MINUTES MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE FOR THE CITY OF HARRISBURG October 9, 2013

8:30 a.m. Council Chambers

Present: William B. Lynch, Receiver

Wanda Williams, City Council President

Fred W. Lighty, Esquire (Alternate), Dauphin County Board of Commissioners

Anne Morrow (Recording Secretary)

Absent:

Mayor Linda Thompson (Robert Philbin, Chief of Staff, attended as Mayor's

alternate)

Doug Hill, County Commissioners Association of Pennsylvania (Governor's

Appointee)

Reports

Mr. Lynch called the Municipal Financial Recovery Advisory Committee meeting to order at 8:37 a.m.

Mr. Lynch asked the Committee members if there were any corrections or addendums to the minutes from the September 25, 2013 Committee meeting.

Hearing none, Mr. Lynch said the minutes stand approved and would be posted to the Receiver's website.

Mr. Lynch asked Mr. Reddig to provide an update on the implementation of the confirmed Harrisburg Strong Plan.

Operational Issues

- Mr. Reddig noted that over the last two weeks the Receiver's Team has continued working with City Council, the Mayor and her Administration and others in the initial stages of implementing the various elements of the Harrisburg Strong Plan as confirmed by Commonwealth Court on September 23rd. The Office of the Receiver has been addressing the appeal filed by City Controller, Dan Miller, and will be taking those actions necessary to respond to that appeal in a timely manner.
- The Office of the Receiver also continues work in cooperation with City Officials in implementing various elements of the prior Recovery Plan that are now embodied in the Modified Plan, known as the Harrisburg Strong Plan.
- The City continues to actively recruit for approximately 61 positions. The Budget Manager position has been filled with the promotion of the Accounting Analyst position. She has performed well over the last year and has filled in for the Budget Manager since the prior Budget Manager left in late May. Of particular note over the last two

weeks was the resignation of the Fire Chief to except a Professor position at the University of New Haven in Connecticut. In addition, retirement letters have been submitted from the Director and Lead Programmer in the Information Technology Bureau and Legal Secretary in the Solicitor's Office, Cashier in the Treasurer's Office and a Lab Tech in the Bureau of Sewage.

- Fifteen of the vacancies that were identified are positions being recruited in the Fire Bureau. These are positions previously approved by the Receiver's Office. A written exam was administrated for these positions on August 24th in order to develop a new eligibility list. Out of the one hundred and twenty-five individuals registered for the exam 57 passed. On October 2nd, letters were sent informing these individuals they are eligible to proceed to the next phase of testing, which is the physical agility test, to be administered December 7th. The next fire academy class will start March 4, 2014. It's anticipated that the remaining 15 positions will be hired and enrolled in this March class. Further, in the Fire Bureau, materials for promotional exams have now been developed and notification letters have been sent to all eligible personnel that they may apply for the promotional exam for Battalion Chief, Fire Captain and Fire Lieutenant. Applications are due by November 15th and the exam will be administrated in February.
- Twenty-six positions are for Police Officers and at the request of the City, the OTR has previously approved filling 20 of those positions. The City participated in the Dauphin County Police Chiefs joint testing consortium, thus sharing the cost of recruitment and providing a cost savings to the City in the recruitment process. Following the closure of the application period and physical exam, 246 candidates took the written exam on August 31st and 216 passed. On September 25th, supplemental application materials were mailed to 216 candidates requesting they complete the application and file it by October 21st. The next Police Academy class starts January 13, 2014. It's anticipated that 8-12 candidates will be hired later this fall and enroll in the January class.
- Due to the upcoming transfer of the water and sewer operations to the Harrisburg Authority, action on vacancies in those Bureau's is currently on hold. Other positions that are being recruited for at present include the Help Desk PC Specialist, 2 Codes Officers, Fleet Manager, Sanitation Recycling Manager, Demolition Specialist and Deputy Economic Development Director.
- The OTR continues work with the City and Harrisburg Parking Authority to consider qualified personnel from HPA to fill certain City vacancies as they occur once the City has gone through their internal posting process.
- Maher Duessel continues work on the 2012 audit and have requested certain information on FEMA funding, which has slowed their work down a bit. It is now likely that the full completion of the audit will move into the November time period.
- The recent promotion of the Accounting Analyst to the Budget Manager position has filled a critical role in the Finance Bureau, especially as the budget process moves into high gear. The Purchasing Director has also returned from extended medical leave and is working on a part-time basis. The promotion has created a vacancy in the Accounting Analyst position, which we would hope to have filled in the near term. The 2014 budget is underway and department meetings have recently occurred. The Office

of the Receiver continues to be available to assist in the budget process, as necessary, in order to keep things on track moving through the fall months.

- Contract negotiations are under way with Republic Services, who was selected as the
 firm for the Sanitation Contract. The proposal that Republic submitted was accepted
 based on collection for single family, multi-family and commercial collection. The
 planned implementation date is early 2014. A robust information and educational
 program is currently being planned to inform businesses and residents of the changes
 in a timely manner.
- Following the review of the four responses to the RFP for Insurance Brokerage Services, Marsh U.S.A. was selected as the broker. Contract negotiations are also underway with them. The new brokerage service will result in further cost savings and will be in place to meet the renewal schedule this fall. The new contract consolidates insurance coverage for the City and includes property, liability, vehicle, public officials, errors and omissions, and workers compensation insurance. The initial term is one year with the ability to renew for an additional two years.
- The final scope of work for the City's Comprehensive Plan has been prepared following discussions with the City's Administration, OTR and the City's consultant Mullin & Lonergan Associates, LLC. The scope has been reviewed and input has been received from the Comprehensive Plan Steering Committee. The three interrelated recommendations that are part of the Harrisburg Strong Plan and will be addressed as part of this process include an update of the City's Comprehensive Plan as well as a Development of a Housing Strategy and an Economic Development Strategy. Mullin & Lonergan will be preparing the Comprehensive Plan and Housing Strategy elements. Their work will be coordinated with CREDC, who will prepare the Economic Development element. The process will begin this fall and will take approximately fourteen months to complete. The scope provides for a strong neighborhood focus with significant opportunity for public input at various stages throughout the process.
- The City continues to proceed with implementation of the fleet management recommendations. To date a little over \$27,000 has been realized from the disposition of 10 pieces of equipment. This amount already exceeds, by about \$10,000, the estimate from the study. There are an additional 16 pieces of equipment remaining to be disposed.
- The City has received a second payment of \$113,000 from the July artifacts sale. Though much smaller than the initial payment of almost \$2M, it has pushed the total over \$2M. The next phase of this sale is occurring this week in New York City. It involves the sale of various paper documents and should yield another several hundred thousand dollars.
- The OTR worked with DCED and the Comptroller's Office to finalize the contract for the \$4.5M included in the State's FY13/14 budget to support public safety services in the City. The invoice was processed and the City received payment on October 4th, which has greatly improved the City's cash flow.
- Negotiations are also continuing with the IAFF on their contract. Having already agreed with the FOP and AFSCME bargaining units on contract modifications and as reported at

the last meeting, an agreement was reached with the AFSCME bargaining unit for the Harrisburg Parking Authority.

Cash Flow

- The Receiver's Office continues to monitor City expenditures including the review of payables on a bi-weekly basis. Since the last meeting, we reviewed the check-run for this week, October 10th, and provided a response to the City. The check-run totaled \$1.344M. The largest expense is a payment to the City Treasurer for \$631,000 or about 47% of the total for payments for various insurances including Highmark Blue Shield, Express Scripts, Dental Insurance and Workers Compensation. The next largest payment was \$403,000 or 30% to the Harrisburg Parking Authority, which was the reimbursement of the 2nd quarter payment. Next was a payment of \$121,000 to Marsh U.S.A. for insurance renewals. The City continues to be up to date with payables, although it is now beginning to hold on some payables. Payables on hold after this check-run total \$4.9M, which is approximately \$1.5M higher than the payables on the last check-run. Those over 60 days total \$2.84M with 99% represented by SunTrust, Metro Bank, Pennsylvania Infrastructure Bank, Capital Area Transit, PPL and the City Treasurer for insurances.
- A review of the City's cash position shows that the City had a cash balance of \$2.1M as of October 1st. The City received just a little over \$2.5M for the State aid for pensions the beginning of October and the additional \$4.5M from the DCED grant also last week. With those payments, the City has been able to satisfy the HPA obligation as well as the initial severance payment to the former Police Chief with this week's check-run. Following the check-run and the \$1.1M payroll this week, the City's cash balance will be approximately \$6.6M, which includes the two receipts just mentioned. Though the City's cash flow had deteriorated in September, the receipt of State aid for pension and the DCED grant for public safety services has provided a much-needed infusion that will address payables through the next two months. The consummation of the Harrisburg Strong Plan and the closing on various elements of the Plan is critical so it occurs before the end of the year for it to allow the City to end the year in a solid position.

Asset Monetizations

- Additional work is occurring with respect to both the sale of the Resource Recovery Facility and the Parking monetization. The RRF Waste Disposal Agreement has been approved by City Council and is now in the Mayor's Office pending her signature to move this process forward.
- Numerous meetings have continued over the last two weeks with the various parties involved in the Parking transaction. Meetings involving DGS and PEDFA have occurred. Another prerequisite for the Parking transaction was the filing and review by the Local Government Commission of the Intergovernmental Agreements that are part of the Parking transaction. There is an agreement with DGS for their role with Parking and there is also an agreement with PEDFA with their role with Parking. Both of these agreements have now been prepared and were filed with the Local Government Commission last week and are currently under review. We anticipate the Commission acting on them at their meeting on October 16th.

- Work, likewise, continues to implement provisions of the Strong Plan that provide for the transfer of the operational responsibility for the water and sewer system to THA. This is one of the conditions of the \$26M loan from PENNVEST. The upgrades to the wastewater treatment plant that will be undertaken by THA are necessary to address compliance issues with Chesapeake Bay and Clean Water Act requirements. The transfer will consolidate administrative operational and financial responsibilities for the water and sewer operation with THA and are a necessary element, not only to the PENNVEST loan but also to compliance with the Consent Agreement with the Federal Government.
- Much work continues to lie ahead though progress has been made over the last two weeks as we are in the early stages of implementing provisions of the Harrisburg Strong Plan working towards the consummation of all of the various activities by the end of the year. Mr. Reddig noted once again, on behalf of the Receiver and his team, we would like to recognize the efforts of the Mayor and her Administration, City Council and all of the stakeholders as we continue to move forward and lay the foundation for a bright and promising tomorrow for the City of Harrisburg

Captain Colin Cleary, Commander of the Technical Services Division of the Bureau of Police provided an update on the Act 47 implementation for the City of Harrisburg.

- Captain Cleary noted the Administration continues to implement the Harrisburg Strong
 Plan while working closely with the Office of the Receiver and all plan partners. As
 major transactions around the City's assets accelerate, so do the administrative and
 operational activities in support of those transactions.
- On behalf of the Mayor and Chief Operating Officer, the Administration continues to aggressively implement the Harrisburg Strong Plan initiatives.
- Out of the 132 initiatives in the Harrisburg Strong Plan pertaining to the Administration, 44% have been completed to date; 37% are in progress and the remaining 18% are pending actions by other parties beyond the control of the Administration.

The following are some of the highlights of departmental accomplishments for this reporting period:

- As part of the FOP negotiated contract, a new pay scale for new police officers has been completed, paid holidays and personal leave has been reduced to 10 days annually and a court-related overtime reduction strategy has been implemented. In addition, a new pay scale for new firefighters for new IAFF hires has been implemented.
- In the Bureau of Financial Management the following initiatives have been completed:
 - o Risk Management Services have been funded,
 - o Revised the terms of the Insurance Brokerage Service Agreement and
 - o Conducted a cost benefit analysis to determine adequate umbrella excess liability coverage.

- The Bureau of Administration implemented the following:
 - o Established a quarterly financial reporting and associated review process.
 - Established a standard budget development calendar.
 - Established a standard position control system.
 - o Conducted a comprehensive review of City's purchasing policies.
 - Modified an existing chart of accounts to track Commonwealth and Federal Grant Program Funds on an individual basis.
 - Eliminated a manual data entry process in the Bureau of Financial Management.
 - Hired a Budget Manager position for the Bureau of Financial Management.
- The Bureau of Police has completed 100% of the tasks in the Harrisburg Strong Plan, which are entirely under control of the Bureau. Seventy-five percent of the tasks involve outside permissions or contact with outside agencies. Some of these involved the electronic parking ticketing devices, which have been implemented.
- Our vehicle plan was coordinated with the Department of Public Works for a capital
 program for obtaining new vehicles. Also, not directly related to Act 47, Local Share
 Grant funds were used to purchase 10 new police vehicles. The first marked vehicle
 entered service yesterday; another will enter today and one more by the end of the
 week. We anticipate having all vehicles fully serviceable by the first week of November.
 These vehicles are distinctly marked with black and white and were obtained using
 three different grants with no impact to the General Fund or to Harrisburg taxpayers.
- We have also started work on a new initiative from the Harrisburg Strong Plan involving an analysis of call data. The Bureau of Police undertook an analysis of call data of the Uniform Patrol Division in order to place more Officers on the street.
- The Public Works department has been busy working on the following initiatives:
 - An updated Storm Water Management Ordinance has been written to comply with recent changes in law and the Ordinance was adopted by City Council.
 - o The Recycling Program has been reviewed and adjustments made, already contributing to an increase in recyclables within the City, with other phases to be implemented over the next year or so.
 - The City's Fleet has been analyzed and DPW has disposed of 21 pieces of excess equipment with more to follow.
 - A Fleet Plan has been finalized and adjustments in the way fleet management is accomplished already initiated.
 - o Contract negotiations and employee transitioning with Republic Services are underway as well as development of a public relations customer education plan.
 - The level of trash collection, disposal and recycling services has been defined as part of the contractual process. A smooth transition in service is planned with implementation scheduled for early February 2014.

- As called for in the Harrisburg Strong Plan, water and sewer functions, assets and staff are being transferred to THA.
- o Billings, collections and depositing procedures are in process of being transferred and a shared services fee arrangement has been developed.
- With the sale of the incinerator, the Public Works Department is working with a relocation expert to determine the best option for relocating the highway department, vehicle maintenance, a portion of sanitation and administration services in the City.
- o A street light LED study is underway, which the Administration expects to announce publicly in the near future.
- Captain Cleary ended his report by saying the City Administration remains committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the government of the City to the benefit of its citizens, workers and visitors.

Mr. Lynch thanked Captain Cleary and Mr. Reddig both for their initiatives and reports.

Committee Comments

Mr. Lynch asked for committee member comments.

City Council President Williams asked Mr. Reddig what amount of severance was paid to the previous Chief of Police and if he will be paid in increments.

 Mr. Reddig replied the initial payment will be \$25,000 and that remaining payments would be paid in increments in subsequent years per city policy. Mr. Reddig did not have the full amount of the severance payment but said he would forward that amount to her.

City Council President Williams noted she thought the City currently had a Deputy Economic Director and inquired what position Jack Robinson holds.

- Mr. Reddig replied the City currently does not have a Deputy Economic Director and that this was not the position Mr. Robinson holds.
- Mr. Philbin noted Mr. Robinson is the Director of the Department of Building & Housing Development.
- Mr. Reddig added the Deputy Economic Director position had been approved by the Office of the Receiver a number of months ago and that the City has been recruiting for the position.

City Council President Williams noted contract negotiations and employee transition for sanitation collection service is underway. She inquired if the contract negotiations are with AFSCME.

 Mr. Reddig replied the contract negotiations were not with AFSCME but with Republic on the contract itself for the sanitation service. City Council President Williams inquired when the contract would come before City Council, as she has not seen it yet.

• Mr. Reddig noted the contract would be advanced to City Council once the contract terms are agreed upon with Republic.

City Council President Williams asked Mr. Reddig how many employees would be hired with Republic.

- Mr. Reddig noted 13 employees would be moved from the City to Republic and three employees will remain within City operations to collect the parks and recreational facilities as well as enforce the refuse collection related issues.
- Mr. Philbin also noted the terms of the agreement, which are being worked on currently
 pertain to the transfer of employees to Republic and the public education component.
 It is anticipated that it should be completed in approximately 10 business days. In the
 interim, Mr. Philbin offered to meet with her to discuss and review the power point from
 Republic.

City Council President Williams noted she would like to have that meeting.

City Council President Williams asked Mr. Reddig to confirm the total number of pieces the City had to dispose of from the fleet equipment.

• Mr. Reddig noted the fleet management recommended the City dispose of 26 pieces.

City Council President Williams had no further comments.

Mr. Lighty had no comment.

Mr. Philbin had no comment.

Public Comments

Mr. Lynch asked if there were any public comments. Hearing none, Mr. Lynch called this meeting adjourned at 9:04 a.m.

Approved this 9th day of October 2013.

William B. Lynch

Receiver for the City of Harrisburg

Secretary - Anne Morrow