

# SEVENTH AMENDED RECOVERY PLAN

## A Community Plan for Achieving Financial Stability and Sustainability

### Executive Summary

Based on the Recovery Team’s evaluation, the City continues to meet three of the criteria under Act 47: 1) the City has exhibited a structural deficit in seven of the past ten years; 2) expenditures have exceeded revenues for three years or more; and 3) the City has experienced a steady decrease in the level of municipal services over the past three years.

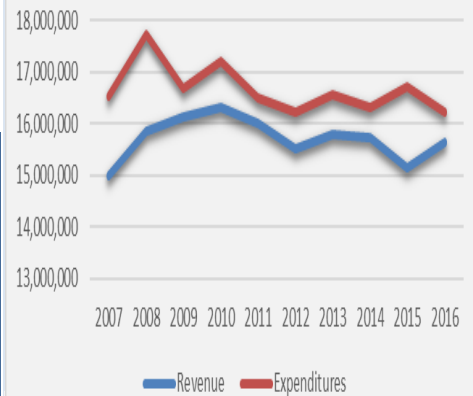
### Financial Condition

The City has taken positive steps to increase revenue collection, reduce staff where possible, limit costs for benefits, and adjust the benefit structure for legacy costs in the future. But, unless there are major improvements to the City’s tax base or major cuts in personnel and benefit costs, the City will be hard pressed to meet its current operating expenses over the next several years. The expectation is that benefit costs will continue to rise by at least 6% per year over the next three years and that the City will continue to carry substantial liabilities for pensions and post-retirement healthcare obligations. Debt related to the DEP consent order is mounting and must be supported by user fees. The City is years away from any significant revenue enhancement that will have an appreciable impact on its ability to support the City operations at its current levels. Without intervention, there will certainly be continuing structural deficits in the core operating funds over the next three years. These must be addressed through the implementation of revenue enhancement and cost containment strategies identified in *Section 8. Plan Initiatives*.

*... the fact remains that the City continues to operate with about a \$1 million gap between its ability to produce revenue and its routine operating costs.*



Figure 1 - Revenue and Expenditures 2007-2016



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In 2016, Forbes Magazine listed the City of Johnstown in the top 200 "Best Small Places for Business and Careers." Such a distinction is based in no small part to the strategy of the City's Department of Community Development that has focused on creating a vibrant, exciting place where young people will want to live. The City of Johnstown is unique among its counterparts in that there are significant community partners.



**VISION 2025**

Vision 2025 is an all-volunteer organization that works to better the Johnstown region. There are three main groups within Vision 2025 that focus on three main strategies: community, economy, and landscapes. Within these three main groups are smaller groups called "capture teams" who get together to work on specific goals. Capture awards are used to support community projects and civic engagement in the City. The Vision 2025 team is also working on a community vision around City-wide blight elimination and river reinvention in Johnstown.



On May 2, 2015, Johnstown was announced the winner of the 2015 Kraft Hockeyville USA and was awarded \$150,000 toward improvements of the Cambria County War Memorial Arena. The contest was sponsored through a partnership between Kraft Foods, the National Hockey League (NHL), and National Hockey League Players' Association (NHLPA). In addition to the cash prize, the arena won the opportunity to host the September 29, 2015 NHL pre-season game between the Pittsburgh Penguins and Tampa Bay Lightning, an amazing event that highlighted the City's assets

..... it needs to be stated that the City's most important assets are its residents. Both the governing body and City employees must remain constantly aware of their importance in achieving on-going fiscal health. Johnstown's mission is to provide basic health and safety services to its citizens.

**Summary of Financial Impact with Plan Initiatives**

IMPACT OF PLAN INITIATIVES	2017	2018	2019	2020	2021
INITIATIVE:	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
EXCESS REVENUE OVER EXPENDITURES WITHOUT INITIATIVES	1,284,907	(1,058,159)	(1,495,184)	(1,680,141)	(1,894,000)
Subtotal - Initiatives Implemented	68,000	644,714	859,087	979,494	992,806
Sale of Assets - Pay Down Pension Liabilities	0	0	1,500,000	1,500,000	1,500,000
TOTAL IMPACT - WITH ALL INITIATIVES IMPLEMENTED	1,352,907	(413,445)	863,903	799,353	598,806