

Respectfully submitted this 29th day of September, 2017.



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Date: September 29, 2017

To: The Honorable Bonnie Brigance Leadbetter

From: *msk by awm*
Marita J. Kelley, City of Harrisburg, Recovery Coordinator

Re: Update on Receiver's Plan Implementation

I would like to introduce myself as the new City of Harrisburg's Recovery Coordinator. As the Coordinator, I have been engaged with the implementation of the City's Strong Plan, formally as of August 1, 2017. As you may be aware, I have been on Fred Reddig's Coordinator team since its inception. I have had an opportunity to meet with Mayor Papenfuse and all the members of City Council to inform them of the transition. I have tried to have a smooth transition for all involved. Please let me know, if you should wish to speak with me to review any aspect of the implementation of the Harrisburg Strong Plan and the quarterly reports to the Court.

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

This memorandum, supported by the accompanying attachment, provides the Court with a summary of actions that have occurred and issues that are involved with the continued implementation of the Strong Plan including the modifications thereto through the third quarter of 2017.

Office of the Receiver/Coordinator

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

The third quarter of 2017 saw continued activity with implementation of the Strong Plan modifications approved last year. The modifications provide financial projections through 2018 (the five-year initial term of Act 47) along with attendant recommendations that will advance the City's recovery towards the ultimate rescission of its Act 47 designation. The modifications recognize the current fiscal position of the City and provide a roadmap for City officials to advance their recovery to the point at which a rescission of its distress determination can occur. It provides the City with a comprehensive strategy to balance future budgets using the limited tools that are at the City's discretion. It offers preferred alternatives that attempt to assuage the fiscal burden

of City taxpayers and current employees and gives the City's elected officials flexibility to achieve balanced operating budgets. It also provides opportunities for funding capital improvement programming for services that are essential to improve the City's quality of life and economic vitality, some of which are incorporated in the 2017 budget.

As Coordinator, I hold bi-weekly status conference calls with members of our consulting team to coordinate all aspects of plan implementation. The Team of professional advisors comprised of the Novak Consulting Group, Pennsylvania Economy League, Dilworth Paxson, Public Resources Advisory Group and Harris, Wiltshire & Grannis along with DCED and the Office of General Counsel, has and will continue to support the Coordinator with further implementation of the Strong Plan Modifications.

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

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

Impact Harrisburg

The third quarter of 2017 saw the Impact Harrisburg Board moving forward with Infrastructure and Economic Development project grants that the Board has awarded. The Board is responsible for the administration of the \$12.3 million set aside as part of the parking transaction to fund both economic development and infrastructure initiatives to aid the City in strengthening its tax base and addressing critical infrastructure needs thus enhancing the quality of life for City residents.

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

The Board continues to meet approximately twice monthly and during the third quarter met on July 5 and 18, August 1 and 15 and September 5 and 19. Officers include Neil Grover as Chair, Doug Hill as Vice Chair, Brian Hudson as Secretary and Brittany Brock as Treasurer. Sheila Dow-Ford serves as Executive Director. The Board continues to hold its meetings at the PHFA office on North Front Street and maintains its office at the mid-town campus of HACC.

The Board is carrying an Operating account at Fulton Bank with a balance of \$234,491 as of the end of August. The remaining funds totaling \$10,995,046 are invested with Wilmington Trust. As of May 31 the allocation was 57% in money market funds and 43% in fixed income securities. The Board has authorized Wilmington Trust to gradually reduce its fixed income securities and increase its money market funds in anticipation of upcoming payments to grantees. At its September 15, 2017 meeting, the Board authorized the transfer of \$850,000 from Wilmington Trust to Fulton Bank in anticipation of its first disbursements to grant recipients.

Maher Duessel, the Board's auditor, completed the audit of the FY 15-16 year and provided it to the Board. The Board reviewed the audit and the Executive Director published a summary of the

audit in a newspaper of general circulation in the City. As the Board's operating year ended on June 30, the Treasurer and Executive Director will coordinate with the Board's auditor to engage with the preparation of the FY 16-17 audit.

Following a competitive application process, the Board awarded 2 infrastructure projects, 1 economic development contingency project and 13 community and economic development projects during the second half of 2016. CRW and the City were each awarded \$2,743,645 under the infrastructure program for a cooperative venture that supports the City's multi-modal transportation improvements funded by PennDOT. This multi-modal project has been awarded by the City to Lamb Construction and preliminary engineering has begun. The Board also approved an economic development contingency grant for \$250,000 for Microsoft 365 software for the City. The acquisition and deployment of this software addresses a critical IT and communications issue for the City and is further discussed in the Information Technology section of this report. Finally, in October, the Board approved 8 large economic development projects and 5 community building projects.

Since that time, the Board has focused on completing the contracting process for all of the grantees, developing compliance and reimbursement procedures and initiating project implementation. By year end, the Board had finalized a grant contract format and the Executive Director had met initially with all grantees to review the contract format and a project implementation process. As of September 15, 2017, virtually all contracts had been fully executed. The contract with the Downtown YMCA, Camp Curtain YMCA and Gamut Theatre are on hold due to issues involved with their matching portion of the grant.

Pursuant to the approach laid out in their proposal, Milligan & Company/Impact Pennsylvania Strategies undertook an initial assessment of each project in September and they reported their results to the Board. Based on this assessment, the Board authorized Milligan to move forward with Phase II, which involves working with all grantees to advance their projects, review reimbursement procedures and ensure grant compliance.

During the third quarter, the Board continued to develop a reimbursement policy for grantees, as well as a package of forms that grantees would submit as part of the reimbursement process. The Compliance Manager is now meeting with grantees to review the policy and information that will be needed to obtain grant reimbursements. Three projects have moved to the point where disbursements of funds have been processed. These projects are WebPage FX for \$500,000, Paxton Ministries for \$42,183, and the Harrisburg City (Office 365 project) for \$250,000.

The set aside of funds from the parking monetization for infrastructure investment and incentivizing economic and community development projects is a critical element necessary to strengthen the City's tax base and move the City's recovery to a point of sustainability for the long term. The approved projects should all advance during the remaining portion of this year, thus having their intended impact.

In September, 2017, Executive Director Dow-Ford suggested that those serving on the Finance Committee should continue serving in that capacity; Committee Chair - Ms. Brittany Brock, Members - Mr. Neil Grover, Mr. Doug Hill and Mr. Brian Hudson. The Board approved keeping the same membership on the Finance Committee for Impact Harrisburg.

The Board's web site at www.impactharrisburg.org was launched last spring and continues to be used to further publicize the mission and work of the Board. The individual who had been maintaining the site is no longer available and the Executive Director has engaged a local IT firm to further enhance the website.

As you are aware, the litigation involving PA Media Group related to the application of the Sunshine Act to the Board's meetings has concluded. The Court's Order of August 4, 2017, provides that, "Having concluded that Impact Harrisburg is not an agency for the purposes of Sunshine Act, 65, Pa, CS, Subsection 701-716, the application for Declaratory Relief filed by Impact Harrisburg is granted and the cross application for Declaratory Relief filed by PA Media Group, WITF, and Hearst Properties, dba, WGAL-TV is denied."

Judge Ledbetter did urge Impact Harrisburg Board to remain as transparent as necessary and to remain focused on its public mission and to remain as open as possible as the law permits.

The Board has committed to advertising an annual list of its meetings, as well as giving public notice of any special meetings. The legal advertisement for 2017 meetings appeared in the January 15 edition of the Patriot News. The Board has taken the position that its meetings are open to the media and has invited the media to attend, which they have done sporadically. Meetings continue to be held twice a month at 10:30 a.m. at the PHFA offices on North Front Street.

The Coordinator supports the Board's need for transparency in its actions given that its funds were derived from public sources.

Harrisburg Supplemental Growth Fund

The City continues to work with PennDOT, Dauphin County and Assured Guaranty Municipal Corporation (AGM) to address the \$10 million commitment from PennDOT that occurred as part of the Transportation Reform legislation passed in late 2013. An Escrow Agreement and the Escrow Disbursement agreement were both executed by all parties in February 2015. The escrow agreement accounts for the use of funds set aside in the Supplemental Harrisburg Growth Fund and their distribution to the Infrastructure, Economic Development and OPEB funds should the City not receive PennDOT funding. AGM and the County selected M&T Bank as the depository for these funds and the Coordinator transferred the \$6.666 million set aside in the Supplemental Harrisburg Growth Fund to M&T Bank in February 2015 pursuant to the agreement.

PennDOT's commitment is to provide \$2 million annually over a five-year period toward infrastructure repair in addition to existing funding commitments. In May 2015, the City received formal approval from PennDOT for an initial \$3.19 million grant to undertake street related improvements. A contract was executed, the City completed various resurfacing projects and an initial \$633,000 was disbursed to the City in April 2016 pursuant to the contract.

The City approved the Multimodal Grant reimbursement agreement with PennDOT for the remaining \$2.542 million at its March 21 meeting. This will complete the initial \$3.19 million PennDOT grant. These funds are designated for the Third Street Improvement Project. By the end of the first quarter all environmental clearances had been obtained for the project. Utility companies have been finalizing their work to be completed in advance of construction. NRG is completing their work at the intersection of Third and Walnut, in advance of street construction. Final design work is complete and the contract was awarded to Lamb Construction in late August and construction has started and will continue through 2018. The project involves significant modernization of the Third Street corridor in the City.

Dauphin County and AGM have expressed concerns over the time it has taken to obtain the PennDOT funding. Following discussions between all parties on how to expedite the allocation and disbursement of the remaining \$6.9 million, PennDOT advised the City to file an application under

PennDOT's FY 16/17 Multi-Modal application program for the remaining funds. On October 14, 2016 PennDOT announced the award of a \$2,236,667 grant to improve the vehicular, transit, pedestrian and bicycle movements in the City and to address several transportation safety issues. At the same time, PennDOT also committed a total of \$6,710,000 over the next three years for City projects. This approach will fully satisfy PennDOT's commitment and will expedite the process moving forward though releases will occur on a project by project basis. Design work on these projects is currently underway.

Fiscal Matters

The City's adopted FY 17 budget is balanced, totals \$109,559,760 and maintains tax rates at current levels. The two major funds are the General Fund at \$65,738,746 and the Neighborhood Services Fund at \$20,472,046. The budget also includes a Debt Service Fund of \$7,984,578 that accounts for the City's annual debt service payments. There is also a Capital Projects Fund of \$6,293,645. Prior to this year's budget, the City had not had the resources to make major investments in its capital infrastructure though they are sorely needed. The Strong Plan modifications include a number of recommendations related to capital improvement programming. As the City's recovery progresses, it will need to balance funding capital projects thru a combination of grant funds, borrowing and pay as you go (PAYGO). The 2017 budget begins to take advantage of certain grants and uses a portion of its budget on a PAYGO basis to address targeted capital needs primarily in the IT, public safety and public works areas.

The establishment of the Neighborhood Services Fund (NSF) in 2016 has had a positive impact on City finances and helped to balance demands on the City's General Fund with the fee based NSF fund. This fund is used to account for revenues and expenditures associated with refuse collection and disposal services as well as Parks and Recreation maintenance and road repair services, as those relate to the facilitation of refuse collection and disposal services and to the provision of neighborhood services. The fund provides greater accountability for these services as well as fee based support. In addition, the budget has a number of smaller Special Revenue funds including Liquid Fuels, Host Municipality, WHBG, Police Protection, Fire Protection, Blight Remediation, Parks and Recreation, and Special Events and Projects Reimbursement funds.

The Coordinator continues to closely monitor the City's financial position and works with the City's Finance Office on cash flow related matters. The City's strong year-end cash position was such that it did not need to pursue a TRAN for 2017. It's important to note that for each prior year since the Strong Plan's consummation in December 2013, the City had been able to obtain a TRAN from the banking community. This has been an important step in enhancing the City's credit worthiness as prior to 2014, the City had been unable to obtain a TRAN.

The City's bi-weekly General Fund payroll averaged \$900,000 for the quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$125,000 for the quarter. The Coordinator reviews City payables for both the General and Neighborhood Services Funds on a bi-weekly basis to insure expenditures are consistent with the confirmed Strong Plan. During the third quarter, 6 bi-weekly check runs were reviewed, comments provided and approved. Through the continued diligence of the City's Finance Office, the City has been able to meet payroll and all creditor obligations through the third quarter and has continued to maintain a current status (within 30 days or less) for all payables. The cost containment provisions of the Emergency Action Plan continue to be followed as they relate to the City providing "necessary and vital services."

Since the September 30th official financial reporting is not available, I will be providing financial information through the end of August so that you have the most up-to-date and complete data

available. A review of actual revenues and expenditures through the end of August finds that the City's total General Fund revenues were \$43,473,748 (70.8% of budget) while expenditures were \$39,899,735 (60.7% of budget). The City has continued to receive significant Local Services Tax and Earned Income Tax revenues during first three quarters of 2017 which has served to strengthened its cash position. EIT revenues through August were \$7,817,058 (72.3%). The 2016 budget included an increase in the Local Services Tax (LST) from \$52/year to \$156/year and was an element of the Court confirmed Strong Plan modifications. The increased LST, though effective for calendar year 2016, was not implemented until July 1. It was withheld at a rate of \$5/week thru the end of 2016, thus the LST's strong revenue performance was due to the fourth quarter filings received in the first quarter along with reconciliation filings in the second quarter. LST revenues through August were \$5,578,373 (100.3% of budget).

Other revenues of note thru August include Current Real Estate Revenues of \$14,266,206 (97.0% of Budget), Permit Revenue \$1,585,458 (116.5% of budget) parking tax revenues of \$2,707,821 (70.1% of budget) and priority parking and ground lease revenues of \$1,729,787 (57.7%) of budget. The 2017 cash flow summary attached with this report reflects actual revenues and expenditures through August with projections through year-end.

As of the end of August, the City had timely met all of its debt service payments thus far this year. During the second quarter the City made a payment of \$229,485 on the HRA Series 2005 Revenue Bonds for FNB Stadium; and a \$500,000 payment on the HRA 1998 Revenue Bonds (Verizon Bonds). The City also made a \$1,000,000 payment to the Suburban Communities pursuant to the Settlement Agreement with them. This payment dropped \$500,000 from the last 3 years with an additional \$1,000,000 due next year and a final payment of \$225,000 due in 2019. The City also made the final payment on the equipment lease with Sun Trust of \$78,814. The City is to be commended for fulfilling its debt service payment obligations on a timely basis.

Given the City's improved fiscal condition, the City made the entire \$3.75 million dollar bond payment on the 1997 bonds on September 15, 2017. This is the first time the City has paid its entire original debt service obligation on the 1997 general obligation bonds since September 15, 2011. The Settlement Agreement with Ambac addressed both the debt service payments not made in FY 12-13 and provided the City with cash liquidity in the early years of its recovery. AMBAC agreed to a 10-year extension of the loan and a reduction in the early years of its repayment obligations, which was, in essence, a loan to the City at an interest rate of 6.07%. For every \$1 million the City repays early or does not borrow from Ambac, it would save \$60,000 in annual interest through 2022. Further, because this amount would not be borrowed and interest would not accrue, the City would realize a further savings of approximately \$400,000/year for FY 23-32. I've encouraged the City's elected officials to seriously consider on a going forward basis, pre-payment or not borrowing from Ambac, as it would help them in their path towards sustainability.

The Coordinator's Mid-Year Financial Management report was submitted to the Mayor and City Council at a City Council work session on September 5, 2017. The Mid-Year report ending June 30, 2017 indicated that the City's General Fund cash balance was \$20,236,037. This is \$9 million higher than at this point in 2016 when the City's cash position was \$11.1 million. The increase in part is due to the closure of the impress account that was used for medical reimbursements, which resulted in the transfer of approximately \$4 million to the General Fund as well as the strong LST and EIT collections.

As the new Coordinator, I had a chance to meet with the City Controller and City Treasurer and their staff to discuss important fiscal matters. The Coordinator continues to support the work of

the City Controller and Finance Office to provide budget vs. actual reports to the Administration and Council. This information is an important element in having transparent fiscal information available for elected officials to make timely decisions as well as keeping the public aware of the City's financial condition. The Controller's December year-end report reflected a Budgetary Fund balance at December 31, 2016 of \$18,201,820 in the General Fund and \$6,894,449 in the Neighborhood Services Fund. The Budgetary Fund balance is the cumulative residual balance after subtracting expenses from revenues, on a cash basis.

The Controller's Office continues to monitor compliance with purchase order procedures and recently updated its review of City purchasing procedures through September. The review found continued improvement in the various departments complying with purchasing procedures. When the Controller began his review in 2015 each individual department, bureau and office was acting as an autonomous purchasing entity operating under its own policies. Significant improvements have occurred over the last two years with the filling of the Purchasing Manager position and a commitment made to follow City procedures for purchasing. In December, the Mayor issued an Executive order updating the City's Purchasing policy to conform to municipal code and Commonwealth requirements. Instances where individuals purchased goods and services prior to a fully executed purchase order being generated have been greatly reduced and there has been a marked improvement in adherence to related fundamental internal controls. The non-compliance rate dropped from 81% in the first quarter of 2015 to 26% in the second quarter and further dropped to 8% for the last two quarters of 2015. For 2016 the non-compliance rate was 3% and thru June 15, 2017 was 3.8%. It's important that all City personnel follow the City's purchasing procedures and obtain purchase orders prior to a purchase to ensure available funding.

The Finance Office spent considerable time during the third quarter in preparing for the FY 16 audit. Trout, Ebersole & Groff was again engaged to complete their audit preparation work in the areas of OPEB, compensated absences, and utility receivables (refuse and disposal). Maher Duessel (MD), the City's independent auditor, completed interim procedures in February. This included testing cash disbursements, reviewing previously provided updated internal control narratives/memos, and confirming their work chart for the various sections of the audit. At that time all audit confirmations (mostly for restricted cash or trust accounts and debt) were completed/signed and provided to MD for handling. MD also has obtained the following items as part of their preliminary work: internal control updates, bank statements for testing, 2016 budget info, 2016 journal entries, OPEB valuation, new debt documentation, and some IT reports. MD came onsite and began work on the audit in mid-June with issuance of the FY 16 audit by September 20. The audit was submitted on time and included important guidance to the Mayor, City Council, and the Finance Director.

The City's Audit Committee was established to provide an independent review and oversight of the City's financial reporting processes, internal controls and its annual audit. The Committee is comprised of five voting members, and the Chair of the Budget and Finance Committee. The City's independent auditor now reports directly to the Audit Committee. The Committee met March 29 and heard from Maher Duessel on the timeline and status for the 2016 Audit and continues to be quite active with fiscal management matters.

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

Operational Issues

During the third quarter of 2017, Harrisburg, with the support of the Act 47 Coordinator, made further progress on a number of key Strong Plan operational initiatives. The primary areas of focus relate to the acquisition of Act 47 grant resources to augment managerial capacity; enhance IT infrastructure development, strategic planning, project management capacity, and; creating lasting improvements in the City's refuse and recycling collection operation. A progress report regarding these areas, as well as other key Strong Plan operational priorities and initiatives, is detailed below.

Finance and Administration

Following the approval in August of a \$465,380 Act 47 grant to support implementation of four key Strong Plan initiatives, the contract was fully executed in November. Since then the City has proceeded with implementing the various projects funded by the grant.

One of the most significant longstanding initiatives in the Recovery Plan is to fill the position of Business Administrator. The Mayor has a final candidate for Business Administrator. He has discussed this individual with me and he has explained that the individual has a law degree and he will be assigned to assist me with various Strong Plan implementation efforts. The City has been without a Business Administrator for approximately two years and, as a result, the Mayor has served as both the chief executive officer and chief administrative officer of the City. The complexity of the City's operational and financial challenges and prospective special projects warrant a full-time professional manager. This new candidate should be a welcome addition to the Mayor's Cabinet. The Act 47 grant award provides a three-year salary supplement that will allow the City to increase the compensation package for the Business Administrator position. The adopted 2017 budget includes funding for the Business Administrator position. The Coordinator's team will assist City officials as necessary and will continue to participate in the selection process.

The grant award also provided funding for a classification and compensation study for managerial and administrative employees. Since Harrisburg entered Act 47, the City has worked diligently to build staff capacity in critical managerial and administrative positions. Though there have been many successes in the effort to attract quality personnel, recruitment continues to be a significant challenge. Moreover, even in cases where the City has been able to recruit quality personnel, retention has been difficult. This significantly slows the City's efforts to initiate and maintain long-term improvements to operations and service delivery. Although it is clear that salary and benefit packages need to be adjusted in order for the City to attract and retain the quality personnel required to carry the City beyond Act 47, it is not clear what positions should be adjusted or to what degree those positions need to be adjusted. As a result, a classification and compensation study is needed to assess where adjustments are required. At its 4/11 Council meeting, Council approved a contract for \$44,500 with Springsted Incorporated to conduct a classification and compensation study of the City's exempt and non-exempt, non-represented employee job classifications. Springsted has started work on the compensation study and has requested City management employees to complete surveys about their positions and commenced its analysis of the compensation of City management employees, benchmarking compensation to the relevant job titles in the job market. The study is to be completed by September and its recommendations integrated into the FY18 budget process.

The Bureau of Financial Management has successfully implemented quarterly financial reporting, implemented a standard budget development calendar, and established a standard position control system. Most significantly, the Department of Administration has developed critical staffing

capacity in the areas of financial management, purchasing, grant administration and IT management. These improvements in internal expertise have resulted in real progress. Most recently the City hired a staff accountant/financial analyst who started in January that further builds internal capacity. This individual has become a vital member of the Finance team with responsibility for the review and posting of journal entries as well as posting of accounts payable for each bi-weekly check run.

The City must also continue to develop and adopt comprehensive financial policies. The 2013 Strong Plan called for the development and adoption of comprehensive financial policies. These recommendations were continued in the Strong Plan modifications. Such policies are looked upon favorably by rating agencies and are another important step for the City to regain credibility in the financial marketplace. The Act 47 Coordinator developed draft debt and fund balance policies for review and adoption by the City. The Chair of Council's Finance Committee has expressed strong interest in advancing this policy and in the fourth quarter City Council established an ad hoc committee comprised of the Finance Committee Chair, Controller, Treasurer and Finance Director to review the proposed policies. The Committee reached general agreement on the policies and they have been advanced for Council's action. They were scheduled for discussion at Council's 6/20 meeting, however, the Controller was unable to attend this meeting due to an injury and the Finance Chair asked that the policies be deferred until a later meeting when the Controller could be in attendance. The Coordinator continues to advocate for the adoption of these policies at the earliest possible time.

Though the City has completed a number of important initiatives, there are still significant opportunities in the areas of executive management, financial management, and information technology that deserve attention and are therefore included in the Strong Plan modifications.

Treasurer's Office

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

In order to improve the operation of the Treasurer's Office and address concerns that had arisen, the City engaged Alvarez & Marsal to undertake a review of the City's financial operation with a particular emphasis on the Treasurer's Office and its policies, procedures and processes. The review was conducted in late 2015 and the report was issued in February 2016. Although the review did not find any instances of suspicious activity, it did identify a number of key findings including:

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

The report further recommended the following:

- Segregate responsibility for the approval and release of wire transfers from their initiation
- Eliminate generic "Wires" bank token

- Move responsibility for account reconciliations from Treasury to another office, possibly the Controller's Office
- Bring all account reconciliations up-to-date and record all prior adjusting entries
- Address all known discrepancies in City books in a timely manner
- Create a master inventory of all City bank accounts/close unnecessary accounts
- Hire a strong Assistant Deputy Treasurer and ensure that person is empowered to act independently
- Create a set of written policies and procedures for all processes in Treasurer's Office
- Improve physical security of Treasurer's Office
- Address cultural issues related to acceptance and expectation of errors

Treasurer Miller completed a review of the report in September and acknowledged certain of the findings including the need for better segregation of duties to strengthen internal controls and the inability to reconcile the Treasurer's Office accounts with those of the Finance Office. He further stated, however, that certain findings were not correct according to practices currently in place.

Since September of 2016, the Treasurer's Office has worked to address those issues that were deemed substantive and accurately defined in the audit. For example, prior to the audit the Treasurer's Office had a generic login and banking token that was not assigned to a specific person. This issue has been addressed and the token is specifically assigned to the Treasurer.

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

The Office of Treasurer and the Controller's Office have also initiated a process whereby the Controller's Office provides additional segregation of duties for all wire transfers. All wire transfers require review and sign off by the Controller's Office, which creates a best practice segregation of duties for such activities.

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

Collaboration between the Treasurer's Office and other City offices has significantly improved under the direction of the current City Treasurer. The Treasurer's Office has maintained a close working relationship with the Controller's Office and the Bureau of Financial Management. Meetings occur at least monthly to review accounts and address any issues that arise and staff in these offices work together on an almost daily basis to carry forward the financial management work of the City. The Treasurer and the Mayor have also begun meeting monthly to discuss

projects of joint interest and foster cooperation and communication among the City's financial and executive management personnel. This cooperation is a fundamental goal of the Act 47 plan.

To further provide the necessary capacity to ensure better segregation of duties, the Treasurer's Office initiated recruitment for two positions – an Accounting Clerk and a Customer Service Representative in late 2016. The Accounting Clerk position was filled in January and the Customer Service Representative position was filled in May. Filling these two positions, and, more importantly, filling the position of Assistant Deputy Treasurer in 2016, has allowed the Treasurer's Office to institute the necessary segregation of duties in the office and address one of the A&M Study recommendations.

In addition, filling the Customer Service Representative position has not only enhanced customer service, but decreased the frequency with which other Treasury staff are drawn away from core responsibilities to address customer inquiries. In addition, the Treasurer has established a policy that all phone calls to the office be returned same day and has assigned personnel to field and collate phone messages to ensure that these responses occur. This is another positive customer service development.

In the third quarter of 2017, the Treasurer's Office was engaged in a number of additional special projects. The Treasurer and the Mayor have initiated project planning to expand ACH participation, or automatic payments, for City licenses, permits, and service fees. Currently the City estimates that less than 6% of the eligible public utilize the ACH system. The Treasurer's Office and the Mayor's Office are seeking to dramatically expand participation in ACH, which will in turn generate significant process efficiencies in the City's financial management and accounting functions. Though the project plan is still under development, the initial goal is to develop an intensive marketing and public communication campaign over at least a 3-month period to occur the fall of 2017.

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

The Treasurer's Office has also agreed, in principle, to take over the management of the residential parking permit program from the Police Department. Historically, civilian staff in the Police Department have managed the process of distributing residential parking program renewal documents, processing applications, and receiving payments before conveying revenue to Treasury. Though this function has traditionally been performed by the Police Department, the limited civilian capacity at the Department has resulted in program management challenges. Given that the Treasurer's Office is responsible for ultimately processing revenue from the program, they have agreed in principle to take over program management. They intend to initiate a process whereby residential parking permit applications are mailed to residents well in advance of renewal deadlines. This will also streamline the cash receipt and reconciliation process. The Treasurer's Office and Police Department are working on the details of this change, and plan to initiate the change in time for the 2018 renewal period.

The Treasurer's Office, Controller's Office, Mayor's Office and Bureau of Financial Management are working collaboratively to improve the financial management operations of the City including addressing recommendations from the A&M report. The broader cooperation that is occurring will

strengthen internal controls and improve overall efficiency in the City's financial operation. I have offered the Coordinator team's assistance with implementing the report's recommendations.

Information Technology

A prevailing issue in the City has been deteriorating and antiquated IT infrastructure, as further discussed below. The City has had limited capacity to address these issues due to finite resources as well as difficulty maintaining a full complement of IT personnel. The City's IT staffing capacity is very limited and its Director is constantly putting out fires. This situation was addressed in the 2016 Strong Plan modifications as it was recognized there was a need to make significant improvements in the City's IT infrastructure as a critical step to improve the efficiency of City services. The Strong Plan amendments included a recommendation for Act 47 funding support and following the approval of the City's application, an Act 47 contract that included \$75,000 for an outsourced Information Technology project manager was fully executed. The contract provides for the engagement of a third party to address mission critical IT infrastructure issues and assist the City in prioritizing and coordinating IT related needs. The City has engaged Sigma Resources to provide IT project management, assess IT needs and develop an IT strategy moving forward.

As new Coordinator, I met with Jeff Briel, Sigma Resources to discuss numerous IT concerns. He and I have set-up a meeting with Kelly Logan of Harrisburg University on October 4, 2017. We hope to further discuss ways that Harrisburg University could assist the City and its IT operations in the future.

The overall culture and climate of the City has been one of silo and franchise preservation. The culture of IT in particular has been one of reactivity. A major initiative, in all activities, is to instill collaboration and acknowledge IT as a Service. While this "turn" won't occur immediately, as the problem took many years to manifest to this degree, the guidance provided by Sigma Resources is having an impact.

A Sigma facilitated IT retreat with all City departments last August resulted in the identification of three key IT objectives: Internal Communication; Document Management; and Business Processes. Sigma's implementation strategy is focusing on each objective on an enterprise wide basis as there is a critical need to share information across City departments which can result in greater efficiencies in City services. IT should be viewed as a service and Sigma is working to instill this concept throughout City government. The first initiative, a Service Desk program, was deployed in early October. This requires any individual/department needing IT support to complete a service ticket which will then be tracked thru completion. This approach will eliminate the current crisis approach to service though its success to date has been limited. IT culture in the City remains a challenge with the implementation of this initiative though education to reinforce the need for this tracking is continuing.

Additional action taken by the City was the establishment of an IT Advisory Committee to provide input into the City's IT issues. The Advisory Committee is chaired by Charles Gerhard, the state's former IT manager, now with Harrisburg University's Government Technology Institute. The Committee includes individuals from Harrisburg University (HU), the state's Office of Administration, Sigma Resources, the Coordinator and City Department representatives. It meets on a monthly basis to provide guidance and coordinate IT related issues. I attended Committee meetings on April 5 and May 3. As part of this effort HU continues to provide in-kind services as have a number of local IT firms.

Last summer, the City experienced significant problems with its IT infrastructure, especially with its network and the failure of its server drives. This resulted in considerable downtime, loss of information and productivity. It also prevented City officials from being able to access email, key documents and files stored on the shared drives. This crisis has been long in the making after decades of neglect and failure to update IT infrastructure and provide staff training. Given the critical nature of this issue and its threat to access to financial, legal, police and fire records, the City with support from Sigma Resources and the Coordinator's office, has moved forward to aggressively address IT issues.

The City included a number of IT investments in its 2017 capital budget, with approximately \$275,000 dedicated to server replacement, network switch replacement, and Office 365 implementation and related upgrades. These investments are further supported by Act 47 and Impact Harrisburg funding and have been prioritized with the assistance of the IT advisory committee. They will serve to fundamentally improve the reliability and utility of the City's IT infrastructure.

The identified solution to the email situation was to acquire the Microsoft Office 365 software for the City's email needs. This software will take the City's email service away from the server and into the cloud. The acquisition was supported by a \$250,000 grant from Impact Harrisburg. Under the direction of Sigma Resources, its implementation began with a kickoff meeting and demo on December 14 with a pilot group of about 21 employees from across City departments were introduced to the product, its features and the intended usage plan. A pilot license was acquired from Microsoft which allowed the pilot group to proceed with testing the software. The pilot ran thru early March while the City was concurrently obtaining the full license agreement with Microsoft. Users were grouped into logical segments and a migration schedule established. The migration began in mid-March and has continued thru the second quarter with approximately 20-25 employees migrated per week. By mid-June, all Departments were migrated with the exception of the Law Bureau and the Mayor. Sigma engaged a full-time project manager in December to manage this initiative and coordinate between Candoris (the Office 365 partner vendor), the internal user base and Microsoft. A plan to implement a Bring Your Own Device (BYOD) policy as well as archive, retention and usage policies have been discussed with the Mayor and Solicitor and are under review. It's important that these policies be enacted as part of the migration process.

Concurrent with the Microsoft 365 initiative, various elements of internal network infrastructure have been upgraded. This is another critical need so that there is bandwidth available and equipment that is reliable to meet the City's needs. These items include new wiring, network switches, routers, firewalls and other infrastructure elements. As of June, all hardware, switches and wiring have been installed.

Another major problem the City has had to deal with is with its secondary SAN server which uses outdated technology. This unit failed last year and the remaining storage is quite old and at or very near capacity. Several efforts have been made to replace the failed SAN unit including a unit donated by Unisys though after a significant effort, this unit was found to be defective or improperly cleared by Unisys and was unusable to the City without a significant, cost-prohibitive repair. A second donated SAN was found to be incompatible with the City's current IT Infrastructure. During the 2nd quarter the City acquired a SAN that will provide redundancy. It is a new state of the art, high performance SAN that will not be as susceptible to failure as the current SAN. A health check is being completed to insure redundancy prior to the shutdown that will occur when the new UPS is installed. It is anticipated that the UPS will be replaced by the end of June.

A variety of software upgrades and functional replacements are also being considered. Some of these offset legacy systems from the mainframe while others provide efficiency through automation that has not existed in the past. Where practical, software-as-a-service (SaaS) is being considered as the preferred paradigm as well as looking for solutions that support the Enterprise instead of only individual departments. Enterprise software is currently a challenge as no one has looked at IT needs across departments. Sigma Resources though is moving the City in this direction and undertaking due diligence on the above approaches. They are preparing a capital budget submittal to be considered as part of the FY 18 budget process.

The City's current Nortel phone system is quite old and requires significant effort to maintain. The obvious recommendation is to move toward a VoIP solution once the network infrastructure and budget permits. At this point though, with the exception of the replacement of a failed system at DPW which occurred in the first quarter, no enterprise upgrade is planned. A City wide solution though is budget constrained and requires network upgrades to be completed first.

Morefield is also continuing to work with the police department to address phone communication issues for non-emergency calls. These calls are not accepted by the County's 911 center and are referred to the City. A phone tree is being established with protocols on processing these calls.

Harrisburg University's Government Technology Institute sponsored a review of the City's data analytics where Information Technology (IT) leaders participated in a ten-month (September 2016 – June 2017) Information Technology Manager (ITM) program. They undertook a review of Open Data and Data Analytics with a goal to provide recommendations to the City that would be of benefit to those living, visiting, and working in the City. The City faces many obstacles to developing an Open Data Initiative including limited funding and legacy systems. Data is not currently available to citizens; and internally, operations are divided among multiple departments and information is not shared resulting in much frustration and inefficiencies. The report including its recommendations was presented to the City in mid-June and will be used to focus on future IT system enhancements.

Last week I met with the Finance Director, City Controller, City Treasurer, and the new IT Director to discuss how the City might examine new hardware and software options. The new IT Director has an excellent perspective on the issues relating to the existing IBM driven system and the financial management general ledger software system. The team agreed to meet monthly to discuss how the City can improve its IT operations, specifically, as they relate to financial management reporting and integration. The next meeting is scheduled for October 25, 2017. The goal is to have a strategic IT plan within the next six months. An IT Assistance Director will start on September 28, 2017 and he will be added to the meeting invites and provided an agenda for the meeting.

Solicitor's Office

Although the Solicitor's office had filled two additional positions, an Assistant Solicitor for Collections and an Assistant Solicitor for Litigation late last year, the Litigation Solicitor resigned in May. The City Solicitor's Office filled the Assistant City Solicitor, Litigation position in mid-July.

In addition, the City retained outside real estate counsel to assist in a variety of title and transfer issues, both current and historical. The Solicitor's Office also accepted the assignment of a management employee. The employee is tasked with much needed record system and filing updates, an assignment that began in the first quarter and will continue thru much of the year.

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

As of June 2017, the City had received \$10,000 from the first major delinquent waste account. In addition, several other settlements are pending. Neighborhood Services, the Bureau of Financial Management, the Treasurer's Office, and the City Solicitor's Office are working together on an initiative to create automatic electronic collection of sanitation fees as well as other City licenses and fees. The initial goal is to have this system in place by the close of 2017.

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

The City's Risk Manager resigned the end of May to take a position with a local university. This is a big loss as the individual was an attorney and brought an excellent skill set to the position. She handled collective bargaining, grievance and arbitration issues as well as insurance and risk management issues. The Law Bureau has decided to take back the responsibilities for this position and they will continue to include a labor focus in light of the Risk Manager's departure.

There are several litigation issues that could pose a liability for the City. One involves a civil dispute between landowners and insurance carriers over the 2016 collapse of a wall and parking lot onto a Cameron Street business. There are at least 10 parties involved in this matter and though the City should have no exposure related to the collapse there are other legal costs involved for the City that are significant. There is also a federal civil rights claim challenging the City's Buffer Zone Ordinance which was remanded by the Third Circuit Court of Appeals to the U.S. District Court for the Middle District of Pennsylvania for that Court to consider anew a request for preliminary injunctive relief. A hearing has been scheduled in October.

The Strong Plan modifications provided for the City to again retain experienced public-sector employment labor counsel for its labor relations activities including the negotiation of FOP and AFSCME contracts that expired the end of 2016 and the IAFF contract that expires the end of 2017. The City engaged Elliott Greenleaf to serve as outside labor counsel to assist with these contracts. During the first quarter, Elliott Greenleaf attorneys successfully negotiated both the FOP and AFSCME contracts and negotiations with the IAFF are currently underway. A further discussion on labor issues is found in the collective bargaining section of this report.

Fire Service

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

In March of 2017, the Bureau sent 12 new recruits to the Fire Academy. Eleven of those recruits successfully graduated from the Academy and were incorporated into active service in mid-June. These new recruits will augment firefighting capacity, while continuing to be mentored and trained by senior firefighters and company officers. These recruits replace senior firefighters who have retired from service and so represent a cost savings in salary and benefits. In addition, this on shift capacity will limit the need to rely upon overtime to meet minimum staffing requirements. The total career firefighter complement in June is 80 personnel with 5 vacancies. The Bureau plans to move to fill these vacancies in the fall.

Though these recruits will add capacity, the Bureau will continue to experience retirement attrition. In June, there were two scheduled retirements and the Bureau anticipates that it will have another two retirements by year end. This will in turn require regular, recurring hiring to ensure that firefighting capacity remains strong and to limit growth in overtime expenses. The Bureau's current Civil Service list is valid through October 2018. The Bureau will be able to draw upon this list for hiring in the fall of 2017 and to address any unanticipated vacancies that may occur.

In addition, in the third quarter of 2017, the Fire Bureau completed a promotional exam process to backfill vacated company officer positions. The Bureau is in the process of reviewing the results of that list and intends to make promotions by July 2017. In summary, the Bureau has been diligent in its effort to maintain an effective firefighting force and limit overtime expenses. This is a positive practice that has been institutionalized as a management expectation and deserves recognition.

In addition to the personnel matters discussed above, the Bureau received a new fire engine – Engine 4 – in the second quarter. This engine replaces aging apparatus and allows the former front-line apparatus to replace inadequate and antiquated reserve apparatus. This will better equip the Bureau to maintain consistent response and service when front-line apparatus is deactivated for inspection, maintenance or repairs. The Bureau is also in the initial stages of writing specifications to replace the Tower 1 ladder truck.

The Bureau has also been confronted with a number of facility repair challenges. It has been proactively addressing issues when funds can be obtained through grant resources or the City budget, but there are a number of facility repairs that still need to be funded; for example, roof replacements are needed at all three fire stations. The Bureau will continue to seek grant funds and will work through the City's operating and capital budget processes to fund these important repairs.

The Bureau has also been actively working to replace its aging fire hose inventory. It is currently working with a hose manufacturer to design new 2 1/2" and 3" hoses to replace the Bureau's current inventory, which has exceeded the National Fire Protection Association's recommended life cycle. This will not only upgrade the quality and reliability of fire hoses, but will standardize threads and connections between all Harrisburg fire companies and all neighboring fire departments. These purchases, which are partially grant funded, are an important operational improvement and will serve to improve efficiency at fire scenes and streamline multi-departmental cooperation in mutual aid situations.

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

cost of providing services, though the Plan modifications address the need for additional adjustments to the false alarm fee structure based on current costs.

In addition, the Bureau continues to seek opportunities to generate additional revenue through special services and regional training programs. In May, the Bureau held its annual Firemanship Days event. This event is a training event and conference offered to firefighters from Pennsylvania, Maryland, New York, West Virginia, and Ohio. This year, as in previous years, the program has not only covered its costs but generated revenue for the Bureau. It also provides Harrisburg firefighters, who may attend free of charge, the opportunity to engage with their peers and share best practices and approaches to the betterment of the citizens of Harrisburg and Pennsylvania.

With changes to the deployment model and the addition of personnel to the Bureau of Fire, staffing and deployment have stabilized. The Bureau has placed increased emphasis on training and procedure updates and reviews, and regularly utilizes a safety committee to review workplace injuries and mitigate risks. The Bureau has adjusted its fire academy curriculum to provide an additional three weeks of training for new recruits on special rescue operations. In addition, the Bureau is currently completing a review and update of the standard operating guidelines to ensure that they represent current best practice and maximize the safety of firefighters and the public. The Bureau provides a high level of service to residents, businesses, and visitors, and maintains a complement of highly trained firefighters and command staff.

There are, however, additional initiatives and opportunities that should be pursued by the Bureau in the coming years. The most significant initiative with the potential to both enhance service levels and revenue relates to regional fire service delivery.

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

The Bureau of Fire has begun evaluating these opportunities and participated in a Firefighters Forum organized by the Capital Region COG in August 2016. The goal of the Forum was to start a conversation on the need to address the significant decline in volunteer firefighters. Fire Chief Enterline participated in the Forum and voiced the opinion that fire companies should look at a regional staffing model that would be administered by an authority or possibly the COG. A full evaluation of options available will require detailed deployment and staffing analysis, cost estimates, and extensive conversations with neighboring communities and their elected officials. The Bureau is dedicated to exploring these options, however, there appears to be hesitancy from volunteer fire companies in the area. The costs associated with moving from volunteer to career firefighting models, even on a regional basis, can be daunting to small neighboring communities. In addition, initial conversations with neighboring communities indicate a reluctance to enter into agreements with the City while the City is in fiscally distressed status. However, the Bureau continues to serve as a regional partner and resource to neighboring communities and actively explores every opportunity to enhance its role as a partner.

Another initiative in the Strong Plan modifications calls for the City to evaluate the hiring of a Deputy Fire Chief who would be responsible for inspection and fire prevention programs as well as reporting and billing. The salary for this position has the ability to be fully offset by revenue

increases and/or expenditure reductions. The Bureau will consider pursuing funding for this position during the upcoming budget process.

In the fourth quarter of 2016, the Fire Department began proactively working with the City's IT Advisory Committee to address its IT needs. Harrisburg University and the Fire Department initiated a pilot IT training program involving six students who began working one on one with Fire Department employees. The pilot program, which focused on Office 365 training for the Bureau's Fire Inspector and Administrative Assistant position, concluded in May of 2017. The Bureau is highly satisfied with the training that was offered and is working with Harrisburg University to expand the program in the fall of 2017. The goal will be to train firefighters on various features and functionality of Office 365, and to augment the Office 365 roll-out being completed City-wide.

Police Service

The Bureau of Police has made strides in implementing many of the initiatives outlined in the 2013 Strong Plan. The Bureau has consolidated the use of specialized units in favor of assigning additional personnel to the patrol function and has reduced civilian staffing in the parking enforcement function as a result of the monetization of parking assets.

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

The FY 17 budget provides for a staffing complement of 166, including 156 sworn positions. In June the Bureau hired six new officers and is also sending eight recruits to the Police Academy in July. Currently, there are 17 total vacancies in the Bureau with at least 10 retirements expected by year end. In addition, of the 10 expected retirements in 2017, two are Lieutenants. The Bureau also has a number of corporal, sergeant and detective position vacancies. The Bureau expects to conduct a promotional test by the end of 2017 and plans to complete the promotional process in 2018.

The Bureau is also recruiting for a Crime Analyst, a new position included in the FY 17 budget to support proactive policing initiatives, and for a Parking Enforcement Officer. Resumes and application reviews are underway for both positions. Filling these important support positions will augment the Bureau's ability to more effectively deploy sworn personnel. The Crime Analyst position will aid the Bureau in its ability to strategically deploy limited sworn resources to problem areas. The Parking Enforcement Officer position will limit the need for sworn officers to conduct parking enforcement and potentially generate additional revenue for the City.

It is also important to consider if other deployment schedules are available to enable the Bureau to more effectively, or more efficiently, deploy its limited staffing resources. Police officers who are assigned to uniformed patrol perform regular tours of either 7:00 a.m. to 3:00 p.m.; 3:00 p.m. to 11:00 p.m.; or 11:00 p.m. to 7:00 a.m.; with steady days off. Although a steady tour

schedule provides a welcome measure of regularity for the workforce, there are a number of other schedule alternatives that can be evaluated to determine if deployment and schedule changes can mitigate the impact of staffing shortages. For example, implementation of 12-hour schedule deployment models has demonstrated value in decreasing the incidence of unexpected time off, which impacts staffing availability and potentially overtime usage.

Effective scheduling requires analysis of operational and financial efficiencies, the unique needs of the Bureau and the community, and the impact of the schedule on its employees. There are numerous possible alternatives, and the evaluation of those alternatives must be made to ensure that they result in a more efficient use of resources that will enhance police service without creating undue stress on officers.

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

As with the Fire Bureau, there are opportunities in the policing area to promote regional efforts that can enhance service and potentially generate revenue or reduce expenses. In 2015, Dauphin County and the District Attorney's Office, with support from the Act 47 program, contracted with the Police Executive Research Forum (PERF) to assess opportunities for regional police initiatives in the County. Harrisburg's Bureau of Police, as the largest police department in the County, was included as an important participant in that assessment and the City's Police Chief and an FOP representative both participated as members of the Task Force.

The final report with recommendations for service and cost sharing was completed at the end of 2015. The report identified opportunities for the City's Police Bureau to engage in cooperative efforts that may enhance service and potentially reduce expenses. Though opportunities have not presented themselves yet, it is recommended that the City aggressively and proactively pursue those opportunities as this intergovernmental initiative is consistent with the Strong Plan's goals and could open the door to even greater cooperative ventures in the future.

In their efforts to reduce crime, the City's Police Department deployed two new tools in mid- 2016. A database of businesses and residences with video surveillance systems to help streamline investigations was established. The effort began in the police department's forensics unit and is designed to help direct detectives to known camera systems nearby after a crime is reported. The system can provide valuable information to identify individuals involved in criminal activity.

Police have also reactivated a crime mapping database for all reported crimes in the City. The system went down the end of 2015 and after resolving technical issues the searchable database went live in June. The new system known as RAIDS Online is a significant upgrade and now allows residents and others to conduct research on the City's real-time crime reports. It provides layers of useful data in maps, grids, and charts with analyses that show the frequency of crime by hour and day of the week. Residents can search by address or citywide and for crimes by date or type of crime and also sign up for email alerts. The crime analyst position, when filled, will further enhance proactive and intelligence led policing initiatives.

The Bureau is also actively pursuing three new technological tools that are designed to generate efficiencies in policing processes. The first tool is called CopLogic. CopLogic is an online reporting

system that will allow citizens to file police reports for certain types of incidents online, or at a terminals located at Police headquarters. This software has the dual benefit of improving customer service and limiting the frequency with which sworn officers are drawn away from the street to take minor police reports. The second tool is IAPro. IAPro is an investigative case management system for all internal investigations. IAPro allows for the investigative data to be tracked and shared among key personnel and also provides reporting tools. The third tool is called PowerDMS. Power DMS is an electronic General Order (GO) repository and training tool. It provides a central, electronically accessible repository for all General Orders and allows the Bureau to disseminate updated General Orders electronically, train personnel on updates, and test/verify comprehension. Each of these tools are included in the 2017 budget. The Bureau has initiated agreements with vendors and the contracts are currently under review in the Solicitor's Office.

The Bureau is also replacing aging police vehicles. In June the Bureau received five new K-9 vehicles funded through local gaming grants. The Bureau intends to purchase another five patrol vehicles in 2017 using City budgeted resources. This will help sustain a pool of functional patrol vehicles; however, it will continue to be important for the City to maintain an annual replacement schedule. Police patrol vehicles are operated 24 hours per day, 7 days per week, in urban traffic conditions, and so the life expectancy of a patrol vehicle in Harrisburg rarely exceeds three years.

Also in June, the South Central Task Force partnered with the Bureau to complete a physical security assessment of police headquarters and the City government building. The Task Force provided an assessment report to the City that outlined security risks and recommended actions to mitigate those risks. The Department has begun making the recommended security improvements where funding is available. In addition, funding will be pursued in the 2018 budget process to address other issues outlined in the report.

The Act 47 grant award also provided funding to replace 28 Mobile Data Terminals (MDTs) in City police patrol cars. An MDT is the patrol car computer that allows an officer to access police records, driver information, and national warrant and stolen vehicle databases. Currently, 28 MDTs are operating on Windows XP – a system no longer supported by Microsoft security updates and so precluded from connecting with county and national policing databases. In addition, many MDTs are beyond their life cycle and suffer from recurring reliability issues. Unreliable MDTs overburden dispatch, resulting in delays for officers doing traffic stops as they cannot run the tags on a vehicle. In addition, the inability to access regional and national crime databases could result in a significant life safety issue in the field thus their replacement will address a critical public safety issue for the police department. With the Act 47 grant contract in place, the City proceeded with the acquisition of the MDTs during the second and third quarters.

Public Works – Sanitation System

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

Staffing availability has further been limited as a result of systematic issues in the sanitation operation. Recurring staffing shortages in the sanitation operation historically forced the department to regularly draw upon street maintenance personnel to effectively perform refuse and recycling routes. As a result, the City had been unable to dedicate sufficient resources to

street maintenance operations which impacted the City's ability to maintain its roads and streets in a timely and proactive way.

With Act 47 funding and support from the Act 47 Coordinator, a comprehensive sanitation program evaluation was completed in mid-2015 by Barton & Loguidice. The study concluded that the sanitation system was *broken and unsustainable without significant change* and provided a plan to modernize the sanitation operation which built on recommendations from the 2013 Strong Plan. Their report recommended a managed competition approach through a partnership between the City and the union with the goal of creating an efficient refuse collection system. Recommendations focused on obtaining new or refurbished collection vehicles, purchasing and deploying new trash and recycling containers, increasing recycling through educational efforts, enforcing current ordinances and validating all commercial and residential billing information.

In response to the study and as part of the 2016 budget process, the City restructured the sanitation and public works operations through the creation of the Bureau of Neighborhood Services. This restructuring added staffing resources to the sanitation operation, thereby allowing street maintenance personnel to be fully dedicated to their assigned tasks. This restructuring addressed both operational and financial needs and has enhanced the City's ability to provide more efficient sanitation and street related services to its residents.

In May 2016, the City hired a sanitation logistics coordinator (management position) to provide technical and project management support and to systematically incorporate commercial accounts into the refuse collection system. Another recommendation, to hire an administrative assistant to help manage solid waste accounts and billing for these accounts, was also implemented with the position filled as of the end of September. The City made great strides to bring the sanitation operation up to a full staffing level during 2016 and has implemented, or is currently implementing, a number of key initiatives relative to sanitation system improvements.

The City continues work to upgrade its ability to process unpaid waste invoices. In 2016, the City completed an audit of commercial accounts and revised the billing database to reflect the current status of each account. Commercial accounts using private haulers continue to be added to the City routes as contracts expire. The City hired another billing clerk the second half of 2016. The City also hired a new assistant attorney the end of 2016 who is dedicated full-time to the Bureau of Neighborhood Services with a focus on collections from delinquent commercial accounts that collectively are in excess of \$1 million as well as locating current residents for accounts of deceased account holders. The audit of all commercial accounts was completed the end of November and identified some additional accounts that were not previously included in the City's system. The Director of Public Works is in the process of finalizing a summary memorandum of the audit's findings for delivery and review by the Mayor of Harrisburg. The Act 47 Coordinator's team will complete a review of the audit findings and actions and will include significant details in future quarterly updates.

In addition, the audit of commercial waste accounts identified approximately 30 accounts that use roll-off/compactor boxes for storage of waste. The City does not currently have capability to transport roll-off containers, but is preparing a specification to obtain a vehicle that will expand its service capability by end of 2017. These adjustments will further add to the waste stream and help the City meet its put or pay agreement, even as recycling rates increase.

From 2014 through 2016, the City has seen marked increases in its recycling rates. In 2014, approximately 1.9% of the City's waste stream was diverted due to recycling while in 2016, approximately 5.5% of the City's waste stream was diverted due to recycling. Concurrently the

City has continued to meet its “put or pay” requirement. The more the City recycles, the less it pays from for disposal costs, which is all-in-all, a good thing. Though there are still significant opportunities to improve recycling, this is a noteworthy improvement. The City is also actively pursuing opportunities to increase its recycling capacity. The City is negotiating with a glass recycling outlet near Allentown to begin glass recycling and is evaluating options for temporary glass storage locations.

The City’s aged refuse and recycling vehicle infrastructure has been plagued with reliability issues. Collection vehicles have been regularly out of service for extended periods of time which significantly impacts the City’s ability to effectively meet its collection expectations. Much effort was devoted in 2016 to the purchase of new waste collection vehicles to replace the unreliable refuse and recycling fleet. A flexible purchase contract produced a good value to the City that allowed for the purchase of two new truck chassis, allowing the transfer of existing functional packer bodies onto the 2 new trucks. In addition, the City has finalized a lease purchase agreement to procure seven additional refuse trucks. The vehicles are anticipated for delivery in July and will allow the City to enhance its collection procedures and provide additional commercial properties with collection service. The delay from the anticipated June delivery is the result of production issues at the Mack manufacturing facility.

The City is also finalizing specifications for new leaf collection vehicles. The adopted 2017 budget includes funding for additional collection equipment and approval of a DEP Recycling Performance 902 grant provides for the purchase of several leaf collection trucks. The City completed specifications and issued a purchase order for the trucks on June 22. Assembly of the units has begun and the leaf collection trucks will be delivered by early October in time for deployment during the leaf collection season.

With technical support from the Act 47 Coordinator’s team, research has continued on development of specifications for sanitation route management and billing software and is coordinating this effort with the City’s IT consultant. This software would create valuable management billing process efficiencies. The goal is to maximize route efficiency and ensure maximum revenue collection for value added services performed. Current findings are that billing software will not coordinate with the City’s mainframe computer. Route management software uses either Bing or Google maps and the City is trying to standardize using ESRI based GIS software. This matter is on hold pending further research on how best to implement an enterprise solution.

Another major sanitation issue being addressed during 2017 involves the development of a Yard Waste facility. There have been discussions with the Harrisburg School District and Susquehanna Township on the development of an intergovernmental agreement to utilize a school district site as the location for this facility. The Coordinator’s Team worked with the City to develop a conceptual layout of the yard waste composting site and coordinated with PADEP to review the site layout to ensure that all regulatory requirements are accounted for in the design. Earlier this year and after much discussion, Susquehanna Township decided not to participate in the program, choosing instead to take advantage of a privately managed composting operation in the Township.

Since the DEP application was submitted in March, the City and the Act 47 Coordinator’s Team have been working with DEP to address plan review comments and meet all necessary public hearing requirements. On June 22, DEP in conjunction with City officials and representatives from the Act 47 Coordinator’s Team held an Environmental Justice Public Information Hearing on the Yard Waste project. The meeting was advertised to residents around the composting site. The purpose of this meeting was to make sure residents were aware of and understood the composting

project and that they have a chance to provide comments for consideration by DEP and the City. The process is designed to ensure that in areas of lower incomes or higher minority populations, a public information process is conducted to apprise local residents of a permit application and to solicit their input.

The meeting was co-sponsored and jointly presented by DEP and City representatives. A presentation of technical details of the project was presented by the Technical Assistance Team, and a question/answer, and comment period followed. A number of residents expressed support for composting, but shared concerns that this facility may negatively impact them as a neighbor. A dialogue was opened to help DEP and the City better understand local concerns, and to create a venue to educate local residents on the minimal adverse impacts that the project is expected to have on the community. The City is also considering the possibility of taking concerned residents on a tour of a similar facility to demonstrate the relatively benign nature of the site and alleviate their concerns. Local residents were also notified on how to provide written comments to DEP on the permit application, and the City agreed to post a copy of DEP's General Guidelines as well as the City's April 17, 2017 permit application on the City website for informational and review purposes.

In late May, DEP submitted an administrative review letter that included a number of follow-up items for the City. The Act 47 Coordinator's Team is assisting with two significant actions. First, we are working with Capital Region Water and the Harrisburg School District to obtain the necessary documentation to verify water service at the composting site. Second, the City is required to complete an erosion and sediment control plan that meets the requirements of Susquehanna Township's stormwater ordinance. The City is undertaking the development of this plan and the Act 47 Coordinator's team will provide consultation and review.

In late May, the administration submitted a revised waste collection ordinance to City Council for consideration. The revision reconciles the ordinance to reflect the current approach to waste and recycling collection, enforcement, fee payment, collection location, waivers, and methods of citation. The Act 47 Coordinator's team reviewed a draft of this ordinance to ensure that it was consistent with sanitation system improvements identified in the Act 47 plan. City Council has initiated its review of the ordinance, but it is unlikely to take action until after its summer recess. The City and Act 47 Coordinator's team developed a PA DEP permit application that includes the City and the School District as program participants. This application was submitted to DEP the end of March. In September 2017, the PA DEP permit was amended and resubmitted due to issues with Susquehanna Township residents voicing their concerns about food deposits in the first application. The consultant will remove that segment from the application so that it can more closely meet the residents' concerns.

The development of a composting site will serve two important goals. First, it will enhance the City's yard waste collection and composting program which will in turn decrease the number of tons of waste disposed of at the Harrisburg incinerator thus reducing disposal expenses. Second, it will advance intergovernmental cooperation in the Harrisburg metropolitan area. Although at this time it is only the City and School District the potential exists for other municipalities to utilize the site thus sharing resources.

As of the end of August, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was 25,223 tons (72.2%) of the City's 35,000 ton minimum put or pay requirement. It is running slightly above last year at this point and is on target to meet or exceed the 35K minimum. Plant productivity was very favorable with boiler availability of 91.4% for July and 95.6% for August.

LCSWMA received approval of a major permit modification from DEP for construction and operation of a new ash storage building, which will allow for storage and loading of ash and metals within an adjoining structure to the plant. Currently, metals are live-loaded as they are removed from the ash, and the ash is temporarily placed on the on-site monofill before transferred to the Frey Farm Landfill. Construction of the new building is underway and with completion by the end of the year. The new building will offer additional storage capacity, allowing for improved operational and transfer efficiencies.

Construction of a new cooling tower was completed during the quarter with startup and tie-in of the new tower occurring in May. Covanta also completed significant plant maintenance activities during a scheduled turbine outage period in May including the cleaning/inspection/servicing of the turbine and generator. Additionally, there was a 7-day black plant condition scheduled (i.e., no units burning waste and no power within the facility) to complete a transmission line and towers replacement project on and adjacent to the SRMC property. All work was completed within the scheduled time periods.

DEP inspections during the third quarter found the site operating well within regulatory guidelines.

Key to continuing to maximize the tonnage that needs to be disposed of at the incinerator is ensuring that all of the waste, especially commercial waste, that is generated in the City is attributed to the City's waste stream. Although difficult to fully identify leakage in the system, the City has taken an aggressive approach with commercial accounts to ensure that all waste generated in the City is taken to the LCSWMA facility and credit given to the City. As of June 2017, the City reports that it has fully converted all private accounts that are eligible for conversion to City service. A total of 146 commercial accounts have been transitioned to date. The remaining 86 private accounts have roll-off dumpster services, which the City currently cannot service with the existing fleet. However, as previously mentioned, the City intends to purchase the necessary roll-off trucks and complete the conversion of all private accounts in 2018. This will further add to the City's sanitation revenue and waste stream, helping to fund further systematic improvements and meet the City's put or pay tonnage obligations.

The progress that has occurred in the sanitation operation is to be commended. There are however, additional steps that must be taken moving forward to ensure that the City can capitalize on this progress and advance further improvements in the sanitation operation. The 2016 Strong Plan outlines many of those initiatives, which, in most cases, will require further investment by the City.

The development of a comprehensive Capital Improvement Plan as called for in the Strong Plan is one of those actions. In 2016, the City began this effort with the development of a stand-alone capital budget for 2017 that is segregated from the operating budget. The City has further expanded that effort in preparation for the 2018 budget process. The Bureau of Financial Management has developed three-year capital improvement planning budget templates and guidelines and distributed them to departments for completion as part of the upcoming budget process. Department capital requests were submitted to the Bureau of Financial Management in mid-June and a representative from Barton and Loguidice, as a member of the Act 47 Coordinator's Team, provided guidance on sanitation related capital budget request development for the 2018 process. The Act 47 Coordinator's team will complete a comprehensive review of these capital requests once they are assembled and collated by the Bureau of Financial Management. Further, we will continue to provide implementation support to the City and will meet with City leadership on a regular basis to provide consultation services and assist with implementation matters.

The City has proceeded cautiously in staffing decisions and has followed recommendations in the B&L report – to undertake a trial period, evaluate the results and determine whether there are specific and measurable changes and improvements. If the changes do not result in measurable and observable system improvement, “then acknowledge this and move on to a private bid process to procure waste and recycling collection system services...” In evaluating whether the current effort is cost effective (that is, whether the increases in expenditure will be offset by revenue increases), the City should make sure it includes the salaries resulting from new hires, as well as associated health care and pension costs. The sanitation reform process will be further evaluated after the close of 2017 to determine success and viability going forward.

Public Works Facility

Though the Department has made strides in the area of infrastructure repair, the City will be confronted with significant facility viability issues in the future. The Strong Plan modifications address the need to develop a long range plan for a public works facility. The City, with the support of the Act 47 Coordinator’s Team, has been engaged in an effort to determine what the long term plan is for its DPW facility and has explored alternate sites, however, options are extremely limited due to available land and flood plain issues. The City has included funding in the FY2017 budget for this project. The City’s current lease on the Department of Public Works garage facility on Paxton Street expired in March of 2017. The City was notified in late 2016 that its lease would not be renewed though the City has been able to negotiate a month to month extension while negotiations continue. The City made its last monthly payment in June. At Council’s March 28 meeting, Council authorized the pursuit of eminent domain as a last resort should other efforts fail in negotiating an amicable acquisition of the property.

Transportation Infrastructure

The City, with Commonwealth funding, is making significant investments in the City’s infrastructure. In 2014, the Pennsylvania Department of Transportation (PennDOT) committed to providing \$10 million over a five-year period for street related infrastructure improvements in the City. This commitment stood in addition to PennDOT’s planned repairs and projects on Commonwealth managed roads in Harrisburg. The City was awarded \$3.19 million in May 2015 by PennDOT as the first phase of this commitment and used a portion of these funds to pave heavily traveled City streets that are used to enter and leave the City. They were reimbursed for \$633,000 for this work in April 2016.

The City plans to use the remaining \$2.542 million from the initial \$3.19 million grant for the Third Street Improvement Project which involves the significant modernization of the Third Street corridor in the City. Through the second half of 2016 and into 2017 the City undertook design work, addressed numerous environmental approvals required by PennDOT, and in conjunction with utility companies, undertook utility adjustment work for the Third Street project. Final environmental clearances were obtained on January 31. A contract for funding was issued by PennDOT on February 22, approved by Council at its March 21 meeting and is now going thru PennDOT’s approval process. Final design work for project is nearing completion and utility companies are finishing advance work. The contract was let to Lamb Construction and construction did begin in September 2017 with expected completion in Spring-Summer 2018. At its June meeting, Council also approved a contract with Urban Engineers, Inc. to provide construction management and inspection services for the Third Street Multimodal Project.

Following meetings with PennDOT and based on their recommendation, the City submitted an application to PennDOT under its multi-modal program for the balance of the \$10 million. On

October 14, 2016 PennDOT announced the award of a \$2,236,667 grant to improve the vehicular, transit, pedestrian and bicycle movements in the City and to address several transportation safety issues. As part of this award, PennDOT also committed a total of \$6,710,000 over the next three years for this project. This approach will satisfy PennDOT's commitment and will expedite the process moving forward though releases will occur on a project by project basis. Initial design work on these projects is currently underway.

The Bureau of Engineering is also in the final stages of completion of a comprehensive street light upgrade program to replace the City's incandescent street lights with Light Emitting Diode (LED) lights. This project was funded through an Energy Savings Performance Contract (ESCO), with initial funding from a \$3.2 million loan from M&T Bank and a \$500,000 PEDA grant. Substantial completion of the street light conversion project occurred in 2016 with all the City owned HPS and Mercury Vapor streetlights converted to LEDs (over 6,000 lights) resulting in a significant energy cost savings. The City has also been working with PPL to purchase 211 PPL owned lights that are located in the downtown from PPL. PPL regulations require that the feed origination be separated with hand holes and fuses which involves excavation and rewiring. PPL is requiring \$2.2 million from the City to complete this infrastructure work. Given this high cost, the City is exploring other options. PUC approval of the acquisition will ultimately be required though it should result in an annual electrical savings in excess of \$400,000.

Savings from the LED project allow the City to dedicate its entire \$1.3 million liquid fuel revenue allocation to capital street repairs. The Department of Public Works is proposing to use this revenue to repave sections of five city streets in 2018, including; Brookwood Street; Berryhill Street; 13th street; Sycamore Street; and Burchfield Street. This proposal will be evaluated through the City's capital budget development process.

At its 4/24 Council meeting, IMS Infrastructure Management Services was awarded a contract to provide professional consulting services to complete an Asset Management Program that will provide a comprehensive database of all City streets, their structure, condition and maintenance. It will assist the City with prioritizing areas for maintenance and capital improvements and be integrated into the City's Capital Improvement Program. The consultant has begun work and is currently collecting existing data.

The Department has also made significant improvements in its fleet maintenance operation. It appointed a full-time fleet manager and in September filled vacant auto mechanic and secretary positions; however, it anticipates losing 2 Auto Mechanics this summer due to retirements. There continue to be opportunities for the Bureau of Vehicle Management to more proactively take advantage of existing software to improve fleet management, and to implement practical best practices.

Capital Improvement Program

The City has made strides in refining and improving its operating budget process, and, now with the 2017 budget, for the first time has segregated capital expenses from operating expenses. Consistent with the Strong Plan modifications, the City prepared an initial Capital Improvement budget with significant capital expenditures for 2017 that address capital needs ranging across many departments. By segregating the capital and operating budgets, policy makers and managers are better able to interpret and evaluate competing needs.

In preparation for the 2018 budget process, the Bureau of Financial Management has developed the necessary process and budget development templates to create a 3-year Capital Improvement Plan (CIP). In May 2017, The Bureau of Financial Management distributed 3-year CIP budget

development guidelines and budget request templates to all City Departments for development. Departments have developed and submitted their capital budget requests to the Bureau of Financial Management and they are currently being assembled and analyzed by the Bureau. Once the capital budget requests are made available to the Act 47 Coordinator's Team, capital budget items will be evaluated within the context of the City's overall condition and infrastructure repair needs. The proposed 3-year CIP will be presented to City Council for consideration in September.

This process will serve to develop a longer-term, strategic framework and prioritization process as part of the budget development process. It will equip the City with improved access to the project planning tools necessary to take advantage of grant opportunities and provide a basis for determining capital funding needs as capital markets become more accessible to the City. It will also better enable the City to evaluate its annual operating budget decisions not just within the context of the current budget year, but within the framework of longer term obligations and liabilities.

This development represents a positive step in addressing the City's long neglected facility and infrastructure needs. However, there are still clear opportunities for further process improvement.

The City should continue to work to expand the CIP into a 5-year capital improvement planning process. This process should also be expanded to incorporate strategic project prioritization criteria that reflects input from City Council and the citizenry at large. The Act 47 Coordinator's Team is pleased with the development of a 3-year CIP, as the ability to sustainably maintain the City's infrastructure is a key requirement to exit fiscally distressed status. We will also continue to advocate for further improvements in the CIP process.

The City has previously not had access to the financial resources necessary to fund a capital improvement program, however the Strong Plan has provided certain resources as well as a pathway back into the credit markets. Access to the marketplace has improved with the City's ability to obtain TRAns for three successive years and its successful financing of the LED streetlight project.

Resources provided through the parking monetization to Impact Harrisburg, the non-profit corporation that administers \$12.3 million for infrastructure and economic development, along with the completion of the City's comprehensive plan, will serve as a foundation for a capital improvement program. In addition, the Act 47 enabled revenue has provided the City with the ability to build cash reserves that can be applied to capital projects. Finally, grant funding opportunities from state and federal agencies also provide resources to support capital investment.

Community and Economic Development

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

The Bureau's that now comprise the Department of Community and Economic Development have made noteworthy progress toward the implementation of key 2013 Strong Plan initiatives and are now focusing on the 2016 Plan modification initiatives. In late 2014, the City began the process to update its 30-year-old Comprehensive Plan. With the Court's approval to allocate up to \$75,000 from the funds set aside for economic development in the Harrisburg Growth Fund, the City

reinitiated the Plan update process. Council and the Planning Commission took action to move forward with the update in early 2015. In April 2015, the City awarded the contract to Office of Planning and Architecture (OPA) of Harrisburg to lead the process supported by 5 other firms (K&W Engineers & Consultants, Good Land Collaborative, ARUP Americas, CSPM Group and AB3 Development). Following a public contest, "BeHBG" was selected as the "brand" name for the update. A "BeHBG" web site was established to provide the community with ongoing updates and allow further community input. To date over 500 users have provided over 1,200 ideas in topical areas of transportation, housing, economic development, historic resources and parks and recreation.

The process included extensive public engagement with numerous stakeholder meetings and community workshops. Staff also participated in 24 community events in getting the word out about the update, to gather further input on how the City should evolve and develop over the next twenty years and to obtain a sense of the priority of City issues. The consultants met with PennDOT to coordinate transportation issues and with Harrisburg Housing Authority representatives to discuss housing issues. A day long community workshop was held in December 2015 at the Capitol View Commerce Center to summarize the results. The entire consulting team presented information the status of the plan including specific presentations on housing and transportation to about 150 people who attended throughout the day.

Retooling the Plan based on the public input received was the focus in 2016. The Planning Director spent considerable time reviewing and editing the consultant's draft though the process was slowed due to staff limitations in the Planning Office.

The process though has been stymied since late 2016 due to a contract dispute between the City and the Office of Planning and Architecture resulting in the City's termination of the contract in early 2017. The City is actively working to advance the plan and has engaged two of the sub-contractors to assist in completing a final draft and expedite the presentation of a final plan for public review and consideration. The Planning Commission has also become more engaged in the process. Council and the Planning Commission held a meeting for April 6 to discuss the Plan's status. The meeting was also attended by the Administration and Mr. Peters, the primary consultant. Comments at the meeting pointed to a lack of communication between the parties and much finger pointing. As Coordinator, I also attended the meeting and provided a follow up communication to City officials expressing concern over the status of the Plan and providing guidance and resources to move the Plan forward. The Planning Commission and City staff are attempting to work together to advance completion of the Plan to a point where the requisite public hearings can be held this fall.

The successful completion and adoption of the comprehensive plan is a critical element for future revitalization and development as it will provide land use guidance and strategies for housing and economic development and will serve to guide the City's strategic investments going forward.

The City and its Redevelopment Authority (HRA) continue to work closely with PennDOT on a plan to make major improvements to the Harrisburg Transportation Center (HTC). The Center serves as a key anchor for the downtown and a hub for both rail and bus service for the City and region. Following last year's award of \$15 million by PennDOT to fund a number of needed physical improvements, PennDOT has moved forward with design work that will address improvements including new roofs an energy efficient HVAC system and improved ADA access. They are currently working with the Federal Transportation Administration on environmental clearances. Design work is 60% completed and will need Amtrak review prior to going to bid. When completed, the HTC will provide an overall enhanced customer experience and serve as the foundation for the transit

oriented redevelopment of surrounding, underutilized properties including the sizeable former U.S. Postal Service property on Market Street, and possibly the former Patriot News Building also located on Market Street.

To further build on the Transportation Center project, PennDOT initiated a Transit Oriented Development (TOD) concept study. In partnership with the City and HRA, PennDOT engaged the Michael Baker firm as consultant to study the reuse and redevelopment of the area adjacent to the HTC. The study focuses on a four block area surrounding the HTC and will provide different scenarios that may be advanced for implementation to promote redevelopment, business attraction and connectivity of the Center to the adjacent neighborhoods. PennDOT, the City and Baker held a Visioning Week exercise last fall to solicit as much input as possible on the reuse and redevelopment of the Market Street corridor and surrounding area. Public engagement and response was enthusiastic. The HTC and surrounding properties possess great potential for supporting mixed use residential and commercial development designed to maximize access to public transportation and incorporate features encouraging transit ridership all with a resulting positive impact on the City's tax base. The consultant has reviewed all of the input received and at year end provided 3 different concepts for further consideration. The next step in the TOD development is to complete a Hydrological and Hydraulic study of the Paxton Creek corridor to assess its impact on the TOD development area. This study, also funded by PennDOT with Michael Baker as the consultant, began during the first quarter and is to be completed by the end of the summer.

The City has developed and adopted a Local Economic Revitalization Tax Assistance (LERTA) program. LERTA is a tax abatement program designed to incentivize development within Harrisburg by offering tax abatement programs for those individuals and businesses interesting investing in targeted neighborhoods. Priorities of the LERTA program will be further informed by the City's updated comprehensive plan. Both the Harrisburg School District and Dauphin County also approved participation in the LERTA program in 2016. With approval by the three taxing bodies, the City undertook recruitment efforts for a LERTA program administrator and hired an individual who started in January. The primary focus of the LERTA Administrator to date has been public outreach. The LERTA Administrator has met with a number of developers, bankers, and real estate professionals through both workshops and individual meetings to articulate the details of the program and advocate for program participation.

At the end of 2016, a \$3.5 million state Redevelopment Assistance Capital program (RACP) grant was awarded to developers to assist with an \$8 million investment in commercial and residential revitalization in mid-town. A second RACP grant of \$3 million was awarded to the City in October to launch the revitalization of an entire neighborhood in Allison Hill (MulDer Square) with new streetscaping, affordable apartments and retail stores. This project builds on the recent completion by PennDOT of the rehabilitation of the Mulberry Street bridge. The MulDer Square project is currently underway, with program partners HHA and Tri-County Housing beginning their housing development efforts this summer. This project provides a foundation for further development in the South Allison Hill neighborhood.

To further advance economic development, the City also submitted five new applications totaling \$135 million for consideration in the upcoming RACP funding legislation. Projects include further support of the TOD study recommendations, the Paxton Creek Channelization, City Island redevelopment, City Hall rehabilitation and City-wide economic development projects. Although the time line for these projects is long and approval uncertain, it's important that they are included in the legislation and represent priorities for the City. It will be incumbent for the City to proactively engage with their legislative representatives on these projects.

Economic development activities are continuing on various fronts in the City and are discussed in several sections of this report. The City's economic recovery is building on its assets, one of which is the strong educational presence in the City that includes Harrisburg University (HU), Harrisburg Area Community College, and branches for Temple University and Messiah College. HU in particular is serving as the foundation for economic development in the downtown and fueling a boom in the tech industry. More than 20 tech firms have been established in the last several years employing over 800 in the downtown. The opening of the Blackberry Technology Center in March and the current expansion of WebPage FX highlight the tech industry's development with other tech startups expected in the coming months.

The City continues moving forward with the organization of its Land Bank which will focus on blighted properties and provide the ability to acquire vacant or abandoned properties, undertake improvements and return them to the tax base. The Land Bank will use available resources to facilitate the return of vacant, blighted, abandoned and tax-delinquent properties to productive use, thus combating community deterioration, creating economic growth and stabilizing the housing and job market. This will provide the City with a major tool to tackle blight and assist in growing the City's tax base and furthering its recovery. The Board is looking at judicial sales for potential acquisition and is awaiting finalization of the comprehensive plan to provide further strategic direction.

In lieu of the comprehensive plan framework, the Land Bank Board has been meeting regularly with support from the Community and Economic Development Director to evaluate and act on opportunities. However, its Solicitor resigned late last year and though efforts to recruit a new Solicitor have been undertaken, an individual has yet to be found. This has limited the scope and scale of Land Bank projects to date. Despite these limitations, the Land Bank has made some small property acquisitions to assist with land assembly for development. These efforts will assist with economic development in the City and should be augmented once the solicitor position is filled and the necessary labor capacity added to proactively pursue further acquisitions.

The Federal Courthouse project took another step forward during the quarter. President Trump's budget proposal for FY 18 released May 23 included \$137.2 million for construction of new 243,000 square foot Federal Courthouse at Sixth and Reily Streets. This followed action in January 2017 by the U.S. General Services Administration (GSA) to award a \$9,194,935 contract to Ennead Architects of New York to provide architectural/engineering services for the Courthouse. The services include revising the former approved design concept and completing the design services for the new courthouse. Design services are estimated to be completed in fall 2018. The House of Representative's Transportation and Infrastructure Committee had previously approved a resolution that among other projects included \$194.4 million in funding for the design and construction of the Courthouse. The existing Ronald Reagan Federal Building and U.S. Courthouse in downtown Harrisburg does not meet the federal government's security and expansion requirements. The 1960s era building was initially built with two courtrooms and later, two more courtrooms were added. However, the four courtrooms are not enough to accommodate the increasing caseload of the U.S. District Court for the Middle District of Pennsylvania. Although the President's proposed budget still needs approval by Congress, this action represents another significant step forward for the project which should spark further economic development in mid-town.

Over the last two quarters the City has made further progress with the sinkhole mitigation project on South 14th Street in their efforts to address the significant housing and infrastructure issues on this street. At its 4/24 meeting Council awarded a contract to Navarro & Wright Consulting Engineers, Inc. for project management services in connection with the sinkhole mitigation project

in the 1400 block of South 14th Street. With the federal government's expansion of the definition of a disaster in late 2014 to include sinkholes, Harrisburg was the recipient of federal mitigation funds to buy homes ruined by sinkholes on South 14th Street. Although initially denied funding, in September 2016, FEMA awarded the City \$1.65 million to undertake an initial phase of the project to acquire and demolish approximately 25 homes in the center of the block. DCED also identified approximately \$8.5 million in Disaster Recovery funding available statewide through the Department of Housing and Urban Development (HUD). The South 14th Street project has been prioritized by DCED for this funding which would be used for the acquisition and demolition of the remaining South 14th Street properties impacted by the sinkholes. DCED submitted its formal request to HUD and in late October HUD announced its approval of the additional funding needed to complete the sinkhole mitigation project.

Since then, DCED and PEMA have been working with the City and residents to move forward with property acquisition. A relocation consultant, Capital Access, Inc., has been engaged by DCED to assist with ensuring compliance with federal regulations related to relocation. To date, DCED and Capital Access staff have met with 10 tenant households and is reviewing their eligibility for relocation assistance. PEMA staff has also been meeting with property owners to inform them of the buyout process. A contract between the City and PEMA has been executed by the City and returned to PEMA for processing. At its March 28 meeting Council authorized moving forward with the purchase of 53 of the properties based on a letter received from PEMA indicating finalization of the contract was pending. Council's action allows the City to front the initial acquisition cost and then be reimbursed by PEMA. On May 18, HUD announced that the May 31 deadline to expend funds had been extended for an additional 2 years thus providing time to complete the relocation and buyout process. The combination of the FEMA and HUD funds will allow for the acquisition and demolition of all of the properties on South 14th Street that were adversely impacted by the sinkholes. Following their demolition, the site will become a greenspace with no further development.

Parks and Recreation

The Bureau of Parks and Recreation is responsible for the management of recreation programming at the City's active recreation areas, such as the City's two pools, Reservoir Park, and the City Island beach. Park maintenance is completed by park maintenance staff housed in the Bureau of Neighborhood Services. It is important for recreation programming to be closely coordinated with park maintenance. The Bureaus of Park Maintenance and Neighborhood Services have a good working relationship and coordinate with each other well but there are opportunities to build upon this relationship. This opportunity is further emphasized by the fact that park maintenance was transferred from the Bureau of Public Works to the Bureau of Parks and Recreation in the 2016 budget.

The adopted 2017 budget also includes funding for eight new positions in the Bureaus of Parks and Recreation and Neighborhood Services who will be dedicated to park maintenance and management. They include six laborers, one secretary, and one park ranger and are intended to enhance park infrastructure and recreation programming quality. Of the six laborer positions, four have been filled to date with two new laborers beginning work in April. The park ranger position has also been filled. The secretary position is under recruitment, and the Bureau is currently reviewing applications with the intent of completing interviews in July.

These additional positions have offered the Bureaus of Parks and Recreation and Neighborhood Services the ability to provide more consistent park maintenance in the City and has allowed them to begin addressing lingering maintenance special projects. Further, these additional park

maintenance positions have limited the City's reliance upon street maintenance personnel to support park maintenance activities. This, coupled with improvements made to refuse and recycling and collection staffing levels, has in turn allowed the City to place greater proactive and recurring emphasis on street maintenance.

However, the Bureaus have also absorbed unanticipated vacancies and retirements in the second quarter. The Park Maintenance Director/Arborist position and a Laborer III position are currently vacant and the Bureau's two construction tradesmen positions will be vacant due to retirements as of July 1. The vacancies in skilled and experienced personnel, especially during the summer months, will have a significant impact on the City's ability to address park and park facility maintenance projects requiring skilled labor. Fortunately, the City has been actively recruiting a Park Maintenance Manager/Arborist and has selected a candidate who is currently undergoing a background check. This individual is expected to begin work in July. It will be important for the City to move quickly with filling the additional skilled labor positions to ensure that gains made in both the park maintenance and street maintenance programs are advanced.

The Bureau of Parks and Recreation is also actively engaged in planning for an estimated \$1.8 million in upgrades to five parks and playgrounds in the City. They have obtained grant commitments from DCNR, DCED, Impact Harrisburg, and Capital Region Water to complete major repairs to the Cloverly Heights playground, Royal Terrace playground, Penn and Sayford playground, Norwood and Holly playground, and the Fourth and Dauphin playground. The City is working with these partners to formalize project parameters in memorandum of understanding and is working to secure the necessary match funds for the projects. The City expects to finalize grant agreements soon and initiate the bid process to begin work on at least four of the five parks. The City's is on track to begin work this fall 2017 on these much needed parks facilities. In fact, preliminary work has commenced to assure this project is completed by December 1, 2017. This series of projects represents an example of excellent intergovernmental cooperation and demonstrates the tangible impact of the capital project funding made available through Impact Harrisburg and the Act 47 process.

City Island is a significant asset not only for the City but also the region. It offers many opportunities that can support the City's economic development plans though without a thoughtful strategy the Island's full potential will not be achieved. The City has undertaken a more comprehensive view of City Island and continues its efforts to try to determine its best use as a regional asset. The City participated in a charrette undertaken by the Urban Land Institute (ULI) that provided both short-term and long-term recommendations. Key recommendations included developing a master plan for the Island and centralizing management for island related activities.

There are also outstanding issues related to permits and prior grants the City received under the Federal Land and Water Conservation Program (LWCP) for work on City Island including the stadium area. Department of Conservation and Natural Resources (DCNR) is the administrator for these grants and close coordination with them is needed to resolve outstanding issues. There remain numerous City Island issues that are yet to be fully addressed including parking issues, DCNR related matters and the Senator's park permit. The Strong Plan modifications address moving forward with the development of a long term plan for the Island that addresses these issues and enhances the Island's role in the City's recovery. In April the City submitted a grant application to DCED for City Island Master Plan funding to help guide future development on the Island. That application is under evaluation.

Another of the City's park and recreation assets is Reservoir Park which the Mayor has referred to as the "crown jewel" of the City's park system. Following DCNR's award of a \$50,000 matching

grant to develop a master site plan to reimagine the historic park, the City retained H. Edward Black and Associates as lead consultant supported by Simone Collins landscape architects and Urban Partners to undertake the study. Work was initiated in late 2016 with an initial public forum to gather input from City residents on the park's future. The study is being guided by a Steering Committee working in concert with the consultant. It is now well under way with two public meetings held during the first quarter and two additional public meetings during the second quarter to gather public input. The master site plan is being finalized.

In April, the City awarded a \$50,000 contract to repair and repaint the Bandshell at Reservoir Park. Work was completed in time for the annual Shakespeare in the Park performances that occurred earlier in June. Further, in March the City received an insurance settlement of \$175,000 for two pistols stolen from the Civil War museum. These funds will serve as a resource to assist with the implementation of the study's recommendations for Reservoir Park.

Intergovernmental Cooperation

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

Prior to, and since the City's entrance into the Act 47 program, the City has engaged in collaborative work with a variety of intergovernmental agencies. Examples include, the City producing, distributing and collecting real estate taxes on behalf of the School District and performing a similar function for the shared Business Privilege/Mercantile Tax and the recent cooperation on the establishment of a yard waste facility and LERTA program.

The City and Dauphin County collaborate in the provision of various public safety services. The Harrisburg Police Bureau participates in the Dauphin County Special Weapons and Tactics Team (SWAT) and works closely with the Dauphin County District Attorney's Office in criminal investigations. Since June 2011, the Dauphin County Communication Center has provided 911 and dispatch operations for the City, resulting in a significant savings to the City.

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

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

The City is currently engaged in active discussions with the Harrisburg School District on a joint yard waste facility project that is discussed further under public works. It is partnering with PennDOT on a Transit Oriented Development study of the Transportation Center and surrounding

area and as a supplement to this project also working with PennDOT and their engineering consultant on a Paxton Creek Evaluation Study to understand the existing flood potential and identify different options to help mitigate flooding within the TOD project area.

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

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

The City must continue to work closely and cooperatively with the County and Commonwealth agencies on infrastructure and economic development initiatives. PENNDOT has committed to contribute significant resources to the City for infrastructure repair and development that is critical in fostering the City's economic recovery. The County along with the Harrisburg Regional Chamber and CREDC are important partners in the region's economic development. These efforts, and others, should be aggressively pursued to strengthen the City's recovery and support its sustainable exit from Act 47.

Collective Bargaining

The substantial majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 ("FOP"), the American Federation of State County and Municipal Employees District Council 90, Local 521 ("AFSCME"), and the International Association of Firefighters, Local No. 428 ("IAFF"). Each of the City's three unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the initial Strong Plan in August 2013. The amendments to the prior collective bargaining agreements for the bargaining units, as well as those initiatives for the non-union City employees, were implemented, and cost reductions resulting from these changes continue to be monitored. Although the formal Amendment documents setting forth the revised contract language were finalized and agreed to by AFSCME and the FOP, an amendment document for the IAFF was never completed. The City prepared a formal Amendment document setting forth the changes in the Tentative Agreement document – which was formally ratified by both the IAFF and the City and provided it to the IAFF for execution – however, the IAFF never responded to this formal Amendment document. The Coordinator has continued to insure implementation of the negotiated changes and assist as necessary with respect to any issues and grievances that arise relating to those changes or to any of the Plan initiatives.

In the Amended Strong Plan that was passed by City Council in April 2016 and approved by the Commonwealth Court on July 20, 2016, the Coordinator established new compensation allocations for the FOP, AFSCME, and IAFF units that are consistent with significant amendments which were made to Act 47, commonly referred to as the Act 133 Amendments of 2012 ("Act 133

Amendments”). As amended, Act 47 now requires the Coordinator to project revenues and expenditures for the current and next three fiscal years, and develop a capped amount for each city bargaining unit to be available for total compensation and benefits for employees in that unit. For that reason, and unlike the predecessor Strong Plan, the new Plan separates the costs related to each of the City’s collective bargaining units included in the overall cost projections in the Plan so that each bargaining unit can have an active role in collectively bargaining for those compensation items that are most important to the employees in each unit.

Because the CBAs with FOP and AFSCME expired on December 31, 2016, the City started negotiations with the FOP in September 2016, with AFSCME negotiations starting thereafter. The negotiations for the FOP and AFSCME successor agreements are the first time since the City entered into Act 47 that the unions are obligated to negotiate all terms with the City and that the City has the right to renegotiate employment terms with the unions. The City retained the law firm of Elliott Greenleaf to handle its labor negotiations. Members of the Coordinator team met with the City’s officials and its new outside labor counsel to discuss negotiation topics in light of the Amended Strong Plan.

Elliott Greenleaf represented the City in its negotiations with the FOP and AFSCME throughout the fourth quarter of 2016 and the first two quarters of 2017. While negotiations with the FOP did not result in a successor contract being reached by the end of 2016, the parties eventually reached an agreement without needing to resort to interest arbitration in March 2017. The agreement covers fiscal years 2017-2020 has since been executed and ratified by the FOP membership by an 89-7 vote and City Council passed a resolution at its May 23 meeting approving its terms. The City provided cost information on the proposed contract terms and upon review by the Coordinator’s Team, the proposal was found to be consistent with the labor provisions of the Strong Plan modifications.

While negotiations with AFSCME started more slowly, the City quickly reached a successor agreement with that union as well. The City also provided cost information on the proposed contract terms and upon review by the Coordinator’s Team found the AFSCME proposal also consistent with the labor provisions of the Strong Plan modifications.

On January 10, 2017, City Council passed a resolution approving the terms of a CBA with AFSCME to cover the years 2017 and 2018; however, at this juncture, the parties do not yet have an executed version of the final contract. Execution of the CBA was stalled in January because the parties required a study from the Pennsylvania Municipal Retirement System (“PMRS”) regarding the actuarial information on the impact of certain provisions in the new CBA. The City cannot execute the new agreement or honor the new pension terms until the PMRS Board formally approves the negotiated changes to the pension terms. Nonetheless, the City has already implemented all other aspects of the CBA as amended, and hopes that it will have a contract executed shortly after the PMRS Board meets in July 2017 to approve the pension changes reflected in the new CBA.

Meanwhile, the CBA with the IAFF is set to expire on December 31, 2017, so the City has entered preliminary discussions with the union. At the IAFF’s invitation, the Coordinator made a presentation in April to the IAFF’s entire membership, providing an overview of the Act 133 Amendments to Act 47 and the terms of the Amended Strong Plan, and held a discussion for any questions that the membership might have. The Coordinator felt that this meeting was positive and set the stage for constructive negotiations for a successor agreement. Elliott Greenleaf will continue to represent the City as its labor counsel in connection with negotiations with the IAFF. The IAFF is represented by Stephen Holroyd of Jennings Sigmond, P.C. While it is the Coordinator’s hope that the City and IAFF will be able to reach a successor CBA as a result of negotiations, the

City's labor counsel nonetheless issued an Act 111 Notice of Intent to Bargain to the IAFF's counsel regarding a successor CBA for 2018 and thereafter.

In terms of pending grievances, AFSCME's grievance regarding the manner in which the bonus provision in the amended CBA is being interpreted remains pending. In accordance with the successor CBA, the City has paid bonuses to "all employees in the bargaining unit as of December 31, 2016..." AFSCME, however, contends that "all employees in the bargaining unit" includes those individuals who are not yet bargaining unit members because of their probationary status and lack of dues obligation. The Coordinator and the City believe that payments have been made appropriately and will prevail if this grievance proceeds to arbitration.

Other grievances previously mentioned in prior reports remain pending, including an FOP grievance that was filed after the police chief would not allow officers to perform off-duty work at the Great American Outdoor Show. An FOP grievance is also pending on an individual employee suspension issue, and there is a pending request for arbitration from the FOP related to a police officer's request to return to work or receive injury-on-duty benefits. An IAFF grievance is also pending regarding the City's failure to implement promotions related to civil service testing and the parties' prior agreement related to same. From the Coordinator's understanding, there is not a significant risk of exposure on any of these pending matters, and the Coordinator will provide further information when it becomes available.

While it was not mentioned in prior reports, the City recently prevailed at arbitration in connection with a grievance filed by a former FOP officer who had challenged her dismissal as being without just cause. In connection with the grievance, the officer was seeking reinstatement, back pay in excess of \$120,000, and other benefits. After several days of testimony presented at arbitration hearings, and submission of post-hearing briefs, Arbitrator James Darby issued a decision sustaining the dismissal and denying the grievance. It does not appear that the FOP or the grievant has appealed that decision.

Fire overtime has been a continuing issue for the City since long before the City entered into Act 47, as the expenses were constantly exceeding budget. However, the City has been able to significantly reduce its overtime expense after the IAFF CBA was amended in April 2014, one fire station closed, and new firefighters were appointed in June 2014. Through prudent personnel management, the City's Fire Chief has successfully been able to continue to contain Fire overtime costs. For example, for the first quarter of 2014, total overtime (inclusive of premium pay) was \$727,432 or 64% of salary, while for the balance of 2014 total overtime was \$1,100,943 or 32.5% of salary, half of what it had been averaging before the CBA amendment. For the full 2014 year, overtime was 40.5% of salary and 91% of the \$2,000,000 budget for overtime. Positive trends have continued in 2015, 2016 and to date in 2017. The City has been able to contain overtime and stay within the \$1,015,000 annual budget for overtime and premium pay - which budget is nearly half of what the budget was in 2014. In 2017 thru May, expenditures for overtime combined with premium pay total \$452,302.37, or 23.5% of regular salary. This expense is at 44.7% of budget for these items. Needless to say, this pattern of reduced overtime has had a positive impact on City finances and is anticipated to continue through 2017.

Asset Monetization Matters

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

- Long-term capital lease of Harrisburg's parking assets from the City and the Harrisburg Parking Authority (HPA) to the Pennsylvania Economic Development Financing Authority (PEDFA),

- The sale of the incinerator from The Harrisburg Authority, now Capital Region Water (CRW) to the Lancaster County Solid Waste Management Authority (LCSWMA),
- Activities related to the "Verizon Bonds," and
- Activities related to the transfer of the water and sewer operation from the City to CRW.

After the December 2013 consummation of the Strong Plan, the City no longer is a guarantor of debt payable on either the Resource Recovery Facility or parking system. Debt service on these assets is now payable by the Lancaster County Solid Waste Management Authority and the Pennsylvania Economic Development Financing Authority (PEDFA) respectively. The Strong Plan focused not merely on restructuring City liabilities, but also the elimination of the vast majority of the City's debt and other obligations. The exceptions were the City's General Obligation Bonds and to a more limited extent, the so-called "Verizon Bonds." The former were restructured as part of the Strong Plan's consummation. As to the latter, over half of the debt service will be paid for by lease payments made by the Commonwealth and expense reductions achieved by management. The remaining obligation of the City was restructured as part of the Settlement Agreement on the Verizon bonds in January 2015.

Harrisburg Parking

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

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

1. Repay the balance of negotiated settlement with Resource Recovery Facility creditors (\$128 million).
2. Pay debt service on GO Bonds for first time since 9/15/11 (\$6 million).
3. Repay all of the Harrisburg Parking Authority's debt (\$99.8 million).
4. Pay \$36 million to the City of Harrisburg to be used to:
 - a. Reduce payables
 - b. Create an OPEB Irrevocable Trust and fund an initial deposit - (The OPEB Board remains to be created by the City)
 - c. Fund deposit to Impact Harrisburg
 - d. Fund a budgetary reserve to get through first three months of each year (This has worked well as the City has not needed to draw on a TRAN)
 - e. Repay Pennsylvania Investment Bank
 - f. Repay agreed upon amounts to equipment lender

Subsequent to Plan consummation, the parking assets are under the auspices of the PEDFA who engaged Capital Region Economic Development Corporation (CREDC) as their agent to oversee the operation and management of the parking operation. PK Harris/Trimont Real Estate Advisors is responsible for managing the parking assets and Standard Parking Corporation/SP+ is managing day to day operations. PEDFA contracted with CDM Smith in the fall of 2015 to review certain financial elements of the Park Harrisburg System, given the failure to satisfy the 125% rate covenant under the bond indenture. PEDFA in consultation with the bond guarantors determined

that a review of the operational issues to provide recommendations aimed at improving the system's operations and financial performance would be undertaken. CDM Smith issued its report at PEDFA's October 21, 2015 meeting. Key comments and recommendations were:

SP+

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

Fiscal Year 2016 Results

For calendar year 2016, all project revenue line items were basically on budget. For the same period, operating expenses were slightly over budget (3%) due to higher legal expenses and higher utility expense.

Fiscal Year 2017 Operating and Capital Budgets

Initial drafts of the 2017 Operating and Capital budgets were prepared by the Asset Manager as required under the Indenture and distributed to all parties. The budgets continue to be part of the ongoing discussions related to the Accrual issue and Term sheet and have yet to be finalized. Interim budgets are in place pursuant to the terms of legal documents pending the results of the ongoing discussions. Effective January 1, 2017 rate increases for the garages and transient parking went into effect though there were no increases in on street meter rates or parking violations.

Payments to the City and Harrisburg Parking Authority

For the year 2016, the City was paid \$1,717,787 under the Priority Parking distribution while scheduled payments were \$1,833,000. HPA was paid \$1,093,623 for the Ground Lease while scheduled payments were \$1,166,940.

Through the monthly trustee waterfall run on 8/1/2017, the City has been paid \$1,186,552 of a total \$1,348,500 of scheduled payments and HPA paid \$793,234 of \$901,500 of scheduled payments. Revenues thru August are running 5.15% higher than at this point in 2016 while expenses are 1.5% below 2016 expenses thru May.

With respect to other expenses paid at the subordinate expense level of the Trustee waterfall, there have been no Performance Fee deposits/payments made in 2016 or 2017 and no PEDFA fee deposits/payments made in 2016 or 2017.

The Trustee is now holding \$1,071,998 pending resolution of issues related to ambiguities in the Trust Indenture over payment of unpaid amounts (accruals) from previous periods. There have been no payments of project cash flow to SP+ for the 2014 overpayment of approximately \$800,000 of which the City's portion is approximately \$544,000. This issue is also part of the ongoing discussions to resolve the accrual issue.

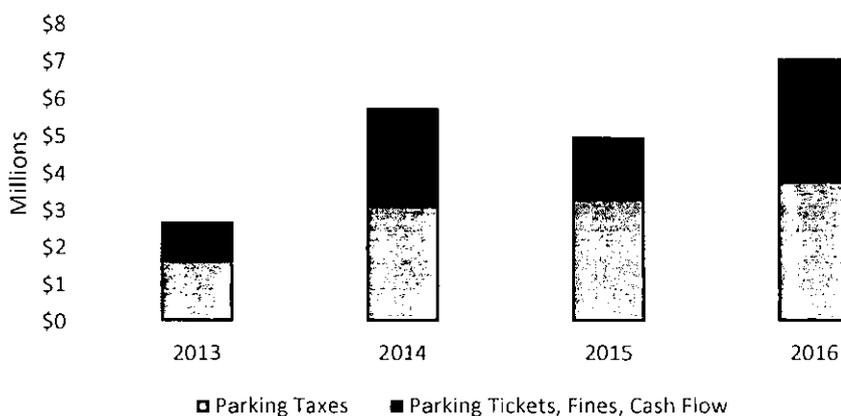
Notwithstanding, the fact that the parking system is generating insufficient amounts to pay all subordinate expenses, Tables 1 and 2 below reflects the significant positive impact the parking transaction has had on revenues of the City derived from parking related fees and charges. In 2012 and 2013, parking tax receipts that the City collected and retained in its general fund were approximately \$1.5 million and \$1.6 million respectively. Parking tax revenues have consistently risen year over year and are expected to do so again this year. The 2016 budget for Parking Taxes was \$3.8 million and the City received \$3,769,704 (unaudited). The 2014 payments include what has been identified as an overpayment by SP+, otherwise this amount would be significantly lower. As of year-end 2016, the new parking construct has succeeded in generating in excess of \$4 million more in 2016 than the old construct generated in 2013 (prior to the parking transaction's closing that occurred on December 23, 2013).

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Table 1
City of Harrisburg
Parking Revenues

Group	Account Description	2013	2014	2015	2016
Parking Taxes	MBP PARKING TAXES CURRENT	1,613,906	3,100,722	3,289,446	3,769,704
Parking Taxes	MBP PARKING FEE	13,271	16,721	11,573	13,724
Parking Fees	PARKING LICENSE FEE-PRIOR	476	3,266	2,131	710
Parking Fees	PARKING LICENSE FEE-PENAL	668	3,477	2,007	3,010
Parking Fees	TOWING FEES	24,954	28,360	21,665	22,595
Parking Fees	METER BAG RENTAL	149,706	62,834	21,504	24,116
Parking Fees	FINE AND COSTS	72,919	72,570	49,535	42,244
Parking Fees	BOOTING FEES	1,925	14,595	8,850	3,300
Parking Tickets	PARK TICKETS-VIO FINE	880,585	475,248	463,641	447,119
Ground Lease Payment	PRIORITY PARKING DISTR.	0	900,000	527,900	1,093,623
Priority Parking Distribution	PRIORITY PARKING DISTRIBUTION		1,100,000	636,951	1,717,788
Rental Income	HPA RENTAL INCOME	0	20,800	0	0
Hbg Prk Auth Coord Pkg	HBG PRK AUTH COORD PKG	0	0	0	0
	Total Parking Revenue	2,758,410	5,798,592	5,035,204	7,137,933

Table 2
General Fund
Parking Revenues



Additional Incentive Programs

A 15 minute free parking program was initiated last year for several parking areas in the Central Business District of Harrisburg previously marked as loading zones. To date, parking revenue from meters located surrounding the free parking spaces have not been less than budgeted. This has led to the program's expansion in February 2017 to include conversion of 22 additional loading zones in the Harrisburg Central Business District to 15 minute free parking areas.

Parkmobile

Parkmobile was selected by Park Harrisburg to replace Pango as the provider for mobile-payment solutions effective March 1, 2017. Parkmobile is the leading provider of mobile-enabled parking and mobility-related services in North America. The company's mobile payments solution will allow parkers to use their mobile phones to pay for parking at all of the on-street spaces managed by Park Harrisburg. Customers can pay with their smartphones using Parkmobile's mobile applications for iPhone, Android, and Windows phones, or by calling the toll-free number on the Parkmobile meter stickers. Park Harrisburg in partnership with the City and Parkmobile has implemented two other promotional programs that can provide a more customer friendly parking experience. LUV HBG provides 4 hours of free metered parking on Saturdays and AFTER 5 provides \$1/hour meter rates from 5:00 to 7:00 p.m. in the central business district. Park Harrisburg and Parkmobile are working with local businesses on other promotional programs utilizing this application.

In May 2017, Parkmobile had approximately 9,200 transactions. This compares quite favorably to the PANGO transactions which were approximately half this amount in May 2016. Public response to Parkmobile has been favorable to date.

Accruals

The trustee has provided an opinion on language in the trust indenture related to the waterfall payments and stated that the language related to accruals is ambiguous. In light of this opinion, PK Harris has made the City's payments for 2016 (and thus far in 2017) consistent with the schedules in the Asset Transfer Agreement until such time as all parties agree to any changes. The Asset Manager engaged CDM Smith to update the capital study in order to factor in capital requirements for the system as part of a term sheet. Subsequent to the completion of the updated capital study in the fall of 2016, AGM and Dauphin County in their role as credit enhancers and creditors prepared a proposed term sheet for discussion. Several positive meetings were held during the fourth quarter and first quarter of 2017 between the creditors and the City to discuss the term sheet. It is the Coordinator's belief that a mutually acceptable resolution can be reached by the parties, that balances the needs of the parking system and the City.

Capital and Operational Improvements

- Many enhancements to the system have occurred and continue to occur since the monetization. Over \$9 million in capital investment was set aside for improvements to on-street and off-street parking facilities and technology. The capital budget for 2016 was \$2.7 million. A new 10-year capital study has been completed by CDM Smith and will be utilized to generate a 10-year cash flow projection and identify and prioritize capital improvements to the system in coming years. This budget is currently part of the current discussions between the parties.

- Capital Improvement projects completed during 2016 included repair of concrete, major caulking repairs at four garages and other minor repairs.
- Capital project completed in 2017 include repaving the 7th Street lot and sealcoating the 10th Street and Mulberry Street lots. As a result of the pursuit of paving options, the final cost of repaving the 7th Street lot was \$300,000 below the Capital Study estimate.
- An energy saving contract was entered into that saved \$36,000 through 2016 and is projected to provide savings of approximately \$120K in electricity costs annually. YTD thru April 2017 the contract has saved an additional \$12,500.
- Lighting improvements at four garages were also completed that will save \$100K in utility expenses per year and increase visibility and enhance safety. Various other safety improvement measures were also undertaken during the year.

Parking Advisory Committee

A Parking Advisory committee chaired by PK Harris/Trimont Real Estate Advisors, the Asset Manager, and comprised of representatives from CREDC (as PEDFA's representative); SP +, the Operator; HPA; the Mayor; City Council; Department of General Services (DGS); AGM; and the County was established under provisions of the Asset Transfer Agreement and continues to meet periodically to keep stakeholders informed on the system's operation. Although it has no decision-making authority, the Advisory Committee serves as a forum for communication and interaction among the parties with interests in the operation of the Parking System and as a vehicle for customer and public input with respect to the operation of the system. The Committee's last meeting was held on December 12. No additional meetings have been scheduled at this time.

Resource Recovery Facility

Results for 2014 - 2016

The Lancaster County Solid Waste Management Authority (LCSWMA) has operated the resource recovery facility since December 2013. Tonnage from the City, delivered to the Susquehanna Resource Management Complex (SRMC) exceeded the City's minimum required 35,000 tons in 2014, again in 2015 when the City disposed of 36,636 tons (105%), and again in 2016 when the City disposed of 35,953 tons (103%). As of the end of August, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was 25,223 tons (72.2%) of the City's 35,000 ton minimum put or pay requirement. It is running slightly above last year at this point and is on target to again meet or exceed the 35K minimum.

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

The City also receives an annual Host Fee from SRMC. For 2016 the City received \$315,986 in Host Fees which exceeded the budget of \$280K. Through August, the City had received \$215,975 in Host Fees which is significantly above the host fee that it had received thru August 2016.

The “Verizon Bond Problem”

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

Current Status of Commonwealth (formerly Verizon) Tower Project

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

Additional Improvements to Solution to the Verizon Bonds/Building Problem

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

The Stipulation and Joint Motion document and Amended Order of Court executed in July and August 2017, respectively, state that the assessment of the parcel changed effective January 1, 2016. The first conditional rent that would include any tax savings would be paid in April 2018 for the calendar year ending December 31, 2017 (because calendar year 2016 is already closed). Although not yet final, and subject to the taxing bodies’ further review, calculations provided to the Coordinator of the refunds/credits due from the County, City and School District for calendar years 2016 and 2017 approximate \$517,000 and may be available in April 2018, assuming no other offsetting items in the conditional rent calculation, assuming the taxing bodies issue the checks in 2017, and after recovery by HDC of \$51,000 in unreimbursed losses per the 2016 conditional rent calculation provided by HDC. HDC is awaiting confirmation from the City and School District regarding their calculations of the amounts of refunds/credits due and no actual refunds/credits have yet been issued.

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

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

Harristown Development Corporation Activities

In December 2016, the Certificate of Participation Bonds, (debt on the Commonwealth leases for the Strawberry Square Tower and 333 Market Street Tower) were refinanced as part of the agreement with the Commonwealth under the Modernization and Cooperation Agreement executed in January 2015. As part of the agreement the Maintenance reserve fund for the Towers was "refilled" to its agreed upon ceiling at \$2 million. The fund had been depleted by the energy projects, thus \$1.2 million of the excess bond proceeds were transferred into the fund. This provides a revenue source to address certain capital needs in the SS complex including the replacement of the 333 Market Street escalator later this year at an estimated cost of \$450,000. Planning is also underway for new elevators in the public areas of SS with an estimated cost of \$350,000-\$400,000. Both of these projects represent about an additional \$1 Million investment in the SS complex.

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

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

Fresa Bistro, a new 50 seat sit-down restaurant opened in at the end of the first quarter and is doing extremely well. It offers a menu of freshly made items, including sandwiches, panini, salads, wraps and soups. HDC has also just signed a lease for a new fast casual Asian/Fusion restaurant to be known as "Freshido". The 2,500 square foot restaurant will be located at the corner of 3rd and Market Streets and have seating for approximately 60. It is expected to open by October 1 and provide yet another dining option in the downtown.

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

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

Public Financial Management, a major downtown employer announced in mid-June that it will expand and relocate to the M&T Bank building taking about 63,000 sq. ft. which is all the available office space remaining in this building. It's 150 employees will make the move by year-end. The move represents PFM's long-term commitment to the City as one of the leading businesses in the region.

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

In 2016 HDC completed renovations and placed into the market 51 high end apartments in 3 complexes: The Flats at Strawberry Square (22 units); F@TT (Fifteen at 22 S. Third) (15 units) and South of Market (SoMa) (14 units). By March all of these units were occupied and there is a waiting list for openings. HDC is currently constructing two additional units at the Flats and has purchased three additional row buildings on South Third Street that it is renovating into six apartment units. HDC is also looking for opportunities to convert older class B and C office buildings into apartments given the demand for housing.

The Downtown Improvement District and Harrisburg Property Services recently partnered to open a new safety and security sub-station in the SoMa district. They will work closely with the City’s police department and provide safety and security service to residents and patrons of businesses in this neighborhood.

Two other developers, WCI Partners, LP and the Vartan Group have been partners in the development of residential properties in the City. WCI recently developed the Union Street Lofts (33 units), the Locust Street Apartments (14 units) and Walnut Court Apartments (21 units). Both Locust Street and Walnut Court projects were leased in 6-8 weeks and the Union Street Lofts are already about half leased. WCI will bring on an additional 8 units at 916, 918, and 920 North Third St., adjacent to the Union Street Lofts, during 2017.

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

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

Strawberry Square Energy Efficiency Upgrade

The Energy Upgrade in Strawberry Square was a separate Project thru DGS and HDC that was coordinated with the build out in PHASE 1 and 2 and is now complete. HDC entered into the performance agreement phase of the contract where the guarantee of savings by Siemens should be sufficient to pay the debt service on the loans. Siemens as part of their performance agreement

maintains very tight oversight of the building's operation during the ten-year period. Comparative data for 2016 reflects an overall energy cost savings of 31% over 2015 with continued savings being experienced in 2017.

Senator's Stadium Bonds

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

In 2015 the owners of the team held back certain payments to the City in order to fund capital improvements to the stadium, thereby increasing the amount of debt service the City was required to pay under the Guaranty of the bonds. In October 2015, the City had to transfer an additional \$85,000 (beyond a May payment of \$163,061) to meet the debt service requirement for a total of \$248,061 on the bonds for the year. In May 2016, the City made a payment of \$241,362 and in October paid an additional \$91,272 for a total of \$332,634. Annual debt service obligations on the stadium bonds will exceed \$650,000 in 2017. It is unknown the exact amount the City will need to contribute though it is likely to be similar to the 2016 payment which represented about half of the total debt service unless a resolution is found. The increase in debt service being paid by the City versus the Strong Plan projections heightens the reasons for making best efforts to use all resources and capacity available to reduce or eliminate this obligation. A resolution of the Stadium Bonds in a manner where they become self-supporting would save the City hundreds of thousands of dollars in debt service each year.

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

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

Finally, the first installment of settlement proceeds from the *In Re Derivatives* class action law suit have been paid to the Harrisburg Redevelopment Authority and should be used to defray some of the debt service expenses of this bond issue and the Verizon Bond issue. A second payment of like amount is expected sometime later in 2017. It is important that the proceeds be appropriately applied to the respective obligations.

Water Sewer and Storm Water Operation - Transfer of Assets

When the Receiver's Team looked at the City's assets and assessed options, three different strategies for three different assets were pursued. The incinerator was sold, the parking system

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

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

Strategic Planning

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

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

Vision: To be a leading, innovative and efficient water utility focused on serving our community.

Values: Capital Region Water has a shared commitment to sustainability and to doing the right thing for public health and the environment, customers and coworkers.

Mission: Capital Region Water is a dedicated team of professionals devoted to customer satisfaction and stewardship of our community's water systems from raindrop to river.

Goals: (1) Efficient Use of Resources, (2) Public Health & the Environment, (3) Customers & Stakeholders, (4) Workforce, and (5) Infrastructure Stability.

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

Wastewater and Stormwater Compliance – Partial Consent Decree

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

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

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

CRW has complied with all milestones of the Partial Consent Decree entered into by CRW, the City, the State Department of Environmental Protection, the US Environmental Protection Agency, and the US Department of Justice. The potential fines and penalties that would have been imposed on the City appear to have been avoided.

City Beautiful H₂O

"City Beautiful H₂O" is a community based campaign to improve the health of local waterways and green the City while meeting stormwater and combined sewer system compliance issues. This campaign includes a Green Stormwater Infrastructure plan for CRW's stormwater service area, a partnership with Lower Paxton and Susquehanna Townships to complete a watershed-wide compliance strategy to meet Paxton Creek water quality standards, and a robust community education and engagement process. These plans will be incorporated into CRW's Wet Weather Planning for regulatory compliance and the has indicated that it will be included in their Comprehensive Plan update currently underway. These plans will result in significant investment into the community while attempting to minimize the financial impact to rate payers.

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

Harrisburg's municipal separate storm sewer system (MS4) is permitted by the Pennsylvania Department of Environmental Protection. The system is operated under a permit issued to the City of Harrisburg. This permit could not be transferred to CRW as part of the transition in 2013 because the permit had expired. CRW submitted an application for a permit in October 2014 and

has provided all information requested by DEP, but a permit has yet to be issued. CRW continues to operate the system under the City's permit through a cooperative agreement.

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

Project Funding

CRW has been successful in preventing large costs of borrowing by developing successful financial strategies. CRW has completed five successful borrowings since 2013 and is scheduled to complete one additional borrowing in the third quarter of 2017.

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

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

The rating agency report had several notable remarks including:

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

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

In April of 2017, CRW was successful in re-establishing its Sewer Bond Rating to an investment grade level (A+ S&P). Additionally, CRW successfully marketed \$43,915,000 of Sewer Bonds which

were utilized to refund M&T Bank's portion of the AWTF project financing and to provide necessary funding for 2017 and 2018 capital projects.

On June 8, 2016, CRW submitted two applications to Impact Harrisburg to offset capital expenses. A "Contingency Application" was submitted requesting \$500,000 to offset an estimated \$1.5 million cost of emergency repair and rehabilitation of the sewer system in the vicinity of Arsenal Boulevard. This project was not included in either the 2016 budget or the Capital Improvement Plan due to the lack of condition information gathered by the City during their ownership. The condition became apparent when raw sewage was observed in an unnamed tributary to Asylum Run. Impact Harrisburg did not award funding for this work. Given the nature of this project CRW has proceeded with design for this project.

The second application stems from the Impact Harrisburg Board's desire for collaborative projects between the City and CRW. After learning of the City's plans for street restoration in areas with underground infrastructure ("Multimodal Transportation Projects") and the importance for their receiving funding for that work, CRW laid aside plans to apply for funding to offset project costs included in the 5-year Capital Improvement Plan, and submitted an application requesting funding for water and sewer infrastructure to align with the City's Multimodal Transportation Projects.

CRW was notified on July 22, 2016 that Impact Harrisburg had approved a grant in the amount of \$2,743,645.25 to CRW for work associated with the City's Multimodal Project. This funding will offset up to \$8 million in CRW costs for condition assessments, design, bidding, and construction of rehabilitation of drinking water, wastewater and stormwater infrastructure. The project also includes the incorporation of Green Stormwater Infrastructure as practical in accordance with CRW's City Beautiful H2O wet weather and community greening plan. CRW is working to complete work in coordination with the City. Representatives of both bodies met with the IH Board on August 16, to discuss their plans and address concerns of the Board. The City's projects include: 3rd Street Resurfacing Project; 2nd, 7th and Division St Project; Berryhill Pedestrian Improvements Project; and North 17th Street Reconstruction.

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

CRW is actively coordinating sewer infrastructure repair work and stormwater collection and management, both green infrastructure and conventional (catch basin) as part of the City's 3rd St improvement project. The timeline is controlled by the City, as CRW's work is supplementary to the primary City work. The City is issuing the bid advertisement in late June with bids due in July and construction beginning by September.

Relationship with City

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

CRW met with representatives from the City the first week of March 2017 to discuss the remaining outstanding issues related to the transfer of operations and the Shared Services reconciliation. It

is believed that there is agreement on the majority of the items in question. One of the remaining areas to be reconciled is the Street Sweeping portion of the Shared Services agreement. The City provided the Street Sweeping expense summary and CRW is working with City personnel to resolve any remaining issues with the Street Sweeping charges and to effectuate a resolution prior to December 31, 2017.

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

One project that CRW is providing service to the City for is related to sanitary sewer overflows at the Harrisburg Transportation Center (HTC). The HTC has experienced sanitary sewer overflows into its lower areas for quite some time, though until recently nothing had been done to remedy the situation. Following several months of investigative work by CRW, their staff met with Harrisburg Redevelopment Authority on March 15, 2017 to review findings from site analysis and hydraulic modeling of the area.

The local plumbing back-up issues in the station floor drains have been abated with HRA's installation of flap-gates on the building discharge lines. Though several significant infrastructure issues on and around the site have been identified, the cause of the back-up appears to be the connection of train shed downspouts to the building discharge sewer (about 15-years ago). Some additional site work to verify connectivity through dye-testing in the railroad track right-of-way will be coordinated with Amtrak to determine whether there are additional short term improvements that could further reduce the back-up conditions.

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

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

Forensic Claims

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

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

In the absence of an amicable resolution of the claims, the Coordinator through the Office of General Counsel solicited proposals and engaged the Washington D.C. firm of Harris Wiltshire & Grannis, LLP to represent the Coordinator in the further pursuit of all outstanding claims up to and including litigation, if necessary. The pursuit of a resolution of these claims remains a high priority for the Coordinator.

Concurrently a separate claim related to the Harrisburg Parking Authority (HPA) and Harrisburg University has also been pursued. This claim relates to the payment of \$3.6 million that was to be made at plan consummation in order to obtain free and clear title to the Harrisburg Parking Authority facilities at Harrisburg University. Under an agreement with HPA this claim was assigned to the City through the Office of the Coordinator. Counsel selected by AGM and Dauphin County determined to opt out of representation of the Coordinator in the complaint originally filed by that counsel in the Dauphin County Court of Common Pleas. As a result, the Coordinator selected Harris, Wiltshire & Grannis to represent him in this matter. After considerable due diligence it was determined that the basis of any claims involving Buchanan Ingersol and Rooney (BIR) could not be supported. The Coordinator thus filed a Motion for Partial Discontinuance with the Court to dismiss further pursuit of this claim. In June, the Coordinator and BIR executed a Settlement Agreement in late June that is being filed with the Court that dismisses BIR from the action. Settlement discussions continue with the Foreman firm.

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Summary

As I author my first quarterly update I want to express my appreciation for the leadership exhibited by the City's elected officials. The City's elected and appointed officials have welcomed me and helped me to get acquainted with the City's Operations as they relate to the Strong Plan. As a former City Budget Director, I am very familiar with the accounting, budgeting, and financial management of the City and I have been able to re-establish relationships with the City elected and appointed officials.

An updated recovery strategy is in place that addresses both statutory changes to Act 47 and the City's current fiscal position. The Plan modifications provide direction on a number of issues which include fiscal projections for 2016-18 and parameters for the current collective bargaining processes. The enactment of the Strong Plan modifications was a critical next step in the City's recovery and its move towards a path of sustainability and an exit from Act 47.

Although challenges remain, the City has made significant progress on many fronts. Through the end of the third quarter of 2017, the City's operating position is healthy and its cash position strong. The first half of 2017 saw additional revenue from the Local Services tax along with significant EIT revenues. June ends with a General Fund cash balance of \$20,236,037. This is \$9 million higher than at this point in 2016 when the City's cash position was \$11.1 million. Continued strength and stability in the City's cash position is a very positive sign and negated the need for a TRAN for 2017.

The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including keeping their audits up-to-date, securing TRANs for three consecutive years, compliance with SEC disclosure requirements, making timely debt service payments, bringing all payables into a current status and undertaking its first capital borrowing since entering Act 47. The current discussions related to possible repayment of the advances made by AMBAC also bodes well for the City's fiscal credibility. The City is approaching the time when it can re-enter the bond marketplace to assist in financing needed capital infrastructure.

Restructuring City operations has played a key role in the City's current fiscal position. Ensuring long-term sustainability though remains a challenge and requires the revitalization of the City's tax base to generate sufficient revenues to meet service needs of City residents. Progress on this front is typically slower, though we are seeing many positive signs. With full occupancy of the Commonwealth Tower by almost 800 DHS employees, the City is seeing a number of positive economic benefits in Strawberry Square and surrounding area including new businesses and residences resulting in increased tax and parking revenues.

This project along with the TOD study of the Transportation Center area can serve as a further stimulus for additional economic activity in the downtown. The City is also experiencing growth in the technology sector industry that is supported by Harrisburg University and other educational institutions in the City. Likewise, the continued advance of plans and funding for the new Federal Courthouse in mid-town will spur further economic activity in that area. Recent state Redevelopment Assistance grants for revitalization efforts in both mid-town and Allison Hill will further incentivize economic activity, all of which serves to strengthen the City's tax base. It is important that the City continue to build on these successes and partner with governmental and community stakeholders to further advance revitalization efforts.

I, as the new Coordinator, and the entire Coordinator's Team will continue to work with Mayor Papefuse and his Administration, as well as City Council and other City's elected and appointed

officials to assist the City as it moves forward with Strong Plan initiatives and other operational matters. Regular interaction with the City administration on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and human resources is an important element to the City's recovery. The Team will continue to work with City officials to effectively manage the adopted 2017 budget including its capital improvement programming component, increase the City's management capacity, and enact sound financial management policies. City Council, Finance Chair, Ben Allat plans to adopt several financial management policies this month. The Coordinator is currently working with the City to review the Mayor's forthcoming 2018 budget proposal and we are poised to review the proposal and to make our recommendations by October 15, 2017.

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

I am pleased to inform the court that I have met with Mayor Papenfuse, Solicitor Neil Grover, Finance Director, Bruce Weber, and the Controller Charles DeBrunner to discuss the transfer of the Other Post-Employment Benefits (OPEB) funds of \$3.2 Million dollars from the Harrisburg Recovery Coordinator to the City of Harrisburg in the form of an OPEB Trust. I will work with the Mayor and Solicitor to move this effort forward and to begin to construct the OPEB Trust Board. The formulation of this trust will have multiple benefits to the City of Harrisburg including a possible improvement in the City's bond rating. I am committing to the Court that this process will proceed and will be effectuated in 2018.

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

**CITY OF HARRISBURG
CASH FLOW**

City of Harrisburg
General Fund
2017 Estimated Cash Flow

Cash Summary

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual June	Actual Jul	Actual Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec
Unrestricted Cash Balance Beginning of Month	13,285,220	12,187,687	17,974,584	24,429,428	21,131,417	23,442,461	21,616,482	21,507,147	21,794,145	19,210,220	19,913,414	21,102,190
Surplus/(Deficit)	-1,138,304	3,617,560	3,730,040	-3,298,011	2,311,044	-1,825,979	-109,335	286,997	-2,583,925	703,195	1,188,776	-4,154,510
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0
Other items affecting Cash	-22,047	1,433,048	3,628,680	0	0	0	0	0	0	0	0	0
Unrestricted Cash Balance End of Month	12,187,687	17,974,584	24,429,428	21,131,417	23,442,461	21,616,482	21,507,147	21,794,145	19,210,220	19,913,414	21,102,190	16,947,680

Revenues, Expenditures, Surplus/(Deficit)

Revenues without Transfers	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	4,782,517	2,565,652	3,967,450	3,568,932
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	811,063	0
Transfer in from Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	67,400
Transfer in from Landfill/Incineration Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0
Transfer in from Host Fee for Environmental Costs	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from Other Funds	0	0	0	0	0	0	0	0	0	5,000,000	0	5,000,000
Total Revenues	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	4,782,517	7,565,652	4,778,513	3,636,332
Expenditures	3,489,259	2,351,213	2,628,905	2,083,234	2,871,068	3,241,938	2,074,129	2,520,596	2,682,035	5,356,210	2,287,335	5,214,384
Personnel	320,488	362,873	765,768	332,904	290,671	525,425	169,019	368,820	371,215	571,557	418,177	975,477
Services	117,061	186,191	256,319	161,515	161,730	296,167	215,106	163,520	211,475	265,605	218,650	608,362
Supplies	300,706	641,413	398,947	3,744,456	792,787	456,718	358,130	1,410,408	340,648	669,085	569,040	992,620
Other	0	0	5,070,346	378,814	96,535	0	0	96,535	3,761,069	0	96,535	0
Debt Service	4,227,515	3,541,690	9,120,286	6,900,923	4,212,811	4,570,248	2,816,384	4,559,879	7,366,442	6,862,457	3,589,737	7,790,843
Total Expenditures	-1,138,304	3,617,560	3,730,040	-3,298,011	2,311,044	-1,825,979	-109,335	286,997	-2,583,925	703,195	1,188,776	-4,154,510

Accounts Payable	-967,572	-1,030,390	-1,766,678	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802
Accounts Payable Beginning of Month	-1,030,390	-1,766,678	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0

Note: Harrisburg's Budget included \$4.3 million of Cash Carryover to balance the budget
That money is not reflected in the Revenues.

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City of Harrisburg
General Fund
2017 Estimated Cash Flow

Cash Summary

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual June	Actual Jul	Actual Aug	Estimated Sep	Estimated Oct	Estimated Nov	Estimated Dec
Unrestricted Cash Balance Beginning of Month	13,285,220	12,187,687	17,974,584	24,429,428	21,131,417	23,442,461	21,616,482	21,507,147	21,794,145	19,210,220	19,913,414	21,102,190
Surplus/(Deficit)	-1,138,304	3,617,560	3,730,040	-3,298,011	2,311,044	-1,825,979	-109,335	286,997	-2,583,925	703,195	1,188,776	-4,154,510
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0
Other items affecting Cash	-22,047	1,433,048	3,628,680	0	0	0	0	0	0	0	0	0
Unrestricted Cash Balance End of Month	12,187,687	17,974,584	24,429,428	21,131,417	23,442,461	21,616,482	21,507,147	21,794,145	19,210,220	19,913,414	21,102,190	16,947,680

Revenues, Expenditures, Surplus/(Deficit)

Revenues without Transfers	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	4,782,517	2,565,652	3,967,450	3,568,932
Transfer in from Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	811,063	0
Transfer in from Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	67,400
Transfer in from Landfill/Inciner Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0
Transfer in from Host Fee for Environmental Costs	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from Other Funds	0	0	0	0	0	0	0	0	0	5,000,000	0	5,000,000
Total Revenues	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	4,782,517	7,565,652	4,778,513	3,636,332
Expenditures	3,489,259	2,351,213	2,628,905	2,083,234	2,871,068	3,241,938	2,074,129	2,520,596	2,682,035	5,356,210	2,287,335	5,214,384
Personnel	320,488	362,873	765,768	332,904	290,671	525,425	169,019	368,820	371,215	571,557	418,177	975,477
Services	117,061	186,191	256,319	161,515	161,750	296,167	215,106	163,520	211,475	265,605	218,650	608,362
Supplies	300,706	641,413	398,947	3,744,456	792,787	456,718	358,130	1,410,408	340,648	669,085	569,040	992,620
Other	0	0	5,070,346	578,814	96,535	0	0	96,535	3,761,069	0	96,535	0
Debt Service	0	0	9,120,286	6,900,923	4,212,811	4,520,248	2,816,384	4,559,879	7,366,442	6,862,457	3,589,737	7,790,843
Total Expenditures	4,227,515	3,541,690	9,120,286	6,900,923	4,212,811	4,520,248	2,816,384	4,559,879	7,366,442	6,862,457	3,589,737	7,790,843
Operating Surplus/(Deficit)	-1,138,304	3,617,560	3,730,040	-3,298,011	2,311,044	-1,825,979	-109,335	286,997	-2,583,925	703,195	1,188,776	-4,154,510

Accounts Payable

Accounts Payable Beginning of Month	-967,572	-1,030,390	-1,766,678	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802	-862,802
Accounts Payable End of Month	-1,030,390	-1,766,678	-862,802									
Change in Accounts Payable	62,818	736,289	-903,876	0	0	0	0	0	0	0	0	0

Note: Harrisburg's Budget included \$4.3 million of Cash Carryover to balance the budget
That money is not reflected in the Revenues.

City of Harrisburg
 General Fund
 2017 Estimated Cash Flow

9/20/2017
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Cash Summary

Revenues, Expenditures, Surplus/(Deficit)	Actual 1st Quarter	Actual 2nd Quarter	Actual 3rd Quarter	Est 4th Quarter	Est Total
Revenues	23,098,786	12,821,036	12,336,442	15,980,497	64,236,762
Expenditures	16,889,490	15,633,982	14,742,705	18,243,037	65,509,214
Operating Surplus/(Deficit)	6,209,296	-2,812,946	-2,406,263	-2,262,540	-1,272,452
Unrestricted Cash Balance Beginning of Quarter	13,285,220	24,429,428	21,616,482	19,210,220	
Surplus/(Deficit)	6,209,296	-2,812,946	-2,406,263	-2,262,540	
Change in Accounts Payable	-104,769	0	0	0	
Other items affecting Cash	5,039,681	0	0	0	
Unrestricted Cash Balance End of Quarter	24,429,428	21,616,482	19,210,220	16,947,680	

Note: Harrisburg's Budget included \$4.3 million of Cash Carryover to balance the budget
 That money is not reflected in the Revenues.

Accounts Payable					
Accounts Payable Beginning of Quarter	-967,572	-862,802	-862,802	-862,802	
Accounts Payable End of Quarter	-862,802	-862,802	-862,802	-862,802	
Change in Accounts Payable	-104,769	0	0	0	

City of Harrisburg
2017 Actual General Fund Revenues

Revenue Group	Actual Jan	Actual Feb	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Estimated October	Estimated November	Estimated December	Estimated Total 2017	Budget 2017	Variance
Real Estate Taxes Current	233,376	2,338,196	9,876,701	356,392	1,133,826	123,138	87,206	117,370	71,865	74,484	90,321	475,949	14,978,825	14,703,172	275,653
Real Estate Taxes Delinquent	96,927	6,908	196,518	242,328	133,621	211,405	282,199	139,458	178,306	473,638	97,855	73,619	2,132,441	1,928,260	204,181
Tax Liens Principal	0	0	0	0	-27	0	0	-2	0	0	0	0	-40	0	-40
Tax Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EIT	141,719	535,065	298,026	199,535	464,906	318,586	154,462	493,396	282,439	168,159	410,198	234,943	3,701,425	3,605,642	95,782
Act 47 EIT	283,438	1,070,130	596,053	399,070	929,812	637,172	308,924	986,772	564,877	336,318	820,395	469,887	7,402,849	7,211,285	191,565
EMS/IL ST	312,139	1,930,717	276,878	71,365	1,422,782	117,487	35,566	1,411,439	52,264	76,334	554,799	90,551	6,352,321	5,561,176	791,145
Mercantile Business Privilege	194,295	245,624	435,324	964,316	695,330	150,262	171,591	165,774	76,645	191,723	164,396	103,337	3,598,617	3,434,208	124,409
Other Act 511 Taxes	12,630	57,546	54,361	222,752	34,044	38,808	43,895	45,683	53,637	47,660	969,913	49,328	1,630,256	1,471,000	159,256
Capital Fire Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cdbg Reimb. - Demolition	0	0	0	0	0	0	0	0	15,632	39,817	0	14,909	70,357	115,000	-44,643
District Justice Fees	85,806	0	41,708	37,832	40,276	30,733	60,287	33,181	55,020	67,514	29,270	18,696	500,424	363,000	117,424
Fed/State/Fed/Pass Thr Gr	0	0	0	0	0	0	0	0	22,323	8,812	23,498	17,859	72,492	377,380	-304,888
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	51,546	51,546	0	
Fees/Permits	190,095	128,481	48,213	198,656	374,535	85,138	265,677	294,663	76,669	126,676	112,416	176,341	2,077,559	1,360,731	716,828
Government Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	2,801	3,054	3,375	4,002	3,826	3,922	5,924	16,484	2,761	1,874	1,830	4,324	54,117	33,752	20,365
License	0	148,917	0	0	174,640	0	154,577	6,704	6,704	3,951	134,408	296	623,693	581,744	41,949
Miscellaneous	791,033	140,650	410,637	65,596	91,060	289,265	205,719	89,182	225,332	114,376	77,117	480,397	2,980,365	2,227,799	752,566
Pension System State Aid	0	0	0	0	0	0	0	10,660	2,532,920	0	0	0	2,543,580	2,532,920	10,660
Public Safety Fees/Permits	17,388	11,667	25,104	23,329	30,897	14,323	13,803	10,937	17,316	15,839	11,823	15,174	207,401	189,151	18,250
Public Safety Grants	26,841	5,823	4,022	23,964	12,552	3,466	24,348	3,919	29,534	16,477	15,276	14,982	181,204	5,308,932	-5,127,728
Public Safety Reimbursements	62,220	57,213	50,415	85,296	163,400	52,650	63,165	41,837	43,831	82,635	51,294	52,173	806,130	1,019,502	-213,372
Public Works Fees/Permits	0	0	0	0	0	0	0	0	0	0	110,335	139,030	249,364	250,000	-636
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Income	238	163	163	163	163	238	163	163	160	200	157	178	2,145	2,113	32
Recreation Fees	15	0	0	10	20	3,367	3,751	816	139	9	3	32	10,162	14,678	-4,516
Sale Of Assets	0	0	0	0	0	9,912	0	0	0	0	0	0	9,912	0	9,912
Vehicle Maintenance Charges	6,062	26,610	65,374	104,277	40,454	0	44,601	55,653	38,331	29,349	3,026	14,473	428,272	283,243	135,028
PILOTS	0	0	688	0	38,545	0	319,845	107,444	8,955	57,929	31,941	0	565,357	500,000	65,357
Pub Utility Realty Tax	0	0	0	0	0	0	0	0	0	45,000	0	0	45,000	0	45,000
Sewer Maint. Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Maint. Liens-Penalty	0	0	42	18	0	64	3	0	0	4	0	1	133	24	109
Sewer Maint. Liens-Princip	0	0	125	16	0	103	27	18	10	14	4	11	329	160	169
Sewer Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sanitation Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Neighborhood Services Fund	0	0	0	0	0	0	0	0	0	0	811,063	0	811,063	811,063	0
Neighborhood Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0	67,400	67,400	67,400	0
Landfill/Inch Utility Fd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Water Utility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hbg Pk Auth Coord Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Funds	0	0	0	0	0	0	0	0	5,000,000	0	0	0	5,028,875	28,875	5,000,000
Parking Taxes	348,172	312,819	281,438	319,231	452,765	296,050	335,167	362,178	160,230	349,944	17,752	735,688	3,971,435	3,864,000	107,435
Parking Fees	11,103	7,658	8,424	11,507	9,228	22,057	6,785	5,500	6,574	6,537	3,054	19,179	117,606	104,225	13,381
Parking Tickets	38,394	27,400	29,678	23,157	33,588	34,133	23,982	38,714	34,199	34,199	25,979	36,801	395,807	350,000	45,807
Ground Lease Payments	93,964	41,913	58,917	100,167	97,607	100,167	100,167	100,167	61,385	72,948	75,376	97,946	1,000,724	1,202,000	-201,276
Priority Parking Distribution	140,555	62,695	88,131	149,833	146,005	149,833	149,833	149,833	159,884	123,393	135,213	152,406	1,607,614	1,788,000	-190,386
THA Shared Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harrisburg Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	3,089,211	7,159,249	12,850,326	3,602,912	6,523,855	2,694,269	2,707,049	4,846,876	4,782,517	7,565,662	4,778,513	3,636,332	64,236,762	61,426,981	2,809,780

City of Harrisburg
General Fund
2017 Estimated Expenditures by Month

	Actual Jan	Actual Feb	Actual Mar	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Estimated October	Estimated November	Estimated December	Estimated Total 2017	Budget Total 2017	Variance Act - Bud
General Expenses Personnel	2,001,442	726,321	945,996	534,079	866,650	779,727	440,471	919,639	884,375	1,324,306	704,556	1,554,283	11,723,847	12,279,082	-555,235
General Expenses Services	1,12,298	51,718	148,349	87,239	60,046	131,525	41,456	49,133	61,245	151,445	85,162	128,277	1,105,913	1,259,897	-189,984
General Expenses Supplies	1	0	0	0	0	0	0	0	0	0	0	102	104	306	-202
General Expenses Other	84,024	325,025	25	1,027,642	114,024	1,690	25	72,669	28,941	291,525	24,570	100,948	2,051,107	1,614,296	436,811
General Expenses	2,177,765	1,103,065	1,094,370	1,648,961	1,072,720	912,942	481,952	1,041,441	984,561	1,767,276	814,308	1,781,610	14,880,970	15,189,551	-308,581
Transfers to Other Funds Debt Service	0	0	5,070,346	578,814	96,535	0	0	96,535	3,761,069	0	96,535	0	9,699,834	7,849,834	1,750,000
Transfers to Other Funds Other	0	0	2,200,000	2,200,000	229,426	0	33,495	925,870	3,761,069	0	0	0	3,388,791	3,388,791	2,999,401
Transfers to Other Funds	0	0	5,070,346	2,778,814	325,981	0	33,495	1,022,405	3,761,069	0	96,535	0	9,038,625	9,038,625	4,049,401
Office of the Director for the DCED Personnel	830	962	962	962	962	1,444	-1,092	689	842	844	846	1,120	9,371	10,328	-957
Office of the Director for the DCED Services	0	0	0	0	0	0	3	0	0	0	0	0	3	1,425	-1,422
Office of the Director for the DCED Supplies	0	3,008	0	0	0	0	0	0	0	0	0	0	3,008	25,000	-21,992
Office of the Director for the DCED Other	11,038	12,769	12,769	12,769	12,769	19,154	-15,500	9,000	11,032	11,065	11,102	14,760	122,718	135,000	-12,282
Office of the Director for the DCED	11,869	16,740	13,732	13,732	13,732	20,598	-16,589	9,689	11,874	11,898	11,947	15,879	135,100	171,753	-36,653
Bureau of Planning Personnel	7,938	7,938	7,938	7,938	8,145	12,031	8,021	8,021	7,560	8,354	8,799	13,195	105,880	93,871	12,009
Bureau of Planning Services	576	5,447	7,489	14,401	4,182	7,755	4,434	2,806	9,077	10,619	3,875	16,329	86,970	97,650	-10,680
Bureau of Planning Supplies	0	0	0	0	1,682	868	0	186	641	481	200	483	4,543	3,000	1,543
Bureau of Planning Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau of Planning	8,514	13,386	15,427	22,339	13,989	20,854	12,455	11,014	17,279	19,454	12,874	30,007	197,393	194,521	2,872
Bureau of Codes Personnel	49,851	49,208	54,611	56,710	58,733	88,126	58,556	57,700	64,601	65,399	66,061	98,220	788,578	882,692	-114,113
Bureau of Codes Services	1,110	3,007	2,204	3,897	1,177	2,604	1,942	1,757	5,087	1,757	2,438	5,473	31,430	40,948	-9,518
Bureau of Codes Supplies	479	968	1,952	699	2,149	2,259	713	1,287	1,189	792	2,603	3,136	18,225	24,200	-5,975
Bureau of Codes Other	91	91	91	91	91	146	91	91	91	91	0	0	785	1,095	-310
Bureau of Codes	51,332	53,273	58,857	61,398	62,151	93,135	61,303	59,811	70,878	67,947	71,102	107,830	819,018	948,934	-129,917
Economic Development Personnel	4,614	4,556	4,556	4,556	4,556	6,834	34,880	8,599	8,946	8,946	8,573	12,550	112,168	111,957	211
Economic Development Services	0	0	0	0	0	1,113	0	0	0	0	0	1,500	2,813	8,400	-5,787
Economic Development Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	800	-800
Economic Development Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development	4,614	4,556	4,556	4,556	4,556	7,947	34,880	8,599	8,946	8,946	8,573	14,050	114,781	121,157	-6,376
Office of the Police Chief Personnel	870,852	908,710	846,652	867,235	1,158,943	1,284,576	864,970	878,801	1,051,961	3,184,571	897,138	2,457,673	15,252,083	16,560,687	-1,308,605
Office of the Police Chief Services	73,329	40,583	174,194	27,279	40,583	121,296	19,868	16,600	49,331	93,984	46,468	72,978	758,673	769,450	-10,778
Office of the Police Chief Supplies	11,225	41,001	24,023	19,641	12,897	4,129	86,780	36,162	36,162	14,768	20,916	46,202	327,036	256,160	70,876
Office of the Police Chief Other	11,424	28,800	83	83	278	11,523	954	29,201	25,453	75,142	52,751	280,105	515,797	497,748	18,048
Office of the Police Chief	966,829	1,018,095	1,044,951	914,238	1,195,881	1,421,524	971,572	933,896	1,162,906	3,348,465	1,017,273	2,855,958	16,853,598	18,084,046	-1,230,458
Bureau of Fire Personnel	457,263	558,252	660,635	520,515	646,603	877,414	497,027	504,627	525,325	671,156	489,017	913,155	7,320,989	7,389,364	-68,375
Bureau of Fire Services	18,384	58,562	8,774	26,485	38,965	22,785	18,265	6,834	16,439	24,271	12,838	92,021	340,612	362,050	-21,438
Bureau of Fire Supplies	16,555	6,695	1,972	11,169	3,249	27,910	27,782	27,800	17,928	27,800	22,299	169,878	336,787	432,750	-95,963
Bureau of Fire Other	0	10,917	0	0	0	21,598	0	0	0	0	0	0	32,515	130,000	-97,485
Bureau of Fire	492,202	634,426	671,380	558,169	686,607	925,346	541,202	539,244	559,691	723,227	524,154	1,175,054	8,030,903	8,314,164	-283,261

City of Harrisburg General Fund		2017 Estimated Expenditures by Month												Budget	Variance	
		Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	Estimated Total 2017	2017 Total	Act - Bud
Personnel	Office of the Director of Public Works	55,849	55,228	63,299	54,153	57,764	89,965	57,248	56,285	65,556	63,409	61,804	99,892	783,553	834,183	-50,630
Services	Office of the Director of Public Works	58,209	81,555	231,767	79,432	80,647	183,359	-20,467	104,947	125,325	144,626	140,821	314,133	1,504,354	1,712,500	-208,146
Supplies	Office of the Director of Public Works	8,946	12,223	123,905	8,432	25,476	141,506	2,189	18,167	5,843	25,905	3,480	43,522	419,986	1,012,500	-592,514
Other	Office of the Director of Public Works	11,687	26,154	25,254	42,204	37,204	69,897	111,921	138,139	52,954	55,728	236,033	72,728	879,901	1,457,370	-577,469
	Office of the Director of Public Works	134,692	175,160	444,228	184,221	201,090	464,727	150,891	317,559	249,779	289,665	445,119	530,275	3,587,404	5,016,603	-1,429,199
Personnel	Bureau of City Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Services	Bureau of City Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies	Bureau of City Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	Bureau of City Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personnel	Bureau of Vehicle Management	3,226	2,590	10,462	3,178	2,761	4,534	3,005	2,578	3,225	3,384	3,496	6,274	48,723	54,513	-5,790
Services	Bureau of Vehicle Management	17,576	14,605	25,202	22,807	20,834	22,243	16,687	19,778	29,321	24,923	31,530	56,487	301,993	304,608	-2,615
Supplies	Bureau of Vehicle Management	38,457	53,028	54,632	63,978	54,249	65,672	57,003	48,490	61,243	104,860	94,808	211,712	908,133	1,141,558	-233,425
Other	Bureau of Vehicle Management	34,673	35,388	33,276	36,404	37,688	56,308	47,321	34,666	39,738	42,687	45,202	72,000	515,351	677,654	-162,303
	Bureau of Vehicle Management	93,931	105,612	123,572	126,367	115,531	148,757	124,016	105,512	133,527	175,864	175,037	346,473	1,774,200	2,178,433	-404,233
Personnel	Office of the Director of Parks, Recreation and Enrichment	1,289	1,164	1,236	1,901	1,728	44,957	75,783	49,148	16,477	2,163	1,904	2,173	199,923	247,071	-47,148
Services	Office of the Director of Parks, Recreation and Enrichment	5,817	14,869	18,348	658	4,625	12,379	4,965	21,194	13,746	12,042	13,404	56,992	178,829	212,500	-33,771
Supplies	Office of the Director of Parks, Recreation and Enrichment	1,929	13,181	4,651	13,403	18,967	13,522	5,939	7,270	6,390	3,216	923	15,563	104,946	113,900	-8,054
Other	Office of the Director of Parks, Recreation and Enrichment	15,311	15,677	21,781	17,932	57,419	42,014	23,694	29,853	19,886	18,120	18,256	25,777	305,719	406,832	-101,213
	Office of the Director of Parks, Recreation and Enrichment	24,345	44,691	46,017	33,894	82,730	112,872	110,372	107,465	56,499	35,540	34,487	100,505	789,417	979,603	-190,186
Personnel	Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Services	Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies	Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	Bureau of Act, Culture & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bureau of Act, Culture & Tourism	4,227,515	3,541,690	9,120,286	6,900,923	4,212,811	4,520,248	2,816,384	4,559,879	7,366,442	6,662,457	3,589,737	7,790,843	65,509,214	65,711,842	-202,628