

## Questions and Answers for the Week of May 11, 2020

### 1. If the City sells the sewer system to GJWA,

#### Q. What is going to happen to my rates?

A. *The City and GJWA negotiated a three- year rate freeze. It is in GJWA's best financial interest not to increase rates. During the first three years, it cannot do so, unless it has to in order to satisfy its financing requirements. See Section 5.2 presentation (attached hereto).*

#### Q. Will I still be required to have my laterals pressure tested?

A. *Yes, this is required by the Department of Environmental Protection's Consent Order that the City sewer system must meet, or fines will be imposed.*

#### Q. Can I use slip line or pipe bursting to get into compliance?

A. *Yes. In May 2020, City Council is expected to enact an amendment to the 2015 International Plumbing Code to expressly provide for these two techniques. **These techniques should only be used, if they are appropriate and will enable the owner to satisfy the Pressure Tests. Not all laterals in homes or businesses can be made compliant using slip lining or pipe bursting. It is very important that you hire a qualified plumbing contractor. It is very important that the contractor utilizes the appropriate camera equipment to ascertain any misalignment due to breaks or drops. The contractor should advise the owner whether the contractor expects slip lining or pipe bursting to work or not. This should be accomplished before contracting to pay for such lateral repair work.** If the techniques turn out not to work sufficiently to satisfy the Pressure Testing requirements, the owner will still have to do the work necessary to meet such requirements.*

#### Q. Is there any help available for those in need?

A. *Yes. The JRA has a low interest rate loan program, the City has grants and subsidies available for owners and together, the cost of repairing or replacing laterals will be much less expensive than the surcharges that will begin being assessed against non-compliant owners in 2021.*

#### Q. Will I be fined or penalized if I decide not to comply with pressure testing requirements?

*A. Yes, if you were granted an extension and the extension has since expired and are not under contract to repair or replace your lateral, you can be penalized. After closing, GJWA will send out a notice to all non-compliant owners who are not otherwise under contract to repair their laterals giving them one year to get into compliance or face surcharges which could be on the order of \$25 per month. The City has invested nearly \$100 million into a new sewer system, many members of the community have already repaired or replaced their laterals and are connected to the new system. The remaining homes and businesses must do the same.*

**Q. What changes should I expect in terms of billing and services?**

*A. Billing is going to be almost identical as Resource Development and Management is currently responsible for billing and collections and will be after any closing. Service is expected to improve as GJWA intends to proactively maintain and improve the system. For more information, see presentation attached hereto.*

Additional questions can be submitted to [ProposedSewerSale@Gmail.com](mailto:ProposedSewerSale@Gmail.com)



Kathy L. Pape, Esq  
McNees Wallace & Nurick  
100 Pine Street  
Harrisburg, PA 17108  
717-237-5361  
215-704-1148

# City of Johnstown

**Johnstown Sewer Collection  
System –Proposed Sale**

**Customer Impacts**

Limitations of Rates, Surcharges  
and Fee Adjustments.

Section 5.2  
WHAT DOES IT  
MEAN?

# ASSET PURCHASE AGREEMENT- SECTION 5.2

- Monthly rental or charges for sewer collection services cannot be increased for three years.
  - Relates to the \$55 per month minimum, which covers up to 6,000 gallons per month.
  - One exception to the rate freeze is to avoid covenant default.
  - The exception could be addressed through multi-unit minimum charges or rate increases but only to the extent necessary to meet the covenant. Exception is not expected to occur.
- Rate freeze does not apply to:
  - Potential pressure testing surcharges *after* 12 month notice.
  - Fees, such as late payment, NSF check, tapping fees and reconnection charges.

# PRESSURE TESTING SURCHARGES (As Necessary)

- Laterals *must pass pressure* testing requirements.
  - Failure to comply will likely result in significant fines imposed on City rate payers by DEP under the consent order.
- Encourage exploration of slip lining or pipe bursting (lower cost alternatives).
- Encourage use of JRA Loan Program and City's enhanced subsidies.
  - Subsidized loan payments will be less than payment of surcharge
- Surcharges only after 12 month's notice to provide time for compliance.
- Surcharges are not capped but initially expected to be \$25.00/month

## WHAT STAYS THE SAME?

- Quarterly Meter Reading and Billing
- Customer Service Team
- Payment Locations
- Ways to Pay
  - Auto Debit
  - Check
  - In Person at Various Locations
- Bill Format
- Billing Dates
- Time Period for Payment
- Penalty for Non-Payment
- Call Center

## WHAT IMPROVES?

- Field staff dedicated solely to wastewater operations (initially two or more).
- Emergency staff on call.
- Improved response times.
- Emergencies and sewer line back-ups will decrease as preventive maintenance increases, including video inspection.