

UTILITY ADVISORY BOARD MINUTES

February 01, 2024 at 5:15 PM

Zoom Webinar



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

A. CALL TO ORDER

The meeting was called to order at 5:34PM by Chair Campbell.

B. ROLL CALL

Members Present: Mr. Cohen, Chair Campbell, Ms. Hall Schempf, Ms. Pederson

CBJ Staff: Brian McGuire, Utilities Superintendent; Denise Koch, EPW Director; Breckan Hendricks, Admin Officer; Chad Gubala, Utilities

C. APPROVAL OF MINUTES

1. No Meeting Minutes to Approve

D. AGENDA TOPICS

2. Board Member Updates on Assembly Outreach

Chair Campbell indicated Mr. Larson was able to reach out to his assembly members successfully.

Chair Campbell was unable to connect with his assembly members as they were out of town: Mayor Beth Weldon and Alicia Hughes-Skandijs.

Mr. Cohen said he talked to Michelle Hale and Christine Woll. Both were understanding of the challenges of managing rate increases and that it would cause concern to do large annual increases. Michelle reportedly indicated the use of bonds to reduce rate increases.

Ms. Koch linked in a document in chat: FY25 DRAFT Legislative Capital Priorities & DRAFT Resolution 3052, adopting FY25 CIP projects. Efforts to speak to assembly members were successful – utilities landed as #4 on the list, which is significant. The assembly has listed housing as its #1 priority for at least 5 years. Ms. Koch described a public meeting between the Assembly and the Juneau Legislative delegation so that the state delegation and federal lobbyists could hear what the priorities were. The last stop is the assembly meeting on February 5th, where it will be formally adopted. After this, projects are entered into the state system, CAPSIS.

3. MWWTP Outfall Condition Inspection Post Flood

Mr. McGuire showed where the MWWTP Outfall Line is located and showed photos of the Outfall Line and indicated that due to not having any pressure issues, and that the line looked in good shape, there was no longer a need to send a diver down to inspect, as had originally been planned. There had been concerns since the glacier outburst flood last August.

There were no questions from the UAB members present.

4. FY25 CIP Submission

Mr. McGuire showed an overview of the FY25 CIP list.

Water: about \$2.5 million dollars was submitted. Most projects are related to distribution system problems. LCB also has a project being proposed for security and SCADA upgrades since it is the oldest water supply system. There are also road reconstruction projects that are done in concert with CBJ Streets CIP Projects.

Wastewater: \$1.4 million, which is less than is preferred, but is set at this level to protect the minimum fund balance.

Long term studies: Infiltration and Inflow Study, ABTP Long Term Study, and solids digester.

Also proposed: JDTP structural improvements, Area wide improvements to the collections systems, JDTP SCADA and instrumentation upgrades, pavement management program (frames and lids), and MWWTP SBR Waste Pumps Replacement. The MWWTP SBR Waste Pumps Replacement project probably will take around \$500k overall, but only \$25,000 is being proposed this year to meet the \$1.4 million maximum.

Question from Mr. Cohen: What was the thermal item that Mr. McGuire mentioned that could help with food waste? Mr. McGuire responded. The first project for wastewater, Facilities Planning, would include a study of how to manage food waste and solids. Originally the study was going to include a solids digester, but CBJ is also looking at thermal treatment for biosolids that would eliminate the need to ship biosolids.

Clarification from Mr. Cohen: "So when you say thermal treatment you mean it would burn the solids we are currently shipping down south? Mr. McGuire answered. Yes, burning is one option. Another option is a process called pyrolysis, and another is a process that would use a plasma arc. The study will be to weigh the costs against the pros and cons of each option.

5. Rate Increase Presentation:

Ms. Pederson showed an excel document showing the pros and cons of various financing options (i.e. DEC Loans) and how they would offset the need for significant rate increases. In FY25, if CBJ used a DEC loan, a debt service increase would be introduced of about \$250k each year. By layering DEC loans and advocating for sales tax revenue, a rate increase could be smaller. Based on Ms. Pederson's calculations, the fund balance would be reduced, but the effect on the consumer would be lower.

Ms. Pederson also showed a scenario where projects were funded with only loans and the total debt service would be almost \$7 million by FY31 if CIP spending was maintained at a high level.

Mr. McGuire indicated that if CBJ were able to spend \$6-8 million per year, that would cover the most important CIP projects. By layering a small rate increase, DEC Loans, Bonds, and sales tax, it may be better received by the assembly. Mr. McGuire also indicated that CBJ has looked at how Anchorage manages their finances, and each year Anchorage has a manageable rate increase and then takes out a DEC loan of \$10-20 million, and work to begin paying it back. This could be a model to look at for CBJ.

Mr. Cohen asked if there was an opportunity for revenue from the cruise lines. Cruise ships do play a role in the water and wastewater utility. How many ships are processing their waste in Juneau? Are cruise ships due for a rate increase, and are cruise ships paying their share now? Another question – is it possible to use a portion of the cruise ship head-tax revenue?

Ms. Pederson, Ms. Koch, and Mr. McGuire responded. In theory rate increases are flat across the board and affect all users equally. There is a process for internally requesting marine passenger funds. The utility has been putting in requests for funds on projects in the past. There is a connection between the cruise industry and the work that is being done. Final decisions are made by the Assembly each year. This year both water and wastewater requested passenger fees. Wastewater: requested a 1-million-gallon surge tank that could accommodate when cruise ships offload wastewater as they do not have a good way of telling CBJ how much they need to offload. There was a request for about \$5 million to assist with this project, and that was approved. For Water, the Utility asked for money to assist with pumps for Last Chance Basin, which is the water source that supplies cruise ships in the summer. The ask was for \$1 million. In the past, during the pandemic, there was a request for about \$1 million for Outer Drive, which is where all the cruise ship waste lines come into. This assisted with the Outer Drive repair.

Mr. Cohen pointed out that those were all capital improvement projects. He asked if it be possible to

pull data on how much waste we're taking for how many passengers, how it compares to the average user in Juneau, etc.? Mr. McGuire responded. Yes, that can be done. A note: Every time there is a rate increase for CBJ citizens, there is a rate increase for cruise ships. They will pay at least what a large commercial user will pay, plus an increase related to wastewater strength, when necessary. The rate scales quickly.

Mr. Campbell: The loss of sales tax revenue for the Utility has been very negative. To replace that money the Utility will need to take out loans, which will have an associated interest cost. This should be communicated to the assembly members regularly.

E. NEXT MEETING DATE

- 8. February 08, 2024 – Canceled
- 9. March 07, 2024

F. SUPPLEMENTAL MATERIALS

G. ADJOURNMENT

Chair Campbell Adjourned the meeting at 6:24 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.