



**ENGINEERING & PUBLIC WORKS  
DEPARTMENT**  
**Utilities Division**  
2009 Radcliffe Road, Juneau, AK 99801  
p: 907.586.0393 | f: 907.789.1681

## UTILITIES ADVISORY BOARD MINUTES

*Thursday, December 8<sup>th</sup> | 17:15pm*  
*2520 Barrett Ave. & Teleconference – Zoom*

### I. CALL TO ORDER

- a. *The meeting was called to order at 5:20pm by Board Member Geoff Larson*
- b. Members Present: Geoff Larson, Stuart Cohen (teleconference), Elizabeth Pederson (teleconference), Grant Ritter (teleconference), Janet Schempf (teleconference)
- c. Staff Present: Chad Gubala (teleconference), Denise Koch, Brian McGuire (teleconference)

### II. APPROVAL OF AGENDA

- a. *Denise suggested an update on Marine Passenger fees and possible revenue.*
- b. *Brian suggested a cyber-security update after the SRF Update.*
- c. *Stuart suggested the use of Biodiesel discussion for the next meeting.*
- d. *Agenda was approved unanimously by Board vote.*

### III. PUBLIC PARTICIPATION

- a. *None*

### IV. INFORMATION ITEMS

- a. Dashboard & Utility Financial Outlook
  - i. Brian started with the history of the Utilities Dashboard. The Dashboard workbook was created in 2014 to catalogue the Water and Wastewater Utility enterprise funds following a rate study by FCS Group. Brian shared a screenshot of the Wastewater Fund Dashboard breaking down revenue and expenses from FY14 to FY29. Brian went over a few of the columns describing Utility Revenues, Bonds, DEC Grants and Loans, and sales tax, noting that the Sales Tax revenue of \$500k seen in FY24, will be \$0.00 FY25-FY29. Brian went over how the workbook will calculate Future Annual Rate Increase and Operational Cost Inflation estimates based on data input.
  - ii. Brian next shared a graphical representation of the Wastewater Fund. He highlighted on the Minimum Fund Balance, CIP Spending and Ending Fund Balance. Noted that he looks at what the Fund Balance Target is and how it intersects with the Ending Fund Balance.
  - iii. Brian went over the uses of the Dashboard; Planning CIP Sends, measuring impacts of Operational cost savings, giving the bio-solids crusher as an example, measuring impacts of Sales Tax contributions and rate increases, and estimating impact of cost escalation on future spends.
  - iv. Brian went over financial headwinds-
    - 1. Noted 1% Sales Tax will not be forthcoming FY25-FY29.
    - 2. CIP spending needs are higher than past years due to regulatory requirements and deferred maintenance. Brian mentioned that Geoff has brought up the deferred

maintenance of the Utility in the past and talked briefly about extending an and offer of tours to the UAB for those that have not been given a tour or would like to do so again, to be able to point out some examples of deferred maintenance.

3. Rate Increase History- UAB aligned on 8% increase/year for FY20-FY24 which the manager's office lowered to a 4%/year ask of the Assembly with the Assemblies final result being an increase of 4% for the upcoming year (FY20) and 2% increase every year for the following 4 years (FY21-FY25).
4. Cost Escalation- Brian brought up Anchorage CIP cost escalation is at 7%. CBJ Engineering is projecting 7%-10% inflation for the 6yr CIP Plan and Operational Cost Inflation is expected about the same.
5. Brian shared a graph of cost escalations in Urban Alaska month to month from late 2019 to present, showing all items and all item minus food and energy costs versus our rate increase.
- v. Brian moved on to the WW Outlook to start a discussion about what our future rate increases would be and positions ourselves to talk to the assembly about rate increases.
- vi. We will be finalizing our CIP Plan for the next couple years and will be looking at the WU Dashboard at the next meeting.

b. SRF Update

- i. Brian showed a breakdown of projects coming out of the SRF. Two of the projects that are highlighted in green have been submitted for legislative priority. Denise clarified that the projects we submitted for Legislative Priority was for the City to take to the State and advocate for why we should get funding for these projects.
- ii. Brian continued that the projects in blue are to be completed if the Treatment plant is to be upgraded and the projects in pink are if we are to phase out MWWTP and build a new facility.
- iii. Chad mentioned that the two priorities we submitted are important whether we are looking ultimately at the goal of Treatment Plant Improvements or a new facility
- iv. Stuart asked if there was another way to mitigate FOG/Grit from the system without the project. Chad answered yes, there are ways to mitigate. Brian added that for commercial consumers there could be grease traps installed but we're looking at ways to mitigate residential FOG/Grit.
- v. Janet mentioned looking further than the presented timeline, that some of the numbers should be communicated as to not surprise anyone with these larger asked such as Facility Replacement. Denise answered that Brian had given a presentation to the CBJ Public Works & Facilities Committee about some of the problems at MWWTP and the COBC to give them an understanding of the problem before we come at them with big numbers. Brian says this is a nuanced conversation about infrastructure and has dates with the Public Works & Facilities Committee to continue conversations about this.
- vi. Geoff requested from staff for a specific timeline of when we need to talk to assembly members about each of these projects so the UAB can advocate properly. Chad said they had a meeting about what contingencies are in store and refining what the actual treatment capacity of the facility is and what the improvements would do as far as extending treatment capacity. Brian added that he and Denise need to talk about when the rate increase discussion needs to happen, most likely the beginning of FY25
- vii. Geoff went back to the Dashboard wanting to resurrect how we came up with recommendations, what was presented what happened and why we need to go forward.

c. Marine Passenger Fees

- i. Brian explained that the fees are charged per head, the manager takes requests on how to disburse the fees. At last conversations with Alexandra Pierce, Juneau had 1.5 million tourists and the fee is \$8.00/head. In 2020 we made a request and were granted \$950k to



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upgrade the outer drive lift station that handles all of the waste from Cruise Ships on the way to the JDTP. Another request to be made this year and will discuss if that money would go to one of the Projects or upgrades to JDTP as JD handles the cruise ship waste. Denise clarified that she just wanted to make the UAB aware that this was another funding source.

d. Cyber Security

i. Chad says it became apparent that we needed to harmonize the number of ways we granted access to maintain efficacy of the system and identified a number of vulnerabilities that needed to be taken care of. We became aware that 3 potable water facilities in PNW were attacked with ransomware attacks that disabled their PLC's for their SCADA systems which are very similar to our systems. The state issued a CISA alert that this was an imminent threat 3 weeks ago. We took immediate action to take care of our most blatant vulnerabilities, like establishing multifactor authentication, tightening up our VPN, and hardening up our portals that we deal with.

e. Stuart circled back to FOG/Grit measures asking if upon completion of a new plant, if elements of those improvements would be repurposed. Brian answered that they are talking about that now and answers will be forthcoming.

V. ACTION ITEMS

a. None

VI. NON AGENDA ITEMS

a. Brian brought up quorum and agenda material timelines and cutoffs.

VII. ADJOURNMENT

*The meeting adjourned at 6:15pm*

Next meeting:

**January 12<sup>th</sup>, 2023 | 17:15pm | In Person & Teleconference**