

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as Secretary :  
of the Commonwealth of Pennsylvania Department :  
of Community and Economic Development, :  
Petitioner : No. 569 M.D. 2011  
: :  
v. : :  
: :  
City of Harrisburg, :  
Respondent :

**OBJECTIONS TO PLAN OF RECOVERY**

AND NOW comes Daniel C. Miller, pursuant to the Municipal Finance Recovery Act, 53 P.S. § 11701.101 et seq., and objects to the City of Harrisburg Recovery Plan, , as follows:

1. A plan for recovery for the City of Harrisburg was filed on or about August 26, 2013, approved by the Harrisburg City Council on September 16, 2013, and presented to this Court on September 19, 2013.

2. The Objector objects, initially, on due process grounds to the procedure governing these objections. Objector, acting pro se, believes that he has 30 days from the date of the confirmation of the Plan in which to file objections to the plan, or alternatively, that he had 30 days from the date the plan was filed, which, upon information and belief, was on August 26, 2013, and that he has not been provided with an adequate opportunity to file these objections. Objector believes that there are other interested persons and/or parties who also have been denied a full and fair opportunity to file objections to the referenced plan, and that the plan is objectionable on grounds beyond the face of these objections, including the failure to adequately protect the interests of the taxpaying citizens and residents of the City of Harrisburg. A full and fair opportunity for all interested persons and parties should specifically be provided.

3. Objector notes that the Court suggested that the time for filing objections has passed, and that no objections have been filed; however, Objector was denied the chance to present pertinent information in court on September 19, 2013, and files these objections accordingly. Objector had also objected to the plan in March 2012 and was allowed to testify, and today was merely an amendment to the original plan, and

2013 SEP 20 PM 2:11  
FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA

opposed the ratification of the Plan by the Harrisburg City Council on September 16, 2013, and presumed that the March, 2012 objection was still open, as it had not been resolved.

4. Objector objects on the same basis as he did in March, 2012, and that is that the plan is not comprehensive and sustainable. Objector has grave concerns that this plan will not enable the City to balance its budget for the three years described or the thirty-seven not mentioned. While Objector has concerns that many of the estimated increases and decreases presented in the plan may be incorrect, Objector accepts them for purposes of this analysis. Objector believes, however, the original revenue starting point is in error.

5. Objector's analysis begins with the 2012 actual revenue, the most recently completed year, and makes all relevant adjustments including the plan assumptions for year 2014. The plan states total revenue as \$60.3M however we believe it to be \$55.9M. The major differences are that the plan includes items that we believe will not be received, processing fees from sewer and water (the city will no longer be processing after 1/1/14) and a one-time \$1.75M grant received only in 2012. These items along with other minor items account for the \$4.4M reduction in stated plan revenue. This variance is significant and changes a \$0.4M surplus into a \$4.0M deficit.

6. The plan budget also does not sufficiently address the potential Verizon expense of \$7.4M beginning annually in 2017 or the \$11.7M annual OPEB expense. Both of these items have significant negative budget consequences.

7. It is Objector's view that, with the sale and transfer of municipally owned assets, the burden is placed disproportionately on the residents and taxpayers of the city.

8. The plan dismantles city government by removing control of basic city functions from the city's residents. It reinforces the misperception that residents of a majority minority city can't govern themselves. This suggests arbitrariness and caprice.

9. The plan also does not call for any real concessions from AGM or Dauphin County, and minimal to no concessions from others. It is not fair in a shared plan, and reflects arbitrariness and caprice.

10. The plan further leaves other debt issues unresolved insofar as it The plan does not address the potential \$7.4 million annual debt service due from the City Guaranteed Harrisburg Redevelopment Authority for the Verizon building beginning in 2017. The plan doesn't address the shortfall on stadium bond payments. The plan doesn't contemplate the loss of parking revenue which would be due in the event of a Harrisburg University debt default.

11. The Receiver's plan may result in considerable liability after the sale of the incinerator to the LCSWMA. The city is party to a long term contract that requires it to produce a minimum amount of tonnage, 35,000 tons annually at \$190 per ton, to the LCSWMA. Increases in recycling or reductions in solid waste for any other reason still leaves the city financially obligated for the contracted amount, a minimum of \$6,650,000 annually. There was also no site assessment done for the incinerator.

12. As if these issues were not troubling enough, the plan projects very little future revenue to go to the city's general fund where the city's democratically elected officials determine the best use of this revenue for the benefit of the citizens of Harrisburg. Rather, the plan generously funds non-city controlled entities that don't answer to the residents of the city. The \$3.7 million the plan assigns for OPEB debt (retirees health insurance) is insignificant in comparison to the \$180 million unfunded liability.

13. The Receiver's plan balances the city budget with smoke, mirrors and uncertainty. Although recent history has proven the state subsidy to be unreliable, the plan relies on \$5 million annually from the Commonwealth. The plan relies on \$4 million in savings from union contracts that have not yet been achieved. Although the 100% increase in the city's EIT is only scheduled to last until 2016, the likelihood that it will become permanent can't be ignored. Other distressed communities in the Act 47 program have seen their EIT increased to 3.4% and more.

14. The plan also does not adequately address whether bankruptcy would have been a better economic option for the City.

15. The attached analysis supports all of the foregoing concerns, and also indicates concerns with the plan budget assumptions that are troubling. Objector also attaches a copy of his September 11, 2013 correspondence to the Harrisburg City Council.

16. Objector requests the opportunity to appear and testify in regard to all of the foregoing, and to be available to assist in any way possible to find solutions to Harrisburg's unfortunate financial crisis.

17. Objector reserves the right to supplement these objections, join in the objections of others, or otherwise present filings and/or evidence in regard to the City of Harrisburg Recovery Plan.

WHEREFORE, Objector requests a further hearing be scheduled to consider these, and any other objections, to the referenced recovery plan.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Daniel C. Miller". The signature is written in a cursive style with a large initial "D" and "M".

Daniel C. Miller

**Receiver's Plan**  
Harrisburg City  
Financial Projections  
(in millions)

	Adj.	Recovery Plan Projections			Post Plan
	Budget				Projections
	2013	2014	2015	2016	2017
Estimated General Fund Revenues:					
Harrisburg City Sustainable Revenue	45.0	46.5	46.6	46.8	46.8
PA Commonwealth subsidy	5.0	5.0	5.0	5.0	5.0 <sup>1</sup>
<b>General Fund Revenues</b>	<b>50.0</b>	<b>51.5</b>	<b>51.6</b>	<b>51.8</b>	<b>51.8</b>
Increases:					
EIT from 1% to 2%	5.9	7.9	7.9	7.9	7.9 <sup>2</sup>
Parking Meter - Fines	0.0	0.4	0.4	0.4	0.4
Priority Parking Distributions	0.0	0.5	0.5	0.5	0.5
Supplement to Priority Parkng Dist			0.5	1.0	1.0 <sup>3</sup>
<b>Total Estimated Revenues</b>	<b>55.9</b>	<b>60.3</b>	<b>60.9</b>	<b>61.6</b>	<b>61.6</b>
General Fund Exp (Net of Debt Service)	51.3	52.3	53.4	54.4	54.4 <sup>4</sup>
Plus Debt Service:					
General Obligation Bonds	6.0	7.7	7.7	7.7	7.7
Capital Equipment Obligations	3.0	3.0	3.0	3.0	3.0
Payments to Suburban Communities	4.5	1.5	1.5	1.5	1.0
Less:					
Labor Contract Modifications	0.7	4.0	4.5	4.8	4.8 <sup>5</sup>
Reduction in Workforce	0.0	0.6	0.6	0.6	0.6 <sup>6</sup>
<b>Total Estimated Expenses</b>	<b>64.1</b>	<b>59.9</b>	<b>60.5</b>	<b>61.2</b>	<b>60.7</b>
<b>Net Surplus/(Deficit)</b>	<b>-8.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.9</b>
Deficit	-8.2				
Working Capital/Accts Pay Funding	-5.0				
<b>2013 Budget Balancing Amount</b>	<b>-13.2</b>				

<sup>1</sup> PA Commonwealth subsidy - no guarantee it will continue or be \$5M/year

<sup>2</sup> EIT Revenue could be overstated by \$1M or more

<sup>3</sup> Supplement to Priority Parkng Dist - ends in 2019

<sup>4</sup> General Fund Exp - we have not confirmed this amount and question it

<sup>5</sup> Labor Contract Modifications - we question if this amount can actually be achieved

<sup>6</sup> Reduction in Workforce - we question if this amount can actually be achieved

**Comparison Receiver vs Actual**

	2013	2014	2015	2016	2017
Receiver's Estimated Revenue		60.3	60.9	61.6	
Actual 2012 Revenue with Plan Additions		<u>55.9</u>	<u>56.5</u>	<u>57.2</u>	
Variance		<u>(4.4)</u>	<u>(4.4)</u>	<u>(4.4)</u>	
<b>Receiver Plan Adj Surplus/Deficit</b>		<u><u>(4.0)</u></u>	<u><u>(4.0)</u></u>	<u><u>(4.0)</u></u>	<u><u>(4.0)</u></u>
Potential Expenses:					
Receiver Plan Adj Surplus/Deficit		(4.0)	(4.0)	(4.0)	(4.0)
Less - Annual shortfall on Stadium Debt		0.2	0.2	0.2	0.2
Less - Verizon Building Guarantee				3.7	7.4
<b>Potential Plan Surplus/Deficit</b>		<u>(4.2)</u>	<u>(4.2)</u>	<u>(7.9)</u>	<u>(11.6)</u>
Other Post Retirement Benefits - OPEB (Health Insurance)					
Most Recent Data - 2011					
Annual Expense Incurred - \$16,445,618					
2011 Expense Paid - <u>\$ 4,697,333</u>					
Annual Unfunded Expense - \$11,748,285		11.7	11.7	11.7	11.7
<b>Total Actual Annual Deficit</b>		<u><u>(15.9)</u></u>	<u><u>(15.9)</u></u>	<u><u>(19.6)</u></u>	<u><u>(23.3)</u></u>

# CITY OF HARRISBURG

## 2012 YTD REVENUE - BUDGET TO ACTUAL - LINE ITEM DETAIL

**Budget Unit: 01000100**

BUDGET UNIT TITLE	ACCOUNT CODE	ACCOUNT TITLE	ADOPTED BUDGET	DEC REVENUE	YTD REVENUE	STRONG ARM CHANGE	STRONG ARM BALANCE
GENERAL REVEN	301001	DISCOUNT PERIOD	12,371,188	540	12,884,506	0	12,884,506
GENERAL REVEN	301002	FLAT PERIOD	1,366,615	7,810	1,268,808	0	1,268,808
GENERAL REVEN	301003	PENALTY PERIOD	1,720,932	580,741	1,033,331	0	1,033,331
GENERAL REVEN	301004	REFUND PRIOR YR RE TAX	0	0	0	0	0
GENERAL REVEN	302001	DISCOUNT AMOUNT	-247,424	-11	-261,512	0	-261,512
GENERAL REVEN	302003	PENALTY AMOUNT	172,093	58,320	103,841	0	103,841
GENERAL REVEN	304001	TAX LIENS - PRINCIPAL	0	0	0	0	0
GENERAL REVEN	305001	TAX AMOUNT-1ST PRIOR YEAR	642,300	16,158	539,348	0	539,348
GENERAL REVEN	305002	TAX AMOUNT-2ND PRIOR YEAR	800,000	6,102	842,137	0	842,137
GENERAL REVEN	305003	TAX AMOUNT-3RD PRIOR YEAR	95,000	5,659	105,973	0	105,973
GENERAL REVEN	306001	PENALTY/INT 1ST YR PRIOR	82,995	2,555	73,109	0	73,109
GENERAL REVEN	306002	PENALTY/INT 2ND YR PRIOR	165,000	1,471	196,032	0	196,032
GENERAL REVEN	306003	PENALTY/INT 3RD YR PRIOR	40,000	2,489	39,716	0	39,716
GENERAL REVEN	307000	TAX AMOUNT/TAX SALES	0	0	0	0	0
GENERAL REVEN	308000	PENALTY/INTEREST TAX SALE	0	0	0	0	0
GENERAL REVEN	309000	TRANSFER TAX REVENUE	390,000	36,425	436,537	0	436,537
GENERAL REVEN	310000	HOTEL TAX REVENUE	714,000	108,890	586,890	0	586,890
GENERAL REVEN	311000	OPT CURRENT YR REVENUE	0	0	0	0	0
GENERAL REVEN	312003	OPT CURRENT YR PENALTY	0	0	0	0	0
GENERAL REVEN	313000	OPT PRIOR YR TAX	0	0	0	0	0
GENERAL REVEN	314050	OPT PRIOR YR PENALTY	0	0	0	0	0
GENERAL REVEN	315001	OPT CUR YR COMMISSION	0	0	0	0	0
GENERAL REVEN	315002	OPT PRIOR YR COMMISSION	0	0	0	0	0
GENERAL REVEN	316000	EMERGENCY/MUN SERVICES	1,648,223	0	1,340,516	0	1,340,516
GENERAL REVEN	316003	CURR YR PENALTY	2,288	0	353	0	353
GENERAL REVEN	316005	E.M.S. TAX REBATE	0	0	0	0	0
GENERAL REVEN	316006	EMS TAX PRIOR YEAR	569,993	0	536,035	0	536,035
GENERAL REVEN	316007	PEN PRIOR YEAR	1,183	0	305	0	305
GENERAL REVEN	318000	EMS TAX COMMISSIONS	-1,619	0	-1,057	0	-1,057
GENERAL REVEN	318006	PRIOR YR EMS COMMISSION	-570	0	-265	0	-265
GENERAL REVEN	321000	EIT - CURR YR	3,238,185	677,701	4,458,963	6,841,037	11,300,000
GENERAL REVEN	323000	EIT - PRIOR YR	0	0	0	0	0
GENERAL REVEN	323001	EIT COMMISSIONS	-63,586	-10,034	-82,410	82,410	0
GENERAL REVEN	323002	EIT EQUITY DISTRIBUTION	0	0	0	0	0
GENERAL REVEN	323003	EIT-DCTCC FEES	0	-895	-3,582	0	-3,582
GENERAL REVEN	324001	MERCANTILE/BUS LIC CURR YR	170,000	116,360	168,440	0	168,440
GENERAL REVEN	324002	MERCANTILE/BUS LIC PR YR	8,000	2,000	8,640	0	8,640
GENERAL REVEN	324004	MERC/LANDLORD LIC CURR YR	75,000	1,680	79,760	0	79,760
GENERAL REVEN	324005	MERC/LANDLORD LIC PRIORYR	7,000	2,640	16,520	0	16,520
GENERAL REVEN	325001	MBP TAX - CURRENT YR	2,400,000	32,631	2,375,927	0	2,375,927
GENERAL REVEN	325002	MBP TAX - PRIOR YR	100,000	65,917	130,054	0	130,054
GENERAL REVEN	325003	MBP TAX - PENALTY	30,000	5,520	29,514	0	29,514
GENERAL REVEN	325004	MBP TAX - INTEREST	8,500	4,627	11,012	0	11,012
GENERAL REVEN	326001	MBP AMUSEMENT TAX	300,383	17,390	284,201	0	284,201

# CITY OF HARRISBURG

## 2012 YTD REVENUE - BUDGET TO ACTUAL - LINE ITEM DETAIL

GENERAL REVEN	326011	AMUSEMENT TAX PENALTY	700	0	504	0	504
GENERAL REVEN	327000	MBP PARKING TAXES CURRENT	1,528,632	6,178	1,507,727	-1,507,727	-0
GENERAL REVEN	327001	MBP PARKING FEE	12,900	500	13,513	0	13,513
GENERAL REVEN	327002	PARKING LICENSE FEE-PRIOR	475	0	784	0	784
GENERAL REVEN	327003	PARKING LICENSE FEE-PENAL	1,500	0	2,298	0	2,298
GENERAL REVEN	329000	MBP GENERAL LICENSE TAX	33,000	4,390	35,355	0	35,355
GENERAL REVEN	340002	HBG WATER UTILITY FUND	1,501,097	0	703,078	-703,078	0
GENERAL REVEN	340008	GRANTS FUND	87,866	0	0	0	0
GENERAL REVEN	340027	SANITATION UTILITY FUND	957,745	715,693	810,490	0	810,490
GENERAL REVEN	340029	SEWERAGE UTILITY FUND	6,776,451	0	277,652	-277,652	-0
GENERAL REVEN	340040	SATISFACTION FEES	1,859	100	865	0	865
GENERAL REVEN	340050	FILING FEE RETURNS	2,465	169	1,384	0	1,384
GENERAL REVEN	340055	ADVANCED COSTS RETURN	10	0	0	0	0
GENERAL REVEN	340060	METRO	174,475	0	152,437	0	152,437
GENERAL REVEN	340061	LIFE PARTNERSHIP REGISTRY	25	25	50	0	50
GENERAL REVEN	340065	LIENS - COURT COSTS	18	0	19	0	19
GENERAL REVEN	340080	COLLECTION REV (SCHOOL)	155,881	0	171,811	0	171,811
GENERAL REVEN	340081	COLLECTION FEES (SCHOOL)	88,875	0	94,084	0	94,084
GENERAL REVEN	340085	NSF CHECK FEE	8,365	187	9,808	0	9,808
GENERAL REVEN	340090	OTHER ADMINISTRATIVE	78,324	8,430	65,143	0	65,143
GENERAL REVEN	340091	MERCANTILE DOCS/PUBLICATE	85	0	30	0	30
GENERAL REVEN	340092	D.P. CHARGEBACKS	0	0	0	0	0
GENERAL REVEN	341001	ROOMING HOUSE	1,000	1,370	1,575	0	1,575
GENERAL REVEN	341002	APPEAL HEARING FEES	458	0	400	0	400
GENERAL REVEN	341003	MITIGATION FEES	0	0	0	0	0
GENERAL REVEN	341011	LICENSE RENEWAL FEES	84,654	125,030	186,310	0	186,310
GENERAL REVEN	341020	ELECTRICAL PERMIT FEE	68,638	12,459	87,126	0	87,126
GENERAL REVEN	341021	PLUMBING PERMIT FEE	51,479	10,375	53,915	0	53,915
GENERAL REVEN	341022	BUILDING PERMIT FEE	400,389	32,276	377,878	0	377,878
GENERAL REVEN	341023	LOW VOLTAGE ELEC. PERMITS	2,288	50	2,972	0	2,972
GENERAL REVEN	341024	DUMPSTER PERMIT FEES	2,288	150	2,325	0	2,325
GENERAL REVEN	341025	DEMOLITION PERMIT FEES	6,864	1,522	11,310	0	11,310
GENERAL REVEN	341026	FIRE PREVENTION CODE	17,160	13,165	24,523	0	24,523
GENERAL REVEN	341027	SPECIAL PERMIT FEES	2,517	1,131	3,935	0	3,935
GENERAL REVEN	341028	FLOOD PLAIN CERTIFICATION	1,100	100	855	0	855
GENERAL REVEN	341030	BUYER NOTIFY FEES	80,078	2,390	20,445	0	20,445
GENERAL REVEN	341033	CODES INSPECT SERVICE	0	0	0	0	0
GENERAL REVEN	341040	EMG ORD LIENS /PRINCIPAL	1,000	0	0	0	0
GENERAL REVEN	341041	EMG ORD LIEN/INTEREST	600	0	0	0	0
GENERAL REVEN	341050	PLANNING FEES	9,152	0	4,780	0	4,780
GENERAL REVEN	341051	HEALTH INSPECT FEES	68,638	34,985	59,735	0	59,735
GENERAL REVEN	341060	ZONING HEARING BOARD FEES	10,000	2,600	9,975	0	9,975
GENERAL REVEN	341061	PERMIT FEES-ZONING SIGN	48,000	4,767	57,926	0	57,926
GENERAL REVEN	341070	DEMO LIENS-PRINCIPAL	0	0	0	0	0
GENERAL REVEN	341071	DEMO LIENS-PENALTY	0	0	0	0	0
GENERAL REVEN	341072	RENTAL INSPECTION INCOME	20,000	86,165	92,925	0	92,925
GENERAL REVEN	341080	SALE OF PUB/MAPS/GIS DATA	0	0	0	0	0

# CITY OF HARRISBURG

## 2012 YTD REVENUE - BUDGET TO ACTUAL - LINE ITEM DETAIL

GENERAL REVEN	341089	HHA REIMBURSEMENT	25,000	0	0	0	0
GENERAL REVEN	341090	OTHER DBHD	100	0	0	0	0
GENERAL REVEN	341091	GOVERNMENT GRANTS	0	0	0	0	0
GENERAL REVEN	342007	TEMP. "NO PARKING" SIGNS	432	0	0	0	0
GENERAL REVEN	342008	BURG/FIRE ALARMS	35,536	3,610	29,975	0	29,975
GENERAL REVEN	342009	VEHICLE EXTRACTION FEES	100	43	335	0	335
GENERAL REVEN	342015	TOWING FEES	25,500	4,350	27,775	0	27,775
GENERAL REVEN	342020	POLICE INV REPORTS	64,000	875	68,917	0	68,917
GENERAL REVEN	342021	BOOKING PROCESSING FEE	0	6,977	38,649	0	38,649
GENERAL REVEN	342030	FIRE INV REPORTS	1,090	150	675	0	675
GENERAL REVEN	342042	POLICE APP PROCESS FEE	0	0	0	0	0
GENERAL REVEN	342043	FIREFIGHTER APP FEES	0	0	0	0	0
GENERAL REVEN	342050	METER BAG RENTAL	165,789	22,799	171,576	0	171,576
GENERAL REVEN	342051	FIRE GRANTS (SAFER)	630,573	0	0	0	0
GENERAL REVEN	342061	POLICE PERSONNEL REIMB	0	0	0	0	0
GENERAL REVEN	342070	ARRA COPS 2009	351,905	43,989	150,789	0	150,789
GENERAL REVEN	342071	ARRA ENERGY BLOCK GRANT	0	0	0	0	0
GENERAL REVEN	342072	ARRA JAG	0	0	0	0	0
GENERAL REVEN	342073	GREAT GRANT	0	0	0	0	0
GENERAL REVEN	342074	POLICE ON PATROL	0	0	0	0	0
GENERAL REVEN	342075	TRAINING GRANT	0	0	0	0	0
GENERAL REVEN	342079	DOMESTIC VIOLENCE GRANT	0	0	0	0	0
GENERAL REVEN	342080	AUTO THEFT GRANT	0	0	0	0	0
GENERAL REVEN	342081	ACADEMY GRANT	0	0	0	0	0
GENERAL REVEN	342082	WEED 'N SEED GRANT	0	0	0	0	0
GENERAL REVEN	342083	UNIVERSAL HIRING GRANT	0	0	0	0	0
GENERAL REVEN	342084	PROBATION/PAROLE GRANT	0	0	0	0	0
GENERAL REVEN	342085	COUNTER-TERRORISM GRANT	0	0	40	0	40
GENERAL REVEN	342086	FEMA/USAR CONTRACT	315,000	0	86,540	0	86,540
GENERAL REVEN	342088	PSP REIMBURSEMENT	0	0	0	0	0
GENERAL REVEN	342089	HHA REIMBURSEMENT	277,545	99,916	364,209	0	364,209
GENERAL REVEN	342090	OTHER PUBLIC SAFETY	65,000	4,952	41,767	0	41,767
GENERAL REVEN	342091	PERMIT PARKING FEES	50,000	755	33,940	0	33,940
GENERAL REVEN	342092	FINE AND COSTS	59,878	45,739	91,092	0	91,092
GENERAL REVEN	342093	DRUG TASK FORCE REIMBURS	96,134	23,289	102,549	0	102,549
GENERAL REVEN	342094	HIGHWAY SAFETY GRANT	16,144	0	3,343	0	3,343
GENERAL REVEN	342095	VICE REIMBURSEMENTS	0	0	0	0	0
GENERAL REVEN	342096	E911 SURCHARGE	0	0	0	0	0
GENERAL REVEN	342097	SCHOOL DIST REIMBURSEMENT	0	0	0	0	0
GENERAL REVEN	342098	DOG AND CAT LICENSES	7,154	842	8,378	0	8,378
GENERAL REVEN	342099	BOOTING FEES	9,255	1,500	16,200	0	16,200
GENERAL REVEN	342901	POLICE EXTRA DUTY	420,000	52,673	504,080	0	504,080
GENERAL REVEN	343002	STREET CUT INSPECT.	35,000	0	89,150	0	89,150
GENERAL REVEN	343003	ST CUT DEGRADATION FEES	11,000	0	1,990	0	1,990
GENERAL REVEN	343010	SEWER TAPPAGE PERMIT	55,000	4,389	25,783	0	25,783
GENERAL REVEN	343029	VMC CHARGES - DAUPHIN CTY	40,000	1,671	45,689	0	45,689
GENERAL REVEN	343030	VMC CHARGES THA-COVANTA	80,000	578	66,814	0	66,814

## CITY OF HARRISBURG

### 2012 YTD REVENUE - BUDGET TO ACTUAL - LINE ITEM DETAIL

GENERAL REVEN	343032	VMC CHRGS - WATER UTILITY	63,000	15,097	65,596	0	65,596
GENERAL REVEN	343035	VMC CHRGS - FED GRANT	5,000	955	4,178	0	4,178
GENERAL REVEN	343036	VMC CHARGES-STEELTON BOR	82,000	9,633	68,447	0	68,447
GENERAL REVEN	343037	VMC CHRGS/SANITATION FUND	227,000	11,962	225,550	0	225,550
GENERAL REVEN	343039	VMC CHRGS/SEWERAGE UTY	41,283	11,113	49,761	0	49,761
GENERAL REVEN	343040	VMC CHRGS/STATE LIQ FUEL	101,938	3,491	112,000	0	112,000
GENERAL REVEN	343043	VMC CHARGES-HBG PARK AUTH	30,000	2,587	28,688	0	28,688
GENERAL REVEN	343044	VMC CHARGES-HBG REDEVELOP.	1,000	183	994	0	994
GENERAL REVEN	343045	VMC CHARGES-HBG SCHOOL	330,000	6,837	247,171	0	247,171
GENERAL REVEN	343046	VMC CHARGES-HBG HOUS AUTH	6,000	881	6,442	0	6,442
GENERAL REVEN	343050	SEWER MAINT CHARGE	925,000	96,051	823,149	-823,149	0
GENERAL REVEN	343051	SEWER MAINT LIENS-PRINCIP	7,500	48	1,470	0	1,470
GENERAL REVEN	343052	SEWER MAINT LIENS-PENALTY	2,000	10	704	0	704
GENERAL REVEN	343080	PUBLICATIONS/MAPS REVENUE	0	0	7	0	7
GENERAL REVEN	343083	RECYCLING REV.-DEMOLITION	0	0	0	0	0
GENERAL REVEN	343084	CDBG REIMB. - DEMOLITION	200,000	0	131,667	0	131,667
GENERAL REVEN	343090	OTHER PUB WORKS	5,000	800	8,787	0	8,787
GENERAL REVEN	345001	POOL #1	13,000	0	10,374	0	10,374
GENERAL REVEN	345002	POOL #2	13,000	0	73	0	73
GENERAL REVEN	345011	SHADE TREE FEES	200	20	145	0	145
GENERAL REVEN	345029	PARK PERMIT FEES-OTHER	0	0	0	0	0
GENERAL REVEN	345081	SPEC PARK FEES-CITY ISLAN	0	0	0	0	0
GENERAL REVEN	345082	CONTRIBUTIONS/DONATIONS	10,000	0	0	0	0
GENERAL REVEN	345084	PUBLICATION ADVERTISING	5,000	0	0	0	0
GENERAL REVEN	345090	OTHER PARKS & REC	25,000	0	0	0	0
GENERAL REVEN	346012	DJ-TRAFF VIOLATIONS	422,202	18,117	184,067	0	184,067
GENERAL REVEN	346013	DJ-SUMMARY CRIMINAL OFF	150,000	48,950	357,127	0	357,127
GENERAL REVEN	346015	DJ-CODES VIOLATIONS	105,000	12,771	77,139	0	77,139
GENERAL REVEN	346020	PARK TICKETS-VIO FINE	1,400,000	125,466	1,093,142	406,858	1,500,000
GENERAL REVEN	347010	ALCOHOLIC BEVERAGE LICENS	31,800	0	28,740	0	28,740
GENERAL REVEN	347020	TV FRANCHISE LICENSE	544,040	0	544,559	0	544,559
GENERAL REVEN	350000	SAVINGS ACCT INTEREST	3,000	1	313	0	313
GENERAL REVEN	350001	TAX APPEAL INT EARNINGS	200	8	100	0	100
GENERAL REVEN	350003	INT SAVINGS-COLL SYSTEM	0	1	6	0	6
GENERAL REVEN	350009	INTEREST EARNINGS EDCL	700	57	460	0	460
GENERAL REVEN	350024	TRAN INTEREST	0	0	14	0	14
GENERAL REVEN	350070	EMS TAX INTEREST	160	2	29	0	29
GENERAL REVEN	351000	INT ON CDS	55,000	6,032	42,813	0	42,813
GENERAL REVEN	351091	PNI LOAN INTEREST	16,000	1,914	16,054	0	16,054
GENERAL REVEN	352000	INT ON INVSTMTS/GRANT	500	63	1,164	0	1,164
GENERAL REVEN	352053	INT INSURANCE	1,000	0	22	0	22
GENERAL REVEN	352055	LIABILITY INSURANCE CLAIM	0	0	0	0	0
GENERAL REVEN	352099	INT WATER SALE PCDS	0	0	0	0	0
GENERAL REVEN	355000	RENTAL INCOME	5,000	325	2,778	0	2,778
GENERAL REVEN	355001	HPA RENTAL INCOME	20,800	20,800	24,267	-24,267	-0
GENERAL REVEN	356000	EASEMENT FEES	30,000	0	34,812	0	34,812
GENERAL REVEN	358090	SALE OF ASSETS	0	0	0	0	0

## CITY OF HARRISBURG

### 2012 YTD REVENUE - BUDGET TO ACTUAL - LINE ITEM DETAIL

GENERAL REVEN	380000	REIMB FOR LOSS /DAMAGE	0	0	0	0	0
GENERAL REVEN	380002	STOP LOSS RECOVERIES	0	0	175	0	175
GENERAL REVEN	380010	RECEIPT OF PRIOR YEAR REV	0	47,298	47,298	0	47,298
GENERAL REVEN	380033	INSURANCE REIMB FOR LOSS	80,000	2,386	57,362	0	57,362
GENERAL REVEN	382000	CONTRIBUTIONS AND DONAT	0	0	0	0	0
GENERAL REVEN	384000	MISCELLANEOUS CONT.	0	0	78	0	78
GENERAL REVEN	384001	P.I.L.O.T.S.	501,522	20,955	370,704	0	370,704
GENERAL REVEN	384007	HBG BROADCASTING NTKW	24,300	0	1,350	0	1,350
GENERAL REVEN	385000	REFUNDS OF EXPENDITURES	142,411	0	29,225	0	29,225
GENERAL REVEN	385003	EXPRESS SCRIPT REBATE	170,000	0	13,543	0	13,543
GENERAL REVEN	385006	MEDICARE PART D PROGRAM	85,000	-1,027	81,348	0	81,348
GENERAL REVEN	385090	MISCELLANEOUS	5,000	205	3,914	0	3,914
GENERAL REVEN	392000	PENSION SYSTEM STATE AID	1,517,751	0	2,543,634	0	2,543,634
GENERAL REVEN	393000	GAMING FUNDS	0	0	0	0	0
GENERAL REVEN	394000	PUB UTILITY REALTY TAX	38,000	0	35,704	0	35,704
GENERAL REVEN	395000	CAPITAL FIRE PROTECTION	2,500,000	0	2,500,000	2,500,000	5,000,000
GENERAL REVEN	396000	GRANT PROCEEDS	0	0	0	0	0
GENERAL REVEN	396010	FED/STATE(FED)PASS THR GR	0	0	0	0	0
GENERAL REVEN	397000	HBG PRK AUTH COORD PKG	1,400,000	0	250,000	-250,000	0
GENERAL REVEN	397001	HBG PRK AUTH COORD PKG	0	0	0	3,300,000	3,300,000
GENERAL REVEN	397002	HBG PRK AUTH COORD PKG	0	0	0	500,000	500,000
GENERAL REVEN	398002	HBG WATER UTILITY FUND	0	0	0	0	0
GENERAL REVEN	398006	CAPITOL PROJECTS FUND	0	0	0	0	0
GENERAL REVEN	398011	STATE & FED GRANTS FUND	0	0	1,750,000	-1,750,000	0
GENERAL REVEN	398014	FEDERAL GRANTS	0	0	0	0	0
GENERAL REVEN	398027	SANITATION UTILITY FUND	1,688,939	1,139,705	1,688,939	0	1,688,939
GENERAL REVEN	399099	ESTIMATED CASH CARRYOVER	0	0	0	0	0
			<b>54,961,108</b>	<b>4,729,687</b>	<b>47,583,922</b>	<b>8,294,432</b>	<b>55,878,354</b>

GENERAL REVEN	340002	HBG WATER UTILITY FUND	1,501,097	0	703,078	-703,078	0
GENERAL REVEN	340029	SEWERAGE UTILITY FUND	6,776,451	0	277,652	-277,652	-0
GENERAL REVEN	343050	SEWER MAINT CHARGE	925,000	96,051	823,149	-823,149	0
GENERAL REVEN	355001	HPA RENTAL INCOME	20,800	20,800	24,267	-24,267	-0
GENERAL REVEN	398011	STATE & FED GRANTS FUND	0	0	1,750,000	-1,750,000	0
						<b>-3,578,146</b>	

# Office of City Controller

Daniel C. Miller

10 N 2nd Street, Suite 403  
Harrisburg, Pennsylvania 17101

Wanda Williams, President  
Members of Harrisburg City Council  
10 N 2<sup>nd</sup> St.  
Harrisburg, PA 17101

September 11, 2013

Dear Ms. Williams and all Members:

As the City of Harrisburg's elected fiscal watchdog, I have read and studied the receiver's plan, and feel compelled to share some of my concerns with City Council.

Whether Council ultimately votes to support or reject the plan, it should be sure that its decision is based on a comprehensive understanding of the details and their short and long term ramifications. Council took a step in the right direction by seeking assistance from Alvarez and Marcel to conduct an independent review of the parking transaction.

One of the first questions that should be answered is whether the plan represents shared pain and shared sacrifice.

In my view, with the sale and transfer of municipally owned assets, the burden is placed disproportionately on the residents and taxpayers of the city. While it's true that the city's major creditors have agreed to accept an immediate partial payment of approximately \$210 million of the nearly \$300 million debt, the plan calls for additional distribution of future funds that will make the creditors whole.

As willing participants in the incinerator retrofit financing deal at the root of many of the city's financial woes shouldn't the plan require these creditors to make substantial concessions?

I am also uncomfortable with the plan's proposed increases in parking fees and the questionable assumptions of its financial projections.

To begin with, there has been no cost benefit analysis to determine how the increases will affect businesses and no consideration of their effect on residents, particularly low income city dwellers and elderly residents who live on fixed incomes, who find it necessary to park in one of the areas subject to the new fees.

Shouldn't we have those answers before we move forward? Shouldn't Council consider just how much additional revenue could be raised from the parking proposal if rate hikes are off-set by dramatically reduced demand?

Given the interdependence of various elements of the plan, shouldn't City Council have an independent professional Economic Impact Statement on each of the elements before approving any part of the measure?

What follows is a specific breakdown of the various elements of the receiver's plan that raise red flags, major concerns and troubling questions for me. If they also raise red flags and troubling questions for Council members, shouldn't we have answers and assurances before we proceed?

**Receiver Lynch's plan dismantles city government by removing control of basic city functions from the city's residents. It reinforces the misperception that residents of a majority minority city can't govern themselves.**

*The city loses control of its parking assets for a minimum of 40 years, allowing others to set rates, terms and conditions.*

*The city loses control of the sewer and water systems, including billing and collections, with the transfer of this asset to The Harrisburg Authority.*

*The city's solid waste collection is outsourced.*

*The plan creates a competing entity, **funded by the city**, for the purpose of economic development. However, the board is not controlled by the city and may include non-residents.*

*The plan also creates a competing entity, **funded by the city**, for the purpose of infrastructure improvement. However, the board is not controlled by the city and may include non-residents.*

**Receiver Lynch's plan doesn't call for any real concessions from AGM or Dauphin County, and minimal to no concessions from others. Is that fair and shared pain?**

*Upon the sale of the incinerator and lease of the parking assets these major creditors get a lump sum payment and get the rest from future revenues.*

*Other claimants make minimal to no concessions:*

*CIT--\$3.5 million concession*

*AMBAC-no concession*

*MetroBank-no concession*

*SunTrustLeasing-no concession at this time*

*Covanta-what appears to be a \$16.5 million concession could be made up through grants and contracts*

**Receiver Lynch's plan leaves other debt issues unresolved.**

*The plan does not address the potential \$7.4 million annual debt service due from the City Guaranteed Harrisburg Redevelopment Authority for the Verizon building beginning in 2017.*

*The plan doesn't address the shortfall on stadium bond payments.*

*The plan doesn't contemplate the loss of parking revenue which would be due in the event of a Harrisburg University debt default.*

**The Receiver's plan may result in considerable liability after the sale of the incinerator to the LCSWMA.**

*The city is party to a long term contract that requires it to produce a minimum amount of tonnage, 35,000 tons annually at \$190 per ton, to the LCSWMA. Increases in recycling or reductions in solid waste for any other reason still leaves the city financially obligated for the contracted amount, a minimum of \$6,650,000 annually.*

**The Receiver's plan balances the city budget with smoke, mirrors and uncertainty.**

*Although recent history has proven the state subsidy to be unreliable, the plan relies on \$5 million annually from the Commonwealth.*

*The plan relies on \$4 million in savings from union contracts that have not yet been achieved.*

*Although the 100% increase in the city's EIT is only scheduled to last until 2016, the likelihood that it will become permanent can't be ignored. Other distressed communities in the Act 47 program have seen their EIT increased to 3.4% and more.*

As if these issues were not troubling enough, the Receiver's plan projects very little future revenue to go to the city's general fund where the city's democratically elected officials determine the best use of this revenue for the benefit of the citizens of Harrisburg. Rather, the plan generously funds non-city controlled entities that don't answer to the residents of the city. The \$3.7 million the plan assigns for OPEB debt (retirees health insurance) is insignificant in comparison to the \$180 million unfunded liability.

Yet, none of the loss of Harrisburg's citizens' decision making powers is necessary. The monetization, refinancing, added subsidy from the Commonwealth and fee increases projected with the lease of the parking assets could all be achieved without removing them from the city's control.

In the end, the question is whether this plan is best for the citizens of Harrisburg or best for Wall Street, which enabled the city's slide into its current morass. I feel confident that City Council, in consultation with their independent advisor, will thoroughly consider all the ramifications of this plan before taking action. I am also confident that the Council's final decision will be in the city's best interest.

**I also encourage Council to request a formal opinion from advisors, Alvarez and Marcel, asking if this is the best deal that Harrisburg could achieve either in or outside of bankruptcy.**

I am available to assist in any way Council may find appropriate and helpful.

Best regards,



Daniel C. Miller

cc: William Leinberger

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as Secretary :  
of the Commonwealth of Pennsylvania, :  
Department of Community and Economic :  
Development, :  
Petitioner :  
v. : No. 569 M.D. 2011  
City of Harrisburg, :  
Respondent :

2013 SEP 30 P 2:59  
RECEIVED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA

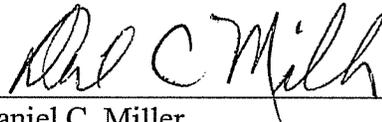
**CERTIFICATE OF SERVICE**

I, Daniel C. Miller, hereby certify that on September 20, 2013 ---I served a true and correct copy of the Objections to Recovery Plan filed that date upon counsel for all the parties, postage pre-paid, addressed as follows:

Kenneth Lee, Esquire  
Post & Schell  
Attorneys at Law  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101

Mark Kaufman, Esquire  
McKenna Long & Aldridge LLP  
303 Peachtree Street NE  
Atlanta, GA 30308

Neil Grover, Esquire  
2201 North Second Street  
Harrisburg, PA 17110

  
\_\_\_\_\_  
Daniel C. Miller  
10 North Second Street, Suite 403  
Harrisburg, PA 17101  
(717) 234-2250

Date: September 30, 2013