch to Ana White. Through this transition, the City has taken on a trauma informed centered approach. In doing so, CSA staff have received additional training in this area while continuing to strengthen community partnerships. The CSA team is currently finalizing roles and responsibilities to confirm which civil matters they will be able to manage, as well as identifying flow of operations to ensure appropriate chain of command occurs from initial calls to resolution. The CSA team has also identified ways to enhance the management of progressive interaction between civilians and law enforcement through the adoption of models that focus on areas of concern including gun violence intervention, bullying and aggressive behavior in school settings, and community surveillance and policing.

Fire Bureau

The Fire Bureau is making progress in a number of key areas. The Fire Bureau is staffed with 3 Management Chiefs, 1 Administrative Assistant, and 86 sworn

personnel-bargaining unit members. Total complement is budgeted at 86 personnel and the Bureau will continue to administer civil service exams to encourage new hirings.

The Fire Bureau Personnel also received 2020 Hazard Pay for first responders who were active during the pandemic.

Neighborhood Services Department

The Neighborhood Services Department has been actively engaged in a number of key projects in the refuse and recycling, maintenance, and infrastructure development areas. The City has a Trash Collecting contract with the Borough of Steelton, Borough of Penbrook, and the Borough of Paxtang to pick up the trash and recycling for the Boroughs. This is a major and positive use of the City's resources to assist neighboring communities.

Many of the Neighborhood Services Department Personnel are also critical to the City's necessary operations and they also received hazard pay. A new Public Works Director was recently hired.

Traffic and Engineering

The Traffic and Engineering Division has made progress updating the City's traffic signal infrastructure. All traffic signals in the City have been updated as of June 2021 to the Advanced Transportation Controller Standards. Additional work is underway to interconnect the traffic signals with the City's Central Server.

Lastly, the Vision Action Plan is implemented, in part, through various engineering projects. Eight (8) Vision Zero Projects have been completed or are under construction. This commitment is designed 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.

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 368 MD 2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint. In early September, the Court issued a decision on preliminary objections that found that the Coordinator,

but neither the Governor nor DCED, had standing to pursue their claims and the case is proceeding.

Park Harrisburg Fiscal Year 2021 Operating and Capital Budgets Projections

COVID 19 Effects on parking system

As a result of the continued ongoing effects of the COVID-19 virus, there has been continued lower usage and revenues for the parking system in the Third Quarter for Fiscal Year 2021. Third Quarter 2021 Revenues were below levels required to meet 1.0 debt service accrual coverage on Series B and Series C debt. The Year-To-Date shortfall in 2021 Series B and C debt service is approximately \$1.85 million. For the January 1, 2021 debt-service payment date, the \$1.67 million shortfall of interest and principal payments was advanced from the Series B and Series C debt service reserve contracts for shortfalls accrued in 2020.

John Gass of Trimont is communicating with PEDFA, their client, and the Credit Enhancers, Assured Guaranty and Dauphin County, on this matter. He is also providing representatives of the City of Harrisburg and Harrisburg Parking Authority with the monthly cash flow results.

Project Revenues/Expenses

Projected 2021 Third Quarter revenues were approximately 15% higher than 2020 Third Quarter revenues. Preliminary September 2021 revenues were 17% higher than September 2020 revenues and 13% lower than September 2019 revenues. The 2021 Third Quarter operating expense was level with 2021 Second Quarter.

The 2021 operating budget has been approved by the Credit Enhancers. The 2021 operating budget reflects increases in Meter Rates from \$3 to \$4 per hour in the CBD, increase in the monthly garage contract parking rate from \$210 to \$217 per month, and increase in Ticket rates from \$30 to \$40 per ticket. The meter rate increases were put into effect in August 2021 and the monthly contract rate increases were put into effect in March 2021. Payments under the Department of General Services lease will increase per the terms of the lease. The 2021 budgeted operating expenses will decrease by 6% from 2020 budgeted operating expenses. The 2021 capital budget in the amount of \$675,000 has been approved.

Through September 2021, the City has been paid \$0 which represents \$816,732 less than the full scheduled amount due. Through September 2021, Harrisburg Parking Authority has been paid \$0 which represents \$1,014,646 less than the full scheduled amount due. The City was paid approximately \$2,340,000 in parking tax for Third Quarter 2021. Through July 2021, no funds have been deposited for Performance Fees or for PEDFA fees. Through September 2021, no funds have been deposited in

the Performance Fees or fore PEDFS fees. Also, through September 2021, no funds have been deposited in the Capital Reserve. The balance in the Capital Reserve account minus outstanding commitments as of 9/30/2021 was approximately \$1,800,000.

Capital & Operational Improvements

Capital Improvement projects planned for 2021 include concrete repair at the Chestnut Street garage, Walnut street garage, Locust Street garage and 5th Street garage. The project entered into an energy saving contract and has saved \$15,000 Year-To-Date through August 2021.

Park Mobile

Park Mobile, the parking application provider for the Meter system, had approximately 120,000 transactions through September 2021.

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 5-7 p.m. Monday through Saturday. The \$270,000 amount is the estimated meter revenue which the system collected from the DID area for the 5-7 p.m. time period. The program commenced on April 1, 2018 and will be reviewed for renewal each year.

Park Harrisburg has a Smart Card, making it easier and the most convenient way to pay for parking in Harrisburg. Complete an application at the Park Harrisburg office at 223 Walnut Street, Suite 1 to obtain your Smart Card. Load the card with your dollar amount, and then begin using the Smart Card to pay for parking anywhere in Harrisburg. Funds can be added or check the balance at any Park Harrisburg parking meter or in the Park Harrisburg office. There is a \$5 activation fee unless you load \$20 or more on the card. Then the \$5 activation fee is waived.

**City of Harrisburg
Parking Revenues
Table 1**

Group	Account Description	2015	2016	2017	2018	2019	2020	9/21/21
Parking Taxes	MBP PARKING TAXES CURRENT	3,289,446	3,769,704	3,668,788	3,942,440	4,265,145	3,511,843	2,458,040
Parking Taxes	MBP PARKING FEE	11,573	13,724	12,580	14,774	9,000	11,327	11,212
Parking Fees	PARKING LICENSE FEE-PRIOR	2,131	710	4,076	0	368	2,033	8,773
Parking Fees	PARKING LICENSE FEE-PENAL	2,007	3,010	3,284	1,459	2,073	0	25
Parking Fees	TOWING FEES	21,665	22,595	20,706	21,144	13,705	11,750	12,340
Parking Fees	METER BAG RENTAL	21,504	24,116	49,312	53,848	31,912	86,356	85,800
Parking Fees	FEES, FINE AND COSTS	49,535	42,244	13,627	28,866	28,751	52,655	38,854
Parking Fees	BOOTING FEES	8,850	3,300	2,925	1,575	2,850	0	0
Parking Tickets	PARK TICKETS VIO FINE	463,641	447,119	376,923	420,396	381,107	259,533	360,907
Ground Lease Payment	PRIORITY PARKING DISTR.	527,900	1,093,623	974,526	1,460,125	1,275,290	287,388	0
Priority Parking Distribution	PRIORITY PARKING DISTR.	636,951	1,717,788	1,457,735	2,097,494	2,241,682	231,331	0
Rental Income	HPA RENTAL INCOME	0	0	0	0	---	0	0
HPA Coordinated Pkg	HBG PRK AUTH COORD PKG	0	0	0	0	---	0	0
	Total Parking Revenue	5,035,203	7,137,933	6,584,482	8,052,120	8,251,882	4,454,215	3,017,101

Note: Ground lease payments and Priority Parking payments were inflated in 2018 due to the global settlement reached by all parties (creditors, City, County, PEDFA) in resolving discrepancies with the parking bond indenture.

Resource Recovery Facility

Results for 2014 – 2021

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, 2015, 2016, 2017, 2018, 2019, and 2020. As of the end of the Third Quarter, September 30, 2021, year-to-date, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was approximately 30,384 tons. The City also receives an annual Host Fee from SRMC.

Increasing waste volumes have been managed throughout fiscal year 2021. For the safety of staff and the community, LCSWMA maintained cashless payment at the Scalehouse and staff continued practicing social distancing and masking in accordance with Commonwealth and CDC guidance. Facility operations remained steadfast throughout the year due to the staff's commitment towards safety and well-being despite the lingering COVID-19 pandemic.

Customary and routine maintenance outages took place throughout the year and the facility continues to perform at or above expectation. Several fire suppression and loss-control projects were undertaken in 2021 which collectively reduces operational and financial risk.

Harristown Development Corporation (HDC)

Strawberry Square

Strawberry Square hosted two COVID vaccine sessions in the former Strawberry Gifts retail space on July 14-15 and August 4-5, 2021, in partnership with Rite Aid. The two-dose Pfizer vaccine was administered on a walk-in basis. Harristown continues to work with the Commonwealth to be available for additional dates for walk-in vaccines once state employees have returned to the downtown.

Strawberry Square hosted a Flu Shot site in the Atrium on Wednesday, September 15, 2021 from 10am – 1pm, in partnership with Rite Aid. Thirty (30) individuals stopped by to receive their flu shot for the 2021-2022 flu season. The City will work with Rite Aid to potentially schedule an additional clinic in 4th Quarter 2021.

Projects

The YMCA Harrisburg Mile returned to Front Street for their mid-July race and also returned to the Strawberry Square Atrium for their annual registration and packet pick-up during the week prior to the race. Dozens of race participants stopped into the Square to retrieve their registration information.

Fresa Bistro reopened under new management in August. Harrisburg University signed a new lease for approximately 1,500 square feet inside Strawberry Square; RGS Associates renewed their office lease; El Sol Restaurant renewed their lease at 18 S. 3rd Street; and progress on Harrisburg University's \$100 Million Health Science Center at 222 Chestnut continued to take shape at almost 10 floors of steel on the way to 11 stories.

State workers continue to work on a hybrid basis, and it appears they will continue to do so for the foreseeable future. The number of patrons in the facility varies on any given weekday, with populations higher on Tuesdays, Wednesdays and Thursdays. Food court vendors have reported a slight increase in business. New tenants, Fresh Pressed Juice Bar opened at the end of June on the first floor of 221 N. 2nd Street, (Bogg on Cranberry). A ribbon-cutting was held on Tuesday, July 6th at 2 p.m. and was a success.

The Menaker Apartment project held a construction kick-off event on June 10, to officially recognize the renovation of this historic structure at 17 S. 2nd Street into 28 one- and two-bedroom apartment units. The project is running on schedule at this time, with an anticipated opening in Spring 2022.

The Veterans' Building at 112 Market Street has been purchased by Harristown and partners with plans to convert floors 3 – 8 into approximately 30 residential units in 2022.

Harristown continues to sponsor Sprocket Mural Works bi-annual mural fest; additional murals will be appearing in the downtown in the near future.

Harristown has updated their list of more than 30 projects that are under development and/or construction throughout the City over the next three years. A total of almost \$700 million worth of projects are in the pipeline or under construction, with additional development projects being initiated monthly.

Senators' 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 and has continued to be a growing obligation. This has been a considerable burden on the City as the pandemic enters its eighteenth month. The goal of the Receiver, and now Coordinator, was for the City to enter 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 matters which concern the repayment of the bonds for the stadium.

Wastewater and Storm Water 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.

Fortunately, CRW has complied with all milestones of the Partial Consent Decree entered 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.

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. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint.

On September 9, 2021, a three-judge panel of the Commonwealth Court issued an opinion and order sustaining in part and dismissing in part the defendants' preliminary objections in the litigation regarding the Harrisburg incinerator project filed at 368 MD 2018. Specifically, the Commonwealth Court found that the Governor

and the Department of Community and Economic Development lacked standing to pursue their claims and dismissed them from the case. Further, all claims asserted against one of the professional firms, Foreman and Caraciolo, P.C. were dismissed. However, the Commonwealth Court also held that the Coordinator did have standing to pursue claims on behalf of the City of Harrisburg and directed the remaining defendants to file an answer to the complaint.

On September 20, 2021, this Honorable Court granted the City's application for approval of a third amended and restated settlement agreement between the City and AMBAC. The City may now defease the Series 2005A-2 Bonds in exchange for a reduction in the forbearance liability arising from its Series 1997D&F General Obligation debt. AMBAC also offered the City a temporary reduction in the interest rate and gave the City a prepayment option towards the forbearance liability in exchange for additional credit towards the overall liability.

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 her in this matter.

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Summary

As I author the Third Quarterly update of 2021 as the new Recovery Coordinator for the City of Harrisburg as of July 25, 2021, I must note that the many concerns relating to the COVID-19 pandemic continue to bring challenges and some economic relief for the City as Commonwealth employees return and federal funds are released to assist the municipality. As the vaccination roll out continues, the hope is that the pandemic will slowly be eliminated. As mentioned earlier, healthcare concerns remain as new variants of the disease continue to persist throughout the country, the Commonwealth, and the City of Harrisburg.

For the City of Harrisburg, the economic impact of this situation will be an on-going concern, and its full impact will likely be felt for months and even years to come. Both the Federal and State Governments have taken steps to assist local government economies by providing Federal CARES ACT, and later the American Rescue Act, enacted on March 11, 2021, funding to provide support for businesses and related business activities. The economic stability programs for small and large businesses will hopefully keep the economy neutralized as the crisis begins to ease.

Although challenges remain, the City has made remarkable progress on many fronts. Through September 30, 2021, the 2021 Amended General Fund Revenues (Sources) totals \$83,611,002. The 2020 Amended Budget (after budget amendments and budget reallocations represents General Fund Revenues of \$77,616,854. The 2021 Amended General Fund Revenues (Sources) represent an increase of 31% over the amended and reallocated 2020 Amended General Fund Budgeted Revenues.

As of September 30, 2021, the 2021 Amended General Fund Expenses (Uses) totals \$83,548,565. The 2020 Amended General Fund Budget Expenses (Uses) totals \$77,616,226. The 2021 Amended General Fund Expenses (Uses) represent an increase of 21% higher than the 2020 Amended General Fund Approved Expenses Budget.

The Neighborhood Services Fund Budget in 2021 for the Revenues and Expenses totals \$18,896,216. On September 30, 2021, the City's General Fund available cash balance was approximately \$36.6 million. The Neighborhood Services Fund (NSF) had an available cash balance of \$6.5 million. The City's bi-weekly General Fund payroll averaged \$1,075,000 for the Third Quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$175,000 for the Third Quarter.

The Coordinator will continue to review City payables for both the General Fund and Neighborhood Services Fund on a bi-weekly basis.

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, and bringing all payables into a current status. The City also continues to stay on course with the bond payments.

On September 20, 2021, this Honorable Court granted the City's application for approval of a third amended and restated settlement agreement between the City and AMBAC. The City may now defease the Series 2005A-2 Bonds in exchange for a reduction in the forbearance liability arising from its Series 1997D&F General Obligation debt. AMBAC also offered the City a temporary reduction in the interest rate and gave the City a prepayment option towards the forbearance liability in exchange for additional credit towards the overall liability.

Finally, it is noted during the Third Quarter of 2021, the City of Harrisburg, with the support of the Recovery Coordinator, made further progress on several key Strong Plan operational initiatives.

Harrisburg City remains 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 sound and economically improved.

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 26th day of October 2021, 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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Date: October 26, 2021

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