

MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE MEETING

October 23, 2013

Harrisburg Strong Plan Implementation & Related Matters

**The City of Harrisburg
Hon. Linda D. Thompson
Mayor**

Good morning General Lynch, Mayor Thompson, Madame President Williams, and Committee. The administration continues to implement the Harrisburg Strong Plan 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.

I am Michael Hughes, the Department of Administration's City Tax & Enforcement Officer, and I am pleased to report to you this morning on behalf of the Mayor and Chief Operating Officer that the Administration continues to aggressively implement the Harrisburg Strong Plan initiatives.

Of the 132 Initiatives in the Harrisburg Strong Plan pertaining to the administration, approximately 45% have been completed to date; 37.12% are in progress to be completed; and the remaining 18.19%, are pending actions by other parties beyond the control of the administration.

I will review highlights of Administration departmental and bureau accomplishments for this reporting period as follows:

The Department of Administration held a public hearing on October 16th to announce the City of Harrisburg Comprehensive Plan and Economic Development Strategy. As called for in the Harrisburg Strong Plan, this initiative will begin an 18-month process which will culminate in a Comprehensive, housing, zoning, infrastructure and neighborhood-based economic development strategy and plan for the post-recovery of the City of Harrisburg. The City anticipates completion of Phase 1 research and Phase 2 current situation analysis by December 31, 2013. The remaining five phases of plan development will occur throughout 2014.

CREDC and Mullin and Lonergan have developed Economic Development components as part of the City's Comprehensive Plan. These components will also enhance the City's Long Term Economic Development Plan. (ED02).

A \$4,504,000 PA DCED Grant to provide public safety services for the period 7/1/2013-12/31/2013 to Commonwealth buildings and employees within the City limits was received by the City this month, positively impacting General Fund cash flow for the 4th quarter.

The Department of Administration's Bureau of Human Resources continues to process personnel initiatives pertaining to the transfer of water, sewer and operations

and revenue staff to the reorganized Water and Sewer Operational Authority. The bureau continues to assist those sanitation employees who wish to transfer from the Department of Public Works to Republic Services, the vendor selected to provide sanitation collection and disposal service to the City.

Additionally, the Bureau continues to implement contractual changes for AFSCME and FOP City employees.

The City **Law Bureau** continues to process legal documents around Harrisburg Strong Plan monetization transactions, dealing with complex matters relating to The Harrisburg Authority transfers, the Incinerator sale, the outsourcing of the City's sanitation services, and related matters.

The **Department of Public Works** continues to implement various initiatives and projects in support of the Harrisburg Strong Plan.

The Recycling Program has been reviewed and the city will accelerate recycling public educational activities in advance of the February 2014 start of private sanitation services in the city. It is anticipated that the percentage of city recycled city trash will increase significantly over the next two years.

Contract negotiations are nearing completion with Republic Services and a review with City Council and a public announcement of the contract will follow in the near future.

As called for in The Harrisburg Strong Plan, Water and Sewer functions, assets and staff will be transferred to The Harrisburg Authority in early November. Water, Sewer and Sanitation Billing, Collections and Depositing procedures are in process and a shared services fee arrangement has been developed to accommodate the transition through the end of 2013.

The Public Works Department has located two options for relocating the VMC upon completion of the Incinerator sale. A decision will be finalized this week and site preparation will begin immediately thereafter.

A Street Light LED study has been completed and final negotiations are underway with Phillips Corporation to provide and install approximately 4,500 LED lights throughout the City.

Estimated savings in utility costs is approximately \$400,000 per year and the savings will be used to pay off the estimated \$2.4 million upgrade in City lights over approximately 7 years. There will be no out of pocket cost to the city and the administration will announce more details concerning this project in the near future.

The **Department of Administration's Bureau of Financial Management** reports the following activities:

The 2012 Audit is progressing on schedule and the Department of Administration anticipates publicly issuing the 2012 Comprehensive Annual Financial Report (CAFR) and related audit reports in about mid-November.

The City remains in compliance with its financial reporting obligations to the secondary bond market.

Development of the City's 3rd Quarter Fiscal Report is underway and moved to City Council by November 14th.

The 2014 Proposed Budget development process continues. Departmental narratives have been distributed for update and revenue projections have been completed. A "Gap Analysis" is being developed to determine the difference between known revenues and requested expenditure appropriations before submitting the 2014 Requested Budget to the Mayor and COO for review. The Mayor's Proposed 2014 will be presented to City Council on November 26th.

The Department of Administration City Tax & Enforcement office continues to implement and enforce the revenue producing initiatives that are related to this office. The penalty and interest rates were increased for the business privilege/mercantile tax, and we have already realized a 55% increase in the amount of penalty received for this period of the current year as compared with last year.

The Tax & Enforcement administrator is working with the Law Bureau to implement a comprehensive tax amnesty program that will incorporate not only the Local Services Tax, but will include the business privilege/mercantile and amusement taxes. We will be coordinating with the Capital Tax Collection Bureau and the School District of Harrisburg to properly advertise, coordinate and conduct this amnesty program next year.

The City is currently receiving ongoing payments from MuniServices who the City contracted to provide discovery and audit services for mercantile/business privilege and amusement taxes.

Bureau of Economic Development

The Bureau is restructuring the Revolving Loan Fund to include new underwriting guidelines and policies as well as targeting MBEs and WBEs as potential borrowers. The Loan Review Committee will meet in early November to complete remaining action steps. (ED04). The Bureau is advertising for a Deputy Director of Economic Development to assist with the Long Term Economic Development Plan. (BH06) (ED01).

Bureau of Codes

The Bureau of Codes in conjunction with the Bureau of Human Resources will re-commence advertising for two more Code Enforcement Officers. (BH02). The addition of two Code Enforcement Officers will facilitate and accelerate the demolition of blighted properties.

Bureau of Planning

The Bureau has begun working with the Tri County Planning Commission this month to position Harrisburg land use, travel, employment, and congestion and traffic volume

projects in the Harrisburg Area Transportation Study, 2040 Regional Transportation Plan.

Bureau of Housing

The Bureau in conjunction with consultants is developing a Comprehensive Housing Strategy, which will be completed in 2014. (HS02) The Bureau is reducing blighted properties by working with the Harrisburg Redevelopment Authority. At the October 15th HRA meeting, the Board of Directors approved the exercise of HRA power of Eminent Domain to acquire the property at 218 South 13th Street, so the blighted property could be reconfigured as a parking facility for a soon to be built pharmacy. (HS03)

Thank you ladies and gentlemen.

That completes my presentation this morning.

The City administration remains committed to the operational implementation of the Harrisburg Strong Plan as it continues to shape the government of the City of Harrisburg to the benefit of its citizens, workers and visitors.