



UTILITY ADVISORY BOARD AGENDA

January 09, 2025 at 5:15 PM

Water Utility Shop 2520 Barrett Ave./Zoom Webinar

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

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

C. ROLL CALL

D. APPROVAL OF AGENDA

E. APPROVAL OF MINUTES

[1.](#) September 12, 2024 - Regular Meeting

[2.](#) November 11, 2024 - Special Session

F. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

G. AGENDA TOPICS

[3.](#) Synopsis of Public Meeting regarding Rate Increase Proposal - Geoff Larson

4. Summary of conversations with Assembly Members

5. Utility Update - Chad Gubala

[6.](#) SIU/MIU Users - Stuart Cohen

7. Recent Developments with Non-Resident Ratepayers - Stuart Cohen

H. NEXT MEETING DATE

8. February 13th, 2025 @ 5:15 PM

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

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.

UTILITY ADVISORY BOARD MINUTES

September 12, 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

Meeting called to order at 5:18 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: Geoff Larson (Zoom), Janet Schempf (Zoom), Andrew Campbell, Stuart Cohen, Buffy Pederson

CBJ Staff: Brian McGuire, Chad Gubala, Denise Koch, Nathan Bodenstadt

D. APPROVAL OF AGENDA

Mrs. Schempf: Inquired about an update on status of Annual Report - Availability of signed copies.

Mr. Cohen: Asked that there be a short conversation about the Ballot Measure for the General Obligation bond associated with the Juneau-Douglas Treatment Plant Clarifier Building

E. APPROVAL OF MINUTES

1. August 8, 2024 - Regular Meeting

Meeting minutes approved without comment.

F. AGENDA TOPICS

Special Agenda Items added during Approval of Agenda:

1. Annual Report: Availability of Signed Copies: UAB had a short conversation about the availability of physically signed, official copies of the 2024 Annual Report. Chair Campbell presented the report at the August Human Resources Committee during August. The report found in the Agenda Packet should be considered the official copy.

2. Ballot Measure Discussion:

Mr. Cohen noted that he's been watching the Juneau Community Collective Facebook group and felt that people on there seem to be pretty against bond measures. Mr. Cohen asked if UAB wanted to do anything about the bond, possibly to recommend it more publicly?

Chair Campbell noted that there was a write-up in the Voter Information Packet that went out. He also noted that social media response should not be taken as a total indicator of success, and that in his experience, ballot propositions of this nature almost never fail.

Mrs. Koch noted that a reporter was coming to the JD treatment plant the next day for a tour, and that she was confident there would be a KTOO story, and possibly a Juneau Empire story as well.

2. Utility Update

Mr. Gubala: Good interactions with state DEC about LSLI. There is enough together to meet obligations for the October deadline. The city will then be moving forward with a gradual, phased approach of physical surveys of residences that did not respond to the survey.

Preparing for an EPA visit in October, thanks to Utilities staff for helping pull together documents that were requested. Working on documentation related to cybersecurity as well. Something important - there is a regulatory mandate to separate IT and OT environments. This means that the utility will not be able to utilize CBJ IT to manage these things.

Waster Supply Investigations - Mr. Gubala has been connecting with other communities down south and asking about how to possibly utilize smaller, shallow surface water supplies. There are types of treatment that could be utilized, but it may also create additional need for Operator Certification and additional human capital to run things.

Question from Mr. Cohen: Water in Last Chance Basin was shut off in July due to an avalanche. Is that why we're looking for another water source? Mr. Gubala: No, we're looking for a new water supply in general. It's a little precarious that we pull all of our water from one side of town across Juneau, to Lena. The Salmon Creek Outage is another reason - that begins in 2026. A supplemental water supply, even if a seasonal water supply, on the west side of the distribution system would be really useful.

3. Discussion: Rate Increase Recommendations

At the August 8, 2024 meeting, UAB reviewed two presentations related to the current Rate Study. This agenda topic is to continue talking about those presentations, answer questions, etc. The FCS presentation was quite robust, and it went through a lot of things. It looked closely at CIP's, and those were all scored by CBJ staff based on level of need. There were three stages of CIP's that were considered. Keeping ALL CIP's was a significant rate increase - in the 60% range.

Mr. Cohen: Question, how much would the loans be, if CBJ took them out? Answer: 20% of the CIP budget - about 4 million for water, 6 million for sewer.

Mrs. Koch: There were a lot of discussions about what to show to the assembly - most of the large CIP asks are far too large in terms of rate increases.

Chair Campbell: Have there been any public meetings yet for this or have there been any scheduled?

Mrs. Koch: This was presented to PWFC, which is a public meeting, although there are some next steps. It would go to the Assembly Finance Committee - which would include the full body. Assembly needs to know what is going on before there is a big public meeting.

Chair Campbell: It seems to be important to the assembly that there are larger public meetings.

Mrs. Koch: No assembly meetings in October due to the election, so next finance committee meeting is in November.

Chair Campbell: These numbers are bad, but the Utility did not receive the past rate increases that were requested. CBJ needs to either pass larger rates or find another way to fund things. Hopefully some of these things will show up next time.

Mr. Cohen: So we're looking at \$250/mo for water and wastewater utility costs? Answer = yes.

Mr. McGuire: When is the next opportunity for sales tax? Mrs. Koch: 4 years away, probably.

Mr. McGuire, showing slide 15 of the FCS presentation: When you look at operating costs and debt for Utilities, FCS has determined that revenues in 2027 will not cover Wastewater operating costs.

Question from Mr. Cohen: What % of rate payers are commercial vs residential?

Mrs. Schempf: And Cruise ship wastewater has a different structure based on volume and strength.

There are three rates: Flat Residential, Commercial, and Cruise Ships. Cruise ships are the highest.

Chair Campbell: So the minimum rate increase we're asking for will only fund 20% of our CIP's, right?

Mr. McGuire: Yes. The low scenario comes with a higher risk of loss of service. Chair Campbell: The city really should have a vested interest in keeping construction workload higher - if there are fewer projects, and less work for construction companies, people will leave and then when the city needs work done, there won't be anyone who can do it.

Mr. Cohen: Has Chad talked to Ben Eisenstein? Mr. Gubala: Yes, that conversation has started.

Mr. Cohen began discussing the issue of cruise ship wastewater rates, and advocated for a discussion on these rates. He expressed concern that cruise ship rates should be higher. During this period he noted that he does not believe higher rates for cruise ship waste disposal would be considered discriminatory.

Mrs. Koch indicated at this time that she had already had a number of conversations with the CBJ Law department about cruise ship rates, and that she had shared that information with UAB in the past. She also took this time to note that although Mr. Cohen does not agree with the CBJ Law department analysis, the City Assembly would turn to the Law Office for analysis and would receive the same feedback from them that Mrs. Koch originally shared.

Chair Campbell: I think right now we have a very important discussion about rates and needing to find more money. If we start talking about an increase in sewer rates for cruise ships right now, with that other stuff going on, it might work against us for the bigger discussion. Let's focus on the rate increase now and then look at this after - cruise ship rates could happen at any time, on any year. It might be poor timing right now.

Mr. Gubala: In our ongoing discussions, we need to keep in mind that we need a JD plant whether or not we have cruise ships discharging. Those costs are largely fixed.

4. Discussion: Rate Increase Outreach

Mr. McGuire: What do we need to start talking to assembly members?

Chair Campbell: Having the rate survey is important. We also need to have a public meeting.

Mrs. Koch: Maybe after we have the assembly finance committee, and then we should have a public meeting. And there could be some value to the UAB members approaching the assembly members just before a public meeting.

Mr. Cohen: When does the assembly make a decision?

Mrs. Koch: In an ideal world, they'd make their decision so that it was effective July 1, 2025. Realistically it's going to take some real time. There is a potential that a rate increase won't start in 2025 just because it's all taking so long. We knew that with FCS when we started the conversation.

Mr. Cohen: Will this go before the full assembly before the end of the year?

Mrs. Koch: No, probably not. Assembly Finance: November, then some larger general meetings in November or December. The Assembly does almost nothing in December, but January is far more likely for them to start meeting - and there will probably be several meetings where the Assembly discusses rates..

Mr. Larson: We don't want to blindside any of the assembly members. We don't want the public discussion to happen in the assembly chambers. The media will latch on to the rate increases around that time. The public, by the time we have meetings with them, will be a little more understanding. When you get the numbers, you'll immediately react. People will need to sit with things and digest them. We need to highlight that the Assembly did not fund the Utility with sales tax, they did not accept prior rate increases that would have mitigated this, etc. We need to highlight that. The consultants also

need to highlight that it's going to take the Rate increases AND the Bond AND the debt to get back/stay on track.

Mr. Cohen: One scenario that was not on the chart was whether or not the city elected to reinstate sales tax. Would that be useful to look at?

Chair Campbell: Tax is determined again in 4 years -- so that battle is already fought.

Mrs. Pederson: The company that we contracted, they'll present to the assembly?

Mrs. Koch: They've already presented with us at PWFC, and they'll also present to the public, and to the assembly.

Chair Campbell: We can continue to discuss this next month.

G. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

H. NEXT MEETING DATE

5. October 10, 2024 at 5:15PM

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

Meeting adjourned at 6:20 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.

UTILITY ADVISORY BOARD - SPECIAL SESSION MINUTES

November 21, 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

The meeting was called to order at 5:20 PM on November 11, 2024.

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:

- Andrew Campbell
- Geoff Larson
- Stuart Cohen
- Buffy Pederson
- Andrew Campbell
- Grant Ritter
- Janet Schempf

CBJ Employees Present:

- Denise Koch, Director, Engineering & Public Works
- Brian McGuire, Utilities Superintendent
- Chad Gubala, Utilities Production & Treatment Manager
- Amanda Hatch, Utilities Administrative Assistant

D. APPROVAL OF AGENDA

Mr. Larson requested that approval of minutes be skipped until the next regular meeting. Without objection, the approval of minutes was skipped.

E. APPROVAL OF MINUTES

1. September 12, 2024 - Regular Meeting

Mr. Larson requested that approval of minutes be skipped until the next regular meeting. Without objection, the approval of minutes was skipped.

F. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

G. AGENDA TOPICS

2. Rate Study & Rate Increase Discussion

- Mr Larson: In the past UAB meetings have gone to talk to assembly members, and have agreed upon talking points. Mr. Larson suggested that this occur again.
- Chair Campbell: The Assembly has seen the Rate Study and that would be the primary content.
- UAB members offered to outreach to the following assembly members:
 - o Chair Campbell: Mayor Beth Weldon, and Assemblyperson Wade Bryson
 - o Mr. Larson: Assemblypersons Neil Steininger ,Alicia Hughes-Skandijs, & Christine Woll
 - o Mr. Cohen: Assemblypersons Greg Smith, Maureen Hall, Ella Adkison, & Paul Kelly

- Mrs. Koch: We will reforward the Rate Study presentation to UAB Members.
- Mr. Larson: What is the timeline for public presentations, presentations to the assembly, etc?
- Mrs. Koch: The discussion started with the Public Works & Facilities Committee (PWFC), then the Assembly Finance Committee (AFC), and will then go before the Committee of the Whole (COW).
- Mr McGuire: At PWFC, the wastewater bond had not passed, and by the time of the AFC meeting, the bond had passed.
- Mr. Cohen: It would be helpful to have a list of likely things that would happen if rates are not raised.
- Mr. Campbell: The most important thing that I want to discuss with them is if they do what they did last time we came to them and they give us half of what we're asking for, we're going to continue to fall down this hole. The drastic nature of the situation is caused by the removal of the sales tax funding. That was a huge hit on top of them already cutting our rate increase request in half in the last cycle.
- Mr. Cohen: The assembly might think that since there weren't big obvious effects the last time the rates weren't raised as much as requested, so there may be a need to provide evidence of what would happen if rates weren't passed.
- Mrs. Koch: There were components of the Capital Plan that the current proposal is based upon that had risks associated with it, and Mr. McGuire can share those risks with the group.
- Mr. McGuire: The capital projects were coded by the following risk factors, and capital projects with more risk factors were moved up on the list. So there are projects with some of the following risk factors that are not addressed in the current plan:
 - o For Wastewater (Sewer)
 - § System Controls and Security
 - § Condition of Infrastructure, including Obsolescence, End of Life, Deferred Maintenance
 - § Mendenhall TP Viability
 - § Infiltration and Inflow Reduction
 - § Road Reconstruction Alignment
 - o For Water
 - § System Controls and Security
 - § Condition of Infrastructure, including Obsolescence, End of Life, Deferred Maintenance

§ Valley Water Supply Disruption

§ Road Reconstruction Alignment

- The reduced capital plan reduces a total of 80 Water projects to 21 over the course of 5 years, and for Sewer, reduces from 50 projects to 15. The total cost is 56 million over 5 years instead of over 500 million.
 - A lot of the projects that were removed from the rate increase model had to do with aging infrastructure, things that were reaching end of life but were not otherwise failing. These projects not being included may result in service outages due to failed infrastructure.
 - All of the projects that are being discussed are already known - they may well be other issues that are not already discovered. So there is a need to be thinking about contingency plans.
 - There are also concerns about physical and cybersecurity that will require funding.
 - There is a goal to upgrade and renew Mendenhall Wastewater Treatment Plant in such a way that would extend the life of the plant for another 20 years, in order to avoid a current replacement estimate of 100 million dollars for the plant.
- Mr. Cohen: Can Mr. McGuire and Mr. Gubala create a simplified narrative that could be shared with UAB that they can use to guide their conversations with assembly members who may not be able to understand the details of utility capital projects?
 - Mr. Campbell: We need to tell the assembly members that the CIP list is a plan created by Utility experts about how to maintain the system and extend its life however possible, and that the plan needs to have a certain stable level of funding to be viable. When the assembly took away sales tax money, that effectively undercut the planning that went into coming up with the full CIP list and the priorities. Now the Utility has come up with the absolute, bare minimum plan that keeps the city moving forward. It's still less than what has been done or what should be done, but it's something. Not having a continual plan for replacement for the utility infrastructure greatly increases the chance that there will be an emergency failure.
 - Mr. Gubala: CBJ now is working on having plans for emergency infrastructure failures, which includes looking at other cities and water systems that have gone through those kinds of failures. Some cities might turn off certain neighborhoods, or provide water on a timed basis, or deliver water through distribution centers. CBJ is not set up to flex services in this kind of way, which makes it challenging to come up with emergency plans.
 - Mr. Campbell - Which is wise, but also not what we should be doing. We should be funding a healthy level of utility replacement. What we are asking for now is not that, it's below a healthy level. Having funding available also allows for project efficiencies - like ensuring that utility lines are updated when another entity is working on a street.
 - Mr. Larson: It's important to remind the assembly that this is not a crisis that just occurred- it's the legacy of deferring maintenance. Deferred maintenance is not a cost-saving - it's actually going to cause an increase in the future for repairs due to inflation and when emergency repairs have to occur. This all started back in the 80's and 90's, and it's just compounded over time.
 - Mr. Gubala - In addition to the aging infrastructure, we also have newer, increased regulatory mandates that we now need to find resources to meet or push back on. While this hasn't been true for CBJ, for example, many municipalities are seeing substantial costs associated with the Lead Service Line Inventory from the EPA.

- Mr. Campbell - It would be interesting to be able to talk about what the rate increases would have looked like if the sales tax had not previously been removed from the Utility funding structure.
- Mr. McGuire: Since 2016, Water had received 2 million and Wastewater had received 13.5 million in funding. It likely would have had a significant impact on the rates we're asking for now.
- There was a question about the timeline and when the conversations should occur. The public meeting is going to happen the week of December 16th. It would be ideal if the assembly members have heard from UAB before that meeting.
- Mr. Campbell - The next time there is a discussion about sales tax, the UAB members should be present and visible.

H. NEXT MEETING DATE

3. Regular Meeting - December 12, 2024 at 5:15 PM

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

Meeting Adjourned at 6:11 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.

I, Geoff Larson, attended the Public Meeting regarding Rate Increase Proposal held at the Thunder Mountain Middle Scholl on December 19th, 2024. Below is my overview of that meeting followed by **Other Questions, Topics and Discussions** I thought were germane but were not included/covered in the articles written by KTOO and the Empire that focused on the rate increases. And finally, I attached the subsequent news coverage articles from KTOO and the Empire that summarize much of the financial information presented.

OVEVIEW: The meeting held at Thunder Mountain Middle School on December 19 from 6pm to 8 pm was well attended with engaged and thoughtful questions and comments. One member of the assembly was in the audience along with a reporter from the Empire and KTOO. Staff did a good job outlining the rate assessment needs process with their presentations supported by story boards that covered significant elements of the overall capital expenditure plan, other municipal rate comparisons and facility descriptions.

The FCS Consulting representative then presented their analysis of needs and options which we at the UAB have seen and that the Assembly has seen vis a vis various committee presentations, e.g. public works, and Finance Committees. And this presentation will be seen again by the public when this is presented for assembly action.

The Juneau Empire and KTOO did follow up articles on this meeting covering some of the questions that came up verbally during this meeting but they did focus on the financial rates extensively. Also, Staff have gathered written questions from the attendees which will need to be addressed and answered for the assembly. The Utility has successfully engaged the public with the same comprehensive information as the assembly has. I believe this will make the assembly feel more comfortable so that they can make an informed decision with the knowledge that the public has been given the chance to be engaged. This doesn't mean everyone is on board and supportive of the rate increases but the facts are before everyone.

This was a successful outreach to the public. Also, staff will have the chance to address the questions the public raised to the assembly so the assembly can incorporate this in their preparation for assembly action.

The meeting ended with a member of the public saying "You do a great job! This is a Need! Sales Tax money is for needs!

Other Questions, Topics and Discussions which may need some attention:

Are commercial rates going up, like VRBO's, the same percentage as residential customers?
(answer is YES this is across the board % increases)

Why did we opt for the Higher Treatment System and not go for the 301H waiver like the other AK cities? Can we get a 301 H waiver? (answer...)

There is no Revenue Growth forecasted in the model, but the city is forecasting slow population growth- that doesn't seem right, Why the need for higher rates when population growth will already drive revenues up?)

Are property taxes (other taxes) helping to support the utility? (Answer – sales tax was applied – but is not any longer)

How can we improve solid waste disposal costs (Answer :Pyrolysis making Biochar, we have a 2+ million\$ emerging technology grant to establish the technology to destroy PFAS and make a commercial product while recovering energy and use it in the plant- this was applauded by the audience)

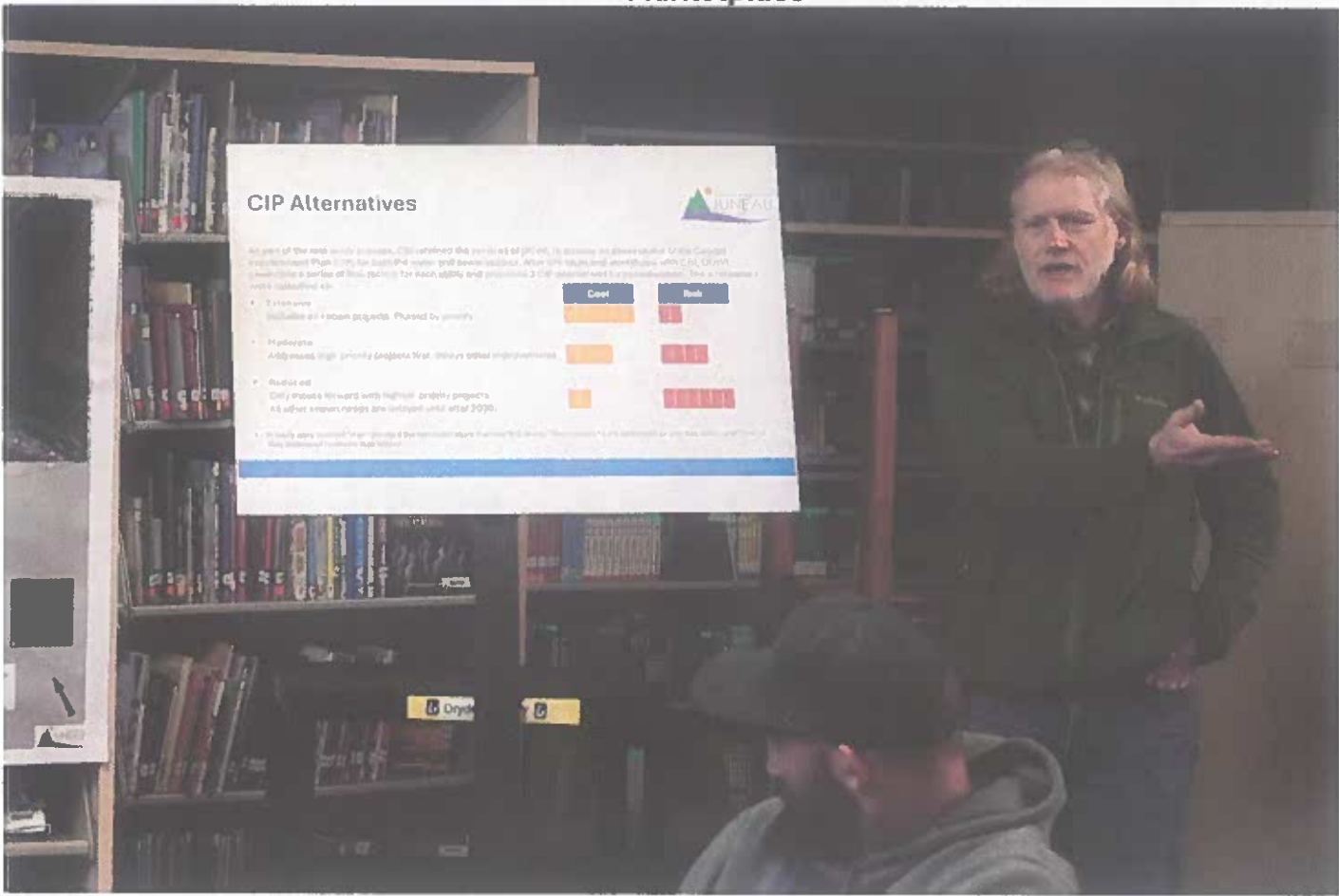
Why not charge big users more. (answer the % increases are applied to all therefore big users will be paying more)

Can consumer awareness reduce costs (answer yes Grease, *diapers*, source control programs to control upsets and other examples were discussed)

The Tourist industry topic came up in different ways with questions like “Can we look at Winter WW solids vs in the summer vs to assess tourist costs?” “How much does Cruise ship impact downtown vs Mendenhall?” (An observation from Staff was that on a dry day we get 1.1 million gallons of water, on a rainy day we can get 4 million gallons of water. Implying other effects with storm water impacts with downtown/valley comparisons)

Are vacant houses still paying water and ww rates? Waste Water Meters? (answer/observation: out the road with all the lift stations vs next to the Mendenhall WW treatment plant, lots of people in a house vs a house downtown vs Valley)

The questions and discussions did also include, describing this rate increase proposal process of Utility Advisory Board review, FCS hired, Public Works Committee, Finance Comiittee, COW and Assembly. Also brought up by staff were successes like Permit modification created a (?\$100 MM?) savings and we had landscape collection removed from our requirements. (?)



Alan Steffert, a project engineer for the City and Borough of Juneau, explains alternatives considered when assessing infrastructure improvements including utilities upgrades during a meeting to discuss a proposed fee increase Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

Hike of more than 60% in water rates, 80% in sewer over next five years proposed by CBJ utilities

Increase needed due to rates not keeping up with inflation, officials say; Assembly will need to OK plan.

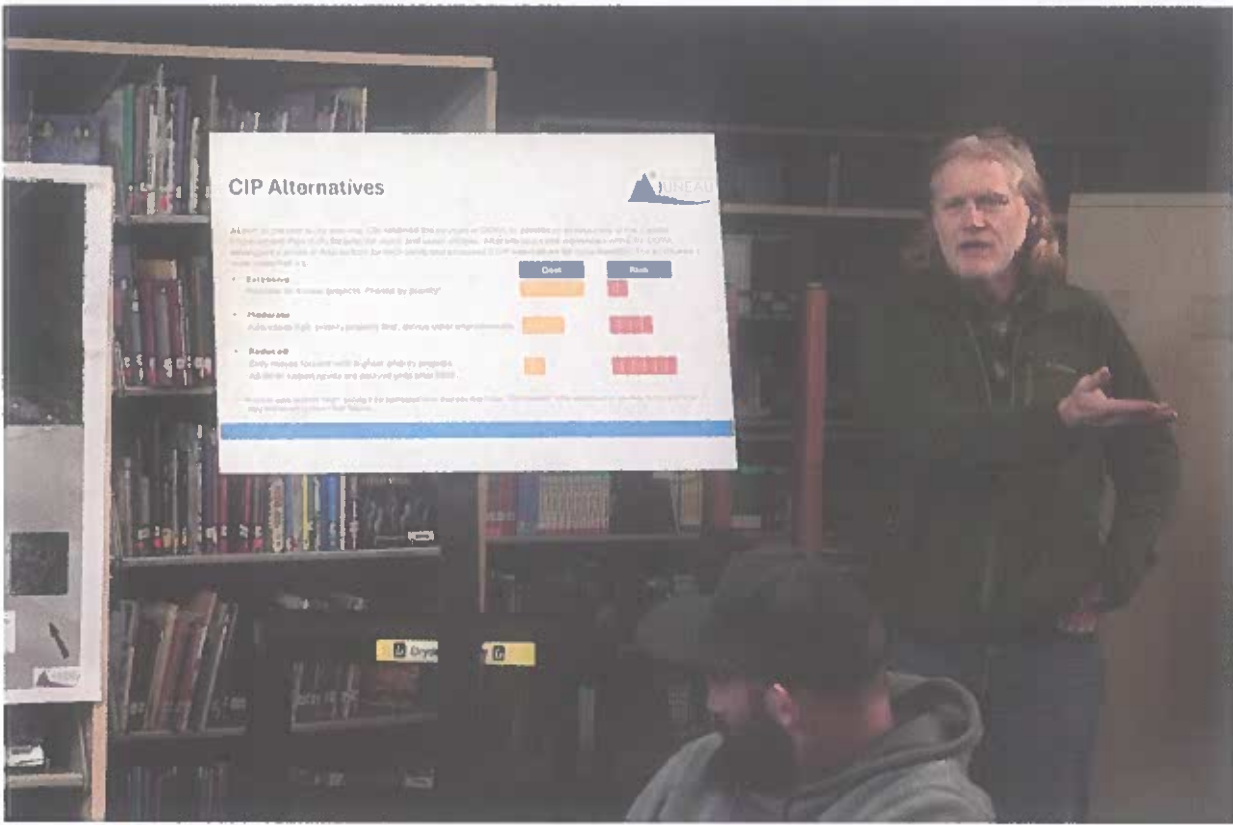
By Mark Sabbatini
Friday, December 20, 2024 3:26pm | NEWS MUNICIPAL GOVERNMENT

A proposed increase of more than 60% in water rates and 80% in sewer rates during the next five years has some unhappy residents wanting answers to a lot of questions before it gets to the Juneau Assembly for a vote.

Proposed increases highlighted by the city's utilities division at its website would raise water rates 10.25% and wastewater 12.75% a year for each of the next five years for Residential Flat Rate customers. The accumulating increases mean a current monthly water bill of \$40.72 would be \$66.33 as of July of 2029 and a current sewer bill of \$106.08 this year would be \$191.58 by 2029.

Officials discussing the increases during an open house Thursday night at Thunder Mountain Middle School said other options with lower rate hikes exist, if bonds or other funding measures are implemented. Comments from the meeting as well as other public input are being collected for when the matter will be presented to the Assembly during the coming months.

Juneau residents in October approved a \$10 million bond to fund wastewater improvements by a 7,000 to 3,565 vote, with utilities officials saying Thursday the proposed rate hikes would have been higher had the measure failed. Some Assembly members have said since the election it may be tough to come back next year with another bond measure — especially if a rate increase is also implemented.



Alan Steffert, a project engineer for the City and Borough of Juneau, explains alternatives considered when assessing infrastructure improvements including utilities upgrades during a meeting to discuss a proposed fee increase Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

However, the City and Borough of Juneau hasn't been keeping up with inflation by increasing its rates 2% a year since 2020, which is a primary reason there is a need to catch up now to cover costs ranging as operating facilities, maintenance and upgrades, and disposal of treated sewage, said Paul Quinn, a project manager for the FCS Group, a Washington-state company hired by CBJ to compile a rate increase study.

“We’ve been trying to kind of kick the can down the road and now we are where we are, and we have to look at how to move forward,” he said during Thursday’s meeting.

Among the rapidly increasing costs are shipping about 1,200 tons of dried and treated sewage biosolids south for disposal per year, said Brian McGuire, CBJ’s utilities superintendent.

“We’ve seen quite a bit of escalation in everything that leaves here,” he said, adding “one year we saw a 40% increase in just the shipping.”

But residents in turn expressed concern about the rising costs they're already paying for utilities.

“We just got done with five rate increases just recently and those rate increases are as much as what I was charging on (utilities) on my apartments,” said Jim Sidney, who with his wife co-owns Swampy Acres. “The new rate increases are going to be here in five years and so now you're making your rental units go sky high by an additional \$200 here in the next five years. We've got to be able to stop our inflation in town to where we can get it under control. Is it going to be where we can privatize the sewer system where we can get it run by private people so we don't have these tremendous wages going out?”

CBJ Public Works Director Denise Koch, in response, noted that a rate comparison of other Alaska communities in the FCS Group study notes Fairbanks, which has a private operator, had the highest rates among those surveyed.

Multiple options are included in the company's report for water and wastewater rates and other funding. The water options include a “cash” option covering costs through rate fees and existing municipal funds, while a “debt” option suggests having 20% of infrastructure costs over five years covered with state loans.

The “debt” option would result in water bills increasing by about 40% to \$57.11 in five years, compared to \$66.33 under the cash option.

Similar options are proposed for covering wastewater costs. However, CBJ officials note the city isn't considered a good candidate for some government loans because it's not considered a disadvantaged community.

Quinn also said the study considers three different levels of funding capital project costs, from minimal to cover critical short-term needs to higher end to cover major needed improvements.

“Under that reduced plan that we're going to be discussing results for tonight that's about \$60 million of costs through 2030,” he said. “Now you look at the extensive plan that's (about) \$520 million of cost. The extensive plan identifies all the projects that the utilities are going to need to fund at

the current point in time. What staff has done is they've prioritized projects — so what is absolutely critical to get done today? What do we what do we need to make sure? What do we need to do to make sure we can provide reliable service over the next five years? So that's what that reduced plan does. It has identified the absolute critical projects that absolutely need to get done over the next five years in order to continue providing you all service.”

“It is important to note that under the reduced plan, there is still a small risk to utility service,” Quinn added. “Staff has evaluated this and they do feel comfortable moving forward under this reduced plan in order to keep rates as manageable as we can.”

Residents, beyond saying they're unhappy about the prospect paying more for utilities, questioned officials during the meeting about what type of customers are paying what rates for their volume of usage. Some asked, for instance, about the city's volume of water use and sewage during the cruise ship season, and whether the passengers/companies responsible were in some way paying for that use.

“They are charged a different rate schedule than you all,” Quinn said. “I believe it's the industrial rate schedule of the utility and so, on a per-gallon basis, they pay more than anyone else in the community. So they are paying their share.”

McGuire said CBJ's public works department has also applied for and at times gotten Marine Passenger Fees, which are collected from each passenger and used toward purposes meant to offset impacts and/or improve city services used by tourists.

• *Contact Mark Sabbatini at mark.sabbatini@juneauempire.com or (907) 957-2306.*

Paul Quinn, a project manager for the FCS Group based in Washington state, explains the process resulting in a proposal to increase water and wastewater rates during a meeting Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

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Juneau residents wary of proposed utility rate hikes down the pipe

December 20, 2024 by Clarise Larson, KTOO (<https://www.ktoo.org/author/clarise-larson/>)

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Alan Steffert with the city's Engineering and Public Works department fields questions at an informational meeting about utility rates at Thunder Mountain Middle School on Thursday, Dec. 19, 2024. (Clarise Larson/KTOO)

Municipal utility staff say they need to [raise Juneau residents' water and sewer rates](https://juneau.org/engineering-public-works/utilities-division/proposed-rate-increase) by more than 50% over the next five years to address critical infrastructure repairs.

At an informational meeting at Thunder Mountain Middle School Thursday evening, residents reacted to the news. Jesse Hay, a Mendenhall Valley resident, said he understood the need for repairs, but he's disappointed with the city's overall approach to spending.

"The utilities are definitely a requirement. But I think people just get frustrated that every time we turn around, the city's asking for more and more," he said. "The residents are just kind of getting tired of it because it's getting too damn expensive to live here."



Juneau’s utility rates have gone up 2% each year since 2020 (<https://www.ktoo.org/2023/06/08/juneau-water-and-sewer-utility-rates-will-rise-in-july/>). The last time rates were increased was this summer.

Now, the division proposes increasing the flat residential water rate by 10.25% starting next July. Then, another 10.25% each July until 2029. The proposed sewer increase is between 12 to 13% each year.

At the meeting, city staff said it could have been much higher. (https://juneau.org/wp-content/uploads/2024/09/PWFC_Rate-Increase_8_5_24_FCS.pdf) In October, Juneau voters approved a wastewater bond (<https://mccmeetingspublic.blob.core.usgovcloudapi.net/juneauak-meet-0076fa1fc318435db6ba03abf2f8b1ca/ITEM-Attachment-001-b32640757acc471a9acc39098be25042.pdf>) to borrow \$10 million to replace critical infrastructure at the Juneau Douglas Wastewater Treatment Plant.

Alan Steffert with the Engineering and Public Works department said the bond helped shave off a significant amount of repair costs – but there are still a lot of upgrades that need to happen beyond that.

“We’re actively replacing our infrastructure, be it wastewater or water, be it treatment, be it collections, be it distribution,” he said. “There’s no end of products or projects we can spend on and it’s a matter of prioritizing.”

Some residents, like Shawn Lovell, wanted to know how much cruise ship traffic takes a toll on the city’s wastewater infrastructure, and if residents will be the only ones paying if rates increase.

“How much are we actually getting from the cruise industry to offset that? Because it seems like we, as the locals, are the ones that are footing that excess bill, where maybe a little bit more should be twisted or pushed on to help them pay for it,” he said.

His comments, and many others from residents who attended the meeting, will be passed on to the Juneau Assembly. Residents may also submit comments about the proposals online. (https://forms.office.com/Pages/ResponsePage.aspx?id=OoUKb_r_NoqVGYPeSlSigmq6Dju9A8dBrAb1qIwLqcxUMINWWUMyNTY4RDlSSoU2RVBZUDBWRIFMTCQlQCNoPWcu) The Assembly will vote on the rate proposal before July.

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UTILITY RATES FOR WASTEWATER

The Cruise Line shall pay the current rates set for wastewater collection as provided under CBJ 75.02.130, available online at: <https://juneau.org/engineering-public-works/utilities-division/rates>.

Rates currently imposed under CBJ 75.02.130 as of July 1, 2024:

Concentration (mg/L)	Tariff (\$ per 1000 gallons)
BOD < 300 and TSS < 350	\$14.10
BOD < 600 and TSS < 700	\$28.21
BOD < 900 and TSS < 1050	\$42.31
BOD < 1200 and TSS < 1450	\$56.41
BOD < 1500 and TSS < 1750	\$70.52
BOD < 1800 and TSS < 2100	\$84.62
BOD < 2100 and TSS < 2450	\$98.72
BOD < 2400 and TSS < 2800	\$112.83
BOD < 2700 and TSS < 3150	\$126.93
BOD < 3000 and TSS < 3500	\$141.03
BOD < 3300 and TSS < 3850	\$155.14
BOD < 3600 and TSS < 4200	\$169.24
BOD < 3900 and TSS < 4550	\$183.34
BOD < 4200 and TSS < 4900	\$197.45

For BOD > 4200 or TSS > 4900 concentrations, the charge rates (in dollars) shall be calculated as follows (as the value that is greater per each 1000 gallons of wastewater accepted by CBJ):

- (BOD/300) rounded up to the next integer multiplied by 14.10, **OR**
- (TSS/350) rounded up to the next integer multiplied by 14.10.

Should the rates be amended during the course of the agreement, the Cruise Line agrees to pay the current rate as amended. The Parties agree that this Attachment shall be amended to reflect the current rates without change order or other amendment to the Agreement and the rates will be effective on the date implemented by ordinance.

Statutes Governing Utilities Charges:

State statutes:

AS 42.05.381. Rates to Be Just and Reasonable.

- (a) 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; however, a rate may not include an allowance for costs of political contributions, or public relations except for reasonable amounts spent for
 - (1) energy conservation efforts;
 - (2) public information designed to promote more efficient use of the utility's facilities or services or to protect the physical plant of the utility;
 - (3) informing shareholders and members of a cooperative of meetings of the utility and encouraging attendance; or
 - (4) emergency situations to the extent and under the circumstances authorized by the commission for good cause shown.
- (b) In establishing the revenue requirements of a municipally owned and operated utility the municipality is entitled to include a reasonable rate of return.

AS 42.05.391. Discrimination in Rates.

- (a) Except as provided in AS 42.05.306 (discounted service) , a public utility may not, as to rates, grant an unreasonable preference or advantage to any of its customers or subject a customer to an unreasonable prejudice or disadvantage. A public utility may not establish or maintain an unreasonable difference as to rates, either as between localities or between classes of service. A municipally owned utility may offer uniform or identical rates for a public utility service to customers located in different areas within its certificated service area who receive the same class of service. Any uniform or identical rate shall, upon complaint, be subject to review by the commission and may be set aside if shown to be unreasonable.

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Bending the Curve:

New Sources of Revenue: Cruise Ships, Airlines

Redistribution of Charges to Industrial Users?

Lowering costs by correctly addressing Industrial inflows and finding efficiencies.

Sewage Fees Paid:	Total income	
Commercial Metered	\$ 2,500,000.00	(14.10/1000 gallons)
Residential Metered	\$ 2,500,000.00	
Residential Flat Rate	\$ 8,600,000.00	
Cruise Lines	\$ <u>625,000.00</u>	
Total	14,225,000.00	
Bus. Personal Property Tax	\$ 3,750,000.00	
Commercial Real Property Tax	\$ <u>14,000,000.00</u>	
Total Other Commercial Taxes	\$ 17,750,000.00	7.1 times sewage rates