

UTILITY ADVISORY BOARD MINUTES

July 11, 2024 at 5:15 PM

Water Utility Shop 2520 Barrett Ave./Zoom Webinar



<https://juneau.zoom.us/j/83013202186> or 1-253-215-8782 Meeting ID: 830 1320 2186

A. CALL TO ORDER

Chair Campbell called the meeting to order at 5:17 PM.

B. LAND ACKNOWLEDGEMENT

We would like to acknowledge that the City and Borough of Juneau is on Tlingit land, and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. ROLL CALL

UAB Members Present: Chair Campbell, Mr. Ritter, Mr. Cohen, Mr. Larson, Ms. Hall Schempf

D. APPROVAL OF AGENDA

Approved without objection.

E. APPROVAL OF MINUTES

1. December 14, 2023 - Regular Meeting

Approved without Objection.

2. February 01, 2024 - Regular Meeting

Approved without objection.

3. March 14, 2024 - Regular Meeting

Approved without objection.

F. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

No members of the public present.

G. AGENDA TOPICS

4. Discuss 2024 UAB Annual Report Draft (2023 report attached for reference)

Chair Campbell thanked Ms. Hall Schempf for putting together the draft document.

Ms. Hall Schempf walked through the document with the UAB members, and discussed items that were not yet finalized. Discussion included marine passenger fees, utilities cost escalations due to inflation, outreach and education efforts, UAB vacancies, and pieces to be updated by CBJ staff, including the UAB attendance table and an update to CBJ staff listings.

One addition was added to Attachment B (Utilities Rate History) at the request of Mr. Larson. This addition more clearly indicated that past rate increases to the Utilities has a deficit of funding due to past rate increases being smaller than necessary to maintain proper revenue flow. Mr. Ritter inquired as to how CBJ/UAB could calculate what that deficit was, taking into account inflation and past rate increases. Chair Campbell indicated that conversation should occur as a part of a future discussion. Ms. Koch asked Mr. McGuire to include that as a part of the current CBJ Utilities Rate Study.

Chair Campbell inquired if there were any objections to the board approving the annual report, pending the changes that were discussed in the meeting. There were no objections.

5. Board Update and Board Member Recruitment (Resolution 2299 Section 2)

UAB members reviewed Resolution 2099 (UAB establishing resolution) and discussed the current board vacancy. Some names had been discussed at previous meetings, but those individuals were not interested in joining UAB. Previously a posting had been put out by the City Clerks office that included a number of board vacancies, including UAB. There were not any applications received from that outreach.

UAB discussed what types of individuals might qualify based on the guidance provided by Resolution 2099 about board makeup. A number of current UAB members could be considered to fit into different categories, giving some flexibility about who might be eligible. The UAB also agreed that the position had been vacant for long enough that the primary focus of recruitment should be to find someone interested, not necessarily someone who fit the explicit recommendations in Resolution 2099.

Chair Campbell agreed to take on the task of finding a new UAB member.

6. Utility Update

Mr. McGuire gave an update on various subjects related to the CBJ Utility, including CDS Recommendations, Bonds, Rate Study, and Wastewater Plant Capacity.

CDS:

With letters of support from UAB, the Utility submitted recommendations for legislative priorities to the State Legislative delegation through the City Manager's office several months ago. Mr. McGuire thanked the UAB for their support. Utilities projects were not picked up by state legislators this year.

Bond:

The CBJ Assembly has approved a request to propose a \$10 Million bond to Juneau voters this fall that would provide the Utility funding for major projects. The primary identified project is the Juneau-Douglas Treatment Plant Clarifier building, which is quite aged. Mr. McGuire showed UAB photos of the building and it's significant degradation. The Clarifier itself is in good working order but it needs a new building surround. An engineering firm has been inspecting the building and is putting together an estimate for replacing it. There is optimism that the estimate will be lower than initially expected as the foundation of the current building is in better condition than previously thought. Mr. Cohen inquired as to whether or not a bond transfers the burden of this cost from the Utilities Rate Payer to Property Tax Payers and if property tax would need to be raised to cover the bond. Ms. Koch responded, indicating that the Bond would be covered by the General Fund, which is made up of both property tax and sales tax revenue. A \$10 million bond is significant, but not the nearly the largest burden placed upon the general fund, especially taking into account the current budgetary challenges of the Juneau School District and Bartlett Regional Hospital. Mr. Cohen indicated that there was already some concern about the bond being expressed on social media and that he was working to respond and educate individuals who were posting.

Rate Study:

Mr. McGuire discussed the current Utilities Rate Study that was taken on by DOWL and FCS. Past experience with rate increases has shown that doing a study makes for a much stronger argument when the Assembly gets involved. CBJ has provided data and met with the contractors on the rate study and they are making progress. Ideally DOWL/FCS will present to the PWFC Committee in August, and if properly approved, the full Assembly in September. Mr. Larson commented on two past rate studies completed in 2003 and 2013. In 2003, there was a significant rate increase proposed without public comment or prior introduction, and that was not well received. In 2013 the contractors held several

public forums prior to meeting with the Juneau Assembly that included a presentation and a Q&A session for individuals. Mr. Campbell also indicated that if information could be shared with UAB before public or assembly presentations, the UAB members could do outreach to the Assembly to express their support and educate. Ms. Koch and Mr. McGuire indicated that they would share information with UAB as they received it and that public engagement is in the current DOWL/FCS Rate Study contract. Mr. Larson noted that the aim of the Rate Study should be to come up with a 5-year plan for rate increases as completing these rate studies and requesting increases annually take up significant staff time and financial resources.

Wastewater Plant Capacity:

Mr. McGuire gave an overview of the Wastewater collections system and plants in Juneau, including the Mendenhall Wastewater Treatment Plant (MWWTP), Auke Bay Treatment Plant (ABTP), and Juneau-Douglas Treatment Plant (JDTP). As Juneau continues to expand housing development, especially with the possibility of a second Douglas crossing, the Utility is carefully considering plant capacity. Current and possible future developments are most likely to impact the MWWTP plant capacity, which is the closest to maximum capacity today. Ways to manage capacity include adding new assets (i.e. new plants or technologies at current plants) and/or reducing the current load on a plant by redirecting flow.

Following this discussion, the rest of the Utilities Update was skipped to move on to other agenda items. Items to be covered in a future meeting include: The 2023 Annual Water Quality Report, Lead Service Line Inventory Update, Salmon Creek Penstock Construction Update, EPA Visits, and PFAS/Microplastics Regulatory Updates.

7. Presentation: Non-Resident Wastewater Disposal

Mr. Cohen started a discussion about non-resident utility rates. Based on his knowledge, cruise ships are the only current non-resident utility users. Mr. Cohen argued that utility rates are not equitable between residents and non-residents due to residents paying property tax and sales tax in addition to Utility rates. Mr. Cohen's goal for the presentation was to request a rate increase for non-resident users, up to 3 times the current rate. Mr. Cohen indicated that CBJ should consider reaching out to other municipalities where Cruise ships offload wastewater to complete a rate comparison. Mr. Cohen also asked where the standards for the current rates came from, who created them, and how long they had been around. Mr. McGuire indicated that CBJ staff had been unable to find any information on that subject.

Ms. Koch informed the UAB group that she has met with the CBJ Department of Law on this subject. CBJ Law indicated that having a different rate for resident and non-resident users would not be legal. Ms. Koch also asked about if rates could be raised on cruise ships specifically. CBJ law provided two relevant Alaska Statutes. AK 42.05.381 - "All rates demanded or received by a public utility, or by any two or more public utilities jointly, for a service furnished or to be furnished, shall be just and reasonable." AK 42.05.391 - Discrimination in Rates: "A public utility may not establish or maintain an unreasonable difference as to rates, either as between localities or between classes of service." Mr. Cohen responded that he did not feel that the statutes would necessarily preclude an increase on cruise ships, and that he felt they were currently paying an unreasonable rate.

Mr. McGuire explained that currently cruise ships are paid the same base rate as a commercial customer in Juneau, but that cruise ships would pay an additional cost based on their wastewater loading. The rate is 2.5 to 3 times what a Juneau resident pays based on that loading. Mr. McGuire also looked at the plant capacity, and on days that cruise ships discharge, they made up about 15% of the plant capacity. Mr. Cohen asked if it costs more to process more concentrated waste. Mr. McGuire responded that the cost to process the waste would not be double or triple what standard waste would pay. Mr. Larson also indicated that the JD plant has capacity and there is not an issue of running out of capacity. Mr. Larson also expressed that raising rates may precipitate a lawsuit or that revenue may be lost if cruise ships

elected to process elsewhere. Mr. Cohen indicated that his understanding was that these ships had to discharge in Juneau, which is why they were doing so. Chair Campbell indicated that although it's currently unknown how the rates were setup for cruise ships, it likely did include negotiation with cruise lines. Any rate increase would need to be incremental and CBJ should proceed with caution. By learning more, it may be possible to come up with a fair way to change rates for cruise ships. Ms. Koch indicated that one option for Cruise Ships is to change their itineraries to not stop in Juneau and instead change their route to allow for offshore dumping. Mr. Campbell expressed concern about approaching the Assembly to ask for a tripling of rate increases for cruise ships. Ms. Hall Schempf noted that the role of the UAB is to do what is best for the Utility and for the broader Community. As an advisory board, UAB can make recommendations, even if they are not politically popular.

Mr. Larson suggested looking at ways to partner with the cruise industry in a manner similar to the current head tax. For example, improvements to the JDTP that would allow Juneau to better serve cruise ships and reduce the impact on the plant. Mr. McGuire indicated that there was an ask for Marine Passenger Fees this year to purchase a surge tank for JDTP. Ms. Koch indicated that submitting for Marine Passenger Fees for next year would be a possibility, and UAB could provide a support letter. Mr. Cohen indicated that using Marine Passenger Fees in this manner would take away from other possible projects.

Chair Campbell requested that CBJ staff continue to research how the current cruise ship rates were determined, if there was a negotiation, etc. That could inform future discussions. Mr. Cohen also requested that CBJ staff contact other municipalities where offloading is occurring to learn more about their treatment process and their rates.

8. Presentation: UAB Energy Conservation/Cost Cutting for CBJ Utilities

This item was moved to the next meeting due to having gone well over the allotted time for the July meeting.

H. NEXT MEETING DATE

9. August 8, 2024 at 5:15 PM

I. SUPPLEMENTAL MATERIALS

10. 2023 Annual Water Quality Report

J. ADJOURNMENT

Meeting adjourned at 6:44 PM.

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.