

Questions and Answers for the Week of June 1, 2020

1. Provide the specific expenditures, obligations amounts to be appropriated through the enactment of budget ordinances and/or budget amendments pursuant to Johnstown's Home Rule Charter, Article Financial Procedures.

In early 2020, the Department of Community and Economic Development provided an Act 47 grant to the City in the amount of \$100,000. The City had previously received an Act 47 grant in the amount of \$83,000 and approximately \$10,000 of these proceeds were on hand at December 31, 2019. This \$10,000 is included in the 2020 budget line item. The DCED grant was included in the Capital Fund budget line items:

Revenue:	18-357-38-025-00	\$110,000
Expense:	18-489-28-200-00	\$110,000

To date, all professional fees to the City's legal team handling the proposed sale of the sewer system (McNees Wallace) and the City's Asset Disposition Team Consultants (HJA) have been paid with DCED grants and within the parameters of the adopted 2020 Capital Budget. McNees has received \$15,000 to date, and HJA has received \$36,819 to date.

If the transaction closes, proceeds of the sale will be used to pay down unfunded pension liabilities, to invest in infrastructure, to address blight remediation, to support lateral installation programs, and to pay for professional services. At that time, Council will take appropriate action to amend the 2020 Budget and authorize such payments and expenditures.

2. Provide all other expenditures paid, or remaining encumbered for services provided in connection with the proposed sale and related expenses from any and all of the following:

a. McNees, Wallace & Nurick, LLC, Special Counsel - None paid from General Fund. Included in Capital Budget and reimbursed by DCED. See "1" above. Expected to submit an invoice at closing for time value spent on transaction in excess of the State Grant – and such amount is expected to be paid from proceeds of a transaction, if any. At that time, Council will take appropriate action to amend the 2020 Budget and authorize such payments and expenditures.

McNees was selected pursuant to a competitive bid process and has specific terms in its engagement letter that will be complied with by both parties.

b. Steven A. Goldfield for HJA – *None paid from General Fund. Included in Capital Budget and reimbursed by DCED. See “1” above. Expected to submit an invoice at closing for time value spent on transaction in excess of State Grant – and such amount is expected to be paid for from proceeds of a transaction, if any. At that time, Council will take appropriate action to amend the 2020 Budget and authorize such payments and expenditures.*

c. If any, Bond Counsel, Bond Underwriters. None paid – these are contracts with the GJWA and will be paid for by GJWA - not the City.

d. If any, Appraisal services retained by the City of Johnstown. *The original valuation of assets was paid using proceeds of a DCED grant in the amount of \$83,000 that was awarded in 2018. The grant was included in the 2019 financial statements and has been audited and closed out.*

e. The amounts of obligations incurred by the City of Johnstown for, but not limited to, consulting services, legal counsel, related to the proposed sale of the City of Johnstown Inner City Sewer System to:

(1) the Johnstown Redevelopment Authority. *None paid.*

(2) the Greater Johnstown Water Authority; or any other public or private interested parties, firms, LLC, Corporations, sole proprietor. *None paid.*

3. The status and repeal of increased Sewer Rental Charges enacted by Ordinance No. 5197, passed on March 23, 2016, in an increased amount of \$20.80, intended/stipulated to be dedicated for ineligible curb-to curb paving not permitted for payments thru PENNVEST funding proceeds.

a. *If the City sells the Sewer Collection System, it will no longer be involved in rate setting. Rate Setting will be taken over by GJWA, under the Municipality Authorities Act.*

b. *For the next two to three years (however long it takes to complete the balance of the Sewer Projects), the City will continue to pay for curb-to-curb paving (i.e. the amount in excess of PennVest eligible paving costs) using proceeds of the Sewer Revenue Account and other amounts available therefor. This is already in the bid specs for Old Conemaugh and Fairfield projects and in the Asset Purchase Agreement. The GJWA has covenanted to bid curb-to-curb as an alternate so that the City can get the best price for the additional work.*