

JOHNSTOWN REDEVELOPMENT AUTHORITY  
WORKSHOP MINUTES  
Tuesday, February 11, 2025

The Johnstown Redevelopment Authority met for a workshop. Mark Pasquerilla, Chairman, called the workshop to order at 9:00 a.m.

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

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

Melissa Komar, Executive Director; and Cheryl Labosky, Finance Director, were also present.

PUBLIC COMMENTS CONCERNING WORKSHOP TOPIC

John DeBartola, 1197 Bedford Street, congratulated the Authority on its increased bond rating. He commented on the raising of the customer fees \$2 every January until 2028, which would result in a \$10 increase by 2028. He stated big government should be smaller and prayed President Trump brings DOGE to Johnstown to cut big government spending. Before celebrating the improved bond rating, he recommended the Authority should ask itself how much its charging customers to have this improved bond rating.

Mr. Pasquerilla stated sewage is a vital public service, not an amenity. He requested this workshop. Mr. Pasquerilla stated the S&P Report is more than a bond rating, but also a roadmap to improve the financial situation in the future for Johnstown.

Ms. Komar noted wastewater is a utility. For those in compliance, the fee is only \$19 a month; no other utility is \$19 a month.

JRA, PENNSYLVANIA; WATER/SEWER BOND RATING

Melissa Komar, Executive Director, referred to the S&P Global RatingsDirect report for the members' review. She provided a high-level overview of both the positives and negatives from the report. JRA's bond rating increased from BB to BB+, as well as from stable to positive.

Ms. Komar stated a ton of documentation, budgets, and numbers were provided by Ms. Labosky to S&P. Information was provided to JRA on potentially increasing its next rating, as well as what could potentially decrease its rating. Many of the reasons for the increase revolved around the policies implemented through the Board, the work done through Wessel and the staff.

Ms. Komar reported the projects moved forward with capital improvements where funds were available to do so. She noted being successful with the small sewer and the H2O grant for DCED. The state funds were offset with the local funds.

Ms. Komar noted another reason for the positive rating was the rate increase. Rate increases based on costs of chemicals, operation, and maintenance need to take place just as every homeowner or business owner needs to do on a day-to-day basis. The Authority needs to be on the forefront of its operations and maintenance. S&P was pleased with the rate study conducted professionally with the assistance of the staff. Applying for funding for any type of capital improvement was encouraged. Ms. Komar provided examples of funding utilized for past projects.

Ms. Komar reviewed the negatives that S&P noted in its report. S&P suggested keeping dollars as cash on hand in case of a true emergency. She then provided examples of possible scenarios at the wastewater treatment plant that may require significant cash on hand.

The PennVEST consent order and agreement was also considered. There will be a decrease in the loan payment with the closeout by DEP of the Fairfield Avenue project.

Ms. Komar discussed the opportunity provided to its customers to be in compliance with the sewer laterals by funding their loans and decreasing their rates. S&P noted keeping homeowners in compliance as a positive. 80% of customers are in compliance.

Ms. Komar acknowledged the efforts of the staff, Ms. Labosky, Joel Valentine of Wessel & Company, Thomas Kakabar of EADS to provide information and answer the questions of S&P.

Mr. Komar explained the audit situation in 2020 where the Army Corps of Engineers did not reimburse PennVEST fast enough as referenced in the report by S&P.

Ms. Labosky noted the upward trend for the Authority. It was an overall good experience. She noted the cash on hand was currently over 200 days; 110 days was suggested. There is a five-year plan for capital improvements.

Ms. Komar stated S&P was impressed with the Authority's ability to follow through with their recommendations through the process.

Mr. Pasquerilla quoted from the report, "Rates are affordable, in our view, though economically sensitive given Pennsylvania's cyclical economy. Rate affordability is somewhat mitigated by the weighted median household effective buying income (MHHEBI) of 75% and weighted average elevated poverty rate of 16.2% in Cambria and Somerset counties. Rates are reviewed annually, and despite possible planned rate increases, we expect them to remain relatively affordable."

Ms. Rae opined the confusion with affordability stems from the third-party billing. She suggested exploring procedures to separate the billing.

Mr. Truscello requested an explanation of the impact of the BB to BB+ rating. Ms. Komar explained the current interest rates could not compare to the existing interest rates of the Authority.

#### PUBLIC COMMENTS

None.


#### ADJOURNMENT

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

Yeas: Mr. Pasquerilla, Mr. Haselrig, Ms. Rae, Mr. Truscello (4).

Nays: None (0).

There being no further business, the meeting was adjourned at 12:43 p.m.

  
TRANSCRIBED BY:  
SARGENT'S COURT REPORTING  
SERVICE, INC.

  
RICHARD TRUSCELLO,  
VICE CHAIRMAN