The Intergovernmental Cooperation Authority
for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

April 30, 2020

The Honorable Tom Wolf
Governor, Commonwealth of Pennsylvania

The Honorable Joe Scarnati
President Pro Tempore, Pennsylvania Senate

The Honorable Jay Costa
Minority Leader, Pennsylvania Senate

The Honorable Patrick M. Browne
Chair, Senate Appropriations Committee

The Honorable Vincent J. Hughes
Minority Chair, Senate Appropriations Committee

The Honorable Wanda R. D. Williams
President, Harrisburg City Council

The Honorable Eric R. Papenfuse
Mayor and Chief Fiscal Officer, City of Harrisburg

The Honorable Mike Turzai
Speaker, Pennsylvania House of Representatives

The Honorable Frank Dermody
Minority Leader, Pennsylvania House of Representatives

The Honorable Stan Saylor
Chair, House Appropriations Committee

The Honorable Matthew D. Bradford
Minority Chair, House Appropriations Committee

The Honorable Ben Allatt
Vice President, Harrisburg City Council

The Honorable Charles DeBrunner
Controller, City of Harrisburg

Re: Intergovernmental Cooperation Authority for Harrisburg, Annual Report to the Governor and General Assembly

Dear Governor, Legislative Leaders, and City Officials:

Please find enclosed the annual report to the Governor and General Assembly as required pursuant to the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act of October 24, 2018, P.L. 751, No. 124). This report presents the appraisal of the progress of the City for Harrisburg ("City") by the Intergovernmental Cooperation Authority for Harrisburg ("Authority').

Over the past year, the Authority members have come together dedicated to serving Harrisburg and the community as a united and aligned body. Our talents and backgrounds are diverse and our experience runs deep allowing a broad base on which to draw to help the City. This report reflects the consensus of the voting members of the Board.

The Authority has identified several potential strategies to promote growth and financial sustainability, many of which are explored in greater detail in the attached report. I am personally heartened by the incredible offers of support to help the City that have come from our partners such as Dauphin County, the Harrisburg Regional Chamber & CREDC, members of the legislature, DCED, and local nonprofit and civic entities, as well as members of the business community.

Key to engaging many of these partners is the development of a Community and Economic Development Plan (CED Plan). The City has no CED Plan. Such a Plan is central to the Intergovernmental Cooperation Agreement ("Agreement") that the Authority is trying to forge with the City to help it exit Act 47. Until this foundation is set, the City cannot begin to move forward with disciplined outward focused energy.

Development of a comprehensive plan is a paramount first step toward implementation of a CED Plan. While there was indication that a new version of a comprehensive plan would be ready for City Council review in January, it appears to be stalled while tied up in litigation with a consultant on the plan. The Authority encourages the City to move forward to develop and adopt its new plan as expeditiously as possible.

Forward movement on an Agreement with the City has been hampered by Mayor Papenfuse's refusal to have a negotiating session with all interested parties. The Authority insists on, and the Mayor objects to, the adoption of generally accepted accounting principles and the emphasis on inclusion of a CED component.

At the same time, the City must submit its annual revision of the Five-Year Financial Plan. The Authority granted the City an extension to October 31, 2020 due to the economic uncertainty of the pandemic. Authority members identified important reservations and areas of concern with the original plan which it has communicated to the City. We believe the Plan can be improved to provide achievable goals to guide City expenditures, draw attention to cost savings, and target revenue maximization. Moreover, now is the time to address longstanding and material weaknesses in the City's accounting and financial reporting practices that has earned it far too many material findings by the independent auditors.

Unfortunately, cooperation from the City has not been as forthcoming as we would like. As the year unfolded it became clear that the City leadership views the Authority's mission narrowly. That perspective manifests itself in a general dismissal of the Authority and its oversight responsibilities as outlined in the Act. The City expresses its narrow view of the Authority's role as solely to lobby the legislature for a permanent extension of the City's temporary authority to levy extraordinary taxes.

While none of us can project the short and long term impact of the COVID-19 pandemic on the City, the Authority is dedicated to moving forward fully supportive of and working in concert with the City. When we collectively reach the other side, the City must be ready to re-imagine itself in light of the social and economic disruptions the pandemic has caused and to quickly take advantage of federal and state stimulus opportunities. The remaining four years of its extraordinary taxing authority provide a base from which the City can emerge as a stronger and more resilient version of its former self.

Please feel free to reach out to me if you have any questions, suggestions or requests for changes in the future.

Sincerely,

Audry Carter, Chair
ica.cartera@gmail.com
301-767-6618 (cell)

cc: Authority Board Members

ANNUAL REPORT OF THE

INTERGOVERNMENTAL COOPERATION

AUTHORITY FOR HARRISBURG

TO THE GOVERNOR AND GENERAL ASSEMBLY

April 30, 2020

MEMBERS

Audry K. Carter, Chair
H. Ralph Vartan, Vice-Chair
Tina L. Nixon, Secretary/Treasurer
Douglas E. Hill
Kathy Speaker MacNett
John Raymond, *ex officio*
Bruce Weber, *ex officio*

AUTHORITY MANAGER

Jeffrey M. Stonehill

DISCLAIMER

The statements, representations, and conclusions contained herein are those of the Intergovernmental Cooperation Authority for Harrisburg (the "Authority"), an independent public authority and instrumentality of the Commonwealth, and are done in conformity with the Intergovernmental Cooperation Authorities Act for Cities of the Third Class ("Act 124"), 53 P.S. § 42101, et seq. The unaudited statements of the Authority contain qualified opinions that are solely based upon the Authority's review of previously created documents by others and the independent personal observations of the Authority. This is a required report under Act 124. The reporting of the Authority to the Commonwealth of Pennsylvania and its constituent parts has no bearing upon the previously produced and reasonable financial forecasts made by the City of Harrisburg. This report should be relied upon only insofar as it is a mandated requirement of the Authority under Act 124.

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EXECUTIVE SUMMARY.

The City of Harrisburg's financial condition is currently stable albeit with a negative outlook.

On May 29, 2019, pursuant to Act 124, the Authority approved the City's initial Five-Year Financial Plan. However, the plan was found to be insufficient to meet the challenges of Act 124 and the Authority outlined additional reservations and areas of concern. The City's finances are bolstered by the levy of extraordinary taxes authorized under Act 124, for a limited period of time. These taxes provide approximately 18% of the City's operating revenues. Even with the support of these taxes, the plan forecasts that, on its current course, the City will gradually draw down its fund balance in order to balance the budget.

The exit of the City from Act 47 status and the essential planning necessary to provide a future for the City without the availability of the extraordinary taxing authority remain both major focuses of the work of the Authority.

The City finds itself at a critical juncture, and action is needed to pave the way. It is the opinion of the Authority that, with a push for results and accountability on the part of City management, the possibility of prosperity lies ahead.

The Authority has identified three themes to advance the financial stability of the City:

1. sound financial management and reporting;
2. community and economic development; and
3. operational excellence.

The Authority has advised the City to develop and implement initiatives to address various issues affecting the City's progress to financial stability.

SOUND FINANCIAL MANAGEMENT AND REPORTING.

One of the Authority's top priorities is improvement of the City's financial management and reporting functions. The City asserts that its financial management and reporting capabilities are strong. We disagree.

Independent Auditor identified numerous material weaknesses.
The City's Independent Auditor, in its audit findings issued on September 27, 2019, identifies numerous material weaknesses and significant deficiencies in internal control over financial reporting and other matters, for which corrective action has not been completed. A "material weakness" is the most serious type of finding. Examples of findings are:

- The City does not have adequate staffing to produce its financial statements in accordance with generally accepted accounting principles applicable to governmental entities (GAAP). The City should have the ability to produce GAAP financial statements.

- The City submitted certain requests for reimbursement of the same expenditures for a roadway project to two funding sources.

- There were no procedures in place for follow-up on delinquent sanitation and disposal accounts or for the determination of accounts that are to be written off as uncollectible. (In 2018 the City wrote-off approximately $9 million in receivables.)

- Certain employees of the City utilize a time clock to record hours worked. During the audit, it was noted that certain employees were swiping cards for other employees.

- As previously noted in the December 31, 2007 through December 31, 2017 audits, no physical inventory has been taken since 2005.

The Director of Financial Management for the City, Bruce Weber, has minimized the seriousness of the findings identified by the Independent Auditor. We disagree. The report is symptomatic of potentially serious dereliction in financial management. We have emphasized to Mayor Eric Papenfuse our lack of confidence with the City's financial management.

The City did not fulfill our request to have the Independent Auditor appear at a public meeting of the Authority.

We have urged the City to take immediate corrective action for all material weaknesses.

Structural deficit projected until 2023.
The Authority is concerned with the City's ability to maintain healthy fund balances while keeping up with necessary and vital capital expenditures. Mayor Eric Papenfuse, who acts as the City's Chief Fiscal Officer, has informed us the General Fund and Neighborhood Services Fund are projected to be drawn down from 2020-2022 for various capital projects and debt prepayment, and subsequently, beginning in 2023, these funds will be structurally balanced.

The Authority has urged the City to continue to take steps to maintain a structurally balanced budget in all funds, inclusive of capital expenditures.

City to enhance its Capital Improvement Plan.
The City's capital improvement planning is not acceptable in our opinion. The Capital Improvement Plan submitted to the Authority does not comport with the 2020 Budget, and the City did not respond to a request for an explanation for the variation.

The Authority has recommended the City assess and enhance its Capital Improvement Plan.

Intermunicipal Solid Waste Agreement with the Borough of Steelton.
In 2019 the City entered into an Intermunicipal Solid Waste Agreement with the Borough of Steelton to provide refuse collection and disposal services. The City was unable to provide an analysis of the financial impact on the City's operating and capital budgets. Therefore it is impossible to know if this agreement is in the best interests of taxpayers and ratepayers.

Ambac forbearance liability prepayment.
The City negotiated a forbearance liability prepayment with its bond insurer, Ambac. This is an excellent step for the City. We believe it is a major step towards re-establishing the City's credit rating and re-gaining access to credit markets.

At our April board meeting, Mr. Weber informed us that due to the ongoing pandemic and economic crisis, plans to follow through on the prepayment are on the table. We continue to monitor the situation closely.

Variation due to impact of COVID-19.
At the time of this writing, we acknowledge the ongoing and as yet unresolved impact of COVID-19 on City finances and services. The City has disclosed that the budgeted spending plan and revenue projections for 2020 have been impacted due to the ongoing pandemic and economic crisis. The variations cannot be confidently forecast at this time. The City has committed to providing ongoing financial reporting to the Authority.

COMMUNITY AND ECONOMIC DEVELOPMENT.

The City's Five-Year Plan forecasts that, on its current course, the City will gradually draw down its fund balance in order to balance the budget. To secure the City's long-term health, offset the loss of extraordinary taxing powers in the future, and address capital needs, economic development is key.

Stagnant revenues.
Revenues since 2016 have been stagnant at approximately $65.5 million. The City forecasts revenue growth to remain stagnant under current operating procedures and be slightly outpaced by expense growth. At this time the Authority sees additional value in having the City focus more energies on community and economic development, in order to attract new residents, new businesses, and increase the opportunity to generate new tax dollars.

Indifference to economic development.
City management appears indifferent to economic development, perhaps characterized more as serendipity than purposeful. There is no Community and Economic Development Plan, and the City has resisted our encouragement to formulate and implement such a plan. Mayor Eric Papenfuse has instead criticized this encouragement as "mission creep" on the part of the Authority.

The office of Director of Community and Economic Development was functionally vacant from September 2018 to February 2020. The Authority is pleased to report this office was finally filled in February 2020 with the hiring of Nona Watson.

Comprehensive Plan in limbo.
In 2015 the City began the process of drafting a new Comprehensive Plan. (The existing Comprehensive Plan is half a century old.) By 2017 that process broke down and resulted in litigation which is ongoing. Now the process is in limbo.

OPERATIONAL EXCELLENCE.

The City's progress to fiscal recovery is hampered by operational issues.

Mismanagement of federal program funding.
The City's Independent Auditor expressed a qualified opinion on compliance for major federal programs. The Single Audit found widespread examples of mismanagement of federal program funding, which put future funding in jeopardy. The City was also obligated to return federal funds due to compliance issues.

The Authority is pleased to report the City has made significant strides to address its compliance issues with federal program funding. Under the direction of Business Administrator Marc Woolley, the City appears to be on the right track now.

Legacy IT infrastructure.
The City operates legacy Information Technology infrastructure with unsupported hardware and software that has the risk of failing at any point. The City's mainframe infrastructure is more than 30 years old.

The Authority is pleased to report the City is making significant strides to address its issues with legacy IT infrastructure. $250,000 is earmarked in the 2020 Budget for system replacements. Additional systems identified for replacement in future years are projected to cost more than $500,000. Under the direction of Director of Information Technology Steve Bortner, the City appears to be moving in the right direction.

City management acknowledges and is actively working to deal with potential cybersecurity threats in context of its legacy system.

The Authority has recommended exploring intergovernmental cooperation opportunities in the area of information technology with Dauphin County.

Performance measurement.
The City does not practice systematic performance measurement. Indeed in the 2020 Budget, there is significant weight given to the importance of performance measurements, yet it is noted that none was completed. We believe implementing an effective system of performance measurement will enhance the efficient management and fiscal recovery of the City.

Neighborhood Services Fund in deficit.
The Neighborhood Services Fund was created in 2016 to account for business-like activities in refuse collection and disposal, parks and recreation maintenance and road repair services. The Neighborhood Services budget continues to rely on the use of fund balance for its capital needs and operating expenses. This structural imbalance must be addressed.

The City's Independent Auditor found there were no procedures in place for follow-up on delinquent sanitation and disposal accounts or for the determination of accounts that are to be written off as uncollectible. In 2018 the City wrote off approximately $9 million in receivables.

The Authority has recommended an evaluation of service delivery options including outsourcing to third-party providers.

Cultural issues related to acceptance and expectation of errors.
The firm of Alvarez & Marsal conducted a high-level review following the arrest of the former City Treasurer in 2014. Their report, dated February 2016, identified a culture at the City where errors are accepted and expected. This was blamed on a variety of factors, including personnel shortages, the City's past fiscal problems and budget cuts, mistakes by previous City employees and administrations, and lack of competence or work ethic displayed by other current City employees.

To further its progress to financial stability, City management needs to set a tone at the top and change the culture of acceptance and expectation of errors.

BACKGROUND.

The Intergovernmental Cooperation Authority for Harrisburg (the "Authority") is a public authority and instrumentality of the Commonwealth of Pennsylvania. The Authority was created for the general purpose of fostering the fiscal integrity of the City of Harrisburg.

The Authority has prepared this report pursuant to Section 203(b)(4) of the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act of October 24, 2018, P.L. 751, No. 124) ("Act 124").

Act 124 confers upon the Authority specific duties, including the following:

> To prepare an annual report within 120 days after the close of the assisted city's fiscal year to the Governor and the General Assembly describing the assisted city's financial condition and the authority's progress with respect to restoring the financial stability of the assisted city and achieving balanced budgets for the assisted city. An annual report shall be signed by the chairperson of the board and shall:
>
> (i) Be submitted to the Governor, the presiding officers of the Senate and the House of Representatives, the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives and the governing body, chief fiscal officer and controller of the assisted city. The report shall be publicly available in the assisted city during normal business hours for public inspection, shall be posted on the authority's publicly accessible Internet website and may be provided to a member of the public upon request at a cost not to exceed commercial costs of reproduction.
>
> (ii) Clearly show by consistent category the last five years of operating revenues and expenditures, capital expenditures, gross and net indebtedness transactions, including a schedule of principal and interest, five-year projections of the assisted city's operating and capital budgets and the entire projected indebtedness transactions, including a schedule of principal and interest of the indebtedness until any and all debt has been completely retired.
>
> (iii) Contain a narrative explaining progress of the assisted city in meeting its annual and five-year budgetary objectives, an appraisal by the authority of the progress the assisted city is making to achieve its goals and an appraisal of the extent to which the assisted city is making a good faith effort to achieve its goals.
>
> (iv) Disclose any violations of Federal and State law that the authority may have discovered.
>
> (v) Include as appendixes all historical loans or other contracts entered into by the assisted city and its corporate entities.

In preparing this document, the Authority draws from previously published reports and studies by others, including:

- The City of Harrisburg's Five-Year Financial Plan dated May 29, 2019.
- The City of Harrisburg's Comprehensive Annual Financial Reports.
- The City of Harrisburg's Approved Budgets.
- The Act 47 Recovery Coordinator's Quarterly Status Reports.
- The City Controller's Monthly Revenue and Expenditure Reports.
- The Harrisburg Strong Plan, as revised.
- Independent Auditor's reports for 2018 by Maher Duessel dated September 27, 2019.
- Review of the Office of the Treasurer by Alvarez & Marsal Review dated February 2016.
- Interviews with public officials and other stakeholders and their generous allowance of time.

APPRAISAL OF THE CITY'S PROGRESS.

From 2012, when the City was placed in receivership, to date, on the cusp of emerging from the Act 47 program for distressed municipalities, the City has made significant progress: implementing balanced operating budgets, building a fund balance reserve, funding capital projects, and increasing service levels. Despite these significant accomplishments, much work remains to be done to meet the objective of achieving financial stability. The Authority members have articulated reservations and areas of concern that we have asked the City to expand on as we move forward toward progress.

The Authority is currently focused on a set of specific issues affecting the City's progress to financial stability.

ISSUE #1: INTERGOVERNMENTAL COOPERATION AGREEMENT.

The Authority and the City have a shared desire to enter into an intergovernmental cooperation agreement, as provided in Act 124. An agreement will formalize key terms of the working relationship between the Authority and the City, as we work together to foster the fiscal integrity of Harrisburg. Once approved by the Authority, the Mayor, ratified by City Council, and authorized by Commonwealth Court, an agreement would allow the distressed status of the City under the Municipalities Financial Recovery Act ("Act 47") to terminate.

The Authority has been frustrated in our efforts to enter into an intergovernmental cooperation agreement with the City. The City has not made good faith efforts, as evidenced by Mayor Eric Papenfuse's refusal of a negotiating session.

We highlight the following substantive positions preventing the finalization of an agreement.

- *Accounting Standards.* The Authority wishes to require the City to utilize generally accepted accounting principles applicable to governmental entities (GAAP). We note this is the standard set forth in Act 124. The City refuses, claiming contrary to both statute and standards promulgated by the Governmental Accounting Standards Board (GASB) that the City is required to use cash-based accounting, and minimizing GAAP accounting as "little more than busy work."

- *Community and Economic Development.* The Authority wishes to require the City to commit to formulating and implementing a Community and Economic Development Plan. The City raises capricious objections and minimizes the importance of planning.

As of this writing, the City has not committed to a timeline to resume negotiations. Mr. Papenfuse indicated via email on March 24, 2020: "Finalizing the agreement with the [Authority] will necessarily have to wait until after the disaster emergency."

ISSUE #2: AUTHORITY'S ANNUAL REPORT.

The Authority believes this report presents a valuable opportunity to engage the leaders of our Commonwealth and present an alignment of vision between Authority and City. However the Authority regrets to report we were unable to secure the City's assistance with the preparation of this report. Accordingly there may be additional matters not discussed here that would weigh for or against the City's progress toward financial stability.

The Authority requested to initiate workshop meetings with City management starting in January. To date our request has been disregarded.

The Authority was unable to secure the assistance of City management in a timely manner to assist with the presentation of certain supplemental information required for this report.

We have advised the City to put forth a good faith effort to address the issues enumerated in this report, organized under the themes of improving its financial management and reporting, formulating and implementing a Community and Economic Development Plan, and effecting operational improvements.

ISSUE #3: CITY'S FIVE-YEAR FINANCIAL PLAN.

Under Act 124 the City is required to develop, implement, and periodically revise a financial plan.

Initial Five-Year Financial Plan.
On May 29, 2019, the Authority approved the initial Five-Year Financial Plan submitted by Mayor Eric Papenfuse to the Authority for our review. The plan includes an introduction, historical financial results, a capital improvements budget, baseline financial forecasts, and a narrative entitled "Path Forward." In addition, a supplemental Capital Improvement Plan and the existing 2019 Budget were provided. The City did not consult with the Authority on the development of this initial plan.

While the Authority did express some misgivings, pursuant to the Act, the Five-Year Financial Plan was approved. We approved the plan and the 2019 Budget in order to meet the timelines as provided for in Act 124. However, the Authority found the City's plan to be insufficient to meet the challenges of Act 124 and the Authority outlined additional reservations and areas of concern.

The plan demonstrates a structural deficit and forecasts that, on its current course, in each successive year the City will gradually draw down its fund balance in order to balance the budget.

The City's finances are bolstered by the levy of extraordinary taxes authorized under Act 124. However even with the extraordinary taxing powers, the City's capacity to deliver basic services to its residents is in doubt without a stronger local tax base. Key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues.

In its Five-Year Plan, the City describes a "Path Forward" which commits to undertake a number of initiatives to offset the loss of extraordinary taxing powers and address capital needs. Our appraisal of the City's progress in achieving these goals is as follows.

- *Explore Home Rule.* The plan anticipates that adoption of home rule, under which the electorate develops and adopts a charter, would permit local action to expand existing local tax limits. Consideration of home rule requires either City action or citizen petition. To date there has been no indication of effort on this initiative.

  [We note that the Legislature has before it HB 2141, which would expedite the home rule process for municipalities under Act 47 distress status, but that it specifically excludes municipalities that have exited Act 47.]

- *Continue Negotiations with Ambac Regarding Series 1997 D and F Bonds.* The City has negotiated a forbearance liability prepayment with its bond insurer, Ambac. This is an excellent step for the City. We believe it is a major step towards re-establishing the City's credit rating and re-gaining access to credit markets.

  At our April board meeting, Mr. Weber informed us that due to the ongoing pandemic and economic crisis, plans to follow through on the prepayment are on the table. We continue to monitor the situation closely.

- *Establish an OPEB Trust.* Pursuant to Section 209(b)(2)(vii) of Act 124, the City shall establish a trust to fund the benefit obligations of other postemployment benefits and engage an investment manager in connection with the trust. There has been no indication of progress in this initiative.

- *Reestablish Access to the Debt Markets and Restore Credit Rating.* The City currently does not have an investment grade credit rating. Key to the City's long-term viability is access to the debt markets to fund capital projects and other deferred maintenance needs. To that end, the City should endeavor to restore an investment grade credit rating to build standing with investors and minimize borrowing costs. We believe progress in this initiative is hindered by material weaknesses in the City's financial management and reporting functions, and the lack of a plan to expand the economic base and grow local tax revenues.

- *Implement Workforce Stabilization Program.* In recent years the City has struggled to recruit and retain employees. The City committed to implementing a workforce stabilization program, with special focus on the police force, to reduce attrition and improve workforce recruitment and retention. In 2019 the City negotiated a new contract with the FOP which the City believes will help recruit and retain police personnel. With the exception of the FOP contract, the City has not responded to requests for updates on its workforce stabilization program.

- *Pursue Increased Payment in Lieu of Tax (PILOT) Agreements.* There has been no indication of effort in this initiative.

- *Promote Economic Development.* As discussed elsewhere in this report, the City has not demonstrated good faith effort in this initiative.

- *Review Service Delivery Alternatives.* The City committed to exploring possibilities of intergovernmental agreements with surrounding municipalities for police services, regionalized fire protective services, and solid waste and recycling collection and disposal service. In 2019 the City entered into an Intermunicipal Solid Waste Agreement with the Borough of Steelton to provide refuse collection and disposal services. The Neighborhood Services budget continues to rely on the use of fund balance for its capital needs and operating expenses. This structural imbalance must be addressed. The Authority has recommended an evaluation of service delivery options including outsourcing to third-party providers.

Annual submission of Five-Year Financial Plan.
Pursuant to Act 124 the City is required to prepare and submit its proposed Five-Year Financial Plan to the Authority annually, at least 100 days prior to the beginning of the City's fiscal year or on another date as the Authority may approve.

On November 20, 2019, the Authority granted an extension to the submission deadline until April 30, 2020. This extension was granted at the City's request in light of available staffing and competing reporting obligations throughout the year.

On April 22, 2020, the Authority granted another extension to the submission deadline until October 31, 2020, subject to interim financial reporting. This extension was granted at the City's request in light of the economic uncertainty of the current pandemic.

ISSUE #4: CITY'S COMMUNITY AND ECONOMIC DEVELOPMENT PLAN.

The Authority is interested in a comprehensive approach to community and economic development. It is the City's responsibility to formulate and implement such a plan. The Authority will advise, assist, and be a partner to the City.

City management appears indifferent to economic development, perhaps characterized more as serendipity than purposeful. There is no Community and Economic Development Plan, and the City has resisted our encouragement to formulate and implement such a plan. Mayor Eric Papenfuse has instead criticized this encouragement as "mission creep" on the part of the Authority.

The office of Director of Community and Economic Development was functionally vacant from September 2018 to February 2020. The Authority is pleased to report this office was finally filled in February 2020 with the hiring of Nona Watson.

We are hopeful for the opportunity to report progress in the future on a Community and Economic Development Plan for Harrisburg.

ISSUE #5: FINANCIAL MANAGEMENT AND REPORTING.

One of the Authority's top priorities is the improvement of the City's financial management and reporting functions. The City asserts its financial management and reporting functions are strong. We disagree.

Material weaknesses and significant deficiencies.
The City's Independent Auditor, in its audit findings issued on September 27, 2019, identifies numerous material weaknesses and significant deficiencies in internal control over financial reporting and other matters, for which corrective action has not been completed. A "material weakness" is the most serious type of finding. Examples of findings are:

- The City does not have adequate staffing to produce its financial statements in accordance with generally accepted accounting principles applicable to governmental entities (GAAP). The City should have the ability to produce GAAP financial statements.

- The City submitted certain requests for reimbursement of the same expenditures for a roadway project to two funding sources.

- There were no procedures in place for follow-up on delinquent sanitation and disposal accounts or for the determination of accounts that are to be written off as uncollectible. (In 2018 the City wrote-off approximately $9 million in receivables.)

- Certain employees of the City utilize a time clock to record hours worked. During the audit, it was noted that certain employees were swiping cards for other employees.

- As previously noted in the December 31, 2007 through December 31, 2017 audits, no physical inventory has been taken since 2005.

The Director of Financial Management for the City, Bruce Weber, has minimized the seriousness of the findings identified by the Independent Auditor. We disagree. The report is symptomatic of potentially serious dereliction in financial management. We have emphasized to Mayor Eric Papenfuse our lack of confidence with the City's financial management.

The City did not fulfill our request to have the Independent Auditor appear at a public meeting of the Authority. In 2020 the City retained a new independent auditor and has promised to make the auditor available to meet with the Authority.

We have urged the City to take immediate corrective action for all material weaknesses.

Inability to practice GAAP accounting.
The City does not have the ability to produce financial statements in accordance with generally accepted accounting principles applicable to governmental entities (GAAP).

Contrary to both statute and standards promulgated by the Governmental Accounting Standards Board (GASB), the City claims it is required to use cash-based accounting, and minimizes GAAP accounting as "little more than busy work."

Accounting on a cash basis is demonstrably insufficient for sophisticated fiscal management, and GAAP is emphatically not just a reporting format. The ability to maintain accounting and render financial reports in a manner consistent with GAAP standards is a crucial tool for management and others to know the City's financial position on a real-time, day-to-day basis.

2019 Year-End Budget to Actual.
For the year ending December 31, 2019, budgetary fund balance was $24.3 million, $7.8 million more than the baseline forecast of $16.5 million.

Total General Fund revenue was $68.7 million. This represents a $2.3 million or 3.4% increase from 2018. It was $6.7 million less than the year-end amended budgeted amount of $75.4 million.

Total General Fund expenditures plus year-end encumbrances was $69.6 million, $5.7 million less than the year-end amended budgeted amount of $75.4 million.

The following is a summary of the City Controller's Budget to Actual revenue and expenditures report.

STATEMENT OF ACTUAL AND BUDGETED REVENUE
FOR THE PERIOD ENDED DECEMBER 31, 2019

	Adjusted Budget	YTD Revenue	Variance
Total General Fund	$ 75,426,550	$ 68,799,019	$ (6,627,531)
Total Capital Projects Fund	10,946,712	8,661,033	(2,285,679)
Total Debt Service Fund	9,993,891	10,922,991	929,100
Total State Liquid Fuels Tax Fund	3,825,226	1,492,007	(2,333,219)
Total Neighborhood Services Fund	21,379,629	19,232,554	(2,147,075)
Total Harrisburg Senators Fund	678,287	724,308	46,021
Total Other Funds	1,947,575	937,857	(1,009,718)
Grand Total	$ 124,197,870	$ 110,769,769	$ (13,428,101)

STATEMENT OF ACTUAL AND BUDGETED EXPENDITURES
FOR THE PERIOD ENDED DECEMBER 31, 2019

	Amended Budget	Expenditures + Encumbrances	Available Budget
Total General Fund	$ 75,421,435	$ 69,665,518	$ 5,755,917
Total Capital Projects Fund	10,946,712	10,476,161	470,551
Total Debt Service Fund	9,993,891	9,993,891	0
Total State Liquid Fuels Tax Fund	3,825,226	1,271,067	2,554,159
Total Neighborhood Services Fund	21,217,331	18,613,049	2,604,282
Total Harrisburg Senators Fund	678,287	667,043	11,244
Total Other Funds	1,947,075	909,788	1,037,287
Grand Total	$ 124,029,957	$ 111,596,517	$ 12,433,440

2020 Budget.
The budget for total expenditures across all City funds for 2020 is $120 million. The budget generally comports with the City's Five-Year Plan, with the exception of certain variations. The following is a general outline of the budget as compared to the City's Five-Year Plan.

- "Baseline Revenues" of $64,959,105, compared to $63,985,790 in the Five-Year Plan (an increase of $973,315 or 1.52%).

- "Baseline Expenses" of $62,958,478 compared to $62,061,164 in the Five-Year Plan (an increase of $897,314 or 1.45%).

- "Operating Surplus" of $2,000,627 compared to $1,924,626 in the Five-Year Plan (an increase of $76,001 or 3.95%).

- "Capital Expenditures" of $3,352,803 compared to $3,145,000 in the Five-Year Plan (an increase of $207,803 or 6.61%). (See further comments below.)

- "Ambac Forbearance Liability Prepayment" of $5,000,000 (not included in the Five-Year Plan). (See further comments below.)

- Decrease in Fund Balance of $8,352,176, compared to $3,220,374 in the Five-Year Plan (an increase of $5,131,802).

- Projected Beginning Fund Balance of $24,000,000, compared to $16,555,062 in the Five-Year Plan (an increase of $7,444,938).

Mayor Eric Papenfuse, who acts as the City's Chief Fiscal Officer, has explained that the General Fund and Neighborhood Services Fund are projected to be drawn down from 2020-2022 for various capital projects and debt prepayment, and subsequently, beginning in 2023, these funds will be structurally balanced. We have urged the City to continue to take steps to maintain a structurally balanced budget in all funds, inclusive of capital expenditures.

The Authority is concerned with the City's ability to maintain healthy General Fund and the Neighborhood Services Fund balances while keeping up with necessary and vital capital expenditures. We have recommended the City assess and enhance its Capital Improvement Plan in order to prioritize expenditures for capital needs.

In addition, the following matters are variations from the Five-Year Plan.

- *Capital Projects.* The Capital Projects listed in the budget (page 199 *et seq.*) do not comport with Capital Improvement Plan in the Five-Year Plan. No explanation has been provided for the variation.

- *Ambac Forbearance Liability Prepayment.* This is a positive step in the City's fiscal recovery. We received an analysis by Marathon Capital Strategies, dated December 10, 2019, of the financial impact on the City's operating budget for the next five (5) years. Subject to finalization of the agreement, the City intended to prepay in 2020 at least $5 million, and, if financially feasible, up to $8 million. However, at our April board meeting, Mr. Weber stated that due to the ongoing economic and public health crisis, the City's commitment to the prepayment is now on the table. We continue to monitor the situation closely.

- *FOP Contract.* In 2019 the City negotiated a new collective bargaining agreement with the Fraternal Order of Police Capital City Lodge No. 12 ("FOP"), representing the City's sworn police officers. This is a positive step in the City's financial recovery, and also recognizes a strategic need to build and maintain longevity among uniformed employees. The City provided an analysis of the financial impact on the City's operating budget for the next six (6) years. The City projects the total six-year value of the new contract is up to $68.1 million, an increase of up to $1.8 million versus the previous scale.

- *Intermunicipal Solid Waste Agreement with the Borough of Steelton.* The City was unable to provide an analysis of the financial impact on the City's operating and capital budgets.

Variation due to impact of COVID-19.
At the time of this writing, we acknowledge the ongoing and as yet unresolved impact of COVID-19 on City finances and services. The City has disclosed that the budgeted spending plan and revenue projections for 2020 have been impacted due to the ongoing pandemic and economic crisis. The variations cannot be confidently forecast at this time. The City has committed to providing ongoing financial reporting to the Authority.

Authority role in budgets and financial plans.
Once there is a finalization of our intergovernmental cooperation agreement and the associated exit of the City from Act 47 distressed status, the Authority anticipates a greater role in the construction of budgets and plans. The Authority was not consulted at any point in the formulation of the initial Five-Year Financial Plan or the 2020 Budget. The Authority has a statutory responsibility to consult with the City and make recommendations concerning the City's budgetary and fiscal affairs.

ISSUE #6: PROGRAM MANAGEMENT WITH FEDERAL FUNDING.

The City's independent auditor identified numerous material weaknesses and significant deficiencies with the City's management of federal funding. As a result the City received a qualified opinion from its independent auditor. Examples include:

- The City failed to file numerous HUD forms, submit required reports for CDBG Disaster Recovery Grants, or numerous other reports and plans by the required deadlines. Failure to submit reports and plans by the required deadlines could jeopardize future funding. This was a repeat finding.

- The City did not have controls in place to ensure that all program income is expended for eligible activities prior to drawing down additional funds. Failure to comply with grant award requirements could jeopardize future funding. This was a repeat finding.

- The City was not in compliance with subrecipient monitoring requirements. Failure to comply with grant award requirements could jeopardize future funding. This was a repeat finding.

- The City was not maintaining records or conducting an inventory of equipment and real property purchased with CDBG grant funds.

- The City was not in compliance with federal LEAD grant matching requirements. As a result questioned costs of $152,000 were identified. When costs are determined to be unallowable, program income must be used to return the entitlement funds.

The Authority believes it is a matter of utmost urgency to rectify these audit findings and maintain access to federal funding.

The Authority applauds the work of the City's Business Administrator, Marc Woolley, to rectify all these audit findings. Mr. Woolley is overseeing the implementation of corrective actions. We continue to monitor the situation closely.

ISSUE #7: INFORMATION TECHNOLOGY INFRASTRUCTURE.

The City operates legacy Information Technology infrastructure with unsupported hardware and software that has the risk of failing at any point. The City's mainframe infrastructure is more than 30 years old. $250,000 is earmarked in the 2020 Budget to replace the "DCIT" and "DREV" Systems. Additional systems identified for replacement are its "DPER" System, network switching equipment, and data center air conditioning equipment, at a projected cost of more than $500,000.

In 2019 the City was awarded a $203,000 gaming grant from Dauphin County for redundant data center and telecommunications modernization. The Authority has recommended exploring further intergovernmental cooperation opportunities with Dauphin County.

The City's Independent Auditor identified numerous internal control issues with the City's IT systems. City management acknowledges these issues and is committed to addressing them. Examples include:

- Documentation supporting changes made to the City's IT systems could not be provided. The report recommends that a comprehensive written policy be developed that outlines all the procedures and documentation required for changes to the City's IT systems and programs. The risk of unauthorized changes being made to information technology systems and programs could result in processing errors and system down-time. This was a repeat finding.

- There was limited training scheduled for IT employees. It is extremely important for IT staff to be trained on the hardware and software changes occurring in the City's computer environment. If the IT staff is not trained properly, this could result in vulnerabilities, poor employee performance, and down-time. This was a repeat finding.

- There was no written disaster recovery plan for the City's network servers. In addition, although a written disaster recovery plan existed for the City's mainframe computer systems, the plan had not been tested since November 2009. This was a repeat finding.

- IT system backups were not periodically restored. The City had not been able to restore backups since the end of 2011. To ensure that files are being properly backed up, the report recommended that backups be periodically restored.

- Some City employees are provided access to the City's network and City applications on their home computers. The City did not require the use of an anti-malware system on these home computers. This increases the risk of a breach of network information.

- The City did not have adequate staffing involved in each of the IT processes and does not have documented procedures for review of tasks performed by the Neighborhood Services Coordinator for appropriate segregation of duties. The City had segregation of duties issues noted in the Bureau of Information Technology where staff have control over multiple IT functions. In order to ensure that all transactions of the City are recorded and reported properly, the City needs to establish proper segregation of duties.

City management acknowledges and is actively working to deal with potential cybersecurity threats in context of its legacy system.

The Authority is pleased to report the City is making significant strides to address its issues with legacy IT infrastructure. Under the direction of Director of Information Technology Steve Bortner, the City appears to be moving in the right direction.

ISSUE #8: DEBT LOAD AND RESTORING ACCESS TO CREDIT MARKETS.

The City currently does not have an investment grade credit rating. Key to the City's long-term viability is access to the debt markets to fund capital projects and other deferred maintenance needs. To that end, the City should endeavor to restore an investment grade credit rating to build standing with investors and minimize borrowing costs.

Negotiations with Ambac Regarding Series 1997 D and F Bonds.
As of September 15, 2019, the City owed $23,134,430 to its bond insurer, Ambac Assurance Corporation. Interest accrued at the rate of 6.75% per annum, well above the market rate for creditworthy borrowers.

In 2019 the City negotiated a forbearance liability prepayment with Ambac. The terms provide that the City would make a significant paydown of its existing debt liability, in exchange for certain concessions from Ambac.

Per the proposed terms, the City would make a prepayment of at least $5,000,000. In return, for a period of three years, interest would accrue at 5.0%, after which it would return to 6.75% per annum. Furthermore, prepayment amounts, up to a total of $8,000,000, would be multiplied by an initial factor of 1.38 for bonus debt cancellation. Subsequently, the prepayment factor would decrease on a sliding scale over three years for additional prepayments up to a total of $8,000,000.

This is an excellent step for the City. The Authority supports City efforts to find ways to allocate additional funds toward debt prepayment. The Authority believes it is a major step towards re-establishing the City's credit rating and re-gaining access to credit markets.

In December 2019, the Authority endorsed the term sheet presented by the City.

As of the printing of this report, final arrangements to conclude this agreement have not been made. At the Authority's April board meeting, Mr. Weber informed us that due to the ongoing pandemic and economic crisis, plans to follow through on the prepayment are at risk. We continue to monitor the situation closely.

ISSUE #9: LABOR AGREEMENTS.

The City of Harrisburg successfully concluded its collective bargaining negotiations with its police and without the need for costly arbitration. One of the issues addressed was an increase in early salaries aimed at increasing the retention rate for relatively new employees.

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. The Act 47 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 Strong Plan initiatives.

For 2019, the City was budgeted to employ approximately 462 full-time employees. Approximately 379.8 full-time equivalents were budgeted to be paid out of the General Fund while 78.6 full-time equivalents were budgeted to be paid out of the Neighborhood Service Fund with 3.6 paid from the Host Fee Fund. Ten employees are paid out of the Community Development Block Grant Fund.

The following table shows the number of budgeted 2019 full-time employees by employee group:

Employee Group	**Covered Positions**	**2019 Budgeted Total FTEs**	**Contract Expiration**
Non-represented	Executive, management, confidential	96	N/A
FOP	All sworn police officers	149	December 31, 2020**
AFSCME	All non-executive, non-management, non-confidential employees not otherwise covered in FOP or IAFF	135	December 31, 2020
IAFF	All firefighters, lieutenants, captains, battalion chief, and deputy chiefs	82	December 31, 2022
Total		**462**	

The City reached a new, six-year agreement with the FOP in late December 2019 that provided a more competitive wage for patrolman. The City wished to renegotiate the Police Department wages under the FOP contract because of high turnover and the loss of skilled and trained police officers to neighboring municipalities. The City's stated goal is to encourage officers to continue their employment with the City and increase the number of experienced police officers with the renegotiated collective bargaining contract terms. The City projects under the new wage scale with a full complement of 154 positions, the total six-year value of the contract is $68.1 million, an increase of $1.8 million versus the previous scale with 152 positions.

ISSUE #10: PRIVATIZATION INITIATIVES.

The City made a commitment to the Authority to explore possibilities of intergovernmental agreements with surrounding municipalities for police services, regionalized fire protective services, and solid waste and recycling collection and disposal service.

Neighborhood Services Fund.
The Neighborhood Services budget continues to rely on the use of fund balance for its capital needs and operating expenses. This structural imbalance must be addressed. The Authority has recommended an evaluation of service delivery options including outsourcing to third-party providers.

In 2019 the City entered into an Intermunicipal Solid Waste Agreement with the Borough of Steelton to provide refuse collection and disposal services. The City was unable to provide an analysis of the financial impact on the City's operating and capital budgets. Therefore it is impossible to know if this agreement is in the best interests of taxpayers and ratepayers.

Capital Region Water.
In July 2019, Mayor Eric Papenfuse announced a request for letters of interest from qualified companies for a privatization of the City's water and sewer system, operated by Capital Region Water. Mr. Papenfuse's announcement came as a surprise to stakeholders including the Authority and even Capital Region Water itself. Mr. Papenfuse did not consult with either the Authority or Capital Region Water prior to the announcement.

The initiative proved to be ill-advised as various stakeholders came together in opposition to it, and it was ultimately abandoned.

Capital Region Water was created in 2013 as part of the Strong Plan. According to the Act 47 Coordinator, it 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. It has vastly improved the quality of service being provided to the City's water and sewer customers.

ISSUE #11: INTERGOVERNMENTAL COOPERATION OPPORTUNITIES.

Key stakeholders.
The City's financial difficulties can best be addressed and resolved by cooperation with stakeholders. To foster cooperation and assist the financial recovery of Harrisburg, Authority members invest a significant amount of time engaging with key stakeholders. A non-exhaustive summary of key stakeholders is as follows.

- *Mayor Eric Papenfuse.* Authority members meet regularly with Mayor Eric Papenfuse. A standing meeting with Mr. Papenfuse and Authority Chair Audry Carter and Vice-Chair Ralph Vartan is scheduled monthly, generally for the Monday prior to the Authority's board meeting. These meetings are an opportunity to review the upcoming board meeting agenda, discuss Authority business, and foster cooperation. The last meeting took place on February 24, 2020. Mr. Papenfuse canceled the meetings for March and April to focus on community needs and the health emergency.

- *City Council.* Authority members meet periodically with City Council President Wanda R. D. Williams and Vice-President Ben Allatt. These meetings are an opportunity to share information and opinions, discuss Authority business, and foster cooperation. It is our opinion that we share many of the same goals and objectives for the financial recovery of Harrisburg.

- *Act 47 Coordinator*. Act 47 Coordinator Marita J. Kelley assists in implementing the Harrisburg Strong Plan, monitors the City's cash flows on a bi-weekly basis, and files quarterly status reports with the Commonwealth Court as long as the City remains in Act 47 distressed status. We applaud Ms. Kelley for her valued service.

- *City Controller*. The office of City Controller Charlie DeBrunner assists the Authority to receive and interpret useful information regarding the City's finances, and to foster integrity in financial management and reporting. Mr. DeBrunner is knowledgeable about internal operations and helps to ensure the implementation of and adherence to prudent financial management policies and procedures. This office is a valued partner in the financial recovery for Harrisburg.

- *City Treasurer*. The office of City Treasurer Dan Miller assists the Authority to receive and interpret useful information regarding the City's finances, and to foster integrity in financial management and reporting. Mr. Miller is focused on prudent financial management practices such as policies and solutions to increase the collection of receivables. This office is a valued partner in the financial recovery for Harrisburg.

- *Dauphin County*. Dauphin County is very supportive of the City's financial recovery. Numerous opportunities for cooperation exist to benefit the City's financial recovery. In the past, for example, the County has offered assistance with information technology operations for the City and regionalized solutions to critical public services like public safety. The Authority looks forward to exploring and facilitating further partnerships between these two vital bodies.

- *Impact Harrisburg*. Coming out of the Strong Plan, Impact Harrisburg primarily benefits Harrisburg by providing grants for City economic development and infrastructure projects that bolster Harrisburg's tax base, provide jobs for City residents and positively improve the operational efficiency of the City. Most recently, at the onset of the pandemic Impact Harrisburg committed to launch the Neighborhood Business Stabilization Program in concert with the City. The fund provides grants to small Harrisburg businesses.

- *Harrisburg Regional Chamber & CREDC*. The Harrisburg Regional Chamber & CREDC is a champion for Harrisburg and a key partner in the City's financial recovery. HRC/CREDC is equipped to engage in more opportunities for cooperation in the area of community and economic development. Indeed HRC/CREDC stepped up to co-host the Authority's Economic Development Symposium. This Symposium will be revisited post-pandemic.

- *Capital Region Water.* Capital Region Water was created in 2013 as part of the Strong Plan. It has vastly improved the quality of service being provided to the City's water and sewer customers. In 2015 CRW and the City entered into a partial consent decree to help reduce runoff pollution entering the Paxton Creek and Susquehanna River. CRW launched a program, dubbed "City Beautiful H20," to restore failing infrastructure, reduce combined sewer discharges, improve the health of our local waterways, and beautify our neighborhoods through community greening. CRW is a vital partner in Harrisburg's financial recovery.

- *Additional stakeholders.* The Authority believes residents and businesses of the City are a vital part of the process of Harrisburg's financial recovery. The Authority has committed to holding Listening Sessions with these stakeholders in cooperation with the City.

Opportunities for cooperation.
As provided in Act 124, the Authority has recommended taking into consideration various opportunities for cooperation or merger of services with other public entities.

Through conversations with various stakeholders, Authority members have become aware of several opportunities that the City should re-visit.

- *Information Technology Infrastructure.* The City operates legacy IT Infrastructure that must be replaced. The Authority has advised the City to explore cooperation opportunities with Dauphin County in this area.

- *Public Safety.* The Authority is aware of past studies on the merits of regionalizing public safety as a way to create cost savings and improve service levels. The Authority has advised the City to explore cooperation opportunities with Dauphin County in this area.

OTHER MATTERS.

Listening Sessions.
The Authority has committed to holding Listening Sessions with residents and businesses of the City. Identified goals for this outreach include soliciting ideas for further consideration, and connecting individuals where appropriate to form an organized effort. The Listening Sessions will be organized in cooperation with the City. Given the current emergency declarations, the timeline for these sessions is up in the air.

Economic Development Symposium.
The Authority has launched an initiative to establish an Economic Development Symposium for Harrisburg. It was envisioned as a way to collect best management practices and highlight them for the stakeholders in Harrisburg. The Authority secured a partnership with the Harrisburg Regional Chamber to help execute the event with an anticipated attendance of 300+ persons. Given the current emergency declarations, the timeline for this event is up in the air.

Cultural issues related to acceptance and expectation of errors.
The firm of Alvarez & Marsal conducted a high-level review following the arrest of the former City Treasurer. Their report, dated February 2016, identified a culture at the City where errors are accepted and expected. This was blamed on a variety of factors, including personnel shortages, the City's past fiscal problems and budget cuts, mistakes by previous City employees and administrations, and lack of competence or work ethic displayed by other current City employees.

To further its progress to financial stability, City management needs to set a tone at the top and change the culture of acceptance and expectation of errors.

Litigation between the City and Authority.
On February 14, the Authority was surprised with notice of a lawsuit directed by Mr. Papenfuse and Mr. Weber, regarding perceived Authority executive session policy. This assertion is disputed by the Authority.

There have been no fewer than five overtures from the Authority to arrange a meeting with Mr. Papenfuse and Mr. Weber to resolve their litigation amicably. Each overture has been refused or met with silence.

Mr. Papenfuse described this litigation as "an effort to correct what we see as a lack of proper perspective evidenced by your repeatedly unacceptable agreement proposals."

The Authority has called upon Mayor Papenfuse to restore our confidence in his ability to work cooperatively on our mission, to assist the City of Harrisburg in achieving financial stability.

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SUPPLEMENTAL INFORMATION.

FINANCIAL PRESENTATIONS.

Section 203(b)(4)(ii) of Act 124 provides that this report shall:

> Clearly show by consistent category the last five years of operating revenues and expenditures, capital expenditures, gross and net indebtedness transactions, including a schedule of principal and interest, five-year projections of the assisted city's operating and capital budgets and the entire projected indebtedness transactions, including a schedule of principal and interest of the indebtedness until any and all debt has been completely retired.

The Authority was unable to secure the assistance of City management in a timely manner to assist with the presentation of this information. Accordingly, we respectfully request the opportunity to submit the required information by addendum to this report at a future time.

Enclosed with this report is the City's initial Five-Year Financial Plan dated May 29, 2019, which contains several of the required financial presentations as of 2019.

VIOLATIONS OF FEDERAL AND STATE LAW.

Section 203(b)(4)(iv) of Act 124 provides that this report shall:

> Disclose any violations of Federal and State law that the authority may have discovered.

The Authority has not discovered any violations of federal or state law except as may be discussed herein.

HISTORICAL LOANS OR OTHER CONTRACTS.

Section 203(b)(4)(v) of Act 124 provides that this report shall:

> Include as appendixes all historical loans or other contracts entered into by the assisted city and its corporate entities.

The Authority was unable to secure the assistance of City management in a timely manner to assist with the presentation of this information. Accordingly, we respectfully request the opportunity to submit the required information by addendum to this report at a future time.

City of Harrisburg
Dauphin County, Pennsylvania





Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

Rev. Dr. Martin Luther King, Jr. City Government Center

10 North 2nd Street

Harrisburg, PA 17101

May 29, 2019

Table of Contents

1 Introduction

1.1 Factors Leading to Fiscal Distress

The City of Harrisburg ("Harrisburg" or the "City") has operated under fiscal oversight of some form or another since 2010. The factors leading to the determination of fiscal distress and the need for outside oversight are well documented. The City suffered from an overwhelming debt problem and severe structural budgetary imbalance. A combination of forces - some that were the result of poor management and planning and others that were beyond local control - caused these issues.

Harrisburg's debt problem stemmed mainly from general obligation guarantees related to the Harrisburg Resource Recovery Facility ("RRF" or the "incinerator"). The incinerator was financed with debt originally issued in the early 1970s. The facility was never as profitable as expected; but nevertheless, in subsequent years more debt was incurred to fund improvements and execute various refinancings. New debt was issued by the Harrisburg Authority ("THA") again in 2003 to finance United States Environmental Protection Agency required pollution control upgrades. The Resource Recovery segment of the THA incurred substantial accumulated losses, which caused the operation to experience serious cash flow difficulties. By 2009, with the upgrades still incomplete and City guarantees totaling over $300 million, the operator declared bankruptcy. The THA was unable to pay on some of the bonds leaving the City and, in some cases, Dauphin County as Guarantors of the debt to make the payment. The bonds were also protected by insurance from Assured Guaranty Municipal.

The negative effects of the City's crushing debt problem were exacerbated by structural imbalance in the operating budget. Like many urban centers across the United States and third-class cities across Pennsylvania, Harrisburg has faced a contracting tax and economic base as residents left the inner cities for surrounding suburbs. The migration to the suburbs coupled with significant jobs losses in the manufacturing sector led to a 50% population decline in the City since the 1950s. Those households that did move into the City tended to be lower income, which meant that Harrisburg was hosting an increasing percentage of the region's poor. Indeed, the City lags the Commonwealth and Dauphin County in key socio-economic metrics such as median family income, homeownership, and employment rate.

The dynamics of a shrinking local economy coupled with persistent service demands put significant strain on the City's operating budget. As Harrisburg's tax base deteriorated, operating revenues stagnated while the costs of services continued to increase. This resulted in a mismatch between government revenues and expenses and growing structural budgetary imbalance.

The growing financial instability resulted in reduced City services and an exodus of municipal employees. Personnel headcount dropped from 572 in 2008 to 352 in 2013. The City's administrative capacity was decimated. The City operated in 2011 without a chief of staff/business operating officer. Independent financial audits from 2009 through 2011 were not complete until 2012 and when they were the auditor declared the City a going concern. Compounding the lack of basic managerial infrastructure, deficits forced budget cuts resulting in a significant deterioration of services for Harrisburg residents.

This confluence of factors made a determination of fiscal distress inevitable. Harrisburg's severe financial problems came to a head in 2009 with the THA default on the incinerator debt guaranteed by the City.

The City simply did not have the resources to fund these debt service payments and in 2010 it entered the Commonwealth's distressed municipalities program, commonly referred to as Act 47.

1.2 History of Fiscal Oversight

Consistent with Act 47 requirements, the Commonwealth appointed a financial recovery coordinator charged with developing a five-year financial recovery plan that would address municipal debt, eliminate budget deficits, and recommend actions to improve operations and restore financial stability. After thorough deliberation and public debate, City Council rejected the recovery coordinator's plan, the first time this had happened in the history of the Act 47 program. Without a clear financial plan in place and still facing an unmanageable debt burden, the possibility of Chapter 9 bankruptcy protection was seriously discussed.

The Pennsylvania legislature responded to these developments by passing a law prohibiting the City from filing for Chapter 9 bankruptcy. The Governor declared a fiscal emergency in the City and installed a receiver tasked with developing a new plan and overseeing Harrisburg's finances.

In February of 2012, the receiver filed a recovery plan designed to address the City's unsustainable debt load, reverse the structural operating deficit, and address operational deficiencies. The plan outlined a process to monetize the Harrisburg Resource Recovery Facility ("RRF") and parking facilities to reduce Harrisburg's debt. The plan also included dozens of other recommendations to improve operations, secure general fund savings, and balance operating budgets.

Before the full implementation of the plan's recommendations and still facing severe fiscal distress, the receiver directed the City to default on its general obligation debt in 2012. The default prompted extensive negotiation with the bond's credit enhancement provider and the restructuring of the debt.

In August 2013, the receiver filed a modified plan with the Commonwealth Court known as the Harrisburg Strong Plan. This plan addressed a resolution to the significant debt obligations related to the RRF through the sale of the RRF to the Lancaster County Solid Waste Management Authority ("LCSWMA") and the monetization of the City's parking assets. The Strong Plan also addressed the consensual resolution of numerous outstanding creditor obligations and provided for the transfer of the City's water and sewer operation to the Harrisburg Authority (now Capital Region Water). Following a public hearing, the Commonwealth Court confirmed the Strong Plan in September 2013.

The Strong Plan reached a major milestone in December 2013 with the successful closing of two major asset transactions – the sale of the RRF and the parking system. The closing and subsequent funding of these transactions allowed the City to pay down outstanding debt and address many of the conditions that precipitated the Governor's declaration of fiscal distress in Harrisburg.

In February 2014, the Commonwealth Court issued an order effective March 1, 2014 vacating receivership in the City. The order further authorized the appointment of a recovery coordinator to serve as successor to the receiver and was charged with overseeing the implementation of the Strong Plan.

After emerging from receivership, the City focused on strengthening municipal services and improving its overall fiscal position. The City successfully balanced operating budgets each year from 2014-2018; built a strong fund balance reserve; reestablished funding for capital projects; and increased service levels.

Despite these significant accomplishments, fundamental budget challenges remained that cast uncertainty on the City's future. Harrisburg suffered from years of deferred maintenance and underfunding of capital needs. Capital needs totaled over $100 million over the next five years, though the City did not have access to the debt markets and did not have the taxing capacity to fund projects on a pay-as-you-go basis. Moreover, the City relied on extraordinary (and temporary) taxing powers authorized under Act 47 to fund approximately $11 million, or 18%, of its annual operating budget.

In the summer of 2018, the City's recovery coordinator drafted a Three-Year Exit Plan from Act 47. The plan set forth many recommendations including the gradual reduction of Earned Income and Local Services Tax rates to pre-distressed levels and steep increases in Real Estate Tax millage rates. Concurrent with public debate on the Exit Plan, the City petitioned the state legislature for early release from the Act 47 program. In October 2018, the state legislature passed and the Governor signed into law Act 124, which granted the City's exit from Act 47 and, among other things, the extension of its special EIT and LST taxing powers by two years through 2023.

Act 124 also established the Intergovernmental Cooperation Authority of Harrisburg (the "ICA" or the "Authority") whose responsibilities include, among others, to "assist [Harrisburg] in achieving financial stability in any manner consistent with the purposes and powers described by [Act 124]." Act 124 requires the City to develop, implement, and periodically revise a financial plan that is reviewed and approved by the ICA. The plan is to include projected revenues and expenditures of the City's principal operating funds for the current fiscal year and the next four years. The plan is also to include actions that eliminate any projected deficit for the current fiscal year and subsequent years.

This plan meets all of the requirements established in Act 124 and represents the next step towards emerging from fiscal distress. The plan demonstrates the City's ability to meet operating expenses each year through 2023 without sacrifices to essential City services or tax increases that would stunt economic development. The plan details the City's enormous capital spending needs and identifies funding for priority projects (those these projects represent an extremely small portion of total need) while still maintaining fund balance levels consistent with the adopted reserve policy. Finally, the plan reviews several strategies that may be considered in the coming years to strengthen the City's fiscal position, including pursuing home rule municipality status, negotiating with key creditors, and establishing an OPEB Trust.

The City and the ICA share the common goal of developing and implementing a realistic plan that achieves Harrisburg's full financial recovery. The City looks forward to collaborating with the Authority, state and local elected leaders, City employees, and other stakeholders to reach this goal.

1.3 Key Accomplishments

In the years since entering Act 47, by making tough decisions and engaging in difficult negotiations, the City has made significant progress towards restoring fiscal stability. As described above, Harrisburg emerged from the emergency declaration issued by the Governor in October 2011. The City addressed outstanding debt and eliminated all obligations related to the Resource Recovery Facility and Harrisburg Parking Authority and reduced accounts payable. The City addressed structural budgetary imbalance by reducing labor costs and identifying new funding sources that resulted in a positive operating fund balance. Below is a summary of the City's key accomplishments in its efforts to recover from severe fiscal distress:

- Sold the Harrisburg Resource Recovery Facility to the Lancaster County Solid Waste Management Authority
    - Reduced the City's debt load by approximately $490 million
    - Realized new host community fees of $285,000 per year
    - Engaged community in beautification efforts
- Sold parking assets to the Pennsylvania Economic Development Authority ("PEDFA")
    - Repaid or defeased all parking bonds guaranteed by the City
    - Increased parking receipts by approximately $1.5 million per year that had been pledged to parking bonds that were paid off by parking monetization
- Addressed other problem debt/guarantees
    - Organized new rental arrangement to support "Verizon Bonds;" negotiated a settlement agreement with creditor that provided near-term General Fund relief
    - Entered into a settlement agreement with creditors in regards to the City's Series 1997 D and F Bonds, which resulted in liquidity and near-term General Fund relief
- Filled key vacant managerial positions
- Caught up on three years of incomplete independent financial audits and remained current on audits on an ongoing basis
- Increased EIT and LST rates to strengthen General Fund
- Secured agreement with the Commonwealth that generates $5 million annually to support public safety service
- Worked with collective bargaining units to reopen then existing labor contracts and amend provisions resulting in recurring savings to the operating budget
- Reduced employee headcount from 526 when the City entered the Act 47 program to 427 today
- Balanced operating budgets each year from 2014-2018
- Reestablished a commitment to funding capital improvements
- Made contributions to OPEB and economic development investments
- Reduced accounts payable and established a fund balance equal to over 20% of operating expenses

2 Historical Financial Results

This section presents a picture of Harrisburg's financial results since 2014 and provides part of the basis for revenue and expense growth expectations for the future. The section begins with summary of the City's major operating funds – the General and Debt Service Funds – and the primary revenues and expenses that drive these funds.

Based on historical operating results, trends, and existing contracts, this chapter also develops the growth assumptions for revenues and expenses that is the foundation for the five-year financial forecasts.

2.1 Summary of Principal Funds

The City accounts for its primary financial operating activity within the structure of two main governmental funds, which reflect the City's tax-supported activities:

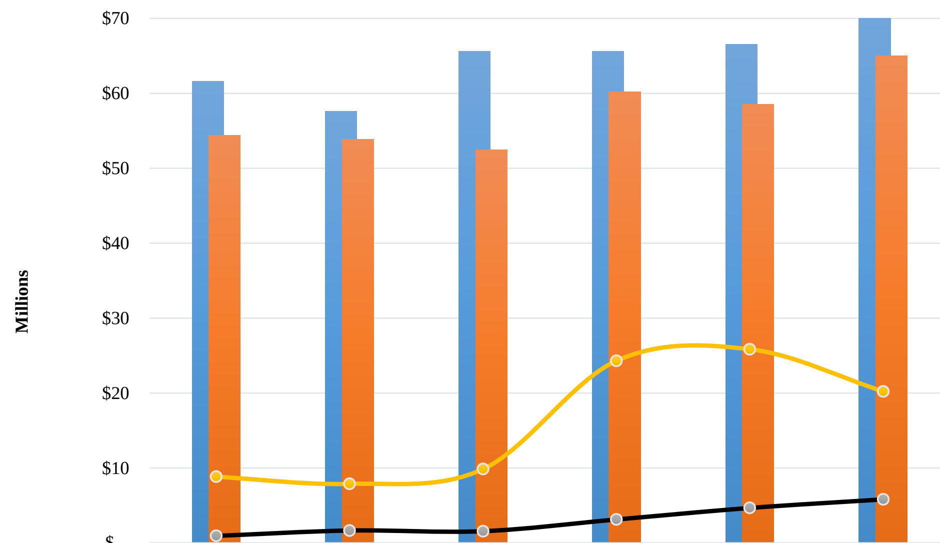
- General Fund – Primary operating fund and accounts for all financial resources except those accounted for in another fund.
- Debt Service Fund – Accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs.

For the purposes of this report, the General and Debt Service Funds are combined and transfers to the Debt Service Fund are shown as General Fund expenses. This has no impact on the City's bottom-line operating results.

2.2 Five-Year Operating History

As illustrated in the chart below, the City has achieved operating surpluses in each year since 2014. The City has steadily built a strong fund balance that, as of this writing, equals 23% of operating expenses, well above the minimum 5% established in the City's adopted fund balance policy. The City has made modest contributions to capital improvements in recent years to help address a backlog of deferred maintenance projects. The City has budgeted an increased capital contribution in 2019; however, it will draw on $5.8 million of fund balance to finance these projects.

Operating Results
2014-2018, 2019 Budget



	2014	2015	2016	2017	2018	Budget 2019
Operating Revenue	$61,628,753	$57,634,078	$65,580,332	$65,612,385	$66,524,501	$70,808,153
Operating Expenditures	$54,429,172	$53,870,990	$52,448,664	$60,219,783	$58,520,583	$64,985,017
EOY Fund Balance	$7,890,232	$6,223,895	$8,285,220	$21,171,703	$21,171,703	$14,412,847
Capital Expenditures	$950,276	$1,667,763	$1,577,108	$3,140,142	$4,678,786	$5,823,136

2.3 Key Operating Revenues

The table below presents a five-year history of Harrisburg's revenues by major category. From 2014-2018, overall revenues increased 8% with most of the increase coming from an increase in the Local Services Tax allowed by the City's status in the Act 47 distressed municipalities program (and now under Act 124). Revenues since 2016 have been stagnant at about $65.5 million. The City budgets a decline in revenues to $64 million in 2019; however, the revised projection is $65.1 million.

Real estate taxes are the City's primary revenue source representing 27% of all revenues. The City's three highest revenue sources, Real Estate, Earned Income, and Local Services taxes combined comprise 55% of Harrisburg's operating revenues.

Key Operating Revenues
2014-2018, 2019 Projection

	2014	2015	2016	2017	2018	2019 Projection	Pct of Rev
Real Estate Taxes	17,715,941	16,836,934	17,370,946	17,564,669	17,659,922	17,627,295	27%
EIT - Act 511	3,528,129	3,659,413	3,989,047	4,044,820	4,163,356	4,145,504	6%
EIT - Act 124 (est)	6,552,240	6,796,053	7,408,230	7,511,809	7,731,946	7,689,793	12%
LST - Act 511	1,995,814	2,219,721	2,231,687	2,326,616	2,354,177	2,341,977	4%
LST - Act 124 (est)	0	0	4,144,562	4,320,858	4,372,042	4,349,386	7%
Parking Taxes	3,020,628	3,366,629	3,827,545	3,979,598	3,961,779	3,962,000	6%
Mercantile Business Taxes	3,450,137	3,237,127	3,584,632	3,704,801	3,756,958	3,469,050	5%
Realty Transfer Tax	842,215	821,880	506,260	636,111	1,026,603	649,000	1%
State Public Safety Contribution	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	8%
Pension Aid	2,438,398	2,158,604	2,545,914	2,639,729	2,894,903	2,885,583	4%
Ground Lease	900,000	527,900	1,093,623	974,526	1,460,125	1,275,201	2%
City Priority Payments	1,100,000	636,951	1,717,788	1,457,735	2,097,494	2,241,682	3%
Fees/Permits	2,258,581	1,705,711	1,972,445	2,781,596	2,568,695	1,733,715	3%
TV Franchise License	554,584	560,539	572,217	607,259	564,392	570,000	1%
Medical/Employee Contribution	0	533,967	598,009	641,211	765,967	641,011	1%
Police Extra Duty	615,778	644,647	660,784	715,040	881,981	769,502	1%
PILOTS	1,011,832	171,068	728,031	542,364	809,462	676,797	1%
Vehicle Maintenance Charges	571,053	404,117	375,030	396,092	363,793	279,300	0%
Parking Tickets	450,076	463,665	447,119	423,493	422,889	425,102	1%
Transfers from Other Funds	527,622	997,768	1,776,138	1,061,133	1,088,847	811,063	1%
Other	9,095,725	6,891,382	5,030,325	4,282,925	2,579,171	3,597,336	6%
Total	**61,628,753**	**57,634,078**	**65,580,332**	**65,612,385**	**66,524,501**	**65,441,298**[1]	**100%**

[1] Does not include cash carryover from fund balance of about $5.8 million.

The following is a description of each major operating revenue source followed by an annual growth assumption for the multi-year financial forecast.

Real Estate Taxes – In 2018, the City collected approximately $17.6 million in real estate taxes, including $15.6 million of current real estate taxes and $2.1 million in delinquent taxes. The City budgeted for a decrease in current real estate taxes to $14.9 million, which reflects lower assessments due to recent appeals. The current real estate tax collection rate is 91%, though 98% of real estate taxes are collected within three years.

The City's real estate tax millage is split into the assessed value of the land (30.97 mills) and value of improvements or structures (5.16 mills). The blended land and improvement components results in a total millage rate of 10.955 mills.

The City is home to many non-profit and governmental entities and, thus, tax-exempt properties represent a large portion of Harrisburg's real estate value. Total combined land and value components are almost 50% tax-exempt, with state property representing approximately 60% of that total.

Projection – Based on collections through April, current year revenues were increased by $400,000 to more closely match historical collections and accounting for known assessment reductions. Annual growth of 0.5%, reflecting modest increases in assessed values and a constant collection rate. No change in millage rate.

Earned Income Taxes – The City imposes an Earned Income Tax on residents and non-residents. Under the Local Tax Enabling Act (Act 511), the EIT is capped at 1.0% and split equally with the School District, effectively limiting the tax to 0.5% of residents. The non-resident EIT is also capped at 1%.

Under provisions allowed under Act 47 and recommended in its previous recovery plans, the City imposed an additional 1% EIT on its residents. The City will maintain this special taxing power under Act 124 through the termination date of the ICA at the end of calendar year 2023.

The City collects approximately $11.5 million annually in total EIT with about $7.5 million coming from the Act 124 portion.

Projection – Based on collections through April 2019, current year revenue is increased by $300,000. This year's EIT collections are on pace to match last year, which would be about $300,000 more than the 2019 budget. Though current EIT collections have increased 4% on average since 2014, the five-year plan projects 2% annual growth, reflecting near inflationary growth and modest increases in employment levels. Beginning in 2024, EIT will decline by approximately 66% ($7.7 million) when the City's special taxing powers expire.

Local Services Taxes – The Local Services Tax is an annual $52 tax (or $1 per week) charged to every person working in the City that does not qualify for the low-income exemption (annual income below $24,000). The LST is imposed on individuals who work within a municipality as compensation with the services provided by the municipality irrespective of the person's residency.

Among other changes to amendments to Act 47 that were in enacted in late 2014 was the ability of Act 47 communities to increase the LST from $52 per year to $156 per year. The City first implemented the increased LST in 2016. Similar to the EIT, the City may maintain this special taxing power under Act 124 through the termination date of the ICA at the end of calendar year 2023.

Harrisburg collected approximately $6.6 million annually in LST, of which $4.4 million is attributable to the increased portion allowed under Act 47 (and now Act 124).

Projection – Increased 2019 projection by $300,000 based on higher than expected collections through April. This adjustment would bring the total slightly above 2018 results. This plan projects annual LST revenue growth of 0.05% reflecting modest increases in employment levels. Beginning in 2024, LST will decline by approximately 66% ($4.2 million) when the City's special taxing powers expire.

Parking Taxes – The City imposes a 20% tax on all revenues generated from off-street parking lots and garages (not meters). This tax generates $3.9 million, or 5.5% of revenues, annually to the General Fund.

Projection – This plan projects 0.5% annual growth reflecting modest increases in parking activity in the coming years.

Mercantile Business Privilege Tax – The Mercantile Business Privilege Tax is a tax on gross receipts on business activity conducted in the City. This tax generates $3.4 million annually and has increased approximately 2% annually on average since 2014.

Projection – The projection assumes that recent trends will level off and increases will be 0.5% annually.

Realty Transfer Tax - This is a 1% tax on real estate transactions within the City. The City and the School District split the proceeds from this tax.

Projection – There was a one-time spike in this source in 2018; the City expects receipts to return to their historical average in 2019 and remain flat.

State Public Safety Contribution – The Commonwealth provides a $5 million annual payment to the City to defray the costs of fire service. This payment is not guaranteed and may be discontinued at any time.

Projection – The projection assumes this payment will be held constant.

State Pension Aid – Harrisburg, like other Pennsylvania municipalities that provide pension benefits to their police officers and firefighters, receives aid from the Commonwealth to support its pension funds. Funding levels are determined by beneficiary headcount and a function of workforce size, pension costs, and how much the state takes in as foreign insurance tax revenue (the primary state funding source for state aid).

Projection – The multi-year projection assumes 2% annual increases in pension aid, consistent with recent trends.

Ground Lease/City Priority Payments – The monetization of the parking system resulted in two revenue streams to the City including a ground lease for long-term access to the parking structure and payments to compensate the City for revenues lost when the previous arrangement was eliminated. These payments are determined by an asset transfer agreement and will be $3.5 million in 2019, decreasing to $2.3 million in 2020.

Fees/Permits – The City collects fees and permits revenue for a variety of functions. Building permits, rental inspections, and street cutting inspections are the three main revenue sources in this category.

TV Franchise License – The City receives fees from private cable television companies as compensation for using public property as right-of-way for its cable.

Projection – Receipts are based on the number of subscribers, so projections have been lowered as customers are "cutting the cord."

Employee Medical Contribution – These receipts are from regular employee contributions towards insurance premiums.

Projection – The Projected annual growth rate is consistent with projected salary growth rate.

Police Extra Duty – The City receives reimbursement for providing police service at certain special events and facilities.

Projection – Projected Extra Duty income is based on past performance of 2% annual increases.

Transfers from Other Funds – These are transfers from the Neighborhood Services Fund reimburse the General Fund for certain overhead and administrative costs.

Projection – These transfers are projected to decline over time on an estimated fixed schedule.

Below is a summary of the multi-year revenue growth assumptions based on historical growth trends and other available data:

Revenue Growth Assumptions, 2020-2023

	2020	2021	2022	2023
Real Estate Taxes	0.5%	0.5%	0.5%	0.5%
EIT	2.0%	2.0%	2.0%	2.0%
LST	0.5%	0.5%	0.5%	0.5%
Parking Taxes	0.5%	0.5%	0.5%	0.5%
Mercantile Business Taxes	0.5%	0.5%	0.5%	0.5%
Realty Transfer Tax	0.0%	0.0%	0.0%	0.0%
State Public Safety Contribution	0.0%	0.0%	0.0%	0.0%
Pension Aid	2.0%	2.0%	2.0%	2.0%
Ground Lease/Priority Payments	Fixed per asset transfer agreement			

	2020	2021	2022	2023
City Priority Payments	Fixed per asset transfer agreement			
Fees/Permits	1.2%	1.2%	1.2%	1.2%
TV Franchise License	0.0%	0.0%	0.0%	0.0%
Medical/Employee Contributions	2.0%	2.0%	2.0%	2.0%
Police Extra Duty	2.0%	2.0%	2.0%	2.0%
PILOTS	0.0%	0.0%	0.0%	0.0%
Vehicle Maintenance Charges Back	2.0%	2.0%	2.0%	2.0%
Parking Tickets	0.0%	0.0%	0.0%	0.0%
Transfers from Other Funds	Fixed schedule			

Baseline Revenue Forecast, 2020-2023

	2020	2021	2022	2023
Real Estate Taxes	17,707,391	17,795,928	17,884,908	17,974,332
EIT - Act 511	4,226,867	4,311,411	4,397,646	4,485,605
EIT - Act 124 (est)	7,849,897	8,006,907	8,167,057	8,330,410
LST - Act 511	2,350,042	2,361,792	2,373,601	2,385,469
LST - Act 124 (est)	4,364,363	4,386,185	4,408,116	4,430,157
Parking Taxes	3,981,810	4,001,719	4,021,728	4,041,836
Mercantile Business Taxes	3,486,220	3,503,476	3,520,819	3,538,248
Realty Transfer Tax	649,000	649,000	649,000	649,000
State Public Safety Contribution	5,000,000	5,000,000	5,000,000	5,000,000
Pension Aid	2,943,295	3,002,161	3,062,204	3,123,448
Ground Lease	1,313,458	1,352,861	1,393,447	1,435,251
City Priority Payments	1,057,258	1,071,587	1,086,345	1,101,546
Fees and Permits	1,943,251	2,069,832	2,094,361	2,119,275
TV Franchise License	570,000	570,000	570,000	570,000
Medical/Employee Contribution	653,831	666,908	680,246	693,851
Police Extra Duty	769,502	784,892	800,590	816,602
PILOTS	676,797	676,797	676,797	676,797
Vehicle Maintenance Charges Back	284,886	290,584	296,395	302,323
Parking Tickets	425,102	425,102	425,102	425,102
Transfers from Other Funds	405,531	324,425	162,213	162,213
Other	3,327,288	3,175,260	3,181,968	3,192,687
Total	**$63,985,790**	**$64,426,826**	**$64,852,543**	**$65,454,153**

2.4 Key Operating Expenses

The table below presents a five-year history of the City's expenses by major category. Personnel costs are the primary cost driver, representing 65% of the 2019 operating budget. Combined personnel costs and debt service comprise 80% of total operating costs, which limits budget flexibility.

Key Operating Expenses
2014-2018, 2019 Budget

	2014	2015	2016	2017	2018	2019 Projection	Pct of Budget
Personnel	37,513,358	37,343,768	35,343,834	38,639,129	38,675,517	43,112,303	67%
Services	4,667,326	4,657,666	4,310,520	4,951,820	6,833,348	7,822,257	12%
Supplies	1,818,435	1,292,562	1,777,104	1,789,366	2,347,103	2,732,468	4%
Debt	8,779,391	8,358,230	9,217,206	9,699,834	9,858,806	10,065,416	15%
Other Operating	1,650,662	1,966,105	1,800,000	1,425,047	0	477,573	1%
Transfers	0	252,659	0	3,714,587	805,808	25,000	0%
Total Operating Exp	**54,429,172**	**53,870,990**	**52,448,664**	**60,219,783**	**58,520,583**	**64,234,017**	
Capital Expenses	950,276	1,667,763	1,577,108	3,140,142	4,678,786	5,823,136	
Total (incl Capital)	**55,379,447**	**55,538,753**	**54,025,772**	**63,359,924**	**63,199,368**	**70,058,153**	

Workforce

Like most local governments, personnel costs are the main expense driver in Harrisburg's operating budget. The substantial majority of Harrisburg employees are represented by one of its 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 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, as well as savings initiatives for the City's non-union employees, were implemented, and cost reductions resulting from these changes began to be realized.

<u>Headcount</u>

For 2019, Harrisburg is budgeted to employ approximately 462 full-time employees. Approximately 379.8 full-time equivalents are budgeted to be paid out of the General Fund while 78.6 full-time equivalents are budgeted to be paid out of the Neighborhood Service Fund with 3.6 paid from the Host Fee Fund. Ten employees are paid out of the Community Development Block Grant Fund.

The following table shows the number of budgeted 2019 full-time employees by employee group:

Employee Group	Covered Positions	2019 Budgeted Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	96	N/A
FOP	All sworn police officers	149	December 31, 2020
AFSCME	All non-executive, non-management, non-confidential employees not otherwise covered in FOP or IAFF	135	December 31, 2020
IAFF	All firefighters, lieutenants, captains, battalion chief, and deputy chiefs	82	December 31, 2022
Total		**462**	

Salaries and Wages

Salaries and wages is the largest component of personnel costs representing 56% of these expenses and 37% of all General Fund expenses. The following table shows the annual salary increases provided in existing collective bargaining agreements:

Employee Group	2020	2021	2022	2023
FOP[2]	1%	TBD	TBD	TBD
AFSCME	2%	TBD	TBD	TBD
IAFF[2]	2%	2%	2%	TBD

[2] FOP and IAFF contracts also provide for longevity pay at the rate of 1% of the employee's base pay for each year of service after the employee's third year, up to a maximum of 13% for eligible employee; however, employees hired after January 1, 2013 (FOP) or April 7, 2014 (IAFF) are not eligible for longevity pay.

In addition to salaries, overall compensation includes a wide variety of components including overtime, longevity pay, shift pay, special assignment pay, other cash premiums and bonuses, employer portion of applicable payroll taxes, vacation, holidays, paid leave, active employee life insurance, and other miscellaneous fringe benefits.

As a result of the 2013 contract amendments, all full-time employees (represented and non-represented) were moved to the Basic Health Plan that previous had only been mandatory for non-represented City employees. In addition, all of the unions agreed to begin to have their members contribute towards the cost of health care premiums, as set forth below:

FOP	
Tier of Coverage	Percent of base salary effective 2017-2020
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%
AFSCME	
Tier of Coverage	Percent of base salary effective 2017-2020
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%

IAFF employees contribute towards their health insurance coverage at the rate of $40 per biweekly pay for single coverage, and $90 per biweekly pay for two or more person coverage.

The City self-insures for health insurance coverage, meaning it does not use a third-party provider for health insurance.

The City also provides for certain post-retirement health benefits for its represented employees. In recent contract negotiations, the bargaining units have agreed to change retirement benefits with respect to active employees and future (yet-to-be-hired) employees. All units agreed that future employees would not be entitled to receive port-retirement health care at the City's cost. All bargaining units agreed that active employees, upon their retirement, would be provided benefits at the same levels as active employees, and that such retiree coverages may be modified from time to time if similarly modified for active employees.

Projection –

- The number of City employees remains at the current budgeted workforce level.
- Current wages are increased as specified in the current collective bargaining agreements, interest arbitration awards, or court orders. At the conclusion of a current collective bargaining agreement or arbitration award during the 2019-2023 period, annual wage increases are projected to increase at 2%. Salaries for non-represented City employees are increased 2% annually.
- Projected 2019 employee/retiree medical insurance expenditures were reduced by $750,000 to align with recent experience. The City, which self-insures, budgeted $11,125,000 for Medical Expenses in 2019; even though the most the City has spent on these costs since 2016 is $10,034,106. Medical expenses are potentially a volatile expenditure, which the City monitors very closely. If actual expenses exceed the revised projection, the City will make other offsetting adjustments. These expenses were increased by 5% annually from 2020-2023, which is in line with City experience and the actuarial assumptions used in the calculation of the City's Other Post-Employment Benefits liability.

Services

The City contracts for services such as legal, auditing, building maintenance, information technology support, insurance, utilities, fuel, traffic control, and heavy equipment repairs, among others. Almost all of the City's contracted services fill an essential government need and are non-discretionary.

Projection - These costs are projected to increase 2% annually, close to the annual rate of inflation.

Long-Term Debt

General Obligation Debt

Series 1997 D & F

In 1997, the City issued its Series D and F Bonds to advance refund its Series 1997 B-1 Bonds and currently refund its Series 1995 Bonds. The Series 1997 D and F Bonds are capital appreciation bonds and not subject to redemption prior to maturity. Credit enhancement on the bonds was provided by Financial Guaranty Insurance, which is now Ambac.

In 2012, facing severe financial distress, the City defaulted on the bonds and the insurer agreed to make scheduled principal and interest payments on the bonds. The City and Ambac entered into an amended settlement agreement in April 2013 under which the City's forbearance liability accrues interest will be repaid over a ten-year period from 2023-2032. If the City were to utilize all of the advances offered by Ambac between 2014 and 2022, the City would have had a $5.387 million annual obligation to Ambac from 2023-2032.

Issue	Amount Outstanding/ Accreted Value	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
Series 1997D (Capital Appreciation Bonds)	$6,108,359	Advance refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997F (Capital Appreciation Notes)	$20,427,709	Current refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997D and F Forbearance Liability	Approx. $22.5MM	Repay draws on enhancement facility	Any time	2032		

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Bonds)

The City guaranteed a loan issued by the Harrisburg Redevelopment Authority (RDA) and insured by Financial Security Assurance (now Assured Guaranty Municipal Corp) that was used to acquire a site in what is now known as the Verizon Tower. Anticipating the need to rely on the City's guarantee for debt service payments that were scheduled to begin in 2016, in 2015 the City, the RDA, and AGM entered into a settlement agreement. The settlement agreement outlined terms for annual debt service payments that provided liquidity assistance to the City, which was under fiscal distress and could not afford to make the full scheduled debt service payments. Under the settlement agreement, the City is required to make minimum contributions between $500,000 and $1.5 million annually through 2032. The City's obligations would increase if it borrows under the settlement; however, the combination of improving economics on the building and higher anticipated rental income put the City in the position to avoid further draws and save on interest expense.

Harrisburg Redevelopment Authority, Series 2005A-2 (Stadium Project)

In 2005, the HRA issued taxable bonds, insured by Ambac and guaranteed by the City, to renovate and upgrade the Harrisburg Senators baseball stadium. There is currently $5,425,000 outstanding on the bonds, which are not callable and mature in 2030. The City projects that its obligation related to these bonds will be about $230,000 annually through 2030.

Issue	Amount Outstanding/ Accreted Value	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A ("Verizon Bonds")	$20,881,714	Acquire Strawberry Square Site	Non-callable	2033	Zero Coupon (Taxable)	AGM
HRA Series 2005A-2 (Stadium Project)	$5,425,000	Senators Stadium improvements	Non-callable	2020	5.00-5.29% (Taxable)	Ambac

LED – Guaranteed Energy Savings Contract

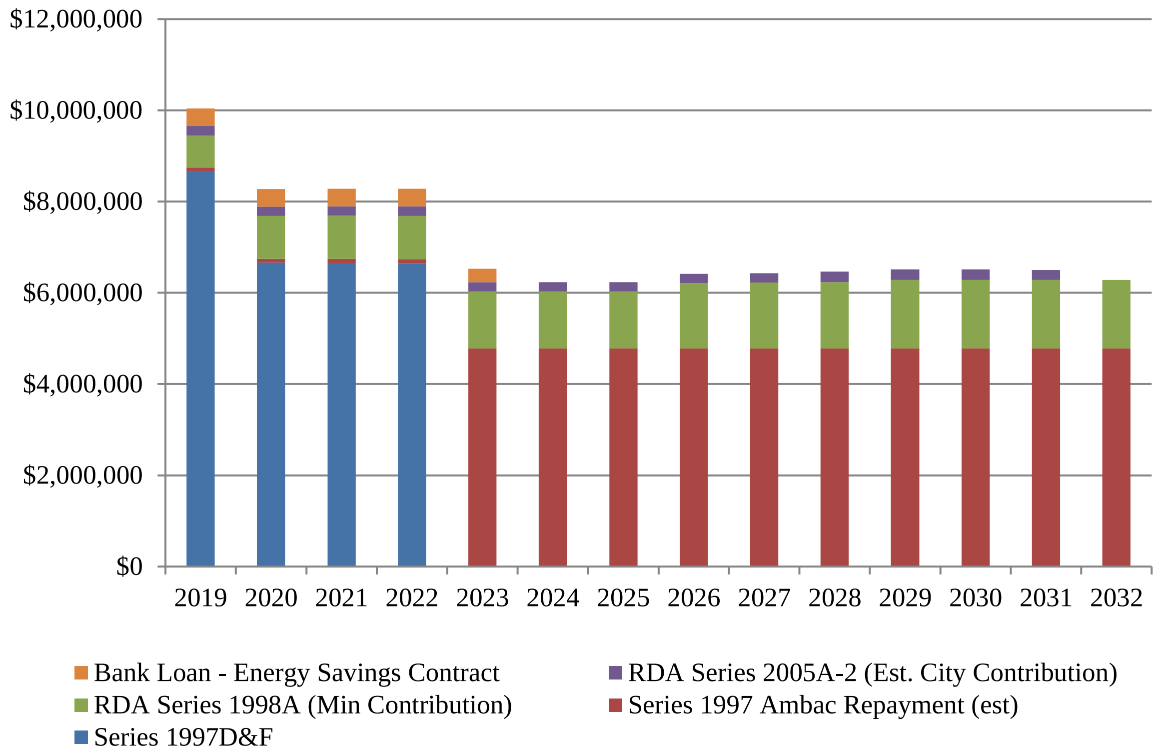
The City entered into a bank loan with M&T Bank using a guaranteed energy savings contract extended by the Efficiency Network (TEN). Under this agreement, the City is guaranteed energy savings that will be more than sufficient to pay debt service on the bank loan. If savings exceed annual debt service of $386,140, the benefit accrues to the General Fund. After 10 years, the City owns the equipment and bulbs financed by the original loan.

Annual Debt Service Summary
2019-2023

	2019	2020	2021	2022	2023
Series 1997 D&F	8,660,000	6,660,000	6,655,000	6,650,000	
RDA Series 1998A ("Verizon Bonds") (min)	700,000	940,000	950,000	950,000	1,250,000
RDA Series 2005A-2 ("Stadium Project") (est)[3]	231,778	203,181	203,386	207,196	204,836
Bank Loan - Energy Savings Contract	386,140	386,140	386,140	386,140	386,140
Series 1997 D&F Ambac Repayment (est)	87,498	87,498	87,498	87,498	4,782,329
Total	$10,065,416	$8,276,819	$8,282,024	$8,280,834	$6,623,305

[3] Since these guarantee payments are unknown and just estimates, the City does not include them as a budgeted debt service fund transfer for budgeting purposes. However, these expected expenditures are accounted for in the General Fund budget. The projections in this plan include these anticipated payments as debt service.

Annual Debt Service Summary
2019-2032



Pension

The City has three single-employer defined benefit pension plans: the Police Pension Fund, the Firefighters Fund, and the Non-Uniformed Pension Plan. These plans cover substantially all full-time employees. Commonwealth law requires all municipalities, including Harrisburg, to make annual contributions to the pension funds based on a calculation of the minimum municipal obligation ("MMO"). The MMO is based on an annual actuarial valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. The City's MMO increased by 7% in 2019 and are projected to continue to increase at rate slightly above that of salaries and wages.

The table below shows the key statistics for the Police, Firefighters, and Non-Uniform pension funds in recent years. The police pension fund has a negative net position of over $11.3 million with a funded ratio of 88%. The firefighters and non-uniformed pension plans have positive funding ratios of 103.2% and 116.5%, respectively.

	Police Summary		Firefighters Summary		Non-Uniformed Summary	
Participants	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017
Active Employees	131	132	75	72	138	180
Vested Former	1	2	1	1	32	31
Receiving Benefits	212	213	130	131	217	204
Total Participants	344	347	206	204	387	415
Total Pension Liability	$92,939,765	$95,561,114	$67,341,475	$69,937,569	$60,419,220	$61,098,121
Plan Fiduciary Net Position	$75,079,690	$84,306,974	$69,259,543	$72,208,662	$69,788,087	$71,157,751
Net Pension Liability (Asset)	$17,860,075	$11,254,140	($1,918,068)	($2,271,093)	($9,368,867)	($10,059,630)
Funded Ratio	80.8%	88.2%	102.8%	103.2%	115.5%	116.5%

Projection – MMOs are projected to increase 2% annually, which is generally consistent with wage increases for each City employee group.

Other-Post Employment Benefits

Other Post-Employment Benefits ("OPEB") include benefits other than pension that are provided to retirees including medical, prescription drug, dental, vision, hearing, life insurance, long-term disability, long-term care, death benefits, and any payments made to the retiree that are to be used for such coverage.

The new GASB rules require the use of accrual based accounting methods for disclosure of the liabilities related to OPEB costs. The accrual based accounting recognizes costs when benefits are earned, not when the benefit is actually paid.

Like most other governments, Harrisburg uses a "pay-as-you-go" approach for funding OPEB costs. Per the most recent actuarial valuation dated January 1, 2016, Harrisburg's actuarially unfunded OPEB liability is $155 million. The City's annual required contribution, which is the normal cost for OPEB liabilities attributable to the current year of service plus an amortization payment to catch up for past service costs, was $11.7 million in 2017. The City's actual contribution was $6.4 million.

Though the City is not required to pre-fund its OPEB obligation, this does not mean it is not a critical financial concern. The City has begun to address this liability with new provisions in the collective bargaining agreements that were ratified last year. Following the monetization of the parking system, the Commonwealth also deposited $3.2 million in a bank account for an OPEB fund. The final section of this plan also describes the City's plan to establish an OPEB trust, as required by Act 124.

**Expense Growth Assumptions,
2020-2023**

	2020	2021	2022	2023
Salaries and Wages	2%	2%	2%	2%
Overtime/Other Premium	2%	2%	2%	2%
Medical	5%	5%	5%	5%
Other Benefits	2%	2%	2%	2%
Pension	2%	2%	2%	2%
Services	2%	2%	2%	2%
Supplies	2%	2%	2%	2%
Debt	Fixed schedule			

**Baseline Expense Forecast,
2020-2023**

	2019	2020	2021	2022	2023
Personnel	43,112,303	43,927,580	45,133,657	46,375,993	47,660,947
Services	7,822,257	6,653,380	6,773,447	6,895,916	7,020,834
Supplies	2,732,468	2,711,922	2,763,260	2,815,625	2,869,038
Debt	10,065,416	8,276,819	8,282,024	8,280,834	6,526,770
Other Operating	477,573	466,464	473,494	370,664	377,977
Transfers	25,000	25,000	25,000	25,000	25,000
Total Operating Exp.	**64,235,017**	**62,061,164**	**63,450,882**	**64,764,032**	**64,480,566**
Elective Repayment of Debt		2,000,000	2,000,000	2,000,000	
Capital Expenses	5,823,136	3,145,000	1,580,000	1,550,000	1,525,000
Total (including Capital)	**$70,058,153**	**$67,206,164**	**$67,030,882**	**$68,314,032**	**$66,005,566**

3 Capital Improvement Plan

Years of fiscal distress have resulted in significant deferred maintenance and a backlog of unfunded capital needs. Capital needs far exceed funding capacity. Most critically important capital needs will remain unfunded unless operating projections outperform expectations or new funding sources are identified. The table below shows the capital projects the City plans to fund with General Fund sources given the baseline projection constraints. The operating budget limitations basically mean that the City only has the ability to fund emergency projects.

Five-Year Capital Improvement Plan
Funded Projects

Department	Project Name	2020	2021	2022	2023	Total
Engineering	Vision Zero (Signal Upgrades)	85,000				**85,000**
Engineering	Vision Zero (2nd Street)	1,600,000				**1,600,000**
IT	DCIT & DREV System Replacement	250,000				**250,000**
IT	DPER System Replacement		250,000			**250,000**
IT	Office 365 License	42,000	42,000	42,000	42,000	**168,000**
IT	Data Center Core Switch Replacement			100,000	100,000	**200,000**
IT	Data Center AC Replacement		75,000			**75,000**
Police	Police Patrol Vehicles	260,000	260,000	260,000	260,000	**1,040,000**
Police	Body Cameras	80,000	80,000	80,000	80,000	**320,000**
Fire	Apparatus Replacement	108,000	153,000	198,000	293,000	**752,000**
Public Works	Vehicle Leasing Program	470,000	470,000	620,000	500,000	**2,060,000**
Facilities	GESA	250,000	250,000	250,000	250,000	**1,000,000**
	Totals	**$3,145,000**	**$1,580,000**	**$1,550,000**	**$1,525,000**	**$7,800,000**

Extensive descriptions of the projects above are included in the Appendix.

The City has further prioritized its capital needs as Priority One and Priority Two level projects.

Through 2023, the City has 50 Priority One projects ranging from $10,000 to $800,000 with a cumulative estimated cost of $8.4 million. The City has 114 Priority Two projects costing up to $11 million with a cumulative estimated cost of over $46 million. The projects cross all City departments. The table below summarizes these projects and a detailed listing is included in the Appendix.

Level	Number of Projects	2020	2021	2022	2023	Total
Priority One	50	3,353,903	1,387,203	1,893,250	1,801,250	**8,435,606**
Priority Two	114	2,197,539	6,428,139	13,045,639	24,560,361	**46,231,678**
Totals	**164**	**$5,551,442**	**$7,815,342**	**$14,938,889**	**$26,361,611**	**$54,667,284**

The total cost of the projects identified above is just over $62 million. Not included in this listing are Priority Three projects, which are even farther beyond the City's current funding capacity. Taking into account Priority Three projects, Harrisburg's total capital needs exceed $100 million.

4 Baseline Financial Forecasts

4.1 Principal Operating Funds

This section projects the City's financial position should it maintain current operating procedures with no significant growth in the tax base. The baseline five-year forecast uses revised 2019 projections, based on year-to-date revenue and expenses results, as the base year. Adjustments to 2019 revenues and expenses include:

- ***Current Real Estate Tax***– Increased by $400,000 to more closely match historical collections and accounting for known assessment reductions.

- ***Earned Income Tax***– Increased by $300,000 based on higher than expected collections through April 2019. This year's EIT collections are on pace to match last year, which would be about $300,000 more than the 2019 budget.

- ***Local Services Tax*** – Increased by $300,000 based on higher than expected collections through April 2019. Raising 2019 revenue by $300,000 would bring the total slightly above 2018 results.

- ***Interest Income*** – Increased interest income by $100,000 to reflect higher short-term interest rates. Reduced 2020 and 2021 interest income by $50,000 in each year to account for reduced balances available for investment.

- ***Medical Expenses*** – Reduced by $750,000 to align with recent experience. The City, which self-insures, budgeted $11,125,000 for Medical Expenses in 2019; even though the most the City has spent on these costs since 2016 is $10,034,106. Medical expenses are potentially a volatile expenditure, which the City monitors very closely. If actual expenses exceed the revised projection, the City will make other offsetting adjustments.

Annual revenue and expenses growth is based on the assumptions described in the previous section. Other key assumptions include the following:

- The City currently has a significant fund balance that it will draw on to fund emergency capital needs and, possibly, fund debt repayment. Under no circumstances will the City allow its fund balance to fall below a level that equals 5% of projected annual operating expenses, a level that is consistent with its adopted fund balance policy.

- As part of its plan to repay debt owed to Ambac per an Amended and Restated Settlement Agreement dated April1, 2013, the City projects that it will continue to make the full debt service payments on the Series 1997 D and F bonds and will not take the $2 million annual draws available under the agreement. However, should the City and Ambac not reach an agreement on further debt reduction and/or actual operating results are worse than anticipated, the City may avail itself to all or a portion of the $2 million annual draws.

Baseline Financial Operating Forecasts
2019-2023

	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Baseline Revenues[4]	65,441,512	63,985,790	64,426,826	64,852,543	65,454,153
Baseline Expenses	64,235,017	62,061,164	63,450,882	64,764,032	64,480,566
Operating Surplus (Deficit)	**1,206,495**	**1,924,626**	**975,945**	**88,511**	**973,587**
Elective Repayment of Debt		2,000,000	2,000,000	2,000,000	
Capital Expenditure Transfer	5,823,136	3,145,000	1,580,000	1,550,000	1,525,000
Change in Fund Balance	**(4,616,641)**	**(3,220,374)**	**(2,604,055)**	**(3,461,489)**	**(551,413)**
Beginning Fund Balance	21,171,703	16,555,062	13,334,688	10,730,632	7,269,144
Ending Fund Balance	16,555,062	13,334,688	10,730,632	7,269,144	6,717,731
End fund balance as % of expenses	25%	21%	17%	11%	10%

[4] 2019 revenues in this table does not include $6,782,736 cash carryover that is included in the General Fund budget. The cash carryover is essentially a transfer from fund balance, which is reflected in the 2019 fund balance change in the table.

4.2 Principal Proprietary Funds

The City also maintains two main proprietary funds, which account for activities that involve business-like transactions: the Neighborhood Services Fund and the Harrisburg Senators Fund.

4.2.1 Neighborhood Services Fund

Created in 2016, the Neighborhood Services Fund ("NSF") accounts for the revenues and expenses associated with the provision of refuse collection and disposal services to residential, commercial, and industrial establishments of the City, as well as Parks and Recreation maintenance services and road repair services, as those are related to the facilitation of refuse collection and disposal services.

Baseline NSF Projections
2019-2023

	Budget 2019	Adjusted 2019	2020	2021	2022	2023
Operations	15,169,500	15,169,500	14,551,830	14,882,264	15,220,489	15,566,695
Miscellaneous	475,887	725,887	171,054	169,749	170,263	171,710
Transfers	5,151	5,151	0	0	0	0
Total Revenues	**15,650,538**	**15,900,538**	**14,722,884**	**15,052,013**	**15,390,752**	**15,738,406**
Personnel	5,493,822	5,287,545	5,610,958	5,735,658	5,863,600	5,994,879
Services	9,662,816	8,701,202	8,700,550	8,544,769	8,562,642	8,747,634
Supplies	917,400	787,400	787,400	787,400	787,400	787,400
Other	2,500,000	2,500,000	0	0	0	0
Debt Service	734,097	734,097	697,514	607,111	341,003	85,251
Capital	1,240,859	990,859	0	0	0	0
Total Expenditures	**20,548,994**	**19,001,103**	**15,796,423**	**15,674,937**	**15,554,645**	**15,615,164**
Surplus (Deficit)	**(4,898,456)**	**(3,100,565)**	**(1,073,538)**	**(622,924)**	**(163,893)**	**123,242**
Beginning Fund Balance	6,309,909	5,209,415	2,108,850	1,035,312	412,388	248,495
Ending Fund Balance	$5,209,415	$2,108,850	$1,035,312	$412,388	$248,495	$371,737

The NSF's primary revenue sources are garbage collection and disposal fees. The City budgeted $3.825 million in garbage collection fees in 2019 and projects these revenues to increases 3% annually. The City budgeted $10.4 million in disposal fees, which are projected to increase 2% annually. Combined, these sources represent over 90% of the fund's revenues.

The primary NSF expense is contracted service for garbage disposal of approximately $6.36 million. The costs will increase 2.5% annually through 2023. The contracted payment to the Lancaster Solid Waste Authority is also accounted for in this fund. The tipping fee is $195 per ton in 2019 and will be adjusted on January 1 of each calendar year by the Consumer Price Index. The projections below assume other contractually mandated increases, which range between 5% and 8%.

Approximately 78 employee salaries are paid out of the NSF making personnel costs a key expense driver. Projected personnel cost increases mirror those in the General Fund – 2% annual salary increases and 5% annual medical insurance increases.

The City will cover the projected operating deficits in this fund through fund balance transfers and by reducing administrative transfers to the General Fund.

4.2.2 Harrisburg Senators Fund

The Harrisburg Senators Fund accounts for the revenues and expenses associated with the payment of debt on the financing of the Harrisburg Senators new stadium. The fund is subsidized by approximately $240,000 in annual transfers from the City's general operations.

Baseline Harrisburg Senators Fund Projections
2019-2023

	Budget 2019	Adjusted 2019	2020	2021	2022	2023
Operations	397,595	397,595	406,523	419,916	435,987	458,487
Transfers	239,681	239,681	228,181	228,386	232,196	229,836
Total Revenues	**637,276**	**637,276**	**634,704**	**648,302**	**668,183**	**688,323**
Services	25,000	25,000	25,000	25,000	25,000	25,000
Debt Service	653,287	653,287	649,690	649,895	653,705	651,345
Total Expenditures	**678,287**	**678,287**	**674,690**	**674,895**	**678,705**	**676,345**
Surplus (Deficit)	**(41,011)**	**(41,011)**	**(39,986)**	**(26,593)**	**(10,522)**	**11,978**
Beginning Fund Balance	159,122	118,111	77,100	37,115	10,522	(0)
Ending Fund Balance	$118,111	$77,100	$37,115	$10,522	($0)	$11,978

4.2.3 Other Non-Major Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following tables consolidate the recent and projected financial performance of these funds. Details of each individual non-major fund are included in the Appendix.

Historical Financial Performance (2015-2018), Other Non-Major Funds

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget
Operating	3,074,199	3,545,711	3,886,902	4,074,937	2,592,501
Grants/Donations	448,995	267,629	150,494	2,591,979	128,500
Miscellaneous	3,109,797	21,899	10,346	8,586	161,000
Transfers	9,140,188	9,850,822	10,517,392	10,382,201	12,641,319
Cash Carryover	0	0	0	0	2,833,140
Revenue	15,773,179	13,686,061	14,565,134	17,057,704	18,356,460
Personnel	201,195	162,536	167,283	177,379	212,105
Services	567,479	810,585	754,786	758,152	1,200,400
Supplies	348,997	327,606	139,393	332,195	674,930
Debt	8,773,925	9,634,091	10,351,316	10,510,589	10,711,037
Capital	558,187	2,651,537	960,831	2,396,391	5,421,000
Transfers	1,269,187	976,433	404,920	639,878	20,000
Other Operating	10,000	139,062	10,000	243,980	157,500
Expense	11,728,971	14,701,850	12,788,530	15,058,564	18,396,972

Baseline Projections, Other Non-Major Funds

	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	5,694,477	2,627,906	2,669,240	2,717,909	2,778,015
Grants/Donations	2,487,778	179,544	179,281	179,149	179,185
Miscellaneous	162,923	14,132	13,885	13,675	13,495
Transfers	12,641,319	11,446,819	9,887,024	9,855,834	8,076,770
Cash Carryover	7,292,251	423,760	139,051	124,119	113,802
Revenue	28,278,748	14,692,160	12,888,481	12,890,686	11,161,268
Personnel	195,556	210,217	213,519	216,887	220,322
Services	1,145,201	1,008,816	1,009,677	1,010,556	1,011,452
Supplies	589,057	608,072	607,289	606,677	606,211
Debt	10,711,037	8,947,440	8,952,645	8,951,455	7,197,391
Capital	13,134,037	3,922,250	2,102,250	2,091,250	2,086,250
Transfers	20,000	0	0	0	0
Other Operating	167,500	0	0	0	0
Expense	25,962,389	14,696,795	12,885,380	12,876,825	11,121,625

5 Path Forward

Two key questions loom over the City's finances: 1) how will the City offset the loss of 18% of its operating revenues when its extraordinary taxing powers expire and 2) how will the City address capital needs that exceed over $100 million?

The options are limited. If the solution was easy it would have been implemented a long time ago. Since entering the Act 47 program in 2010, the City has operated under multiple financial and managerial recovery plans that included hundreds of recommendations. The City, various consultants, and the Commonwealth itself have conducted dozens of management audits, studies, and reviews of every level of operations. The City has worked transparently throughout these processes and regularly engaged the public for input and support. The City has partnered with receivers and recovery coordinators alike in good faith to put approved plans into action.

The City can point to significant accomplishments which have yielded impressive results, as detailed in the sections above. It has sold assets, cut services, and gone the extra mile with tax increases. These accomplishments are a credit to a number of stakeholders including elected leaders, officials from multiple administrations, bargaining units and other municipal employees, the Commonwealth, creditors, and, most importantly, the Harrisburg community.

The City simply cannot endure any further cuts to essential public services. Cuts of any kind would not only jeopardize the welfare of the citizenry, who have already made significant sacrifices, but would also be counterproductive to Harrisburg's long-term goals of expanding the tax base.

Likewise, the City cannot raise Real Estate tax rates to cover the anticipated deficit. Closing an 18% gap in the General Fund would require a rate increase of over 80%, a crushing burden on Harrisburg's tax payers that would devastate the local economy and any development prospects.

The City is committed to providing essential services to the community while securing its long-term fiscal stability. Below are several actions the City is taking to achieve these goals:

1) Explore Home Rule

In the course of addressing the City's financial challenges over the past decade, the potential of Home Rule has been reviewed. Legislation to pursue Home Rule was presented in 2018 and still under review.

Home Rule requires a referendum that authorizes an elected committee to explore the option. The Committee is mandated to undertake a review of the current form of government and identify other options under Pennsylvania law available to the current class of municipality (Third Class Cities). After six to nine months, the Committee makes a recommendation and, if a new form of government is recommended, seeks a second referendum on the question.

Home Rule does not alter the types of tax revenue available to a municipality, but instead provides certain flexibility in setting those tax rates. The primary attraction of Home Rule for Harrisburg is that it might partially address the issue of the large swath of real property exempt from taxation by allowing for increased rates on other types of taxation. Research to date demonstrates mixed results across

Pennsylvania for municipalities that explored this option, as it appears possible that an increase of the tax burden for the same tax categories on the municipal tax base, while not adding a new category of revenue.

The City continues to explore the Home Rule option.

2) Continue Negotiations with Ambac Regarding Series 1997 D and F Bonds

The City will continue to engage in discussions with Ambac regarding opportunities to reduce the forbearance liability associated the Series 1997 D&F General Obligation bonds. The City will consider the optimal uses of its fund balance and the merits of paying down debt compared to addressing emergency capital needs and other priorities. The same analysis will apply to the City's decision to pay the full debt service on the Series 1997 D&F Bonds from 2020-2022 or avail itself to the annual $2 million facility agreed to as part of the 2013 Amended Settlement Agreement. Drawing on the facility would add to the forbearance liability and increase annual debt service payment beginning in 2023.

This plan assumes that the City does not draw the $2 million on the facility each year from 2020-2022; however, that may change depending on the City's operating performance and/or the ability to reach an agreement on Ambac regarding its outstanding forbearance liability.

3) Establish an OPEB Trust

As described above, the City set aside $3.2 million from the parking monetization as an initial deposit for an OPEB fund. The purpose of the fund is to provide a source of future and ongoing funding for the City's OPEB obligations.

The City will use the existing OPEB fund as the foundation for establishing an OPEB Trust that includes a trust agreement, investment policy, and custodial agreement. The City recognizes the importance of developing and implementing a strategy of controlling and funding these liabilities. The City's OPEB funding policy will give serious consideration for these needs weighed against other priorities including securing near-term operating needs, ensuring public safety, addressing deferred maintenance, supporting economic development, and maintaining a reasonable tax burden on the City's residents.

4) Reestablish Access to the Debt Markets and Restore Credit Rating

Key to the City's long-term viability is access to the debt markets to fund capital projects and other deferred maintenance needs. To that end, the City should endeavor to restore an investment grade credit rating to build standing with investors and minimize borrowing costs. Fundamental to reestablishing an investment grade rating is the ability to demonstrate a credible plan to balance budgets once its temporary taxing powers expire in 2024. The City will work with the state legislature and other relevant agencies to retain these taxing powers, which currently generate 18% of operating revenues.

5) Implement Workforce Stabilization Program

As described throughout this plan, the City is committed to delivering essential services to benefit the safety and general welfare of the citizenry. Like other local governments, the City's services are highly workforce dependent. In recent years, the City has struggled to recruit and retain employees, which has increased costs, created management challenges, and disrupted services. The City will implement a workforce stabilization program, with special focus on the police force, to reduce attrition and improve workforce recruitment and retention.

6) Pursue Increased Payment in Lieu of Tax (PILOT) Agreements

Approximately 50% of usable property in Harrisburg is non-tax revenue generating because it is used for tax-exempt purposes. The state government is the primary tax-exempt entity, but Harrisburg is also home to other tax-exempt organizations including medical centers, educational institutions, religious institutions, and other government sponsored organizations. These organizations consume municipal services; however, they do not pay real estate taxes, shifting the cost burden to City residents and business.

The City has entered into some PILOT arrangements, most notably an agreement with the Commonwealth that pays $5 million annually for public safety services. The City will endeavor to enhance existing PILOT agreements and seek new ones to support to the General Fund and other City priorities such as economic development and capital improvements. The City will lead a committee charged with identifying PILOT opportunities and forging agreements with tax-exempt entities. The City administration and City Council will enlist the support of local stakeholders, including the ICA and Dauphin County, to staff the committee.

7) Promote Economic Development

This plan outlines several major challenges facing the City in the next five years and beyond. In the near-term, the City must find a way to replace almost 20% of its operating revenue when it loses its extraordinary taxing powers and, at the same time, address enormous capital needs. However, key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues. Even if the extraordinary taxing powers are made permanent, the City's capacity to deliver basic services to its residents is in doubt without a stronger local tax base.

The City understands the importance of economic development to its long-term fiscal recovery. The City's Department of Community and Economic Development leads efforts to foster stable economic growth and provide continuous improvements to the quality of life for Harrisburg residents. The department implements workforce and business retention, expansion, and recruitment practices; supports strategic asset developments City-wide to promote local economic growth; and markets the City to prospective developers.

Though the department can tout many significant accomplishments, it is limited by the City's financial operating constraints. The City is committed to working with the ICA to identify funding from outside sources (e.g. grants, intergovernmental cooperation) for increased staffing or third-party consultants to support Harrisburg's economic development planning and implementation efforts.

8) Review Service Delivery Alternatives

In 2009, the City participated in the Department of Community and Economic Development's Early Intervention Program, which provided the first of many professional studies and reviews over the past decade of City services. In the decade that's followed, the provision and management of numerous City services have been modified. These include:

- A transfer of the Communications Center for emergency calls to Dauphin County.
- A transfer of the operation of the Harrisburg Resource Recovery Center from The Harrisburg Authority (THA) (now CRW) to the Lancaster County Solid Waste Management Authority.
- The transfer of the partial City ownership and operation of water and sewer services exclusively to CRW.
- The long-term lease and operation of the City's parking garages and on-street metered parking system to the Pennsylvania Economic Development Financing Authority (PEDFA) and the Pennsylvania Department of General Services (DGS).

The City thereafter participated in a countywide study of regionalizing policing services that ultimately showed the number of police calls in the City far exceeded the calls elsewhere in Dauphin County. Those hard facts make shared policing with other municipalities a difficult operational change for other municipal police departments, as their additional availability on City calls would predictably outpace the City's ability to respond to calls in neighboring townships and boroughs.

The City is exploring possibilities of intergovernmental agreements with surrounding municipalities for police services to determine if such shared services would mutually benefit the City and neighboring municipalities in both police service and the cost of policing.

The City participates in mutual aid agreements for fire protection services and also provides fire protection services to the Commonwealth for structures in and outside the City. The Fire Bureau is exploring the potential for regionalized fire protective services, as there is a nationwide crisis in volunteer firefighting. Providing professionalized fire services has the potential to both provide better protection to more people and property in the areas surrounding the City, but also assist with cost-sharing of equipment and operations.

The City upgraded its solid waste and recycling services to better satisfy public health needs through its Neighborhood Service Fund and thereby tackle significant blight and trash issues in the City. Like policing, the City is exploring the possibility of entering intergovernmental cooperation agreements to provide surrounding municipalities with solid waste and recycling collection and disposal service, which would assist in controlling the costs for the City and participating townships and boroughs.

The City joined the Capital Area Procurement Council of Government (CAPGOG) that provides advantages in certain (but far from all) categories of purchasing. Likewise, the City frequently participates in the Costars Program operated by DGS for more efficient purchasing. Similarly, the City participates in electrical purchases on a brokered platform provided by the Commonwealth.

The City has worked with a series of Information Technology professionals through teams at Harrisburg University to explore stabilizing, operating and modernizing essential governmental computer services. The City shares certain technologies relating to policing; utilizes County web-based information for aspects of property and tax data; and routinely accesses the data of other governmental entities to improve efficiencies.

The City regularly reviews options for shard services in a manner that allows for the efficient provision of services.

Appendix A

Baseline Financial Forecast by Department

Office of City Council	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	289,580	292,325	295,125	297,981	300,894
Services	114,200	116,484	118,814	121,190	123,614
Supplies	11,000	11,220	11,444	11,673	11,907
Debt	0	0	0	0	0
Capital	3,400	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	418,180	420,029	425,383	430,844	436,415

Office of Mayor	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	235,378	239,317	244,104	248,986	253,967
Services	16,380	16,708	17,042	17,383	17,730
Supplies	14,187	14,471	14,760	15,055	15,356
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	265,945	270,495	275,906	281,424	287,054

Office of City Controller	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	153,698	154,682	157,333	160,038	163,238
Services	10,500	10,710	10,924	11,143	11,366
Supplies	9,200	9,384	9,572	9,763	9,958
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	173,398	174,776	177,829	180,944	184,561

Office of City Treasurer	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	347,911	350,097	356,667	363,370	370,205
Services	61,900	63,138	64,401	65,689	67,003
Supplies	12,000	12,240	12,485	12,734	12,989
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	421,811	425,475	433,553	441,793	450,197

Office of City Solicitor	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	454,200	470,884	479,118	487,516	496,081
Services	232,742	237,397	242,145	246,988	251,927
Supplies	50,750	51,765	52,800	53,856	54,933
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	737,692	760,046	774,063	788,360	802,942

Office of Business Administrator	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	175,470	178,980	182,559	186,210	189,935
Services	65,550	66,861	68,198	69,562	70,953
Supplies	5,100	5,202	5,306	5,412	5,520
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	246,120	251,043	256,063	261,184	266,409

Department of Finance	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	449,615	458,610	467,780	477,137	486,680
Services	267,893	273,251	278,716	284,290	289,976
Supplies	12,100	12,342	12,589	12,841	13,097
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	729,608	744,203	759,085	774,268	789,753

Grants Bureau	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	60,392	61,600	62,831	64,089	65,370
Services	4,000	4,080	4,162	4,245	4,330
Supplies	500	510	520	531	541
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	64,892	66,190	67,513	68,864	70,241

Bureau of Communication	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	292,161	298,004	303,962	310,044	316,244
Services	33,600	34,272	34,957	35,657	36,370
Supplies	16,500	16,830	17,167	17,510	17,860
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	342,261	349,106	356,086	363,211	370,474

Office of Social Equity/Affirmative Action	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	67,673	68,078	69,440	70,829	72,245
Services	11,100	11,322	11,548	11,779	12,015
Supplies	3,475	3,545	3,615	3,688	3,761
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	82,248	82,945	84,604	86,296	88,021

Bureau of Information Technology	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	506,012	505,154	515,255	525,560	536,073
Services	616,797	558,853	565,030	571,331	577,757
Supplies	170,580	173,992	177,471	181,021	184,641
Debt	0	0	0	0	0
Capital	701,839	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	1,995,228	1,237,998	1,257,756	1,277,911	1,298,471

Bureau of Human Resources	**Budget 2019**	**Projected 2020**	**Projected 2021**	**Projected 2022**	**Projected 2023**
Personnel	366,680	372,937	379,319	385,829	392,469
Services	123,925	75,404	76,912	78,450	80,019
Supplies	2,200	2,244	2,289	2,335	2,381
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	492,805	450,585	458,519	466,613	474,869

Bureau of Licensing, Taxation and Central Support	**Budget 2019**	**Projected 2020**	**Projected 2021**	**Projected 2022**	**Projected 2023**
Personnel	328,049	323,008	329,467	336,056	342,776
Services	254,372	259,459	264,649	269,942	275,340
Supplies	43,192	44,056	44,937	45,836	46,752
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	625,613	626,523	639,053	651,833	664,869

General Expenses	**Budget 2019**	**Projected 2020**	**Projected 2021**	**Projected 2022**	**Projected 2023**
Personnel	12,034,046	12,588,969	13,191,186	13,822,969	14,485,786
Services	2,848,543	1,877,514	1,907,064	1,937,205	1,967,950
Supplies	25,000	25,500	26,010	26,530	27,061
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	477,573	356,464	363,494	370,664	377,977
Total Baseline Expenses	15,385,162	14,848,448	15,487,754	16,157,369	16,858,773

Bureau of Planning	**Budget 2019**	**Projected 2020**	**Projected 2021**	**Projected 2022**	**Projected 2023**
Personnel	201,435	205,249	208,279	211,367	214,518
Services	98,000	99,960	101,959	103,998	106,078
Supplies	4,000	4,080	4,162	4,245	4,330
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	303,435	309,289	314,400	319,610	324,926

Bureau of Codes	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	900,194	918,198	936,562	955,293	974,399
Services	29,250	29,835	30,432	31,040	31,661
Supplies	19,200	19,584	19,976	20,375	20,783
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	948,644	967,617	986,969	1,006,709	1,026,843

Bureau of Business & Resource Development	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	61,189	62,413	63,660	64,934	66,232
Services	4,750	4,845	4,942	5,041	5,142
Supplies	0	0	0	0	0
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	65,939	67,258	68,602	69,975	71,374

Bureau of Police	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	16,704,009	16,839,348	17,172,133	17,511,590	17,857,819
Services	1,056,277	901,360	919,388	937,775	956,531
Supplies	341,615	290,552	295,463	300,472	305,581
Debt	0	0	0	0	0
Capital	1,010,000	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	19,111,901	18,031,260	18,386,983	18,749,837	19,119,932

Bureau of Fire	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	7,935,765	7,985,586	8,158,573	8,330,781	8,506,635
Services	371,350	378,777	386,353	394,080	401,961
Supplies	303,750	309,825	316,022	322,342	328,789
Debt	0	0	0	0	0
Capital	275,000	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	8,885,865	8,674,188	8,860,947	9,047,202	9,237,385

Office Of Traffic And Engineering	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	795,528	808,257	823,128	838,300	853,771
Services	727,526	742,077	756,918	772,056	787,498
Supplies	353,165	360,228	367,433	374,782	382,277
Debt	0	0	0	0	0
Capital	455,947	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	2,332,166	1,910,562	1,947,479	1,985,138	2,023,546

Bureau of Vehicle Management	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	554,824	565,920	577,239	588,784	600,559
Services	452,527	461,578	470,809	480,225	489,830
Supplies	1,028,575	1,049,147	1,070,129	1,091,532	1,113,363
Debt	0	0	0	0	0
Capital	320,000	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	2,355,926	2,076,645	2,118,177	2,160,541	2,203,752

Bureau Of Parks, Recreation, & Facilities	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Personnel	948,494	967,464	986,813	1,006,549	1,026,680
Services	421,075	429,496	438,086	446,848	455,785
Supplies	306,379	295,207	299,111	303,093	307,155
Debt	0	0	0	0	0
Capital	524,950	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Baseline Expenses	2,200,898	1,692,167	1,724,010	1,756,490	1,789,620

Appendix B

Financial History and Forecast – Non-Major/Special Revenue Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following are projections for those funds.

Capital Project Fund– This fund accounts for revenues and expenses connected with the City's capital projects.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	1,069,339	1,133,063	1,212,427	1,263,669	0	3,099,582	22,191	19,972	17,975	16,177
Grants/Donations	0	0	0	2,380,532	0	2,359,178	0	0	0	0
Miscellaneous	3,069,144	0	0	0	0	0	0	0	0	0
Transfers	0	633,616	500,000	200,000	2,532,000	2,532,000	3,145,000	1,580,000	1,550,000	1,525,000
Cash Carryover	0	0	0	0	0	3,990,864	0	0	0	0
Revenue	***4,138,483***	***1,766,680***	***1,712,427***	***3,844,201***	***2,532,000***	***11,981,624***	***3,167,191***	***1,599,972***	***1,567,975***	***1,541,177***
Capital	428,674	2,427,061	223,543	2,017,866	2,532,000	10,452,729	3,145,000	1,580,000	1,550,000	1,525,000
Transfers	997,649	965,000	250,000	527,784	0	0	0	0	0	0
Expense	***1,426,323***	***3,392,061***	***473,543***	***2,545,650***	***2,532,000***	***10,452,729***	***3,145,000***	***1,580,000***	***1,550,000***	***1,525,000***
Surplus/(Deficit)	**$2,712,161**	**($1,625,382)**	**$1,238,884**	**$1,298,551**	**$0**	**$1,528,895**	**$22,191**	**$19,972**	**$17,975**	**$16,177**

State Liquid Fuels Fund – Funded by an annual Commonwealth of Pennsylvania State Liquid Fuels Tax allocation. The fund is used to account for state aid revenue expended primarily for streets and traffic lighting, traffic controls, and maintaining City road and bridges in accordance with policies and procedures of the County Liquid Fuels Tax Act of 1931 and the Liquid Fuels Tax Act 655 of 1956 of the Commonwealth of Pennsylvania.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	1,085,782	1,271,580	1,342,534	1,430,015	1,394,569	1,394,569	1,412,904	1,431,615	1,450,695	1,470,138
Transfers	2,659	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	1,984,543	2,430,657	273,125	0	0	0
Revenue	***1,088,441***	***1,271,580***	***1,342,534***	***1,430,015***	***3,379,112***	***3,825,226***	***1,686,029***	***1,431,615***	***1,450,695***	***1,470,138***
Personnel	39,611	0	0	0	0	0	0	0	0	0
Services	369,059	560,743	338,398	288,690	415,000	413,198	413,198	413,198	413,198	413,198
Supplies	268,570	210,359	63,496	209,869	330,000	297,719	297,719	297,719	297,719	297,719
Debt	0	0	0	0	224,112	224,112	224,112	224,112	224,112	224,112
Capital	68,002	175,066	602,410	314,346	2,410,000	2,410,000	751,000	496,000	515,000	535,000
Expense	***745,242***	***946,168***	***1,004,304***	***812,905***	***3,379,112***	***3,345,029***	***1,686,029***	***1,431,029***	***1,450,029***	***1,470,029***
Surplus/(Deficit)	**$343,199**	**$325,412**	**$338,229**	**$617,110**	**$0**	**$480,197**	**$0**	**$586**	**$666**	**$109**

Host Municipal Fund – Funded by quarterly amounts of host municipality benefit fees received from the THA for waste tonnage received and disposed at the Harrisburg Resource Recovery Facility. Proceeds made available as a funding source for critical environmental projects.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	288,287	315,137	325,603	328,701	326,307	326,307	332,077	338,037	344,185	350,517
Miscellaneous	40,653	2,674	2,178	3,223	0	3,673	3,747	3,822	3,898	3,976
Cash Carryover	0	0	0	0	268,268	278,268	47,163	44,429	41,573	38,598
Revenue	***328,940***	***317,811***	***327,781***	***331,924***	***594,575***	***608,248***	***382,986***	***386,288***	***389,656***	***393,091***
Personnel	85,629	118,132	101,378	128,402	162,075	150,425	165,086	168,388	171,756	175,191
Services	57,816	1,608	29,605	77,609	130,000	94,345	95,350	95,350	95,350	95,350
Supplies	1,894	18,010	3,838	11,813	145,000	122,550	122,550	122,550	122,550	122,550
Capital	49,423	0	112,000	0	0	0	0	0	0	0
Transfers	21,538	7,347	0	0	0	0	0	0	0	0
Other Operating	10,000	139,062	10,000	243,980	157,500	167,500	0	0	0	0
Expense	***226,299***	***284,159***	***256,821***	***461,804***	***594,575***	***534,820***	***382,986***	***386,288***	***389,656***	***393,091***
Surplus/(Deficit)	**$102,641**	**$33,652**	**$70,961**	**($129,880)**	**$0**	**$73,428**	**$0**	**$0**	**$0**	**$0**

Neighborhood Mitigation (Special Revenue Fund) – Accounts for fee revenues and expenses related to the City as they pertain to enforcement of ordinances regulating blight and local health, housing and safety codes and regulations.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	19,707	57,844	75,135	87,727	45,000	47,835	52,771	57,208	62,926	70,423
Miscellaneous	0	608	0	0	0	0	0	0	0	0
Transfers	412,619	0	0	4,000	0	0	0	0	0	0
Cash Carryover	0	0	0	0	111,000	111,000	8,913	5,710	1,251	0
Revenue	***432,325***	***58,453***	***75,135***	***91,727***	***156,000***	***158,835***	***61,685***	***62,919***	***64,177***	***70,423***
Services	10,120	10,435	17,950	18,771	118,000	138,058	43,067	43,929	44,807	45,704
Supplies	8,433	5,618	5,820	5,138	38,000	18,252	18,617	18,990	19,369	19,757
Transfers	250,000	0	0	0	0	0	0	0	0	0
Expense	***268,553***	***16,053***	***23,770***	***23,910***	***156,000***	***156,310***	***61,685***	***62,919***	***64,177***	***65,460***
Surplus/(Deficit)	**$163,772**	**$42,399**	**$51,365**	**$67,818**	**$0**	**$2,525**	**$0**	**$0**	**$0**	**$4,963**

Public Works (Special Revenue Fund) - Repository for funds generated from contributions from citizens interested in supporting the functions of the Department and revenue from the sale of recyclable materials collected by the Department. The fund is used for maintaining and supporting the various endeavors of the Department of Public Works.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	22,933	3,873	70,803	64,834	76,530	77,209	61,611	55,400	50,118	45,625
Grants/Donations	3,000	0	0	0	0	0	0	0	0	0
Transfers	1,820	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	0	0	14,919	21,130	26,412	30,905
Revenue	***27,753***	***3,873***	***70,803***	***64,834***	***76,530***	***77,209***	***76,530***	***76,530***	***76,530***	***76,530***
Services	0	0	0	5,250	20,000	20,000	20,000	20,000	20,000	20,000
Supplies	0	0	0	38,420	56,530	56,530	56,530	56,530	56,530	56,530
Expense	***0***	***0***	***0***	***43,670***	***76,530***	***76,530***	***76,530***	***76,530***	***76,530***	***76,530***
Surplus/(Deficit)	**$27,753**	**$3,873**	**$70,803**	**$21,164**	**$0**	**$679**	**$0**	**$0**	**$0**	**$0**

Fire (Special Revenue Fund) – Accounts for revenues and expenses supporting Fire department activities.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	9,114	83,933	92,385	15,350	83,000	84,384	69,338	63,305	57,884	53,015
Grants/Donations	57,151	100	17,273	109,304	2,500	2,500	4,500	5,400	6,480	7,776
Transfers	82,500	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	282,000	293,058	0	0	0	0
Revenue	***148,765***	***84,033***	***109,658***	***124,654***	***367,500***	***379,943***	***73,838***	***68,705***	***64,364***	***60,791***
Services	17,690	52,622	63,560	68,787	85,000	85,000	40,000	40,000	40,000	40,000
Supplies	0	6,063	665	19,996	22,500	22,500	21,150	19,995	19,004	18,150
Capital	0	0	0	5,100	260,000	211,058	0	0	0	0
Expense	***17,690***	***58,685***	***64,225***	***93,883***	***367,500***	***318,558***	***61,150***	***59,995***	***59,004***	***58,150***
Surplus/(Deficit)	**$131,075**	**$25,349**	**$45,433**	**$30,771**	**$0**	**$61,384**	**$12,688**	**$8,710**	**$5,361**	**$2,641**

Police (Special Revenue Fund) - Accounts for revenues and expenses supporting Police department activities.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	6,116	112,346	90,327	148,951	75,000	77,238	84,514	92,563	101,457	111,276
Grants/Donations	155,457	116,779	1,000	2,420	0	100	100	100	100	100
Miscellaneous	0	1,917	457	1,215	0	0	0	0	0	0
Transfers	179,773	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	90,300	90,300	69,286	61,238	52,343	42,524
Revenue	***341,347***	***231,042***	***91,784***	***152,586***	***165,300***	***167,638***	***153,900***	***153,901***	***153,900***	***153,900***
Personnel	0	908	13,267	0	0	0	0	0	0	0
Services	0	19,176	70,530	47,520	102,400	102,400	105,000	105,000	105,000	105,000
Supplies	106	31,464	11,745	0	28,900	28,900	48,900	48,900	48,900	48,900
Capital	0	0	0	47,827	34,000	34,000	0	0	0	0
Transfers	0	4,086	100,283	69,594	0	0	0	0	0	0
Expense	***106***	***55,635***	***195,824***	***164,941***	***165,300***	***165,300***	***153,900***	***153,900***	***153,900***	***153,900***
Surplus/(Deficit)	**$341,241**	**$175,407**	**($104,040)**	**($12,355)**	**$0**	**$2,338**	**$0**	**$1**	**($0)**	**$0**

WHBG (Special Revenue Fund) – Accounts for financial activity related to the City's government access cable television channel, station facilities and programming management.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	0	0	98	479	0	176	158	143	128	115
Miscellaneous	11,275	9,500	7,500	4,050	10,000	8,250	8,085	7,923	7,765	7,610
Cash Carryover	0	0	0	0	0	1,074	1,257	1,434	1,607	1,775
Revenue	***11,275***	***9,500***	***7,598***	***4,529***	***10,000***	***9,500***	***9,500***	***9,500***	***9,500***	***9,500***
Services	639	0	0	0	8,000	8,000	8,000	8,000	8,000	8,000
Supplies	0	0	0	0	1,500	1,500	1,500	1,500	1,500	1,500
Expense	***639***	***0***	***0***	***0***	***9,500***	***9,500***	***9,500***	***9,500***	***9,500***	***9,500***
Surplus/(Deficit)	**$10,636**	**$9,500**	**$7,598**	**$4,529**	**$500**	**$0**	**$0**	**$0**	**$0**	**$0**

Events (Special Revenue Fund) – Accounts for all revenue raised in support of the City's events, including the July 4th Celebration, Kipona, the Holiday Parade, and New Year's Eve. This fund also accounts for related expenses and is overseen by the Director of Business Development and the Events and Marketing Manager.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	0	0	61,478	117,679	70,000	62,849	64,666	66,536	68,461	70,443
Grants/Donations	0	0	52,221	28,400	55,000	55,000	103,294	101,424	99,498	97,517
Miscellaneous	0	0	56	98	0	0	0	0	0	0
Transfers	0	0	54,637	50,000	20,000	20,000	0	0	0	0
Cash Carryover	0	0	0	0	36,000	36,000	0	0	0	0
Revenue	***0***	***0***	***168,391***	***196,177***	***181,000***	***173,849***	***167,960***	***167,960***	***167,960***	***167,960***
Personnel	0	0	2,996	2,784	0	0	0	0	0	0
Services	0	0	113,049	159,114	180,000	166,960	166,960	166,960	166,960	166,960
Supplies	0	0	834	259	1,000	1,000	1,000	1,000	1,000	1,000
Expense	***0***	***0***	***116,879***	***162,157***	***181,000***	***167,960***	***167,960***	***167,960***	***167,960***	***167,960***
Surplus/(Deficit)	**$0**	**$0**	**$51,512**	**$34,020**	**$0**	**$5,889**	**$0**	**$0**	**$0**	**$0**

Parks and Recreation (Special Revenue Fund) - Accounts for revenues and expenses supporting the maintenance and betterment of the City's Parks and Recreation bureau, activities, and programming.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Operating	141,306	170,294	127,611	174,344	124,500	126,208	120,679	124,120	127,711	131,455
Grants/Donations	233,386	150,750	80,000	71,323	71,000	71,000	71,650	72,357	73,071	73,792
Miscellaneous	0	0	155	0	151,000	151,000	2,300	2,140	2,012	1,910
Transfers	102,586	0	0	22,500	16,000	16,000	0	0	0	0
Cash Carryover	0	0	0	0	61,030	61,030	9,098	5,110	933	0
Revenue	***477,278***	***321,044***	***207,765***	***268,168***	***423,530***	***425,238***	***203,727***	***203,727***	***203,727***	***207,157***
Personnel	75,956	43,496	49,643	46,193	50,030	45,131	45,131	45,131	45,131	45,131
Services	112,155	166,001	96,694	67,410	117,000	92,241	92,241	92,241	92,241	92,241
Supplies	8,695	25,441	52,996	46,700	51,500	40,105	40,105	40,105	40,105	40,105
Capital	12,089	49,410	22,878	11,252	185,000	26,250	26,250	26,250	26,250	26,250
Transfers	0	0	54,637	42,500	20,000	20,000	0	0	0	0
Expense	***208,895***	***284,348***	***276,847***	***214,055***	***423,530***	***223,727***	***203,727***	***203,727***	***203,727***	***203,727***
Surplus/(Deficit)	**$268,384**	**$36,697**	**($69,082)**	**$54,113**	**$0**	**$201,510**	**$0**	**$0**	**$0**	**$3,430**

Appendix C

Priority One Capital Improvement Projects

Department	Project Name	2020	2021	2022	2023	Total
Engineering	Market & Dewberry	375,000				**375,000**
Engineering	Traffic Signal Rebuilds	200,000	200,000	200,000	200,000	**800,000**
Engineering	East-West Multimodal			100,000		**100,000**
Engineering	Vision Zero - State Street Safety Improvements		400,000			**400,000**
Engineering	Vision Zero - Forster Street Safety Improvements			500,000		**500,000**
Engineering	S. 17th Street Complete Streets			300,000		**300,000**
Engineering	Boyd Street Pedestrian Alley				200,000	**200,000**
Engineering	Traffic Engineering Vehicle Replacement	80,000	70,000	70,000	70,000	**290,000**
Engineering	Paxton Creek (Design0 Grant Match	200,000				**200,000**
Police	Vice Van	113,000				**113,000**
Police	Police Command Van	100,000				**100,000**
Police	Substation Phase II	370,000				**370,000**
Police	Patrol Transportation Vans				130,000	**130,000**
Parks/Facilities	Chutes & Ladder Match	50,000				**50,000**
Parks/Facilities	Wilson Park Renovations Match	200,000				**200,000**
Parks/Facilities	MLK - Bathroom Remodel (8 Bathrooms) (A)	150,000	150,000	150,000	150,000	**600,000**
Parks/Facilities	MLK - Flooring (A)	61,250	61,250	61,250	61,250	**245,000**
Parks/Facilities	Hall Manor Swimming Pool (pool 2) - Epoxy coating (A)	10,000				**10,000**
Parks/Facilities	Italian Lake - bathroom refurbishing (A)	30,000				**30,000**
Parks/Facilities	MLK - Heated Air Curtains (A)	24,000				**24,000**
Parks/Facilities	MLK Government Center - Replacing Generator's Charging Unit and Transfer Switch (A)	150,000				**150,000**
Parks/Facilities	Parks Maintenance Building - Lower Shop Furnace (A)	6,200				**6,200**
Parks/Facilities	Parks Maintenance Building - Repair Main Electric Line (A)	8,200				**8,200**

Department	Project Name	2020	2021	2022	2023	Total
Parks/Facilities	Park Maintenance Building - replace damaged shop roof (A)	9,000				**9,000**
Parks/Facilities	Park Maintenance Building - Repair Generator (A)	7,300				**7,300**
Parks/Facilities	Public Safety Building - Air handler, penthouse carrier (A-Gesa)	495,000				**495,000**
Parks/Facilities	Public Safety Building - Chiller (A -Gesa)	65,000				**65,000**
Parks/Facilities	Reservoir Park Mansion - Porch masonry, railings and wood (A)	8,000				**8,000**
Parks/Facilities	Park Maintenance Building - Upper shop furnaces (A-Gesa)	25,689	25,689			**51,378**
Parks/Facilities	MLK - Ceiling Tile (A)	6,435	6,435			**12,870**
Parks/Facilities	Public Safety Building - 1st and 2nd floor flooring	84,000	84,000			**168,000**
Parks/Facilities	Public Safety Building - Ceiling Tiles	29,829	29,829			**59,658**
Parks/Facilities	Public Safety Building - Prox Access Control (A)	10,000	10,000	10,000	10,000	**40,000**
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - expansion joint (A)			100,000		**100,000**
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - new roof (A)			22,000		**22,000**
Parks/Facilities	MLK - Non Work Valve in Mechanical Room (A-Gesa)			13,000		**13,000**
Parks/Facilities	Parks Maintenance Building - repair masonry (A)			7,000		**7,000**
Parks/Facilities	Public Safety Building - Non Work Valve in Mechanical Room (A-Gesa)			13,000		**13,000**
Parks/Facilities	Reservoir Park Mansion - Garage Roof (A)			17,000		**17,000**
Parks/Facilities	Jackson Lick Pool (pool 1) - epoxy (A)				10,000	**10,000**
Parks/Facilities	Civil War Museum - Rotunda improvement (A)				250,000	**250,000**
Parks/Facilities	City Island - Deck (A)	10,000				**10,000**
Parks/Facilities	City Island - Stairs (A)	10,000				**10,000**
Parks/Facilities	Public Safety Building - Basement ceiling (A)			30,000		**30,000**

Department	Project Name	2020	2021	2022	2023	Total
Fire	Apparatus Bay Doors	200,000				**200,000**
Fire	Sprinkler Systems ST 1,2 & 8		350,000			**350,000**
Fire	Parking Lot Repavement			300,000		**300,000**
Fire	Bay Floors	240,000				**240,000**
Fire	Portable Radios				720,000	**720,000**
Communication	WHBG Robotic Cameras	26,000				**26,000**
	Totals	**$3,353,903**	**$1,387,203**	**$1,893,250**	**$1,801,250**	**$8,435,606**

Priority Two Capital Improvement Projects

Department	Project Name	2020	2021	2022	2023	Total
Engineering	Bus Stop	150,000				**150,000**
Engineering	Bridges	500,000	500,000	3,000,000	4,200,000	**8,200,000**
Engineering	Vision Zero - Paxton Street				120,000	**120,000**
Engineering	North 6th Street Project				560,000	**560,000**
Engineering	Riverfront Bollards		400,000			**400,000**
Engineering	Bucket Truck				200,000	**200,000**
Police	Police Headquarters				500,000	**500,000**
Police	Police Surveillance Tower		125,000			**125,000**
Police	Portable Area Light		25,000			**25,000**
Parks/Facilities	Stadium Lights			945,000		**945,000**
Parks/Facilities	Radnor Basketball Court		470,000			**470,000**
Parks/Facilities	Shipoke Playground		65,000			**65,000**
Parks/Facilities	Mansion & Brownstone			100,000		**100,000**
Parks/Facilities	Radnor Baseball Field		350,000			**350,000**
Parks/Facilities	Hall Manor Pool (renovations)			2,100,000		**2,100,000**
Parks/Facilities	Pleasant View Park	45,000				**45,000**
Parks/Facilities	City-wide Fountains		125,000			**125,000**
Parks/Facilities	Riverfront Park (Electric)	350,000				**350,000**

Department	Project Name	2020	2021	2022	2023	Total
Parks/Facilities	City Island (Consultant)	100,000				**100,000**
Parks/Facilities	Morrison (Consultant)	65,000				**65,000**
Parks/Facilities	Argyle Park	25,000				**25,000**
Parks/Facilities	Reservoir Park - Phase 4 & Phase 5 of Master Plan		1,700,000			**1,700,000**
Parks/Facilities	City Island Design - Phase 16		500,000			**500,000**
Parks/Facilities	14th & Shoop (Fencing) & Braxton		150,000			**150,000**
Parks/Facilities	Pleasantview Park		45,000			**45,000**
Parks/Facilities	City Island (Skyline field & Press Box)			4,400,000		**4,400,000**
Parks/Facilities	Morrison Park - Renovation Project			800,000		**800,000**
Parks/Facilities	Penn & Dauphin (Equipment & Fencing)			400,000		**400,000**
Parks/Facilities	4th & Emerald (Renovate the walkways-fencing)			50,000		**50,000**
Parks/Facilities	Jackson Lick Pool (new location)				11,000,000	**11,000,000**
Parks/Facilities	Reservoir Park - Phase 2,6,7				2,500,000	**2,500,000**
Parks/Facilities	Reservoir Park - Phase 1 & 3				1,685,000	**1,685,000**
Parks/Facilities	Argyle Street				350,000	**350,000**
Parks/Facilities	Vernon Street Playground Equipment				180,000	**180,000**
Parks/Facilities	Decking				90,000	**90,000**
Parks/Facilities	Stage				120,000	**120,000**
Parks/Facilities	Park Maintenance - Prox Access (B)	7,500				**7,500**
Parks/Facilities	Reservoir Park Mansion - Roof (B)	27,000				**27,000**
Parks/Facilities	Public Safety Building - Access Control (B)	25,000	25,000			**50,000**
Parks/Facilities	1820 Paxton Street - Prox Access Control (B)	10,000	10,000	10,000	10,000	**40,000**
Parks/Facilities	Park Maintenance Building - Dirt Road (B)		65,000			**65,000**
Parks/Facilities	Public Safety Building - Windows (B)		420,000			**420,000**
Parks/Facilities	Public Safety Building - Window Coverings (B)		25,000	25,000		**50,000**
Parks/Facilities	Public Safety Building - bathroom upgrades (B)		75,000	75,000	75,000	**225,000**

Department	Project Name	2020	2021	2022	2023	Total
Parks/Facilities	1820 Paxton - Bathroom Remodel (B)	46,667	46,667	46,667		**140,001**
Parks/Facilities	Martin Luther King Building - Reblumb Preaction System (B)			6,500		**6,500**
Parks/Facilities	Park Maintenance Building - replace damaged lower shop roof (B)				28,000	**28,000**
Parks/Facilities	Public Safety Building - expansion tank (B)				5,200	**5,200**
Parks/Facilities	MLK Building - Weather Stripping (B)				150,000	**150,000**
Parks/Facilities	Park Maintenance Building - update upper and lower shop restrooms (B)				6,200	**6,200**
Parks/Facilities	MLK Building - Window Coverings (B)	17,272	17,272	17,272		**51,816**
Parks/Facilities	Park Maintenance Building - lower shop remodel (B)				7,400	**7,400**
Parks/Facilities	Public Safety Building - HVAC Hot/Cold Water Loop (B-Gesa)				54,000	**54,000**
Parks/Facilities	MLK Government Center - Bathroom Exhaust Ventilation System (C)			8,250		**8,250**
Parks/Facilities	Reservoir Park Brownstone - HVAC repairs and upgrades (C)	5,300				**5,300**
Parks/Facilities	Hall Manor Swimming Pool (pool 2) - update changing room/bathroom (C)		250,000			**250,000**
Parks/Facilities	Italian Lake - circulation pump (C)		7,000			**7,000**
Parks/Facilities	Reservoir Park Brownstone - roof (C)		67,000			**67,000**
Parks/Facilities	Jackson Lick Swimming Pool (Pool 1) - changing rooms(C)			250,000		**250,000**
Parks/Facilities	MLK Government Center - Replacing Elevators Cameras and Security(C)			17,000		**17,000**
Parks/Facilities	Public Safety Building = Carbon Monoxide Ventilation (C-Gesa)			19,000		**19,000**

Department	Project Name	2020	2021	2022	2023	Total
Parks/Facilities	City Island Bathhouse - New Roof(C)				65,000	**65,000**
Parks/Facilities	MLK Government Center - Replace Steam Lines(C)				12,843	**12,843**
Parks/Facilities	Public Safety Building - Addressable Fire alarm system and smoke detectors(C)				23,250	**23,250**
Parks/Facilities	1820 Paxton St. - Wet Glazing (C)				10,000	**10,000**
Parks/Facilities	MLK Government Center - Commercial Water Heater (C)				5,500	**5,500**
Parks/Facilities	Hall Manor Swimming Pool (pool 2) - Lighting and cameras (C)	9,800				**9,800**
Parks/Facilities	Public Safety Building elevator access control (C)	6,000				**6,000**
Parks/Facilities	MLK - Heat Exchangers (C-Gesa)			27,500		**27,500**
Parks/Facilities	MLK Government Center-Pumps HW and CW (C-Gesa)			13,000	13,000	**26,000**
Parks/Facilities	Reservoir Park Mansion - New Windows (D)				20,000	**20,000**
Parks/Facilities	1820 Paxton St. - Exterior Fencing (D)	6,000				**6,000**
Parks/Facilities	MLK Government Center- IT Liebert Unit and Nortec Humidifier (D-Gesa)	40,000				**40,000**
Parks/Facilities	Park Maintenance Building - Replace Sheds (D)	35,000				**35,000**
Parks/Facilities	Public Safety Building - Waiting Room (D)	52,000				**52,000**
Parks/Facilities	Broad Street Market - Roof (D)		325,000			**325,000**
Parks/Facilities	Park Maintenance Building - Repair flat roof at upper shop (D)		8,200			**8,200**
Parks/Facilities	Public Safety Building - Maintenance pumps (D-Gesa)		13,000			**13,000**
Parks/Facilities	Public Safety Building- Cooling Tower, Delta (D-Gesa)		60,000			**60,000**

Department	Project Name	2020	2021	2022	2023	Total
Parks/Facilities	Reservoir Park Mansion- exterior paint (D)		34,000			**34,000**
Parks/Facilities	1820 Paxton St. - Replacement Emergency Lighting System (D)			25,000		**25,000**
Parks/Facilities	MLK Government Center - Elevator Car Remodel (D)			169,000		**169,000**
Parks/Facilities	Public Safety Building - Elevator Cars (D)			241,450		**241,450**
Parks/Facilities	Public Safety Building - Janitor Closets (D)			5,000		**5,000**
Parks/Facilities	1820 Paxton - Roof Replacement (D)				500,000	**500,000**
Parks/Facilities	MLK Building- Exterior Brick Pavers and Lighted Bollards (D)				66,000	**66,000**
Parks/Facilities	Parks Maintenance - Floor Drains (D)				5,200	**5,200**
Parks/Facilities	Public Safety Building - Steam Lines (D-Gesa)				12,843	**12,843**
Parks/Facilities	Reservoir Park Brownstone - exterior paint (D)				6,700	**6,700**
Parks/Facilities	MLK - Janitor Closets (D)				10,000	**10,000**
Parks/Facilities	1820 Paxton - Replace Broken or Damaged Flooring (D)				150,000	**150,000**
Parks/Facilities	1820 Paxton- Building Automation System (D)				18,000	**18,000**
Parks/Facilities	City Island Bathhouse - Exterior Doors (D)				13,500	**13,500**
Parks/Facilities	City Island Bathhouse - Siding (D)				52,000	**52,000**
Parks/Facilities	MLK Government Center - Elevator Mechanical Modernization (D)				290,000	**290,000**
Parks/Facilities	MLK Government Center - Replacement Switchgear (D-Gesa)				350,000	**350,000**
Parks/Facilities	Public Safety Building - Hot Water Storage Tank (D)				20,000	**20,000**
Parks/Facilities	Public Safety Building switchgear (D-Gesa)				200,000	**200,000**
Parks/Facilities	Reservoir Park Brownstone- Bathroom Remodel (D)				5,725	**5,725**

Department	Project Name	2020	2021	2022	2023	Total
Communications	EOC Media Center	93,000				**93,000**
Fire	Air Monitors	20,000		20,000	20,000	**60,000**
Fire	ATV	20,000				**20,000**
Fire	Bedroom Upgrades	400,000				**400,000**
Fire	Dive Trailer	30,000				**30,000**
Fire	Search Camera	12,000				**12,000**
Fire	Trench Trailer	20,000				**20,000**
Fire	Water Boat Rescue	80,000				**80,000**
Fire	Court Yard Station 2		300,000			**300,000**
Fire	Specialized Rescue Tools		75,000	75,000	150,000	**300,000**
Fire	Telestaff		100,000			**100,000**
Fire	TIC's		50,000	50,000	50,000	**150,000**
Fire	Window Replacement			150,000		**150,000**
Fire	Courtyard Enclosure				300,000	**300,000**
Fire	Backup Generator ST 1 &2				350,000	**350,000**
	Priority Two	**$2,197,539**	**$6,428,139**	**$13,045,639**	**$24,560,361**	**$46,231,678**