



**Office of the Mayor
The City of Harrisburg**

M.L.K. City Government Center
10 North Second Street
Harrisburg, PA 17101-1678

Linda D. Thompson
Mayor

(717) 255-3040

December 17, 2013

Mr. Eric Pappenfuse
Mayor-Elect
10 North 2nd Street
Harrisburg, PA 17101

Dear Eric:

As the outgoing Mayor, I write this personal note to you as an added value to the final process of the Thompson administration as it relates to my assistance with your transition as the newly elected Mayor.

In turning over operations to a new administration many are unaware that there is a great deal of manuals on policies and procedures, in addition to the most important document, the budget. As you are aware your transition team has received a great deal of details on the vast operations and functions of our city government. Your team met with Department Directors and was given a great deal of information not limited to budgets and policy manuals. Other important information included this administration's initiatives around economic development, summer jobs; details on infrastructure, sanitation and the process we began for our new citywide LED lighting program and other FEMA capital improvement projects. Many of these projects were not possible without solid federal, state and county relations. We are proud of our public/private community partnerships which affords this city the opportunity for a new urban renaissance.

I leave the office of the Mayor and this City in a much better circumstances than the City I was handed in 2010. Our willingness to be transparent surely aided in a more informed public and demonstrated both the competence and accountability of this administration and our intentions. In short we showed this community what our government is about and how it is suppose to work for the people.

Let me conclude with a reminder that this city was on the brink of bankruptcy when I took office in January 2010. In fact, at least four City Council Members along with our Controller and then

newly elected City Treasurer filed for municipal bankruptcy and on three different occasions our Court system rejected their submittals. I respectfully remind you that they had the support of you and others in this community at that time. As you are aware the courts cited that they did not have the authority due to state law; nor the support of the mayor.

After a full assessment of our city's finances we discovered a \$9 million hole in the 2010 budget. On October 1, 2010 I publicly announced at a Press Conference joined with Governor Ed Rendell that the City of Harrisburg had submitted its application seeking Act 47 financially distressed status under state law.

On three occasions in the 2011 calendar year, City Council all by a 4-3 vote rejected the Act 47 Plan that was created by the Act 47 coordinator. Council's rejection of that plan subsequently activated for the 1st time the clause in the Act 47 law naming the Mayor as the Act 47 Coordinator.

Twice City Council rejected the Mayor's recovery plan. On October 11, 2011, City Council filed a Chapter 9 bankruptcy petition. In December of 2011 newly adopted state legislation prompted a declaration of fiscal emergency from Governor Tom Corbett who appointed a Receiver to implement a Recovery plan.

The Receiver's plan that is mostly mirrored after the Mayor's plan became what is now called the Harrisburg Strong Plan. I believed then and now that Bankruptcy should never be the option of first resort but rather of last option and that our financial conundrum was fixable and that we could regain our fiscal stability, viability, and integrity. I fought a hard battle with the City Controller and City Council to prevent this city from entering into bankruptcy, knowing that it would create long term rippling effects for the city, region and the state. It has been demonstrated of course now that the action I took then for this City was the correct action.

My leadership created a lasting best practice model for you to follow and maintain what I mark as the first transparent and effective state and regional collaboration that has improved economic, crime and environmental conditions for our city to experience.

They city is in a much better place as a result of good leadership and sound decisions made by this administration with the help of the Receiver and his team of experts. I am proud to pass on our success and achievements, which brought us to where we are today, on a road to solvency. In an Opt Ed published October 31, 2010, I disclosed some major reasons as to why and how this city was facing such a devastating fiscal crises. In addition I laid out a road map for what it will take to get us to resolving the Resource Recovery Facility debt and how to address our structural deficit. I declared that if everyone shares the burden equally it can be done. After City Council was threatened by the courts with legal sanctions, they finally came on board and joined the receiver, the mayor, the county and all our creditors and at least two of our three unions and supported the current Harrisburg Strong Plan.

The crises that faced the city when I took office was the product of many years of decision making that was not always in the best interest of the city. A declining tax base that could no longer support the level of municipal services Harrisburg is mandated to provide and the

resulting reductions in city expenditures did not mirror the decline in residents and taxpayers. A flawed collective bargaining process and political considerations all served as obstacles to finding an efficient and effective level of services the city could afford to provide.

While the cost of providing services has drastically increased, funding avenues available to cities like Harrisburg have essentially remained the same. Local government has few options other than the property tax, earned income tax and local services tax to fund municipal services. This made the decisions that still needed to be made to rectify the situation even more complex and difficult.

This is especially true in our City because more than 40 percent of all real estate is exempt from property taxes. This prompted me to create a Taskforce to evaluate the current Payment In Lieu of Property Tax, (PILOT) program and make improved recommendations to the current plan we have in place, and create a new and improved model that would allow the Mayor to negotiate a volunteer PILOT agreement, with Universities, Foundations, Churches and non- profits in order to generate additional reoccurring revenue for the city to help offset the cost associated with basic services.

Brian Hudson is the Chair of this committee and together we attracted some of Harrisburg's top developers. I hosted several meetings with key tax exempt entities and it remained a tough sale, because many of them believed they are providing a valuable service to the city to help offset other social ills, in addition to all the negative publicity we received because the bankruptcy filing prompted suspicion as to the use of donor funds if a bankruptcy were permitted; and finally, many argued they were suffering from dwindling revenue streams and struggling to manage their operational costs.

I encourage you to revisit this administration's efforts in this area and build on the best practice that is currently in place. Both the State and County governments were approached; however, it is a difficult sale to get the sitting governments to enter into a PILOT because of their governing policies. However, the State through the efforts of the receiver, me and other state officials we were able to get an increase for protective services funding to the tune of \$5 million; however this money is not permanent, so it is important that the new administration maintain efforts to keep this revenue sustainable.

In addition to the state, we have been successfully in finding other ways to sustain healthy relations with the county by appropriately applying for other grant funds they administer. As a result we have been the beneficiaries of several million dollars that afforded us the opportunity to purchase new public safety equipment and vehicles for both our Police and Fire Department. This freed up revenue in the General Fund and allowed us to focus revenues on other important capital outlay projects.

These achievements and accomplishments that I pass on to you and your administration are just a few to mention. I have attached a more thorough document for your review and I will be sharing this with the public.

This administration has worked through years of financial failure and political division, first to find clarity and now, finally to achieve complete financial recovery. Working together with our various partners, Harrisburg is well on the road to recovery and a new prosperity for all of its citizens and the region. A window of opportunity has been opened for this next administration to move the city forward because we worked cooperatively with the receiver to make the tough decisions and recovery possible. From the onset I called for concessions from all; each creditor was asked to come to the table and share the responsibility in solving the City's debt. We sought to chart a new course for our City's future and made city government efficient. My administration and I have accomplished what many said we would not be able to do: eliminate the burden of the 360 million dollar Resource Recovery Facility based debt, as we enter 2014 with a balanced budget. I will pass on a city government that is debt free and far better prepared for the future than it was when I took office in January 2010. Governing a city that had a history of fiscal mismanagement requires trust, integrity, transparency, accountability and changing the status quo and I have accomplished all five.

I trust you will carry the same torch.

I wish you and your administration all the best.

Respectfully,

Linda D. Thompson,
Mayor

A handwritten signature in black ink, appearing to read "Linda D. Thompson", written over a faint circular stamp or watermark.



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Accomplishments of Thompson Administration

Linda D. Thompson was sworn in as the 33rd Mayor of the City of Harrisburg on January 04, 2010. She is the first African American and the first woman ever elected mayor of the City of Harrisburg. A former City Council president, Ms. Thompson's election was historic because she was the first candidate to win the mayoral seat from the previous mayor who held the position for 28 years.

Mayor Thompson inherited the worst financial crisis in the capital city's history but today, the City of Harrisburg is on course to be a financially stable, efficient city government operating within a balanced budget for the first time in recent memory.

The administration has worked through years of financial failure and political division, first to find clarity and now, finally to achieve complete financial recovery. Working together with various partners, Harrisburg is on the road to recovery and a new prosperity for all of its citizens and the region. In partnership with the Receiver appointed by Governor Corbett, General Lynch, and his exceptional team of

professionals, under the Mayor's leadership, the City has been able to manage this crisis and successfully execute a strategic plan focused on elimination of debt and the road to recovery.

A window of opportunity has been opened for the future administration to move this city forward because city government worked cooperatively with the receiver to make our recovery possible. At the end of the Thompson administration, we have eliminated the burden of 360 million dollar incinerator based debt; and we will enter 2014 with a balanced budget. That's Harrisburg Strong!

Mayor Thompson will pass on a city government that is debt free and far better prepared for the future than it was when she took office in January 2010.

Highlights of the accomplishments of the Thompson Administration are as follows:

Completed the Harrisburg Strong asset transactions - The incinerator, parking, water and sewer transactions are all part of a single recovery transaction.

Harrisburg set the standard for emergency financial management without turning to the bankruptcy court.

The monetization of City assets are completed and over 20 million dollars are placed in reserve accounts that fall into three separate funds for use by the city (managed by non-profits):

- Fund for economic development ;
- Green infrastructure development; and
- Funding for future employee health care costs. These funds will be managed by non-profits.

Renegotiation of Union Contracts

Two of the city's three unions – the FOP and AFSCME – responded to the city's fiscal needs and shared the burden by accepting wage and benefit reductions as requested by the Harrisburg Strong Plan. This was the result of the Mayor hiring the City's first Labor Relations attorney to help the Receiver negotiate fair concessions that aided in eliminating the City's structural deficit.

Public Safety

- Hired 16 new police officers
- Reorganized the uniformed patrol division to put more officers on the street - the priority has been to shift officers from administrative duties to street patrol.
- Implemented the Neighborhood Safe Zone initiative which allowed for the swift deployment of police, codes enforcement, and other city services to targeted neighborhoods impacted by violent crime, slum landlords and dilapidated properties. This has resulted in dozens of arrests, hundreds of guns confiscated, and issuance of landlord code violation citations.
- Reopened six (6) police substations, a new public safety advisory council and enactment of new ordinances that allow the administration to have a better opportunity to combat blight, illegal dumping and evict disorderly renters.
- Transferred booking services to the Dauphin County Judicial Center and transitioned the dispatch services to the county emergency management which has had the combined effect of freeing up additional police officers for active patrol duty and resulted in cost savings in excess of \$750,000 per year and \$1.6 million to date.
- Obtained funds for the purchase of 10 new vehicles equipped with state of the art camera and computer systems.
- The Mayor worked successfully with the District Attorney to strategically place surveillance cameras around the city, which has aided in solving crime.

Department of Parks, Recreation and Enrichment (DPRE)

- Reinvigorated and reorganized the department to operate with an annual budget of \$500,000-- a reduction of more than a million dollars--while raising additional sponsorships and grants, to sustain the departments operations
- Provided services to thousands of youth and families since 2010 through the Mayor's Great Debaters' program, the Mayor's Health and Wellness fairs and the Youth As Restorers (Y.A.R.) a summer enrichment and after-school programs that focused on teaching youth social skills, civic responsibility, leadership, and consensus building.
- Through a public private partnership the Mayor successfully garnered 100,000 thousand dollars in annual funding from HighMark to support the youth programs in the Parks and Recreation Department. The new administration will have 100,000 dollars to aid in sustaining these programs in 2014.

Public Works

- The Mayor successfully reached final agreements with street lighting consultants to convert the City's entire system into LED which will result in greater cost savings, efficiency and better public safety.
- Identified a new location to house the Public Works Department and remaining staff.
- Increased ability to respond to city emergencies in a successful and safe manner with improved services, increased recycling, and prioritized DPW projects with outstanding results.

- Committed to the City's environmental preservation, green development and strategic energy efficiency, Mayor Thompson created the City's first Green Economic Development Plan which when implemented will allow the City and residents to accelerate environmentally sound, green development and planning for a cleaner, safer, and maximum energy efficient municipality.
- Launched the City's largest annual illegal dumping clean-up project in history, "LOVE" Harrisburg was created in partnership with 35 different churches from around the region

Department of Building, Housing and Development

- The Bureau of Codes coordinated an historical demolition record of 100 dilapidated properties, making way for new housing construction projects with public and private partners such as S&A Homes, 2nd phase new townhouse construction on 6th Street; Tri-County Housing's newly constructed and renovated single family homes in South Allison Hill and the 69 new townhouses at Governor's Square and others.
- The Bureau responded to more than 5,000 property maintenance complaints, identified more than 12,000 violations, resulting in more than 2,300 citations.
- Through tough negotiations, the Mayor was successful in recovering \$375,000.00 from a 20 year housing construction project between the City and a developer and an additional 1.2 million as a result of a real estate settlement from Penrose Estate. These funds were receipted into restricted CDBG income fund accounts to be used for future demolition and the City's housing renovation programs, for continued renaissance. Through these funds the Mayor created "Operation Front Porch" to help seniors and other homeowners with outer exterior repairs and "Homeowners as Wealth" (HAW) Program. These funds are used to assist eligible first time home buyers with down payment assistance.

- Since 2010, the bureau has reviewed, facilitated and partnered with the following economic and community development projects (list is not all inclusive) :
 1. Restaurant at 200 State Street
 2. Susquehanna Art Museum
 3. Market Place Townhomes
 4. 319 Market Street
 5. HACC public safety building
 6. Family Dollar Store
 7. Hamilton Health Center
 8. Second Street and State Street project
 9. Broad Street Market
 10. The 1500 project
 11. The Furlow Building
 12. Alex Grass medical science building
 13. Governor's Square and
 14. Brick Box Apartments

NOTE: The majority of these projects including others not mentioned have brought new investments all throughout the city totaling more than 160 million dollars in new construction costs and hundreds of construction jobs to the city.

Bureau of Housing

- Renovation, construction and abatement of 200 housing units, which included condominiums, apartments, high rises and single family homes.
- Received nearly \$10 million in federal HUD grants since 2010 that have been invested in housing and community development:
 - More than \$6 million invested for housing rehabilitation and new construction.

- Over half a million dollars in emergency homeless shelter services for homeless individuals and homeless families in the city.
- Managed more than \$2.2 million in lead hazard control for lead testing and abatement for 210 housing units, making them safe and livable for future Harrisburg residents.

In 2010 the Mayor directed staff to restructure the city's MOED loan program to more effectively benefit start-up, small, minority and women owned businesses in the city, with focus in divested neighborhoods. A new loan review board was established and new loan policies and procedures prohibit participation of any elected official from the loan issuing process. Mayor Thompson began a thorough investigation into the prior administrations economic development loan process and evidence was discovered that existing loans were in serious default and there was no accountable system in place to follow through with invoicing and collections. The Mayor directed staff to freeze in opening any new loan accounts until the new policy and procedures were put in place for greater accountability and all open loan accounts were brought to date. The Mayor held a series of public information press conferences and other collection methods to hold accountable those who defaulted on their loans. To date there is currently 38 open loan accounts that are now being properly managed. Finally, after managing these loan portfolios carefully and restructuring the MOED loan program, the next administration can begin through the MOED Revolving Loan Board to market this program to qualified business applicants. There are five different funds to provide loans to businesses in Harrisburg. A total of 2.2 million

resides in these five funds, this will further aid in the continuance of the City's renaissance.

- Introduced KOZ and LERTA tax abatement legislation. With the help of CREDC and our Business Advisory Council the KOZ legislation passed through City Council.
- Formed the city's first Business Advisory Council comprised of the City's top investors to create policies that grow businesses and create jobs.
- Launched the first regional Small, Women's and Veteran's Business Expos in collaboration with the Department of Navy and the Commonwealth of PA
- Sponsored the city's first job fair for the unemployed and under employed citizens at the YWCA
- Created the Mayor's MBE/WBE task force which introduced the concept of implementing a mentor/protégé program, as well as assisting community MBE/WBE businesses in accessing contract procurement opportunities from the state and city.
- Successfully upgraded the video production in City Council Chambers, dramatically improved WHBG-TV 20 web presence and social media outreach, and upgraded our broadcast technology through a grant from our great partnership with Comcast.

Administration

The Bureau of Financial Management has played a key leadership role in helping the city achieve financial stability through the successful implementation of the Harrisburg Strong Plan under Act 47.

- Achieved compliance with financial reporting requirements pursuant to SEC disclosure rules and regulations. The bureau prepared four annual financial audits (2009-2012) and issued four comprehensive annual financial reports in 21 months.
- The Finance Bureau re-established the production of a comprehensive budget and the city won distinguished budget presentation awards for the first time in three years.
- Successfully garnered over \$ 22 million in new grant revenue dollars, for public safety, infrastructure upgrades, technology, housing, health initiatives and enrichment activities.

The Bureau of Operations & Revenue

- Increased collection of business license fees and improved compliance with business privilege and mercantile taxes.
- Issued well over 2,128 new business licenses - which data verifies has resulted in more than 1,833 new full and part time jobs through the creation of new businesses.

Bureau of Human Resources

- Through Executive Orders, managed the implementation of redesigned benefit packages for management rendering thousands of cost savings, which ultimately

was used as a guide in negotiation with the FOP and AFSCME unions to include payroll contributions for benefits, elimination of payment in-lieu-of medical coverage for employees who opted out of city paid benefits, elimination of the policy to carry-over personal leave from year to year, and policy limiting the vacation leave carry-over for management employees. Combined the City will garner approximately 4 million in savings through 2016.

- Successfully managed the transfer and outsourcing of at least 75 water, sewer and sanitation personnel to the Harrisburg Authority.
- Developed and facilitated the first Leadership Development Institute for managers and supervisors in Harrisburg City government.

Law Bureau

- Finalized contracts for the Parking Authority asset transfer.
- Finalized contracts to eliminate the incinerator based debt and balance the city's budget.

. The City has transitioned to a new, second chance at revitalization. We have walked the road to recovery and onto the highway of prosperity. The next administration will have a clean slate and a window of opportunity to move this great city forward into a greater period of economic and social renaissance and revival.

Mayor Thompson is a dynamic, transparent elected official who held 102 press conferences, 43 town hall meetings, 68 ribbon cutting ceremonies, hosted 21 crime prevention bike tours and resident visits with the Chief of Police and Captains, attended