

Act 47 Testimony  
Tuesday, June 28, 2011  
David Black, President  
Harrisburg Regional Chamber & CREDC

Thank you for the opportunity to provide comments to the Act 47 Team on the Plan you prepared for the City of Harrisburg. As I have stated publically, while not perfect I generally like the plan. It provides a clear direction on elimination of the debt problem; it brings partners to the table in the form of Dauphin County and AGM and; it sets a clear course for the fundamental reinvention of Harrisburg City Government for the 21<sup>st</sup> Century.

As I stated in my testimony in the original Act 47 hearing a few months back, the majority of real estate taxes paid in the City are paid by commercial property owners. When combined with large residential units like Pennsylvania Place, that percentage increases. With real estate taxes paid along with payment of municipal services tax paid and parking fees paid by those of us working in the City make the business community both taxpayers and stakeholders in our City. We want to see our City succeed.

While many of us do not live in the City, we believe it will take both residents and businesses long term commitment to get our City on the road to recovery.

My comments tonight will be brief and offer some suggestions to the plan per the purpose of this hearing. Many of these suggestions you have heard and I trust will seriously consider in the final version of the plan.

The first issue is public safety. There clearly is concern about cutting police positions in this plan; however in reading the plan in detail while there are cuts the goal is to maintain police on the street at current levels. We are all aware of the crime problem in our City and to the degree the proposed cuts could be scaled back or implemented over time while providing a better explanation of the redeployment of police personnel resources would be helpful to make the plan more acceptable.

The plan calls for a return to a single assessment on properties rather than the current system of splitting land from improvements. There was an allegation made that the commercial sector would fare better in this scenario. I don't know if this is true or not, but I would ask that you check those numbers. I believe that the commercial sector is looking to carry their fare share in the proposed real estate tax increase being asked by the plan. To that end, if it is best for equity between residential and commercial properties and of course the bottom line, leave the split assessment in place and spell that out or delete that suggestion in the plan.

Moving on to the solution to Resource Recovery Facility, there seems to be a belief among some that moving towards or into bankruptcy would strengthen the City's position to negotiate on debt. I might suggest that positive action towards a recovery plan will immediately

strengthen the City's position. Getting agreements in place to sell the Incinerator and to lease the Parking Garages give the City immediate credibility to negotiate on Stranded Debt.

There is no harm in talking, assuming the City speaks with a unified voice. I think the City is in a better place to negotiate after making some positive movement. This plan represents some negotiation done on the City's behalf. By showing progress with an agreement on the Incinerator and Parking Garages, this places the City in a much stronger position for negotiation. While we can't write the outcome of negotiations into a plan, you could write a sincere attempt at negotiations into the plan.

Regarding the garage leases, the plan is not clear how that will be accomplished. I believe it would be best to issue a new RFP for the Lease of the Garages. It may also be worthwhile to consider leasing the Garages to more than one group to promote competition, or perhaps actual sales to local interests in some cases.

It is important that the terms of these leases are reasonable and do not add unreasonable burden on the City for events that would limit usage of a garage by a temporary closure or an act of nature as have been rumored on prior agreements. I believe given the complexity of these types of transactions, the Act 47 team should be willing to provide some technical and legal expertise in negotiating and reviewing these transactions.

There have also been comments as to the ability and willingness of Dauphin County and AGM to fulfill their obligations as outlined in the plan. I don't believe the willingness to stop court action, guarantee debt and provide operating dollars for public safety would have been in the plan if Dauphin County and AGM were not willing to live up to the plan. In fact I know that is the case with Dauphin County.

While I don't think it is necessary to put something in the plan, it is my assumption that these parties would be willing to outline their positions in writing as an act of good faith. I think it would be helpful to also include a similar resolution of City Council as well as to demonstrate their good faith.

I have read a few Act 47 plans in my career. They are not riveting reading, pretty nuts and bolts when you get right down to it and for the most part this plan is no different. I think we all understand that things will change over the next 5 years as this plan is implemented. I have found Act 47 teams to be reasonable in mid-course corrections if necessary, provided progress is being made by the municipality.

While the future of our City of Harrisburg will largely rest on a critical vote by City Council later this month, over time it will prove to be the first in a number of difficult votes needed to get this city on the road to recovery.

I thank you for the opportunity to be here and would be happy to answer any questions.