

JOHNSTOWN CITY COUNCIL  
PUBLIC HEARING MINUTES  
GREATER JOHNSTOWN HIGH SCHOOL AUDITORIUM  
Tuesday, June 23, 2020

City Council met in a stated session for the general transaction of business. Mayor Frank Janakovic called the Public Hearing to order at 6:00 p.m. to discuss the proposed sewer sale.

The following members of Council were present for roll call:

Mr. Arnone, Mr. Capriotti, Mayor Janakovic, Reverend King, Mrs. Mock,  
Mr. Vitovich (6).  
Absent: Mr. Britt (1).

John Trant, Interim City Manager; Elizabeth Benjamin, Esquire, City Solicitor;  
Steven Goldfield, Senior Counselor at Public Resources Advisory Group and  
Principal of Municipal Advisor Solutions; and Kathy Pape, Esquire, McNees,  
Wallace and Nurick were also present.

Opening Remarks by Mayor Janakovic

Mayor Frank Janakovic commented that this second public hearing would be an opportunity to listen to questions and comments regarding the proposed sale of the City's sewer collection system to the Greater Johnstown Water Authority. He provided a brief history of the City's financial distress since 1993. Over the next 25 years, the City continued to experience deficits resulting in continued reduction of staffing and services.

Mayor Janakovic stated, by 2017, the City was operating under an amended Recovery Plan but deficits continued to occur, including approximately \$25 million of unfunded pension liability. In order to address these deficits, the 2017 recovery plan required evaluation of all City assets, including the golf course, parking garages, the Convention Center, the sewer conveyance system and the Point Stadium. The City's exit plan required the disposition of these assets for its successful exit from Act 47, which was established by law, would be October of 2021.

Some Events Leading Up To Tonight's Hearing

Steven Goldfield, Senior Counselor at Public Resources Advisory Group and Principal of Municipal Advisor Solutions, LLC, discussed the recent events which led up to the public hearing.

Mr. Goldfield provided a history of his employment as a financial advisor for municipalities. He stated, in 2019, financial advisors started to review an exit

plan and had discussions with investors interested in buying the system. The City met with JRA and a series of internal meetings were held to discuss capital investments, infrastructure improvements and pension obligations.

Mr. Goldfield indicated, at some point in 2019, a structure or term sheet was developed of what the City would be willing to discuss with potential buyers. He noted this term sheet was shared with potential purchasers, and it was determined that there was a sufficient amount of interest to pursue a transaction. The Greater Johnstown Water Authority then made an offer to purchase for \$24 million.

Mr. Goldfield noted, at this point, it was recommended that Council retain the services of a law firm experienced with utility transactions and instructed him to send out information to those law firms with reputations for doing transactional work representing the best interest of cities. He stated, late in 2019, McNees Wallace was awarded the legal work at Council's first public meeting in January of 2020.

Continued discussions with JRA led to an expression of interest by the Greater Johnstown Water Authority (GJWA). In February of 2020, Council delegated authority to the Interim City Manager and Mayor to negotiate terms on behalf of the City, which would be brought back to Council for discussion. An asset purchase agreement was developed, and two closed informational sessions were held with regard negotiations and contract issues.

In April of 2020, the GJWA made a formal offer for \$24 million. GJWA would assume all PennVEST debt related to the sewer project, \$63 million of debt the City would no longer be liable for and an additional \$15 million for the Central Business District project. Mr. Goldfield also noted that the GJWA agreed to assume the liability related to the DEP Consent Order.

Council held a series of workshops to discuss the terms of the contract and had further discussion at the May 13, 2020 regular meeting. Amendments to the Plumbing Code were made with the inclusion of the slip lining and pipe bursting techniques as options for the homeowner. Mr. Goldfield discussed some of the programs available to aid the homeowner financially. He stated Council continued to review questions by the public, which were posted to the City's website and answered at the first public hearing on June 3, 2020. Only one additional question was posed, which would be answered at the public hearing.

### Ground Rules

John Trant, Interim City Manager, explained this was the second of two public hearings scheduled for public input and further questions regarding the sewer deal. He noted, at the June 10th regular Council meeting, the sewer team updated Council on the sewer deal and would respond to additional questions that may be asked during the hearing tonight. Mr. Trant reviewed additional ground rules for the public hearing. He indicated any resident who had not had an opportunity to ask a question by the end of the public hearing was invited to post their question to ProposedSewerSale@Gmail.com.

Mr. Trant stated one question was posed prior to the public hearing. The question read as follows: Hello. I read in the Tribune that there will be no increase in sewage fees for three years, but then the article stated something about a \$55 per month charge. I am a senior citizen living alone on a fixed income and currently pay \$17 a month. I cannot fathom how I could pay a \$55 monthly sewage charge. Would someone please explain exactly how this sale will affect people in Johnstown and surrounding municipalities?

Mr. Goldfield responded by indicating that there is a sewer treatment bill and a sewer collection bill. The \$17 per month is the sewer treatment bill that is paid to the Johnstown Redevelopment Authority. This amount will not be affected by the proposed sewer sale. It is the \$55 per month sewer collection fee that is paid to the City of Johnstown that is expected to be frozen contractually for at least three years. He offered additional explanation regarding the matter.

### Public Comment

Interim City Manager Trant reminded callers of the ground rules to ask questions or offer public comments.

Juana Jefferson, 735 Robb Avenue, Johnstown, noted she began having problems with her sewage bill as soon as sewer lines in front of her home were installed. She was told she may have trees blocking the sewage and water lines to her home, possibly causing an increase in her bill. She discussed other billing concerns and stated she could not see how her monthly bill could jump from \$120 to as much as \$300.

Mrs. Mock suggested Ms. Jefferson speak to members of the Greater Johnstown Water Authority Board, who were present at the hearing. Mr. Trant noted Ms. Jefferson could attend future City Council meetings to provide further comment regarding her concerns.

John DeBartola, 1197 Bedford Street, Johnstown, referred to Sections 5603, 5605, 5607 of the Municipal Authorities Act for further discussion of amendments made to the GJWA charter with regard to the proposed sewer sale.

Kathy Pape, Esquire, McNees, Wallace and Nurick explained the GJWA was in compliance and following the process under the Act. She responded to questions by Mr. DeBartola.

Mr. Goldfield stated, prior to approval of the sale, there were a number of contractual requirements that needed to be satisfied before the sale was final. An entire section of the Asset Purchase Agreement explains what has to happen before the sale is final. He offered further explanation.

Chad McLaren, 218 Walnut Street, Johnstown, commented with regard to the sewer sale, "He does not see any benefit to the citizens and taxpayers of the City of Johnstown."

Mr. Goldfield explained a portion of the money would be used to fund the City's pension liability, with the goal being to take the debt down far enough so that the only pension payments being paid out of the budget are state aid monies from the Commonwealth of Pennsylvania. He reviewed additional ways the money would be used to reduce the City's annual indebtedness.

J.T. Kocsis, 336 Cooper Avenue, Johnstown, commented on the hardships imposed on City residents as a result of the sewer lateral program.

Juana Jefferson of 735 Robb Avenue, Johnstown, commented further that the amount she pays per month is more than half her check. She noted further hardships her family has endured.

John DeBartola, 1197 Bedford Street, Johnstown, stated. "Together we prosper, keep moving forward." He stated, "There wasn't a single person here tonight who was in favor of the sale." He asked Council "to think about what they were doing to their legacies" and to "quit taking the wealth out of our citizens."

#### ADJOURNMENT

There being no further business, the Public Hearing concluded at 7:03 p.m.