CITY OF JOHNSTOWN
SEVENTH AMENDED RECOVERY PLAN
AUGUST 2017

A Community Plan for Achieving Financial Stability and Sustainability

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DISCLAIMER: SHOULD ANY PROVISION OF THIS SEVENTH AMENDED RECOVERY PLAN CONFLICT WITH THE HOME RULE CHARTER, ADMINISTRATIVE CODE, OR ANY ORDINANCE OF THE CITY OF JOHNSTOWN, THE HOME RULE CHARTER, ADMINISTRATIVE CODE, OR ORDINANCES OF THE CITY OF JOHNSTOWN SHALL PREVAIL.

ACKNOWLEDGEMENTS

Grass Root Solutions (GRS), acting as the Act 47 Coordinator for the City of Johnstown (City), would like to acknowledge the cooperation, support, and assistance of the City officials and staff and the Pennsylvania Department of Community and Economic Development (DCED). Without their involvement, it would have been impossible to produce this Seventh Amended Act 47 Recovery Plan (Plan).

CITY COUNCIL

Frank Janakovic	Mayor
Nunzio Johncola	Councilman
Marie Mock	Councilwoman
Charlene Stanton	Councilwoman
David Vitovich	Councilman
Pete Vizza	Councilman
Jack Williams	Councilman

CITY MANAGEMENT STAFF

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SECTION 1 – INTRODUCTION

In a petition executed on June 15, 1992, the City of Johnstown (the "City") requested that the Department of Community Affairs (now the Department of Community and Economic Development or "Department") determine the City's eligibility as a distressed municipality under Act 47 (the "Act"). On July 22, 1992, the Department issued its consultative evaluation which found that the City met three of the Act's criteria for distressed municipalities in that the City had maintained a deficit over a three-year period; expenditures had exceeded revenues for three years or more; and the City had experienced a decrease in a quantified level of municipal service from the preceding fiscal year.

Based upon these findings, and following a public hearing held on July 22, 1992, the Department found that the City was distressed pursuant to the criteria set forth in the Act. On September 18, 1992, Eckert Seamans Cherin & Mellott was appointed Recovery Coordinator for the City under the Act.

The Recovery Plan was filed with the City Clerk on April 13, 1993. The Plan Coordinator then held a series of meetings to discuss the filed Plan with the Mayor and the Administration, Council, the City's collective bargaining units and other individuals and organizations. On May 4, 1993, the Coordinator held a public hearing in Council chambers to receive comments and questions on the Plan from the Public.

As a result of these meetings, and in response to comments received, the Coordinator made certain revisions to the Plan as filed. Council adopted the Plan, as revised, on May 26, 1993.

On July 13, 1994, Council enacted Ordinance No. 4685 amending the Plan to incorporate the Point Stadium Study, dated April of 1994. Over the initial 3 ½ year period of implementation of the Recovery Plan, the City made substantial progress. Nevertheless, significant aspects of recovery addressed by the Recovery Plan required continuing and increased emphasis. Based upon an analysis contained in the Amended Recovery Plan, the Plan Coordinator concluded that although substantial progress had been made in implementing Plan recommendations and stabilizing the City's financial status, nevertheless, the conditions leading to distress had not been alleviated and the City should continue to operate pursuant to the Act and an Amended Recovery Plan.

Pursuant to Ordinance No. 4766, enacted by Council on February 26, 1997, Council approved the adoption and implementation of an Amended Recovery Plan. Pursuant to Resolution No. 8431 adopted by Council on March 12, 1997, Council authorized

amending the Plan to incorporate a Comprehensive Recreation, Parks and Open Space Plan, prepared by Herbert, Rowland and Grubic, Inc. pursuant to a grant from the Commonwealth.

Over the following 3-year period, the City continued to make substantial progress in implementing plan recommendations. Nevertheless, the conditions leading to distress were not alleviated and the Coordinator recommended that the City should continue to operate pursuant to the Act and a Second Amended Recovery Plan.

Pursuant to Ordinance No. 4848, enacted by Council on January 3, 2000, Council approved the adoption and implementation of the Second Amended Recovery Plan.

In the fall of 2002, the Coordinator reviewed the progress made by the City since adoption of the Second Amended Recovery Plan. Based upon that analysis, the Coordinator concluded that although substantial progress continued to be made in implementing Plan recommendations, nevertheless the conditions leading to distress had not been alleviated and the City should continue to operate pursuant to the Act and a Third Amended Recovery Plan.

Pursuant to Ordinance No. 4900, enacted by Council on December 30, 2002, Council approved the adoption and implementation of the Third Amended Recovery Plan.

In the fall of 2005, the Department and the Coordinator again reviewed the City's progress in implementing plan recommendations and stabilizing the City's financial status. On December 8, 2005, the Department held a public hearing in Johnstown to review that progress and financial status. During 2006 and the fourth quarter of 2007, the Department and Coordinator reviewed the City's 2005 and 2006 audited financial statements and the City's actual revenues and expenditures through September 2007.

Based upon these reviews and analysis conducted in 2006 and 2007, the Coordinator concluded that the conditions leading to distress had not been alleviated and that the City should continue to operate pursuant to the Act and a Fourth Amended Recovery Plan.

Pursuant to Ordinance No. 5009, enacted by Council on December 12, 2007, Council approved the adoption and implementation of the Fourth Amended Recovery Plan.

In the fall of 2010, the Coordinator reviewed the progress made by the City under the Fourth Amended Recovery Plan. Based upon that analysis, the Coordinator concluded that although substantial progress continued to be made in implementing Plan

initiatives and improving the City's financial condition, nevertheless the conditions leading to distress had not been alleviated and the City should continue to operate pursuant to the Act and a Fifth Amended Recovery Plan.

Pursuant to Ordinance No. 5080, enacted by Council on December 30, 2010, Council approved the adoption and implementation of the Fifth Amended Recovery Plan.

Continuing review of the City's progress occurred during implementation of the Fifth Amended Recovery Plan. In the fall of 2012, the coordinator recommended that the City continue to operate under the Act and began preparation of the Sixth Amended Recovery Plan.

Pursuant to Ordinance No. 5137, enacted on October 28, 2013, Council approved the adoption and implementation of the Sixth Amended Recovery Plan.

Continuing review and progress was made under the Sixth Amended Recovery Plan. In February of 2016, Grass Root Solutions was appointed as the Recovery Coordinator for the City of Johnstown. The new Recovery Team conducted an extensive review of the City's financial condition. By late 2016, the City was facing a $1.8 million operating deficit that had been rolling forward for several years and found it necessary to obtain an unfunded debt loan in the amount of $6 million to restructure debt and to continue to operate and meet current year obligations.

Based on the Recovery Team's evaluation, the City continues to meet three of the Act's 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.

Pursuant to Ordinance No. 5236, adopted on August 28, 2017, by a 5-2 vote (with Williams and Stanton opposed) Council approved the adoption and implementation of this Seventh Amended Recovery.

SECTION 2 - DEMOGRAPHIC UPDATE

2.1 HISTORY

The City of Johnstown (City), located in Cambria County was settled in 1770. In 1800 the area was formally organized as a town by Swiss German immigrant Joseph Johns under the name "Schantzstadt". The town was soon renamed Johnstown. Johnstown is located in southwest Cambria County where the Conemaugh River forms from Stonycreek River and the Little Conemaugh. The City is located due south of U.S. Route 22, due north of U.S. Route 30, and west of I-99.

Iron, coal, and steel quickly became central to the town of Johnstown. By 1860, the Cambria Iron Company of Johnstown was the leading steel producer in the United States, outproducing steel giants in Pittsburgh and Cleveland. Through the second half of the 19th century, Johnstown prospered from skyrocketing demand in the western United States for barbed wire. Twenty years after its founding, the Cambria Works was a huge enterprise sprawling over 60 acres and employing 7,000. It owned 40,000 acres of valuable mineral lands in a region with a ready supply of iron, coal and limestone.

The City of Johnstown has experienced floods throughout its history. Most notable of those floods was the "Great Flood" of May 31, 1889 which killed at least 2,200 people and spurred the birth of the American Red Cross. Floods have continued to be a concern for Johnstown, which had major flooding in 1894, 1907, and 1924. The biggest flood of the first half of the 20th century was the St. Patrick's Day Flood of March 1936. It also reached Pittsburgh, where it was known as the Great Pittsburgh Flood of 1936. Following the 1936 flood, the U.S. Army Corps of Engineers dredged the river within the city and built concrete river walls, creating a channel nearly 20 feet deep. Upon completion, the Corps proclaimed Johnstown "flood free."

The new river walls withstood Hurricane Agnes in 1972, but on the night of July 19, 1977, a severe thunderstorm dropped 11 inches of rain in eight hours on the watershed above the city and the rivers began to rise. By dawn, the city was under water that reached as high as 8 feet. Seven counties were declared a disaster area, suffering $200 million in property damage, and 78 people died. Forty were killed by the Laurel Run Dam failure. Another 50,000 were rendered homeless as a result of this "100-year flood". Markers on a corner of City Hall at 401 Main Street show the height of the crests of the 1889, 1936, and 1977 floods.

2.2 POPULATION

Johnstown's population steadily increased from 1840 to 1920, with the largest increase between 1880 and 1890 with an increase of 160.2%. The increase of population in the City was largely a result of the influence that the steel and heavy industries had in the Western Pennsylvania region during this time period. The City's population peaked in 1920 with a total of 67,327 residents. The City saw its largest decline of residents between 1960 and 1970 with a decline of 21.3% of its population. This decade was a period when many of the region's steel companies began shutting down contributing to a loss in population in many western Pennsylvania cities. According to the 2011-2015 American Community Survey (ACS) 5-year estimate from the U.S. Census Bureau, the City has a population of approximately 19,966 residents and a total land area of 6.1 square miles. Today the City remains a regional center for medical, education, and a variety of cultural organizations and businesses. **Table 1** provides an overview of the population growth and decline since 1840.

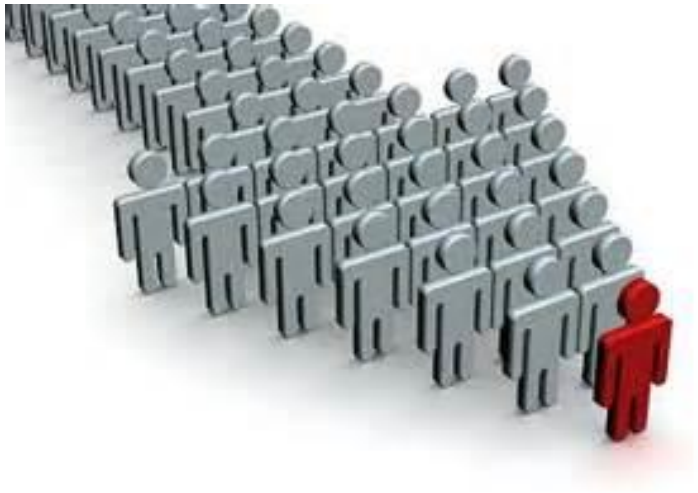
TABLE 1 – HISTORY OF POPULATION GROWTH AND DECLINE

Year	Population	Percentage Change (+ or -)
1840	949	-
1850	1,269	33.7%
1860	4,185	229.8%
1870	6,028	44.0%
1880	8,380	39.0%
1890	21,805	160.2%
1900	35,936	64.8%
1910	55,482	54.4%
1920	67,327	21.3%
1930	66,993	-0.5%
1940	66,668	-0.5%
1950	63,232	-5.2%
1960	53,949	-14.7%
1970	42,476	-21.3%
1980	35,496	-16.4%

1990	28,134	-20.7%
2000	23,906	-15.0%
2010	20,978	-12.2%
2015	19,966	-2.9%

SOURCE: U.S. CENSUS BUREAU, 1900-2015 AMERICAN COMMUNITY SURVEY

2.2 DEMOGRAPHICS



According to the U.S. Census ACS, the City has a population of 19,966. The population in 2000 was 23,906, indicating a decrease of about 3,240 residents from the 2000 Census. The population is projected to slightly decline in the coming years. Approximately 78.1% of the population is white; 13.3% is African-American; 0.4% is Asian; 2.6% is Hispanic or Latino; and approximately 7.9% is of two or more races.

The following additional statistics are reported:

- The median age of the population is 42.1 years.
- Approximately 22.2% of the City's population is under the age of 18.
- About 18.0% of the residents in the City are over the age of 65.
- Males account for approximately 47.5% of the total population in the City and females account for 52.5% of the total population.
- There are 11,903 housing units in the City of which 19% are reported as vacant. This is much higher than the national rate of 7% for rental and 1.7% for homeowner housing.
- There are approximately 9,641 households. The average household size in the City is 2.09.
- Approximately 16.2% of households have someone living alone who is 65 years of age or older.
- The median household income is $25,616.
- Approximately 28.1% of the City's families are below the poverty level. This is much higher than the county (10.3%), state (9.3%), and national (11.3%) levels.
- The median value of an owner-occupied unit in the City is approximately $43,100, which is less than the county ($87,100), state ($166,000), and nation ($178,600).
- Slightly over half (51.1%) of the housing units in the City are renter-occupied housing units.

There is a possibility that the City could experience a slight increase in population in the next few years because of the educational and medical establishments that are located within or near the City. But Johnstown must begin to work with the understanding that they will not recover the population that once existed in the City. The City may experience some incremental population growth as land is redeveloped or vacancy rates drop. City officials should begin to plan accordingly.

Table 2 provides a comprehensive review of four comparable cities in Pennsylvania with similar populations and demographics.

TABLE 2 – COMPARATIVE DEMOGRAPHIC AND AREA CHARACTERISTICS- 2011-2015 ACS

MUNICIPALITY	POPULATION	AREA (SQ. MILES)	POP. DENSITY (SQ. MILES)	MEDIAN HOUSEHOLD INCOME ($)	MEDIAN VALUE OWNER-OCCUPIED UNITS ($)	FAMILIES BELOW POVERTY LEVEL (%)	HIGH SCHOOL GRADUATES OR HIGHER (%)	BACHELOR'S DEGREE OR HIGHER (%)
Hazleton	25,087	6.0	4,181	31,545	84,400	22.2	75.2	11.2
Johnstown	20,369	6.1	3,339	24,415	43,100	28.1	84.7	10.6
Lebanon	25,555	4.2	6,085	34,072	88,100	24.9	74.1	10.7
McKeeesport	19,637	13.9	1,413	25,697	47,100	28.8	85.7	12.6
New Castle	22,682	8.6	2,637	30,422	61,400	23.2	86.2	15.2
Cambria County	139,381	694	201	42,107	87,100	10.3	89.6	19.1
PA	12,779,559	46,005	278	53,599	166,000	9.3	89.2	28.6
U.S.	316,515,021	3,796,742	83	53,889	178,600	11.3	86.7	29.8

2011-2015 AMERICAN COMMUNITY SURVEY, SOURCE: U.S. CENSUS BUREAU

The median household income in the City is lower than the comparable cities that were reviewed and much lower than the county, state, and nation. In terms of educational attainment (which typically has a direct correlation to income), the percentage of residents in Johnstown who have graduated from high school is 84.7% which is significantly higher than the cities of Hazleton and Lebanon but lower than McKeesport, New Castle, Cambria County, Pennsylvania, and the U.S. The percentage of those in

the City who have a bachelor's degree or higher was 10.6%, which is lower than all of the comparable communities, Cambria County, Pennsylvania, and the U.S.

Data from the Environmental Systems Research Institute (ESRI)[1] Business Analyst was used to estimate future demographic trends. **Table 3** and **Table 4** display ESRI's projections for Johnstown compared to the county, state, and national averages. The ESRI projections indicate that in 2021 the median household income in Johnstown may actually *decrease* by about .04%. Johnstown's median household income is below the county, state, and national averages in 2016 and may continue to be lower in 2021.

TABLE 3 – MEDIAN HOUSEHOLD INCOME

MEDIAN HOUSEHOLD INCOME		
LOCATION	2016	2021
Johnstown City	$25,321	$25,310
Cambria County	$41,493	$40,310
Pennsylvania	$53,805	$59,638
U.S.	$54,149	$59,476

SOURCE: ESRI BUSINESS ANALYST, MAY 2017

TABLE 4 – MEDIAN HOME VALUE

MEDIAN HOME VALUE		
LOCATION	2016	2021
Johnstown City	$40,048	$42,312
Cambria County	$91,933	$116,257
Pennsylvania	$180,249	$214,005
U.S.	$198,891	$231,895

SOURCE: ESRI BUSINESS ANALYST, MAY 2017

Unlike median household income, median home values in 2016 and 2021 will increase over the next 5 years by about 5.7% as shown in **Table 4**. However, it should be noted that Johnstown still has a significantly lower median home value than the county, state, and nation.

2.3 BUSINESS AND INDUSTRY

The Recovery Team review also included research on the business environment and information about the various job sectors that make up the Johnstown area business community.

[1] ESRI is a GIS, data driven, service that collects millions of bits of demographic data and provides reports and projections based on the collected data.

JOBS AND THE ECONOMY

By 2003, U.S. Census data reported that Johnstown was the least likely city in the United States to attract newcomers; however, what were previously relatively weak opportunities provided by the local manufacturing and service economies have more recently begun to attract outsiders. Gamesa Corporación Tecnológica, a Spanish wind energy company, opened its first U.S. wind turbine blade manufacturing facility near Johnstown in 2006. Several state-of-the-art operational wind turbines are sited on Babcock Ridge, the "Eastern Continental Divide", along the eastern edge of Cambria and Somerset counties. Lockheed Martin relocated a facility from Greenville, South Carolina, to Johnstown in 2008.

Companies like Concurrent Technologies Corporation, DRS Laurel Technologies, ITSI Biosciences, Kongsberg Defense and more throughout the region are embracing cutting edge technology and scientific progress to create products that make life easier, better, and greener. Recent construction in the surrounding region, the downtown, and adjacent Kernville neighborhood—including a new 100,000-square-foot Regional Technology Complex that will house a division of Northrop Grumman, among other tenants—signal the increasing dependence of Johnstown's economy on the U.S. government's defense budget. The high-tech defense industry is now the main non-healthcare staple of the Johnstown economy, with the region pulling in well over $100 million annually in federal government contracts, punctuated by one of the premier defense trade shows in the U.S., the annual Showcase for Commerce.

Johnstown remains a regional medical, educational, cultural, and communications center. As in many other locales, health care provides a significant percentage of the employment opportunities in the city. The region is located right in the middle of the "Health Belt", an area stretching from the Midwest to New England and down the East Coast that has had massive growth in the healthcare industry. Major healthcare centers include Memorial Medical Center and Windber Medical Center, the Laurel Highlands Neuro-Rehabilitation Center, and the John P. Murtha Neuroscience and Pain Institute, with its advances in treating wounded veterans, and the Joyce Murtha Breast Care Center's focus on early diagnosis and advanced treatment. **Table 5** presents a complete review of the major industry sectors in Johnstown and the number of jobs for each sector from 2007 through 2014, which was the most recent year that the data was available.

TABLE 5 – JOBS BY INDUSTRY CODE SUMMARY – CITY OF JOHNSTOWN

JOBS BY NAICS INDUSTRY SECTOR	2007	2008	2009	2010	2011	2012	2013	2014	NET (+ / -)	PERCENTAGE (+ / -)
Agriculture, Forestry, Fishing and Hunting	0	0	0	0	1	0	0	0	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	12	17	7	6	9	3	11	40	28	233.3%
Utilities	8	10	14	9	16	17	11	8	0	0.0%
Construction	405	406	324	344	338	286	306	300	-105	-25.9%
Manufacturing	1,588	1,535	1,103	1,091	1,348	1,256	1,216	1,122	-466	-29.4%
Wholesale Trade	375	443	422	400	405	329	305	315	-60	-16.0%
Retail Trade	874	822	768	801	792	653	671	694	-180	-20.6%
Transportation and Warehousing	71	122	24	169	51	144	164	186	115	162.0%
Information	181	209	220	335	330	264	261	264	83	45.9%
Finance and Insurance	986	1,005	1,027	1,021	911	688	957	879	-107	-10.9%
Real Estate and Rental and Leasing	154	156	109	117	107	126	113	120	-34	-22.1%
Professional, Scientific, and Technical Services	625	621	658	586	611	635	567	643	18	2.9%
Management of Companies and Enterprises	191	146	195	198	305	264	186	187	-4	-2.1%
Admin & Support, Waste Mgt. & Remediation	1,468	1,426	970	918	822	833	969	990	-478	-32.6%
Educational Services	444	444	502	472	524	504	514	497	53	11.9%
Health Care and Social Assistance	4,542	4,580	4,369	5,122	5,432	4,681	4,517	4,313	-229	-5.0%
Arts, Entertainment, and Recreation	84	116	113	64	55	40	43	46	-38	-45.2%
Accommodation and Food Services	613	651	614	664	592	649	523	511	-102	-16.6%
Other Services (excluding Public Admin)	388	362	413	466	447	467	443	380	-8	-2.1%
Public Administration	387	488	455	656	590	429	528	465	78	20.2%
Total	**13,396**	**13,559**	**12,307**	**13,439**	**13,686**	**12,268**	**12,305**	**11,960**	**-1,436**	**-10.7%**

SOURCE: U.S. CENSUS BUREAU, ON THE MAP APPLICATION & LEHD ORIGIN-DESTINATION EMPLOYMENT STATISTICS

Overall, Johnstown City lost 1,436 jobs from 2007 through 2014. The sector that lost the largest amount of jobs was Administration & Support, Waste Management and Remediation followed by Manufacturing. The following conclusions are drawn from the data provided in **Table 5**:

- The largest industry sectors as of 2014 were Health Care and Social Assistance with 4,313 employed; Manufacturing with 1,122; and Administration & Support, Waste Management and Remediation with nearly 1,000 jobs.
- Although Health Care and Social Assistance is the largest industry sector by number of jobs, the Mining, Quarrying, and Oil and Gas Extraction industry saw the largest increase in *percentage* of jobs with an increase of 28 jobs or 233.3%.
- Arts, Entertainment, and Recreation saw one of the largest decreases in terms of percentages with a decrease of 38 jobs or 45.2%.
- Overall between 2007 and 2014, twelve industry sectors lost jobs, six industry sectors gained jobs, and only two sectors remained constant.

Table 6 provides detailed information about the range of ages of employees between 2007 and 2014 within the City of Johnstown. All age groups (and therefore number of jobs) decreased between 2007 and 2014. The largest number of individual jobs lost were those workers between the ages of 30 and 54. Those aged 55 and older saw the largest percentage increase in the number of jobs. As expected, those between the ages of 30 and 54 constitute the largest portion of those employed within the City. But the obvious trend is that the workforce is getting older.

TABLE 6 – JOBS BY WORKER AGE – JOHNSTOWN CITY

JOBS BY WORKER AGE	2007	2008	2009	2010	2011	2012	2013	2014	NET (+/-)	PERCENTAGE (+/-)
Age 29 or younger	2,443	2,534	2,158	2,228	2,294	2,064	2,073	1,987	-456	-18.7%
Age 30 to 54	7,997	7,935	7,265	7,823	7,783	6,719	6,644	6,430	-1,567	-19.6%
Age 55 or older	2,956	3,090	2,884	3,388	3,609	3,485	3,588	3,543	587	19.9%

SOURCE: U.S. CENSUS BUREAU, ON THE MAP APPLICATION & LEHD ORIGIN-DESTINATION EMPLOYMENT STATISTICS

Table 7 provides detail for the educational attainment of those residents who are employed. Those with some college or an associate degree are the largest population group with jobs in the City. This seems to support the notion that most jobs in Johnstown are filled by employees with technical/trade school or Associate's degree education.

TABLE 7 – JOBS BY WORKER EDUCATIONAL ATTAINMENT – JOHNSTOWN CITY

JOBS BY WORKER EDUCATIONAL ATTAINMENT	2009	2010	2011	2012	2013	2014	NET (+/-)	PERCENTAGE (+/-)
Less than high school	804	876	876	827	876	859	55	6.8%
High school or equivalent, no college	3,482	3,858	3,907	3,543	3,468	3,385	-97	-2.8%
Some college or Associate degree	3,412	3,790	3,877	3,399	3,493	3,472	60	1.8%
Bachelor's degree or advanced degree	2,451	2,687	2,732	2,435	2,395	2,257	-194	-7.9%
Educational attainment not	2,158	2,228	2,294	2,064	2,073	1,987	-171	-7.9%

SOURCE: U.S. CENSUS BUREAU, ON THE MAP APPLICATION & LEHD ORIGIN-DESTINATION EMPLOYMENT STATISTICS

The City should focus on the strong job sectors for the future. These include health, social services, manufacturing, and administration and support. Transportation and warehousing also showed surprising strength over the 7-year period.

CURRENT ECONOMIC DEVELOPMENT EFFORTS

In 2016, **Forbes Magazine** listed the City of Johnstown in the top 200 "*Best Small Places for Business and Careers*."[2] 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 working with the City on revitalization efforts.

The CJL Engineering Office Building at 232 Horner Street was awarded a LEED Silver Certification by the U.S. Green Building Council on March 30, 2010. It is the first fully certified LEED building in Johnstown. The recently established ART WORKS in Johnstown houses artist studios in some of the area's architecturally

[2] https://www.forbes.com/places/pa/johnstown

significant but underused industrial buildings. The ART WORKS in Johnstown project is projected to be a non-profit LEED-certified green building.

The Frank & Sylvia Pasquerilla Heritage Discovery Center opened in 2001 with the permanent exhibit "America: Through Immigrant Eyes", which tells the story of immigration to the area during the Industrial Revolution. In June 2009, the Heritage Discovery Center opened the Johnstown Children's Museum and premiered "The Mystery of Steel", a film detailing the history of steel in Johnstown.

The Bottleworks Ethnic Arts Center, ART WORKS, and the Heritage Discovery Center are located in the historic Cambria City section of town, which boasts a variety of eastern European ethnic churches and social halls. This neighborhood hosted the National Folk Festival for three years in the early 1990s, which expanded into the Flood City Music Festival. Johnstown also hosts the annual Thunder in the Valley motorcycle rally during the fourth week of June; the event has attracted motorcyclists from across the Northeast to the City since 1998. Well over 200,000 participants enjoy Thunder in the Valley and the event continues to grow in size.

On May 2, 2015, Johnstown was announced the winner of the 2015 Kraft Hockeyville USA winner 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.

THE STEEPLES PROJECT

A non-profit group, 1901 Church, Inc., purchased three former Catholic churches in 2011 located in Cambria City. The Steeples Project has overseen the renovation of the former Immaculate Conception church which was reopened as "The Grand Halle on Broad Street" in September 2012. The Grand Halle now features monthly concerts and has become a wedding and special event rental venue. 1901 Church, Inc. also obtained a conservation easement which obligates the owner of the property to maintain the exterior and certain interior elements in perpetuity.

In addition to the efforts of The Steeples Project, in 2015, Stella, LLC, a Cambria based property development and event management company purchased the former SS. Casimir and Emerich Church building. The third former church, St. Columbia, is the current focus of the Steeples Project. The former church was built between 1913 and 1915. It was designed by Pittsburgh architect John T. Comes. It is similar to another church designed by Comes – a former sanctuary in Pittsburgh which now houses the Church Brew Works. The Steeples

Project includes a plan to use the former St. Columbia as a performing arts space that can host, among other things, a drama depicting the lives of Johnstown's immigrants.

CAMBRIA CITY REVITALIZATION PLAN

The planning stage of Phase II of the Cambria City Plan is nearing completion at the time of the writing of this Recovery Plan. Phase II is set to include façade upgrades along Chestnut Street, made possible through a grant through DCED. The complete paving of Chestnut Street has already been completed as well as the placement of way-finding signage and welcome signs. As part of the revitalization process, the Friends of Cambria City have been working on improving the crosswalk areas of Chestnut Street, adding new benches and trash receptacles. Funding for some of the crosswalk work was provided by a grant from the Vision 2025 group.

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. The Army Corps of Engineers is currently conducting a feasibility study on the types of flood protection that will best serve Johnstown in the coming years.

DISCOVER DOWNTOWN JOHNSTOWN PARTNERSHIP (DDJP)

The DDJP is a non-profit organization that works on various initiatives throughout the City to help make downtown Johnstown a more inviting place for customers, businesses, and residents. Throughout the year, the DDJP engages in various activities including sponsoring the Christmas tree in central park and light up night, operation clean sweep, and community gardens, which are open to the public. DDJP also sponsors an annual Taste and Tour event which showcases the shops and restaurants combined with a walking tour of the City. All proceeds from the usually sold out event go towards the DDJP to provide more activities within the City.

DDJP also recently acquired a $12,000 Pennsylvania Department of Conservation and Natural Resources grant for a Main street greenway plan. This study is scheduled to be conducted from June through September 2017, and will include the addition of greenery, benches and other elements to make the Main Street area more appealing.

JOHNSTOWN BUSINESS DISTRICT DEVELOPMENT CORPORATION (JBDDC)

A real-estate development entity within the DDJP, the JBDDC is a non-profit organization that is set up to manage real estate for the DDJP with the goal of selling the real estate to private investors. The most recent project of the JBDDC involved the Conrad Building; however, at the time of the writing of this Recovery Plan, the Conrad Building Project suffered another blow when St. Francis University recently indicated it had no interest in leasing a portion of the Conrad building for a regional educational center. As a result, the JBDDC has provided a letter to the Economic Development Authority indicating the request to terminate the project and requested that the dedicated funding be redirected. With this recent announcement, the City has indicated that it plans to pursue citations against the owner of the Conrad Building for code violations and ultimately will seek to have the Conrad Building demolished.

There is consensus that the federal, state and local funds that were designated to upgrade the Conrad Building could be used for Creator Square, a community-based artistry resident project at 134 Gazebo Park, next to Central Park. In 2015, the Creator Square project received a $350,000 Department of Defense Office of Economic Adjustment grant, which is one of the grants also received to renovate the Conrad Building. The former Parkview building at 134 Gazebo Park is owned by the JBDDC.

SECTION 3 – MANAGEMENT UPDATES

3.1 CITY MANAGEMENT

STRUCTURE

Operating under a Home Rule Charter, the City Council acts as the governing body and is comprised of six Councilpersons elected at large and a Mayor as the seventh Council member. The Council approves the ordinances, policies, and directives for the City. City departments include:

- City Management
- Finance
- Community Development
- Public Works
- Fire Department
- Police Department

The City Council continues its support for the Council-Manager form of government under the City's Home Rule Charter and Administrative Code as mandated in the first Recovery Plan and every Plan thereafter. Arch Liston was appointed as the City's seventh City Manager in December of 2016. Shortly after the Manager's appointment, Stephen Keith, who has a strong accounting background and had previously served as Assistant Finance Director, was appointed as the permanent Finance Director.

The Manager and Finance Director recognize the importance of reviewing the City's progress relative to current goals and objectives and for establishing new goals on an annual basis. They have begun to implement a number of initiatives that will strengthen the City's financial stability and ensure its sustainability for the long term.

The City has continued to review management span of control and staffing levels in every department and has made reductions when possible. Staffing levels are discussed extensively in *Section 4. Financial Condition* and *Section 5. Department Operations.*

INFORMATION MANAGEMENT

Previously, in 2010, the City undertook a review of its information technology hardware and software, with an emphasis on the Finance Department. Through the Department's peer-to-peer program funded by the state through Pittsburgh's Local Government Academy, a technology consultant reviewed the City's hardware and software resources and made substantial recommendations for an overhaul of the City's systems. The recommended scope of work included developing system and facility connectivity, including City Hall and the Public Safety Building, server consolidation and upgrade, workstation upgrades in the administration and finance offices, and accounting software upgrade.

Based on the recommendations in July 2010 a fiber run was completed between City Hall and the Public Safety Building allowing for a single network structure. Savings have resulted from a reduction in maintenance and service provider fees.

Enhancements to the City's financial software and hardware have been made over the past few years. Freedom Systems is currently used to support of the financial management functions including reports for Council. The City also installed a Freedom System module that provides a land management option for the code enforcement and public works operation.

OTHER MANAGEMENT IMPROVEMENTS

- In 2011, Berkheimer Associates began collecting the City's earned income tax in advance of the mandatory countywide collection that was scheduled to be implemented in 2012 as part of the county's Tax Collection Committee oversight. After an initial transition year, collections have shown a marked improvement over previous years under the countywide program.
- Building on past efforts to increase the sports related usage of Point Stadium, this Seventh Amended Plan continues to encourage the preparation of a business and marketing plan for Point Stadium.
- Consistent with the emphasis in prior Recovery Plans on property maintenance and code enforcement, in 2013 the City hired an additional code enforcement officer responsible for the enforcement of the International Property Maintenance Code (IPMC), the rental registration program and inspection of properties that participate in the Home Owner Rehabilitation Program funded through the Federal Department of Housing and Urban Development. Each code officer is assigned to specific neighborhoods in the City for patrolling and issuing citations for code violations. A lengthy review of the code enforcement operation is included in *Section 5. Department Operations.*
- The police and fire department continue to provide excellent services to the City residents. The management of the public safety operations is discussed extensively in *Section 5. Department Operations.*

3.2 DEP CONSENT ORDER

The Johnstown Redevelopment Authority owns and operates the sewer treatment plant at Dornick Point servicing 20 municipalities including the City of Johnstown. The City owns the conveyance system including interceptors, detention tanks, and main lines. The Johnstown Redevelopment Authority entered into a consent agreement with the PA Department of Environmental Protection (DEP), agreeing to eliminate the overflow of waste into the rivers. Following months of negotiation, in July 2010, the City executed a Consent Order and Agreement (COA) with the DEP. The COA is designed to address sanitary sewer overflows (SSO) in the region served by the Johnstown Redevelopment Authority's Dornick Point Sewage Treatment Plant in West Taylor Township, Cambria County. The COA obligates the City to a schedule of corrective actions related to its sanitary sewer system, including flow monitoring, identification of SSO locations and sewer system assessment and repair (including pressure testing, removing illegal connections, GIS mapping,

The COA schedule of corrective action runs from December 31, 2011 through December 31, 2022 when the City is required to have eliminated all SSO's from the sanitary sewer system.

televising the system, eliminating streams conveyed by the sewer system and repairing structural defects). The COA schedule of corrective action runs from December 31, 2011 through December 31, 2022 when the City is required to have eliminated all SSO's from the sanitary sewer system. Regular reporting of progress to DEP is required.

The COA was updated on July 10, 2014. The updated COA includes the imposition of a civil penalty in the amount of $75,000, payable over a five (5) year period. The payments may be forgiven if the City is in compliance with the COA at the time the payment is due. Stipulated civil penalties for violation of the COA include $1,000 for each month in which SSO's occur (up to December 31, 2022) and $10,000 for each month in which SSO's occur from January 1, 2023 through termination of the COA.

In order to meet the rigorous schedule of corrective actions under the COA, the City has retained outside engineering services and has applied, and received approval, for an PENNVEST loans in the amount of $72 million in addition to H2O and PENNWORKS grants. At DEP's insistence and to meet the debt service requirements, the City has raised its minimum monthly sewer usage charge in 2017 to $55 per month for up to 6,000 gallons. It is critical that the City continue to levy sewer user rates sufficient to meet debt service requirements and the COA's corrective action schedule. In addition, to assure that the City meets the COA's sewer assessment and correction schedule as inexpensively as possible, the City has assigned Public Works employees in to work with the engineer to complete the COA tasks. These employees are paid from the Sewer Fund.

In February 2017, a group of citizens from the 20 municipalities threatened to file a lawsuit against JRA claiming unfair practices and a violation of due process due to the tiered billing system that the JRA was using. In June of 2017, a citizens group initiated a federal complaint alleging that the JRA, which was created by authority of the federal Redevelopment Authority Act, is an improper vehicle for managing a sewer treatment operation and that the proper vehicle would be the creation of a Sewer Authority under the PA Municipalities Authority Act. Both lawsuits are in an infancy stage and have not been advanced through the federal process as of this date.

SECTION 4 – FINANCIAL CONDITION

The purpose of the Financial Condition section is to evaluate the City's ability to provide and finance services on a continuing basis. The International City/County Management Association (ICMA) and the Government Finance Officers Association (GFOA) utilize the following definitions and time frames when examining a local government's financial condition:

CASH SOLVENCY: *A government's ability to generate cash flow over a 60-day period to pay its bills*

BUDGETARY SOLVENCY: *A government's ability to generate revenues over its normal fiscal year to meet its expenditures and avoid deficits*

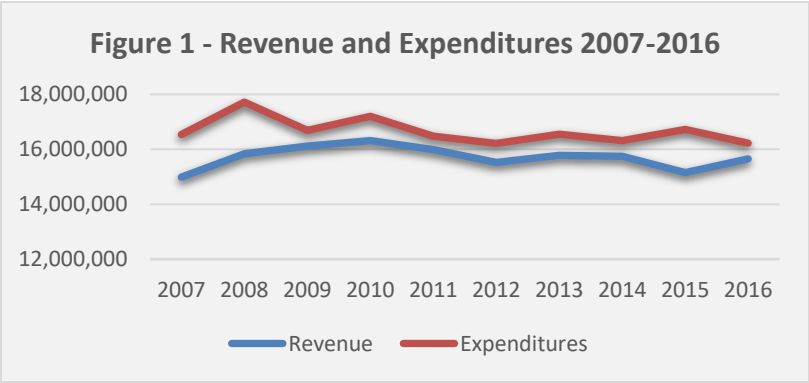
LONG-RUN SOLVENCY: *A government's ability, in the long-term, to pay all costs of doing business, as well as meeting all costs such as pension costs and accumulated accrued employee leave benefits, as they occur*

SERVICE-LEVEL SOLVENCY: *A government's ability to provide services at a certain level and quality that are required for the health, safety, and welfare of the community*

Sound financial management requires that local elected and appointed officials understand the financial condition of the City and that they make prudent decisions about the allocation of precious and limited community resources.

For this reason, the four levels of solvency were applied to the City's ability to deliver quality services to its residents both in the short term and over the long term. As a part of this review, the issue of the financial management of community resources is the primary focus of this Seventh Amended Plan.

4.1 HISTORY OF FINANCIAL CONDITION



The gap between routine operating revenues and routine operating expenditures is defined as a "structural deficit." The City has experienced continuing structural deficits since its petition for financial distress in 1993. In 2008, the City's revenues finally exceeded expenditures for the first time in over a decade. But this was a result of the deposit of reserve proceeds into the general fund for reimbursement of capital expenditures. There was also a smaller deposit made to the general fund from the capital fund in 2009 resulting in a slight positive balance that year. Together these deposits provided the cash necessary for the City to address its negative fund balance for approximately two (2) years.

In spite of the fact that these deposits created a general fund surplus in 2008 and 2009, the City continued to experience gaps between operating revenue and operating expenses in 2010, 2011, and 2012 that reduced these reserves. The City does not routinely experience an increase in revenue through increased property values or through its Act 511 tax collections that is sufficient to support its escalating expenses. And because 75% of the revenue for the City of Johnstown in 2017 is derived from these tax sources, the ability to sustain the current spending levels is not possible.

4.2 UPDATE SINCE THE SIXTH AMENDED PLAN

The Sixth Amended Plan assessing the City of Johnstown's Financial Condition was adopted on October 28, 2013. Between 2013 and 2017, the City implemented many of the initiatives that were outlined in the Sixth Amended Plan and aggressively worked on both revenue generation and cost containment. The City pursued and continues to pursue delinquent tax collection; continues to derive revenue from the sale of tax liens to an outside agency; and continues to improve collection of its Act 511 taxes.

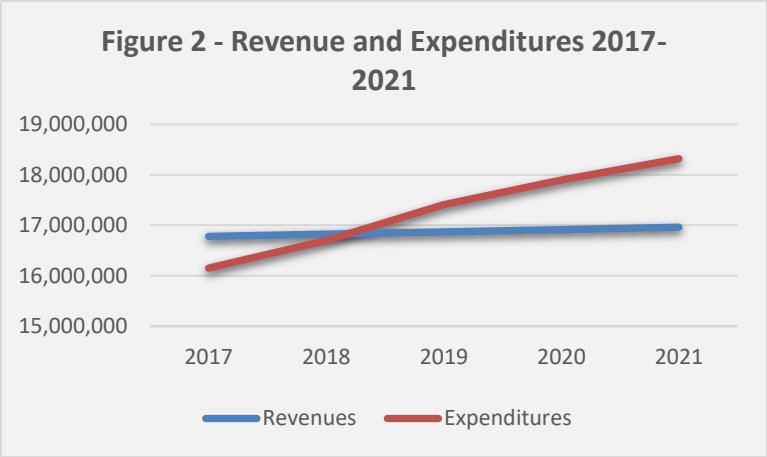
One major development since the Sixth Amended Plan was the sale of the public non-profit Conemaugh Hospital to Duke LifePoint Healthcare which is a private, "for profit" entity, returning the facility to the tax rolls. Initially the hospital was valued at the fair market value of $75 million but the assessed value was reduced by the courts in a settlement agreement in 2016 to $21 million for 2015, $19 million for 2016 and $18 million for 2017 and thereafter. Nevertheless, even after the reduction, it increased the total taxable assessed value for the City from $131,740,270 in 2014 to $149,903,000 in 2017.

Beginning in 2011, the collection of Act 511 taxes was transitioned to Berkheimer Associates in advance of the mandatory countywide collection in 2012 and the City has seen improvements in its collection of Act 511 taxes as a result. The City was also able to reduce positions in the Finance Department by contracting with Berkheimer for these services.

On the expenditure side, the City successfully negotiated collective bargaining agreements (CBAs) in all departments with the exception of the fire department which went to arbitration. The new CBAs achieved savings primarily from reductions in staffing and the restructuring of employee benefits. These changes included co-pays, increased deductibles, a 15% employee contribution towards the premium, and capping any increased cost for benefits to the City at 6% annually.

Since adopting the Sixth Amended Plan, the City has instituted new policies, adjusted staffing, improved financial reporting, and enhanced revenue. The City implemented an updated and enhanced financial management system (Freedom Systems) that was structured to conform to the PA DCED Chart of Accounts and provides timely financial reporting for City Council and Department Directors. The City considered and implemented staffing constraints in all departments, lower costs for employee benefits, and completed a study of the pension plans for future cost containment. The City also contracted with a new pension advisor, AndCo, to maximize investment earnings. The City closed on a $6.7 million General Obligation Bond Issue, Series of 2013 that refunded the 2006 General Obligation bonds and provided approximately $320,000 for capital improvements and equipment.

Based on the Sixth Amended Plan initiatives, the City conducted an audit of facilities' lighting throughout in order to achieve energy cost savings. The City installed LED lighting based on this audit and achieved savings that mitigated the expense for the installations.



The Finance Department reviewed its telecommunications and computer operations to reduce costs and signed an agreement with Verizon for a new system that generated about $22,000 return on investment in the first year and at least $45,000 every year since.

The City continues to review service agreements, contracts, and every service area to obtain the lowest cost possible for its many expense areas such as insurances, professional services, and technical support contracts. In 2010, the City was able to renegotiate its sanitation contract for a savings and continued reductions over a three-year period. In 2013 the City accepted a proposal for sanitation services that included a direct payment and collection option by the vendor and, as a result, has eliminated delinquencies and has effectively eliminated the entire Sanitation Fund.

However, even after taking these measures, the City's financial position continued to deteriorate resulting in operating deficits in 2013, 2014, and 2015. By 2016, the City was facing an estimated $1.8 million year-end deficit and was forced to petition the Common Pleas Court for an unfunded debt loan in the amount of $6 million to payoff existing debt and to meet current year obligations. One could argue that if the City had not taken positive proactive action in the prior three (3) years, there would have been even greater deficits and larger operating imbalances. But 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.

The City of Johnstown, like other municipalities, dedicates about 85% of its expenditures to cover employee wages and benefits. For this reason, the City of Johnstown has continually examined and taken steps to "right size" the staffing levels for all departments in the City. In 2003 the City had a staffing level of 209 employees. At the last update of the Recovery Plan in 2013, the City of Johnstown had reduced this number to 149, down 29% from 2003. The reduction in the number of employees by such a considerable amount over a ten (10) year period should have resulted in a significant decrease in expenditures. However, this is not the case. By 2017, the number of employees had declined to 134.

. . . 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.

Between 2003 and 2016 the City of Johnstown experienced an increase of about 28% in General Fund operating expenditures due to escalating benefit costs (both current employees' health care and post retirement employees' health care), workers compensation costs, and steadily increasing pension payments.

Simply stated, the City's expenditures are increasing at a rate that is higher than the increase of revenues and the forecast for revenues is not encouraging. **Figure 2** depicts the projected gap between revenues and expenditures beginning in 2019.

For the City to become financially stable in the future, new revenue generators and enhancement of current revenue generators must be developed at the same time that cost containment strategies are pursued.

4.3 CORE OPERATING FUNDS

In order to conduct a comprehensive review of the activity and transactions that impact the City's overall financial condition, it is necessary to identify the "core operating funds" that are supported by the City's annual levy of taxes and fees. These funds are:

- General fund
- Pension fund
- Parking fund
- Debt service fund
- Recreation fund
- Sanitation fund

If there is a shortfall in any one of these funds during any fiscal period, it is incumbent upon the general fund to make up the shortfall and provide the funds to support the continued operations for these funds. In fact, by law, the pension fund obligations and the debt service fund obligations must be paid from available resources and must therefore be supported by the appropriate level of tax levies or other revenue sources. The financial position of the City can only be understood through a discussion of the activity and balances captured as a part of these "core operating funds."

In most years, the core operating fund balances of the City of Johnstown have exhibited a structural deficit. Only in 2008 and 2009 did the City realize a significant excess of revenue over expenditures in its general fund and this was a result of the transfer of capital funds from a reimbursement account and not from increases to actual core operating revenues. With the exception of 2008 and 2009, the City's core operating funds remained in a significant deficit position. The negative fund balances also became larger as they rolled forward from year to year. **Table 8** summarizes the fund balance positions from 2007-2016 for the core operating funds and provides projections for 2017.

TABLE 8. CORE OPERATING FUNDS – COMBINED ACTIVITY OF DIFFERENCE BETWEEN REVENUE AND EXPENDITURES BY FUND

CORE OPERATING FUNDS- EXCESS REVENUE OVER EXPENDITURE HISTORY											
Fund	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Projected**
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
01.General	(888,655)	4,125,399	425,610	(132,393)	(997,202)	(510,386)	(592,054)	(774,181)	(1,305,910)	3,285,534	800,294
02 & 06 Parking	(286,716)	(546,963)	(464,131)	(625,063)	(487,447)	(496,326)	(53,059)	(110,909)	(327,445)	(166,963)	-
17.Pension	(263,073)	(378,550)	(217,238)	(98,744)	708,818	385,168	(115,007)	(159,635)	181,713	676,459	4,501
20.Debt	(18,683)	(270,732)	(61,920)	190,384	348,741	358,763	(141,728)	185,005	13,556	(5,519)	2,093
21.Sanitation	(91,509)	(385,673)		(150,707)	(61,473)	47,809	7,060	82,848	47,013	8,968	5,138
22.Recreation	677	(37,475)		(68,977)	(533)	(12,495)	987	2,891	(17,511)	(113,495)	9,133
Excess/(Deficit)	**(1,547,959)**	**2,506,006**	**(317,679)**	**(885,500)**	**(489,097)**	**(227,467)**	**(893,801)**	**(773,981)**	**(1,408,584)**	**3,684,984**	**821,159**
Beginning of Year	**(1,023,742)**	**(2,571,700)**	**(65,693)**	**(444,865)**	**(1,330,365)**	**(1,819,462)**	**(2,046,929)**	**(2,940,730)**	**(3,714,711)**	**(5,123,295)**	**498,970**
Fund Balance Restated										**(3,186,014)**	
End of Year	**(2,571,700)**	**(65,693)**	**(444,865)**	**(1,330,365)**	**(1,819,462)**	**(2,046,929)**	**(2,940,730)**	**(3,714,711)**	**(5,123,295)**	**498,970**	**1,320,129**

SOURCE: 2007-2011 WESSEL & COMPANY AUDITED FINANCIALS; 2012-2013 JOHNSTOWN FINANCIAL REPORT

With the exception of 2008 and 2009, the combined general fund activity has not experienced a positive operating position during the entire review period until 2016 when the City was forced to petition for an unfunded debt loan to meet current operating expenses. The deficit fund balances trended negatively from 2012 through 2015 when it reached a high of $1.4 million. It was projected to be over $1.8 million by year end 2016 when the City made the decision to petition the courts for the unfunded debt loan. Part of the issue is that City revenues have been decreasing over time from a high of $17.8 million in 2004 to a low of $15.1 million in 2015. This is partially due to the City's reduction of non-resident earned income tax to 1.1% in 2015. Even with the increase in assessed value, a higher LST rate and an increase to parking rates, recreation rates, and sanitation rates, the City revenues for the core operating funds have only increased by about .93% per year through 2016 as demonstrated in **Table 9** below. The City revenues only increased in years when an increase in either the real estate tax rate or the Act 511 tax rate increased. Natural increases in revenue do not typically generate enough revenue to support the City operations. Overall, the City revenues for the core operating funds are expected to increase to approximately $16.9 million by 2021 as demonstrated in **Table 9**. This is an increase of only 13.3% over 10 years or less than 1% per year.

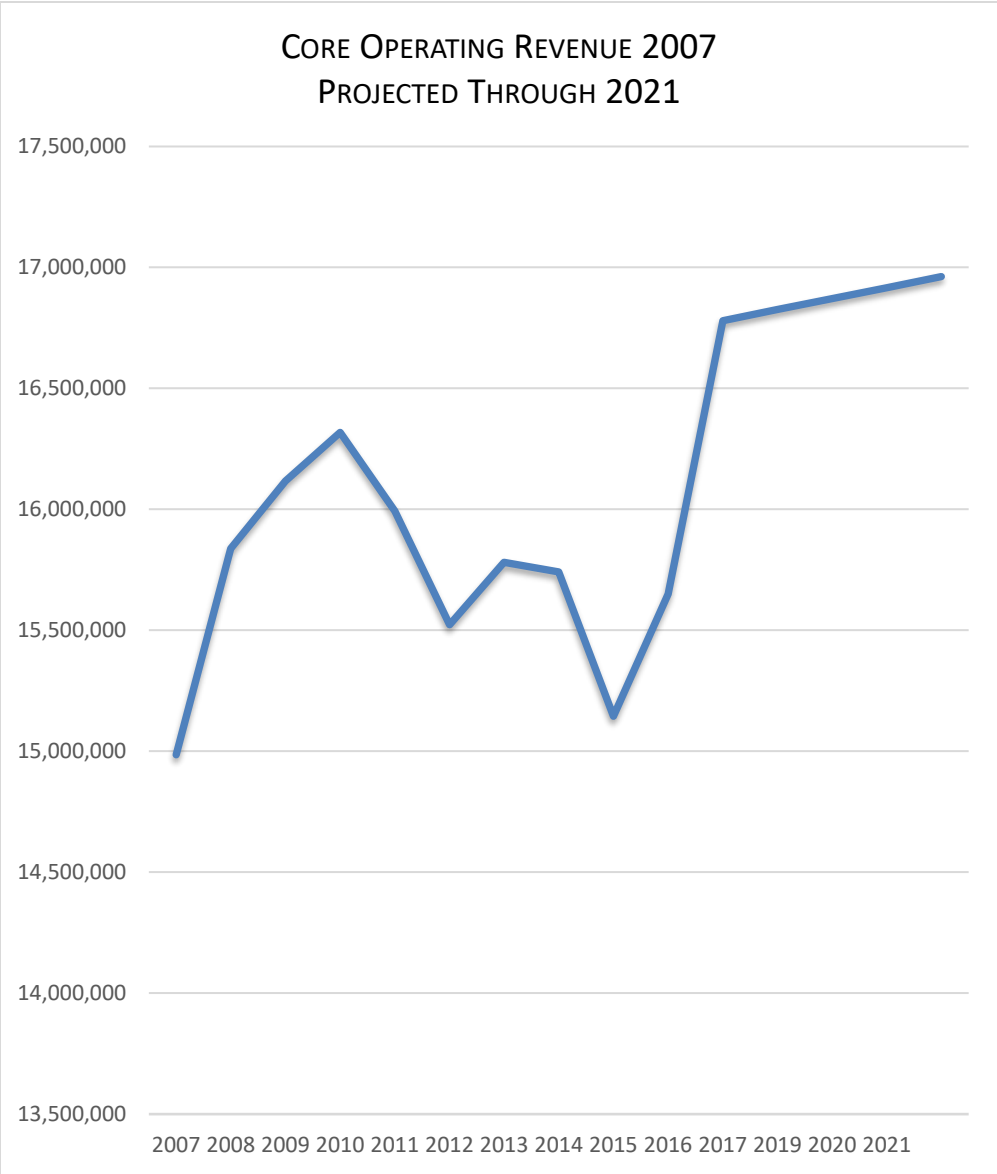


TABLE 9. TOTAL OPERATING REVENUES - CORE OPERATING FUNDS

CORE OPERATING REVENUES			
Year	**Status**	**Revenues**	**Increase/-Decrease**
2007	Audited	14,985,532	N/A
2008	Audited	15,837,374	5.68%
q2009	Audited	16,117,580	1.77%
2010	Audited	16,317,669	1.24%
2011	Audited	15,993,330	-1.99%
2012	Audited	15,523,434	-2.94%
2013	Audited	15,780,781	1.66%
2014	Audited	15,741,381	-0.25%
2015	Audited	15,145,389	-3.79%
2016	Audited	16,809,760	3.33%
2017	Projected	16,780,178	7.22%
2018	Projected	16,825,484	0.27%
2019	Projected	16,870,913	0.27%
2020	Projected	16,916,465	0.27%
2021	Projected	16,962,139	0.27%
Average Increase Per Year			**0.93%**

SOURCE: 2007-2015 WESSEL & COMPANY AUDITED FINANCIALS; 2016 JOHNSTOWN FINANCIALS, 2017-2021 GRS PROJECTIONS

Likewise, the City has experienced decreases in its core operating expenditures over the past 10 years largely due to staff reductions and benefit

restructuring. **Table 10** provides a history of the City's expenses from 2007 through 2016 and projections through 2021.

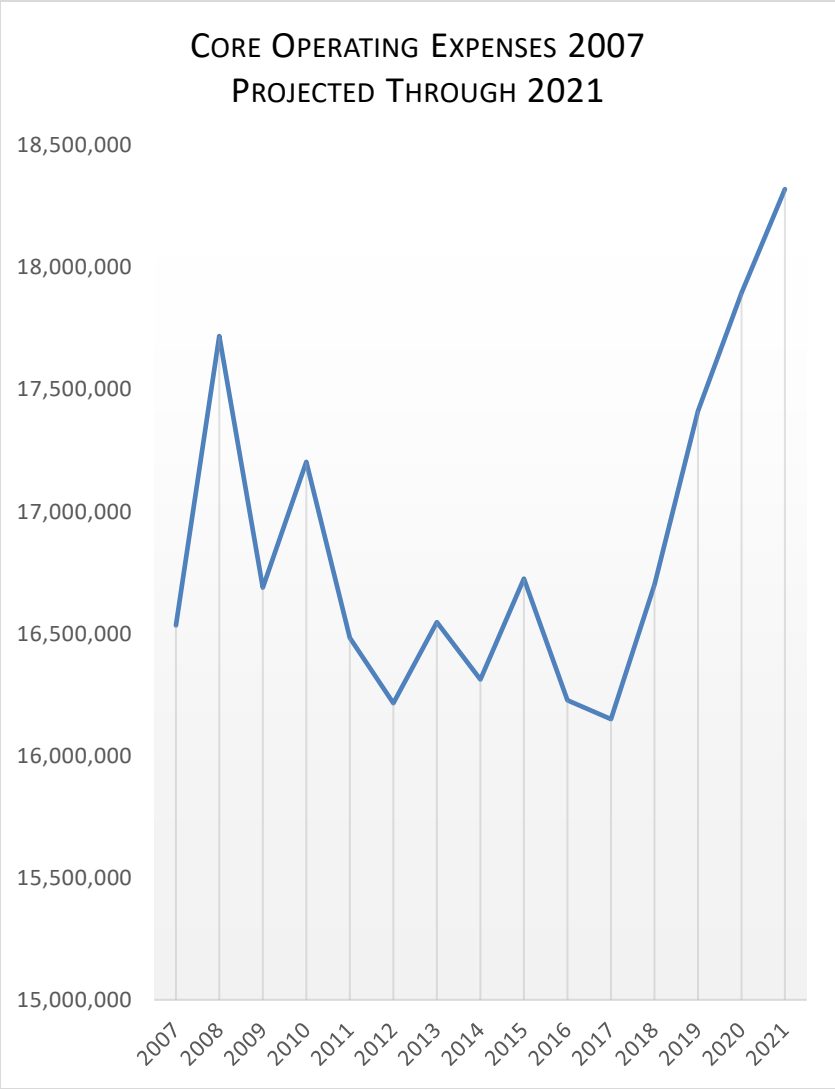


TABLE 10 TOTAL OPERATING EXPENSES – CORE OPERATING FUNDS

Core Operating Expenses			
Year	**Status**	**Expenses**	**Increase/-Decrease**
2007	Audited	16,533,490	N/A
2008	Audited	17,719,355	7.17%
2009	Audited	16,688,636	-5.82%
2010	Audited	17,203,169	3.08%
2011	Audited	16,482,272	-4.19%
2012	Audited	16,214,956	-1.62%
2013	Audited	16,547,223	2.05%
2014	Audited	16,312,852	-1.42%
2015	Audited	16,725,005	2.53%
2016	Audited	16,614,724	-2.98%
2017	Projected	16,149,992	-0.48%
2018	Projected	16,699,987	3.41%
2019	Projected	17,411,983	4.26%
2020	Projected	17,896,361	2.78%
2021	Projected	18,320,944	2.37%
Average Increase Per Year			**0.80%**

SOURCE: 2007-2015 WESSEL & COMPANY AUDITED FINANCIALS; 2016 JOHNSTOWN FINANCIALS, 2017-2021 GRS PROJECTIONS

A summarized review of the difference between operating revenue and operating expenses for the period 2007 through 2021 is shown in **Table 11** below.

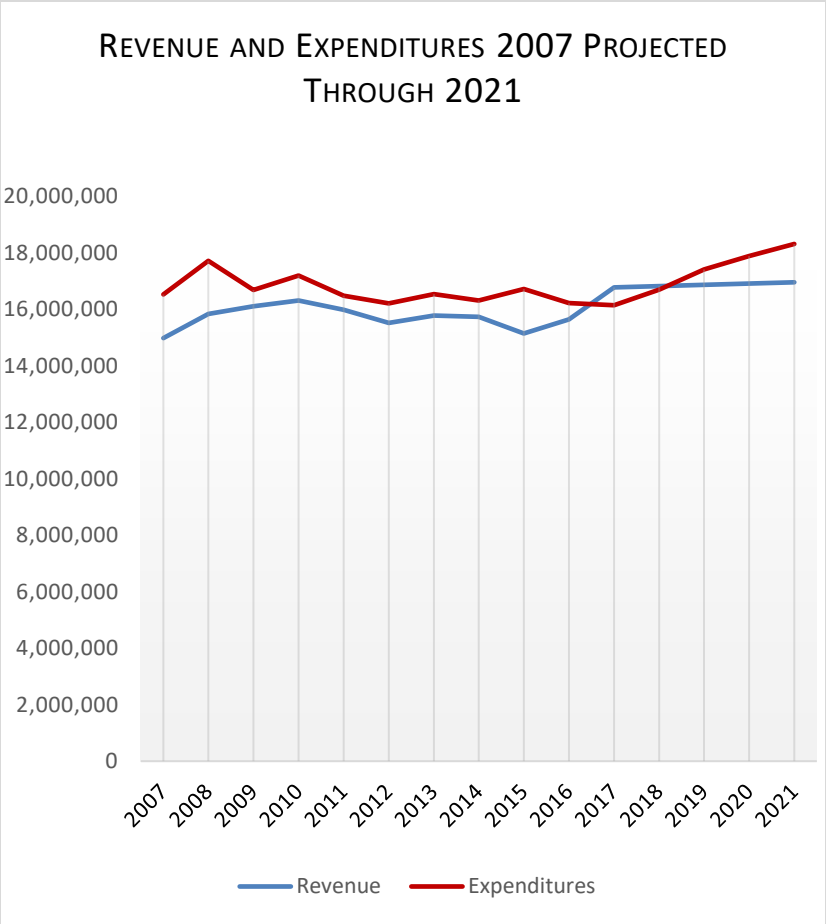


TABLE 11- CORE OPERATING FUNDS – REVENUE VS EXPENSES

Operating Revenues and Expenses				
Year	**Status**	**Revenue**	**Expenses**	**Difference**
2007	Audited	14,985,532	16,533,490	-1,547,958
2008	Audited	15,837,374	17,719,355	-1,881,981
2009	Audited	16,117,580	16,688,636	-571,056
2010	Audited	16,317,669	17,203,169	-885,500
2011	Audited	15,993,330	16,482,272	-488,942
2012	Audited	15,523,434	16,214,956	-691,522
2013	Audited	15,780,781	16,547,223	-766,442
2014	Audited	15,741,381	16,312,852	-571,471
2015	Audited	15,145,389	16,725,005	-1,579,616
2016	Audited	16,809,760	16,614,724	195,036
2017	Projected	16,780,178	16,149,992	630,186
2018	Projected	16,825,484	16,699,987	125,497
2019	Projected	16,870,913	17,411,983	-541,070
2020	Projected	16,916,465	17,896,361	-979,896
2021	Projected	16,962,139	18,320,944	-1,358,805

SOURCE: 2007-2015 WESSEL & COMPANY AUDITED FINANCIALS; 2016 JOHNSTOWN FINANCIALS, 2017-2021 GRS PROJECTIONS

While, expenses decreased in 2011, 2012, 2014, and 2016, slight increases are projected for 2017-2021 based on routine increases for personnel, benefits, operating supplies, and equipment. The City is projected to exhibit a deficit in its core operating funds in 2019 that ranges from $541,000 to $1.35 million per year. While the City continues to cut expenses, the gap in operating revenue and operating expenses remains about the same as in previous years.

4.4 GENERAL FUND REVENUE

The City of Johnstown's general fund includes taxes, fees, and other revenue. **Figure 3** below graphically depicts the various sources and relative percentages for 2016 revenue generated for the general fund. About 77% of the City's general fund is derived from tax revenues making it extremely vulnerable to environmental and economic impacts. When values of housing and/or incomes are negatively affected, the general fund is impacted accordingly. A move from a primarily tax reliant revenue base to a revenue base that is more reliant on charges for services and fees would help to diversify the tax base. **Table 12** provides a history of the general fund operating revenues and expenses summarized from 2002 and projected through 2021.

FIGURE 3 - 2016 GL FUND REVENUE BY SOURCE

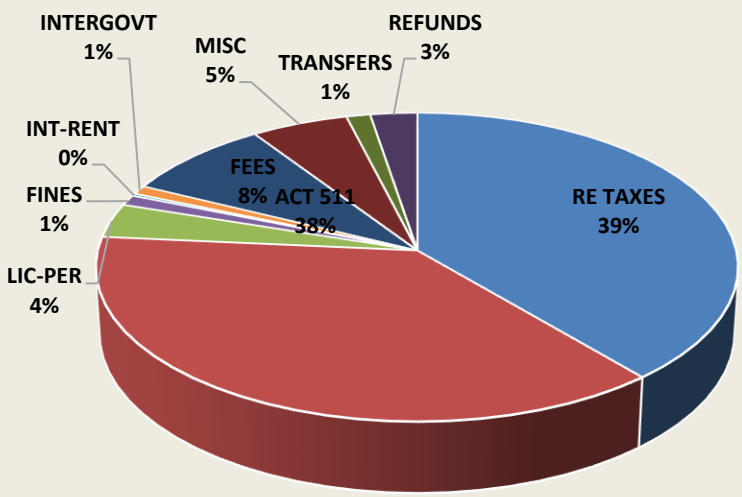


TABLE 12 - GENERAL FUND OPERATING REVENUES AND EXPENSES 2002-2021

Year	Total GL Fund Revenues	Total GL Fund Expenditures	Surplus (Deficit)
2002	$8,352,173	($8,804,583)	($452,410)
2003	$9,017,546	($9,119,090)	($101,544)
2004	$9,337,910	($9,907,617)	($569,707)
2005	$9,434,659	($10,459,659)	($1,025,000)
2006	$9,580,850	($10,613,058)	($1,032,208)
2007	$9,414,722	($10,303,376)	($888,655)
2008	$10,119,838[1]	($10,659,439)	($539,601)
2009	$12,785,390[2]	($12,613,157)	$172,233[3]
2010	$10,955,382	($11,087,775)	$ (132,393)[4]
2011	$10,117,017	($11,114,219)	($997,202)
2012	$9,793,556	($10,303,942)	($510,386)

Year	Total GL Fund Revenues	Total GL Fund Expenditures	Surplus (Deficit)
2013	$10,256,822	($11,013,420)	($592,054)
2014	$10,380,828	($11,155,009)	($774,181)
2015	$10,166,514	($11,472,424)	($1,305,910)
2016	$12,382,246 [3]	($11,319,058)	$1,063,188
2017	$11,581,689	($10,905,243)	$676,446
2018	$11,605,168	($11,403,433)	$201,735
2019	$11,633,823	($11,788,393)	($154,570)
2020	$11,667,659	($12,412,933)	($745,274)
2021	$11,701,677	($12,837,516)	($1,135,839)

SOURCE: 2007-2015 WESSEL & COMPANY AUDITED FINANCIALS; 2016 JOHNSTOWN FINANCIALS, 2017-2021 GRS PROJECTIONS

As reviewed in previous Plans, the City went from a positive general fund balance in 2001 of over $752,000 to an operating deficit of over $1 million by 2006. The activity for fiscal year 2006 resulted in a deficit in spite of a tax increase and a carryover of sewer receipts from 2005. The negative operating deficits continued through 2007 and 2008. The continuing deficits were a result of a stagnant or declining revenue base as well as increasing personnel costs driven primarily by higher compensation, health benefit premiums, workers compensation, and pension liabilities. The operating deficits were addressed by the City in 2008 and 2009 through transfers in the amount of $4.8 million and $253,377 respectively from a capital reserve account to the General Fund as reimbursements for expenses. As a result, the City finished the year with positive fund balances in 2008 and 2009 in the general fund. However, the 2008 and 2009 transfers were not enough to allow the City to sustain continued positive balances indefinitely. By 2015, the City had rolled forward approximately $1.4 million in prior year deficits and was forced to

[3] The 2016 Revenue is something of an anomaly because the City was able to collect approximately $2 million in delinquent business privilege tax from the Duke LifePoint Healthcare System. This is a one-time payment that was not included in future projections because it will not re-occur although there will be an increase beginning in 2017 that was factored into the projections. General Fund revenue has hovered around $10 million for several of the most recent years.

pursue an unfunded debt loan to meet its current obligations. **Table 13** provides a detailed history of the continuing gap between general fund operating revenues and expenses.

TABLE 13. AUDITED HISTORY OF GENERAL FUND REVENUES, EXPENDITURES, AND EXCESS/DEFICIENCIES

REVENUE CATEGORY	2007 AUDITED	2008 AUDITED	2009 AUDITED	2010 AUDITED	2011 AUDITED	2012 AUDITED	2013 AUDITED	2014 AUDITED	2015 AUDITED	2016 AUDITED
Taxes	5,375,496	6,333,412	8,073,447	7,585,544	7,466,910	7,600,587	7,810,115	7,874,942	8,136,016	9,500,486
PILOT	120,000	240,000	202,500	224,025	227,002	219,860	224,536	226,246	12,208	9,319
Licenses/Permits	532,351	474,887	470,181	471,184	484,198	474,650	547,605	445,904	444,403	423,181
Charges for Service				28,000	28,000	28,000	30,000	30,000	35,383	33,473
Fines/Forfeits	213,732	193,063	192,354	175,290	178,334	181,830	128,157	112,207	110,889	99,217
Grants/Projects	572,674	607,508	623,272	653,448	653,663	485,575	532,232	526,394	455,745	873,785
Dept. Earnings	106,530	947,852	1,156,544	1,002,195	170,524	163,301	157,098	173,593	158,652	150,184
Intergovernmental	1,081,641	1,166,888	571,112	559,357	126,000	116,000	131,000	50,000	60,000	0
Interest	112,051	74,627	39,196	41,539	26,814	27,437	23,785	26,150	26,576	28,124
Miscellaneous	211,469	81,601	81,570	79,800	654,359	374,503	642,183	817,103	275,893	338,886
TOTAL REVENUE	**8,325,944**	**10,119,838**	**11,410,176**	**10,820,382**	**10,015,804**	**9,671,743**	**10,226,711**	**10,282,539**	**9,715,765**	**11,456,655**
EXPENDITURE CATEGORY	**2007 AUDITED**	**2008 AUDITED**	**2009 AUDITED**	**2010 AUDITED**	**2011 AUDITED**	**2012 AUDITED**	**2013 AUDITED**	**2014 AUDITED**	**2015 AUDITED**	**2016 AUDITED**
General Govt.	1,284,503	1,199,500	1,175,284	1,502,681	1,322,317	1,216,532	1,514,787	1,411,486	1,399,234	1,366,129
Public Safety	6,578,599	6,740,940	6,654,575	6,361,845	6,378,723	6,409,236	6,980,257	7,137,207	6,803,569	7,227,278
Community Dev.	242,186	182,847	151,651	122,260	399,133	119,705	94,314	113,413	229,460	120,373
Public Works	2,198,088	2,383,800	2,161,663	1,933,941	1,847,442	1,841,192	1,859,471	1,885,327	2,026,441	1,791,648
Recreation	0	0	0	269,256	223,377	273,897	293,140	239,322	296,496	276,865
TOTAL EXPENSES	**10,303,376**	**10,507,087**	**10,143,173**	**10,189,983**	**10,170,992**	**9,860,562**	**10,741,969**	**10,786,755**	**10,755,200**	**10,782,293**
Transfer In	130,000	4,665,000[3]	253,377	135,000	101,213	121,913	30,111	98,289	450,749	3,459,856
Transfer Out				-157,785	-303,659	-191,702	-271,451	-368,254	-717,224	-848,664
Excess/(Deficit)	**-888,655**	**4,125,399**	**$425,610**	**-132,393**	**-997,202**	**-510,386**	**-756,598**	**-774,181**	**-1,305,910**	**3,285,534**

SOURCE: 2007-2015 WESSEL & COMPANY AUDITED FINANCIALS

The General Fund continues to generate less revenue than needed for operating expenses annually. The gap between revenue generated and operating expenses continues to be about $1 million per year.

REAL ESTATE TAXES

At 39% of the overall general fund revenue, real estate taxes are the most significant portion of the City's revenue base. From a historical perspective, one significant problem for the City was addressed in 2002. The City's Home Rule Charter was amended by referendum on November 5, 2002, to remove the Third Class City Code tax limitations. As a result, the real estate tax millage that was dedicated to debt service was made available for general purposes, thus averting a significant fiscal crisis in 2002. However, the City continued to suffer from decreases in its real estate tax base due to assessment appeals and the increase in tax exempt properties. In 2006, the City levied an additional 3 mills of real estate tax to produce enough revenue to maintain the City services at the same level as they were in 2005. In 2007, the City again raised real estate taxes by 3 mills and made a decision not to fill several vacant positions in order to maintain services for the City at the same level as 2006. The tax increases for 2006 and 2007 were the first real estate tax increases since 1994.

In 2008 because the City reenacted the non-resident earned income tax at a rate of 1.2 percent pursuant to initiatives contained in the Recovery Plan of 2007, it was not necessary to increase the real estate tax levy in 2008 or in 2009. In addition, the City used reserve funds to reimburse the general fund for capital expenses. Based on the initiatives outlined in the Plan amendment, the non-resident tax rate was reduced beginning in 2008 and 2009 to its 1.1 percent.

". . . . the real story is the declining value of a mill of taxes in the City."

In 2010, the City was forced to increase the real estate tax rate by 10.04 mills from 42.44 mills to a rate of 52.48 mills where it remained through 2017 to address the structural deficits in its operating funds. This action was taken in conjunction with a number of staff reductions including four police officers, two parking employees, one tax employee, five public works employees, the assistant manager position, and the recreation director for a total elimination of 14 positions citywide. The City also implemented a number of other cost-containment initiatives. Despite the increases in the millage rate the City continued to collect less every year through 2015. The history of the tax millage rate increases and taxes collected per mill is shown in **Table 14**.

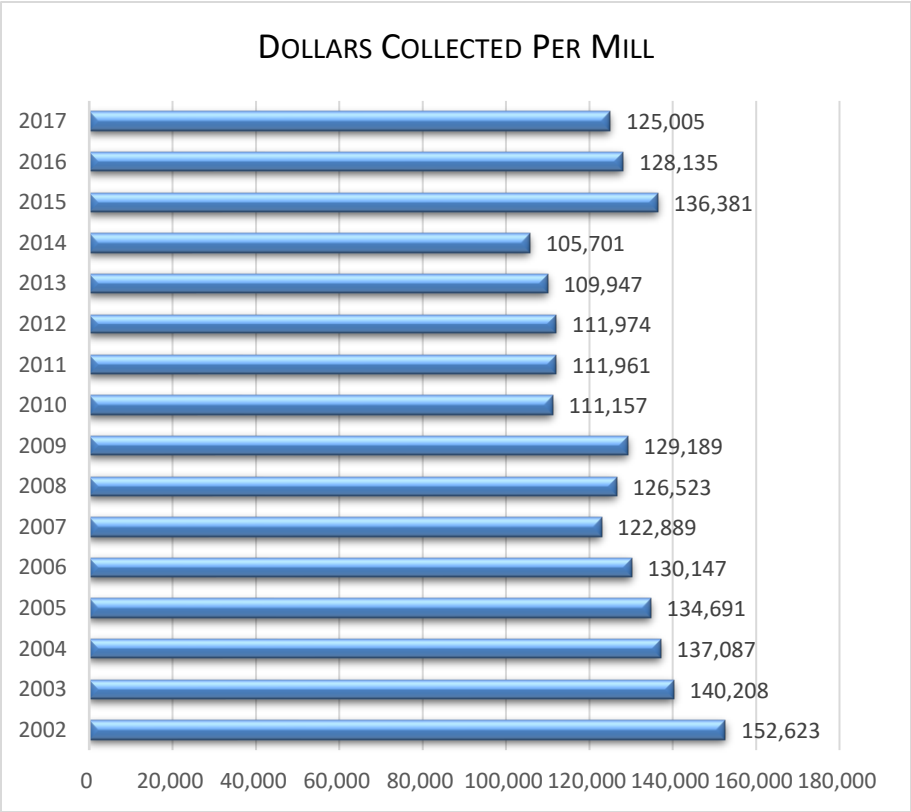
The City real estate tax collections remained between $5 million and $6 million from 2002 through 2014. In 2015, the sale of the hospital increased the total collection to $7.1 million. But in 2016, an appeal was filed by the hospital and the City was forced to escrow 25% of the hospital's payment and in 2017, the full impact of the appeal settlement was realized. It is expected that the total real estate tax collection has now stabilized at about $6.5 million and will continue to hold at that number.

Table 14 below provides a history of millage rates and actual collections from 2002 and projected through 2017.

TABLE 14-HISTORY REAL ESTATE MILLAGE RATES AND COLLECTIONS

YEAR	TOTAL MILLS	TOTAL COLLECTION	$ PER MILL
2002	36.44	$5,561,567	$152,623
2003	36.44	$5,109,193	$140,208
2004	36.44	$4,995,440	$137,087
2005	36.44	$4,908,153	$134,691
2006	39.44	$5,133,014	$130,147
2007	42.44	$5,215,411	$122,889
2008	42.44	$5,369,638	$126,523
2009	42.44	$5,482,802	$129,189
2010	52.48	$5,833,542	$111,157
2011	52.48	$5,875,717	$111,961
2012	52.48	$5,876,410	$111,974
2013	52.48	$5,770,000	$109,947
2014	52.48	$5,547,187	$105,701
2015	52.48	$7,157,272	$136,381
2016	52.48	$6,724,549	$128,135
2017	52.48	$6,560,262	$125,005

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS



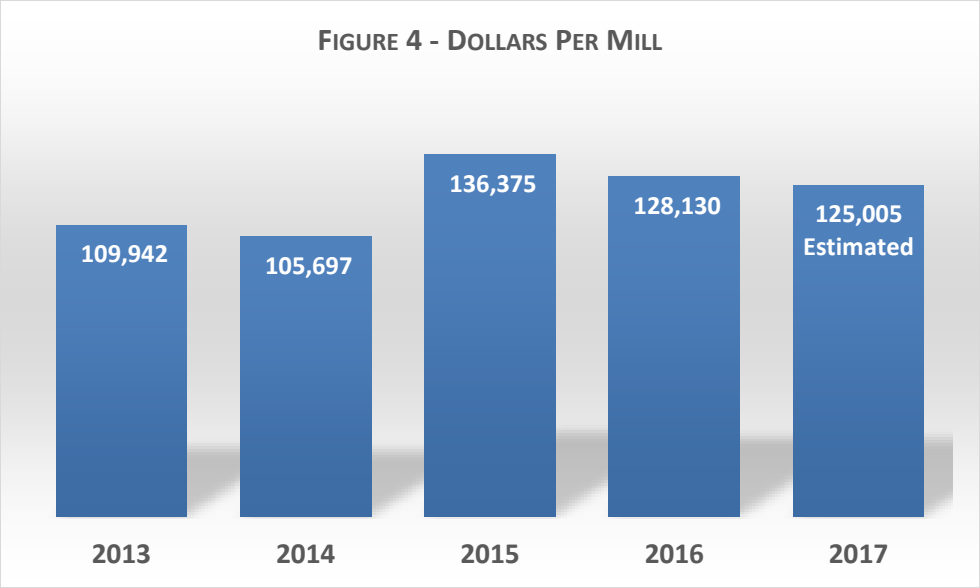
However, the real story is the declining value of a mill of taxes in the City. As shown in **Table 14**, total real estate tax collections held steady at $5.5 million for thirteen years but the value of a mill of tax decreased from $152,000 in 2002 to $105,000 in 2014. The value increased due to the hospital assessment in 2015 but has decreased to $125,005 by 2017. The City continues to collect fewer dollars per mill than it did nearly 15 years ago. There are three reasons for this decline in collection: 1) the City property assessment values have steadily declined; 2) the collection rate is very low at 85%; and 3) the percentage of tax exempt property has steadily increased. One of the biggest challenges for the City has been the inability to collect current year real estate taxes that are levied. Since the tax millage rate was raised to 52.48 mills in 2010, the collection rate has been even lower than it was in prior years. The City has had less than an 85% collection rate over the past five (5) years. This is lower than the

collection rate from 2005 through 2009 when the rate was closer to 86%. **Table 15** provides a historical analysis of the rate of delinquent collections over the past ten (10) years.

TABLE 15. HISTORY OF CURRENT YEAR REAL ESTATE TAX COLLECTION RATES 2005-2017

YEAR	ASSESSED VALUE	MILLS	BILLED	2% DISCOUNT	ADJUSTED BILLED	CURRENT YEAR COLLECTION	% COLLECTION
2005	$135,738,910	36.44	$4,946,326	($98,927)	$4,847,399	$4,188,308	86.40%
2006	$133,698,720	39.44	$5,273,078	($105,462)	$5,167,616	$4,548,212	88.01%
2007	$136,891,020	42.44	$5,809,655	($116,193)	$5,693,462	$4,720,326	82.91%
2008	$140,221,710	42.44	$5,951,009	($119,020)	$5,831,989	$5,007,071	85.86%
2009	$135,020,470	42.44	$5,730,269	($114,605)	$5,615,663	$4,817,828	85.79%
2010	$135,371,560	52.48	$7,104,299	($142,086)	$6,962,213	$5,776,094	82.96%
2011	$135,089,200	52.48	$7,089,481	($141,790)	$6,947,692	$5,865,295	84.42%
2012	$132,940,270	52.48	$6,976,705	($139,534)	$6,837,171	$5,744,058	84.01%
2013	$133,840,370	52.48	$7,023,943	($140,479)	$6,883,464	$5,770,000	82.15%
2014	$131,740,270	52.48	$6,913,729	($138,275)	$6,775,455	$5,816,814	84.13%
2015	$167,570,050[4]	52.48	$8,794,076	($175,882)	$8,618,195	$7,419,333	84.37%
2016	$169,903,000	52.48	$8,916,509	($178,330)	$8,738,179	$6,838,570	76.70%
2017	$149,903,000	52.48	$7,866,909	($157,338)	$7,709,571	$6,500,000	82.62%

[4] In 2015, the Conemaugh Hospital was sold to Duke LifePoint Healthcare and became a taxable enterprise. Initially the full value of the sale in the amount of $41,763,850 was added to the assessed value by Cambria County. The hospital immediately filed an appeal and the City was required to escrow a portion of the payments pending a settlement or decision regarding the assessed value. In 2016, a settlement was reached that reduced the assessed value by nearly $20 million and the City was ordered to pay back any overpayment. It is expected that the City's total assessed value will stabilize at about $150 million for the next few years.

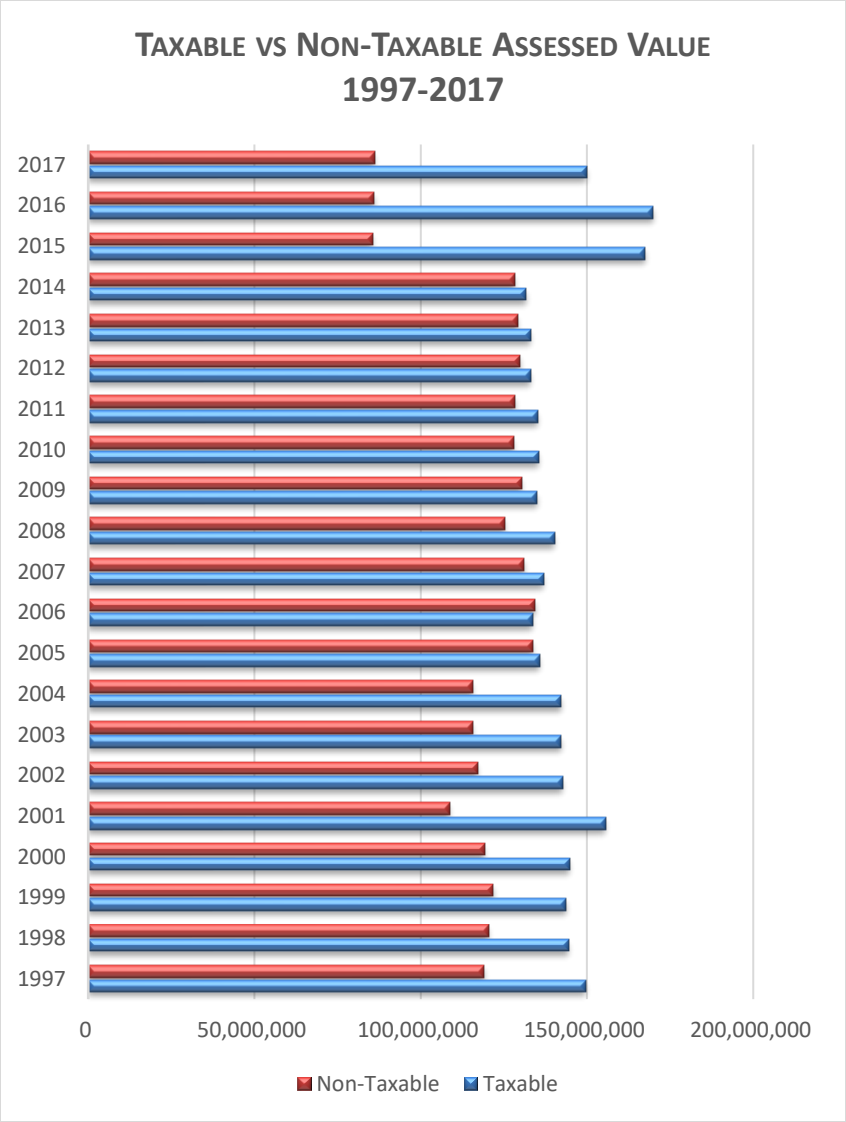


Another challenge for the City has been that non-taxable property assessments in the City rose to a high of 49% of the total assessed value by 2012. Since real estate tax revenue makes up over one-third of the City's total budget, the decline in taxable assessed value as a percentage of the whole has had a devastating impact on the City's ability to support operations without increasing tax rates. **Table 16** provides a history of the City's assessed value and the amount of the total value that is non-taxable for the past 16 years.

Table 16 identifies property assessment information for the City of Johnstown for the past 20 years. The second column "Total Assessed Value" is the total assessed value of all properties within the City of Johnstown. The third and fourth columns indicate the amount of the total assessment that is taxable and non-taxable. Over the twenty (20) years shown, the Total Assessed Value has fallen from $268,735,070 in 1997 to $237,770,850 in 2017. This was a reduction of almost $30 million of assessed value over a 20-year time frame. Over that same period, the taxable and non-taxable assessed values fell at similar rates with taxable assessments falling at an average of 1.7% per year and non-taxable assessments falling at an average of 0.97% per year. While the total values have dropped dramatically over this period, the non-taxable as a percent of the total assessed value remained relatively constant until the sale of the hospital in 2015. The Non-Taxable percentage is now at 36.24% for 2017 which is an all-time low for tax exempt assessed value in the City.

TABLE 16. TAXABLE AND NON-TAXABLE ASSESSED VALUE

Years	Total Assessed Values	Taxable	Non-Taxable	Non-Taxable as a % of Total Assessed
1997	$268,735,070	$149,701,940	$119,033,130	44.29%
1998	$264,906,070	$144,396,360	$120,509,710	45.49%
1999	$265,581,740	$143,781,280	$121,800,460	45.86%
2000	$263,987,320	$144,755,840	$119,231,480	45.17%
2001	$264,430,840	$155,662,560	$108,768,280	41.13%
2002	$259,632,280	$142,561,560	$117,070,720	45.09%
2003	$257,858,000	$142,238,700	$115,619,300	44.84%
2004	$257,858,000	$142,238,700	$115,619,300	44.84%
2005	$269,374,460	$135,738,910	$133,635,550	49.61%
2006	$268,041,290	$133,698,720	$134,342,570	50.12%
2007	$267,985,910	$136,891,020	$131,094,890	48.92%
2008	$265,495,120	$140,221,710	$125,273,410	47.18%
2009	$265,444,290	$135,020,470	$130,423,820	49.13%
2010	$263,320,920	$135,371,560	$127,949,360	48.59%
2011	$263,557,240	$135,089,200	$128,468,040	48.74%
2012	$260,721,590	$132,940,270	$129,828,420	49.80%
2013	$261,519,040	$132,940,270	$129,131,400	49.38%
2014	$258,987,240	$131,740,270	$128,245,370	49.52%
2015	$257,486,070	$167,570,050	$85,596,020	33.24%
2016	$255,752,110	$169,903,000	$85,992,480	33.62%
2017	$237,770,850	$149,903,000	$86,176,480	36.24%



ACT 511 REVENUE

At 38% of the general fund revenue, the Act 511 taxes are the next highest source and, when added to the real estate tax collection, make up 77% of the overall general fund revenues. These collections have been transitioned to Berkheimer Associates who has been designated as the Act 32 Tax Collection Committee's collector for Cambria County. **Table 17** provides a history of the City's collection of Act 511 taxes from 2004 through 2017.

TABLE 17. HISTORY OF ACT 511 TAX COLLECTION 2004-2017

YEAR	ACT 511 TAXES	% INCREASE/ DECREASE
2004	$3,293,056	N/A
2005	$3,432,277	4.23%
2006	$2,666,695	-22.31%
2007	$2,432,597	-8.78%
2008	$3,293,060	35.37%
2009	$3,922,405	19.11%
2010	$3,057,349	-22.05%
2011	$2,836,066	-7.24%
2012	$3,195,512	12.67%
2013	$3,288,213	2.90%
2014	$3,873,516	17.80%
2015	$3,634,856	-6.16%
2016	$3,812,813	4.90%
2017	$4,590,000	20.38%

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

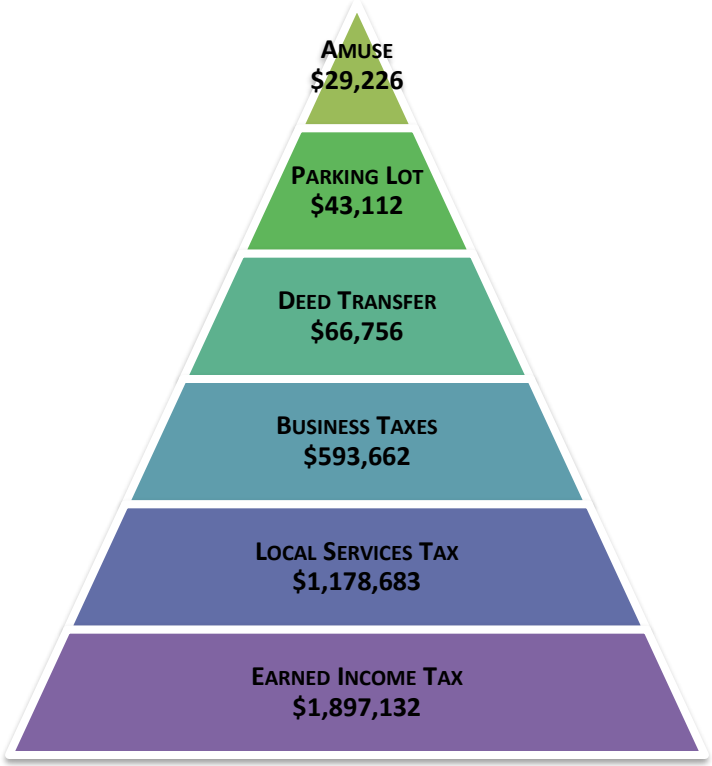


FIGURE 5. ACT 511 TAX REVENUE BY SOURCE

Figure 5 provides a graphic depiction of the relationship among the various types of taxes that are included as part of the Act 511 collections and how much revenue was derived from each in 2016.

Earned Income Tax, by far, makes up the largest part of the Act 511 collections. Local Services Tax, which was increased pursuant to Act 199 of 2014, makes up the second largest source under Act 511. The Act 511 taxes have fluctuated from year to year partly because the EIT and LST rates have

changed over the years. The City does not always recognize the income collected in the current year. When rates are changed (i.e. EIT and LST taxes), the new revenue is often partially realized in the following year.

EARNED INCOME TAXES

About 40% of the Act 511 revenue is currently derived from EIT. Over the years, the City has adjusted the resident and non-resident EIT rate to provide funding for City services. For years the non-resident income tax was dedicated entirely to the capital fund but beginning in 2004, the City briefly lost the ability to levy the non-resident EIT pursuant to initiatives contained in the Third Amended Plan. In 2008, the City re-enacted the non-resident earned income tax at a rate of 1.2 percent pursuant to initiatives contained in the Fourth Amended Plan of 2007. The 2007 Plan required that the non-resident tax rate be reduced beginning in 2008 and 2009 to 1.1 percent. In the 2010 Fifth Amended Plan, the City was permitted to continue to levy the non-resident income tax at the 1.1 percent rate. The non-resident EIT was eliminated permanently in 2016 when the City enacted a $156 LST under Act 199 of 2014. **Table 18** provides a history of this revenue source.

TABLE 18. HISTORY OF TOTAL EARNED INCOME TAX COLLECTION

YEAR	EARNED INCOME TAX COLLECTION	% INCREASE/ DECREASE (-)
2003	$1,455,963	-9.63%
2004	$993,934[5]	-31.73%
2005	$1,225,140	23.26%
2006	$1,173,195	-4.24%
2007	$1,094,319	-6.72%
2008	$2,008,868[6]	83.57%

[5] In 2004, the City briefly lost the ability to enact a non-resident tax based on the Third Amended Plan initiatives.

[6] In 2008, the City reinstated the non-resident tax at a rate of 1.2%. It was lowered to 1.1% in 2010.

YEAR	EARNED INCOME TAX COLLECTION	% INCREASE/ DECREASE (-)
2009	$2,461,509	22.53%
2010	$1,884,577	-23.44%
2011	$1,769,390	-6.11%
2012	$2,044,219 [7]	15.53%
2013	$2,095,324	2.50%
2014	$2,184,898 [8]	4.27%
2015	$2,287,329	4.69%
2016	$1,897,132 [9]	-17.06%
2017	$1,805,000	-4.86%

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

From 2011 through 2015, the City experienced a steady increase in EIT collection. Beginning in 2016, the City eliminated the non-resident portion of the EIT so that they were able to enact the higher LST. Without changes to the rate, the EIT should increase at about 2% per year for future years.

ACT 511 BUSINESS TAXES

Some sources of Act 511 tax revenue for the City have experienced increases over the last three years after a marked period of decline. In fact, only EIT and business taxes have exhibited steady increases. On the other hand, the Local Services Tax collection initially exhibited a drastic increase when the fee was raised from $5 to $52 in 2005 and then declined in future years because the regulations about how it could be collected were changed by the General Assembly. **Table 19** provides three large Act 511

[7] In 2012, Act 32 made it mandatory for EIT to be collected by a county wide TCC and all Act 511 taxes were transitioned to Berkheimer Associates.

[8] In 2014, the resident rate for EIT was increased from .1% to .3% under the Home Rule Charter.

[9] In 2016, the City eliminated the non-resident EIT in order to increase the LST from $52 to $156 with a $12,000 low income exemption pursuant to Act 199 of 2014.

revenue generators. The Local Service Tax (LST), formerly the Emergency and Municipal Service Tax (EMST), makes up the largest share in the chart estimated to be $1.3 million in 2017. The LST is assessed on all persons working in the City and was increased in 2016 to the maximum permitted which is $156 per person, with $151 going to the City and $5 going to the school district. The Business Privilege Tax (BPT) and Mercantile Tax are assessed on local businesses pursuant to Act 511 enabling legislation and the rates cannot be increased. The City was able to recover delinquent business privilege tax in the amount of $1.8 million from the hospital in early 2017. Collectively these three sources will generate $2.6 million in 2017. These three (3) revenue sources make up about 56% of the Act 511 revenue.

TABLE 19 – ACT 511 BUSINESS TAXES TAXES - BPT, LST, MERCANTILE

YEAR	MERCANTILE	BPT	LST
2005	$169,245	$373,088	$659,603
2006	$175,278	$356,023	$732,401
2007	$154,255	$356,513	$688,101
2008	$185,425	$388,395	$584,090
2009	$339,408	$420,947	$551,559
2010	$150,408	$364,747	$434,223
2011	$100,285	$257,567	$545,325
2012	$174,386	$317,315	$524,660
2013	$171,555	$322,415	$544,159
2014	$165,917	$341,320	$559,158
2015	$170,870	$377,697	$545,709
2016	$161,394	$432,268	$1,178,683
2017	$795,000 [10]	$493,000	$1,317,000

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

[10] Beginning in 2017, the City will collect business taxes from the hospital based on gross receipts for business operations.

OTHER REVENUE SOURCES

Until 2014, the City was trending positively for departmental charges for services which was driven by revenue from Conemaugh Hospital's Payment in Lieu of Taxes (PILOT) and the police security contracts with the Housing Authority and the communities of West Taylor, Middle Taylor, and Lorain Borough. Since 2014, the City experienced over a $175,000 reduction in this revenue source because the hospital payment was eliminated in 2016 when the hospital become a taxable entity and the Housing Authority payment has decreased from $361,000 to $331,500 in 2017.

TABLE 20. HISTORY OF INTERGOVERNMENTAL REVENUES

YEAR	DEPARTMENTAL CHARGES FOR SERVICES	INCREASE/ DECREASE (-)
2004	$823,658	N/A
2005	$874,283	6.15%
2006	$789,560	-9.69%
2007	$820,837	3.96%
2008	$823,658	0.34%
2009	$877,650	6.56%
2010	$653,448	-25.55%
2011	$653,663	0.03%
2012	$708,599	8.40%
2013	$750,225	5.87%
2014	$862,429	14.96%
2015	$625,760	-27.44%
2016	$637,974	1.95%
2017	$688,259	7.88%

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

Total fees and charges have experienced a steady decline, partly due to the transfer of some of the City's assets to outside management (i.e., the golf course, Point Stadium concessions).

SUMMARY OF GENERAL FUND REVENUE OBSERVATIONS

The following observations relative to general fund revenue are based on a June 2017 review of the City revenue stream:

1. The City generates about $10.5 million annually for its general fund activities derived primarily from taxes and supplemented by intergovernmental revenues, departmental earnings, and to a lesser degree, by fines, licenses, and permits. This will rise to approximately $11.7 million by 2017.
2. In 2008, the City transferred $4,665,000 from a reimbursement fund into the general fund. As a result, the fund balance for the City's general fund was reported as $3,618,071. In 2009, the City was able to achieve another positive operating position for the general fund activities by transferring the final $253,377 from the reserve account into the general fund.
3. In 2016, the City had rolled forward deficits accumulated to $1.8 million and, as a result, took a $6 million unfunded debt loan to restructure debt and meet current year obligations. This will provide reserves to support operations for approximately two (2) years.
4. Timely collection of real estate taxes continues to be a problem and the collection rate continues to hover below 85% of taxes billed. The problem is exacerbated by the length of time that it takes for the Tax Claim Bureau to complete a tax sale of delinquent properties. The outstanding delinquent tax revenue was a significant factor in the City's decision to sell its tax liens in 2010.
5. The City continues to be overburdened with successful assessment appeals in the commercial district. The Duke LifePoint Healthcare appeal had the most damaging impact when the settlement resulted in a $20 million reduction in assessed value.
6. Even after the final settlement, the City still gained approximately $18 million in new assessed value through the sale of the Conemaugh Hospital to Duke LifePoint Healthcare moving it to taxable status and raising the total assessed value of the City to $149,903,000 for 2017. This is $30 million lower than the total assessed value in 1994.
7. The City transitioned its Act 511 tax collection to Berkheimer Associates, who is the countywide Tax Collection Committee's EIT tax collector. Notwithstanding the transition period during 2010 and most of 2011, the collection for these taxes has shown a marked improvement over prior years and is projected to continue to steadily increase over the next five years.
8. The City increased its Local Services Tax (formerly the Emergency and Municipal Services Tax) to the statutory maximum of $47 in 2005. This source generated an additional $525,000 in revenue for the City on an annual basis. In 2016, the City made the decision to enact a higher LST under Act 199 of 2014 which permits Act 47 communities to raise the LST from $52 to $156 if they eliminate the non-resident EIT. A calculation revealed that the higher LST would generate more revenue than the non-resident EIT.
9. The City relies heavily on the collection of EIT (at a rate of 1.3% under the City's Home Rule Charter since 2010) from City residents. The EIT rate for Johnstown residents is higher than for most residents across the Commonwealth. Until 2016, the City also relied on a 1.1% levy of EIT for non-residents, an initiative that was included in the Fourth Amended Plan and continued in the Fifth Amended Plan, in order to aid in balancing the City's budget. The City has eliminated the non-resident EIT in order to increase the LST under Act 199 of 2014 and has lost the ability to levy a non-resident EIT in the future.

10. Beginning in 2011 and 2012, the City made transfers from its Sewer Upgrade Fund to the General Fund for reimbursement for sewer project coordination, and maintenance expenses. This transfer has continued on an annual basis and will continue to be needed in the amount of $470,000 in the future.
11. The City sold tax liens in 2016 for $732,000 which will be distributed on a pro rata basis to the General Fund, Debt Fund, and Pension Funds. The amount allocated to the General Fund for 2013 is $458,203. Together with the budgeted reimbursement of operating expenses from the Sewer Upgrade Fund, this will provide operating revenue for the City for fiscal year 2017.
12. When the non-recurring revenue (i.e. proceeds from the reimbursement fund and from the unfunded debt loan) is backed out of the City's revenue stream for purposes of identifying the core operating revenue, it is evident that the City's operating position continues to exhibit a significant structural imbalance through 2017 and that without corrective action it will continue into future years.

Table 21 provides a summary of the General Fund Activity from 2012 through 2016 and projected through 2021

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.5 GENERAL FUND EXPENDITURES

The City's general fund expenditures have been between $10.3 and $11 million since 2005 with the exception of 2009 when the Sanitation Fund, Parking Fund, and Recreation Fund were briefly shown as General Fund expenditures. The General Fund captures the basic activities related to the general operation of the City government, including the following major categories: general government, administration and finance, fire department, police department, community development, parks, and public works. It also includes most of the compensation, benefits, and personnel related expenses for the City employees. The City has done a remarkable job of containing expenses over the past 20 years to an average increase of just 2.2% per year, as **Table 22** demonstrates. This has been accomplished through a combination of reducing staff and achieving savings in the structure of employee benefits. **Table 22** provides a history of the general operating fund expenses summarized from 2003 and projected through 2021.

TABLE 22. GENERAL FUND OPERATING EXPENDITURES 2002-2021

YEAR	EXPENDITURES	INCREASE/DECREASE
2003	$9,119,090	3.57%
2004	$9,907,617	8.65%
2005	$10,459,659	5.57%
2006	$10,613,058	1.47%
2007	$10,303,376	-2.92%
2008	$10,659,439	3.46%
2009	$12,613,157[11]	18.33%
2010	$11,087,775	-12.09%
2011	$11,114,219	0.24%
2012	$10,303,942	-7.29%
2013	$11,013,420	6.89%
2014	$11,155,009	1.29%

[11] In 2009, the City briefly combined the parking fund, sanitation fund, and recreation fund with the general fund.

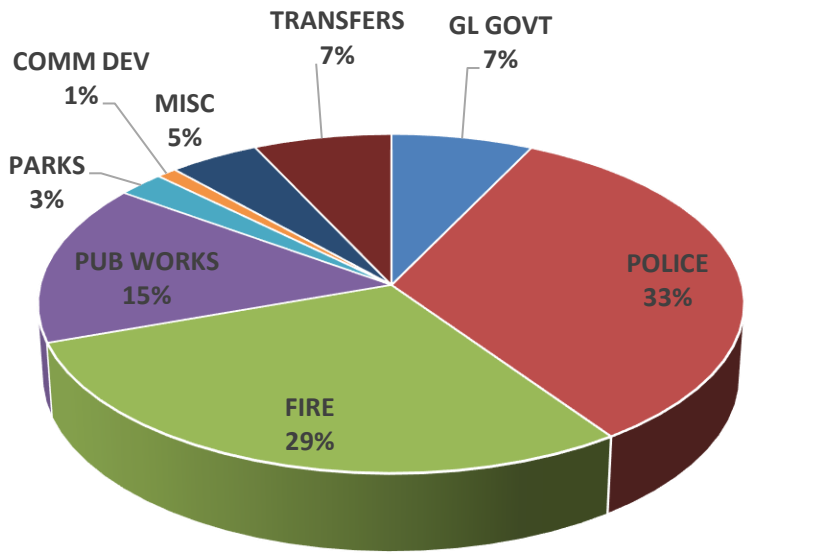


FIGURE 6 -
2016 EXPENDITURES BY USE

2015	$11,472,424	2.85%
2016	$11,319,058	-1.34%
2017	$11,036,243	-2.50%
2018	$11,403,433	3.33%
2019	$11,788,393	3.38%
2020	$12,412,933	5.30%
2021	$12,837,516	3.42%
Average Increase		**2.20%**

Figure 6 provides a breakdown of the general fund expenditure categories and their relative percentage of allocated resources from the 2016 actual expenditures.

The departments experiencing the highest increases in expenditures have historically been the Police Department, Fire Department, and Department of Public Works, due to escalating costs of wages and benefits and long-term pension liabilities.[12] Public safety expenses make up 62% of the City's general operating budget – with the police department at 33% and the fire department at 29%. The Department of Public Works makes up another 15% of the budget. General government, finance, and community development make up only 8% of the overall general fund budget. This analysis is somewhat skewed because the City does not show its pension obligations, sanitation, debt service, parking, or recreation expenses as part of the General Fund. In a typical local government operating budget, these activities would be a part of the General Fund expenditures and would lower the percentages for other individual department allocations.

[12] Capital projects are funded from a separate capital project fund budget.

STAFFING

In the General Fund, personnel related costs make up over 85% of the overall expenses. For this reason, the issue of staffing is the most important factor in evaluating City expenses currently and for cost containment planning for the future.

The City reported 135 full-time employees for budget year 2017. This is a decrease of 24 employees since the Fifth Amended Plan in 2010. Most of the decrease is the transfer of the sewage department to the Redevelopment Authority. The reductions and increases in Full Time Equivalent (FTE) employees since the Fifth Amended Plan have been in the following departments:

TABLE 23 - STAFFING INCREASES AND DECREASES SINCE 2012

	INCREASE SINCE 2012	DECREASE SINCE 2012
COUNCIL		
CITY MANAGER	1	
FINANCE		0.5
POLICE	4	
POLICE/FIRE CLERICAL		0.5
FIRE		3
FIRE CLERICAL		
COMMUNITY DEVELOPMENT		0.5
PW INFRASTRUCTURE	4	
PW BUILDING AND GROUNDS	2	
SEWER UPGRADE		1
PARKING METERS		0.5
SEWAGE		19
TOTAL CHANGE	**11**	**25**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

The Community Development, Public Works, and the Sewer Upgrade departments were the only departments to experience increases in staffing. The Community Development increase is an attempt to step up code enforcement in the City and the Public Works Department increase reflects the combining of parks employees and public works employees.

The City has made a concerted effort to reduce the number of positions in the past 10 years precisely because it is the only way for the City to have a significant impact on containing expenditures. In fact, the City has gone from a complement of over 209 employees in 2003 to 135 at January 2017. This is a 35% reduction in staffing over a 15-year period. The departments most affected by the reductions are the administration and finance at 55% reduction; the public works department at 45% reduction; and the recreation office which has been completely eliminated. During the same period, the police department experienced a 20% decrease and the fire department experienced a 21% decrease. **Table 24** provides a comprehensive staffing review for the past 15 years.

TABLE 24 - STAFFING LEVELS BY DEPARTMENT 2003 – 2017

DEPARTMENT	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CITY COUNCIL	9	9	9	9	9	9	9	9	7	7	7	7	7	7	7
CITY MANAGER	3	3	3	3	3	3	2	2	2	2	2	2	2	2	2
FINANCE	11	11	11	10	9	9	8	6.5	6.5	5.5	7	6	6	5	5
POLICE	48	49	50	49	47	45	41	37	38	38	39	42	43	42	42
POLICE/FIRE OFFICE	7	7	7	7	6	6	6	5	4.5	4.5	4.5	5.5	4.5	3.5	3.5
FIRE	42	43	43	43	43	43	43	43	39	35	39	37	37	32	32
FIRE OFFICE	1	1	1	1	1	1	1	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5
COMMUNITY DEV.	15	15	17	15	15	15	12	11.5	10.5	9.5	13	12	14	8.75	9
PUB. WORKS OFF	3	3	3	3	3	2.5	2.5	2.5	2.5	2.5	2	2	2	1.25	2
INFRASTRUCTURE	29	30	33	30	27	17	18	14	13	13	14	16	21	19	17
BLDG & GROUNDS	10	10	8	7	8	8	6	5	5	4	6	6	7	6	6
REPAIR SHOP	4	4	4	3	3	3	3	2	2	2	2	2	2	2	2
SEWER UPGRADE	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0
SANITATION	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
PARKING/METERS	6	6	6	6	6	6	6	6.5	5.5	5.5	6	5	6	6	5
SEWAGE	17	17	17	17	16	16	16	16	16	16	17	16	0	0	0
SEWAGE OFFICE	3	3	2	2	2	2	3	3	3	3	3	2	0	0	0
RECREATION OFFICE	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
TOTAL FULL TIME	**209**	**212**	**215**	**206**	**199**	**186.5**	**177.5**	**165**	**156**	**149**	**163**	**162**	**153**	**136**	**134**

In 2008, the City hired an outside consulting firm to conduct a comprehensive staffing level analysis. In this study the consultants concluded that they were "pleased to report that Johnstown's administrative agencies are among the very best we have reviewed and provide an exceptionally high level of service." The consultants noted, however, that providing such high levels of service requires the City to maintain a relatively high staffing level in most departments.

The staffing levels are not at an unreasonable level and have been steadily diminished over the past 20 years. But the population served has gone from 28,134 in 1990 to 19,966 in 2015, a 29% reduction in people and tax base. For this reason, the City of Johnstown continues to struggle to support even the current complement of employees. It is critical for the Council, the City Manager, and department heads to continually re-evaluate whether the City can continue the current staffing levels into the future.

While blanket cuts across all departments are not recommended, the City should consider the most effective use of current staff before hiring decisions of any kind are made. The City should also develop an analytical process in the finance department for evaluating the "fully loaded" cost of an employee for each and every hire.

BENEFITS

Benefits, as a part of the overall personnel costs, are an important driver for the cost of the City operations. The cost of benefits has increased from $1.6 million in 2001 to $2.3 million in 2016. This includes approximately $990,000 for post-retirement healthcare payments. The City has attempted to manage healthcare costs through the most recent collective bargaining and arbitration results that provide for increases to the required employee co-pay contribution, as well as limits to the City's premium contributions.

"While blanket cuts across all departments are not recommended, the City should consider the most effective use of current staff before hiring decisions of any kind are made."

Pension obligations have also driven the benefit category and overall expenditures for the City. Johnstown is ranked 12th out of over 2000 pension plans in Pennsylvania for being underfunded with approximately $21.5 million in assets and over $45 million in liabilities, resulting in only a 45% funding status. The Minimum Municipal Obligation (MMO) has increased from $2.1 million in 2007 to $3.4 million in 2013 and is projected to be $3.7 million by 2021. Even with these large contributions to the funds, the funds continue to be in the "severely distressed" category. A longer discussion of the pension problem is included in the Pension Fund section.

DETAILED REVIEW OF EXPENDITURE CATEGORIES

GENERAL GOVERNMENT

Expenses in this area are relatively stable, increasing at a rate of 2% per year. The position of Assistant Manager was eliminated in the 2010 budget. There are only 2 positions contained in this category – the Manager and the Executive Secretary.

FINANCE

The actual expenditures in this department decreased from $2.7 million in 2001 to about $320,735 in 2016 due to the fact that all of the insurance, benefits and personnel-related costs that were formerly captured in this category have been distributed to the respective departments. Currently, the finance department is divided into two distinct functions: payments and administration. The payments division consists of 2 full-time union employees dedicated to the real estate tax collection, cashiering, parking, and miscellaneous payment tasks. The administrative side of the department consists of 3 employees: the Finance Director, Accounting Assistant, and Payroll Clerk.

The Finance Department previously operated with an outdated version of ProSoft financial software supported by an outdated technology. The software did not allow for proper reporting, reconciliation, or fund structure. The financial management system did not meet Government Accounting Standards Board (GASB) standards, the DCED Chart of Accounts structure, or the American Institute of Certified Public Accounts (AICPA) guidelines. The former system technology was also inadequate resulting in multiple malfunctions, which placed the city in a vulnerable data integrity position that made the City susceptible to security weaknesses and information loss. Beginning in January 2010, the City reconfigured its financial system to be consistent with the DCED chart of accounts in preparation of a new financial management system. As part of the Fifth Amended Plan initiatives, beginning in 2012, the City of Johnstown upgraded its technology and completely revamped its financial management system.

The installation of the Freedom Systems software in 2011 brought the City in line with GASB and AICPA accounting guidelines. The new system is built on a DCED fund structure and provides a cashiering ability for recording receipts that addressed a significant internal control deficiency by eliminating the need for manual manipulation to transfer data to the general ledger. This system upgrade coupled with the incorporation of the DCED chart of accounts provides for better functionality and provides the benefit of a complete Enterprise Resource Planning (ERP) system.

In 2013, the City also completed a fiber optic installation that improved the system connection between administration and the public safety operation forming one single Information Technology Network (ITN.) This connectivity saved the City $22,000 in the first year and will result in an annual savings of at least $45,000. The connection allowed the City to interface the financial management ERP software for all departments and eliminates redundant servers. In addition, 14 new workstations were provided in various departments and locations in order to efficiently interconnect with the new system. As part of the workstation upgrades, older versions of Windows were upgraded and replaced.

Since 2013, several improvements have been made to the structure of funds and accounting groups and internal controls have been examined. In 2015, there was the discovery of a theft in the amount of $20,000 in the department by the City Manager who was previously the Finance Director. The theft involved petty cash and the use of credit cards and these areas have been scrutinized and additional controls have been installed. The City Manager resigned and was prosecuted in 2016.

The new Finance Director has streamlined many of the accounting processes, implemented best practices, and improved the budgeting process.

FIRE DEPARTMENT

The City's Fire Department, with a Fire Chief and 32 paid firefighters, makes up about 29% of the City's general fund expenditures at about $3.3 million in 2016. The Fire Department expenditures have increased at about 1.23% per year for the past 10 years. The reopened arbitration award of 2012 included wage increases of 2% for 2011, 3% for 2012, 3.5% for 2013, and 3.5% for 2014. The arbitration award also eliminated the overall minimum staffing requirement but retained a shift staffing of 3 personnel per apparatus and one Assistant Chief. As a result, the staffing level for this department is down 8 positions since the Fifth Amended Plan. Staffing is always a challenge for the City's ability to further control the cost of fire service.

Expenses in the fire department are exacerbated by post- retirement health benefits that are almost as high as the current employee benefits. In 2016 the cost for health insurance benefits for active employees was $474,219, while the cost for post-retirement health care for retirees was $449,144. Although the original arbitration award in 2011 provided for firefighters to contribute 15% of the healthcare premium cost, capped the City's share of the cost of the annual premium to 6%, and eliminated retiree healthcare for new hires, the reopened arbitration award reduced the firefighter premium contribution to 5%, eliminated the 6% cap on the City's share of the premium increase, and reinstituted retiree healthcare benefits. The City will negotiate a new contract with the firefighters in 2017 and is seeking the contributions and caps that were not provided in the 2014 arbitration award. **Table 25** outlines the costs for fire services over the past ten years and projected through 2017.

TABLE 25 - FIRE DEPARTMENT EXPENSES WITH PROJECTIONS

YEAR	FIRE DEPARTMENT EXPENSES	INCREASE/ DECREASE
2002	$1,885,622	N/A
2003	$1,921,116	1.88%
2004	$1,962,864	2.17%
2005	$2,714,499[13]	38.29%
2006	$2,790,437	2.80%
2007	$3,003,846	7.65%
2008	$3,186,748	6.09%
2009	$3,383,474	6.17%
2010	$3,793,505	12.12%
2011	$3,619,655[14]	-4.58%
2012	$3,243,721[15]	-10.39%
2013	$3,328,758	2.62%
2014	$3,116,712[16]	-6.37%
2015	$3,099,483	-0.55%
2016	$3,073,219	-0.85%
2017	$3,083,679	0.34%
2018	$3,121,608	1.23%

[13] Beginning in 2005, benefits were distributed across the departments increasing the total expenditures by nearly $1 million.

[14] In 2011, the number of firefighters was reduced from 43 to 39.

[15] In 2012, the number of firefighters was reduced from 39 to 35 positions.

[16] In 2014, the number of firefighters was reduced from 35 to 33 positions.

YEAR	FIRE DEPARTMENT EXPENSES	INCREASE/ DECREASE
2019	$3,160,004	1.23%
2020	$3,198,872	1.23%
2021	$3,238,218	1.23%

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

In addition to the expenditures shown for the fire department, an additional $1.4 million will be paid into the Firemen's Pension Fund for the required MMO payment in 2017. This expenditure is shown in a separate fund which will be reviewed in the Pension Fund section. This brings the total cost for fire services to approximately $4.5 million in 2017.

POLICE DEPARTMENT

The City's Police Department, with the Police Chief and 37 police officers, makes up about 33% of the City's general fund expenditures, at about $3.5 million in 2016. The current staffing level is a reduction of 10 positions from the 48 active officers in 2003. **Table 26** outlines the cost of police services over the past 15 years and projected through 2021.

TABLE 26 - POLICE EXPENSES WITH PROJECTIONS

YEAR	POLICE DEPARTMENT EXPENSES	INCREASE/ DECREASE
2002	$2,578,905	N/A
2003	$2,482,595	-3.73%
2004	$2,696,657	8.62%
2005	$3,673,521[17]	36.23%
2006	$3,737,651	1.75%
2007	$3,649,147	-2.37%
2008	$3,736,606	2.40%
2009	$3,690,988	-1.22%

[17] Beginning in 2005, benefits were distributed across the departments increasing the total expenditures by nearly $1 million.

YEAR	POLICE DEPARTMENT EXPENSES	INCREASE/ DECREASE
2010	$3,317,459	-10.12%
2011	$3,334,337	0.51%
2012	$3,364,850	0.92%
2013	$3,369,426	0.14%
2014	$3,494,409[18]	3.71%
2015	$3,408,752	-2.45%
2016	$3,583,499	5.13%
2017	$3,658,299	2.09%
2018	$3,695,979	1.03%
2019	$3,734,048	1.03%
2020	$3,772,509	1.03%
2021	$3,811,366	1.03%

Despite the staffing reductions, the Police Department expenses have increased at about 1.03% per year for the past 10 years. The arbitration award of 2010 provided for a wage freeze in 2010, a 2% increase in 2011 and increases of 3% per year for 2012 and 2013. The favorable reductions in Police expenses for 2010 and 2011 and the leveling off of expenses for 2011 and 2012 reflect the staffing reductions as well as the Plan mandated healthcare contributions and salary freeze.

The escalating costs of health benefits (for active and retired members), workers compensation, and pension liabilities drive the expenses for the police department. The arbitration award that was issued in April of 2010 enabled the City to better manage costs for health benefits by requiring a 15% contribution towards health care and an annual 6% limit on the City's premium increase. However, expenses are exacerbated by post-

[18] In 2014, the City used federal funds under the POLICE CHIEF program to add a two additional police officers.

retirement benefits that are almost as high as the current employee benefits. In 2016 the cost for health insurance benefits for active employees was $509,907 while the cost for post-retirement health care for retirees was $328,047.

In addition to the expenditures shown for the police department, an additional $1.1 million will be paid into the Police Pension Fund for the MMO in 2017. This expenditure is shown in a separate fund which will be reviewed in the Pension Fund section. This brings the total cost for the police department to approximately $4.7 million in 2017.

The City also provides police services under contract to the Housing Authority and to three adjacent communities. The City has taken the initiative to ensure that contracts with the Housing Authority and other municipalities for the provision of police services cover the actual cost of providing these services, including wages, benefits, equipment, and fuel.

COMMUNITY DEVELOPMENT

As in the past, the City enjoys considerable savings through utilization of Community Development Block Grant (CDBG) funds to support City projects performed by City employees. These funds are currently under attack by the federal government and may not be available to cities in the future.

This department oversees the planning, zoning, and code enforcement activities for the City. Since 2009 the expenses of the community development department have been controlled by leaving some positions unfilled in order to obtain needed budget savings. In 2009, three positions were eliminated and the department has been reduced by one position a year in each of the subsequent years to a complement of nine full time and 1 part-time beginning in 2013.

In 2014, the City added 2 code enforcement positions in an attempt to become more aggressive in pursuing code violations. Projected cost increases in this department due to the collective bargaining agreements are somewhat mitigated by the use of Housing and Urban Development (HUD) funding to support positions and activities.

Only about $117,223 was paid for community development from the general fund in 2016 which is only about 1% of the general fund expenditures. Most of the program revenues and expenditures are captured in other City funds.

PUBLIC WORKS

The Public Works Department includes a Director and 25 employees and makes up about 15% of the City's operating budget, at about $1.7 million in 2016. The current workforce is a significant reduction from 43 employees in 2007. The City has controlled costs in this department primarily through leaving positions vacant and by managing benefit costs. In fact, the City's expenses for this department, because of the reductions in the workforce, are lower in 2017 than

they were in 2002. However, the costs for wages, health benefits, workers compensation, and pension liabilities continue to drive expenses.

TABLE 27. PUBLIC WORKS EXPENSES WITH PROJECTIONS

YEAR	PUBLIC WORKS EXPENSES	INCREASE/ DECREASE
2002	$1,967,540	N/A
2003	$2,801,904	42.41%
2004	$1,728,362	-38.31%
2005	$2,576,105	49.05%
2006	$2,522,251	-2.09%
2007	$2,194,542	-12.99%
2008	$2,383,269	8.60%
2009	$2,161,663	-9.30%
2010	$1,933,941	-10.53%
2011	$1,847,442	-4.47%
2012	$1,841,192	-0.34%
2013	$1,922,237	4.40%
2014	$1,868,205	-2.81%
2015	$1,980,651	6.02%
2016	$1,739,921	-12.15%
2017	$1,739,704	-0.01%
2018	$1,722,655	-0.98%
2019	$1,705,773	-0.98%
2020	$1,689,056	-0.98%
2021	$1,672,504	-0.98%

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

The City has left positions vacant in this department every year since 2007 which has helped to control the expenses. In addition to the expenditures shown for the police department, approximately $593,762 will be paid into the Officers and Employees Pension Fund for the MMO in 2017. This expenditure is shown in a separate fund which will be reviewed in the Pension Fund section. This brings the total cost for public works to $2.3 million in 2017.

HEALTH BENEFITS

Health benefits for full-time employees in all departments escalated dramatically over a 15-year period increasing from $1,762,376 in 2002 to $2,310,065 in 2017 about a 30% increase. Since the adoption of the Fifth Amended Plan, the City has done an excellent job in reducing health care costs. In arbitration awards and negotiated settlements, the City was able to implement 15% contributions from employees towards premiums, a cap of 6% increase to be absorbed by the City, and a restructuring of benefits. By 2012 the City was able to reduce its overall costs to $2,089,762, a 23.35% reduction from 2011 and a 38% reduction from 2010. For 2013, the City was again able to restructure the benefits and to gain acceptance by some of the bargaining units for a lower cost plan. One factor that impacts the reduction in benefits is that the City insures fewer active employees than ever before and has eliminated post-retirement healthcare for new hires. But post-retirement healthcare costs continue to increase as current employees retire and are still entitled to these benefits. **Table 28** provides a history of annual health care costs for City employees.

TABLE 28 - COST OF HEALTH CARE BENEFITS WITH PROJECTIONS

YEAR	HEALTH INSURANCE EXPENSES	INCREASE/ DECREASE
2004	$2,252,539	6.70%
2005	$2,478,310	10.02%
2006	$2,513,032	1.40%
2007	$2,408,630	-.90%
2008	$2,405,284	-.001%
2009	$2,217,248	-7.82%
2010	$3,344,736	50.85%
2011	$2,726,374	18.49%
2012	$2,089,762	-23.35%
2013	$2,507,405	19.99%

YEAR	HEALTH INSURANCE EXPENSES	INCREASE/ DECREASE
2014	$2,779,042	10.83%
2015	$2,305,398	-17.04%
2016	$2,135,576	-7.37%
2017	$2,310,065	8.17%
2018	$2,425,568	5.00%
2019	$2,546,847	5.00%
2020	$2,674,189	5.00%
2021	$2,807,898	5.00%

SOURCE: CITY OF JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

Health Care costs will continue to rise in the foreseeable future and the City must continue to negotiate with health care providers and the unions to keep costs manageable. In 2017, the health care benefits for employees are about 20% of the general fund budget. In addition, other post-retirement healthcare benefits (OPEB) escalated to an annual expense of $991,000 by 2016. The total amount of OPEB liabilities incurred as of January 1, 2017, as calculated by the actuaries, is $21 million. Although these benefits have been eliminated for future hires current payments for the accrued liability have a substantial negative impact on the general operating budget. The annual OPEB payment will grow proportionate to retirements that take place with OPEB liability. The City should set up a fund to begin to move toward fully funding the OPEB obligation.

WORKERS COMPENSATION

Workers compensation costs had become a significant problem for the City at the time that the Sixth Amended Plan was updated and adopted. A combination of higher premiums and a deteriorating claims and loss record resulted in a 40% increase to the City's premium. For this reason, the City was enrolled in the State Workers Insurance Fund (SWIF) beginning in 2013 in an attempt to control costs and address claims. By 2016, the City had done a remarkable job of turning this around and controlling claims and the premium was reduced from $711,130 in 2014 to $270,439 in 2016. **Table 28** provides the recent history of the City's premium increases by department.

TABLE 29 - WORKERS COMPENSATION PREMIUM BY DEPARTMENT

DEPARTMENT	2010	2011	2012	2013	2014	2015	2016
Management	1,300	1,486	1,600	1,703	586	672	324
Finance	1,361	1,406	1,710	1,691	1384	1532	868
Community Development	158	199	245	255	233	293	286
Police	136,428	184,774	249,100	220,676	278,351	167,280	166,567
Fire	241,942	255,143	310,616	305,184	315,063	210,347	215,03
Public Works	46,280	53,803	79,079	61,057	101,368	67,14	69,004
Parks & Recreation	6,257	7,091	14,814	13,271	14,145	10,902	11,887
Total General Fund	**433,726**	**503,902**	**657,164**	**603,837**	**711,130**	**455,740**	**270,439**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

Table 30 provides a 3-year history of the City's history for workers compensation claims. Because the number and dollars for claims paid have decreased significantly, the City's premiums have been reduced.

TABLE 30 – WORKERS COMPENSATION CLAIM COST ANALYSIS

Claim Cost Analysis (All Claims)							
	Policy Year 2009	**Policy Year 2010**	**Policy Year 2011**	**Policy Year 2012**	**Policy Year 2013**	**Policy Year 2014**	**Policy Year 2015**
Total Incurred Losses	385,136	395,660	259,389	138,130	67,523	93,692	44,704
Paid Losses	385,135	395,662	259,385	138,132	60,493	84,882	44,704
# of Open Claims	0	0	0	0	6	3	0
Total # of Claims	23	29	24	30	46	31	32

SOURCE: CITY OF JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

SUMMARY OF EXPENDITURES AND OBSERVATIONS

The following observations regarding general fund expenditures are based on a June 2017 review of the City expenditures:

1. The City's general fund expenses are projected to be over $11.5 million per year beginning in 2018 for support of general fund activities. This is an obvious problem because the general fund revenues are projected to be only about $11 million per year resulting in a large and growing funding gap.
2. City expenditures increased at a remarkably low 2.2% per year over the past 10 years. This demonstrates an exceptional effort at cost containment.
3. Because the City expenditures increased at a rate of 2.2% per year and the City revenues increased at a rate of only .25% per year, the gap between operating revenues and expenditures steadily increased through 2015. By 2016, the deficit had reached an estimated $1.8 million and City Council was forced to seek an unfunded debt loan in the amount of $6 million to restructure debt and meet current operating obligations.
4. Most of the cost containment has been a result of lower staffing levels. The number of positions has decreased by 24 Full Time Equivalents (FTE) from 2012 to January 2017 lowering the total number of employees from 143 in 2009 to 135 in 2012. With such a large decrease in the number of employees there should have been a dramatic reduction in expenditures. Unfortunately, expenses for personnel related benefits including current and post-retirement health care and pension obligations have erased the gains achieved through reducing the number of positions.
5. Benefits and pension liabilities continue to escalate in spite of the best efforts of the City to address the escalating costs. Although the healthcare costs have leveled out at about $2.5 million annually due to cost containment efforts that were mandated in the Fourth Amended Plan and implemented through arbitrated and negotiated settlements in 2010 and 2013, they will continue to rise in future years.
6. The general fund in isolation, without considering the other core operating funds that reflect the City activities, is close to being balanced by enough revenue to support general fund operations. However, the debt service fund, the parking fund, and the recreation fund continue to negatively impact the stability of the City's financial condition.

REVIEW OF THE 2015 GENERAL FUND AUDITED FINANCIAL STATEMENTS

As part of this Seventh Amended Plan, a review of the most recently audited financial statements was completed in order to evaluate the accuracy of the City's budgeted amounts in the general fund relative to the actual revenue received and expenditures incurred. During 2015, the general fund experienced a deficiency of revenues over expenditures totaling ($1,305,910) at the close of the fiscal year. This negatively impacted the general fund balance by reducing it from a positive $278,034 to a negative ($1,027,876). The City had achieved the positive fund balance in 2009 and 2010 by transferring funds in the amount of $4,665,000 in 2008 and $253,377 in 2009 from the reserve account for the reimbursement of expenses made from the general fund. By the end of 2015, these reserves were completed exhausted. In 2016, the City borrowed $6 million as an unfunded debt loan with approval from Common Pleas Court and DCED to restructure debt and meet current year obligations. This resulted in an estimated positive fund balance of $1,063,188 by the end of 2016.

REVENUE

A review of the 2015 audited Actual Revenue to Budgeted Revenue indicates that the actual revenue fell short of the budget by ($2,135,188) for the following reasons:

- Tax revenue was under budget by $612,252. This is partly due to the requirement to escrow a portion of the taxes that were under appeal by the Duke LifePoint Healthcare System.
- The PILOT was under budget by $5,792
- Charges for Services exceeded the budgeted amount.
- Licenses and permits were under budget by $27,847.
- Fines and forfeits were under budget by $49,861.
- Departmental earnings were under budget by $12,573.
- Interfund charges and reimbursements exceeded the budgeted amount by $80,333.
- Grants and joint projects were under budget by $302,008.
- Interest earnings were under budget by $8,424.
- Miscellaneous revenue was under budget by $1,200,147. This was mostly revenue that was budgeted that never materialized.

EXPENDITURES

Fire, Police, Community Development, Culture and Recreation, and Public Works all exceeded budget allocations in 2015. General Government and Finance achieved savings from the budgeted allocations. A review of the 2015 audited Actual Expenditures to Budgeted Expenditures indicates that the actual expenditures exceeded the budget by $80,616 for the following reasons:

- General government was under budget by $1,977.
- Finance Department was under budget by $320,100.
- Fire Department was over budget by $15,410.
- Police Department was over budget by $145,774.
- Public Works Department was under budget by $104,267.
- Community Development was under budget by $72,182.
- Parks and Recreation was under budget by $21,531.

The City should continue to refine its budget process and include better projections for both revenues and expenditures. The adopted 2017 budget is a much-improved document that provides documentation and support for the budget projections and relies on revenue that is based on historical accuracy.

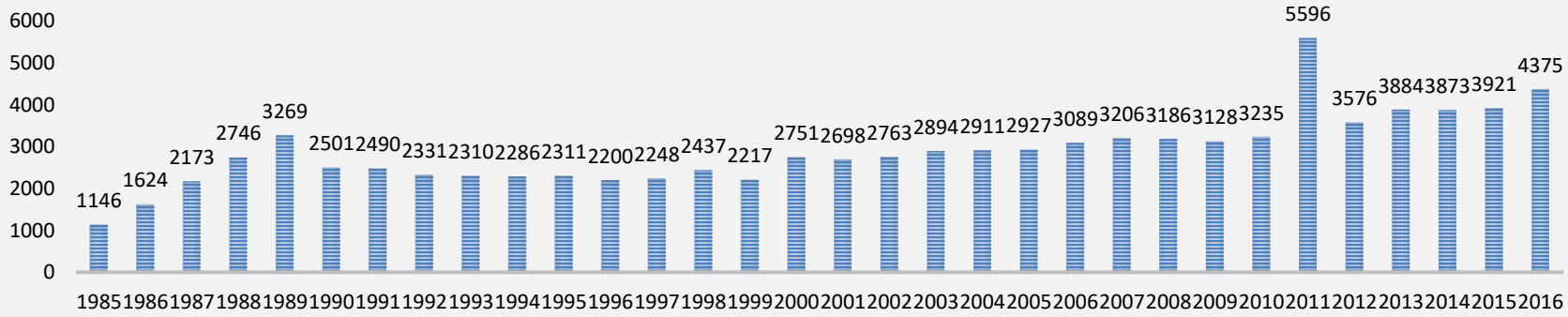
4.6 PENSION FUND

REVENUE

In 2017 the City levied 17.3831 mills of real estate taxes per dollar of assessed valuation of property in the City to assist in addressing the unfunded actuarial accrued liability (UAAL) for the pension funds. This levy generates approximately $2.2 million in current year real estate taxes. Other revenue for the pension fund includes funds from the sale of liens, employee contributions, state aid, and investment returns.

State aid is an important factor in funding the plans. It is based on the unit value derived from foreign casualty insurance premiums which are reported by the Commonwealth annually. The unit value is applied to the number of active employees that are reported by the City to the Auditor General's Office in March of each calendar year. Police and fire employees receive credit for two units while all other employees receive credit for one unit. Over the past 25 years, the unit value has increased from $1,146 in 1985 to $4,375 in 2016. In 2011, there was an exceptional "one-time only" payment of $5,596 per unit to all municipalities in the Commonwealth. This produced excess funds in the pension fund that were used to offset pension expenses in subsequent years. In 2016, the state aid was $919,477. A history of the unit value over the past 30 years is shown.

FIGURE 7 - HISTORY OF STATE AID UNIT VALUES



SOURCE: PENNSYLVANIA EMPLOYEES RETIREMENT COMMISSION WEBSITE

Because the state aid units are awarded based on active employees and the City has reduced its workforce over the years, the City receives less state aid than in the past even though the unit value has increased substantially. In fact, there are over twice as many retired employees who are drawing pension payments from the pension plan than active employees to support it. The 2017 valuation of the pension plan reported the following active and retired employees.

TABLE 31 - PENSION FUND PARTICIPANTS – ACTIVE AND RETIRED

PARTICIPANTS IN 2017	POLICE FUND	FIRE FUND	OFFICERS/ EMPLOYEES	SEWAGE FUND	TOTAL
Retirees and Beneficiaries	92	73	81	18	264
Deferred-Vested	6	1	2	6	15
Active Employees	38	33	43	0	114
Total	**136**	**107**	**126**	**24**	**393**

SOURCE: 2015 ACTUARIAL VALUATION AND 2015 AUDITED FINANCIAL STATEMENTS

With the exception of 2011 when the unit value was exceptionally high, the City's state aid allocation decreased from the 2007 allocation of $970,419 to $919,477 in 2016. Unfortunately, the City continues to require at least $3.4 million in revenue to support its pension obligation and must, look to other sources such as real estate tax levies for additional revenue.

INVESTMENT PERFORMANCE

Investment performance has long been a problem for the City's funds with losses in most periods from 2007 through 2011. In August of 2007, the City selected two new investment managers to manage the funds after a review of the investment performance of the plans. C.S. McKee in Pittsburgh and State Street Global Advisors in Boston were selected as investment managers for the funds. But, through 2013, the plans continued to exhibit losses in valuation of assets. In 2014, the City engaged AndCo Consulting (formerly the Bogdan Group) to provide pension investment guidance for investment of pension funds. Since the 2013 valuation, the City has experienced actuarial gains in each of the pension funds. The primary reason for these gains was investment returns that met or exceeded the assumed rate of 7.5 percent per annum. Part of the gains are also a result of the City beginning to make the full MMO payment to the fire pension fund and to the sewage employees fund instead of the 25% reduced amortization permitted by law. In fact, the higher contributions have resulted in an improvement in the Fire Pension Fund from 31.6% funded in 2013 to 42% funded in 2017. The investment gains to each fund are shown in **Table 32**.

TABLE 32 – PENSION ASSETS BY FUND

YEAR	POLICE FUND ASSETS	FIRE FUND ASSETS	OFFICERS & EMPLOYEE ASSETS	SEWAGE FUND ASSETS	TOTAL
2013	$8,914,258	$5,182,741	$6,132,396	$1,285,460	$21,514,855
2015	$10,120,578	$6,223,767	$6,561,374	$1,440,462	$24,346,181
2017	$10,708,268	$7,319,417	$6,613,008	$1,645,238	$26,285,931
Increase in Assets Since 2013	**$1,794,010**	**$2,136,676**	**$480,612**	**$359,778**	**$4,771,076**

SOURCE: 2015 ACTUARIAL VALUATION AND 2015 AUDITED FINANCIAL STATEMENTS

The two investment managers chosen in 2007 (C.S. McKee and State Street Global) continue to manage the funds in 2017 but since 2014, the City has realized investment gains in the funds. By 2015, the value of assets had increased to $24.3 million and by 2017 are reported as $26.2 million which demonstrates additional gains in value.

EXPENDITURES

In 2012, the Johnstown pension plans received a determination from the Pennsylvania Employee Retirement Commission (PERC) that the Plans had devolved to a Level III Severe Distress status under Act 205. This was a result of total actuarial losses experienced by the pension plans between 2009 and 2011 ($2,002,801) on top of a loss between 2007 and 2009 ($3,021,464). The actuarial losses caused the Unfunded Accrued Actuarial Liability (UAAL) for the plans to increase from $16 million in 2003 to over $24 million in 2011.

By 2011, the City's combined pension plans were only 47% funded with the fire pension plan in the worst position at only 34% funded. The condition of the funds declined further by the 2013 valuation at which time the total funds had declined to 45% funded and the fire department fund had declined to only 31.6%. **Table 33** provides the history of the UAAL.

Although the funding status improved slightly by the 2015 valuation, the fire department pension plan, at 37% funded, had only about five (5) more years of funds available for benefits by January 1, 2015. Although the assets continue to increase, the liabilities are increasing simultaneously – going from $37 million in 2003 to $49 million in 2017.

TABLE 33 - PENSION UNFUNDED ACCRUED ACTUARIAL LIABILITY (UAAL)

YEAR	TOTAL ACTUARIAL VALUE OF ASSETS	TOTAL ACTUARIAL ACCRUED LIABILITY (AAL)	TOTAL UNFUNDED AAL (UAAL)	TOTAL FUNDED RATIO
2003	$21,699,879	$37,768,221	$16,068,342	57%
2005	$20,882,649	$40,008,680	$19,126,031	52%
2007	$21,605,207	$41,265,778	$19,660,571	52%
2009	$20,972,820	$41,877,580	$20,904,760	50%
2011	$21,914,312	$46,308,890	$24,394,578	47%
2013	$21,514,855	$47,422,975	$25,908,120	45%
2015	$24,346,181	$48,352,745	$24,006,564	50%
2017	$26,285,931	$49,662,193	$23,376,262	53%

SOURCE: CITY OF JOHNSTOWN ANNUAL AUDITS

There are mandatory remedies for Level III Distress pension funds under Act 205 that must be considered by the City including the establishment of a revised benefit plan for newly hired employees. In 2013, the City commissioned its actuary, Mockenhaupt Benefits Group (MBG), to undertake a study of the options that are mandatory and/or available to the City to address the unfunded actuarial liabilities of the Plan. The Sixth Amended Plan required that the City initiate several changes to its pension plans pursuant to its authority under Act 205 to address its unfunded pension liabilities.

The City has pursued a number of strategies to control the future costs of pension liabilities, including better investment management, changes to benefits for newly hired employees, and reductions in active staff. The City also reduced the investment assumption from 8% to 7.5% and continued to make the full MMO payments to the Fire fund and the Sewage fund. For 2011 through 2016, the City elected the Act 44 option which provides for the ability to reduce the City's Minimum Municipal Obligation (MMO) by 25% for the Police Pension Fund and the Officers and Employee Fund and to amortize that amount over the next 20 years at the interest rate in the actuarial assumptions of the Plan. Beginning in 2017, the reduced amortization payment provision ended and the City will pay the full MMO in the amount of $3.4 million. The City's actuary has provided MMO projections through 2021 based on these assumptions and the Recovery Plan projections are based on the MBG projections.

Although the City's required MMO decreased in 2011 and through 2013 because the Act 44 "smoothing," the overall trend for the pension expense is an escalation in costs. It is projected that the pension obligation will continue to be approximately $3.4 million

through 2021. **Table 34** provides a history of the MMO expense paid from the Pension Fund from 2001 – 2017 and projected through 2021. These payments are partially offset by state aid received and deposited into the Fund.

TABLE 34 - PENSION MMO EXPENSES WITH PROJECTIONS

YEAR	PENSION MMO EXPENSE	INCREASE/DECREASE (-)
2001	$1,234,743	N/A
2002	$1,435,988	16.30%
2003	$1,406,899	-2.03%
2004	$1,856,282	31.94%
2005	$1,977,837	6.55%
2006	$2,135,177	7.96%
2007	$2,447,203	14.61%
2008	$2,722,437	11.25%
2009	$2,407,340	-11.57%
2010	$2,661,152	10.54%
2011	$2,092,202	-21.38%
2012	$2,112,550	0.97%
2013	$2,474,894	17.15%
2014	$2,982,701	20.52%
2015	$3,500,494	17.36%
2016	$3,253,153	-7.07%
2017	$3,390,281	4.22%
2018	$3,347,819	-1.25%
2019	$3,579,220	6.91%
2020	$3,308,062	-7.58%
2021	$3,303,495	-0.14%

SOURCE: JOHNSTOWN FINANCIAL RECORDS, MBG PROJECTIONS, AND GRS ANALYSIS

Table 35 provides a comprehensive overview of the activity in the Pension Fund from 2012 through 2016 and projected through 2021. Until 2013, the Redevelopment Authority was reimbursing the City for the MMO for Sewage employees. Once this operation was privatized, the payment was no longer made by the Authority for reimbursement to the City. This reduces the revenue to the fund by approximately $110,000 and must be made up from City funds increasing the City's MMO in the future.

TABLE 35 – PENSION FUND ACTIVITY 2012 – 2016 AND PROJECTIONS THROUGH 2021

	Audited	Audited	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
REVENUE:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
RE Taxes	1,532,849	1,351,930	1,885,492	2,889,073	2,264,163	2,259,754	2,293,650	2,328,055	2,362,976	2,398,421
State Aid	867,861	908,707	826,742	792,654	919,477	914,999	928,724	942,655	956,795	971,147
Liened Taxes	-	-	-	-	248,546	215,498	235,000	235,000	235,000	235,000
Interest	315	343	274	480	491	30	300	300	300	300
Sewage Employees	96,693	98,907	110,558	-	-	-	-	-	-	-
Total Revenue	**2,497,718**	**2,359,887**	**2,823,066**	**3,682,207**	**3,432,677**	**3,390,281**	**3,457,674**	**3,506,010**	**3,555,071**	**3,604,867**
EXPENDITURES:										
MMO	(2,112,550)	(2,474,894)	(2,982,701)	(3,500,494)	(3,023,895)	(3,390,281)	(3,347,819)	(3,579,220)	(3,308,062)	(3,303,495)
Operating Transfers In					267,677					
Excess/(Deficit)	**385,168**	**(115,007)**	**(159,635)**	**181,713**	**676,459**	**-**	**109,855**	**(73,210)**	**247,009**	**301,372**
Fund Balance (Deficit) Restated	**(625,692)**	**(740,699)**	**(900,334)**	**(718,621)**	**(42,159)**					

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.7 PARKING FUND

REVENUE

The Parking Fund is made up of two (2) funds, the Parking Fund – 02 and the Intermodal Parking Garage – 06. The total Parking Fund Revenues were $746,419 in 2015 and $799,687 in 2016 as shown in **Table 36**. Revenues for the Parking Fund consist of meter revenue, parking garage revenue, parking space rentals, neighborhood passes, and unloading zone revenue. Although the trend has been a modest annual increase in revenues, projections are that in future years, the City will not generate enough revenue to cover operating expenses and debt service payments. The City will have to continue to transfer approximately $330,000 annually to cover the debt service related to the Parking Fund. Revenue for this fund is projected to be between $750,000 and $830,000 annually.

EXPENDITURES

The parking fund has been operating at a deficit since 2006 and continued to generate deficits in 2010, 2011, and 2012. The $570,000 operating budget for 2017 includes one parking meter serviceman, one senior meter person, one parking enforcement personnel, one laborer (public works support), and a full-time parking coordinator.

Although the parking fund as it is currently structured can support the parking operation, it cannot generate enough revenue to pay the annual debt service payment on the parking garage bond in the amount of $721,000. In 2013, this debt was moved to the Debt Service Fund and the Parking Fund provided a transfer to the Debt Service Fund to partially offset this payment. The total expenditures for 2016 were $1,126,738 including the transfer for the debt service payment. The 2015 audited financial reports indicate a deficit of ($327,445) and projections indicate that the fund will continue to experience deficits through 2021 without any intervention by City management to address the deficits.

Furthermore, the parking facilities are in disrepair and require extensive improvements. The City commissioned a structural engineering study of its parking facilities in 2012 and used some of the savings from the 2013 refunding of the General Obligation Bond – Series 2006 to complete repairs that were necessary in order to continue the use of its parking facilities.

In 2017, the City requested an Act 47 grant through DCED to undertake asset valuation studies in an attempt to begin the privatization or monetization of the parking facilities in the City. Once the valuation is complete, the City intends to identify options for selling or leasing these facilities for private management.

Table 36 provides a comprehensive history of the revenues, expenditures and fund balances for the Parking Fund from 2012 projected through 2021.

TABLE 36 – PARKING FUND ACTIVITY 2012 – 2016 WITH PROJECTIONS THROUGH 2021

	Audited	Audited	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
REVENUE:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Fees	758,865	754,254	758,976	746,415	799,519	760,000	779,000	798,475	818,437	838,898
Interest	67	45	39	61	(160)	-	45	45	45	45
Other		2,428	-	-	-	-	210	210	210	210
Total Revenue	**758,932**	**756,727**	**759,015**	**746,476**	**799,359**	**760,000**	**779,255**	**798,730**	**818,692**	**839,153**
GRANT FUNDS				**62,779**	**593,476**	**132,000**				
EXPENDITURES:	(1,118,863)	(1,040,132)	(941,749)	(978,009)	(1,253,798)	(947,000)	(961,205)	(975,623)	(990,257)	(1,005,111)
Transfers In (GL)		365,470	184,169		333,495	330,000	330,000	330,000	330,000	330,000
Transfers Out (DS)					(639,495)	(48,203)	(48,203)	(48,203)	(48,203)	(48,203)
Interest Expense	(136,395)	(135,124)	(112,344)	(95,912)		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Excess/(Deficit)	**(496,326)**	**(53,059)**	**(110,909)**	**(327,445)**	**(166,963)**	**126,797**	**(153)**	**4,904**	**10,231**	**15,839**
Fund Balance (Deficit) Restated				**(123,910)**	**(290,873)**					

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.8 DEBT SERVICE FUND REVENUE

The City's debt service fund is primarily supported through an annual real estate tax levy and the interest earnings associated with these deposited funds. In 2017 the millage was set at 7.4357 mills and will generate $966,644 in real estate tax collections. There will also be an additional $37,485 in tax lien sales that will raise the revenue in that fund to a projected $1,004,128.

EXPENDITURES

The City's debt service obligation for 2017 is $1,168,805. This includes the parking garage debt and the payments for the unfunded debt loan Series of 2016. **Table 37** provides a detailed review of the debt service requirements for the next five years.

TABLE 37 – DEBT SERVICE PAYMENT SCHEDULE 2017-2021

YEAR	KS STATE BANK #1	KS STATE BANK #2	SERIES OF 2013	UNFUNDED DEBT LOAN 2016	TOTAL
2017	78,458	96,754	276,593	717,000	1,168,805
2018	78,458	96,754	275,493	717,000	1,167,705
2019	78,458	96,754	274,393	717,000	1,166,605
2020	78,458	96,754	513,224	717,000	1,405,436
2021	78,458	96,754	511,586	717,000	1,403,798

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

Because the revenue generated in this fund is not enough to cover the entire debt service payment obligations, it will be necessary for the City to contribute between $130,000 to $350,000 to cover these payments. Beginning in 2020, the debt service payments will increase by $238,000 because the payments for the GO Series of 2013 will increase. This will require at least an additional $350,000 in funding from the General Fund. **Table 38** provides the schedule of long term debt that is outstanding as of January 1, 2017.

TABLE 38. LONG TERM DEBT SCHEDULE

LENDER	ISSUE AMOUNT	OUTSTANDING DECEMBER 31, 2016
Kansas State Bank Loan #1	$1,000,000	$431,246
Kansas State Bank Loan #2	$1,101,264	$828,436
GO Bonds Series of 2013	$10,357,156	$6,485,000
GO Note - Unfunded Debt	$6,000,000	$6,000,000
TOTAL GO Long Term Debt	$18,458,420	$13,744,682

SOURCE: WESSEL & COMPANY. 2009 AUDITED FINANCIAL STATEMENTS

Table 39 provides a comprehensive history of the revenues, expenditures and fund balances for the Debt Service Fund from 2012 projected through 2021. It should be noted that the City also has debt related to its Sewer Upgrade projects which is approximately $60 million but is not considered to be General Obligation debt because it is supported by Revenue Bonds that were issued through PENNVEST. This debt will be discussed as part of the Sewer Upgrade Fund section.

TABLE 39 – DEBT SERVICE FUND ACTIVITY 2012 – 2016 WITH PROJECTIONS THROUGH 2021

	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
REVENUE:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
RE Taxes	647,005	663,253	573,055	416,266	426,352	918,414	932,190	946,173	960,366	974,771
Liened Taxes	-	-	-	-		37,484	43,107	49,573	57,008	65,560
Interest		12	11	19	198	-	10	10	10	10
Total Revenue	**647,005**	**663,265**	**573,066**	**416,285**	**426,800**	**955,898**	**975,307**	**995,756**	**1,017,384**	**1,040,341**
Transfer In (PF)				-		48,203	48,203	48,203	48,203	48,203
Transfer In (GL)					1,048,416		131,000	131,000	350,000	350,000
LOC Proceeds		337,601	184,097	-	78,518					

	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
EXPENDITURES:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
DEBT SERVICE EXPENDITURES	**(288,242)**	**(584,066)**	**(387,989)**	**(402,729)**	**(1,328,418)**	**(1,168,805)**	**(1,167,705)**	**(1,166,605)**	**(1,405,436)**	**(1,403,798)**
Proceeds – Bonds/Notes		560,246			6,000,000					
Lease Proceeds					1,328,418					
Transfer Out (PF)		(1,118,774)	(184,169)			-	-	-	-	-
Transfer Out (GL)					(2,969,198)					
Unfunded Loan Restructure Expenses	-	-	-	-	(4,590,055)	-	-	-	-	
Excess/(Deficit)	**358,763**	**(141,728)**	**185,005**	**13,556**	**(5,519)**	**(164,704)**	**(13,195)**	**8,354**	**10,151**	**34,746**
Fund Balance (Deficit) Restated				**20**	**(5,499)**					

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.9 RECREATION FUND

REVENUE

Prior to 2009, recreation in the City was funded by a special levy on real estate. This levy, which was 4.494 mills in 2006 generated $599,688. This levy was increased in 2007 to 5.9555 mills and the levy generated $591,920 in 2008. In 2009 the City eliminated the recreation fund and showed all revenue in the "Departmental Earnings" portion of the general fund budget and accounting system. In fiscal year 2009, the City eliminated the special levy on real estate as a method to fund recreation activities.

Revenue generated specifically for recreation in 2009 totaled only $120,326 derived primarily from gate tickets at Point Stadium as well as franchise fees. For 2010 and subsequent budget years, the recreation revenue was returned to a separate Recreation Fund and is accounted for separately from the general fund. However, the routine recreation activities remain in the general fund. Only activities specifically related to Point Stadium are now included in the recreation fund.

Total revenue identified exclusively as part of the Recreation Fund was only $40,768 in 2016. This includes gate tickets, stadium rental, concessions and advertising at Point Stadium.

There continues to be considerable uncertainty about programming, cost recovery, and uses for Point Stadium. While the City has taken steps to promote and market as well as evaluate current programming, Point Stadium continues to be significantly underutilized. The City needs to create a business plan that focuses on additional uses and revenue from Point Stadium.

EXPENDITURES

Expenses at Point Stadium in 2016 were $192,864 mostly for employee compensation and benefits and utility, equipment, and supplies. This made it necessary for the General Fund to transfer approximately $150,000 into this fund to cover expenses.

Expenditures in the Recreation Fund have exceeded revenue in every year since 2009 and the General Fund has subsidized these expenditures. Transfers have been required and will continue to be required to support the Point Stadium expenditures.

Because there is a social component of recreation that fulfills certain quality-of-life aspects for City residents, recreation will continue to be a vital part of the City's overall mission. It is recommended, however, that the Recreation Fund be consolidated with the General Fund because there are significant revenues and expenditures already made from the General Fund and there is very little revenue or activity in the Recreation Fund.

Table 40 provides a comprehensive history of the revenues, expenditures and fund balances for the Recreation Fund from 2012 projected through 2021. The revenue includes the transfers from the General Fund as they are shown in the Audited Financial Statements.

TABLE 40 – RECREATION FUND ACTIVITY 2012 – 2016 WITH PROJECTIONS THROUGH 2021

	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
REVENUES:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Fees	77,438	72,711	53,550	62,635	64,419	40,100	40,501	41,109	41,520	41,935
Other	1,600	1,600	-	-	-					
Interest	103	107	49	17	84	71	71	71	71	71
Total Revenue	79,141	74,418	53,599	62,652	64,503	40,768	41,788	41,180	42,209	43,264
EXPENDITURES:	(230,103)	(207,298)	(189,197)	(213,622)	(134,495)	(195,757)	(198,693)	(201,674)	(204,699)	(207,769)
Transfer In From GL Fund	138,467	133,867	138,489	133,459	21,000	135,000	135,000	135,000	135,000	135,000
Excess/(Deficit)	**(12,495)**	**987**	**2,891**	**(17,511)**	**(113,495)**	**(19,989)**	**(21,906)**	**(25,494)**	**(27,490)**	**(29,505)**
Fund Balance (Deficit) Restated				**105,662**	**(7,833)**					

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.10 SANITATION FUND

REVENUE

The user fee charged to all property owners for pick-up and disposal of refuse supported the Sanitation Fund until 2013 at which time the City executed a new contract that required the vendor to direct bill residents.

Sanitation Fund Revenues remained relatively constant through 2013 leveling off at about $1.5 million per year. However, after 2013, the City collected only delinquent accounts which resulted in revenue in 2016 in the amount of $35,450. These collections have become smaller in each fiscal year.

EXPENDITURES

In 2012, the City finally realized an excess of revenue over expenditures in the amount of $28,459 in the Sanitation Fund. The City no longer bills the residents for this service and has no collection responsibilities. The City should eliminate this fund for budget year 2018. **Table 41** provides a comprehensive history of the revenues, expenditures, and fund balances for the Sanitation Fund from 2012 projected through 2021.

TABLE 41 – SANITATION FUND ACTIVITY 2012-2016 WITH PROJECTIONS THROUGH 2021

	AUDITED	AUDITED	AUDITED	AUDITED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
REVENUES:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Grants	7,226	7,782	7,477	7,589	8126	7,500	7,500	7,500	7,500	7,500
Fees	1,532,070	1,496,752	99,740	63,060	28,119	43,927	35,000	25,000	15,000	5,000
Interest	1,071	787	28	17	2	15	15	20	15	15
Fines	796	935	64	589	43	100	100	100	100	100
Total Revenue	**1,541,163**	**1,506,256**	**107,309**	**71,255**	**36,290**	**51,542**	**42,615**	**32,620**	**22,615**	**12,615**
EXPENDDITURES	(1,493,354)	(1,498,864)	(24,461)	(24,242)	(27,322)	(21,404)	(21,404)	(21,404)	(21,404)	(12,000)
Transfers Out (GF)		(332)				(30,023)	(21,000)	(11,000)	-	-
Excess/(Deficit)	**47,809**	**7,060**	**82,848**	**47,013**	**8,968**	**115**	**211**	**216**	**1,211**	**615**

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

4.11 OTHER GOVERNMENTAL FUNDS

CAPITAL FUND

REVENUE

For years, the City of Johnstown dedicated its non-resident earned income tax, authorized as a remedy under Act 47, directly to the Capital Fund. Equipment, facilities, and other capital projects were funded through this method. However, beginning in 2006, these funds were needed for the general operation of the City departments and were no longer dedicated to capital projects.

In 2006, the City completed a $6 million general obligation bond issue for improvements to the Point Stadium, payoff of the Washington County loan for the Renaissance project, improvements to City Hall, improvements to the Public Safety Building, and improvements to the Washington Street Garage.

In 2009, the City issued additional general obligation bonds in order to reimburse itself for capital expenses that were previously made from the proceeds from the sale of the sewage treatment plant. Funds were transferred to the general fund in the amount of $4,665,000 in 2008 and in the amount of $253,377 in 2009 and used to make payments on current liabilities such as the pension obligation, the tax and revenue anticipation note payoff, and the parking bond debt service payment. The assets in the capital fund at the end of fiscal year 2009 were $375,811.

Since 2009, the Capital Fund has been supported by grant funds for special projects, transfers from the General Fund, and proceeds from the City's First Summit Bank line of credit. In 2015, the City received grant funds in the amount of $5,539,727 for the Haynes Street Bridge Replacement project. At the beginning of 2016, there was $675,929 in the Capital Fund and revenues from grant funds were deposited in the amount of $364,832. There was also a transfer from the General Fund in the amount of $444,931. The City uses the Capital Fund primarily for infrastructure projects that are grant funded.

EXPENDITURES

Most expenditures from the Capital Fund since 2009 have been for projects that are funded through grants or proceeds from borrowing. In 2012, there were expenditures for projects in the amount of $770,941 that included: computer hardware and software, improvements at Oak Playground, Hick Street Bridge Replacement, Haynes St. Bridge Replacement, Main St. East Garage Project, and the LED garage lighting project. There were no planned expenditures from this fund in 2013 with the exception of parking garage repairs that were made from the proceeds of the General Obligation Bond – Series 2013. The available assets in this fund at January 1, 2014 were $238,906.

In 2015, there were expenditures from PENNDOT grant funds in the Capital Fund in the amount of $6,133,746. These expenditures were primarily for the Haynes St. Bridge Replacement project and the Dellwood Street Bridge Replacement project. In 2016, there were expenditures for police, fire, and public works vehicles in the amount of $615,077 that were funded through a capital loan lease through Kansas State Bank. Because there are no available unrestricted assets, there are very few expenditures to be made from this fund in 2017 with the exception of police vehicles.

In the past, the City prepared a Capital Improvement Plan (CIP) each year that was reviewed and approved by the City Council along with the general operating budget. In fact, the City's Home Rule Charter requires that the CIP must be completed and adopted by Council by August 1 of each fiscal year. But in recent years, the City did not have capital funds to commit to projects and eliminated this practice.

In 2016, the new Finance Director completed a summary CIP that included the current planned and future projects for a five- year period. The City should enhance and maintain a five-year CIP that includes the identification of facility and infrastructure projects and a plan to replenish resources and funding sources to support the identified projects.

SEWER UPGRADE FUND

REVENUE

The City sold the sewage treatment plant to the Redevelopment Authority in 2005 and closed the Bureau of Sewage Fund as the funds were exhausted and activities were transferred.

In July 2010, the City executed a Consent Order and Agreement (COA) with the Pennsylvania Department of Environmental Protection. The COA is designed to address sanitary sewer overflows (SSO) in the region served by the Johnstown Redevelopment Authority's Dornick Point Sewage Treatment Plant in West Taylor Township, Cambria County. The COA obligates the City to a schedule of corrective actions related to its sanitary sewer system. As a result, the City raised its minimum monthly sewer usage charge to $55 up to 6,000 gallons effective January 2017. It will be increased to $59 up to 6,000 gallons in January of 2018. These funds are collected in the Sewer Upgrade Fund. The fees are being used to support the required activities and associated debt service that must be completed as a result of the COA.

By 2016, the sewer user fees were generating about $6.4 million per year to support the sewer projects. In addition, the City has incurred loans in the amount of $60 million that is supported by sewer fee revenue through the state's PENNVEST program. **Table 42** provides a history of the revenue by source for this fund over the past 3 years.

TABLE 42 - SEWER UPGRADE FUND REVENUE BY SOURCE 2010-2012

SOURCE	2010	2011	2012	2013	2014	2015	2016
Interest Earnings	$2,925	$28,237	$43,189	$42,786	$32,598	$25,178	$9,159
State Grants – Flood	0	$9,750	$9,809		$0		
State Grants - 4th Avenue	0	0	$57,835		$0		
User Fees - Sewer Upgrade	$2,569,656	$4,936,609	$4,905,209	$5,336,079	$4,826,120	$5,458,691	$6,461,656
PENNVEST Loan Proceeds	0	0	$1,574,028	$7,144,050	$11,140,523	$22,038,058	$20,100,913
TOTAL	**$2,572,580**	**$4,974,596**	**$6,590,070**	**$12,522,915**	**$15,999,241**	**$27,521,927**	**$26,571,728**

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

EXPENSES

Beginning in 2010, the City began to design, engineer, and undertake projects to address the sanitary sewer overflow problem. The City has received nine (9) PENNVEST loans through the PA Department of Environmental Protection to continue capital projects that will bring the City into compliance with the consent order. **Table 43** provides a 3-year history of the expenditures that have been supported by the Sewer Upgrade Fund.

TABLE 43 - SEWER UPGRADE FUND EXPENSES BY USE 2014-2016

USE	2014	2015	2016
Sewer Upgrade Projects	$5,633,557	$496,523	$4,727,617
Personnel Expense	$31,360	$29,617	$25,120
DEP Overflow Fines	$10,000	$10,000	$18,000
Advertising Expense	$3,700	$3,525	$1,615
Audit	$15,000	$18,000	$23,000
RDM Contract Expense	$183,467	$178,387	$173,608
Engineering Expense	$1,533,626	$15,374	$3,165,869
Legal Expense	$14,812	$28,282	$7,000
Easements	$24,604	$33,498	$19,266
PENNWORKS Projects	$1,377	$2,140	$214,379
PENNVEST Debt Service	$113,576	$126,124	$1,826,921
PENNVEST Project Expenses	$8,980,646	$208,310	$20,812,950
Depreciation Expense	$3,000	$380,702	0
Transfer to GL Fund	$533,908	$450,749	$450,000
TOTAL Expenditures	**$17,082,633**	**$1,981,231**	**$31,465,345**

SOURCE: WESSEL AUDITED FINANCIAL STATEMENTS AND GRS PROJECTIONS

As of December 31, 2015, the audited fund balance for the Sewer Upgrade Fund was $21,571,789. It is estimated that the fund balance at December 31, 2016 was approximately $16.6 million. In the 2017 budget, the City planned for another $30 million in projects and a $450,000 transfer to the General Fund to reimburse it for expenses related to the sewer projects. These funds are restricted for sanitary sewer upgrades to address the DEP consent order.

The outstanding long-term debt from PENNVEST revenue bonds in the amount of $56 million for the sewer projects and consent order are shown in **Table 44.** It is expected that the City will incur another $44 million in order to complete the planned projects to address the COA.

TABLE 44 - SCHEDULE OF PENNVEST LOANS

SEWER UPGRADE FUND - SCHEDULE OF PENNVEST LOANS			
Loan Identification	**Location**	**Outstanding December 31, 2016**	**Annual Debt Service**
Loan #79372	Hornerstown Part 1	1,622,650	9,228
Loan #71390	Hornerstown Part 2	6,745,124	43,300
Loan #71397	Roxbury	8,480,881	50,128
Loan #71406	Oakhurst	7,552,547	54,203
Loan #71412	Woodvale	9,558,185	51,438
Loan #71417	Moxham Part 1	4,799,928	50,128
	Morrellville	15,900,000	73,128
Total Outstanding Loans		**56,519,810**	**331,548**

SOURCE: JOHNSTOWN FINANCIAL RECORDS, GRS ANALYSIS

4.12 ALL GOVERNMENTAL FUNDS

The audited financial statements include a statement of revenues, expenditures and changes in fund balance for all governmental funds (i.e. general, pension, debt service, parking, recreation, sanitation, capital, and special community development funds) as part of the normal course of the audit. The Sewer Upgrade Fund was re-categorized by the auditors as a proprietary business enterprise fund in 2013 and it is, therefore, not included as part of the Governmental Funds for any year. **Table 45** provides a detailed history of the audited financial statements for all Governmental Funds for the City of Johnstown for the most recent 5 years. The revenues, expenditures, and operating deficits or excesses are shown for each year from 2012 through 2016.

TABLE 45 - SUMMARY OF ALL GOVERNMENTAL FUNDS - AUDITED FINANCIAL STATEMENTS

SOURCES	2012	2013	2014	2015	2016
Taxes	9,780,441	9,825,298	10,333,489	11,441,355	12,439,547
PILOT	219,860	224,536	226,246	12,208	9,319
Licenses & Permits	474,650	547,605	445,904	444,403	423,181
Fines & Forfeit	181,830	128,157	112,207	110,889	250,877
Intergovernmental	116,000	131,000	50,000	60,000	0
Charges for Services	1,637,508	1,599,463	183,290	161,078	773,870
Departmental	163,301	157,098	173,593	158,652	150,184
Interest/Investments	49,391	61,592	50,426	46,983	44,545
Grants & Joint Projects	6,040,027	5,924,877	8,374,007	8,961,557	4,810,774
Other	474,792	768,141	945,508	287,620	339,179
TOTAL Revenue	**19,137,800**	**19,367,767**	**20,894,670**	**21,684,745**	**19,241,476**
USES	**2012**	**2013**	**2014**	**2015**	**2016**
General Government	1,651,183	2,031,499	1,968,762	2,125,551	1,959,891
Public Safety	8,338,813	8,938,439	9,562,632	9,577,746	9,657,411
Community Development	3,529,788	3,105,967	2,067,141	1,725,775	1,628,179
Parking					1,253,798
Public Works	2,202,278	2,302,170	2,279,623	2,553,429	2,340,473
Human Services	226,369	393,741	306,762	167,279	183,982
Culture & Recreation	504,000	500,438	428,519	510,118	475,863
Capital Expenditures	770,941	1,103,349	4,575,356	6,157,988	1,535,532
Debt Service	288,242	584,066	387,989	402,729	4,590,055
Sanitation Expenses	**1,493,354**	**1,498,864**	**-**	**43,529**	27,322
TOTAL EXPENSES	**19,004,968**	**20,458,533**	**21,576,784**	**23,264,144**	**23,652,506**
Difference	**132,832**	**(1,090,766)**	**(682,114)**	**(1,579,399)**	**(4,411,030)**
Operating Transfers In	313,615	1,055,198	650,640	1,219,681	5,794,106

Operating Transfers Out	(313,615)	(1,420,668)	(834,809)	(768,931)	(5,076,429)
	2012	**2013**	**2014**	**2015**	
Line of Credit Proceeds	0	337,601	184,097		78,518
Bond/Note Proceeds	0	6,710,000	0		6,000,000
Bond Discount	0	(94,754)	0		
Bonds Redeemed	0	(6,055,000)	0		
Excess/(Deficiency)	**132,832**	**(558,389)**	**(682,186)**	**(1,076,942)**	1,328,418
BEGINNING FUND BALANCE	**1,659,691**	**1,792,523**	**1,398,679**	**716,493**	**(360,446)**
RECLASSIFICATION OF UNRESTRICTED FUND BALANCE					**(2,838,405)**
ENDING FUND BALANCE	**1,792,523**	**1,398,678**	**716,493**	**(360,446)**	**514,732**

SOURCE: WESSEL & COMPANY AUDITED FINANCIAL STATEMENTS

4.13 CONCLUSION

As part of this review, the financial condition of the City was evaluated against the solvency standards that were set out in the Introduction of this *Section 4*. These standards are generally accepted by the International City Managers Association (ICMA), the Government Finance Officers Association (GFOA), and the PA Department of Community and Economic Development financial management guidelines. Comments related to each level of fiscal solvency are provided below.

CASH SOLVENCY: A government's ability to generate cash flow over a 60-day period to pay its bills

COMMENT: In the past, the City had cash reserves or proceeds from a Tax Anticipation Note in the early part of the fiscal year that provided adequate cash flow for the payment of its current liabilities and obligations. However, in 2016 after several years of rolling forward structural deficits, the City faced an estimated $1.8 million deficit for year-end and was forced to seek an unfunded debt loan in the amount of $6 million to restructure outstanding debt and to meet current year obligations. This loan provides reserves for two years and will be paid over a 10- year period at $717,000 per year.

BUDGETARY SOLVENCY: A government's ability to generate revenues over its normal fiscal year to meet its expenditures and avoid deficits.

COMMENT: Although, the City adopts a balanced budget annually, revenue has been overestimated and expenses underestimated in the past. As a result, the City has experienced structural deficits for seven (7) of the past ten (10) years because it did not

meet its revenue projections or expenditure limits. Although the budget process has improved tremendously over the past 3 years, the City must budget revenues and expenditures more accurately to avoid deficits in the future.

LONG-RUN SOLVENCY: A government's ability, in the long-term, to pay all costs of doing business, as well as meeting all costs such as pension costs and accumulated accrued employee leave benefits, as they occur

COMMENT: The City has significant challenges in its long-term ability to pay the costs of doing business as well as meeting its long-term accrued liabilities and obligations. Because the City is burdened with legacy costs such as pension ($24 million) and OPEB obligations ($20 million) that affect the current year operating budget, long-term expenses directly impact the City's ability to pay for current year operating expenses. Furthermore, the City residents are burdened with above average earned income tax rates and escalating sewer fees to support more than $50 million of capital improvements to the sanitary sewer system under the DEP consent order.

SERVICE-LEVEL SOLVENCY: A government's ability to provide services at a certain level and quality that are required for the health, safety, and welfare of the community.

COMMENT: The City has made significant reductions in staffing over the past decade from 200 employees in 2007 to 134 employees in 2017. The City has eliminated all of the employees in departments such as recreation, sewer, and sanitation. In some cases, these services have been transitioned to outside contractors; in others, services have either been decreased or eliminated. Since 2007, the City has eliminated 10 positions in the police department, 10 positions in the fire department, 20 positions in the public works department, and 6 positions in the Finance Department. The City is currently still able to provide services at an adequate level for the health, safety, and welfare of the community. But it cannot continue to lose large segments of its staffing without having a negative impact on the quality of services provided to its residents.

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 OPEB obligations as noted. Debt related to the 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.*

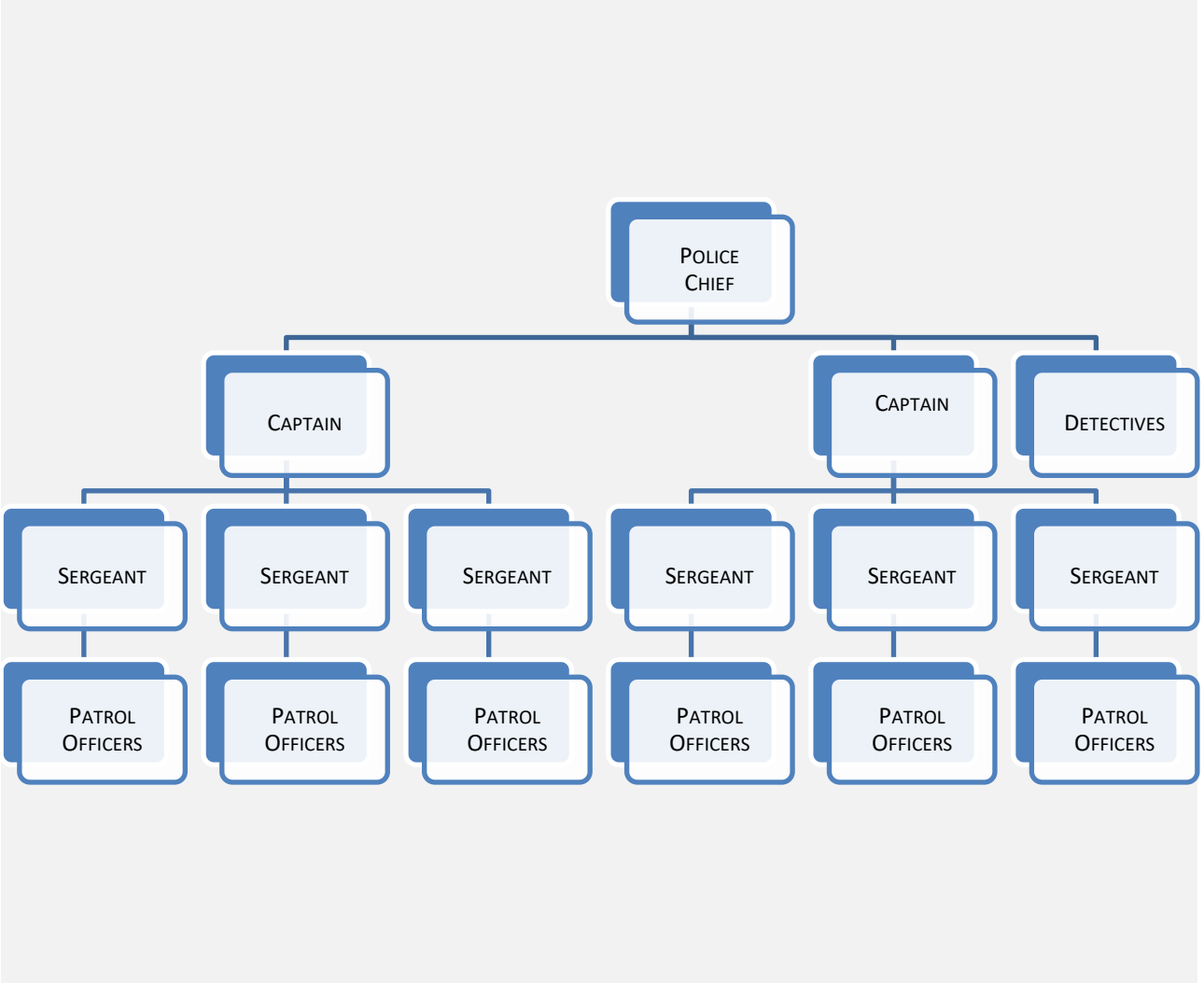
SECTION 5 – DEPARTMENT OPERATIONS

As part of this Seventh Amended Recovery Plan and because a vast majority of the City's expenses are related to personnel, reviews of department operations were conducted and are reported in this section of the report. The results of the reviews and the initiatives derived from them are reported in *Section 8. Summary of Initiatives.*

5.1 POLICE DEPARTMENT

The City of Johnstown Police Department (JPD) is comprised of 38 full time sworn officers. The Home Rule Charter does not establish the number of officers or the administrative structure of the police department. Section 242 of the Administrative Code specifies that the Police Chief "shall be responsible to the City Manager for the performance of the functions of the police department." The number of officers and the rate of compensation are set from time to time by Council.

The department's structure is as follows: Chief of Police, 2 Captains, 6 Patrol Sergeants, 4 Detectives, one Juvenile officer, 2 officers assigned under the C.O.P.S program, 4 street patrol K9 Teams, 4 Motor Units(motorcycles), Crisis Intervention Team (C.I.T.)



officers and several selected officers of the Johnstown Police Dept. operate on the Cambria County Special Emergency Response Team (S.E.R.T). The CBA identifies the position of Lieutenant but that position is not currently filled and it does not appear that there are plans to fill it.

The Department has several specialized vehicles: A Mobile Command Center, a S.E.R.T. response vehicle and armored EMS Tactical vehicle, a unit outfitted with License Plate Reader (LPR) Technology, and a Prisoner Transport Unit.

The Motor Division is used primarily for parade and funeral details although the motorcycles are used on patrol at times depending on manpower and conditions. The department is examining whether retaining the unit is cost effective or a wise use of departmental resources.

The K9 unit has been funded in large part by the community. The last 3 K-9 vehicles and all of the dogs were purchased by the Community Foundation for the Alleghenies through donations. The interim chief is examining whether the unit is an effective use of departmental resources even while recognizing the amount of funding coming from outside the JPD. There is a belief that there would be some community backlash if the unit was disbanded.

FINANCIAL OVERVIEW

For the years 2014-2016 the police department expenditures at $3.5 million were 33% of the total City expenditures.

TABLE 46: JOHNSTOWN POLICE DEPARTMENT ANNUAL EXPENDITURES

COMPENSATION	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL
Base Salaries (36 Officers)	$1,771,959	$1,981,836	$1,916,279
FED - COPS Reimbursement	$0	-$88,615	-$157,000
Premium Pay	$116,916	$124,186	$100,000
Educational/Sick Leave Incentives	$28,016	$29,962	$27,000
Overtime - Fill Shifts	$72,283	$63,839	$85,160
Uniforms	$28,764	$30,069	$28,800
Longevity	$33,733	$32,692	$31,108
Total Compensation	**$2,051,671**	**$2,173,969**	**$2,031,347**

BENEFITS	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL
Health Insurance	$403,654	$416,725	$508,680
Employee Co-Pay	-$55,073	-$64,092	-$78,472
HRA Liability	$14,780	$15,687	$15,199
Vision	$3,623	$3,771	$3,572
Life	$1,518	$5,958	$7,143
Dental	$25,322	$22,400	$20,724
Total Benefits	**$393,824**	**$400,449**	**$476,846**
TOTAL COMPENSATION AND BENEFITS	**$2,445,495**	**$2,574,418**	**$2,508,193**
Total Retiree Benefits	$277,729	$297,797	$328,047
Total Other Operating Expenses	$771,185	$536,537	$747,259
TOTAL FIRE DEPARTMENT EXPENSES	**$3,494,409**	**$3,408,752**	**$3,583,499**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

COMPARABLE COMMUNITIES

As part of the benchmarking process, similar cities in the Commonwealth were used for comparison purposes. The cities that are most comparable to Johnstown in size, demographics, crime, and policing challenges are Hazleton, Lebanon, McKeesport, and New Castle. Staffing, budgets, and cost for these five (5) cities are shown in **Table 47.**

TABLE 47: JOHNSTOWN AND COMPARISON CITIES STAFFING/BUDGETS

CITY	CONTRACTS	POLICE BUDGET ($1,000)	POP SERVED	FTE	PER 1,000 POP	$$ PER CAPITA
Johnstown Cambria County	Dale, Lorain, Middle Taylor, West Taylor	3,722	22,724	39 FT	1.72	164
Hazleton Luzerne County	None	3,958	24,825	37 FT	1.49	159
Lebanon Lebanon County	None	4,508	25,534	36 FT	1.41	177
McKeesport Allegheny County	Dravosburg	5,125	21,235	44FT 6 PT	2.12	241
New Castle Lawrence County	Taylor Township	3,835	23,427	36FT 7PT	1.62	164

SOURCE: DCED MUNICIPAL STATISTICS, COMMUNITY WEBSITES, ACS CENSUS DATA

A review of the police budgets for these five cities was conducted and the results are reported in **Table 48**. In Johnstown, about 33% of the total general fund budget is allocated for the JPD. In addition to the general fund, Johnstown includes a pension payment to the police pension fund in the amount of $1.1 million annually.

TABLE 48: JOHNSTOWN AND COMPARISON CITIES WITH % OF TOTAL EXPENDITURES

MUNICIPALITY NAME	POP SERVED	TOTAL IN ($1000)	POLICE IN ($1000)	% OF TOTAL
JOHNSTOWN	22,724	11,319	3,722	32.98%
HAZLETON	24,825	9,531	3,958	41.76%
LEBANON	25,534	11,532	4,508	39.10%
MCKEESPORT	21,235	21,630	5,125	23.70%
NEW CASTLE	23,427	19,271	3,835	20.57%

CRIME ACTIVITY STATISTICS

The Uniform Crime Reports (UCR) contain official data on crime in the United States, published by the Federal Bureau of Investigation (FBI). Law enforcement agencies across the United States provide the data to the FBI which then compiles the reports. For reporting purposes, criminal offenses are divided into two major groups: Part 1 offenses and Part 2 offenses. As part of this review, GRS analyzed both Part 1 and Part 2 crime data for the City of Johnstown from 2014 through 2016. However, it should be noted that information reported by the UCR is only as good as the information that is provided by the law enforcement agencies.

PART 1 VIOLENT OFFENSES IN JOHNSTOWN (2016)

For Part I crimes that are considered more serious, the UCR indexes report incidents in two categories: violent and property crimes. Aggravated assault, forcible rape, murder, and robbery are classified as violent while arson, burglary, larceny-theft, and motor vehicle theft are classified as property crimes.

TABLE 49: PART 1 CRIME-VIOLENT AND NON-VIOLENT FIGURE

PART 1 CRIME	2014	2015	2016
VIOLENT	125	125	105
PROPERTY	814	703	645

Figure 8 and **Table 50** provide an overview of the Part 1 Crime in Johnstown in 2016 by type:

TABLE 50: CITY OF JOHNSTOWN – PART 1 CRIME 2012-2016

OFFENSE	2012	2013	2014	2015	2016
HOMICIDE	1	7	6	3	5
RAPE	6	2	6	7	2
ROBBERY	31	45	32	25	20
AGGRAVATED ASSAULT	93	76	81	70	73
LARCENY	499	497	503	476	420
M.V. THEFT	38	28	19	25	20
BURGLARY	285	277	290	199	201
ARSON	3	7	2	3	4
TOTAL	**956**	**939**	**939**	**808**	**745**

It should be noted that Part 1 crimes in the City of Johnstown have steadily declined during the past 5 years.

8: PART 1 CRIME IN JOHNSTOWN BY TYPE (2016)

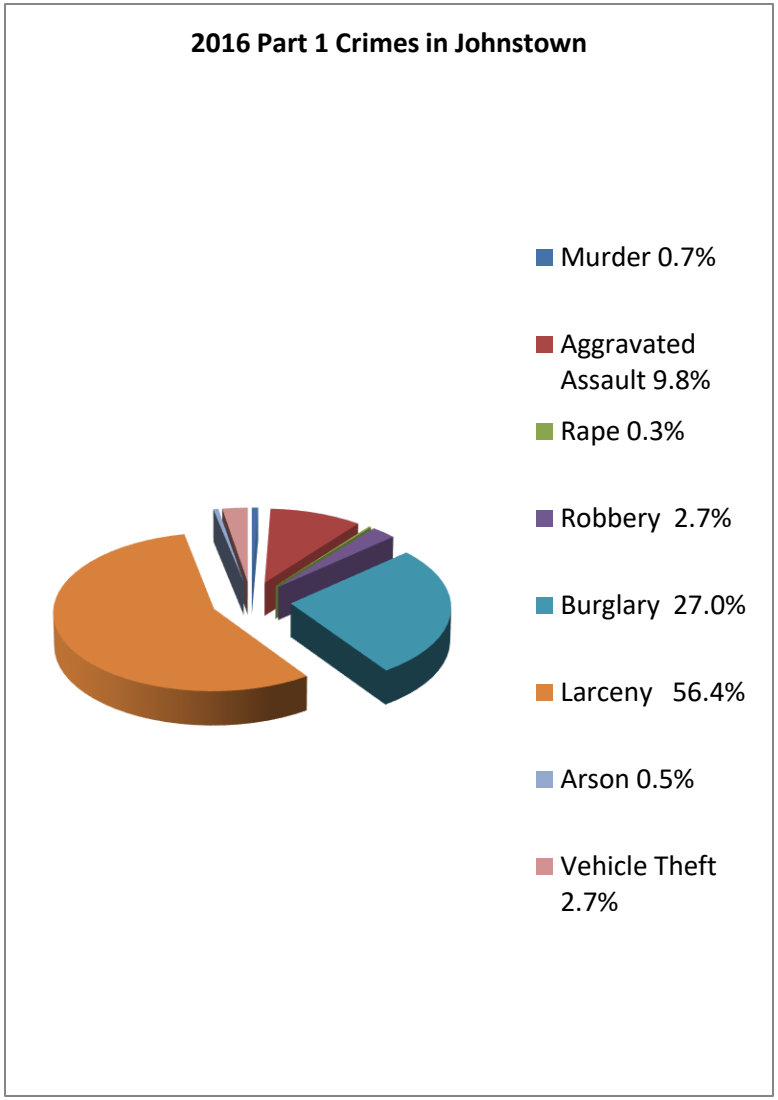


FIGURE 9: PART 2 CRIMES IN JOHNSTOWN BY TYPE (2016)

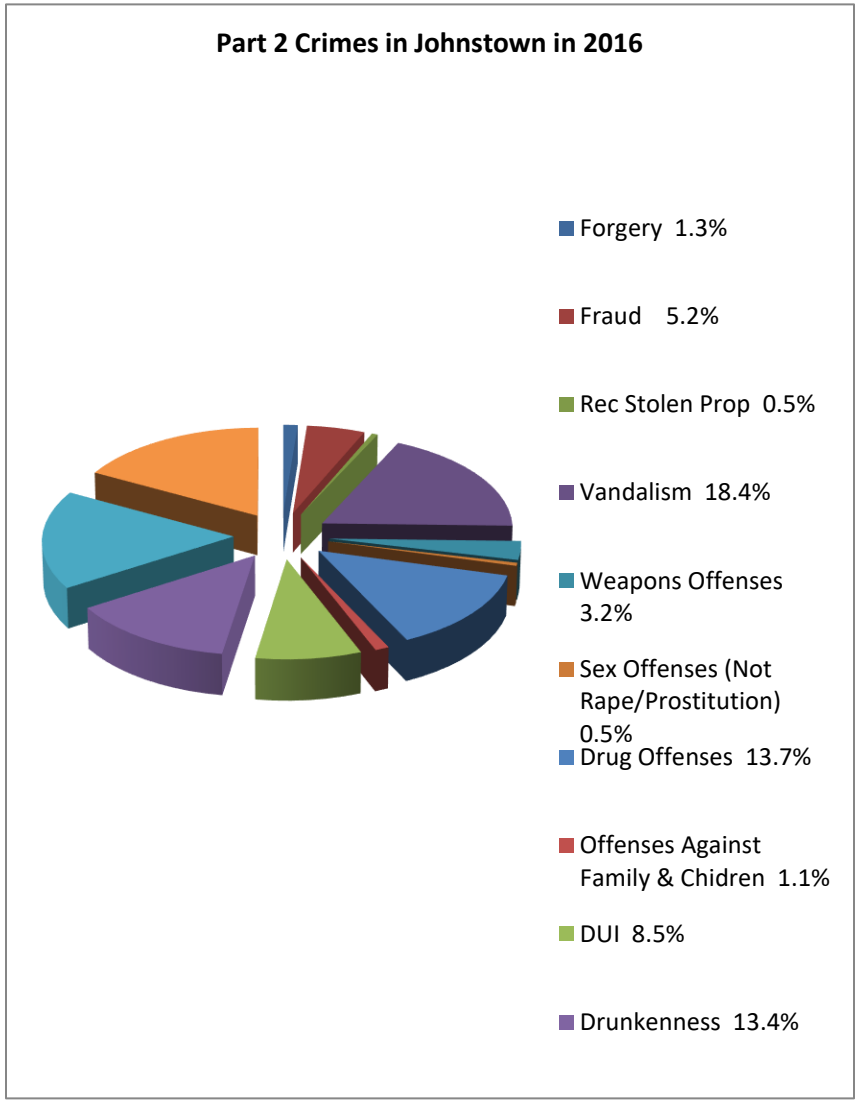


TABLE 51: PART 2 CRIMES FOR THE CITY OF JOHNSTOWN (2016)

PART 2 CRIMES (2016)	JOHNSTOWN
Forgery	17
Fraud	69
Rec Stolen Property	7
Vandalism	245
Weapons Offenses	43
Sex Offenses (not Rape or Prostitution)	7
Drug Offenses	183
Offenses Against Family and Children	15
DUI	113
Drunkenness	179
Disorderly Conduct	226
Other	231
TOTAL	**1335**

SOURCE: PA UNIFORM CRIME REPORTS, http://www.paucrs.pa.gov/ucr/commain.asp

PART 1 VIOLENT CRIME IN COMPARABLE COMMUNITIES (2016)

Table 52 shows the actual number of violent crimes in the City of Johnstown in 2016 as reported to the Pennsylvania Uniform Crime Reporting (UCR) System along with five other comparable communities. According to the UCR data, the City of Johnstown had less violent crime than McKeesport and New Castle but more violent crime than Hazleton and Lebanon, both in actual numbers and in per capita offenses per residents.

TABLE 52: PART 1 VIOLENT CRIME OFFENSES IN COMPARABLE CITIES (2016)

CITY	POP	2016 VIOLENT CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	PER CAPITA PER 1000
JOHNSTOWN	22724	100	5	2	20	73	4.40
MCKEESPORT	21235	303	3	7	59	234	14.26
HAZELTON	24825	95	1	10	45	39	3.83
LEBANON	25534	61	1	3	17	40	2.39
NEW CASTLE	23427	129	3	9	54	63	5.50

SOURCE: PA UNIFORM CRIME REPORTS, http://www.paucrs.pa.gov/ucr/commain.asp

PART 2 CRIME IN COMPARABLE COMMUNITIES

GRS also did an analysis of the 2016 Part 2 crime statistics to determine the types of crime that have been most common in Johnstown and the comparison communities. The Part 2 crimes in Johnstown are similar to the Part 2 crimes in most of the comparable communities with the exception of New Castle who reported much smaller numbers. This could be a reporting problem.

In Part 2 crime statistics, the following categories are tracked: simple assault, curfew offenses and loitering, embezzlement, forgery and counterfeiting, disorderly conduct, driving under the influence, drug offenses, fraud, gambling, liquor offenses, offenses against the family, prostitution, public drunkenness, runaways, sex offenses, stolen property, vandalism, vagrancy, and weapons offenses. . **Table 53** shows the breakdown of Part 2 crimes for Johnstown and the comparison communities

TABLE 53 - PART 2 CRIMES IN COMPARISON COMMUNITIES (2016)

PART 2 CRIMES (2016)	JOHNSTOWN	HAZELTON	LEBANON	MCKEESPORT	NEW CASTLE
Forgery	17	17	8	8	8
Fraud	69	32	92	98	93
Rec Stolen Property	7	13	15	17	13
Vandalism	245	133	274	224	171
Weapons Offenses	43	61	4	146	47
Sex Offenses (not Rape or Prostitution)	7	17	21	1	10
Drug Offenses	183	210	207	183	264
Offenses Against Family and Children	15	83	3	24	6
DUI	113	58	93	36	54
Drunkenness	179	103	140	145	64
Disorderly Conduct	226	150	228	325	147
Other	231	256	236	145	169
TOTAL	**1335**	**1133**	**1321**	**1352**	**1046**

SOURCE: PA UNIFORM CRIME REPORTS, http://www.paucrs.pa.gov/ucr/commain.asp

OPERATIONS

LEADERSHIP

On October 5, 2016, the Police Chief at the time was placed on administrative leave by the City Manager and Captain Jacinga was named interim Police Chief and served in that capacity until June of 2017. On June 14, 2017, Robert Johnson, a 25-year veteran of the PA State Police was appointed as the permanent Police Chief.

DEPARTMENT ACTIVITY

No statistical analysis of calls for service could be performed. The Johnstown Police Department is dispatched by the Cambria County 911 Dispatch Center. The Johnstown Police Department does not have access to the electronic CAD information compiled by the 911 Center. This is problematic and needs to be addressed to achieve efficient administration, oversight, and planning for the Department, and to eliminate officers wasting time and resources writing reports on minor and relatively insignificant calls when that information already exists in the CAD entries.

There were 34,000 calls for service in 2016 and only 14,000 reports. It is estimated that 11,000 of those calls were calls that JPD would not respond to under any circumstances. There is a long-standing Department policy that officers will not get paid overtime to write reports. Officers try to catch up on reports several days after the calls come in and many insignificant calls never get reports because the officers cannot get to them. Writing reports on minor or insignificant incidents is inefficient.

The County uses a program called "En Route I-Status" which can be accessed to look at active calls, histories, and unit assignments across the County but information from this system cannot be used to conduct statistical analysis.

PATROL FUNCTION

The patrol function is the backbone of every local police department, and its importance is best described in the following statement:

"Patrol is the primary and most important activity of the police organization. The patrol force is the largest unit of the police organization, is distributed throughout the community and operates on a 24-hour basis; its members are in constant contact with the public. The patrol function is so basic to meeting the police responsibility that its objectives are synonymous with the total police responsibility. The objectives include the prevention and suppression of crime, the safeguarding of lives and property, the apprehension of

criminals, the control of traffic and non-criminal conduct and the provision of public services.[19]"

Currently, the City of Johnstown Police Department has 38 sworn officer positions (including the Chief). Assuming that the Chief and two Captains are dedicated to administration and the 4 Detectives are dedicated to investigations, there are 31 Sergeants and Patrolmen that provide 24-hour police patrol coverage for the City.

Sergeants run the shifts and each Sergeant is teamed with 2 patrolmen. Due to the current scheduling that calls for every officer to work four days on duty followed by 2 days off duty, most shifts are doubled up. The total number of officers on patrol is reduced by paid leave. In accordance with the "4-On 2-Off" schedule delineated in the CBA, the City retains the right to schedule each officer working that schedule up to 15 additional days during the year which may include training time, community events, and police coverage as needed by the POLICE CHIEF.

It is recommended that this schedule be assessed to determine if it is the most efficient in meeting the needs of the City. Because of the restrictions on scheduling the 15 days "owed" by each officer as outlined in the CBA (30-day advance notice except in emergencies and a maximum limit of 2 days worked per month), it is unclear how many of the "owed" days the City is actually recovering.

The IACP, which is widely recognized as an authority on police administration, has developed a formula designed to address the staffing requirements of any municipality with respect to the patrol function of a police department. The formula takes into account the annual calls for service and the number of hours that are available and required to perform routine patrol functions such as responding, clearing, and reporting incidents. Sick days, compensatory time, vacation time, bereavement days, holidays, and other time off are factored into this equation. The IACP recognizes that this formula cannot be used by all communities to determine staffing levels and because communities are unique and the type of policing is not the same in every community. The IACP offers a service, free of charge to communities who make this request, whereby it will bring a team into a community to specifically evaluate the patrol needs. Before any such request could be made, Johnstown will have to solidify a method of tracking and analyzing the calls for service.

The IACP considers several factors when making a recommendation:

- Policing Philosophy
- Police Policies and Practices
- Number of Calls for Service
- Population Style and Density

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[19] Vern L. Foley, *Police Patrol Techniques and Tactics (*Springfield, IL Charles C Thomas, 1973*)*

- Composition of population, particularly age structure
- Stability and Transiency of Population
- Cultural Conditions
- Policies of Prosecutorial, Judicial, Correctional and Probation agencies
- Municipal Resources[20]

Some police departments divide up their officer's time by having them dedicate one third of their time to answering calls for service, one third of their time patrolling and engaging in proactive activities, and one third for performing administrative duties, breaks and meetings with supervisors. Other police departments may not have any time for their officers to provide any patrolling or engage in proactive activity due to the high volume for calls for service. If a department wants its officers to be dedicated to community relations, problem solving, or using more proactive activities, more officers will be required to fulfill the patrol mission. Departments that do not or cannot emphasize the community –oriented approach to policing can get by with fewer officers.

In determining how many patrol officers are needed for a community, the amount of available municipal resources is most often the controlling factor. In other words, the question is not, "How many patrol officers does the City of Johnstown need?" Rather, the questions is, "How many patrol officers can the City of Johnstown afford?" The answer to that question must come from the political decision makers in the City with input from the Chief of Police.

NOTE: The Recovery Team was unable to run this calculation because of the lack of available data.

SUPPORT STAFF

The City of Johnstown Police Department shares one full time secretary with the Fire Department. There are currently 3 police records clerks whose duties are to handle requests from the public and to monitor prisoners. The police clerks are members of the AFSCME Union. When a police clerk is not on duty and a prisoner is in custody, an officer must be pulled from the road to monitor the prisoner(s).

RECORDS MANAGEMENT

[20] International Association of Chiefs of Police, Patrol Staffing and Deploying Study, 2008

The City of Johnstown Police Department currently utilizes the Metro Alert records management system. This system provides for basic report writing, records management, and numerous data query functions. The Department needs additional training for using the Metro Alert System. Training could be provided by Metro Alert for $250/day and the entire Department could be trained in 3 days. Metro Alert is a widely used and highly respected records management system in law enforcement circles. Metro Alert offers many expanded capabilities such as Mobile Report Writing that helps keep officers on the road. All of the Department's computers are in working order but they are still using the Windows XP operating system. Windows XP is no longer supported by Microsoft which is a very serious problem and leaves the system open to hacking and viruses.

POLICY AND STANDARD OPERATING PROCEDURES

It is the mission of police departments to protect and serve the public through the enforcement of laws. How that mission is accomplished, for the most part, is left to the individual law enforcement agencies to determine. The head law enforcement officer in each jurisdiction is responsible for directing the officers on how they do their jobs, and that is best accomplished through formal written policies and procedures. Policy and procedure manuals are a collection of directives that provide guidance to the police department's employees in performing their duties in given circumstances. In some cases, policies and procedures are written in a general way, giving officers a great deal of discretion in handling incidents, while other policies and procedures may be very specific in what an officer is required to do. Written policies and procedures ensure that all agency personnel perform their duties in a uniform, consistent manner and that responsibility is assigned for doing the job correctly.

A police manual should be a user-friendly resource that officers can refer to for guidance in handling particular types of incidents. The manual should be constructed in a way that it can be amended or changed as necessary in order to address new laws or changes in contemporary police procedures. Many police departments now have their policies and procedures on compact discs (CD), which allows each officer to receive a Police Chiefy rather than issue a bulky 3 ring binder to each officer. First preference would be to place policy and procedures on the shared drive in a read-only format of the department network. This allows for immediate access by all member of the police department. Policy updates can be e-mailed to officers, updated on the shared drive, or downloaded onto discs. Outdated policies and procedures can easily be deleted, thereby keeping the officers' copies current.

In addition to giving direction to officers on how they are expected to do their jobs, a comprehensive up-to-date policy and

procedure manual provides protection for the community, for the agency, and for the individual employees when lawsuits are filed against any or all of the above. If an officer follows a well-reasoned policy that reflects recommended contemporary police practices, it is a strong defense against allegations of wrongdoing on the part of the police.

The police department's Operations Manual is in the very early stages of being reviewed and revised. The officers in the department are not well versed on the department's written policies and procedures. One of the biggest problems is that ranking officers are not familiar with and do not follow policy.

The Western Pennsylvania Chiefs of Police Association as well as the IACP are two valuable resources for sample polices. Additionally, the PA Chiefs of Police Association provides a free comprehensive outline for Policy Manuals: http://www.pachiefs.org/assets/docs/detailed%20table%20of%20contents.pdf

ACCREDITATION

In 2001, the Pennsylvania Chiefs of Police Association (PCPA) developed an accreditation program that addresses all of the elements, policies, procedures, and standard operations that should be in existence in a contemporary Pennsylvania police department. Currently, there are over 100 accredited agencies in Pennsylvania and more than 200 enrolled in the process.

The Police Chief should begin to adopt accreditation standard policies to help protect the community and his officers from liability while improving the standards of the agency. It is understood that working towards accreditation is a long-term goal but it is one that should be kept in mind as policies are reviewed and training is conducted.

In preparation for accreditation, members of the police department scrutinize every element of the department's operations to make certain they are consistent with contemporary standards. This includes everything from operating procedures and policies, training, facilities and equipment, to citizen complaint-filing procedures. The complete Accreditation Standards Manual developed by the Pennsylvania Chiefs of Police Association is available at www.pachiefs.org.

Accreditation is a three-phase process. The first phase is the application and enrollment in the accreditation program, for which there is a $250 fee. The agency is then supplied with all the material needed to create files and to begin the second phase, which is the self-assessment phase. In the second phase, the department examines its own operation to determine what policies and procedures need to be implemented or amended to be in compliance with the standards manual.

When the agency has completed the second phase, a team of outside assessors will come to the agency for the third phase, which is the on-site assessment. The assessors will conduct a thorough two-day review of the agency's files to ensure that the practices are consistent with the policies. Upon successfully passing the assessor's review, the agency will become accredited and remain so for a three-year period.

When a police department gains accreditation from the PCPA, it becomes recognized as being among the best police agencies in Pennsylvania. It instills a sense of pride in the officers, and it can be an incentive for other communities to contract services from that department. Not only does the accreditation process ensure that a police department has up-to date policies and procedures, it may also qualify an accredited agency for a 10% reduction in liability insurance premiums. The reduced premium is because the insurance industry recognizes that an accredited police department is dedicated to maintaining a professional standard of excellence in the performance of their duties and thereby reduces the risk of lawsuits. The process is manpower intensive relative to policy development and file building. After the initial administrative processes are complete, an Accreditation Manager can maintain the process on a part-time basis. At the very least, police departments should adopt policies and practices that are Accreditation-compliant so as to provide them with professional best practices, appropriate protocol, guidance and protections for offices and the agency.

POLICE TRAINING

Training is a critically important aspect of any police department and needs to be an ongoing process for the department personnel to remain proficient in performing their duties. Training can cover everything from a refresher course in police defensive tactics to the latest in forensic computer crime searches. The only way that a police department can ensure that they have competent and capable police officer on the street is by being committed to having the officers as well trained as possible.

The Municipal Police Officers Education and Training Commission (MPOETC) offers grants to law enforcement agencies within the Commonwealth for classes that any department may need. These grants are easy to apply for and are almost always approved for funding. More information can be found at http://www.psp.pa.gov/MPOETC/training/Pages/Grant-Reimbursement.aspx .

Roll call training is also effective and is ideal for training as policies are revised and implemented.

POLICE FACILITIES

The police facilities are old and in disrepair. The police department cannot pull a police car all the way into the garage because of weight concerns. The fire equipment had to be removed from the building because it was too heavy. The cell block consists of 3 barely functioning cells and one cell that is out of service. A potential disaster could occur due to the deterioration of the building – there has already been a collapse of a city owned parking garage that was situated across the street from the police station.

EVIDENCE STORAGE AND RESPONSIBILITY

The evidence room does not meet modern police standards and recently contributed to a breech and theft of seized narcotics. The current

temporary evidence room and procedures need to be revamped. See **Appendix A** for the International Association for Property and Evidence recommendations for standards for Evidence Facilities.

It is also recommended that the Department obtain a secure temporary evidence storage locker similar to those featured at this site: http://www.spacesaver.com/small-police-departments/evidence-locker-typicals/ .

Procuring a temporary evidence storage locker of this nature would limit access to temporary stored evidence to the certified evidence custodian(s) who would be charged with moving evidence from the temporary storage locker to the evidence room.

COMPUTERS AND CAMERAS

Equipment for the police department is cause for serious concern. The Department's computers are using the Windows XP operating system which is no longer supported by Microsoft making it vulnerable to hacking, viruses, and phishing.

RIOT TACTICAL GEAR

Riot tactical gear that the City owns is military surplus that was purchased in the 1970's. JPD relies heavily on the Cambria County SERT Team. Several officers of the JPD are assigned to the SERT Team but response time to an emergency within the City is a concern because of the lack of equipment readily available to the on-duty officers. Safe containment of a situation by the JPD until SERT can respond is questionable.

MOBILE DATA TERMINALS

The Mobile Data Terminals (MDTs) have been damaged due to faulty brackets and installation. Replacing the units has been funded and the Interim POLICE CHIEF is reviewing different options including the possible use of iPad style notebooks. MDTs are extremely valuable tools for modern law enforcement. They allow officers to run license plates, driver's licenses, and warrant checks from the police vehicle without tying up airwaves and dispatchers to run them for them. MDTs also protect the integrity of investigations in that people with police scanners cannot monitor police activity. MDT's can also be used to access PennDOT and JNET which gives the officers the ability to bring up photos of subjects to ensure that they have been given legitimate ID information and criminal history information for officer safety and to aid in making proper field decisions. MDTs can be interfaced with Computer Aided Dispatch (CAD) software to allow for silent dispatch for sensitive calls and also with Mobile Report Writing software. Having operational

MDTs has become more critical in light of the fact that PENNDOT is no longer issuing expiration stickers for license plates in a cost saving measure.

AUTOMATED LICENSE PLATE RECOGNITION

Only one vehicle is equipped with an Automated License Plate Recognition system but the department has the need for 5 more. Although the cost of the units is $20,000, they should pay for themselves over time through increased ticket revenue. The need for this equipment is more critical due to PENNDOT's decision to stop issuing registration stickers for license plates at the end of 2016. PENNDOT has indicated that it will use some of the savings from the elimination of the stickers to provide grants for police departments to buy license plate readers: https://www.dot.state.pa.us/penndot/districts/district5.nsf/e5da4aa0433a25af852571f400537d15/3574089fad1367a985257f5500556212?OpenDocument . This should be followed closely with PENNDOT and with state legislators.

FIREARMS

The firearms and handguns are approximately 3-4 years old and in good shape. Long guns are not carried in every car due to a lack of mounting systems but there is always more than one long gun deployed on every shift.

RADIOS

The radios are approximately 3-5 years old. They were purchased through a grant by which Cambria County outfitted every Department in the County with radios.

CAMERAS

The City has been awarded a $63,000 matching grant for the purchase of body worn cameras. One option is a system offered by Taser that uses a cloud based storage system (that could also be accessed by the D.A.'s office) but even with the grant, it may be cost prohibitive. Options are still being considered. It is important that the Police Chief work with the City Manager and Solicitor to develop a policy for the use of body cameras prior to their use in the JPD.

Some police vehicles are equipped with vehicle cameras but there is an issue with repairs and there is some uncertainty about the status of the repairs. Purchasing additional cameras for the vehicles is estimated to be $5,000 per vehicle and there is no funding identified to pursue this purchase.

POLICE VEHICLE FLEET

There is a rotation of trading in 2-3 police vehicles per year. There are approximately 9 marked vehicles and 2-3 unmarked vehicles. Each Captain is assigned an unmarked vehicle. Additionally, there is a Prisoner Transport Unit (a specially modified van) and Mobile Command Station (modified RV) that is used for special events such as the Thunder in the Valley Motorcycle Rally that draws 200,000 bikers.

CONCLUSIONS

The City of Johnstown Police Department faces formidable challenges that it must meet with limited resources. With the hire of the new Police Chief, there is an opportunity for the department to make great strides in bringing the operation more consistent with modern police practices. The new Chief must examine every aspect of the JPD to ensure that the City is getting the best return from the dollars spent and the resources allocated and that the department is able to fulfill its mission to protect and serve the community.

5.2 FIRE DEPARTMENT

The Johnstown Fire Department (JFD), consists of 32 full time firefighters under the command of the Fire Chief. The department protects approximately 19,966 residents within a primary response area covering 6.1 square miles. The department provides fire, EMS first response, multiple rescue services and a variety of other responses to hazardous conditions, fire alarms, and requests for service. Mutual aid responses out of the primary coverage area and requests for outside department assistance are minimal. The JFD is rated as an Insurance Services (ISO) Class 3 department on a scale of 1-10 (1 being the best).

The department maintains four platoons of firefighters manning two fire stations in the City, under the command of an Assistant Chief for each platoon and shift. One station houses a quint aerial apparatus, the other a rescue engine. A third station acts as the headquarters and houses additional specialty apparatus and equipment as well as administrative offices.

All firefighters are certified to a minimum of Firefighter II under NFPA 1001 Training Standards, as well as a minimum of Emergency Medical Technician – Basic (EMT) under applicable Pennsylvania standards. The department also has achieved a high level of certifications in additional professional board certifications, both NFPA and other agencies within its ranks, and provides multiple additional rescue services both within the city and as part of regional mutual aid organizations.

FINANCIAL

For the years 2014-2016 the fire department expenditures averaged 29% of the total City expenditures.

TABLE 54: JOHNSTOWN FIRE DEPARTMENT ANNUAL EXPENDITURES

FIRE DEPARTMENT COMPENSATION	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 BUDGET
Salaries	$1,561,342	$1,731,496	$1,683,387	$1,696,658
Premium Pay	$10,000	$68,499	$66,383	$78,000
Overtime - Fill Shifts	$150,000	$154,470	$156,259	$110,000
Uniforms	$16,500	$21,189	$20,302	$22,000
Longevity	$52,800	$50,267	$47,467	$46,400
TOTAL COMPENSATION	**$1,919,698**	**$2,025,921**	**$1,973,798**	**$1,953,058**
FIRE DEPARTMENT BENEFITS	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 BUDGET
Health Insurance	$351,258	$407,227	$474,219	$530,659
Employee Co-Pay			$(85,638)	$(106,132)
HRA Liability	$17,250	$14,660	$13,140	$17,000
Vision	$39,072	$3,152	$2,918	$3,000
Life	$5,496	$1,266	$1,570	$8,358
Dental	$53,448	$19,197	$20,514	$20,000
TOTAL BENEFITS	**$466,524**	**$445,502**	**$426,723**	**$472,885**
TOTAL COMPENSATION AND BENEFITS	**$2,386,222**	**$2,471,423**	**$2,400,521**	**$2,425,943**
TOTAL RETIREE BENEFITS	440,249	380,099	449,144	440,111
TOTAL OTHER OPERATING EXPENSES	290,241	247,961	223,554	217,625
TOTAL FIRE DEPARTMENT EXPENSES	**$3,116,712**	**$3,099,483**	**$3,073,219**	**$3,083,679**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

An average cost per firefighter has been calculated by summarizing the compensation and benefits of firefighters over the past three years which equals an average of $72,750 per firefighter in 2016 actual dollars. This is the approximate savings for every reduction in position in the fire department.

Compensation and benefits make up about 80% of the overall fire department budget. The amount of other controllable expenses in the budget is minimal and decreasing over the period examined. The overall budget has been relatively stable at about $3.1 million per year over the past three years.

COMPARABLE COMMUNITIES - BENCHMARKING

Fire departments all provide the same basic service delivery model; however, there are many variables that drive differences in cost, staffing and services. Local economies, geography, climate, and scope are among these. For example, fire departments with petrochemical industries and transit should be equipped and trained to respond to these emergencies. Geography and topography can affect response times, resource placement, and equipment needs. Some departments provide EMS basic life support services; some offer full EMS advanced life support (ALS) capabilities. Some departments handle fire code enforcement and inspection work; others may have that assigned to a separate codes department. In Johnstown, the fire department does not provide any inspection or code enforcement services. This work is done in the community development department.

CITY	POP	COUNTY NAME	TOTAL GL FUND $1000	FIRE $1000	% OF TOTAL	PER CAPITA
LEBANON	25,534	LEBANON	11,691	2,585	22.1%	101
HAZLETON	24,825	LUZERNE	9,531	1,830	19.2%	74
NEW CASTLE	22,375	LAWRENCE	14,554	2,670	18.4%	119
JOHNSTOWN	19,966	CAMBRIA	11,907	2,479	20.8%	124
MCKEESPORT	19,453	ALLEGHENY	16,701	2,393	14.3%	123
SHARON	13,572	MERCER	6,065	1,041	17.2%	77
BUTLER	13,289	BUTLER	9,872	2,116	21.4%	159
WASHINGTON	13,497	WASHINGTON	11,707	1,579	13.5%	117
COATESVILLE	13,148	CHESTER	10,157	1,228	12.1%	93
MEADVILLE	13,061	CRAWFORD	9,585	2,434	25.4%	186

There are multiple metrics used for comparison purposes, including total fire department spending, spending as a percentage of total expenditures, and per capita spending. Per capita is the total fire department spending divided by the population. **Table 55** shows ten (10) Third Class cities of similar size and demographics with paid career firefighters.

TABLE 55: COMPARABLE CITIES FIRE DEPARTMENT EXPENDITURESSOURCE: PA DCED MUNICIPAL STATISTICS, WWW.DCED.PA.GOV

It is important to note that departments that utilize part-time and volunteers to supplement the paid complement demonstrate much lower per capita expenditures than departments that use only fully paid, full time, firefighters for obvious reasons. **Table 56** provides the same comparable cities with the number of firefighters and the fire department budgets.

TABLE 56: COMPARABLE CITIES WITH MANPOWER AND BUDGET LEVELS

CITY	TYPE	POP	NO. OF FIREFIGHTERS	FIRE DEPARTMENT BUDGET
LEBANON	Combination	25,534	19 FT/54 Volunteers	2,585,228
HAZLETON	Combination	24,825	18 FT/300 Volunteers	1,830,219
NEW CASTLE	Fully Paid	22,375	28 FT/6PT	2,670,957
JOHNSTOWN	Fully Paid	19,966	33 FT	2,479,061
MCKEESPORT	Fully Paid	19,453	20 FT/12 PT	2,393,924
SHARON	Fully Paid	13,572	12 FT/20 PT	1,041,509
BUTLER	Fully Paid	13,289	17 FT	2,116,365
WASHINGTON	Fully Paid	13,497	21 FT	1,579,782
COATESVILLE	Combination	13,148	12 FT/10 PT 30 Volunteers	1,228,846
MEADVILLE	Fully Paid	13,061	12 FT	2,434,554

Based on this review, Johnstown has the highest number of fully paid full time firefighters of any of the comparable cities at 33 firefighters. Within the core group of cities, Johnstown ranks 4th highest in percentage of spending, 3rd highest in per capita spending, and 3rd highest in total fire department spending in actual dollars. These factors put Johnstown somewhere near the top of fire department expenditures in cities of similar size and demographics. Johnstown, Butler, Washington, and Meadville use

only full-time career firefighters. The other six communities use some combination of part-time and volunteer firefighters to supplement the full-time staff.

MANPOWER, OPERATIONS AND STAFFING

As noted, the current fire department staffing consists of 32 firefighters and the fire chief. The 32 firefighters are organized into 4 platoons, each with an Assistant Chief, a Captain for each apparatus and station, and a minimum of 3 firefighters assigned to each apparatus. The firefighters work a 10 and 14-hour shift schedule, with each platoon working 3 consecutive 10-hour daylight shifts, 3 scheduled days off, then 3 consecutive 14-hour overnight shifts, with 3 days off, before repeating the cycle resulting in an average of 43.5 hours per week and 2,242 hours per year. **Table 57** provides an example of how this schedule works.

TABLE 57: JOHNSTOWN 10 X 14 HOUR SHIFT FIREFIGHTING SCHEDULE

	SUN	MON	TUE	WED	THU	FRI	SAT	TOTAL
Week 1	10	10	10	x	x	x	14	44
Week 2	14	14	x	x	x	10	10	48
Week 3	10	x	x	x	14	14	14	52
Week 4	x	x	x	10	10	10	x	30
Average Hours Per Month								174
Average Hours Per Week								43.5
Average Hours Per Year								2,242

In discussions with the fire chief, calling out additional alarms for working structure fires and multiple alarm coverage results in about 12 firefighters available on the 3rd alarm or about 40% of the total firefighting force. The department averages 2.5 serious structure fires per month.

NOTE: When reviewing scheduling and staffing, it is important to understand what manpower requirements were needed during a recent time period. The fire chief provided all shift scheduled, hours worked including overtime, sick time, vacation and call outs for the month of January 2017. A review of this month showed approximately 5500 hours worked, with firefighters and each platoon averaging around 196 hours each for the month. There is some fluctuation due to overtime coverage for vacation, sick time, and call outs (for additional alarms), however looking at both hours worked and personnel scheduled and call outs, the current average is about 7 firefighters per shift on any given day. There were 35 sick shifts to be covered during the month. Each firefighter worked an average of 16.5 shifts for the month.

ALTERNATIVE SCHEDULING

One objective of this review was to consider alternative schedules used by other fire departments that could result in better coverage at the fire scenes and still provide economic efficiencies in the future. The option of moving to a 24-hour shift was investigated in two comparable cities in Western PA.

CITY OF NEW CASTLE

The New Castle Fire Department (NCFD) uses a 42-hour schedule to staff its operations whereby firefighting personnel work a series of 24 hours on duty followed by 48 hours off-duty. One cycle of this schedule is referred to as a "tour." The 24 hours on duty and 48 hours off duty schedule repeats for six tours until the seventh 24-hour shift is worked. After this 24-hour shift, personnel receive nine consecutive days off.[21] **Table 58** below demonstrates how this schedule works.

TABLE 58 - NCFD 24 AND 48 SHIFT FIREFIGHTING SCHEDULE

	SUN	MON	TUE	WED	THU	FRI	SAT	TOTAL
Week 1	24	x	x	24	x	x	24	72
Week 2	x	x	24	x	x	24	x	48
Week 3	x	24	x	x	24	x	x	48
Week 4	x	x	x	x	x	x	x	0
Average Hours Per Month								168
Average Hours Per Week								42
Average Hours Per Year								2,184

SOURCE: NCFD 2015 RECOVERY PLAN AND INTERVIEWS AND GRS ANALYSIS

This schedule results in an average work week of 42 hours over a four-week period, or 2,184 hours scheduled per year not including any paid leave. Department personnel are organized into four turns where members are assigned to regularly work the same scheduled tour of duty together. Each turn consists of six members, including one assistant chief, one lieutenant, three full-time firefighters and one part-time firefighter. In accordance with the IAFF, Local 160 collective bargaining agreement (CBA), the

[21] City of New Castle Recovery Plan 2015, PMF Act 47 Coordinator

NCFD is required to employ a minimum of 24 firefighters and maintain a minimum staff of five firefighters on-duty at all times. Currently, the Department does not count the part-time firefighters toward the minimum staffing requirement.

Part-time firefighters are used to staff one of the two engine companies on every turn. Each part-time firefighter works one 24-hour shift per week and an eight-hour shift every other Sunday. As an outcome of this schedule, part-time firefighters work an average of 28 hours per week over the course of a year.

The current staffing model results in one engine company being staffed with one lieutenant and three firefighters (one of which is part-time) and the other engine is staffed using two firefighters. The ladder/tower apparatus does not have dedicated staff but is activated when necessary by the staff dedicated to the engine company housed in the same station.

CITY OF SHARON

The City of Sharon Fire Department (SFD) also uses a 42-hour schedule to staff its operations whereby firefighting personnel work a series of 24 hours on duty followed by 72 hours off duty. One cycle of this schedule is referred to as a "tour." The 24 hours on duty and 72 hours off duty results in an average 42-hour work week or 2,184 hours of work in one year. **Table 59** below demonstrates how this schedule works.

TABLE 59 - NCFD 24 AND 72 SHIFT FIREFIGHTING SCHEDULE

	SUN	MON	TUE	WED	THU	FRI	SAT	TOTAL
Week 1	24	x	x	x	24	x	x	48
Week 2	x	24	x	x	x	24	x	48
Week 3	x	x	24	x	x	x	24	48
Week 4	x	x	x	24	x	x	x	24
Average Hours Per Month								168
Average Hours Per Week								42
Average Hours Per Year								2,184

SOURCE: NCFD 2015 RECOVERY PLAN AND INTERVIEWS AND GRS ANALYSIS

Department personnel are organized into four platoons where members are assigned to regularly work the same scheduled tour of duty together. Each turn consists of six members, including one assistant chief, one captain, two full-time firefighters and two part-time firefighters. Part-time firefighters are precluded from working more than thirty (30) hours per week.

In accordance with the IAFF, Local 417 collective bargaining agreement (CBA), the SFD is required to employ a minimum of 2 full time firefighters assigned to every shift and to maintain a minimum staff of four firefighters on-duty at all times. If one full-timer calls off, it is not necessary for him to be replaced as long as there is a minimum of three firefighters on duty, comprised of at last one full-time firefighter. The City is required to keep a minimum of 13 full time firefighters under the current agreement. They may use part-time firefighters to meet other manpower requirements.[22]

SUMMARY

Fire departments in the United States work a variety of different schedules. Some are based on past practice, tradition, or what works best for the department or community.

A three platoon 24 x 48 schedule provides additional manpower for fire ground operations and savings through the reduction of positions. This savings would be partially offset by higher dollars for coverage of paid leave. With the 24-hour shift schedule a sick day or vacation day is equal to 24 hours rather than 10 or 14 hours and may increase the number of hours paid to cover shifts that fall below the minimum requirements.

In Johnstown, moving the JFD to a 24-hour shift could result in at least 5 fewer positions through attrition for a savings of $ 363,750 per year while providing 9 firefighters for response to most fire calls.[23]

NOTE: For the month of January, 35 sick shifts occurred in the JFD, or about 400 hours. Moving to a 24-hour schedule would have less shifts in the month per firefighter, but using an average of 8 shifts, would still require 432 hours of sick coverage. Vacation, leave and holiday time off would have a similar effect. Annualizing this variance potential cost could offset savings from the elimination of positions. On the other hand, with 2 or 3 days off between each shift, there may be a reduction in the use of paid leave for routine events or appointments that now require paid leave.

Interviews with the fire chiefs in the comparable communities indicate that there are mixed reviews for the 24-hour shift schedules. Some firefighters appreciate the allotted time off and especially enjoy using extended time without reducing paid leave. Others prefer a more predictable and normalized 10x14 hour shift schedule. Most cautioned that there could be reduced productivity

[22] This information is based on an interview with the Fire Chief in Sharon and a review of the SFD most recent collective bargaining agreement.

[23] In most PA city departments reviewed, the full time paid complement was supported by the use of part-time firefighters to cover additional shifts.

after firefighters are on duty for extended periods of time and that sleep hours should be mandated on every shift. There has also been a growing body of research and evidence identifying concerns about a 24 hour and longer shift. Information regarding these studies is linked at the end of this report and should be carefully reviewed.

NATIONAL STANDARDS

STAFFING

National Fire Protection Association (NFPA) Section 1710 defines a minimum of 15 firefighters required to conduct offensive firefighting and search and rescue operations. This includes the following:

- An Incident Commander
- 2 apparatus operators
- 2 two-firefighter hose teams
- 1 two-firefighter search and rescue team
- 2 firefighters to support interior hose and search/rescue teams
- 2 firefighters for ladder placement and ventilation
- 2 firefighter Rapid Intervention Team (RIT) to rescue firefighters who may become lost, disoriented, injured or trapped

This standard is not met in any of the comparable cities that were reviewed including the City of Johnstown under the current configuration and scheduling method. The use of part-time firefighters, call outs, and regional RIT teams can help to supplement the initial response. Mutual aid can also address some of the safety risks.

RESPONSE TIME

Additional components of NFPA 1710 define response and arrival times. For municipal career fire departments, the first apparatus should arrive within 4 minutes to 90% of the alarms received, and all apparatus, including the balance of 15 firefighters, within 8 minutes.

Data for the most recent year show that the first due apparatus in Johnstown averaged just over 4 minutes. However, when looking at response distances within the City, the second apparatus may have a travel time of up to 12 minutes.

For total manpower available and arrival times, Johnstown is currently operating below NFPA standards. Without part-time firefighters and volunteers to supplement the current platoon, there are often only on-duty firefighters available to respond. There is also a provision in the current collective bargaining agreement that requires that all Johnstown firefighters must be called out and given an opportunity to respond before volunteer firefighters can be called upon. This creates a barrier for the use of mutual aid for general alarm fire calls.

CALLS FOR SERVICE

Over the past 3 years the JFD responded to about 2000 calls per year, of which only about 2% are structure fires. Just over 20% are medical first responder calls (QRS). and 35% are false/good intent alarms. Overall calls have been increasing at about 5% per year and major structure fires in 2015 were reported at 30 which is about 2.5 calls per month. This is similar to most communities where false/good intent alarms make up a larger proportion of fire department responses than 20 years ago. The false alarms tend to be higher in departments with larger business and industry locations in their jurisdiction. Aging and lower income demographics drive medical calls. A 3-year history of calls is shown below in **Table 60.**

TABLE 60 - FIRE CALLS FOR SERVICE 2013 - 2015

NATURE OF CALL	2013	2014	2015	3 YEARS	% OF TOTAL
Structure Fire	35	48	61	144	2%
Vehicle Fire	9	6	12	27	0%
Smoke/Odor condition	0	0	0	0	0%
False/Good Intent Alarms	778	762	805	2345	38%
Brush/Trash/Other Fire	62	65	59	186	3%
MVA	43	72	111	226	4%
MVA w/Entrapment	5	8	5	18	0%
Rescue	36	28	40	104	2%
Hazardous Condition	347	299	351	997	16%
QRS/Medical BLS	53	68	119	240	4%
QRS/Medical ALS	149	158	168	475	8%
Miscellaneous/other	508	504	447	1459	23%
Total	**2,025**	**2,018**	**2,178**	**6,221**	
Mutual/Auto Aid Received	1	2	3		
Mutual/Auto Aid Given	2	3	11		

SOURCE: CITY OF JOHNSTOWN FIRE DEPARTMENT RECORDS

Medical calls are averaging less than one (1) per day yet each represents a commitment of up to 50% of the on-duty staff. This high utilization of staff hours must be reviewed by the Fire Chief in order to adjust or make changes to the current procedures.

HEALTH, SAFETY AND TRAINING

HEALTH AND PHYSICAL CONDITION

While civilian fire deaths, injuries and the overall number of fires are decreasing steadily nationwide, the nation's firefighters continue to suffer about 100 line of duty deaths annually. Regrettably, about one half of these are cardiac related.

Firefighting is a stressful, physically demanding job, and all firefighters need to be in good physical condition to perform the job safely and efficiently. Equally important, firefighters and fire department leadership need to ensure that their firefighters are both medically and physically able to perform the job requirements. Also, health problems that place firefighters at additional risk, such as cardiac or stress related, need to be identified. Regular physical examinations of all firefighters and recruits needs to be done to ensure that firefighters are and remain healthy.

In Johnstown, new firefighter candidates are required to pass a physical competency/agility test as a condition of employment. New firefighter candidates must also pass a fire service oriented physical examination - either a standard pre-employment physical examination or one that is compliant with NFPA Standard 1582. All active firefighters receive a bi-annual physical as part of their hazardous material certification. This requirement is a best practice and should continue.

TRAINING

All Johnstown firefighters are certified to NFPA Firefighter II and EMT-B. This is a best practice and Johnstown is one of the few departments in Pennsylvania (career, combination, or volunteer) to have this 100% level of certification.

The JFD has constructed an excellent fire training facility within the City limits. This is a multi-story steel, fire resistive, 3 story structure that allows for fire, search and rescue operations, ventilation, as part of the firefighter training. This is a best practice facility and, with the number of JFD department personnel trained and certified as instructors, it could represent a future revenue stream for the municipality by providing regional training opportunities.

REGIONAL APPROACH TO FIRE SERVICE DELIVERY

The primary reason to develop a regional model for fire service delivery should be a focus on improved fire service response and operations. A secondary consideration is that of economic efficiency and best management.

Volunteer fire departments in Pennsylvania have seen dramatic changes in the last 20 years, including declining firefighter enrollment, a broader range of emergencies (hazardous materials, EMS/QRS, technical rescue), and additional qualifications for training, grant eligibility, or insurance requirements.

While the number of serious fires and fire fatalities has decreased nationwide, the overall number of emergencies (CO alarms, good intent alarms) continues to grow. Career and combination departments face many of the same issues and are under increasing financial pressure especially in economically distressed areas.

Each community and its emergency services are being tasked to provide greater levels of service with shrinking resources and decreasing funding. Each community must determine what is needed to protect their community, how much it will cost, how it will be funded, and how the services will be delivered. The need exists to evaluate and change the current model to provide the requisite emergency response organizations and funding to meet community requirements.

FIRE MERGERS AND PARTNERSHIPS

The combining of fire departments is a means by which an increasing number of municipalities and fire departments are responding to the issues identified above. This combination of services can range from simple agreements for mutual aid and shared standards and purchasing to a complete merger. While it can be completed in many forms, there are 5 categories which cover most combination alternatives:

1. ADMINISTRATIVE: Two or more fire departments maintain separate operations, but share some administrative functions. An example would be common purchasing and standardization of equipment and procedures to control costs.
2. PARTIAL: Departments maintain legal separation, but work as a group for defined service areas, such as rescue response and mutual aid. This may include joint purchase of shared equipment and apparatus.
3. FUNCTIONAL: Departments maintain legal separation, but perform certain functions as one department, such as training and maintenance.
4. OPERATIONAL: Departments maintain legal separation, but join together for all administrative and operational functions, delivering services as one department.
5. FULL: Two or more departments merge completely into a single legal entity. All service demands across multiple municipalities are met by one organization.

The service level issues to be considered during consolidation include:

- Amount of time it takes fire units and firefighters to respond to emergencies.
- Number of firefighters who respond to a call
- How costs will be shared
- Equipment and apparatus placement at fire stations
- Minimum training levels

Consolidation or merger of 2 or more fire departments results in the following:

- One fire department
- One set of rules, regulations and operating guidelines
- One personnel management system
- One chain of command
- One budget

National experiences tracked by the International Association of Fire Chiefs (IAFC) show major improvements in service and efficiency following consolidations, including:

- Improved fire ground communications
- Improved standard fire ground operations
- Reduced response times
- Improved firefighter safety
- Cost transparency to the municipalities
- Reduction in administrative efforts for firefighters

Given the high availability of fire protection resources in the City and adjacent communities, the opportunity currently exists to look at how fire protection and fire service delivery could be provided regionally. Absent any extreme or immediate pressures, a well-timed, organized, and executed analysis can be accomplished more easily. Current and future benefits include:

- Reduction of administrative overhead
- Improved response times and number of firefighters responding
- Opportunity for equal representation of all communities in developing fire service delivery model
- Opportunity for firefighters to gain additional experience and respond to additional alarms
- Increased firefighter safety with additional firefighters and standardization of equipment, communications and procedures

The City of Johnstown may have the opportunity to merge its paid career fire department with the volunteer company of Franklin Borough (also an Act 47 community) as that municipality considers merger options for its municipal services. This would provide the City with an existing volunteer company that could support and supplement the current full-time workforce.

The JFD does not have working mutual aid agreements or standard response protocols with surrounding communities. It does have a working agreement with Cambria County regarding mutual aid that covers specialty/technical rescues and other large incidents. While none of the surrounding fire departments were reviewed as part of this study, they represent potential additional resources to help in meeting minimal NFPA manpower and response requirements

It is recognized that there are issues and differences between departments in terms of training, certification, experience, and equipment. However, these can be addressed by developing frameworks and agreements for training, cooperation and resource sharing. The Fire Chief should be charged with the task of developing relationships, agreements, and working arrangements with surrounding fire companies.

5.3 PUBLIC WORKS

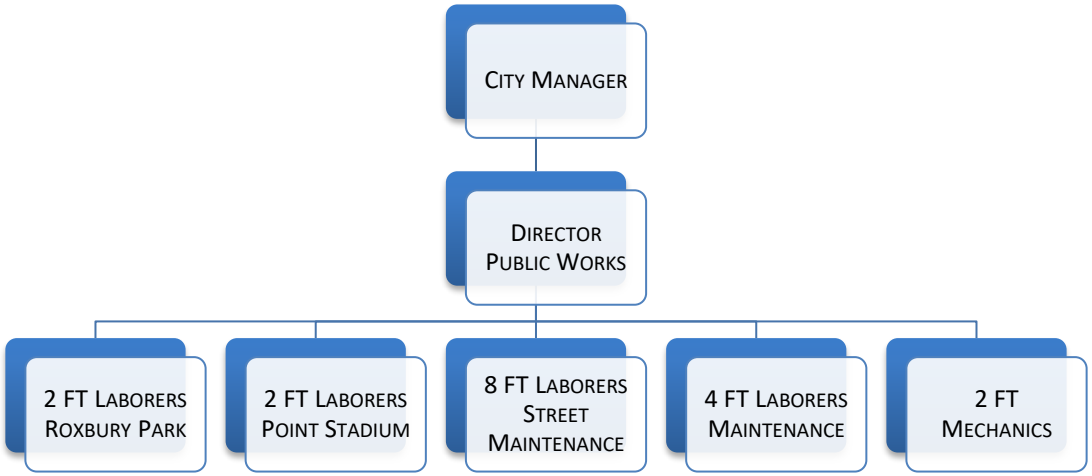
The Johnstown Public Works Department consists of 22 full-time employees and two part-time employees, including the full-time Director who is a member of the bargaining unit and has supervisory duties. The full-time employees are members of a collective bargaining agreement under the American Federation of State, County and Municipal Employees, AFL-CIO Local 630. The current contract is a three-year agreement that runs from January 1, 2014, through December 31, 2016.

All full-time employees have a 90-day probationary period and residency is required. The collective bargaining agreement permits this matter to be a subject of a "meet and discuss" by either party if done so in writing.

The number of part-time employees is not permitted to exceed the number of full-time employees and the use of part-time employees is limited to 180 days per year. Part-time employees are permitted to cover overtime shifts after all full-time employee have declined and they are not entitled to any benefits. Part-time employees and contracted labor for specific projects are identified separately in the collective bargaining agreement. **Figure 10** shows the organizational structure of the Public Works Department.

Based on meetings with the City Manager, and Public Works Director, the major functions of the department are outlined below.

FIGURE 10 -STREET DEPARTMENT ORGANIZATIONAL CHART



STREET MAINTENANCE

The City owns and maintains approximately 100 miles of streets and alleys made up primarily of asphalt streets.

- The City personnel currently update painted symbols and markings in-house throughout the City with purchased paint and their own equipment. Long lines are painted by PennDOT District 9 under a working Agility Agreement.
- There is no comprehensive line painting program currently in place that would identify types or locations of markings.
- The City has a fair amount of painted concrete curb and parking lines along streets and at intersections that have not been maintained and are in need of a documented maintenance plan.
- An active patching program is in place that is primarily handled through residents' complaints or worker observation at which time patch is ordered and delivered.
- An impressive patching program is in place that has addressed nearly every street in the City. The City owns and maintains its own 4-ton "hot box."
- There is a need for an aggressive crack sealing program to be developed.
- Resurfacing is primarily following a comprehensive sewer system upgrade at this time. There is no comprehensive long-term resurfacing plan and limited knowledge of the various applications of surface treatments exist at the management level.
- Liquid Fuels funds are currently allocated entirely for costs associated with street lighting.

STREET SWEEPING

The City has an impressive street sweeping program that is posted online. The program consists of a 6-week schedule in the summer months at which all streets within the City are swept. This program is well managed and is an excellent program for stormwater management and helps promote a clean image.

STREET NAME SIGNAGE

Street name signs have undergone several updates over the last few years.

- There is no mapped inventory of street name signs detailing location, type of sign, post and condition.
- There are no records kept on maintenance of street name signs.
- Most streets and alleys are marked.
- There have been a lot of regulatory and directional signs placed throughout the City over the years in a haphazard way creating sign "pollution" that is unattractive and uninviting.

STORMWATER SYSTEM MAINTENANCE

The storm system consists of hundreds of basins, lines of various material and sizes, along with above ground pipes and swales.

- All basin work repairs are performed in-house which requires skilled labor.
- Some of the newer projects are mapped in the GIS system and the information is stored online with EADS. Operations staff have some printed booklets that detail the system and outfalls.
- Most of the system is unmapped and should be addressed in order to meet MS4 requirements.
- The City currently owns and maintains detention facilities.
- The City contracts out hard to address clogs with a private contractor.

LIFT STATION MAINTENANCE

Crews are responsible for inspection and operation of the sanitary lift stations. The Department owns and operates a VAC truck. When there is a need for confined space entry, the fire company is alerted and are on the scene.

LIQUID FUELS FUND (LFF)

The PENNDOT Municipal Liquid Fuels Program funds a range of projects to support construction, reconstruction, maintenance, and repair of public roads or streets. The amount of a municipality's allocation is based on its population and miles of roads on their approved Liquid Fuels Inventory. This allocation is funded through taxes on liquid fuels in Pennsylvania and distributed to the municipalities in the first quarter of the year annually.

In Johnstown, the LFF allocation has been used historically for street lighting costs, winter maintenance materials, and to support public works salaries. The City was allocated $618,367 in LFF for 2017. The City uses about $300,000 of this allocation for street lighting. The City's street lights are high pressure sodium fixtures throughout the City. Switching out these lights to LED over time could result in significant savings for the City. There is currently no inventory of the street lights.

WINTER MAINTENANCE

There is currently no formal snow and ice control plan; however, operators are provided with route maps. Routes are identified and understood by staff.

- All personnel are CDL Class B licensed.
- The City is permitted and has run 3 shifts during the winter months.
- Operators are responsible for all streets, alleys and sidewalks owned by the City.

- Administration is generally pleased with the attention that the staff provides to the City during winter maintenance operations.
- The City uses about 2400 tons of rock salt annually which is ordered through the COSTARS state purchasing program.
- Twelve vehicles are outfitted for winter operations to address the City's 100 miles of roads that include two new 7400 trucks.
- The City has a 400-ton storage facility for winter maintenance materials. Material is stored and moved with a loader.
- The Department owns a 5,000-gallon brine storage tank that is used to store the purchased salt brine that is used for pretreating the rock salt at the spinner.
- Snow removal operations begin with a call from the Police Department to the Director who reports and dispatches operators. Based upon the typical 1" storm, the City streets are cleared within 4 hours of dispatching.
- Contracted services have been used for heavy snowfalls.
- A snow blower and broom have been used in the past for walkways.

TABLE 61 - VEHICLE INVENTORY

Truck	Year	Plow / Size	Spreader
7400	2015	10	Tailgate
7400	2015	10	Tailgate
Terrastar	2015	9	Tailgate
Terrastar	2015	9	Tailgate
Terrastar	2015	9	Tailgate
F550	2015	9	Tailgate
F550	2004	9	Tailgate
F550	2000	9	Tailgate
4900	1999	10	Tailgate
4900	1999	10	Tailgate
4900	1994	10	Tailgate
4900	1994	10	Tailgate

BUILDING AND FACILITY MAINTENANCE

The City Hall, which houses the administrative, finance, code enforcement, and community development operations is cleaned and maintained by DPW personnel. In addition, the DPW is responsible for maintaining 2 fire houses with dorms, the Public Safety Building, and 2 parking garages of which one is under renovation. Public works personnel are responsible for building upkeep and routine maintenance items such as special detailed cleaning, light electrical, bulb changes, etc.

There is an obvious need for improvements to the building including carpet replacements, restroom updates, painting, and lighting upgrades throughout the City facilities. Some of the facilities have CCTV for security and surveillance but there is not a good working inventory of this equipment and access is limited for some of the facilities. There are no known recent or pending claims against the City related to the operation or care of buildings or grounds. The City does not have a comprehensive capital improvement plan for the facilities.

VACANT PROPERTY MAINTENANCE

The City owns thousands of abandoned and vacant lots. Public Works crews have been involved in demolition work as well as lot maintenance. This work includes extensive mowing, brush control, and weed eaters in addition to making the properties secure.

OPERATING BUDGET

The operating budget for public works is divided among four main categories which are Technical, Highways, Buildings and Grounds, and Mechanical. Some of these categories are very small and should be combined with the total DPW budget. Cost centers could be set up that would allow the Finance Department to analyze specific operations within the DPW without so many line items and accounting groups. **Table 62** summarizes the expenditures in the DPW for the past three years.

TABLE 62 - DEPARTMENT OF PUBLIC WORKS 2014-2016

CATEGORY	2014	2015	2016
DPW Total: Technical Services	425,179	297,110	382,463
DPW Total: Highways	1,019,383	913,020	1,126,710
DPW Total: Buildings & Grounds	262,702	253,540	309,537
DPW Total: Mechanical	160,941	113,101	161,941
Total DPW	1,868,205	1,576,771	1,980,651

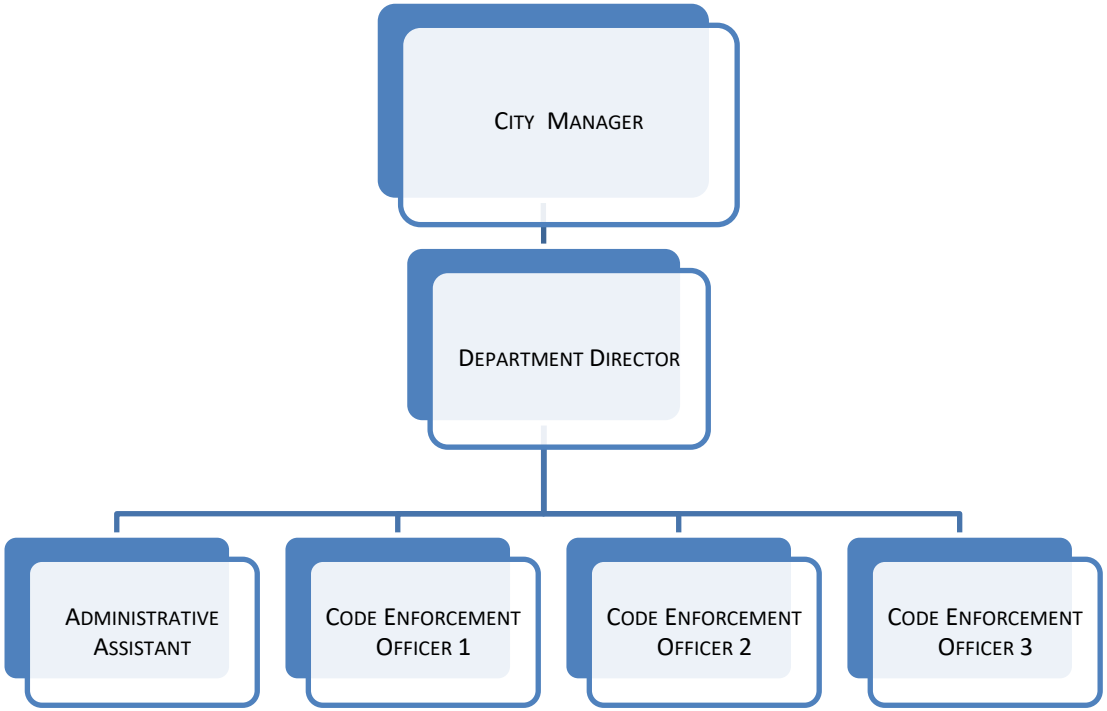
SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

Each of the major categories of the public works department budget is made up primarily of salaries and benefits. For example, the Mechanical category has a budget of $180,000 and only $23,000 of this budget is used for anything but salaries and benefits. The mechanics in the DPW are responsible for maintaining over 118 vehicles and pieces of equipment throughout the City organization.

5.4 CODE ENFORCEMENT

The Community Development Department oversees the code enforcement operation for the City. This review focused on code and ordinances, personnel and management practices, and technology. The Code Enforcement Department is organized as shown in **Figure 11.**

FIGURE 11 COMMUNITY DEVELOPMENT DEPARTMENT STRUCTURE



PERSONNEL DUTIES

The Code Enforcement Department is tasked with the following work duties:

- Response to complaints filed by neighbors or other interested parties.
- Systematic neighborhood inspections.
- Verify property compliance with the Rental Property Registration Ordinance.
- Verify property compliance with the Vacant Property Ordinance.
- Verify property compliance with the Sewer testing ordinance.
- Exterior housing inspections regarding structural or sanitation violations.
- Pre-sale safety inspections of properties being sold.
- The filing of charges, issuance of citations, and presentation of cases in magistrate's court.
- Complete documents to schedule a Court Hearing.
- Attend Court Hearings as necessary.
- Daily update of the City database with code violations, property registrations and compliancy.
- Response to and investigation of "dumping" violations.
- Complete Lien Verification Forms (including Sewage Compliance).
- Permit and inspect mechanical devices / games of chance.
- Peddlers and Solicitation permits issued by the administrative assistant for the Code Enforcement Department.
- Manage the Rental Registration Program including applications, inspections and payments.
- Grass cutting of properties owned by non-responsive property owners as directed.

As with any operation, there are opportunities for improvement. Suggested improvements include the following areas:

- Greater Accountability
- Improved Management Oversight and Support
- Introduction of Performance Measures
- Increased Efficiencies

EXISTING ORDINANCE EVALUATION

The City has adopted the 2009 International Property Maintenance Code (IPMC). The code provides the framework for the officers to be able to address the issues relative to property maintenance issues. The current Code should be updated to the latest version to keep up with construction material updates and trends in property maintenance issues. It is further recommended that the City consider amending Chapter 1408.01 of the City's Code to read the "most current edition" to be able to use the most current edition for enforcement activities.

The offenses found to be most often addressed by the code officers included the following:

- Grass / High Weeds
- Rubbish / Garbage
- Gutters / Downspouts
- Protective Treatments / Paint
- Sidewalks damaged
- Demolitions

City has created pamphlets with common violations for common offenses to aid the code officers to make the best use of their inspecting time in the field. The pamphlets permit the officers to provide information to the property owner with corrective measure suggestions while allowing them to continue with field inspections. These should be updated to door knocker style for ease of placement by the officers.

PERSONNEL

The department includes three enforcement officers who are managed on a day to day basis by the Community Development Director who has many other duties and responsibilities. The department has one administrative assistant who splits her time with the DPW and Recreation operations.

DIRECTOR

The Code Enforcement Department's organizational structure has gone through some changes in its management and leadership in recent years. The Community Development Director was promoted to this position from another department without much training or support. There are some unique challenges that the Director faces with this department that include: performance monitoring of the code officers, workload assignments, general management of code activities, and managing the numerous other responsibilities of the Community Development Department.

CODE OFFICERS

Although, the code enforcement personnel have a working knowledge of the adopted IPMC, it is apparent that there are inconsistent application and follow up to routine code violations. When interviewed, each officer had different interpretations of the application of certain procedural rules. Formal and informal processes used by officers were found to be inconsistently applied.

CODE OFFICE ADMINISTRATIVE ASSISTANTS

The Department currently has a shared Administrative Assistant who handles work assigned in the codes office but also has responsibilities assigned by the DPW and Recreation operations. The Assistant's duties can be broken down as follows:

DUTIES FOR CODES DEPARTMENT: provides initial customer service to walk-in visits; answers the phones for the Department; fields phone complaints; fields complaints for missed trash pickups that average 80 per month; searches municipal liens; accepts and processes Peddlers and Solicitation Permit applications in the Freedom Software; processes applications for temporary dumpster permits; assists the code officers in handling rental registrations with data entry; and issues business licenses at the beginning of each year

DUTIES FOR PUBLIC WORKS DEPARTMENT: accepts and processes (informally) service requests; updates the calendar for the Public Works Director

DUTIES FOR ADMINISTRATION OF RECREATION FACILITY**:** manages short and long-term use contracts for Point Stadium; handles all team, league and tournament use including actual daily team play schedules; manages invoicing for use of the stadium; accepts and processes applications for reservations of courts/fields/shelters at Roxbury Park; accepts bids for advertisements at Point Stadium.

TECHNOLOGY EVALUATION

The Department is currently using Freedom Systems for its code enforcement operation. The software is loaded on mobile tablets that each officer uses in the field to document violations. The IPMC is on each tablet and is referenced in the field by each officer with a series of pull down menus to select the proper sections and violations. The tablets are synced in the field using cellular "wifi" with the officers' desktop computers. In-vehicle printers were recently purchased and are in the process of being installed for officers' field use. Violations are stored in the software on the department server. Each officer is responsible for creating the violation notice and printing the letters to be sent to the violator. The officer is also responsible for inputting follow up inspection dates in the software to inspect for future compliance and follow up. Paper copies of files are maintained by each officer consisting of notes, letters and adjudications.

SOFTWARE EVALUATION

The Freedom software is an ideal solution for the City's operation. The software has the capability to generate key information such as:

- Workload Indicators
  - The total number of complaints filed by type and priority including the number of low priority complaints and referrals to other agencies.
  - The number of cases that are in progress in total and by staff members.
  - The number of ongoing and closed cases involving voluntary compliance, citations, fines, etc.
- Efficiency indicators
  - The number of closed cases compared to the total cases opened (e.g. Percentage closure rate) in total and by staff member.

- Effectiveness Indicators
  - The average number of days that current cases have been open by type of violation in total and by staff member compared to interim target times.
  - The average number of days that closed cases were open by type of violation in total and by staff member compared to interim target times.
  - The number of cases closed by closure reason (e.g. no violation, voluntarily complied, permit obtained, compliance after citations).

While the software itself is a good application for code enforcement use, knowledge and training in order to maximize its use and effectiveness is lacking in the department. Neither the Director nor the code officers have a working knowledge of its full capability for tracking complaints and action and providing regular, timely reports for the City Manager and City Council.

5.5 PARKS AND RECREATION

There are 15 parks under the City ownership and operation including 12 playgrounds, a community park and the Point Stadium facility. All City parks and recreation facilities are maintained by the DPW who do an adequate job of maintenance considering the number of facilities that the City owns and in addition to all of the DPW duties and responsibilities.

The City's parks are valuable assets for the City. There is a social component to recreation that fulfills certain quality of life issues for residents.

The City's parks are valuable assets. There is a social component to recreation that fulfills certain quality of life issues for residents. Recreation brings neighbors together, encourages safer, cleaner neighborhoods and creates a livelier community atmosphere.

The City's most recent Comprehensive Plan is from 1998 and is long overdue to be updated with a cultural and recreational emphasis. There is currently not a master plan for the City's Parks and Recreation facilities.

Table 63 provides information for each park and the specific amenities offered at each facility

:

TABLE 63 – INVENTORY OF PARKS AND RECREATION AREAS	
PARKS AND RECREATION AREAS	AMENITIES
Cedar at Wood Street Playground	New playground structure
	·Pavilion and metal picnic table
	·Seating benches
	·Concrete within the playground
	·Fenced paved play area possibly for
	deck hockey (no court markings)
	·Fenced basketball court
	·Older child swing set (6 swings)
	·Small grass play area
Cambria City Playground	·Play structure, swing set
	·Several pieces of stand-alone play equipment
	·Benches, open grass space, mature trees
Bheam school Playground	·Asphalt surface space
	·Several skate ramps
	·Full court basketball
Crooked Place Playground- Old Conemaugh	·Paved basketball court surface.
	·3 hoops (2 on full court, 1 for shooting)
	·Chain link fence against hill area
	·Single blue 50-gal trash can w/ bag liner
Edson and Ankers St Playground	·Several pieces of play equipment and structures
	Benches, paved walking path
	Small pavilion, picnic tables
	·Community garden plots
	·½ basketball court
	·Fenced perimeter, bike rack
Harold and Dorothy Ave Playground	. 2 newer play structures
	Small pavilion
	·Benches
	·Open grass space, mature trees
	·Benches, receptacles, concrete and block steps, sidewalk around perimeter and throughout the play area
	·Fenced park
Iolite Ave Playground	Swing set, play structure, benches,
	½ basketball court paved
	·Fenced perimeter
	·Small open grass space

Maple Park Playground	·Full court basketball court paved
	·Fenced perimeter, paved walking path, mature trees, open grass space
	· Small wooden pavilion, walking wooden bridge over small stream, large play structure, swing set, benches
Oakhurst & Morrellville Playground	·Newer playground equipment, swing set, immature planted trees, mixed open green space sizes
	·Newer pavilion, tables and benches
	·Full paved basketball court
	·Concrete sidewalks and fenced perimeter
Park and Bond Playground	· Tennis court, fenced
	·2 Full court paved basketball courts
	·Restroom facility
	·Paved walking trail
	Two older pavilions
	·Open green space, several older play structures and stand alone pieces of play equipment
	·PA speakers, lights,

Somerset Street Playground	Short paved walking path
	·Single newer play structure, swing set, benches and trash receptacles
	Immature bush and shrub plantings, mature trees and open green space
Washington School Playground	· Two play structures and a swingset
	·Benches and picnic table
Woodland Playground	·Large treated wooden play structure
	·Large paved surface, previously a tennis court painted
	·Open green space
	Fenced perimeter
	·Custom wooden picnic table and benches
Roxbury Park Playground	6 baseball / softball fields
	8 tennis courts
	·4 full basketball courts
	·Deck hockey rink
	·Amphitheatre
	·Integrated soccer football field
	·Several pavilions, restroom facilities

Sandyvale Dog Park	· Paved and limestone walking trail
	·Large open green space w/ memorials
	Garden plots
	·Large mature trees

	·Fenced dog park
Point Stadium	Fully equipped and lighted baseball stadium

PARK MAINTENANCE

The DPW engages in extensive large-scale maintenance activities as part of their effort to maintain the City's recreation areas. These include:

- Mowing, trimming, seeding
- painting curb, parking bollards, and playground equipment
- trash and restroom upkeep
- storm water basin and line maintenance
- street and perimeter safety lighting
- playground equipment repairs and maintenance
- asphalt deck hockey
- paved and limestone trails
- basketball court maintenance and repairs
- concrete walk and steps maintenance
- ball field and court bench repairs
- ballfield backstop and dugout maintenance and repairs
- extensive fence maintenance and repairs
- guiderail maintenance
- signage maintenance
- park road and trail surfaces,
- tree and brush maintenance and leaf collection.

In addition, there are smaller scale maintenance:

- trimming, mulching, weed control, plant watering
- concrete sealing, cleaning, repairs
- fence repairs and upkeep,
- basketball court painting, net and post upkeep,

- trash removal
- fountain upkeep

Signage is outdated both entering nearly all of the parks and throughout the parks. There is no inspection of park equipment, no schedule of repairs, and no routine maintenance completed on the parks equipment.

PROGRAMMING

The City currently does not operate any recreation programing. There are other contracted services provided by outside agencies.

SECTION 6 – COLLECTIVE BARGAINING AGREEMENTS

The operation of any City is labor intensive. Police, fire, public works and administrative services are provided by people and, consequently, personnel costs account for the largest portion of a City's spending. In Johnstown, of the expenditures budgeted for 2017, approximately 85 percent are related to employee compensation and benefits.

The City's 2017 budget has 135 full time positions. Most of the City's employees are members of one of three collective bargaining units.

TABLE 63 – JOHNSTOWN COLLECTIVE BARGAINING UNITS

BARGAINING UNIT	BEGINNING DATE	END DATE
Fraternal Order of Police Flood City Lodge #86	1-Jan-14	31-Dec-16
International Association of Fire Fighters Local Union No. 463	1-Jan-15	31-Dec-17
The American Federation of State, County, and Municipal Employees, AFL-CIO, Local No. 630	1-Jan-14	31-Dec-16

Since employee compensation and benefits account for such a major portion of the City's operating budget, any plan to achieve long-term financial stability and balanced budgets must address these expenses.

The Fifth Amended Recovery Plan was applicable to the Police, AFSCME, and Steelworker negotiations and the resulting contracts currently in effect. The Sixth Amended Recovery Plan, adopted on October 28, 2013 was applicable to the Firefighter negotiations and the resulting contract currently in effect from 2014 through 2016.

As part of the preparation of the City's Seventh Amended Recovery Plan, the Coordinator reviewed and analyzed key costs associated with each of the City's collective bargaining agreements. It is apparent that the City's ability to attain fiscal soundness requires that these costs and their future rates of growth be contained. The goal is to sustain critical public services in the face of the financial challenges outlined in this Plan.

The Fifth Amended Recovery Plan contained two major sets of initiatives applicable to the City's represented and non-represented employees. The first set of general initiatives prohibited any benefit enhancements to the existing collective bargaining

agreements. These limitations included prohibition of new overtime or premium pay requirements, new benefits or increased costs for existing benefits, new paid or unpaid leave, any increase to paid leave, and any new or improved benefits for retirees.

The second set of general initiatives addressed the City's skyrocketing costs for employee and retiree healthcare. Pointing to national surveys confirming growth in healthcare costs vastly outpacing the rate of inflation or wage growth, the Fifth Amended Recovery Plan emphasized the national trend for employers to increase the level of employee premium contributions and to restructure healthcare plans to increase plan deductibles, increase co-payments, or coinsurance for office visits and increase employee payments for prescription drugs.

The Sixth Amended Recovery Plan required a continuation of cost containment initiatives related to employee compensation and the restructuring of healthcare plans and employee contributions so that it limits the future annual cost to the City to 6% or less. The Plan also specifically required an employee contribution toward the most affordable coverage option of 15% of premium cost, with employees paying the full incremental cost of any more expensive options.

The Plan provided that the City would no longer provide retiree healthcare to newly hired employees or their dependents and that all employees retiring after the date of adoption of the Plan (or the expiration of an existing collective bargaining agreement, if later) would be required to pay any increases in healthcare premiums after the date of retirement. Healthcare, pension, or other benefits provided to retirees and vested employees could not be increased.

In spite of the reductions in healthcare costs and increases in contribution rates in 2014, 2015, and 2016, healthcare costs are projected to continue to rise into the foreseeable future. The projected increases, including the cost of retiree healthcare, are discussed in more detail in *Section 4. Financial Condition*. It is critical to the City's ability to balance its future budgets and avoid structural deficits that employee healthcare expenditures be continuously monitored and moderated to the extent possible.

6.1 POLICE FLOOD CITY LODGE #86 CONTRACT

The City's police employees are represented by the Fraternal Order of Police, Flood City Lodge, Local No. 86. At the time of preparation of the Fourth Amended Recovery Plan, the City and the FOP were parties to an agreement with a term from January 1, 2007 through December 31, 2009.

Several important court decisions since then have impacted the Recovery Plan and the FOP collective bargaining agreements. The first one is the Dissen Arbitration decision issued April 12, 2010 and the following appeals. In the Fourth Amended Recovery Plan, one of the specific Plan initiatives was that employees hired on or before October 11, 2007 were to retain retiree healthcare but only for themselves. Prior to the Dissen decision, police officers hired before October 11, 2007 received full post-retirement health insurance benefits for officer, spouse, and dependents until the member became Medicare eligible.

The FOP and the City initiated negotiations over the collective bargaining agreement but were unsuccessful and the parties moved to an interest arbitration. Arbitrator Dissen issued an order consistent with the requirements of the Recovery Plan. This section

4(a) of the Dissen Order became effective January 1, 2011 and applied to employees hired on or before October 11, 2007. These affected employees retained retiree healthcare for themselves only, and were required to pay any increases in their healthcare premium after retirement.

The FOP appealed the Dissen decision, and the trial court vacated section 4(a) of the Dissen decision on the basis that the provision constituted an unlawful elimination of post-retirement health care benefits in violation of the Home Rule Charter Law. The Commonwealth Court affirmed the trial court's decision.
However, section 4(b) of the Dissen decision remained valid after the multiple court decisions and appeals. Section 4(b) of the decision mandated that "retiree healthcare is no longer available to employees hired after the date of this decision."

On March 11, 2015, the City signed a new agreement with the FOP that was retroactive to January 1, 2014 and expired on December 31, 2016. The agreement provided for a freeze in 2014, 1% increase in 2015 and 2% in 2016. Each existing police officer also received a one-time bonus of $1,091. The City agreed that any savings that it could achieve from the mandates of the allocation of health insurance cost from the Recovery Plan would return in the form of a bonus if such savings were achieved in 2015 and 2016. In fact, bonuses were issued to employees in 2014 based on this agreement and a cost savings.

CURRENT CBA REVIEW

Although the FOP contract expired on December 31, 2016, the City was unable to negotiate a new contract and a one-year extension was signed with the union in May of 2017. Under this one-year extension agreement, employees received a 1.5% increase for 2016 and members of the bargaining unit continue to contribute 15% of the health insurance premium. Retiree healthcare is no longer available to employees hired on or after January 1, 2012. Pursuant to the Sixth Amended Recovery Plan, the City's cost for health insurance premium increases must be at or below six (6%). If the City receives a renewal that exceeds (6%), the City will have the right to reopen the collective bargaining agreement for wages and health insurance only.

It will be necessary for the City to negotiate a new contract that will begin on January 1, 2018 and goals for this negotiation are contained in *Section 7. Summary of Plan Initiatives.*

6.2 AFSCME LOCAL 630 CONTRACT

The City's bargaining unit employees, other than public safety, are represented by the American Federation of State, County and Municipal Employees, AFL-CIO, Local No. 630. At the time of preparation of the Fourth Amended Recovery Plan, the City and AFSCME were parties to an agreement with a term from January 1, 2007 through December 31, 2009.

The parties initiated negotiations for a new contract in 2009, but were unable to reach agreement. Finally, in November 2009, the City declared impasse in the negotiations and, effective July 1, 2010, the City proceeded with implementation of its final offer, the provisions of which were consistent with the Plan. The final offer included a three-year term for the agreement with a wage

freeze for 2010, a 2% increase for 2011 and a 3% increase for 2012, and 2013. On July 23, 2010, AFSCME filed a Charge of Unfair Practices with the Pennsylvania Labor Relations Board (PLRB) arguing that the parties were not at impasse.

The parties subsequently resolved the PLRB dispute, returned to negotiations and executed an agreement for the period January 1, 2010 through December 31, 2013. The agreement embodies several recovery plan initiatives including mandatory drug and alcohol testing following reportable on-the-job accidents or injuries, a restructured healthcare plan with increased co-pays and deductibles, a 6% cap on the City's annual share of increased premium costs, a 15% employee contribution to healthcare costs for the highest paid employees and 10% for the remainder, the initiation of a new pension plan for new hires that is twenty percent lower in cost than the plan applicable on or after January 1, 1988, and the elimination of retiree healthcare for new hires. The contract included a freeze for 2010, 2% increase for 2011, and 3% increase for 2012 and 2013.

On June 4, 2014, the City signed a new contract with the AFSCME union that was retroactive to January 1, 2014 and expires on December 31, 2016. The agreement provided for a freeze in 2014, 1% increase in 2015, and 2% in 2016. Each existing employee received a one-time bonus of $915. The City also agreed that any savings that it could achieve from the mandates of the allocation of health insurance cost from the Recovery Plan would return in the form of a bonus if such savings were achieved in 2015 and 2016. In fact, bonuses were issued to employees in 2014 based on this agreement and a cost savings.

CURRENT CBA REVIEW

Although the AFSCME contract expired on December 31, 2016, the City was unable to negotiate a new contract and a one-year extension was signed with the union in June of 2017. Under this one-year extension agreement, employees received a 1.5% increase for 2016 and members of the bargaining unit who make more than $11/hour continue to contribute 15% of the health insurance premium. Employees who make less than $11/hour contribute 10% of the health insurance premium. Retiree healthcare is no longer available to employees hired on or after January 1, 2010. Pursuant to the Sixth Amended Recovery Plan, the City's cost for health insurance premium increases must be at or below 6%. If the City receives a renewal that exceeds 6%, the City will have the right to reopen the collective bargaining agreement for wages and health insurance only.

It will be necessary for the City to negotiate a new contract that will begin on January 1, 2018 and goals for this negotiation are contained in *Section 7. Summary of Plan Initiatives.*

6.3 IAFF LOCAL 463- FIREFIGHTERS CONTRACT

The City's firefighters are represented by the International Association of Firefighters, Local 463. At the time of preparation of the Fourth and Fifth Amended Recovery Plans, the City and union were parties to a contract with a term from January 1, 2007 through December 31, 2010. In addition to the Plan initiatives prohibiting benefit enhancements and requiring restructuring of the healthcare plan, the plans also set forth specific requirements applicable to retiree healthcare, seniority, and the elimination of minimum staffing levels per station or per shift or on an aggregate basis.

The City and the union initiated negotiations for a new contract, but the parties reached impasse and filed for arbitration. On June 22, 2011, the arbitrator issued an award. The award called for a contract term from January 1, 2011 through December 31, 2014. Wage increases of 2%, 3%, 3% and 3% were granted for years 2011, 2012, 2013 and 2014 respectively. Firefighters were required to contribute 15% of the premium cost of healthcare coverage and were moved to a less expensive healthcare plan consistent with the plan provided to police officers and AFSCME employees. The City's share of annual healthcare cost increases was capped at 6%. Retiree healthcare was eliminated for new hires. Most significantly, the overall minimum manning requirement was eliminated and shift staffing was set at 3 personnel per apparatus with one Assistant Chief for each platoon. This change allowed the City to eliminate 8 firefighters by 2012.

However, the award emphasized that some of the award provisions were "mandated" by the provisions of the Fifth Amended Recovery Plan and that the Pennsylvania Supreme Court, in litigation involving the City of Scranton's Act 47 Plan, was considering the legality of "the very limits that constrain this Board of Arbitrators." The award therefore provided that if the Supreme Court issued a decision in the Scranton litigation before December 31, 2014, the firefighters would be allowed to present to the arbitrators an argument as to what impact, if any, the court's decision should have on the collective bargaining agreement (a "reopener").

On October 11, 2011, the Supreme Court issued its decision in the Scranton litigation eliminating Act 47's limitations on arbitration awards. The firefighters invoked their right to a re-opener and following a hearing on December 20, 2011, the arbitrator issued a revised award on February 15, 2012.

Although the revised award left in place the restructured healthcare plan and the reduced manning/staffing provisions of the original award, it reduced the employee healthcare contribution to 5% and eliminated the City's 6% annual cap on premium increases and the discontinuation of retiree healthcare for new hires.

On April 23, 2015, the City signed a contract with the IAFF Local 463 firefighters' union that was retroactive to January 1, 2015 and extended through December 31, 2017. The agreement provided for a 1% increase in 2015, a 1% increase in 2016, and a 2% in 2017. Employees agreed to contribute 15% of the health insurance premium and any costs above six (6%) increase in premium in any given year. No retiree health insurance will be provided to any employee who was hired after January 1, 2015.

CURRENT CBA REVIEW

The IAFF contract expires at the end of 2017. Retiree healthcare is no longer available to employees hired on or after January 1, 2015. Pursuant to the Sixth Amended Recovery Plan, the City's cost for health insurance premium increases must be at or below six (6%). If the City receives a renewal that exceeds (6%), the City will have the right to reopen the collective bargaining agreement for wages and health insurance only. It will be necessary for the City to negotiate a new contract that will begin on January 1, 2018 and goals for this negotiation are contained in *Section 7. Summary of Plan Initiatives.*

6.4 PENSION FUNDS

FUNDING STATUS

The Fourth and Fifth Amended Recovery Plans emphasized a trend in Johnstown common to virtually all of Pennsylvania's Third Class cities – pension costs increasing at a rapid pace as a result of dramatic increases in the unfunded actuarial accrued liability (UAAL) of the funds. The Recovery Plans pointed out that Johnstown's aggregate UAAL for its four pension plans had increased from approximately $8.5 million in 2000 to approximately $19.7 million in 2007. As a result, the City's Minimum Municipal Obligation (MMO) to fund the plans annually increased from $1.4 million in 2000 to $1.9 million by 2007. The 2007 aggregate UAAL for all four plans of $19.7 million translated into an aggregate funded ratio of only 52% (actuarial value of assets divided by actuarial accrued liability). The funded ratio for the four plans, as of January 1, 2007 were as follow:

- Fire: 39%
- Police: 52%
- Officers and Employees: 66%
- Bureau of Sewage: 71%

The funded ratios for the Johnstown pension plans did not improve by the time of preparation of the Fifth Amended Recovery Plan. As of January 1, 2009, the aggregate UAAL had increased to almost $21 million, and the aggregate funded ratio hovered just above 50%.

The funded ratios for the Johnstown pension plans reached a crisis point by the time the Sixth Amended Recovery Plan was prepared and adopted. As of January 1, 2013, the aggregate UAAL had increased to $25.9 million and the aggregate funded ratio had further deteriorated to 45% which positioned the funds squarely in the Level III Severely Distressed category.

By January 1, 2017, the aggregate UAAL had improved slightly due to better investment returns and additional funding by the City to $23.4 million and the aggregate funded ratio had increased to 53%. With the exception of the Officers and Employees Plan, the funded ratios improved as follows:

- Fire: 42.1.0%
- Police: 57.6%
- Officers and Employees: 55.1%
- Bureau of Sewage: 99.0%

A portion of the increase in the aggregate UAAL can be attributed to two assumption changes – an updated mortality table and a reduction in the interest rate assumption from 8.0% to 7.5%.

STATUTORY IMPACTS

Act 44 of 2009, signed by the Governor on September 18, 2009, made significant changes to Act 205 of 1984 (the Municipal Pension Plan Funding Standard and Recovery Act) and, acknowledging the difficult economic and financial climate facing municipal governments, made available several actuarial tools intended to provide short-term fiscal relief to municipalities operating pension plans. Pursuant to Act 44's municipal distress determination method, Johnstown qualified as a Level II (Moderate) Distress Level (funded ratio between 50% and 69%). At a Level II Distress Level, the Act offered to Johnstown several temporary voluntary remedies, including paying only 75% of the amortization contribution requirement for up to four years. Although the City decided to pay the entire, unreduced MMO in 2010 of $2,858,523, it invoked the 75% payment for 2011 and 2012. As a consequence, the City's MMO's for 2011 and 2012 were $2,092,202 and $2,112,550 respectively.

Pursuant to the City's January 1, 2011 Actuarial Evaluation Reports, the City was downgraded to a distress Level III (Severe Distress) designation. For this reason, the Sixth Amended Recovery Plan mandated the partial implementation of remedies made available under Act 205 pursuant to this distress level III designation. Specifically, the Fire pension plan's extremely low funded ratio of 31.6% by 2013 was of special concern, and the City could not responsibly continue to fund that plan at the reduced level authorized by Act 44. Therefore, the Sixth Amended Recovery Plan mandated that, beginning in 2014, the City would fund the Fire and Bureau of Sewage Plans at 100% of the amortization contribution requirement while continuing to fund the Police and Officers and Employees Plans at 75% of the amortization contribution requirement to Act 44. As a result, both the Fire Plan and the Sewage Plan improved dramatically between 2013 and 2017.

PENSION BENEFITS

The Fourth Amended Recovery Plan contained initiatives for each of the four pension plans designed to reduce the cost of benefits to the City.

For police employees, the arbitration award dated April 12, 2010, provided that a new pension plan would be created for new hires after the date of the award which would have a normal cost that is twenty percent (20%) lower than the pension applicable to employees hired on or after January 1, 1988. The implementation of this new pension plan was an initiative of the Sixth Amended Recovery Plan. Further restructuring of benefits for new hires in the Police Plan is required in this Seventh Amended Recovery Plan.

For fire employees, neither of the arbitration awards discussed above provided for a new, less expensive pension plan for new hires. That mandatory, Act 205 Level III distress remedy was reemphasized and repeated as an initiative in the Sixth Amended Recovery Plan. Further restructuring of benefits for new hires in the Fire Plan is required in this Seventh Amended Recovery Plan.

As to the AFSCME employees, a new pension plan was provided for hires after January 1, 2010 with a normal cost 20% lower than the pension plan applicable on and after January 1, 1988. The implementation of this new Officers and Employees Pension Plan,

which includes all AFSCME and non-represented employees, was an initiative of the Sixth Amended Recovery Plan. Further restructuring of benefits for new hires in the Officers and Employee's Plan is required in this Seventh Amended Recovery Plan.

No changes can be made to the Sewage Fund because there are no longer active employees in this Fund. This Fund is the healthiest among the City's pension plans with a funded ratio of 99%.

In addition, the initiation of maximum total member contributions is a remedy available to the City through Act 205's Level III distress provisions and this Sixth Amended Recovery Plan mandates the implementation of that remedy.

Finally, the Pennsylvania Auditor General's Compliance Audit Report for the period January 1, 2009 to December 31, 2010 issued three findings related to the City's provision of pension benefits in excess of the Third Class City Code. The first finding provides that the City's computation of the vested benefit in the Police Pension Plan exceeds the authorization in the Third Class City Code in violation of the Commonwealth Court's 2001 decision in Municipality of Monroeville v. Monroeville Police Department Wage Policy Committee. The second finding provides that the City's survivor's benefit in the Firemen's Pension Plan exceeds the authorization in the Third Class City Code. The third finding provides that the City's computation of the vested benefit in the Firemen's Pension Plan exceeds the authorization in the Third Class City Code. The initiation of amendments to the Police and Firemen's Pension Plans to resolve the Auditor General's findings and comply with the Third Class City Code are mandated initiatives in the Sixth and Seventh Amended Recovery Plans.

This Seventh Amended Recovery Plan requires the City to revise and update the City's pension plan documents to assure consistency with the collective bargaining agreements and applicable law. Although the City has made some progress in preparing these plan documents, substantial additional work needs to be done to complete this important task.

6.5 WORKER COMPENSATION

Worker compensation costs increased significantly since adoption of the Fifth Amended Plan. A deteriorating claims and loss record resulted in significant workers compensation premiums for the City and its decision to enroll in the State Workers Insurance Fund (SWIF) beginning in 2013. The Sixth Amended Plan included an initiative that focused on reducing claims and thereby reducing premiums. Since 2013, the Workers Compensation claims and premiums have decreased due to the City's vigilance and efforts to create a safer work environment. A more detailed discussion of worker compensation costs is contained in Chapter IV and initiatives to address the issue are set forth in Chapter VI.

6.6 ACT 133 LIMITS

In June, 2012, Governor Corbett signed Act 133 into law, changing how Act 47 Recovery Plans impact employee compensation and collective bargaining negotiations and arbitrations. The Act provides that a Recovery Plan may provide "limits on projected expenditures for individual collective bargaining units that may not be exceeded by the distressed municipality."

This Seventh Amended Plan is written to comply with Act 133. It contains "limits" in the form of maximum annual allocations for employee compensation and benefits for a five-year period for each bargaining unit following the expiration of their current collective bargaining agreements. The plan provides the City and the unions with flexibility to negotiate a different pattern of compensation from the one suggested, provided that total employee compensation and benefit costs do not exceed the maximum annual allocation for that bargaining unit.

COMPENSATION LIMITS

The limits set by this Seventh Amended Plan are established in the context of Johnstown's current and projected financial challenges and capabilities. As described in *Section 5. The Financial Condition* the City faces difficult decisions as it tries to maintain a reasonable level of services for its residents while balancing its annual budgets in the face of expenditures which are increasing faster than revenues.

Specific compensation limits are set forth in *Section 7. Summary of Plan Initiatives*

HEALTHCARE LIMITS

Because health insurance costs are driven by external factors outside the City's control, this Seventh Amended Plan allocates a maximum amount that the City will contribute to each employee's health insurance. The City's maximum contribution for active employee healthcare benefits may not increase more than 6% per year. The 6% limit includes medical, prescription drug, dental, vision, life and HRA coverage. Employee contributions to the healthcare premiums are established at 15% per year. These City and employee contribution rates are consistent with all current collective bargaining agreements.

The maximum City healthcare contributions shall also include all payments toward any taxes, surcharges, penalties, assessments, and other charges and costs which the City may be required to pay under any federal health care legislation, and any amendments, regulations or other such State or federal statutes and regulations.

The contribution limits shall apply to all employees, by bargaining unit, and to non-represented employees, regardless of the health plan they choose. Bargaining units may choose to reduce their monthly premium contributions through plan redesign including increased office visit and prescription drug co-payments, coinsurance or other cost sharing mechanisms, or changing the kind of coverage. The employee's monthly contributions will also depend on the year-to-year growth in total premium costs. The City's share of any annual increase in total premium cost shall not exceed 6% percent. Therefore, if the total premium cost grows by less than six percent, the City will cover a higher portion of the total premium costs than in the previous year. The City's maximum monthly contributions to employee healthcare coverage for each bargaining unit are set forth in *Section 7. Summary of Plan Initiatives.*

CITY ALLOCATION TO BARGAINING UNITS

The total allocation limits assigned to non-represented employees and to each bargaining unit for compensation and benefits do not include compensation for positions outside the bargaining unit such as the Manager, Police, and Fire Chiefs. The allocation does include, as applicable, the maximum amounts the City shall pay for any of the following:

- Salaries including step or tenure-based increases and any additional pay for overtime or court hearing compensation.
- Holiday pay, longevity and shift differential.
- Incentives related to sick leave usage and tuition reimbursement.
- Health insurance coverage including medical, dental, vision, HRA and prescription drug coverage (as described above); any reimbursements for prescription drug cost and payments in lieu of hospitalization coverage.
- Life insurance and other kinds of insurance coverage.
- Uniform or special assignment allowances and all other new or existing forms of cash compensation.
- The allocation does not include the City's costs for retired employee health insurance or pension payments for current, retired, or future employees.
- The allocation is based on the 2016 actual expenditures for the covered items. If the City and union make any changes to health insurance coverage through negotiation or an arbitration award, the City and union shall project the cost or savings of those changes and count them against the allocation shown above.
- For any changes to the compensation provisions that are in place at the expiration of the current collective bargaining agreements or any authorized new compensation components, the City shall conduct a full cost analysis of those changes for each year of the next collective bargaining agreement to determine and assure that the resulting compensation does not exceed the maximum annual allocations. The City shall provide the full cost analysis information to the Act 47 Coordinator in form and content acceptable to the Coordinator as soon as possible for the Coordinator's review and approval. If the Act 47 Coordinator determines that the proposals exceed the maximum annual allocations, the proposals shall be returned to the City and bargaining unit for modification. The Act 47 Coordinator will not approve any cost analysis if the Coordinator determines that inadequate information is provided to verify that the costs do not exceed this Seventh Amended Recovery Plan's maximum annual allocations or if the analysis is not provided in a timely manner.
- The total allocated limits for employee compensation and benefits, by bargaining unit, as described herein are set forth in *Section 7. Summary of Plan Initiatives.*

SECTION 7 – SUMMARY OF PLAN INITIATIVES

Based upon the review of the City's progress under the Sixth Amended Recovery Plan, the following initiatives are mandated as part of this Seventh Amended Recovery Plan.

7.1 - MANAGEMENT INITIATIVES

The following continuing initiatives are based on a review of management and administration operations.

INITIATIVE NO. 1 Council shall continue to budget for and support a professional City Manager position that meets the standards outlined in the Home Rule Charter and Administrative Code.

INITIATIVE NO. 2 Council shall continue to budget for and support a professional Finance Director with a strong accounting background and knowledge of governmental processes that meets the standards outlined in the Home Rule Charter and Administrative Code.

INITIATIVE NO. 3 City Council shall request that the Cambria County Commissioners conduct a revaluation of assessment values to bring the assessed values closer to the market values of property in the City.

INITIATIVE NO. 4 The City shall continue to fund appropriate professional memberships and professional development and training for the City Manager, Finance Director, and the senior management employees.

INITIATIVE NO. 5 The City shall review, revise, and update the Administrative Code of the City in order to include best practices and modern techniques for every department no later than December 31, 2019.

INITIATIVE NO. 6 The City shall, by December 31, 2017, have updated its codification to include any and all updates to the Home Rule Charter, Administrative Code, and all other Ordinances of the City of Johnstown. These documents shall be available in an on-line version that is accessible from the City's website. The City shall apply to the PA DCED for Act 47 grant funds for this purpose.

INITIATIVE NO. 7 The City shall provide a link from its website to this Seventh Amended Recovery Plan as adopted on August 28, 2017 in its entirety.

7.2 - FINANCIAL INITIATIVES

The following are initiatives based on the financial analysis and evaluation of the City's financial management operations.

INITIATIVE NO. 8 The City shall continue to upgrade, update, and expand the financial management software to include: point of service capability for the payroll and purchase order processing; fixed assets accountability; human resource management; and budget query functions for all Department Directors.

INITIATIVE NO. 9 During the 2018 budget process, the Finance Director shall make the following changes to the Funds and Accounting Groups in order to simplify the accounting process, correct inaccuracies, and provide more transparency:

- Eliminate the debt service and pension special millage and incorporate all millage as general fund millage. Show all real estate tax revenue in the General Fund as current, prior year, delinquent, and liened taxes.
- Eliminate the Debt Service Fund and merge it with the General Fund by setting up separate Accounting Groups (01-471 and 01-472). Ensure that all general obligation Debt Service is shown and specifically labeled.
- Eliminate the Pension Fund and merge it with the General Fund by setting it up as a specific Accounting Group (01-483-10, 01-483-20, 01-483-30). Set up pension state aid as a revenue in the General Fund (01-355-05).
- Eliminate the Recreation Fund and merge it with the General Fund by setting up a separate Accounting Group for expenses related to Point Stadium (01-457).
- Eliminate the Sanitation Fund by merging it with the General Fund and setting up a separate Accounting Group for revenue related to delinquent collections. [24] Add the revenue to the 360 Charges for Services Accounting Group and add expenses to the 426 Accounting Group that is already set up. This will be completely phased out within two years.
- Change the Public Works categories to the 430 series Accounting Groups: 430 for highways and streets; 432 for winter maintenance; 433 for traffic control; 434 for street lighting; 436 for storm sewers; 438 for roads maintenance; and 439 for road construction. If set up correctly it will be simple to transfer information to the annual Liquid Fuels Report.
- Merge the two parking funds (02 and 06) into a single parking fund. Eliminate any line items related to debt service – the fund cannot provide enough revenue to support debt service payments.
- Discontinue the practice of budgeting the Tax Anticipation Note as Revenue and the payoff as an expenditure in the Debt Service Fund. This practice overstates the revenues and expenditures. It should be set up as a liability on the balance sheet when received and it should clear the liability when paid. Only the interest paid is an expense item.
- Consolidate the LST into one category labeled Local Services Tax – there is no such revenue as Emergency and Municipal Services Tax. It was replaced by the Local Services tax over ten years ago. This is an incorrect label.
- Consolidate the Earned Income Tax – there is no longer court-approved resident or non-resident EIT. It was eliminated when the LST was increased. The only categories should be EIT current year and EIT delinquent.

[24] The Sixth Amended Plan required the City to bid the sanitation contract with an option for the vendor to direct bill the residents for this service. In 2013, the City accepted a bid structured so that residents are direct billed. Since that time, the City no longer collects sanitation fees and no longer has sanitation expenses. The only remaining fees are for delinquent accounts that are still being collected. The revenue in 2016 was less than $40,000.

- Combine Public Works categories, especially Technical services. The 407 Accounting Group should be reserved for data processing expenses according to the DCED Chart of Accounts.
- Set up a new Accounting Group for Public Buildings, Accounting Group 409 according to the DCED Chart of Accounts, to track utilities, maintenance, and other expenses related to the upkeep of public buildings.
- Other Police Employees should have a 410 Accounting Group designation.
- Fire Department should have a 411 Accounting Group designation.
- Sewer Upgrade Fund should have specific Accounting Groups: 471 and 472 for Debt Service; 404 for legal fees; 408 for Engineering Expenses; 439 for construction projects. Expenses should be clearly identified so that it can be determined how much is being spent for each of these categories.
- Eliminate or deactivate those funds and line items that are no longer used (for example Workers Compensation Fund, Job Development Fund, Hospital In Lieu of Taxes Account, Land Value Assessment, etc.).

INITIATIVE NO. 10 The City shall continually pursue strategies that provide for diversification of the revenue base through user fees and special assessments for services that are provided by the City for departmental services. The City shall annually review all fees for service with respect to the cost of that service and increase those fees accordingly to cover the full cost. An annual Fee Resolution shall be prepared and adopted as part of the budget process to reflect the ever-changing economic climate. A sample Fee Resolution is included in **Appendix B.**

INITIATIVE NO. 11 The City shall continue its sustainability plan and energy audits to determine the advisability of making additional short-term improvements that will reap long term benefits. The City shall also take the following steps to improve its management of utility costs:

- Monitor utility usage and billing for all facilities to track trends and exceptions, including electricity, gas and water.
- Review billing to ensure that the City pays only for those charges that are properly allocable to the City. The City shall also ensure that any utility services to be paid by other parties using City facilities are billed promptly.
- Managing turn-on and turn-offs of facility meters, and ensuring that changes are enacted as requested; final meter readings are taken, where appropriate; and generally, that the City has no more services than it needs.
- Pursue lower rates through direct negotiation, aggregation of usage with other entities or a reverse energy auction. For example, the City of Pittsburgh and three municipal authorities have conducted reverse energy auctions and have successfully lowered electricity rates.
- Continue current efforts to reduce utility usage by investing in energy efficiency improvements. As energy conservation emerges as a national priority, the City should be alert for federal, Commonwealth and other external grant opportunities. In some cases, the improvements can be funded directly from the savings generated.

INITIATIVE NO. 12 The City Manager and Finance Director shall continue to work to improve the annual collection of the City's real property tax with the goal of increasing current tax collections to at least 90% of the current tax levy (current assessed value

x current millage minus 2% discount). If necessary to improve current year collection rates, the City will outsource the collection of current year real estate taxes.

INITIATIVE NO. 13 The City Manager and Finance Director annually shall review the contracts for police services with the Johnstown Housing Authority, the School District, and contracted communities to assure that the City is recouping the actual cost of providing the services including wages, benefits, equipment, and fuel. Other fees such as special events, security details, background checks and fingerprinting for private businesses shall also be reviewed and adjusted to assure that the City is recouping the actual cost of the service provided.

INITIATIVE NO. 14 The Finance Director and the Community Development Director shall regularly review all fees charged for applications and issuance of permits, such as building and zoning permits, zoning hearing applications, planning commission applications, rental registrations, and occupancy inspections for the purpose of adjusting fee schedules to assure that the City recoups the actual cost of such processing of permit applications. That review shall include research as to the fees charged by surrounding municipalities.

INITIATIVE NO. 15 The Manager and Finance Director shall prepare (or cause to be prepared) and implemented a business and marketing plan for the use of Point Stadium as a multi-use venue for sports, performing arts, and other appropriate uses.

INITIATIVE NO. 16 The City is a party to a lease agreement, dated May 8, 2003, with Crown Conventions Center Company ("Crown"). Pursuant to the lease, Crown rents the City's Convention Center from the City but the City has realized no net rental payments under the terms of the lease. The City shall continue its review of Crown's performance under the lease and initiate negotiations to improve the City's receipt of revenue under the lease.

INITIATIVE NO. 17 The Finance Director shall provide for the City Manager, the Recovery Coordinator and the Council the following reports on the schedule indicated:

- Budget Compare Report (All Funds Monthly)
- Balance Sheets (All Funds Monthly)
- Cash Flow Year End Projection (Quarterly)

The Finance Director shall provide Budget Compare Reports (specific to Departments) to the Department Directors monthly. The Finance Director shall review any potential budget problems with the City Manager, the Recovery Coordinator, and the Department Directors as they appear.

INITIATIVE NO. 18 The City Manager, Finance Director, and Solicitor shall review, at least annually, all tax-exempt properties coming onto the tax-exempt rolls on or after January 1 of each year to determine whether they qualify under applicable law for exemption from real property taxation and to challenge the exemption of those properties that do not qualify.

INITIATIVE NO. 19 The City shall continue to use the Local Services Tax (LST) to support General Fund activities at the maximum rate permitted under state law. The City Council should meet with local legislators to request the continuance of the use of the higher LST beyond the exit from Act 47 status. (The City of Scranton has already achieved this objective.) The City can no longer levy the EIT upon non-residents under Act 47 because the Local Services Tax was increased under Act 199.

INITIATIVE NO. 20 The City shall research, calculate, analyze, and reach a decision no later than March 31, 2018 as to whether it is feasible and advantageous in the long-term for the City to move from the business privilege tax to the payroll preparation tax under Section 123 (d) (2) of the Municipalities Financial Recovery Act. This is a new taxing authority option under Act 199 of 2014 amending Act 47 to allow for the use of the payroll preparation tax in place of the business privilege and mercantile tax. Once established and approved by the Common Pleas Court, this tax may continue to be levied even after a termination of the City's distressed status. The City shall commission its current EIT Tax Collector, Berkheimer Associates, its auditors, and any other knowledgeable party to assist the City in providing information for making this decision.

INITIATIVE NO. 21 The City shall continue to levy sanitary sewer user fees at rates sufficient to pay the debt service on loans or bonds issued, operational costs and the cost of projects undertaken, to complete corrective action requirements of the Consent Order and Agreement, dated July, 2010, between the City and DEP.

INITIATIVE NO. 22 As of January 1, 2017, the City's post-employment benefit (OPEB) liability for retiree healthcare is estimated to be $21 million. The City has funded these benefits on an annual "pay as you go" basis. Like the City's underfunded pensions, OPEB liability threatens the City's long term financial health by committing the City to pay increasing amounts into the future for services rendered in the past. Those costs can grow rapidly with the rising cost of healthcare. The City shall continue to fund an OPEB fund at the rate of at least $50,000 per year.

INITIATIVE NO. 23 While this Recovery Plan projects that the City will struggle to balance its operating budget in the near future, it is possible that the City could outperform projections through better-than-expected revenue performance, additional cost savings achieved, or an unanticipated "windfall" financial benefit.

The Government Finance Officers Association (GFOA) recommends at a minimum, that general-purpose governments, regardless of size, maintain an unreserved fund balance in their general fund of no less than ten (10) percent of regular general fund operating revenues. In addition, the City has clear infrastructure and facility capital needs that must be funded. To the extent that the City outperforms projections, the City shall seek to build and maintain an undesignated, unrestricted fund balance equal to 10 percent of the annual recurring General Fund revenues (i.e. approximately $1 to $1.6 million).

At or before the time of the preparation of the 2018, 2019, and 2020 operating budgets, the City Manager, Finance Director, and Recovery Coordinator shall review the state of the City's finances, including anticipated revenues, expenditures and fund balances, in order to determine whether any revenue can be allocated to the City's Capital Fund or Reserve Fund.

INITIATIVE NO. 24 During the Winter of 2018, the City shall complete valuations of capital fixed assets including: sanitary sewer conveyance system, parking facilities, convention center, and golf course. Based on the valuations, the City shall explore the sale of these assets and/or the privatizing of the facilities through lease-back arrangements with the goal of maximizing potential revenue derived.

As part of this process, the City shall explore the possibility of selling the sewer conveyance system to the JRA for the value identified in the system valuation for the purpose of 1) raising funds to address City liabilities, 2) transferring responsibility for the COA and future upgrades to the sanitary sewer system to JRA, and 3) eliminating responsibility for staffing the operational costs from the City budget.

The proceeds from the sale of fixed assets shall be dedicated to paying down the City's pension liabilities, long term debt, and/or OPEB obligations in order to permanently reduce the operating expenses in the General Fund.

INITIATIVE NO. 25 The Finance Department shall annually prepare a Capital Improvement Plan (CIP). Beginning with the 2019 budget, the City Manager and Finance Director with assistance from the Recovery Coordinator shall prepare a comprehensive, five-year Capital Improvement Plan (CIP) during the Summer of each year in advance of the preparation of the operating budget for the succeeding year.

An annual CIP document will provide information on capital projects to City officials and other community stakeholders. The CIP must include maintenance and major repairs required for the City's fixed assets including infrastructure, parks, facilities, technology, and major equipment. The CIP document shall include without limitation:

- An overall narrative review that details priorities and issues for the upcoming budget year.
- Discussion of the funding options available for the CIP and the City's ability to make capital investments. These funding options may include the use of community development block grant funding, other federal and state grants, pay-as-you-go financing from the operating budget, proceeds from the sale of assets and debt.
- A description of the CIP development process including how CIP projects were selected and opportunities for public comment on the CIP.
- Summaries of CIP projects by project type and department.
- Individual descriptions for at least major capital projects. The descriptions will detail the project's location, project summary, estimated costs, estimated completion date, and the project's expected operational costs or savings.

The creation of an annual document that summarizes the CIP will help the City formalize aspects of its current CIP process and detail its efforts to make targeted investments in citywide infrastructure and facilities to support the City's recovery. The CIP document will also provide an opportunity to discuss basic CIP performance metrics from the previous year(s), including: original

project budget compared to final cost, projected project completion date versus actual completion date, and cumulative CIP expenditures compared to previous year estimates.

INITIATIVE NO. 26 As part of the CIP, the Finance Director shall work with the Department Directors to create an Annual Vehicle Purchasing Plan (AVPP). The AVPP shall consider the City's entire fleet of vehicles from fire equipment and police cruisers to public works trucks. The AVPP shall consider such factors as the required fleet size, the life cycle of the various types of vehicles and the per unit acquisition costs. This information shall be included in the financial management system as part of a fleet management module.

7.3 - DEPARTMENT OPERATION INITIATIVES

POLICE DEPARTMENT INITIATIVES

Public safety is part of an overall strategy for maintaining safe and healthy neighborhoods and for supporting economic development. Businesses and individuals will not make investments in the City if they feel that the City cannot protect those investments. The following are recommendations based on the Recovery Team review of the police department.

INITIATIVE NO. 27 The City Manager shall direct the Chief to determine the best way to access and utilize the Cambria County 911 Center CAD information to conduct a comprehensive analysis of the department's calls for service. This will provide information not only about the most pressing and frequent calls but also about the number of officers needed for the patrolling function in the City.

INITIATIVE NO. 28 The City Manager shall work with the Police Chief and Recovery Coordinator to develop a scope and to apply for Act 47 grant funds for the upgrade of computer hardware, operating system, and software as soon as possible to avoid a complete breakdown in services in the department. The department cannot continue to operate with an XP operating system. It is not supported and makes the department vulnerable to hacking, phishing, and viruses.

INITIATIVE NO. 29 The Police Chief shall update, enhance, and insist on training for officers on the Visual Alert record management system. The only way to evaluate the level of service and manpower is to have complete and accurate data. The Visual Alert system is an excellent police records management system for police operations but it is not being used properly due to lack of training and instructions. It can be a valuable tool for identifying trends in crime and making the best use of manpower.

INITIATIVE NO. 30 The Police Chief shall participate in the operating budget preparation and, in advance of the City's development of a CIP, create a comprehensive plan to regularly upgrade and replace equipment that would include but not be limited to: body armor, police side arms, radios, and computers.

INITIATIVE NO. 31 The Police Chief shall develop a plan that will provide for and equip all police vehicles with cameras, MDT's and License Plate Readers. In addition, the Chief should add Mobile Report Writing capability to the MDT's to keep officers on the road.

INITIATIVE NO. 32 The Police Chief shall formulate, or have formulated by a supervisor, a well-reasoned purchase and vehicle rotation plan and incorporate that into the budget in each fiscal year. The City shall apply for Act 47 grant funds to support the purchase of a comprehensive Fleet Management software package that tracks this information and assists in the decision-making process for all departments.

INITIATIVE NO. 33 The Police Chief shall identify the areas of training that are most needed by the department and develop a realistic training budget to achieve the necessary training. Training needs should be based on the strengths and needs of the personnel and operation in the community. Many training opportunities are low-cost or without cost. Supervisors can attend training to become certified and then train other officers in-house. The training expenses should be included in the operating budget.

INITIATIVE NO. 34 The Police Chief shall work with the City Manager to plan and provide for the upgrade of the Evidence Room and purchase of a secure Temporary Evidence Locker. The Chief must assign a trusted patrol officer or police clerk to be the Evidence Custodian(s) and assign a Captain to conduct annual or semi –annual audits with unannounced inspections during the year. Written reports from the audits and inspections should be forwarded to the office of the Police Chief who should take immediate and appropriate actions.

INITIATIVE NO. 35 The Police Chief shall conduct a comprehensive study, including benchmarking with other police departments to examine the "4 and 2" work schedule identified in the CBA to determine if this is the most efficient way to schedule manpower. This comprehensive study of police scheduling should be conducted using data from the previous two years and should be provided to the City Manager no later than November of 2017 so that it can be discussed during the collective bargaining sessions and included in the 2018 budget process.

INITIATIVE NO. 36 The City Manager and Finance Director shall include a study for the upgrade of the public safety building as part of the CIP process. The police facility needs a substantial upgrade or the entire public safety operation should be relocated to better, more modern, more efficient facilities.

INITIATIVE NO.37 The Chief shall work with his Captains and Supervisors to complete the Police Policy Manual as soon as possible. The PA Chiefs of Police Association can supply a sample policy manual for a nominal fee that can be modified for the City of Johnstown. A complete and upgraded policy manual will offer much needed direction to the officers, protection from law suits for the City, and provide the ability to hold police officers accountable in a consistent and fair manner.

INITIATIVE NO. 38 The City shall seek Accreditation through the PA Chiefs of Police Association for the police department to ensure that the department is following best practices in its policies and procedures. The process for working towards accreditation is a valuable exercise that requires the department to examine its functions, policies, and practices in an organized and methodical way.

FIRE DEPARTMENT INITIATIVES

Premier fire services are part of an overall strategy for maintaining safe and healthy neighborhoods and for supporting economic development. Businesses and individuals rely on fire services to persons, property, and investments. The following are recommendations based on the Recovery Team review of the fire department.

INITIATIVE NO. 39 The City Manager and Fire Chief shall open discussions during 2017 with Franklin Borough Volunteer Fire Department relative to consolidating City fire services with the Borough's existing volunteer department. Franklin Borough, an Act 47 community, adjacent to Johnstown is struggling to provide basic government services for its residents and is exploring a number of options for addressing the residents' public safety needs. The volunteer fire department has a dedicated core of firefighters who provide coverage for the Borough. They have 3 fire apparatus and 75% of the members are certified to Firefighter II with hazardous material training. It may benefit both the JFD and the FBFD to merge their efforts to provide additional manpower for both departments at the fire scenes.

INITIATIVE NO. 40 The City Manager and Fire Chief shall regularly benchmark staffing and spending against the identified core group of comparable cities identified in *Section 5. Department Operations.* Departments that have added part-time firefighters to their complements are spending less as a percentage of budget and per capita than cities that are entirely staffed with full time firefighters. Discussions should take place regularly with these cities to review best practices and opportunities for fire protection, financial planning, and management.

INITIATIVE NO. 41 The City Manager and Fire Chief should carefully analyze and re-evaluate providing the first response medical QRS service because it makes up 20% of the calls and ties up 50% of the staff. At the very least, the department supervisors should regularly review EMS calls and dispatch protocols with EMS providers and County 911 officials to ensure that the fire department's availability to respond to critical EMS calls is maximized. There may be a private or quasi-public option that makes more sense for basic and advanced life support. Discussions should be held with the existing ambulance providers about taking over this service. These agencies can often provide better service for a lower cost and are regularly reimbursed through health insurance payments.

INITIATIVE NO. 42 The City Manager, Finance Director and Fire Chief shall investigate revenue generators. There are at least two opportunities that can be implemented quickly.

- If the City continues to provide QRS services, one opportunity for revenue enhancement would be to work with the local EMS providers to add a QRS fee to ambulance billing. This is standard practice in many communities. It is recognized that the two primary EMS providers, West End and 7th Ward EMS, are adversely affected by the demographics (age, economics) of their patients and service areas. For this reason, their collection rates from insurance and direct billing are below state and national norms. However, this does represent a potential dedicated revenue stream and is used by other fire departments across the Commonwealth
- The City could use on-duty firefighters to supplement code enforcement activities. Firefighters can be trained to conduct fire and occupancy inspections. Fees for code enforcement and occupancy inspections can be benchmarked against the fees charged by the comparable communities. Fees should cover basic fire department expenses. The Borough of Swissvale and the City of Sharon both maintain excellent programs of using on duty firefighters as inspectors for conducting fire safety inspections of all newly occupied rental properties (residential), commercial occupancies, and remodeling and has shared this best practice with other fire departments and municipalities. The City of Sharon recently moved their entire code enforcement operation to the fire department where firefighters and code officers work side by side to conduct commercial, residential, and rental inspections.

INITIATIVE NO. 43 The Fire Chief shall explore alternatives and opportunities for increased mutual aid to provide additional staffing for working structure fires. A further recommendation was made in the Regional Approach to Fire Service Delivery in this report. A sample mutual aid agreement is included as **Appendix C**

INITIATIVE NO. 44 The Fire Chief, City Manager, and Council shall address the issue of false/good intent alarms. False/good intent alarms make up 38% of the overall fire calls. The department supervisors should regularly review the nature, cause, location and frequency of false/good intent calls and work with owners to address the problem.

The false alarm data may support the development and implementation of an ordinance that will create a potential revenue stream from fees and fines for repeat false alarm offenders. Most cities charge a "service fee" for anything over 3 false alarms per year and this is graduated based on the number of false alarms received. A typical schedule is:

	Commercial	Residential
One False Alarm	No Charge	No Charge
Second False Alarm	$200	$100
Third False Alarm	$400	$200
Fourth False Alarm	$500	$500

Any alarm after the third false alarm should be subject to prosecution with fines up to $1000 with conviction. A sample false alarm ordinance is provided in **Appendix D.**

INITIATIVE NO. 45 The Fire Chief and fire personnel shall establish the JFD fire training building as either a local, regional, or state training facility, that can host training for other firefighters and departments. Some opportunities include:

- Align with the state fire academy and regional community colleges who provide certified training
- Develop and offer courses and customized training for outside firefighters and departments for fees
- Allow other departments to rent the facility for their own training purposes with supervised certified JFD staffing.

The Fire Chief and fire personnel should conduct a study regarding the potential training opportunities for course offerings in order to secure a potential revenue stream. If this can be done both in terms of feasibility for establishing and conducting revenue driven training as well as logistics and liability issues, the City should consider identifying a training officer and charging the officer with the responsibilities for marketing and coordinating this effort. This will have the additional benefit of driving food and lodging revenues for local businesses during training while out of town firefighters and departments are in the area for training.

INITIATIVE NO. 46 The JFD Fire Chief and supervisors should work towards building a regional Rapid Intervention Team (RIT) program where area fire departments provide working teams of trained firefighters to respond to each other's working structure fires for firefighter safety and rescue. Pennsylvania provides for intergovernmental cooperation in Title 53 of the Pennsylvania Consolidated Statutes. According to Title 53, this cooperation is to be authorized by ordinance or resolution by the participating governments.

PUBLIC WORKS DEPARTMENT INITIATIVES

The City's care, upgrade, and maintenance of the infrastructure, parks, and facility assets are one of the City's most important responsibilities. The care of these assets is also the most visible of all City services. The following are recommendations based on the Recovery Team review of the public works department:

INITIATIVE NO.47 The City shall budget for and provide training opportunities for employees. The City currently does not provide training on an annual basis for its personnel. Regular training for the Director and the laborers should be a standard part of the annual budget. Training provided to employees can greatly affect their productivity and efficiency. Advantages of training include improvements in morale, motivation, productivity, and quality of services.

Training and Professional Development for the Public Works Director

The Director's role as not only a supervisor but also as a working component of the department requires both supervisory and technical training. The City Manager and Director should develop an annual training program for the Director that will promote professional development in management and technical aspects of public works.

The PENNDOT LTAP Roads Scholar Program is an excellent resource for the City to consider. Fred Pryor has a local presence in the Greensburg area and offers a variety of management level one and two-day courses inexpensively on a variety of topics. The

American Public Works Association (APWA) has a local chapter that provides not only technical courses but also affords networking with other public works professionals. The PA State Association of Supervisors (PSATS) and the PA State Association of Boroughs (PSAB) both offer excellent training annually around the region.

- Pennsylvania LTAP Roads Scholar Program
https://www.dot7.state.pa.us/LTAP/
- Become a member of the America Public Works Association (APWA) and take advantage of their free online webinars
http://apwa.net/
- Attend a Basic Supervision course such as Fred Pryor Career Track seminar
http://www.pryor.com/mkt_info/seminars/desc/TW.asp?zip=15090
- Attend a Basic Customer Service course such a Fred Pryor Career Track seminar
http://www.pryor.com/mkt_info/seminars/desc/KC.asp
- Routinely evaluate courses offered by Pennsylvania State Association of Township Supervisors (PSATS) and Pennsylvania State Boroughs Association (PSAB)
http://www.psats.org
http://www.psab.org
- Training Program for the Department
- Basic electrical course
- Attend Annual PA One Call Event (September)
http://www.pa1call.org/pa811/Public/POCS_Content/Event/PA_Safety_Day/SafetyDays.aspx
- Attend Annual APWA Equipment and Safety Show (June) http://westernpenn.apwa.net/

INITIATIVE NO 48 The DPW Director shall develop an annual safety training program around routine and special projects. The City's risk management service should be able to provide a resource for possible toolbox talks or follow up at no expense. Examples of topics include:

- Pre-Job Safety Reviews
- Compressed air
- Bench and hand grinder safety
- Hand tool safety
- Slips, trips and falls
- Confined space training (this should be a certificate issued course)
- Chainsaw safety

INITIATIVE NO. 49 The DPW Director shall develop a formal snow and ice control plan. The Department currently does not have a formal snow and ice control plan in place. A plan should be developed that includes the following criteria: policies & plans,

priorities, crew scheduling, planning and managing routes, managing operations, emergency management, training, public relations, measuring results and any special policies.

There are several examples that exist and the following links will serve the City well to further review and consider implementing a formal *Snow and Ice Control Plan*.

Salt Institute Snow Fighters Handbook
http://www.saltinstitute.org/content/download/484/2996

Cranberry Township's Snow and Ice Control Plan
http://www.cranberrytownship.org/DocumentCenter/Home/View/556

The DPW Director should be evaluating additional treatment options for the City. For instance, the Department already uses brine to pretreat its salt at the spinner. Anti-icing ahead of storms on hills, at intersections, and in areas that take longer to get to that may be problematic for the operators should be considered candidates for this option.

INITIATIVE NO.50 The City Manager and Finance Director shall evaluate electric suppliers for street lighting and all electric accounts. The City shall consider using a professional consultant to audit and evaluate the current pricing and plan options for its electric accounts. The City currently allocates much of its LFF towards municipal street lighting. In addition, the City owns and operates lighting infrastructure along its main business corridor, City facility, and parks. Pennsylvania deregulated the supply of electricity in recent years. This means that consumers can now shop their electric consumption on the competitive market, rather than remain with the distributor for both supply and distribution. A fixed, lower cost per kilowatt as part of a multiyear contract is available to the City.

INITIATIVE NO. 51 The City Manager shall work with the DPW Director to establish sufficient administrative support. The DPW Director is constantly going between public works and the City building where he relies on the administrative staff of the Codes Department. The DPW administrative assistant should be the primary support for the Director. Scheduling appointments, serving as the single first point of contact for DPW related service requests and assisting in the review of invoices are a few of the tasks of this position. The Director is responsible for the effective management and operational structure of the Department. When the Director is out of the building and away from the operation, the operation is not receiving the leadership and management direction that it needs.

INITIATIVE NO. 52 The DPW Director shall work with the City Manager to identify and install an automated system to track complaints and requests for service. The DPW currently utilizes a common and inefficient approach to responses to requests for service and work orders. The Director receives a handwritten notated work order form usually from the administrative staff at the City Building. The sheet is noted as done and filed as a record of work performed by the department. This system should be automated. Electronic work order tracking provides historical data, assists in budget projections, and provides consistent service to residents. To achieve this, the department must have a reliable system of tracking requests for service that would record the

customer's name, address, nature of call and information exchanged, tentative schedule for work, resources used (personnel, materials, etc) and how and when the issue is resolved. The Freedom System, currently in use by the City's Finance and Code Enforcement Office, has a work order system that could be implemented quickly in the DPW.

INITIATIVE NO. 53 The DPW Director shall work with the Finance Director to set up a comprehensive vehicle and equipment maintenance records system as the basis for the City's replacement schedule for public works equipment and vehicles. The information from this system would be included in the annual CIP.

INITIATIVE NO. 54 The City Manager, DPW Director, and City Engineer shall develop a long-range Pavement Management Plan for comprehensive street paving. The City should be working towards a comprehensive long-range plan for street paving and surfacing options. Streets should be set up in a pavement management environment where conditions are recorded and maintenance routinely scheduled. Adopting an annual road inspection program, where every road is inspected every year and scored is the best management practice for pavement management. Systems such as the PASER rating system allow for better decision making and provide for more informed budgeting to take place. The Director should be educated on the various surface treatments available to the City that can be applied once the scoring is completed.

INITIATIVE NO. 55 The City Manager and the DPW Director shall apply for Act 47 grant funds to improve the fuel system controls for operational efficiency and material control. A fuel management system will allow for reporting to management and greater controls that deter theft or improper financial coding. In addtion to the financial measures this will provide, the report will provide for preventative maintenance on vehicles to be improved by allowing management to know the mileage of each vehicle at a glance. The Public Works Department has underground fuel storage tanks for unleaded and diesel. The business practice is handled with a paper tracking system and is loosely monitored by management. There is a need for an electronic fueling system to be implemented that tracks the consumption, vehicle fueled, individual fueling, mileage and fuel type used. Systems such as Fuel Force and Gas Boy have additional features that improve the overall management of the fleet as well, based on the initial entries at the fuel pump.

INITIATIVE NO. 56 The City Manager, Finance Director, and City Engineer shall conduct evaluations and analysis for Council's consideration of Storm Water Management Fees.

The City does an excellent job maintaining its storm water infrastructure. The entire system is inspected several times per year and a contracted service is utilized for VAC and JET services. However, the system of pipes and basins does show signs of the need for repair and replacement. The City has limited funding sources other than the general fund to address storm water infrastructure needs and the future requirements of the mandated MS4 program.

For this reason, the City should consider implementing a stormwater utility fee. In 2013, Gov. Tom Corbett signed legislation giving municipalities the ability to form stormwater utility authorities for the purpose of managing and maintaining storm water systems and to assess fees for this service. Since then, communities in Pennsylvania have begun to create authorities to study,

implement and manage stormwater utilities. In 2015, the General Assembly considered HB 1394 which would allow a municipality to levy these fees without the creation of a municipal authority for that purpose.

There are various methods used to develop fees for residential and commercial properties as well as credit systems for retaining and implementing sound stormwater management practices. For example, in 2011, Mt. Lebanon, approved the creation of a stormwater utility fee for all developed properties. Mt Lebanon determined that a typical single-family home in the municipality contained 2,400 square feet of impervious surfaces, including roofs, sidewalks, patios, etc. Using this information, they developed an "equivalent residential unit" (ERU) as 2,400 square feet of impervious surface. Individual residential units such as single-family homes, townhomes, duplexes each pay a flat $8 per month. Commercial and industrial properties pay $8 per 2,400 square feet of impervious per ERU.

INITIATIVE NO. 57 The City Manager shall work with Department Directors to develop a plan to maintain municipal facilities to preserve assets and to reduce injury and liability claims from both the public and the employees. Items that should be considered for updating include the following:

- ADA access for pedestrian purposes and vehicle parking. Parking for employees is not adequate and should be clearly marked and designated.
- Office space, lighting, and access by the public and staff. Lighting both inside and outside were not adequate or missing.
- Emergency lighting, exits, and proper protection for a commercial structure such as sprinklers and alarms for all areas of the facility that are occupied
- Fleet and equipment storage needs to be better managed. A regional emergency vehicle was stored in a public works garage while trucks and equipment remained outside the facility.

INITIATIVE NO. 58 The City Manager and DPW Director shall budget, during the 2018 budget process, for and begin to hire part-time seasonal employees to supplement the DPW as permitted in the collective bargaining agreement. Vacations, personal, and sick time all impact what can be accomplished at any point in the year but primarily in the warm weather months. The DPW should use summer employees to paint lines and curbs as well as help the department to be more proactive on labor intensive drainage projects and routine maintenance. The City could also use summer employees for cutting grass on vacant lots, clearing right-of-way areas, and addressing park maintenance. Effectively using seasonal labor and providing attractive seasonal wage rates will reduce the City's need to consider additional full-time labor. It will also provide job opportunities for high school and college students in the City during the summer months.

INITIATIVE NO. 59 The City shall continually evaluate opportunities for operational shared services with surrounding communities. Sharing services and equipment are cost effective means to achieving common goals with municipal neighbors. The City is essentially the big fish in the area and has newer equipment and provides most services in-house. However, there are additional opportunities the City should consider seeking out that would further the operational efficiencies. Examples include the following:

- park and playground inspections
- crack sealing
- mowing and trimming – possibly a pool of labor
- line painting – labor and equipment
- light and fixture maintenance – equipment sharing

CODE ENFORCEMENT INITIATIVES

Code Enforcement is the number one activity that can protect and preserve neighborhoods and ensure an acceptable quality of life in older communities. It is the most important operation in the City's budget – yet it receives the smallest amount of resources. The following are recommendations based on the Recovery Team review of the code enforcement operations:

INITIATIVE NO. 60 The Community Development Director shall work closely with the City Manager and Solicitor to develop consistent policies, processes, and forms for the code officers. Interacting with the Solicitor and increasing communication with the personnel will further the understanding of the code officers' interpretation of the IPMC and the overall enforcement process.

INITIATIVE NO. 61 The City Manager and Director shall ensure that all code officers and the administrative assistant are trained on the Freedom System software. Code officers must then be directed to record enforcement violations and complaints every day. This will ensure current and timely information. Freedom Systems must be directed to maintain and update the property owner records in the software on a regular basis.

Once department personnel are trained, property owner records updated, and all data is entered into the system on a daily basis, the Director shall provide a monthly report from the Freedom System Software. This report should be distributed to the City Manager and the City Council for inclusion in their monthly meeting packets. The Director should be responsible to review the report and answer any questions in advance of the monthly meeting so that Council inquiries can be addressed properly.

INITIATIVE NO. 62 The City shall immediately implement the technology, training, and processes necessary for the code officers to utilize their "in the field" technology. The City purchased field tablets, in-vehicle printers, and wireless "wifi" for the code officers – but the equipment is not being utilized on a consistent and regular basis by all code officers. This should be done immediately to maximize production and enforcement capabilities.

INITIATIVE NO. 63 The City shall budget for and provide management training for the Director on an annual basis. The Director has a working knowledge of the City government and an understanding of the code enforcement department and assigned duties. The Director should be provided management tools to help work with personnel. The City Manager should develop an annual management training program and it should be included in the budget each year. The following courses through Fred Pryor would provide basic management level training inexpensively.

- Making the Transition from Staff to Supervisor http://www.pryor.com/mkt_info/seminars/desc/VM.asp

- How to Manage People http://www.pryor.com/mkt_info/seminars/desc/TW.asp
- Criticism and Discipline Skills http://www.pryor.com/mkt_info/seminars/desc/DE.asp

INITIATIVE NO. 64 The City Manager and Director shall review and evaluate the duties and responsibilities of the Administrative Assistant. The Department is need of immediate administrative support. The officers are performing too many administrative functions such as initiating letters, answering routine calls, and covering the office walk-in traffic by visitors in the absence of routine and reliable administrative staff. The more time officers spend in the office, the less time they have to perform enforcement work in the field.

INITIATIVE NO. 65 The Director shall have a greater presence in the code enforcement office area. Interacting both formally and informally with the officers and administrative staff will provide an opportunity for guidance on enforcement and department management issues. Direct interaction is important for the success of the Department. The Director's presence in the office provides for greater accountability and oversight on a more routine basis.

INITIATIVE NO. 66 The City shall, as soon as practicable, adopt by ordinance, the latest edition of the International Property Maintenance Code (IPMC); shall include language in said ordinance that automatically adopts the newer versions as they are issued; and shall use the Code as its primary enforcement instrument. There is some concern that the City has adopted several ordinances that are more restrictive than the IPMC 2009 edition which is the edition being used by the City code officers. It is unlikely that stricter ordinances would be upheld in a legal challenge. Adopting the newest edition of the IPMC, without exception from local ordinances, will ensure that the citations are enforceable and will be upheld by the courts.

INITIATIVE NO. 67 The City shall update Ordinance 1480.02 to permit partial payments for vacant lots OR discontinue the practice of taking partial payments. The City currently requires a $500 balance to be maintained in an escrow type account for vacant lots that are mowed and which are required to be registered. Partial payments are being accepted at the City Building. There is no authority for taking partial payments and there is no mowing fee identified in the Fee Resolution.

INITIATIVE NO. 68 The Director shall evaluate and make a recommendation to the City Manager no later than October of 2017 regarding the use of the three code officers in the Department. Currently only two are assigned to split the City for inspections. Based on the workload demand, it might be more advisable to split the City into thirds and assign all three officers an enforcement district. Administrative and clerical functions associated with the rental registration program should be assigned to the Administrative Assistant. The City needs more "feet on the street" enforcement and all three officers should spend most of their time on enforcement activities.

INITIATIVE NO. 69 The City Manager and Director shall transfer the mowing responsibilities from code enforcement to the DPW (with help from seasonal employees). The code officers are currently spending at least one day each week mowing, trimming, weed whacking, and maintaining private property. Officers should not be assigned mowing and trimming activities. This should be a DPW activity or done with contracted services, and the cost should be billed and liened against the private property owner.

Code officers spending time mowing is time they are not spending enforcing the code. This is a waste of good manpower and resource hours.

INITIATIVE NO. 70 The Director shall hold weekly staff meetings to discuss the number of field visits conducted by each officer, routine violations, and how each officer will handle the cases. Cases currently being investigated would make for excellent examples and provide guidance to the other code officers. These meetings should be documented with notes for follow up and utilized as resources by the officers for clarification. A general *Standard Operating Procedure* for the Department should be instituted. A draft *Standard Operating Procedure* has been provided for the department under separate cover.

INITIATIVE NO. 71 The City shall provide training for the Director and code officers so that they can better carry out their duties and responsibilities. Some examples include:

- Blight and Vacant Property strategies. Courses are done via webinars held by the PA Boroughs Association at the following link. http://boroughs.org/ckfinder/userfiles/files/Current%20Webinar%20Schedule%20May-Dec.pdf
- Customer Service Training - These are a few examples of upcoming, relatively inexpensive training options that may be considered.
- Dealing with Difficult People http://www.pryor.com/mkt_info/seminars/desc/DD.asp
- Managing Emotions Under Pressure http://www.pryor.com/mkt_info/seminars/desc/MI.asp
- How to Deliver Exceptional Customer Service http://www.pryor.com/mkt_info/seminars/desc/KC.asp

Officers attending can review the material covered and how it can be incorporated into the department's routine operations. Customer service should be a regular agenda item at staff meetings to discuss case examples of good and challenging instances that are confronted by the officers. The City should also consider hosting seminars to provide for more opportunity to allow staff to attend and minimize travel.

PARKS AND RECREATION INITIATIVES

The City's parks are valuable assets for the City. There is a social component to recreation that fulfills certain quality of life issues for residents. Recreation brings neighbors together, encourages safer, cleaner neighborhoods and creates a livelier community atmosphere. The following are recommendations based on the Recovery Team review of the parks and recreation operation:

INITIATIVE NO. 72 The City Manager and DPW Director shall plan for and budget for increased training for playground safety and establish routine maintenance and inspection schedules. The City is ill equipped as far as manpower and professional knowledge to maintain its current inventory of park assets. While the City has recently installed new and updated park equipment, there is no schedule for inspection or routine maintenance required at each of the various locations. The DPW should establish a routine maintenance and inspection schedule for each week and month of the year for each park location, regardless of size. Maintenance and inspections should not only be performed in the summer months but also in the offseason. Public spaces are

required to be safe and accessible to all members of the public at all times. Unsafe playground equipment, walkways, and debris are not only unsightly and devalue a community asset, but can lead to liability issues for the City. The DPW Director and a responsible employee should be certified in playground inspection and maintenance. An excellent certification for supervisory personnel is the Certified Playground Safety Inspection program. The program is offered annually through the PA Recreation and Park Society. Additional information on this program may be found at Http://www.prps.org

INITIATIVE NO. 73 The City Manager and DPW Director shall develop a plan to systematically address dilapidated structures and surfaces immediately. The City is responsible for structures that may pose a threat to the public's safety. Structures and play equipment that are no longer able to be used should be disassembled by the DPW and removed. At several parks, the fencing is dangerous and needs to be repaired immediately. Sharp edges should be trimmed and where the fence can no longer be salvaged, it should be removed in sections until it can be replaced.

INITIATIVE NO.74 The City shall seek private and public funds to conduct a hazardous tree assessment. Along the perimeter and within most of the parks are older growth trees that contain dead and dying trees and limbs that are threatening existing structures and facilities including perimeter fencing. City personnel are capable of trimming low hanging trees to a height of up to 11 feet safely within and around the parks. A contracted tree specialist would be able to provide quotes and suggestions on what should be removed to promote a healthy park tree population and manage the need for removal. Non-profit organizations and government agencies offer resources to assist in proper management of urban tree cover. For example, TreeVitalize http://www.treevitalize.net, a public-private partnership established by the Pennsylvania Department of Conservation and Natural Resources (DCNR) to restore tree cover in Pennsylvania communities offers annual pruning grants that range from $2,500 to $25,000. This maintenance responsibility is important enough to the safety of the facilities that a tree management program should be further developed and then incorporated into the annual budget.

INITIATIVE NO. 75 The DPW Director shall conduct (or cause to be conducted) a park sign inventory and address faded and unnecessary signs. The City parks facilities are generally marked and identified. It is important for the public when entering a park to know, not only the park they are visiting but also understand the rules of the park. There are many signs installed over the years that should be evaluated for their use and overall appearance at each facility. A sign inventory should be conducted and evaluated for sign reduction and or replacement. During a comprehensive planning process, a standard sign plan for the parks facilities should be developed. Standardizing the look of the signs down to the posts used and typical landscaping used reduces the need for multiple styles and custom individual parts and pieces.

INITIATIVE NO. 76 The DPW Director shall ensure that there are multiple applicators certified through the Department of Agriculture for the spraying of herbicides and pesticides in and around City facilities to control vegetation. Public entities are required to have at least one certified applicator, licensed through the Commonwealth, in order to utilize even the smallest amount of products like *Roundup*. There are special requirements that public entities must observe to perform this activity. Additional information on the full requirements of certification may be found through the Penn State Agriculture Extension at this link http://extension.psu.edu/publications/agrs-118

INITIATIVE NO. 77 The City Manager, DPW Director, and Community Development Director shall perform a comprehensive analysis of competitive funding opportunities at the local, state, and federal levels that could potentially support parks and recreation programs and major capital projects.

A number of private, local, state, and federal funding programs are available to help in funding annual recreation programs and recreation personnel. Most competitive grant programs carry local match requirements, which require applicants to document cash and/or in-kind contributions (e.g. staff time) proportionate to the requested grant amount. Securing the required match for a competitive grant is a challenge for many municipalities that requires creative solutions. In some cases, the match can be comprised of several funding sources, from CDBG funds to direct cash contributions to donated services. The Commonwealth's C2P2 program recognizes the appraised value of land as an eligible match when the land will be incorporated as part of the recreation project. Grant funds represent a one-time cash infusion and should not be utilized to balance a municipal budget. But grant funds can represent a viable source of funding to offset the costs associated with major capital projects. Some opportunities are provided under the following programs.

SAFE PLACES TO PLAY GRANTS - U.S. SOCCER FOUNDATION - The "Safe Places to Play" grants are available to nonprofit organizations working to build or enhance a field space that enables children in underserved communities to stay active, healthy, and safe. The Safe Places to Play Grants provide funding in four categories for indoor and outdoor field projects: synthetic turf, lighting, irrigation, and sport court. Applicants must own or have a minimum 10-year land lease or land use agreement for the land where the existing field is located or will be built. Applicants must have written authorization from the community if lighting will be used on the project. A 50 percent match is required.

BASEBALL TOMORROW FUND - The Baseball Tomorrow Fund provides grants through contributions from Major League Baseball and its corporate partners for incremental programming and facilities for youth baseball and softball programs. Applicable projects include financing new programs, expanding or improving existing programs, undertaking a new collaborative effort, or obtaining facilities or equipment. Nonprofit and tax-exempt organizations involved in the operation of youth baseball or softball programs and facilities are eligible to apply.

KEEP AMERICA BEAUTIFUL - Environmental, illegal dumping, fresh paint days, litter and recycling

SCOTTS MIRACLE-GRO: GRO1000 GRASSROOTS GRANTS - Development of gardens and green spaces.

GREENWAYS, TRAILS AND RECREATION – Act 13 of 2012 establishes the Marcellus Legacy Fund and allocates funds to the Commonwealth Financing Authority (the "Authority") for planning, acquisition, development, rehabilitation and repair of greenways, recreational trails, open space, parks and beautification projects.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES (DCNR) – COMMUNITY CONSERVATION PARTNERSHIPS PROGRAM (C2P2) – Parks and Recreation Planning, Development, Land Acquisition, and Partnership Projects.

INITIATIVE NO. 78 The City Manager and Council shall consider the creation of a Recreation Board by Ordinance to implement, coordinate, and oversee recreation programming. A volunteer Recreation Board is a valuable asset for most communities for providing additional capacity to offer recreation programming. Volunteer board members (with additional volunteer support and City resources) typically plan and support community events such as: community days, Easter egg hunts, Christmas programs, "open street" events, Halloween parades and parties, senior festivals, 5K races, open streets, and many other recreation opportunities. These types of activities and events bring a community together and create pedestrian activity and social venues that discourage crime and vagrancy. Recreation Boards can also help to make recommendations to the governing bodies about future programming, facilities, and opportunities to engage City residents. The focus should be on healthy activities that encourage people to engage in the community.

INITIATIVE NO. 79 The City Manager and Council shall apply for grant funds from the DCNR, in the April 2018 round, to develop a strategic plan that takes a comprehensive view of the City's parks and recreation programming opportunities. A strategic planning session should be scheduled in order to determine the course that should be established for the next several years. Strategic planning should include discussions about:

- Where are we going? (Mission)
- How do we get there? (Strategies)
- What is our blueprint for action? (Budget, Goals, and Objectives)
- How do we know if we are on track? (Control)

Issues for discussion should include:

- What programs or services should we provide and who around us can assist in developing them?
- What opportunities should we pursue over the next five years?
- What challenges are we likely to face over the next five years?

It may be helpful to work with an independent consultant who has training in recreation planning to facilitate discussions between the City and the residents.

7.4 INTERGOVERNMENTAL COOPERATION INITIATIVES

The City can best maximize its services and resources by developing cooperative relationships with other communities in Cambria County. The long-term sustainability of the City and the region depends on the success of these relationships.

INITIATIVE NO. 80 The City Manager and Council shall immediately open discussions and negotiations with the Borough of Franklin officials relative to a potential merger of public services. These discussions and negotiations should be facilitated by and under the oversight of Judge Krumenacher and the PA DCED.

INITIATIVE NO. 81 The City Manager and Fire Chief shall continue the effort to market the services of the Fire Department to surrounding communities for fee based contracts including use of the Department's training facility. These efforts shall also include the execution of mutual aid agreements with adjacent communities.

INITIATIVE NO. 82 Council and the City Manager shall review all services to assure that adequate charges are imposed to recoup the City's total actual cost of providing such services.

INITIATIVE NO. 83 The City Manager and the Director of Public Works shall continue to market the services of the department to other municipalities consistent with the department's capacity including the continuation of shared use of equipment and maintenance services. The City Manager shall work with the Recovery Coordinator to obtain applicable state grant funds to support these efforts.

INITIATIVE NO. 84 The City Manager, the Fire Chief and the Police Chief shall initiate discussions with the members of the Cambria-Somerset Council of Governments (COG) to propose the formation of both a Police Advisory Committee and a Fire Advisory Committee for the purpose of discussing and resolving police, fire and other public safety issues of mutual concern to the members. In addition, the City shall actively participate in the COG's intergovernmental program and shall market the City's services such as fire services, public works, and code inspection through the COG.

7.5 COLLECTIVE BARGAINING INITIATIVES

Because personnel expenses drive the City's budget and make up 85% of all expenditures, arriving to fair, reasonable, and mutually beneficial agreements should be a priority for both management and the bargaining units. For this reason, the Recovery Team reviewed operations and current collective bargaining agreements in advance of pending negotiations that will be conducted in 2017.

INITIATIVE NO. 85 The City Council shall designate the City Manager and Finance Director as the Bargaining Team with support and technical advice from the Department Director who supervises the bargaining unit and is most knowledgeable about the expiring collective bargaining agreement.

INITIATIVE NO. 86 The Bargaining Team shall be supported by the Recovery Team and an independent Labor Counsel who is knowledgeable and experienced in public employee law and understands the Act 111 and Act 195 bargaining processes. The Labor Counsel shall be responsible for meeting all deadlines and achieving settlement, negotiation, or in the event of arbitration, an arbitration award no later than the year in which the agreement expires.

INITIATIVE NO. 87 Immediately following a settlement agreement, negotiated agreement, memorandum of understanding, or arbitration award, the City Manager must take steps to update the collective bargaining agreements to include the new language, rates, or sections so that the new collective bargaining agreement is a consolidated document that includes all items to which the

parties have agreed. Should there be changes to the pension benefits, contributions, or funding, the affected pension plan document shall be updated to include the changes within 90 days of the execution of a new collective bargaining agreement.

POLICE – SUBJECTS OF BARGAINING

The existing FOP contract was reviewed as part of this Recovery Plan update and the City's Bargaining Team shall address the following issues during the 2017 negotiations:

INITIATIVE NO. 88 The Bargaining Team shall discuss with Labor Counsel whether the rank of Captain should remain in the bargaining unit and initiate a "clarification" of the unit with the PLRB if determined that it should not be. The duties and responsibilities of the Captain position should be closely examined to determine if that rank should be designated as managerial. The six criteria that were identified in the court case, "Fraternal Order of Police, Star Lodge #20 v. PA Labor Relations Board" to define bargaining unit eligibility are whether the rank engages in the following:

- Policy Formulation
- Policy Implementation
- Overall Personnel Administrative Policy
- Budget Making
- Purchasing Role
- Independence in Public Relations

It is important to note that the employer need only prove that the individual is managerial under one of the 6 criteria to have that position excluded from the Bargaining Unit.

INITIATIVE NO. 89 The Bargaining Team shall address Article IV, Section 7, Paragraph H which provides that officers who appear in Common Pleas Court are entitled to a full day's pay for any appearance many of which are plea agreements that are worked out in 2-4 hours or less. This minimum exceeds most municipal contracts that call for minimums of 4 hours with any appearances exceeding the minimum being paid for at the overtime rate.

INITIATIVE NO. 90 The Bargaining Team shall address paid leave which is excessive and creates expenses for filling the open shift. Specifically, the granting of 12 paid sick days in addition to the 11 paid holidays and 14-28 vacation days is very generous.

INITIATIVE NO. 91 The Bargaining Team shall address the use of sick days and light duty. Currently the police CBA provides for police officers to be able to accrue their sick days for long term disability events without limitation (Article VII, Section 1—Page 22) and also offers police officers financial security during such occurrences by offering "Light Duty Positions" (Section IV, Section 9 - Page 16).

INITIATIVE NO. 92 The Bargaining Team shall address the issue of "sick day incentive." The "sick day incentive" (Section VII, Section 2) grants financial reward to those officers who utilize 3 or less sick days per year. The Police Chief and Finance Director

shall examine and review the number of sick days used before and after the "Sick Day Incentive" was offered to see what effect (if any) the provision has had on use of sick days.

INITIATIVE NO. 93 Act 133 of 2010 requires the Recovery Plan to include specific dollar limits for compensation and benefits as parameters for the negotiation of collective bargaining agreements. Pursuant to that authority, the following limits are hereby established for the FOP bargaining unit during the term of this agreement:

TABLE 64 – POLICE ACT 133 COLLECTIVE BARGAINING LIMITS

POLICE COLLECTIVE BARGAINING - ACT 133 LIMITS					
COMPENSATION	2017 LIMIT	2018 LIMIT	2019 LIMIT	2020 LIMIT	2021 LIMIT
Base Salaries	$1,967,195	$2,006,539	$2,046,670	$2,087,604	$2,129,356
Premium Pay	$112,200	$114,444	$116,733	$119,068	$121,449
Educational/Sick Leave Incentives	$27,336	$27,883	$28,440	$29,009	$29,589
Overtime - Fill Shifts	$61,200	$62,424	$63,672	$64,946	$66,245
Uniforms	$25,500	$26,010	$26,530	$27,061	$27,602
Longevity	$36,618	$37,350	$38,097	$38,859	$39,636
Total Compensation	**$2,230,049**	**$2,274,650**	**$2,320,142**	**$2,366,547**	**$2,413,878**
BENEFITS	2017 LIMIT	2018 LIMIT	2019 LIMIT	2020 LIMIT	2021 LIMIT
Health Insurance	$502,760	$532,926	$564,901	$598,795	$634,723
Co-Pay	($76,400)	($80,983)	($85,842)	($90,993)	($96,453)
HRA Liability	$19,345	$20,506	$21,736	$23,040	$24,422
Vision	$4,022	$4,263	$4,519	$4,790	$5,077
Life	$8,530	$9,042	$9,584	$10,159	$10,769
Dental	$25,947	$27,503	$29,154	$30,903	$32,757
Total Benefits	**$484,204**	**$513,257**	**$544,052**	**$576,694**	**$611,296**
TOTAL Act 133 LIMITS	**$2,714,253**	**$2,787,907**	**$2,864,194**	**$2,943,241**	**$3,025,174**

FIRE – SUBJECTS OF BARGAINING

The existing IAFF contract was reviewed as part of this Recovery Plan update and the City's Bargaining Team shall address the following issues during the next round of negotiations.

INITIATIVE NO. 94 The Bargaining Team and the Fire Chief shall open discussions with the IAFF bargaining unit regarding the possibility of changing the current scheduling (Article XII. Section 1) model to achieve the mutual goals of having more personnel available for response to fire calls and reducing the overtime costs for the department. As noted in the manpower and staffing discussion, several PA career fire companies use the 24-hour shift model successfully and have achieved economic efficiencies.

INITIATIVE NO. 95 The Bargaining Team shall discuss adding part time firefighters to cover shifts, paid leave, and to meet other manpower requirements with the bargaining unit. The recruitment of part-time firefighters could provide the department with additional manpower at a lower cost and a potential pool of recruits when full time positions become available. This manpower supplement is currently used successfully in other Act 47 cities including Aliquippa and New Castle. The City of Sharon uses both part-time employees and firefighter interns to supplement its full-time firefighters.

Initially, there may not be a ready pool available for recruiting. Part-time firefighters and interns will eventually need to have the same minimum qualifications (NFPA Firefighter I and EMT-B) as full time firefighters before they are allowed to respond to fire calls. Recruits should be tested, screened, hired and given basic skill/procedure reviews specific to Johnstown. The estimate is at least 3-6 months before available manpower could be deployed.

INITIATIVE NO. 96 The Bargaining Team shall propose a requirement for physical fitness of firefighters. All firefighters should be required to complete physical competency/agility test annually. A sample physical agility test is included as **Appendix E** of this report.

INITIATIVE NO. 97 The Bargaining Team shall address Article XII Section 14 of the contract that states that in the event of a general alarm fires, the City must call out paid firefighters before they can call for volunteers through mutual aid. This limits the City's ability to access additional support during general alarms especially if firefighters are not living in close proximity to the City.

INITIATIVE NO. 98 The Bargaining Team shall address paid leave which is excessive. Specifically, the granting of 15 paid sick days in addition to the 11 paid holidays and up to 18 vacation days is very generous especially considering that a day off is equivalent to either 10 or 14 hours.

INITIATIVE NO. 99 Act 133 of 2010 requires the Recovery Plan to include specific dollar limits for compensation and benefits as parameters for the negotiation of collective bargaining agreements. Pursuant to that authority, the following limits are hereby established for the IAFF bargaining unit during the term of this agreement:

TABLE 65 – FIRE ACT 133 COLLECTIVE BARGAINING LIMITS

FIRE COLLECTIVE BARGAINING - ACT 133 LIMITS					
COMPENSATION	**2017 LIMIT**	**2018 LIMIT**	**2019 LIMIT**	**2020 LIMIT**	**2021 LIMIT**
Base Salaries	$1,592,568	$1,624,420	$1,656,908	$1,690,046	$1,723,846.92
Premium Pay	$68,000	$69,360	$70,747	$72,162	$73,605.24
Overtime - Fill Shifts	$102,000	$104,040	$106,121	$108,243	$110,407.86
Holiday Pay	$67,378	$68,725	$70,100	$71,502	$72,932.04
Education Pay	$5,508	$5,618	$5,731	$5,845	$5,961.90
Sick Leave -Buy Back	$22,032	$22,473	$22,922	$23,381	$23,848.62
Uniforms	$16,830	$17,167	$17,510	$17,860	$18,217.20
Longevity	$53,856	$54,933	$56,032	$57,152	$58,295.04
Total Compensation	**$1,928,172**	**$1,966,736**	**$2,006,071**	**$2,046,191**	**$2,087,115**
BENEFITS	**2017 LIMIT**	**2018 LIMIT**	**2019 LIMIT**	**2020 LIMIT**	**2021 LIMIT**
Health Insurance	$482,737	$511,701	$542,403	$574,947	$609,443.82
Health Insurance Co-Pay	($72,411)	($76,755)	($81,361)	($86,242)	($91,416.52)
HRA Liability	$18,285	$19,382	$20,545	$21,778	$23,084.68
Vision	$3,313	$3,511	$3,722	$3,945	$4,181.70
Life	$1,343	$1,424	$1,509	$1,600	$1,696.00
Dental	$24,680	$26,161	$27,730	$29,394	$31,157.64
Total Benefits	**$457,947**	**$485,424**	**$514,548**	**$545,422**	**$578,147**
TOTAL ACT 133 LIMITS	**$2,386,119**	**$2,452,160**	**$2,520,619**	**$2,591,613**	**$2,665,262**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

AFSCME - ACT 133 COMPENSATION AND BENEFIT LIMITS

The existing AFSCME contract was reviewed as part of this Recovery Plan update and the City's Bargaining Team shall address the following issues during the next round of negotiations:

INITIATIVE NO. 100 The Bargaining Team shall address requirements for promotions within the respective departments. Article VIII Section 4 provides for promotions but doesn't require any criteria except seniority.

INITIATIVE NO. 101 The Bargaining Team shall address the way overtime is paid. Overtime hours should only be paid after forty hours are worked. Article IX Section 1 requires that overtime must be paid for all hours worked in excess of 8 hours in a day. The FLSA requires only that overtime must be paid for hours "in excess of 40 hours worked in a week." Contract language should be changed to reflect this – and sick days and other absences should not count toward the hours worked.

INITIATIVE NO. 102 The Bargaining Team shall address the issue of paid leave which is excessive and should be reviewed. Specifically, the granting of 12 paid sick days in addition to the 14 paid holidays and up to 30 vacation days is very generous. Vacation should be taken a week at a time with only 5 days to be taken in single days.

INITIATIVE NO. 103 The Bargaining Team shall address the issue of sick leave and how it is accumulated. There should be lower limits on the amount of sick leave that can be accumulated and the amount of sick leave that is paid out at retirement. Currently, the language says that the City will pay out 75 days -but only if the employee has accumulated 75 days in the last 8 years. The language should be clarified. The pay-out for sick days should be a flat rate for a limited number of days.

INITIATIVE NO. 104 The Bargaining Team shall address the method for making payments for jury duty. In Article XIII. Section 5, jury duty should be simplified. Pay the employee and have the employee turn in the checks received from the court.

INITIATIVE NO. 105 Act 133 of 2010 requires the Recovery Plan to include specific dollar limits for compensation and benefits as parameters for the negotiation of collective bargaining agreements. Pursuant to that authority, the following limits are established for the AFSCME bargaining unit during the term of this agreement:

TABLE 65 – AFSCME ACT 133 COLLECTIVE BARGAINING LIMITS

AFSCME BARGAINING - ACT 133 LIMITS					
COMPENSATION	**2017 LIMIT**	**2018 LIMIT**	**2019 LIMIT**	**2020 LIMIT**	**2021 LIMIT**
Base Salaries	$859,804	$877,000	$894,540	$912,431	$930,680
Premium Pay	$6,000	$6,120	$6,242	$6,367	$6,494
Overtime - Fill Shifts	$57,630	$58,783	$59,958	$61,157	$62,380
Longevity	$25,296	$25,802	$26,318	$26,844	$27,381
Total Compensation	**$948,730**	**$967,705**	**$987,058**	**$1,006,799**	**$1,026,935**
BENEFITS	**2017 LIMIT**	**2018 LIMIT**	**2019 LIMIT**	**2019 LIMIT**	**2019 LIMIT**
Health Insurance	$234,040	$248,082	$262,967	$278,745	$295,470
Employee Co-Pay	($37,310)	($39,549)	($41,922)	($44,437)	($47,103)
HRA Liability	$9,099	$9,645	$10,224	$10,837	$11,487
Vision	$1,674	$1,774	$1,881	$1,994	$2,114
Life	$3,059	$3,242	$3,437	$3,643	$3,862
Dental	$14,052	$14,895	$15,789	$16,736	$17,740
Total Benefits	**$224,614**	**$238,089**	**$252,376**	**$267,518**	**$283,569**
TOTAL Act 133 LIMITS	**$1,173,344**	**$1,205,794**	**$1,239,434**	**$1,274,317**	**$1,310,504**

SOURCE: JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

LIMIT NEW CONTRACT ENHANCEMENTS

The health care and compensation allocations to each bargaining unit set forth above are premised on the assumption that there will be no new benefits or increases in benefits applicable to the labor agreements covering calendar year 2017 and subsequent years.

INITIATIVE NO. 106 There shall be no new benefits added to any collective bargaining agreements, except to the extent that applicable law requires a change in any of the wages, benefits, terms, provisions or conditions enumerated herein. All new labor agreements between the City and the unions representing its employees covering calendar year 2017 and subsequent years (or any portion thereof) shall not contain, require or provide for any of the following:

- new overtime or premium pay requirements;
- any increase in overtime or premium pay requirements;
- new benefits;
- any improvements in existing benefits;
- any new paid or unpaid leave;
- any improvements to existing paid or unpaid leaves;
- any additional pay for time not worked;
- any improvements in existing pay for time not worked;
- any new designations that time not worked counts as time worked for the purpose of computing overtime or premium pay or increases in existing designation of same;
- any new benefits for retirees or other inactive employees (*e.g.*, those in layoff or disability status); or retiree healthcare for employees hired subsequent to the expiration of applicable collective bargaining agreements in effect as of the date of adoption of this Seventh Amended Recovery plan;
- any improvements in existing benefits for retirees or other inactive employees;
- any improvements to terminal or severance pay;
- many other term or provision which adds any new or additional restrictions on the City's Management Rights.

INITIATIVE NO. 107 The City shall not provide retiree healthcare to any employees who are hired after January 1, 2010. This prohibition has been included since the Fifth Amended Recovery Plan.

INITIATIVE NO. 108 The City has been able to reduce its modification factor from 1.37 to 1 since the Sixth Amended Plan which has had a positive impact on the cost of the City's premium. With a goal of maintaining its modification factor at 1.0 or lower in future years, the City shall continue to implement the following recommendations from the review performed by Travelers Insurance Co.:

- Prompt reporting of claims to the WC coordinator;
- Risk Management review and audit of all workplaces;
- Conducting regular safety meetings and participating in safety webinars;
- Monitoring open claims and contacting WC employees regularly for updates;
- Refining/reviewing the Panel of Physicians.

PENSIONS

As discussed in *Section 4. Financial Condition*, the City's pension funds are only 50% funded (with over $24 million of unfunded liability) with the Fire Plan in the worst shape at 37% funded in 2015. In 2013, the City's actuary Mockenhaupt Benefit Group completed a study that reviewed possible changes that could achieve an approximate savings of 20% from the current benefit structures. Based on that study, the following changes to the pension plans shall be addressed during the 2017 negotiations with the respective bargaining units:

INITIATIVE NO. 109 The Fire Plan shall be changed for firefighters hired after January 1, 2018 to include the following benefit structure changes:

- change normal retirement eligibility to age 50 with 25 years of service
- eliminate non-service related disability benefit
- reduce cap on service increments to $100
- reduce survivor benefits to 50%
- increase current year contributions to 7%

INITIATIVE NO. 110 The Officers and Employees Plan shall be changed for employees hired after January 1, 2018 to include the following benefit structure changes:

- increase requirement for normal retirement to age 60 and 25 years of service
- increase compensation averaging period to 5 years
- eliminate overtime pay from covered compensation
- eliminate the service increment benefit
- eliminate non-service related disability benefit
- reduce survivor benefits to 50%

INITIATIVE NO. 111 The Police Plan shall be changed for employees hired after January 1, 2018 to include the following benefit structure changes:

- eliminate non-service related disability benefit
- change survivor benefit to 50% of benefit

- reduce cap on service increments to $100/month
- reduce survivor benefits to 50%
- increase current year contributions to 6.8%

INITIATIVE NO. 112 Immediately after the adoption of this Seventh Amended Recovery Plan, the City, through its Pension Board, shall retain an attorney with expertise in Pennsylvania public pension plans and in compliance with Pennsylvania Act 205 of 1984 to complete the task of preparing pension plan documents consistent with City ordinances and applicable law.

INITIATIVE NO. 113 With the assistance of their qualified independent financial adviser, AndCo Consulting, the City and its Pension Board shall review at least quarterly the performance of the funds and evaluate the investment managers and brokers executing investment transactions relative to market and utilize peer group benchmarks including the costs of such services.

HIRING FREEZE

INITIATIVE NO. 114 Unless required by an applicable collective bargaining agreement, the City shall not fill any staffing vacancies in any department without an affirmative recommendation of the City Manager and approval by the Act 47 Coordinator.

7.6 COMMUNITY DEVELOPMENT INITIATIVES

In addition to the City continuing to participate in the ongoing revitalization efforts by the various public, private and volunteer agencies noted above, the following are additional Community and Economic Development initiatives:

INITIATIVE NO. 115 The City shall immediately apply to DCED for grant funds to complete a comprehensive plan for the City. The City has not completed a comprehensive planning process for over 20 years and the demographics and issues have changed greatly since that time. The comprehensive plan shall contain specific focus on the following issues:

- Housing and Neighborhood Preservation
- Downtown Revitalization
- Blight and Vacant Property Strategy
- Access to City Services

INITIATIVE NO. 116 The City shall work with the new Executive Director of the Johnstown Redevelopment Authority (JRA) to market and develop the 70+ vacant properties owned by JRA in the City for viable development.

INITIATIVE NO. 117 Currently the City has retired planners cataloging an inventory of available properties located in the City. Once completed, the City shall take the property information and place it into a publicly accessible user-friendly database and place the database on the City's Community and Economic Development website.

INITIATIVE NO. 118 The City shall continue with its plans to demolish the Conrad Building, with the ultimate goal of turning the property into greenspace/park.

INITIATIVE NO. 119 The City shall continue its initiatives to control blight through its demolition plans, demolishing and returning to productive use the City's abandoned and blighted properties.

INITIATIVE NO. 120 The City shall apply for a grant in the amount of $50,000 through the Municipal Assistance Program (MAP) for the next phase of planning for Cambria County.

INITIATIVE NO. 121 The City shall complete a Historic Property Survey in order to meet suggestions from the State Historic Preservation Office. The City shall seek economic development grant funds through DCED.

SECTION 8. IMPACT OF PLAN INITIATIVES

As part of this Seventh Amended Plan, a review was undertaken of all governmental funds based on the most recent audited financial statements and 4 years prior**. Table 66** is a detailed history of the audited financial statements for all governmental funds for the City of Johnstown for the most recent 5 years. This includes not only the core operating funds (general, parking, pension, debt, sanitation, and recreation) but also all special revenue and capital fund expenditures. The revenues, expenditures, and operating deficits or excesses are shown for each year.

8.1 REVENUE AND EXPENDITURE HISTORY

TABLE 66 – REVENUE AND EXPENDITURES DETAILED HISTORY – AUDITED FINANCIAL STATEMENTS 2012-2016

Sources	2012	2013	2014	2015	
Taxes	9,780,441	9,825,298	10,333,489	11,441,355	12,439,547
PILOT	219,860	224,536	226,246	12,208	9,319
Licenses & Permits	474,650	547,605	445,904	444,403	423,181
Fines & Forfeit	181,830	128,157	112,207	110,889	250,877
Intergovernmental	116,000	131,000	50,000	60,000	0
Charges for Services	1,637,508	1,599,463	183,290	161,078	773,870
Departmental Earnings	163,301	157,098	173,593	158,652	150,184
Interest/Investments	49,391	61,592	50,426	46,983	44,545
Grants & Joint Projects	6,040,027	5,924,877	8,374,007	8,961,557	4,810,774
Other	474,792	768,141	945,508	287,620	339,179
TOTAL Revenue	**19,137,800**	**19,367,767**	**20,894,670**	**21,684,745**	**19,241,476**

Uses	2012	2013	2014	2015	2016
General Government	1,651,183	2,031,499	1,968,762	2,125,551	1,959,891
Public Safety	8,338,813	8,938,439	9,562,632	9,577,746	9,657,411
Community Development	3,529,788	3,105,967	2,067,141	1,725,775	1,628,179
Parking					1,253,798
Public Works	2,202,278	2,302,170	2,279,623	2,553,429	2,340,473
Human Services	226,369	393,741	306,762	167,279	183,982
Culture & Recreation	504,000	500,438	428,519	510,118	475,863
Capital Expenditures	770,941	1,103,349	4,575,356	6,157,988	1,535,532
Debt Service	288,242	584,066	387,989	402,729	4,590,055
Sanitation Expenses	1,493,354	1,498,864	-	43,529	27,322
TOTAL Expenses	**19,004,968**	**20,458,533**	**21,576,784**	**23,264,144**	**23,652,506**
Difference	**132,832**	**(1,090,766)**	**(682,114)**	**(1,579,399)**	**(4,411,030)**
TRANSFERS AND PROCEEDS	**2012**	**2013**	**2014**	**2015**	**2016**
Operating Transfers In	313,615	1,055,198	650,640	1,219,681	5,794,106
Operating Transfers Out	(313,615)	(1,420,668)	(834,809)	(768,931)	(5,076,429)
Proceeds from PENNVEST	0	0	0	51,707	0
Line of Credit Proceeds	0	337,601	184,097		78,518
Bond/Note Proceeds	0	6,710,000	0		6,000,000
Bond Discount	0	(94,754)	0		
Bonds Redeemed	0	(6,055,000)	0		
Lease Proceeds					1,328,418
Excess/(Deficiency)	**132,832**	**(558,389)**	**(682,186)**	**(1,076,942)**	**3,713,583**
Beginning Fund Balance	**1,659,691**	**1,792,523**	**1,398,679**	**716,493**	**(3,198,851)***
Ending Fund Balance	**1,792,523**	**1,398,678**	**716,493**	**(360,446)**	**514,732**

SOURCE: WESSEL & CO. CERTIFIED PUBLIC ACCOUNTANTS, AUDITED FINANCIAL STATEMENTS, JOHNSTOWN FINANCIAL RECORDS AND GRS ANALYSIS

*Beginning Fund Balance restated during audit by Wessel & Co., the City's independent auditors.

8.2 PROJECTIONS 2017 THROUGH 2021 - WITHOUT INITIATIVES

Table 67 provides the future budgeted activity for the core operating funds (i.e. general, recreation, parking, debt, pension, and sanitation) without any intervention or action by the City Council and without the implementation of initiatives from this Sixth Amended Plan.

TABLE 67 - PROJECTED OPERATING EXCESS/DEFICIENCY OF REVENUE OVER EXPENSES
WITHOUT IMPLEMENTATION OF INITIATIVES 2017-2021

REVENUE	2017 PROJECTED	2018 PROJECTED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED
Real Estate Taxes-GL	3,769,579	3,781,034	3,792,776	3,804,811	3,817,146
Real Estate Taxes-Pension	2,475,252	2,528,650	2,563,055	2,597,976	2,633,421
Real Estate Taxes-Debt Service	955,898	975,297	995,746	1,017,374	1,040,331
Act 511 Taxes	6,582,462	4,520,830	4,606,831	4,694,929	4,785,177
License and Permits	422,332	427,559	432,890	438,328	443,874
Fines and Forfeits	97,000	97,000	97,000	97,000	97,000
Interest and Rents	24,216	24,751	24,686	24,751	24,751
Intergovernmental	88,590	45,000	45,000	45,000	45,000
State Aid - Pension	914,999	928,724	942,655	956,795	971,147
Charges for Services	688,259	688,259	688,259	688,259	688,259
Parking Fees	760,000	779,000	798,475	818,437	838,898
Sanitation Fees	51,542	42,615	32,620	22,615	12,615
Recreation Fees	40,100	40,501	41,109	41,520	41,935
Misc. Revenue	39,000	39,000	39,000	39,000	39,000
Transfers	170,328	164,211	163,191	167,271	171,453
Refunds-Reimbursements	708,096	702,925	717,698	732,840	748,361
Total Revenues	**17,787,653**	**15,785,356**	**15,980,991**	**16,186,906**	**16,398,369**

EXPENDITURES	2017 PROJECTED	2018 PROJECTED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED
Legislative/Executive	204,601	206,977	209,537	212,293	215,263
Finance	373,920	389,553	406,161	423,815	442,592
Tax Collection	85,000	85,000	85,000	85,000	85,000
Legal	120,300	120,300	120,300	120,300	120,300
Non-Departmental	113,000	113,000	113,000	113,000	113,000
Police Department	3,714,460	3,854,606	4,002,205	4,157,754	4,321,784
Fire Department	3,176,799	3,300,995	3,431,814	3,569,699	3,715,123
Sanitation Expenses	21,404	21,404	21,404	21,404	12,000
Public Works	1,725,830	1,791,635	1,859,348	1,930,730	2,006,028
Parking Expenditures	765,203	779,408	793,826	808,460	823,314
Recreation-Parks	287,782	294,800	302,084	309,646	317,501
Recreation - Point Stadium	60,757	63,693	66,674	69,699	72,769
Comm Dev	91,442	94,362	97,405	100,579	99,402
Debt Service	1,168,805	1,167,705	1,166,605	1,405,436	1,403,798
Undistributed Exp	355,865	364,962	374,296	383,874	393,702
Unclassified	191,244	191,244	191,244	191,244	191,244
Pension Expense- MMO	3,390,281	3,347,819	3,579,220	3,308,062	3,303,495
Transfers	656,053	656,053	656,053	656,053	656,053
Total Expenditures	**16,502,746**	**16,843,515**	**17,476,175**	**17,867,047**	**18,292,369**
EXCESS REVENUE OVER EXPENDITURES	**1,284,907**	**(1,058,159)**	**(1,495,184)**	**(1,680,141)**	**(1,894,000)**

SOURCE: CITY OF JOHNSTOWN FINANCIAL DATA AND GRS ANALYSIS

As noted, the City of Johnstown has experienced both successes and setbacks in its recovery effort over the past three years. The City has been able to move 3 of its funds to a self-sustaining status since the Fifth Amended Plan update: pension, debt, and sanitation. Furthermore, the Parking Fund generates enough revenue to support its operation and to partially fund the debt service for the bonds from the 2009 Series. Only the general fund and recreation fund continue to be in a deficit operating position where revenues do not support operational expenses.

The Sewer Upgrade Fund has enough revenue from the user fees to support the projects designed to address the sanitary sewer overflows and to bring the City into compliance with the DEP consent order. It also provides about $450,000 to support those activities in the General Fund that are related to the sewer projects. The 2016 unfunded debt loan provided enough revenue to meet the 2016 current liabilities and to restructure much of the existing debt. Together with the collection of delinquent business privilege taxes from the Duke LifePoint facility in 2017, the City will have enough cash reserve to support operating expenditures for 2017 and 2018.

But the continuing concern is containing the escalating costs related to personnel, the rising costs of insurance (especially healthcare coverage and workers compensation), the rising costs of pension and post-retirement healthcare liability, and the erosion of the real estate tax base. While the creation of new jobs and businesses will continue to top the City's agenda, the City Council will have to continually examine the staffing levels and benefit packages related to personnel in all departments.

8.3 PLAN INITIATIVES WITH FINANCIAL IMPACT

Proposed initiatives that have a monetary impact on the projected revenues and expenditures for the City are outlined in **Table 68** below with expected achievable savings. Initiatives that will incur costs to the City are also shown.

TABLE 68 – PLAN INITIATIVES THAT IMPACT REVENUE AND EXPENDITURES

Impact of Plan Initiatives	2017	2018	2019	2020	2021
Initiative:	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Increase Fees 3% per Year	0	175,000	180,250	185,658	191,227
Improve RE Tax Collection by 2%	0	72,889	109,333	145,777	150,000
Save 2% Per Year - Utilities	0	75,000	85,000	90,000	95,000
Increase Service Contracts 2% Per Year	0	120,300	120,300	120,300	120,300
Continue LST at $156	113,000	113,000	113,000	113,000	113,000
Implement Payroll Preparation	Unknown	Unknown	Unknown	Unknown	Unknown
Payment to OPEB Account	(50,000)	(52,500)	(55,125)	(57,881)	(60,775)
Reduce FF Staffing by 3	0	72,500	145,000	217,500	217,500
FF Billing for QRS	0	57,400	57,400	57,400	57,400
Fees from False Alarm Ordinance	50,000	52,500	55,125	57,881	60,775
Storm Water Management Fees	0	0	89,088	89,088	89,088
Workers Compensation Savings	10,000	15,000	17,500	20,000	20,000
Increase Training - All Departments	(30,000)	(30,750)	(31,519)	(32,307)	(33,114)
Hire Part-Time Seasonal Help	(25,000)	(25,625)	(26,266)	(26,922)	(27,595)
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 - All Initiatives Implemented	**68,000**	**644,714**	**2,359,087**	**2,479,494**	**2,492,806**

SOURCE: CITY OF JOHNSTOWN FINANCIAL DATA AND GRS ANALYSIS

8.4 PROJECTIONS 2017 THROUGH 2021 - WITH INITIATIVES

If the Plan Initiatives that are identified in **Table 68** are fully implemented as scheduled, it is projected that the City will close the gap between revenues and expenditures beginning in 2019. However, the City may require a tax increase in 2018 in order to address a projected deficit of approximately $400,000.

Table 69 provides projections of revenue and expenditures based on a scenario where all of the Initiatives from Table 68 are implemented as scheduled.

TABLE 69 - PROJECTED OPERATING EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES WITH THE IMPLEMENTATION OF INITIATIVES 2017 – 2021

IMPACT OF PLAN INITIATIVES INITIATIVE:	2017 PROJECTED	2018 PROJECTED	2019 PROJECTED	2020 PROJECTED	2021 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**

SOURCE: CITY OF JOHNSTOWN FINANCIAL DATA AND GRS ANALYSIS

SECTION 9 – COMMUNICATIONS

It is essential that the Recovery Plan initiatives be implemented by the City as soon as possible – especially in light of the fact that the City contemplates an exit from Act 47 in 2018. Many of these recommendations will take a substantial period of time to implement. Critical time deadlines may be involved in certain of these recommendations. It is equally important that the City regularly communicate its progress toward implementing these recommendations to the community, Recovery Coordinator, and DCED. The Coordinator, after reviewing progress reports, may know of resources or information that could assist the City with implementing its recommendations. The Coordinator may also note through the regular communication of these reports negative trends that would predict upcoming difficulties for the City.

In order to keep communication open and productive, it will be necessary for the City to send financial statements to the Coordinator on a monthly basis throughout the period of time the City is designated as distressed. The annual budget shall be sent to the Coordinator, in compliance with the deadlines established in Act 199 of 2014, as soon as it is prepared and before it is adopted. The City should also send all regular and special meeting agendas and minutes on a monthly basis along with all budgetary reports and balance sheets.

Quarterly status reports on all recommendations and initiatives shall also routinely be sent to the Coordinator for review. Regular meetings with the Coordinator should also be held to review recovery recommendation implementation progress and to amend, add, or delete these recommendations as the Coordinator believes appropriate. The Coordinator may decide to reprioritize recommendations if conditions in the Coordinator's opinion have changed. Progress by the City toward accomplishing the key elements of the Recovery Plan shall be regularly communicated to the Coordinator. The key management, administrative and financial decisions of the City, which may or may not be part of the Recovery Plan, should also routinely be communicated to the Coordinator. This is particularly true if this action entails an abrupt change or alternation from prior positions or policies of the City.

Emergency situations that require immediate action by the City may be excluded from this reporting procedure with the caveat that communication must occur as soon as possible after the emergency has been mitigated. Emergency action should be as restricted as possible to mitigate the emergency before the Coordinator approves the activity or actions contrary to the accepted or regular practice. Additional action by the City officials beyond the immediate emergency mitigation activity should not occur until approved by the Coordinator.

If the City or its elected or appointed officials fail to communicate and consult with the Coordinator on a regular basis with the information, reports or documentation requested by the Coordinator, the City may be found to have violated the Recovery Plan.

SECTION 10 – GOOD GOVERNMENT

It should be recognized that the alleviation of the municipality's "distress" status far exceeds simple City operations. The success or failure of the City to recover its financial health has repercussions which reverberate throughout the community, its neighborhoods, and the region.

It is important that the entire community become involved in the process as fully as possible. It is important to establish a Citywide common goal of recovery that is embraced by the entire fabric of the community. Partnerships between public and private entities should be encouraged to help the community recover. Regular communication among all community elements is very important. Regularly held informational town meetings are an avenue to solidify this process. Existing organizations, such as a business district organization, civic groups, church, and neighborhood groups should also be solicited for their commitment to help the community recover.

The process should go beyond typical top-down information distribution and dissemination. It should truly involve these other community groups. Their ideas and energies should be utilized in the recovery process. Resident surveys should be developed and available on the website and in paper format. The establishment of common goals and objectives for the community could be an important consensus building technique that warrants consideration. Collaboration with various community groups and businesses is essential to address the fiscal and economic and community development of the City.

Finally, 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. Day-to-day interactions between City employees and residents must be cordial, efficient and informational. A customer service approach has been adopted by many communities and the use of technology and support resources to achieve this end should be constantly considered and applied.

SECTION 11 INITIATIVES TO BE FUNDED - ACT 47 GRANT FUNDS

The following initiatives from this Seventh Amended Plan are recommended for funding through Act 47 grant funds to support the initiatives in the Plan.

INITIATIVE NO. 8 - The City shall upgrade, update, and expand the financial management software to include: point of service capability for the payroll and purchase order processing; fixed assets accountability; human resource management; and budget query functions for all Department Directors. **Estimate: $95,000**

INITIATIVE NO. 15 - The Manager and Finance Director shall prepare (or cause to be prepared) and implemented a business and marketing plan for the use of Point Stadium as a multi-use venue for sports, performing arts, and other appropriate uses. **Estimate: $15,000**

INITIATIVE NO. 26 - As part of the CIP, the Finance Director shall work with the Department Directors to create an Annual Vehicle Purchasing Plan (AVPP). The AVPP shall consider the City's entire fleet of vehicles from fire equipment and police cruisers to public works trucks. This information shall be included in the financial management system as part of a Fleet Management module. **Estimate: $15,000**

INITIATIVE NO. 27 The City Manager shall work with the Police Chief and Recovery Coordinator to develop a scope and to apply for Act 47 grant funds for the upgrade of computer hardware, operating system, and software as soon as possible to avoid a complete breakdown in services in the department. **Estimate: $75,000**

INITIATIVE NO. 30 The Police Chief shall develop a plan that will provide for and equip all police vehicles with cameras, MDTs and License Plate Readers. In addition, Mobile Report Writing capability shall be added to the MDTs to keep officers on the road. **Estimate: $30,000**

INITIATIVE NO. 60 The City shall consider a professional consultant to audit and evaluate the current pricing and plan options for all of its electric accounts. **Estimate: $5,000**

INITIATIVE NO. 62 The DPW Director shall work with the City Manager to identify and install an automated system to track complaints and requests for service. The Freedom System, currently in use by the City's Finance and Code Enforcement Office has a work order system that could be implemented quickly in the DPW. **Estimate: $20,000**

INITIATIVE NO. 115 The City shall immediately apply to DCED for grant funds to complete a comprehensive plan for the City. The City has not completed a comprehensive planning process for over 20 years and the demographics and issues have changed greatly since that time. The comprehensive plan shall contain specific focus on the following issues:

- Housing and Neighborhood Preservation
- Downtown Revitalization
- Blight and Vacant Property Strategy
- Access to City Services

Estimate: $150,000

INITIATIVE NO. 121 The City shall complete a historic property survey in order to meet recommendations from the State Historic Preservation Office. The City shall seek economic development grant funds through DCED. **Estimate: $100,000**

Total Grant Request: $405,000

APPENDIX A EVIDENCE STORAGE POLICY

"New and Improved" IAPE Professional Standards 2010

In this issue of the Evidence Log, we are featuring IAPE Professional Standard 5 that pertains to Facilities. There are a relatively few number of new law enforcement buildings that are constructed each year that includes building a new evidence room, which makes finding an architect with this experience a rare find indeed. However, the need for expansion and remodeling existing evidence facilities growing as the need for additional evidence storage space increases. We offer these standards as guidelines for what should be included, or at least considered, when building or remodeling an evidence room.

Perhaps the most important topic included in the Standard, and often overlooked, is the part that pertains to storage schemes. The need to establish uniform sized packaging and its segregated placement on the shelves will determine how functional the entire facility will be. Placing like-sized items in sequential order, with barcodes visible without moving the item will determine how quickly items may be found and how fast an inventory can be conducted.

— Ed.

IAPE STANDARDS SECTION 5 Facilities

www.IAPE.org/CertStandards.html

Standard 5.1: Facilities - Construction

Standard: Property facilities should be constructed to provide levels of security that will deny unauthorized entry, and provide a safe work environment.

Definition: Facilities construction refers to how evidence storage areas are constructed, what materials are used, and what special considerations are necessary.

Reasoning: The following criteria should be considered when constructing an evidence storage facility:

- Exterior Walls

The building materials should ideally consist of concrete blocks with concrete filled cells, poured concrete walls, tilt-up concrete walls, or other similar material. Other types of prefab or modular construction may be suitable under some conditions, such as metal or brick buildings.

- Interior Walls

It is best to avoid sheetrock or drywall, as it can easily be penetrated. In the event drywall is used, it should be backed with plywood, wire mesh, a double layer of drywall, or laminated gypsum board. All interior walls should extend from the floor to the roof, or the floor pan of the next level. This prevents access into a controlled area by climbing over a wall through a suspended ceiling.

- Windows

The room(s), if possible, should be designed without windows. In the event windows are present in an existing structure, they should be fitted with bars or mesh to enhance security and discourage entry.

- Roof

The exterior roof should be constructed of materials that are resistant to entry and meets current disaster resistant building codes for the risks associated with the location, i.e.: tornado, hurricane, earthquake, or wild fire.

Cont'd on page 11

Continued from page 9

IAPE Standards Section 5 FACILITIES

Construction: *(cont'd)*

• Doors

Exterior doors should be metal clad with metal frames. The hinges to these doors should always be located on the inside unless they are special security hinges.

Interior doors should be solid-core or metal clad. Half-doors or Dutch-doors, where permitted by code, should be dead-bolted on both halves.

• Ventilation

The property room should be ventilated in a manner that controls heat, cold, humidity, and odors. Special consideration should be given to DNA related storage areas to control heat and humidity that tends to degrade biological evidence. Maintaining the room temperature in a controlled environment (60 to 75 degrees, with relative humidity that does not exceed 60% is recommended).

Any area that is used for storing narcotics should be independently ventilated in a manner that noxious fumes are removed from the building, and not recirculated into the building's heating, ventilation, and air conditioning (HVAC) system. The proper design of a narcotics storage area should include a "negative pressure" ventilation system that changes the air in the storage room approximately 10-12 CPH (changes per hour).

Heating, air conditioning, and ventilation system duct or registers should be constructed to prevent unauthorized entry into the secure storage area.

Standard 5.2: Storage Facilities - Layout

Standard: Property room layout should take into consideration adjacencies between work areas, work flow, temporary storage, long-term storage, high profile items, bulk or oversize items, biohazards, hazardous materials, cold storage, destruction area, administrative area, and release areas.

Definition: The floor plan used to make the workflow systems merge efficiently together within the property unit.

Reasoning: The property room should be located in a convenient place within the department for submittal and release. A basement area is an acceptable location for a property room if loading dock or access to the parking lot for loading/ unloading is available.

Vertical movement between floors may create both logistical and efficiency issues.

Many agencies have found that placing the property room adjacent to an area set aside for report writing and packaging is most efficient. In this configuration, pass-through lockers may be used by employees to submit property and evidence into the property room after packaging.

The design of a public release counter should be as close to the department's front lobby as practical to limit public access to secure areas within the building. In larger departments where numerous transactions routinely occur between officers and the property officer, consider having a separate service counter that is out of view of the public. This is important to protect the identity of undercover officers.

A well-designed property room will provide office space for the property officer located outside the actual evidence storage area. Having the office adjacent to the storage area provides a work station that is not within the confines of the secure storage area.

The layout of the long-term storage areas should include enhanced security areas for firearms, narcotics, and money. Storage areas for general evidence should include specifically designated storage areas for envelopes, paper bags, boxes, long items, bulky items, biohazards, flammables, hazardous materials, items pending destruction, items pending auction, Found Property, and Property for Safekeeping.

Cont'd on page 13

APPENDIX B – SAMPLE MUTUAL AID AGREEMENT

THIS AGREEMENT is made by and between the Community A Fire Department and the Community B Fire Department.

WHEREAS, each of the parties hereto has in interest in the control of fire, fire prevention education programs, rescue services, hazardous materials control, building fire and occupancy inspections, and/or other emergency support; and,

WHEREAS, each of the parties owns and maintains equipment and retains personnel who are trained to provide various levels of service in the control of fire, fire prevention education, rescue services, hazardous materials control, building fire and occupancy inspections, and/or other emergency support, and,

WHEREAS, in the event of a major fire, disaster or other emergency, either party may need the assistance of the other party to this Agreement to provide supplemental fire suppression, equipment and personnel, hazardous materials control, and/or other emergency support; and,

WHEREAS, each of the parties may have the necessary equipment and personnel available to provide such services to the other party to this Agreement and in the event of such a major fire, disaster or other emergency; and,

WHEREAS, the facilities of each party are located in such a manner as to enable each party to render mutual assistance to the other; and,

WHEREAS, each of the parties to this Agreement has determined that it is in the best interest of each party to set forth guidelines for providing mutual assistance to each other in the case of a major fire, disaster or other emergency.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

Purpose: The stated purpose of the Mutual Aid Agreement is to provide mutual assistance to the parties for control of fire, fire prevention education programs, rescue services, hazardous materials control, and/or other emergency support in the event of a major fire disaster or other emergency.

Request for Assistance: When a structural fire alarm or reported structure fire is reported, the two departments will be dispatched automatically with the department in whose jurisdiction the alarm is located dispatched first.

The Commanding Officer or Incident Commander of the fire department at the scene of an emergency within the boundaries of that department's geographical jurisdiction is authorized to request assistance from the other department if confronted with an emergency situation at which the department has need for equipment or personnel in excess of that available at the requesting department's facilities. This is permitted if the fire department has not been automatically dispatched.

Response to Request: Upon receipt of a request, the Commanding Officer of the party receiving the request (also known as the "Responding Party") shall immediately take the following action:

Determine if the Responding Party has the equipment and personnel available to respond to the request of the Requesting Party and determine the type of the equipment and number of personnel available.

Determine what available equipment and what available personnel should be dispatched in accordance with the plans and procedures established by the parties.

In the event the requested equipment and/or personnel are available, then the Commanding Officer shall assign such equipment and personnel to the scene of the emergency with proper operating instructions.

In the event the requested equipment and/or personnel are not available, then the Commanding Officer shall immediately advise the Requesting Party of such fact.

Command Responsibility at Emergency Scene: The Incident Command of the Requesting Party at the scene of the emergency to which the response is made shall be in command of the operations under which the equipment and personnel sent by the Responding Party shall serve; provided, however that the responding equipment and personnel shall be under the immediate supervision of the officer in charge of the responding apparatus. If the Incident Command specifically requests a senior officer of the Responding Party to assume command, then the Incident Command shall not, by relinquishing command, be relieved of responsibility for the operation.

Only qualified, experienced officers, incident commanders and firefighters shall respond to mutual aid assistance incidents. Every effort shall be made to respond with a line officer or senior firefighter to ensure the Incident Command System is utilized and an extreme level of competency, organization and consistency is maintained. For the purpose of this document an "experienced" or "senior" firefighter is one that has attained or is striving to attain NFPA Standard #1001 Firefighter Professional Qualifications. (Firefighter I)

Liability: The parties agree that the Requesting Party shall assume liability and hold the Responding Party harmless form all liabilities, which arise out of command decisions or judgments. However, each party agrees to assume responsibility for liabilities arising out of the actions of its own personnel and to hold the other party hereto harmless there from as to action relating to performance under this AGREEMENT.

Post Response Responsibility: Upon completion of the rendering of assistance, such assistance and help as is necessary will be given by the parties to locate and return any items of equipment to the fire department owning said equipment. All equipment and personnel used under the terms of this Agreement shall be returned to the Responding Party upon being released by the Requesting Party, or upon demand being made by the Responding Party for the return of said equipment and personnel.

Compensation: Each party agrees that it will not seek from the other party compensation for services rendered under this Agreement. Each party hereto shall at all times be responsible to its own employees for the payment of wages and other compensation according to federal employment guidelines and for providing workers' compensation insurance upon said employees; and each party shall be responsible for its own equipment and shall bear the risk of loss therefore, irrespective of whether or not said personnel and equipment are being used within the area of primary responsibility of that party.

Insurance: Each party agrees to maintain adequate insurance coverage for its own equipment and personnel. Adequate and proper documentation of workers compensation or accident claims shall be made to the respective municipality only. It will be the responsibility of the persons involved to only file reports or claims in their home municipality. Any accident or insurance claim or report shall be documented in completion with the original incident report related to the specific occurrence or incident.

Pre-Incident Planning: The Commanding Officers of the parties may, from time to time, mutually establish pre-incident plans which shall indicate the types and locations of potential problem areas where emergency assistance may be needed, the type of equipment that should be dispatched under such circumstances, and the training to be conducted to ensure efficient operations. Such plans shall take into consideration the proper protection by the Responding Party of its own geographical jurisdiction. The parties hereto agree to take such steps as are feasible to standardize equipment such as couplings, hose and apparatus, so that said equipment can be fully utilized by either of the parties hereto.

Shared Purchasing: Shared purchasing shall be encouraged and may occur between both departments and municipalities. Every attempt will be made to promote joint purchasing when the result of said purchase will provide reduced cost or pricing, standardization of supplies or equipment, and promote the efficient operation of the two departments.

Coordination of Services: both parties agree to cooperate fully by communicating schedules for the purpose of ensuring that sufficient firefighters are available to meet the set goals of each municipality. The municipalities/departments will whenever possible participate in testing of new applicants for employment or membership and to the extent possible develop consistent qualifications for new hires and members. This is not to imply that firefighters are being hired jointly, but that the municipalities wish to share in the administrative costs involved in hiring or adding new members.

Separate or legal administrative entity. Each fire department will continue to operate under its own budgets and finance policies. A new budget will not be established between these two parties.

Document Control: Each fire department will be responsible for documentation of any incident related to this agreement, and/or all incidents related to requests for mutual aid assistance. Shared documentation will be provided by both departments sand include department reports, forms and all necessary paperwork related to department operations in regard to mutual aid response, training and incident management.

Exclusivity: This agreement is not intended to be exclusive as between parties hereto. Either of the parties may, as that party deems necessary or expedient, enter into a separate Mutual Assistance Agreement of Agreements with any other party or parties.

APPENDIX C – SAMPLE FALSE ALARM ORDINANCE

ORDINANCE NO. _____

BOROUGH OF BLAWNOX
ALLEGHENY COUNTY, PENNSYLVANIA

AN ORDINANCE OF THE BOROUGH OF BLAWNOX, ALLEGHENY COUNTY, PENNSYLVANIA, PROVIDING FOR PENALTIES FOR FALSE ALARMS

WHEREAS, in order to promote and protect the health, safety and welfare of the residents of the Borough of Blawnox, Allegheny County, Pennsylvania, the Council has determined it is necessary to provide penalties for repeated false alarms;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Borough of Blawnox, Allegheny County, Pennsylvania, and it is hereby ordained and enacted by and with the authority of the same as follows:

Section 1: False Alarms

1. **Definitions** – The following definitions shall apply in the interpretation and enforcement of this Ordinance.

   EMERGENCY SERVICES – The services provided by the Blawnox Police Department and the Blawnox Borough Volunteer Fire Company and/or any emergency agency or provider operating within the Borough of Blawnox or the Commonwealth of Pennsylvania

   FALSE ALARM – Any activation of an alarm system by inadvertence, negligence, or intentional or unintentional acts or means to which emergency services of the Borough of Blawnox and/or other emergency services agency or provider respond and where it is determined that the alarm was not the result of a crime in progress, fire, medical or other emergency necessitating a response by emergency services, excepting those alarms which are caused solely by weather extremes or inadvertent utility interruptions.

2. **False Alarms Prohibited** – It shall be unlawful for the property owner, lessee, or any person occupying, in control of, or otherwise on or in any premises within Blawnox Borough, to make or cause to be made, a false alarm, directly or indirectly to any emergency services agency or provider responding to alarms within the Borough.

3. **False Alarm Service Fees**
   A. Whether an alarm is a false alarm as defined herein is to be determined by the responding Emergency Services provider. The decision shall be final.

B. Upon notification to the Blawnox Borough Office by the Emergency Services provider of a First False Alarm within a calendar year, the Borough Office shall send a written warning to the owner, lessee, and/or occupant of the premises notifying said person or persons of the violation of this Ordinance, and directing that a written report be made within fourteen (14) days by said owner, lessee, or occupant of the property to the Borough Office, and/or other emergency service provider setting forth what steps have been taken to eliminate future false alarms.

C. Service fees for false alarms shall be assessed by and paid to the Borough Office as follows:
   a. A Third False Alarm in any one calendar year shall be subject to a service fee of Two Hundred ($300.00) Dollars for Residential Homeowners and Four Hundred ($400.00) Dollars for Commercial Buildings.
   b. A Fourth False Alarm and all subsequent false alarms in any one calendar year shall be subject to a service fee of Five Hundred ($500.00) Dollars for Residential Homeowners and Commercial Buildings, plus prosecution in accordance with this Ordinance.

D. False alarm service fees shall be due and payable at the Borough Office within 30 days from the date of the mailing of the notice of the assessment of the false alarm service fee.

4. Penalties and Remedies for Violations

A. Any person, whether as principal or agent, who violates this Ordinance, fails to comply with any provision of this Ordinance, or assigns or abets its violation, shall upon conviction thereof, before any Magistrate, be sentenced to pay a fine not less than Three Hundred ($300.00) Dollars, nor more than One Thousand ($1,000.00) Dollars, together with the costs of prosecution and service fees as set forth above.

B. A person that violates this subsection commits a summary offense and shall, upon judgment against any person by summary conviction, or by proceedings by summons on default of the payment of the fine or penalty imposed and the costs, the defendant may be sentenced and committed to the county correctional facility for a period not exceeding 30 days. Each day that such violation exists shall constitute a separate offense, and each section of this Ordinance that is violated shall also constitute a separate offense. In addition to or in lieu of enforcement under this section, the Borough may enforce this chapter in equity in the Court of Common Pleas of Allegheny County.

Section 2: Grace Period

The fines implemented in this Ordinance shall not be imposed for a period of one (1) month. The one (1) month grace period shall begin on the effective date of this Ordinance. At the completion of the one (1) month period, any violation of this Ordinance shall be enforced by all available procedures.

Section 3: Conflict

Any Ordinance, Resolution or part thereof in conflict herewith, is hereby repealed to the extent of said conflict.

Nothing in this Ordinance is intended to prohibit the prosecution of false alarms pursuant to 18 Pa.C.S.A. §7511 as may be amended, by the emergency service agency or provider responding to the false alarm or by the Borough of Blawnox.

All remedies set forth in this Ordinance are cumulative and the failure to pursue any one of said remedies does not constitute a waiver of said remedy or any other remedy.

Section 4: Authorization

The Borough of Blawnox and its Emergency Service providers are hereby authorized and directed to execute any and all documents necessary to effectuate the purposes of this Ordinance. The Blawnox Police Department shall have all necessary power and authority to enforce this Ordinance by issuing citations and taking all necessary actions as directed by the Borough.

THIS ORDINANCE IS HEREBY ORDAINED AND ENACTED by the Borough Council of the Borough of Blawnox on this _____ day of _____, 2017.

ATTEST: BOROUGH OF BLAWNOX

_____ _____

Borough Secretary Council President

APPROVED by me this _____ day of _____ 2017.

_____

Mayor

APPENDIX D – SAMPLE PHYSICAL FITNESS POLICY

Prerequisite: A firefighter/firefighter candidate who has passed a physical from an approved physician stating that this person is capable of withstanding the physical stresses of firefighting duties. This should be completed in 6 minutes, 30 seconds or less to qualify as a firefighter/candidate

Preparation: The firefighter/candidate is wearing athletic shoes, sweatpants and a t-shirt.

1 – firefighter turnout coat
1 – firefighter standard helmet
1 – pair firefighter standard gloves
1 – 30 minute SCBA, with cylinder, no facepiece.

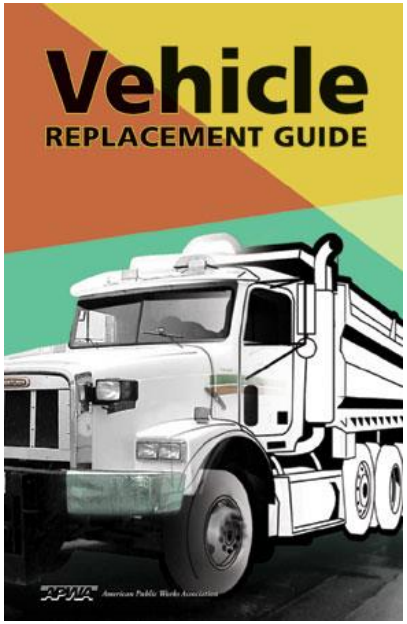
The firefighter dons this gear and SCBA and secures in a standard manner, including all coat fasteners, helmet straps, SCBA straps and connections, and gloves on both hands. An obstacle course will be set up with standard firefighting equipment laid out in stations as follows:

1. A station where the firefighter can drag a 50 ft section of 2 ½" hose 50 ft. and drag it back
2. A station where the firefighter can have a 50 ft section of 2 1/2" hose placed on their shoulder and climb 2 flights of stairs (20-24 steps) and return and drop the hose.
3. A station where the firefighter can pick up and carry a standard 14 ft. fire department roof ladder in a one firefighter shoulder carry, then carry it 100 ft. up a 5-7% grade, and return.
4. A station where the firefighter can remove the 14 ft. ladder from the shoulder carry and place it in the proper position for climbing against a building wall
5. A station where the firefighter can climb a standard 24 ft. fire department extension ladder and return to the ground
6. A station where the firefighter can climb a 3 ft. wall, scale a 4 ft. wall through an opening/window, and climb down 3 ft. to a platform and return to the ground
7. A station where the firefighter can carry a fire department smoke ejector up 2 flights (20-24 steps) steps and place it on a landing. The firefighter then picks up and carries a fire department K-12 style saw another flight of stairs (10-12 steps) and place the saw on the landing. The firefighter then picks up a standard 2 ½ gallon water fire extinguisher takes it down 1 flight of stairs, places it down, picks up the smoke ejector, and returns down the last 2 flights of stairs to its original position.
8. A station where the firefighter can use a 12 lb. sledge hammer to drive a 17" inflated tire and rim down a 16' platform at waist level. If the hammer touches the platform or the tire falls off the exercise must begin again
9. A station where the firefighter can crawl on all 4s 25', preferably through a tube, tunnel or any space approximately 3 ft. in diameter
10. A station where the firefighter can drag a 175 lb. rescue mannequin 50 ft.

APPENDIX E - VEHICLE AND REPLACEMENT PLAN AND POLICY

Vehicle and Equipment Replacement Plan

The City currently does not have a formal or informal vehicle replacement plan for any of its equipment and fleet operations. The public works department utilizes vehicles that are prone to frequent wear and high usage hours and miles within a relatively short timeframe. The City as recent as two years ago had a very high turnover of trucks in the Department. This practice of replacing vehicles and equipment without parameters and a formal plan is common in local government but it leads to adverse budgetary impacts and rushing into a purchase in a moment of crisis. This can result in the wrong vehicle and equipment being purchased.



The American Public Works Association (APWA) developed two manuals entitled Managing Public Equipment and Vehicle Replacement Guide. Both publications are available for purchase through the organization's online site at Http://www.apwa.net The public works foreman and City Manager should own and understand both of these publications. These publications provide the framework for a simple vehicle replacement plan that begins with setting the parameters whereby a vehicle would merit replacement and adopting these parameters as a policy that would guide operations**.** A sample policy has been developed and is attached for consideration that can be modified as necessary. The City has a relatively small fleet of vehicles and equipment and a chart has been prepared with the current fleet of Public Works vehicles and their expected replacement life according to the model policy attached.

Vehicle & Equipment Replacement Program Policy

The guidelines set below are established to prescribe a replacement schedule for all fleet vehicles and equipment operated by Johnstown City. Vehicle and equipment replacement programs evolve around several different sound business reasons, maintenance cost, reliability, employee safety, and employee morale. Maintaining mission critical vehicles is extremely important although maintaining equipment to project a professional image and maintain employee satisfaction and productivity are also considered. Keeping in mind there are uncontrollable factors such as major failures, accidents or natural disaster to be considered as well.

The goal of this recommendation is to incorporate a Best Management Practice (BMP) to determine the ideal time to replace a vehicle or piece of equipment before the maintenance and repair costs are higher than the value of the item.

The criteria listed below were collected by the American Public Works Association (APWA).