

JOHNSTOWN REDEVELOPMENT AUTHORITY
WORKSHOP MINUTES
Tuesday, November 25, 2025

The Johnstown Redevelopment Authority met for a workshop. Mark Pasquerilla, Chairman, called the workshop to order at 10:00 a.m. The Pledge of Allegiance was recited. Chairman Pasquerilla offered the invocation.

The following members of the Authority were present for roll call:

Mr. Haselrig, Mr. Pasquerilla, Ms. Rae, Mr. Truscillo (4).
Ms. Huchel was absent.

Mark Critz, Executive Director; Cheryl Labosky, Finance Director; C.J. Webb, Esquire, Solicitor; Phil Sapone, Project Manager, Raftelis; Rocky Craley, Vice President, Raftelis; and Ashley N. Hamilton, Recording Secretary, were also present.

RAFTELIS

Mark Critz, Executive Director, explained Raftelis had been brought on several months ago to conduct a rate study for the Johnstown Sewage Authority.

Phil Sapone, Project Manager, introduced himself and Rocky Craley, Vice President from Raftelis. He provided a brief background of the company. He noted their presentation would include a sewer rate study update with financial plan results and recommendations.

Mr. Sapone stated multi-year projections were prepared, but he would be focusing on fiscal year 2026. He presented the existing 2025 sewer rates, which included rates for residential and non-residential. He first reviewed the rates for residential customers. The rates were broken into two categories, Category A, \$19 per EDU per month for customers whose lateral had been inspected; and Category B, \$32 per EDU per month for customers who had not had their lateral inspected. The vacant structures rate was set at \$10.50 per EDU per month.

Mr. Sapone recommended considering the multi-year cycles for budgeting and financial planning purposes, instead of one year at a time. He reviewed his reasons that included meeting fiscal policy targets, supporting capital project scheduling, and funding decisions. He noted, if not fully planned, projects can cause significant rate increases, instead of rate stability. Rate stability minimizes rate impacts to customers. He noted rate stability does not mean rates stay the same from year to year, but there would be moderate increases.

Mr. Sapone reviewed prepared charts demonstrating cash on hand and debt service coverage. He concluded JRA is in a good financial position overall. He next reviewed potential and projected increases to the sewer rates and what is driving the increases. He discussed projecting operating expenses to increase by about three to five percent per year. Other drivers included capital projects, such as the liquid oxygen system replacement project which is almost \$10 million and would kick off in 2027 with a two-year construction period. Another capital project is the interceptor cleaning work, which averages \$500,000 to \$1.5 million per year. He noted the interceptor work would be funded with cash rates or cash from reserves.

Mr. Sapone pointed out a unique factor is negative revenue impacts. He explained, as Category B customers shift to Category A customers, the amount the consumer would pay is reduced creating lower revenue amounts. He noted another negative revenue impact is from the vacant structure rates as a number of buildings that do not currently pay the vacant rate were identified but could if they applied for it. He estimated the number of Category B EDU's with the potential to move to Category A is around 10,000, and the number of vacant structure EDUs is around 2,000.

Mr. Sapone presented the five-year projections based on proposed change rates in 2026. With the proposed increase, the projected cash declines but levels off, which he stated was acceptable as it showed everything can be paid. Regarding residential rates, he proposed Category A be raised by 95 cents per EDU per month and category B by \$1.60 per EDU per month. For non-residential rates, the proposed increase is between 45 cents and 70 cents per EDU per month. Mr. Sapone also presented future possible projections beyond 2026. He presented charts reflecting the projected if the sewer rates were not increased. In those charts, the projected cash would be negative by 2029.

Mr. Critz asked if Mr. Sapone had looked at rates throughout the region as a comparison. Mr. Sapone stated the Johnstown rates are difficult to compare as the services provided differ from other areas. Mr. Critz noted the \$19 for Category A seemed low in comparison to other areas based on his research. He noted focusing on the sewer lateral program which will lower revenue amounts.

Mr. Truscello agreed with Mr. Critz and noted success with the sewer lateral program will create financial drag, which needs to be considered.

Mr. Sapone stated the main takeaway from the financial forecast is that increases will be needed based on future projections.

Mr. Sapone discussed vacant structure rates. He explained, when considering all factors involved, a hypothetical system-wide fixed rate was considered instead of varying rates based on different categories. He estimated a fixed rate amount would be around \$17.50 per EDU to cover the costs incurred by the system. He concluded the current vacant structure rate of \$10.50 was satisfactory as it helps to recover debt service and other fixed costs.

Mr. Sapone reviewed hauled waste rates. Hauled waste is brought into the treatment plant by waste hauling trucks and is charged per gallon. The hauled waste rates are not a fixed rate as there is a mix between a cost-based rate and market rates. He considered rates at Unity Township, Altoona, and University Area Joint Authority to compare to Johnstown's rates. He concluded Johnstown's rates were locally competitive. He also noted Johnstown regularly updates the hauled waste rates while other authorities had not.

Mr. Sapone pointed out, in the projections, he noticed a differential between residential rates and non-residential rates. The non-residential rates averaged 47 percent less than the residential rates. He noted it was due to a policy decision to be more business and industry friendly. He recommended the Authority reconsider the non-residential rates in comparison to residential. He provided alternative ways to consider structuring the rates. One way raised the non-residential rate over the span of five years to be 75 percent of the residential rate. He added the largest of the non-residential users would be increased up to 55 percent of the residential rates. By adjusting the non-residential rates, it would lessen the impact of inflation on the residential rates. The alternative structuring was not part of the formal recommendations for 2026, but were presented for consideration in the future.

Mr. Sapone stated the formal recommendations for 2026 would be to increase the sewer rates as proposed by 95 cents and \$1.60 as suggested at the start of the presentation. He reiterated the importance to ensure future costs are paid and future fiscal policy targets are met. He added Raftelis suggests multi-year forecasts continue given the uncertainty around revenue. The vacant structure rate and hauled waste rates were recommended to stay the same. Going forward, he suggested the Authority consider reducing the differential between residential and non-residential EDUs. He added, for 2026, the recommendation is the ratio between non-residential and residential should be kept the same while overall rates are increased.

Mr. Pasquerilla asked if there had been any consideration for the water rate increases for 2026. Mr. Sapone understood why the question was posed; however, he stated JRA has to make sure it maintains its system and current levels of service despite water rate increases.

Mr. Craley stated it was unfortunate that sometimes water and sewer rate increases happen at the same time. He noted, while it is important to be mindful and aware of the water rates, JRA needed to understand the level of reinvestment required in their own system. He added, even in a joint water-sewer authority, water needs to take care of water and sewer takes care of sewer, as they both have their own needs.

Mr. Sapone added the suggested increases are fairly typical and not enough to justify putting off the increases when considering the water rate increases.

Mr. Critz noted JRA is publicly owned, and therefore, their focus is on the customer and impacts to the customer. He noted capital expenditures, such as the oxygen diffuser and interceptor maintenance, will save money in the long run but not in the short run. He added JRA is trying to be cognizant of protecting their financial stability while not saddling customers with huge increases.

Mr. Craley noted the strong financial footing of JRA reflects its efforts to do everything it can for its customers by searching out the lowest costs possible. He added the rate structure also incentivizes customers to get their laterals inspected.

Mr. Critz noted area customers are benefiting from the good stewardship of JRA as the rates are historically lower than other areas in Pennsylvania.

Mr. Craley discussed how another authority in the Southwestern part of the state does their rate structures, which involves a fixed rate and a volumetric charge that creates much higher overall rates.

Mr. Truscello suggested future charts include changing the non-residential rates over the five-year span.

Mr. Pasquerilla questioned whether the residential rates were on the low or middle side in comparison to other areas. Mr. Craley replied the typical range is around \$40 per month, but the comparison is difficult due to a number of components.

Mr. Truscello complimented Raftelis on their study and presentation.

Mr. Critz stated the presentation was meant to get facts on where the sewage authority is heading financially and where it needs to be. He noted there may be discussion in December or in the new year regarding the decisions to be made.

Tuesday, May 20, 2025
Workshop, continued


5 of 5

ADJOURNMENT

Mr. Truscello made a motion to adjourn. The motion was seconded by Ms. Rae and passed by the following vote:

Yeas: Mr. Pasquerilla, Mr. Haselrig, Ms. Rae, Mr. Truscello (4).
Nays: None (0).

There being no further business, the meeting was adjourned at 10:53 a.m.



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BRUCE HASELRIG,
SECRETARY