

## HARRISBURG, PA FACING LAYOFFS



In a state emergency takeover plan, several city employees will be laid off and increases in parking fines and business license fees may take place. Gov. Tom Corbett's office announced that reviving the fee and fine increases and layoffs that were recommended previously by a state task force but rejected by the City Council. The city council last month filed for federal bankruptcy protection in an effort to get protection from creditors. \$300 million in debt is tied to construction of a trash incinerator that went beyond budget. The Republican controlled state Legislature and governor initiated a takeover law last month in a bid to force Harrisburg to pay down the debt. The administration also ordered a halt already adopted by the city on making discretionary purchases, hiring and most borrowing, as well as limits on employee overtime, capital project spending and optional contracts for professional services or commodities. Officials decided about eight years ago to borrow \$125 million to rebuild and expand the city's trash incinerator which the federal government had shut down previously because of air pollution. The project went over budget with contractor issues, cost overruns and municipal quarrels. The city borrowed tens of millions more and put more money into a project with nothing in return. The incinerator is instead \$288 million in debt and contracts to burn trash that city officials were banking on never materialized. A leak in the steam developed after a plan was thought of to allow the incinerator to sell the steam it generates. The city failed to make a couple of loan payments and does not know how it will come up with the \$68 million in incinerator-related payments due this year. This is more than the city's annual budget. On October 24, Gov. Tom Corbett on Monday declared a fiscal emergency in Harrisburg, which allowed him to assume financial control of the city and name the state's first municipal receiver. Corbett said the capital city's fiscal distress warranted such action. The Harrisburg City Council's "failure to enact a recovery plan in order to deal with the city's distressed finances has led me to declare a fiscal emergency," Mr. Corbett said in a news release. "This action ensures that vital services will continue and public safety will be protected." Mr. Corbett can now direct city and state officials to comply with his plan to ensure that debt obligations and payroll expenses are met. Harrisburg is the first state capital in at least 40 years to file for bankruptcy protection.

<https://blog.granted.com/>