



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Agenda Borough Assembly Regular Meeting

Monday, April 18, 2022

6:00 PM

Assembly Chambers

You are invited to a Zoom webinar.
When: Apr 18, 2022 06:00 PM Alaska
Topic: April 18, 2022 Assembly Meeting

Please click the link below to join the webinar:
<https://petersburgak.gov.zoom.us/j/86243019622?pwd=MIBkTHhCS3REanVES0Fqa3lVYlNydz09>
Passcode: 972005

Or Telephone:
(720) 707-2699 or (253) 215-8782
Webinar ID: 862 4301 9622
Passcode: 972005

1. **Call To Order/Roll Call**
2. **Voluntary Pledge of Allegiance**
3. **Approval of Minutes**
 - A. **No minutes available for approval.**
4. **Amendment and Approval of Meeting Agenda**
5. **Public Hearings**
 - A. **Ordinance #2022-04: An Ordinance Adjusting the FY 2022 Budget for Known Changes**

Ordinance #2022-04, if adopted, will approve fund transfers to provide for: 1) the Electric Department 399 Cat Inframe Overhaul; 2) purchase of a new flatbed/plow truck for the Harbor Department; 3) acceptance of the \$1,430,892 DCRA Local Government Lost Revenue Grant; and 4) unexpected rooftop snow removal and electric expenses for the Parks & Recreation Department - Public Hearing

Any public testimony regarding Ordinance #2022-04 should be given during this public hearing. A copy of Ordinance #2022-04 may be found under agenda item 14A.

6. **Bid Awards**

7. Persons to be Heard Related to Agenda

Persons wishing to share their views on any item on today's agenda may do so at this time.

8. Persons to be Heard Unrelated to Agenda

Persons with views on subjects not on today's agenda may share those views at this time.

9. Boards, Commission and Committee Reports

10. Consent Agenda

11. Report of Other Officers

A. PMC CEO Hofstetter will provide a report.

12. Mayor's Report

A. April 18, 2022 Mayor's Report

13. Manager's Report

A. There is no written Manager's Report

14. Unfinished Business

A. Ordinance #2022-04: An Ordinance Adjusting the FY 2022 Budget for Known Changes - Third Reading

Ordinance #2022-04, if adopted, will approve fund transfers to provide for: 1) the Electric Department 399 Cat Inframe Overhaul; 2) purchase of a new flatbed/plow truck for the Harbor Department; 3) acceptance of the \$1,430,892 DCRA Local Government Lost Revenue Grant; and 4) unexpected rooftop snow removal and electric expenses for the Parks & Recreation Department. The ordinance was unanimously approved in its first and second readings.

15. New Business

A. Ordinance #2022-05: An Ordinance Updating Chapter 14.04.420 of the Municipal Code, Entitled "Water Rate Schedule and Fees" - First Reading

If adopted, Ordinance #2022-05 will increase water utility rates which have not been updated since 2018, and increases are needed to keep up with the increased costs and expenses to the Borough.

B. Ordinance #2022-06: An Ordinance Updating Various Sections of Chapter 14.08 of the Municipal Code, Entitled "Sewer Utility" - First Reading

If adopted, Ordinance #2022-06 will increase Sewer Utility Rates which have not been updated since 2018, and increases are needed to keep up with increased costs and expenses to the Borough.

C. Memo from Utility Director Hagerman

D. Utility Rate Study Final Report

E. Resolution #2022-07 A Resolution Approving the Sole Source Procurement for Eaton AMI Large Commercial Meters

If approved, Resolution #2022-07 will authorize the sole source issuance of a purchase order with EATON Corporation dba Cannon Technologies, for the order of large commercial AMI meters at a price of \$32,416.20.

F. Schedule a FY2023 Budget Work Session

Staff suggested dates: April 27, 28 or 29, 2022

16. Communications

A. Correspondence Received Since March 31, 2022

17. Assembly Discussion Items

A. Community Clean Up Week

Member Meucci requested this discussion item.

B. Assembly Member Comments

C. Recognitions

18. Adjourn

**Mayor's Report
for
April 18, 2022 Assembly Meeting**

1. Seeking Letters of Interest: The Petersburg Borough is accepting letters of interest from citizens who wish to serve the community by filling one of the vacant seats on the following Borough Boards/Commissions until the October 2022 Municipal Election:

Planning Commission – two vacant seats
Parks & Recreation Advisory Board – two vacant seats

2. Seeking Letters of Interest for a short term, Early Childhood Education Task Force:

Residents from the following groups are needed:

- Childcare Educators
- Petersburg Borough
- Petersburg School District
- Petersburg Medical Center
- Petersburg Economic Development Council
- Chamber of Commerce
- SHARE Coalition
- Petersburg Borough Assembly
- Retail Employees
- Public at Large

The Assembly shall appoint up to 15 members to this task force at the May 16, 2022 Assembly meeting.

Letters of interest should be submitted to Clerk Thompson at the Borough offices located at 12 S. Nordic Drive; by sending to PO Box 329, Petersburg, AK 99833; or by emailing to dthompson@petersburgak.gov.

**PETERSBURG BOROUGH
ORDINANCE #2022-04**

**AN ORDINANCE OF THE PETERSBURG BOROUGH ADJUSTING
THE FY 2022 BUDGET FOR KNOWN CHANGES**

Section 1. Classification: This ordinance is not of a permanent nature and shall not be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to adjust the FY 2022 budget for known changes.

Section 3. Substantive Provisions: In accordance with Section 11.09(a) of the Charter of the Petersburg Borough, the budget for the fiscal period beginning July 1, 2021 and ending June 30, 2022 is adjusted as follows:

Explanation: Necessary revisions in the FY 2022 budget identified after adoption of the Budget.

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>
FISCAL YEAR 2022 REVENUE / EXPENSE BUDGET ADJUSTMENTS		
Electric Department – Fund 755 – 399 Cat Inframe Overhaul		
755.000.501450	Contractor/Construction	\$35,000.
410.000.501410	Electric fund – Transfer Out	(\$35,000)
The award to NC Machinery at the Assembly Meeting on February 22, 2022 was greater then budgeted for within the Capital Project Fund. Transferring \$35,000 from the Electric Fund to the Capital Project Fund will remedy this.		
Harbor Department & Motor Pool		
450.000.506XXX	#113 Flatbed / Plow Truck – Harbor Contribution	\$60,000.
510.000.507019	#113 Flatbed / Plow Truck – Motor Pool Contribution	\$10,000.
Motor Pool will be recommending this replacement in the FY23 Budget however the Harbor would like to get an early start on the replacement due to serious deterioration of the existing unit.		
DCRA Local Government Lost Revenue		
287.000.402270	Grant Revenue	\$1,430,892.
287.000.501XXX	Petersburg Medical Center	(\$825,388)
287.000.501XXX	Borough Enterprise Funds	(\$136,216)
287.000.501XXX	Borough General Fund	(\$469,288)
Based on Resolution #2022-02 which was approved at the March 7, 2022 Assembly Meeting.		

Parks and Recreation		
110.574.501410	Rooftop Snow Removal	\$15,958.
110.574.501340	Snow Blower Purchase	\$3,452.
110.574.501470	Electric Charges Forecasted for April and May	\$16,274.
Unexpected rooftop snow removal resulted in hiring additional temporary help and the purchase of a snow blower. Due to the delay in Electrical repairs P&R will see two more months of higher electrical charges.		

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person and circumstance shall not be affected.

Section 5. Effective Date: This ordinance shall become effective immediately after the date of its passage.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this 18th day of April, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
 Published:
 Effective:

**PETERSBURG BOROUGH
ORDINANCE #2022-05
AN ORDINANCE UPDATING CHAPTER 14.04.420 OF THE MUNICIPAL
CODE, ENTITLED “WATER RATE SCHEDULE AND FEES”**

Whereas, the rates for the Borough Water Utility have not been updated since 2018, and increases are needed to keep up with increased costs and expenses to the Borough.

Therefore, the Petersburg Borough Ordains, Section 14.04.420 of the Petersburg Municipal Code, entitled Water rate schedule and fees, is hereby amended as follows:

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to update the rates found for water utility service set out in Section 14.04.420

Section 3. Substantive Provisions: Section 14.04.420 of the Petersburg Borough Municipal Code is hereby amended as set out below. The table containing the new proposed rates in paragraph A is highlighted in blue, with the old tables in pink and struck through. The proposed new language is in red and underlined:

14.04.420 Water rate schedule and fees.

A. Metered water rates shall be based on the size of service and shall be as follows:

	<u>Rate Schedule</u>				
	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
<u>Annual increase on July 1 of fiscal year</u>		<u>3% inc.</u>	<u>3% inc.</u>	<u>3% inc.</u>	<u>3% inc.</u>
<u>Monthly Base/Commodity Charge</u>					
<u>3/4" residential base charge +</u>	<u>\$35.21</u>	<u>\$36.37</u>	<u>\$37.46</u>	<u>\$38.58</u>	<u>\$39.74</u>
<u>3/4" residential charge per 1,000 gal</u>	<u>\$2.30</u>	<u>\$2.37</u>	<u>\$2.44</u>	<u>\$2.51</u>	<u>\$2.59</u>
<u>3/4" senior discounted base charge +</u>	<u>\$17.66</u>	<u>\$18.19</u>	<u>\$18.74</u>	<u>\$19.30</u>	<u>\$19.88</u>
<u>3/4" senior discounted per 1,000 gal</u>	<u>\$1.15</u>	<u>\$1.18</u>	<u>\$1.22</u>	<u>\$1.26</u>	<u>\$1.29</u>
<u>1" base charge +</u>	<u>\$47.39</u>	<u>\$48.81</u>	<u>\$50.28</u>	<u>\$51.78</u>	<u>\$53.34</u>
<u>1" charge per 1,000 gal</u>	<u>\$4.10</u>	<u>\$4.22</u>	<u>\$4.35</u>	<u>\$4.48</u>	<u>\$4.61</u>
<u>1.5" base charge+</u>	<u>\$118.48</u>	<u>\$122.03</u>	<u>\$125.70</u>	<u>\$129.47</u>	<u>\$133.35</u>
<u>1.5" charge per 1,000 gal</u>	<u>\$4.00</u>	<u>\$4.12</u>	<u>\$4.24</u>	<u>\$4.37</u>	<u>\$4.50</u>
<u>2" base charge +</u>	<u>\$248.81</u>	<u>\$256.27</u>	<u>\$263.96</u>	<u>\$271.88</u>	<u>\$280.04</u>
<u>2" charge per 1,000 gal</u>	<u>\$3.81</u>	<u>\$3.92</u>	<u>\$4.04</u>	<u>\$4.16</u>	<u>\$4.29</u>

3" base charge +	<u>\$544.98</u>	<u>\$561.33</u>	<u>\$578.17</u>	<u>\$595.51</u>	<u>\$613.38</u>
3" charge per 1,000 gal	<u>\$2.38</u>	<u>\$2.45</u>	<u>\$2.52</u>	<u>\$2.60</u>	<u>\$2.68</u>
4" base charge +	<u>\$829.33</u>	<u>\$854.21</u>	<u>\$879.84</u>	<u>\$906.23</u>	<u>\$933.42</u>
4" charge per 1,000 gal	<u>\$1.84</u>	<u>\$1.90</u>	<u>\$1.95</u>	<u>\$2.01</u>	<u>\$2.07</u>
	<u>\$1,244.0</u>				
6" base charge +	<u>2</u>	<u>\$1,281.34</u>	<u>\$1,319.78</u>	<u>\$1,359.37</u>	<u>\$1,400.16</u>
6" charge per 1,000 gal	<u>\$1.04</u>	<u>\$1.07</u>	<u>\$1.10</u>	<u>\$1.14</u>	<u>\$1.17</u>

Effective August 1, 2012

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$31.35	\$2.04
1	42.09	3.64
1 1/2'	105.20	3.55
2	220.93	3.39
3	483.93	2.11
4	736.42	1.66
6	1,104.65	0.92

Effective July 1, 2013—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$31.98	\$2.08
1	42.93	3.71
1 1/2'	107.31	3.62
2	225.35	3.45
3	493.61	2.15
4	751.15	1.69
6	1,126.74	0.94

Effective July 1, 2014—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$32.62	\$2.12
1	43.79	3.78
1 1/2'	109.45	3.69
2	229.86	3.52
3	503.48	2.20
4	766.17	1.72
6	1,149.28	.96

Effective July 1, 2015—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$33.27	\$2.16
1	44.66	3.86
1½'	111.64	3.77
2	234.45	3.59
3	513.55	2.24
4	781.49	1.76
6	1,172.26	.98

Effective July 1, 2016—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$33.94	\$2.21
1	45.55	3.94
1½'	113.87	3.84
2	239.14	3.67
3	523.82	2.29
4	797.12	1.79
6	1,195.71	1.00

Effective July 1, 2017—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$34.62	\$2.25
1	46.47	4.01
1½'	116.15	3.92
2	243.93	3.74
3	534.30	2.33
4	813.07	1.83
6	1,219.62	1.02

Effective July 1, 2018—2% increase

Service Size	Monthly Service Fee	Commodity Charge per 1,000 gallons
5/8'	\$35.31	\$2.30
1	47.39	4.10
1½'	118.48	4.00
2	248.81	3.81
3	544.98	2.38
4	829.33	1.87
6	1,244.02	1.04

B. Nonmetered water rate: \$5.00 per 1,000 gallons.

C. Fees for water utility services and administration shall be as follows:

Connect fee:	\$40.00 during normal business hours for each premises served. Actual labor cost, plus fifteen percent after business hours.
Meter testing fee:	Actual labor cost when test is performed during normal business hours.
New service fee:	\$150.00, plus the actual cost of the meter and fittings.
New service line installation:	Actual cost.
Shut-off due to unauthorized turn-on, fraud or abuse:	Actual cost to the borough, plus 15 percent.
Standby fire protection service:	No charge.
Transfer fee:	A. \$25.00, if the property owner only receives water service. The transfer fee covers the cost of name change and meter reading at two service locations and is billed to the new account.
	B. \$50.00, if the property owner receives additional borough utilities. In the case of multiple borough utilities, the transfer fee shall be divided and spread evenly between the utilities received and billed to the new account.

D. Interest shall accrue on past due accounts: Maximum rate allowable by state law.

E. Outside Service Area 1 rates and fees: Charges for all water services and fees for users outside Service Area 1 shall be twice the Service Area 1 rate.

F. Water Delivery Rates. Deliveries of potable water to Borough locations are made to properties that are accessible by road. Customers may be required to install piping from the closest accessible area to their cistern or storage tank if the tank is not readily accessible or the situation is unsafe for Borough staff. Rates for water delivery are based on overall time required to make a delivery, regardless if a customer's tank has the capacity to contain a full 3,000 gallon load. No splitting of loads between two customers is allowed. Rates per load are as follows and charged out based on each specific load delivered:

WD1: \$200 (1 hour or less required of staff)

WD2: \$250 (over 1 hour and up to 1.5 hours required of staff)

WD3: \$300 (deliveries that require over 1.5 hours)

FG. Water rates and fees shall be reviewed annually by the water utility and finance departments and a recommendation made to the borough manager for the increase or decrease of rates as needed for the sound financial management of the water utility. The borough manager shall review the findings and present the recommendation to the borough assembly.

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This Ordinance shall become effective immediately upon final passage.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Clerk

Adopted:
Noticed:
Effective:

**PETERSBURG BOROUGH
ORDINANCE #2022-06
AN ORDINANCE UPDATING VARIOUS SECTIONS OF CHAPTER 14.08 OF
THE MUNICIPAL CODE, ENTITLED “SEWER UTILITY”**

Whereas, the rates for the Borough Sewer Utility have not been updated since 2018, and increases are needed to keep up with increased costs and expenses to the Borough, and

Whereas, the language of several other sections of Chapter 14.08 are also in need of update.

Therefore, the Petersburg Borough Ordains, Sections 14.08.050, 14.08.070, 14.08.130, and 14.08.320 of Chapter 14.08 the Petersburg Municipal Code, entitled Sewer Utility, are hereby amended as follows:

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to update the rates for sewer utility service set out in Section 14.08.320, and to update the language of several other sections of Chapter 14.08.

Section 3. Substantive Provisions: Sections 14.08.050, 14.08.070, 14.08.130, and 14.08.320 of the Petersburg Borough Municipal Code are hereby amended as follows. The language proposed for addition is in red and underlined, and the language proposed for deletion is in blue and struck through. The table containing the new proposed commodity charge rate schedule in Section .320(A) is highlighted in blue, with the old table in pink and struck through:

- Sections:
- 14.08.050 Private sewage disposal—Owner to operate and maintain.
 - 14.08.070 Service outside Service Area 1 or municipal boundaries.
 - 14.08.130 Substances prohibited in sewers designated.
 - 14.08.320 Sewer collection rates.

14.08.050 Private sewage disposal—Owner to operate and maintain.

The property owner shall operate and maintain private sewage disposal facilities in a sanitary manner at all times, at no expense to the borough. Septic tanks shall be pumped a minimum of every 2 years.

14.08.070 Service outside Service Area 1 or municipal boundaries.

- A. The borough assembly may authorize the construction of sewer trunk lines outside Service Area 1 or the municipal boundaries. Applications for construction must be made in writing to the assembly by the person or persons interested in receiving service.
- B. Sewer trunk lines constructed outside Service Area 1 or municipal limits are subject to the provisions of chapter 14.18.

- C. Rates and fees charged for sewer services, including vector service and pumping of portable toilets shall be twice the Service Area 1 rate. outside of Service Area 1 shall be subject to a surcharge of \$150.

14.08.130 Substances prohibited in sewers designated.

Except as provided in this chapter, no person shall discharge or cause to be discharged any of the following discharge waters or wastes to any public sewer:

- A. Any liquid or vapor having a temperature higher than 150 degrees Fahrenheit;
- B. Any water or waste which may contain more than 100 parts per million, by weight, of fat, oil or grease;
- C. Any gasoline, benzene, naphtha, fuel oil or other flammable or other explosive liquid, solid or gas;
- D. Any garbage that has not been properly shredded;
- E. Any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure, "flushable" wipes, or any other fibrous, solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewage works;
- F. Any waters or wastes having a pH lower than 5.5 or higher than 9.0 or having any other corrosive property capable of causing damage or hazard to structures, equipment and personnel of the sewage works;
- G. Any waters or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, or constitute a hazard in the receiving waters of the sewage treatment plant;
- H. Any waters or wastes containing suspended solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant;
- I. Any noxious or malodorous gas or substance capable of creating a public nuisance.

14.08.320 Sewer collection rates.

- A. The sewer utility rate shall apply to the owner of all houses, buildings or other structures designed or used for human occupancy, employment, recreation or other purpose provided that the public sewer is within 150 feet of the property line. The rate for the sewer utility shall be a minimum based on a unit fee predicated on the size of the water service, plus a water commodity charge as follows. In the event municipal water service is not connected, the monthly minimum for five-eighths inch service shall apply unless it is apparent to the borough that a larger amount of water is being used on the premises.

Sewer Utility Monthly Service Charge Rate Schedule

		<u>8/1/2012</u> <u>FY2022</u>	<u>7/1/2013</u> <u>FY2023</u> 4.53% inc.	<u>7/1/2014</u> <u>FY2024</u> 4.53% inc.	<u>7/1/2015</u> <u>FY2025</u> 4.53% inc.	<u>7/1/2016</u> <u>FY2026</u> 4.53% inc.	<u>7/1/2017</u> <u>FY2027</u> 4.53% inc.	<u>7/1/2018</u> 4.5% inc.
Service Description	Size of Water Meter	Service Charge \$/mth	Service Charge \$/mth	Service Charge \$/mth	Service Charge \$/mth	Service Charge \$/mth	Service Charge \$/mth	Service Charge \$/mth
Residential	¾"	<u>31.02</u> <u>40.40</u>	<u>32.42</u> <u>41.61</u>	<u>33.88</u> <u>42.86</u>	<u>35.40</u> <u>44.15</u>	<u>36.99</u> <u>45.47</u>	<u>38.66</u> <u>46.83</u>	40.40
1" Sewer	1"	<u>69.50</u> <u>90.51</u>	<u>72.63</u> <u>93.23</u>	<u>75.90</u> <u>96.02</u>	<u>79.31</u> <u>98.90</u>	<u>82.88</u> <u>101.87</u>	<u>86.61</u> <u>104.93</u>	<u>90.51</u>
1½" Sewer	1½"	<u>167.26</u> <u>217.81</u>	<u>174.78</u> <u>224.34</u>	<u>182.65</u> <u>231.07</u>	<u>190.87</u> <u>238.01</u>	<u>199.46</u> <u>245.15</u>	<u>208.43</u> <u>252.50</u>	<u>217.81</u>
2" Sewer	2"	<u>334.52</u> <u>435.64</u>	<u>349.58</u> <u>448.71</u>	<u>365.31</u> <u>462.17</u>	<u>381.75</u> <u>476.04</u>	<u>398.93</u> <u>490.32</u>	<u>416.88</u> <u>505.03</u>	<u>435.64</u>
3" Sewer	3"	<u>644.39</u> <u>839.16</u>	<u>673.39</u> <u>864.33</u>	<u>703.69</u> <u>890.26</u>	<u>735.36</u> <u>916.97</u>	<u>768.45</u> <u>944.48</u>	<u>803.03</u> <u>972.82</u>	<u>839.16</u>
6" Sewer	6"	<u>1,682.96</u> <u>2191.66</u>	<u>1,758.70</u> <u>2257.41</u>	<u>1,837.84</u> <u>2325.13</u>	<u>1,920.54</u> <u>2394.89</u>	<u>2,006.97</u> <u>2,466.73</u>	<u>2,097.28</u>	<u>2,191.66</u>
Industrial Sewer		<u>405.92</u> <u>528.61</u>	<u>424.18</u> <u>544.47</u>	<u>443.27</u> <u>560.80</u>	<u>463.22</u> <u>577.63</u>	<u>484.07</u> <u>594.96</u>	<u>505.85</u>	<u>528.61</u>
Sewer 3/Base Conspt	5/8 "	<u>93.06</u> <u>121.19</u>	<u>97.25</u> <u>124.83</u>	<u>101.63</u> <u>128.57</u>	<u>106.20</u> <u>132.43</u>	<u>110.98</u> <u>136.40</u>	<u>115.97</u>	<u>121.19</u>
DBL Base+Conspt/Res	5/8 "	<u>62.04</u> <u>80.80</u>	<u>64.83</u> <u>83.22</u>	<u>67.75</u> <u>85.72</u>	<u>70.80</u> <u>88.29</u>	<u>73.99</u> <u>90.94</u>	<u>77.32</u>	<u>80.80</u>
Sewer Conspt-Res	¾"	0.00	0.00	0.00	0.00	0.00	<u>0.00</u>	<u>0.00</u>
Sewer Base	¾"	<u>31.02</u> <u>40.40</u>	<u>32.42</u> <u>41.61</u>	<u>33.88</u> <u>42.86</u>	<u>35.40</u> <u>44.15</u>	<u>36.99</u> <u>45.47</u>	<u>38.66</u>	<u>40.40</u>
Sewer Conspt-Com		0.00	0.00	0.00	0.00	0.00	<u>0.00</u>	<u>0.00</u>

Sewer-Condos		<u>279.19</u> <u>363.58</u>	<u>291.76</u> <u>374.49</u>	<u>304.88</u> <u>385.72</u>	<u>318.60</u> <u>397.29</u>	<u>332.94</u> <u>409.21</u>	<u>347.92</u>	<u>363.58</u>
Sewer 3xBase +Conspt		<u>93.06</u> <u>121.19</u>	<u>97.25</u> <u>124.83</u>	<u>101.63</u> <u>128.57</u>	<u>106.20</u> <u>132.43</u>	<u>110.98</u> <u>136.40</u>	<u>115.97</u>	<u>121.19</u>
AK State-Housing Apartments	5/8 "	<u>186.13</u> <u>242.39</u>	<u>194.50</u> <u>249.66</u>	<u>203.26</u> <u>257.15</u>	<u>212.40</u> <u>264.87</u>	<u>221.96</u> <u>272.81</u>	<u>231.95</u>	<u>242.39</u>
Commercial Swr Base		<u>69.50</u> <u>90.51</u>	<u>72.63</u> <u>93.23</u>	<u>75.90</u> <u>96.02</u>	<u>79.31</u> <u>98.90</u>	<u>82.88</u> <u>101.87</u>	<u>86.61</u>	<u>90.51</u>
Half Chg Senior Cit	5/8 "	<u>15.52</u> <u>20.21</u>	<u>16.21</u> <u>20.82</u>	<u>16.94</u> <u>21.44</u>	<u>17.71</u> <u>22.08</u>	<u>18.50</u> <u>22.75</u>	<u>19.34</u>	<u>20.21</u>

Sewer Utility Commodity Charge Rate Schedule

		<u>FY2022</u>	<u>FY2023</u> <u>3% inc.</u>	<u>FY2024</u> <u>3% inc.</u>	<u>FY2025</u> <u>3% inc.</u>	<u>FY2026</u> <u>3% inc.</u>
<u>Service Description</u>	<u>Size of Water Meter</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>
<u>All service levels</u>	<u>All</u>	<u>1.02</u>	<u>1.05</u>	<u>1.08</u>	<u>1.11</u>	<u>1.15</u>

Sewer Utility Commodity Charge Rate Schedule

		<u>8/01/2012</u>	<u>7/1/2013</u> <u>4.5% inc.</u>	<u>7/1/2014</u> <u>4.5% inc.</u>	<u>7/1/2015</u> <u>4.5% inc.</u>	<u>7/1/2016</u> <u>4.5% inc.</u>	<u>7/1/2017</u> <u>4.5% inc.</u>	<u>7/1/2018</u> <u>4.5% inc.</u>
<u>Service Description</u>	<u>Size of Water Meter</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>	<u>\$/Kgal</u>
<u>All-service levels</u>	<u>All</u>	<u>0.78</u>	<u>0.82</u>	<u>0.86</u>	<u>0.90</u>	<u>0.94</u>	<u>0.98</u>	<u>1.02</u>

The commodity charge is billed from the rate schedule as presented in this chapter, for each unit. A unit shall be each separate residence, house, trailer, apartment, commercial or industrial premises, public restroom or any structure designed or used for dwelling or business purposes.

B. Fees for sewer services and administration shall be as follows:

Connect/reconnect fee. If water valve seals have been used to disconnect a private water system and facilitate the disconnection of sewer service, a \$30.00 fee shall be assessed when service is reconnected. When borough water service is being connected or reconnected, the connect fee for the water utility shall be billed but no connection fee for sewer shall apply.

Disconnect fee. In the event borough water service is disconnected to a unit, sewer service charges may be discontinued. If a unit is not served by borough water service, disconnection of the unit's water supply and installation of a borough valve seal on an accessible water control valve will meet the requirements for discontinuation of sewer charges. The borough shall bill the property owner the actual cost to discontinue the service. If borough seals are tampered with or broken before being removed by the borough in preparation to reconnect services, the property owner will be backbilled for all waived charges during the disconnection period.

Charges for Service. If Borough staff responds to a call for service and the cause of the problem is found to be located on private property, the property owner is responsible for all labor and equipment costs for repair of service.

New service fee:	
Four- or six-inch sewer line	\$150.00
Eight-inch and larger sewer line	\$250.00
New service line installation:	Actual cost
Private sewage disposal:	\$4.00 per 100 gallons of liquid waste delivered to the wastewater treatment plant
	\$50.00 per 55 gallon volume of waste containing at least ten percent solids by weight
<u>Vactor Service:</u>	<u>Vactor service will be billed at actual costs for equipment and labor \$750 per load flat fee for septic tanks, outhouse or vault toilet pumping.</u>
<u>Portable toilet service:</u>	<u>\$300 flat fee for pumping of temporary, rented or privately-owned portable toilets.</u>
<u>Marine pumping:</u> <u>(Vessel pumps to Borough tanker)</u>	<u>\$800 flat fee per load. Responsibility for wastewater spills lies solely with vessel owner during pumping.</u>
<u>Camera Inspection Equipment</u>	<u>An equipment fee of \$40 per hour is charged for pipeline inspection services on private sewer lines, with a 1 hour minimum. Actual personnel costs are charged in addition to the equipment fee.</u>
<u>Sewer Cleaning Equipment</u>	<u>An equipment fee of \$40 per hour is charged for clearing of blockages on private property, with a 1 hour minimum. Actual personnel costs are</u>

charged in addition to the equipment fee.

- C. Nonresident rates and fees. Charges for all sewer services and fees for users outside Service Area 1 or the municipal limits shall be twice the Service Area 1 rate.
- D. Sewer rates and fees shall be reviewed annually by the sewer utility and finance departments and a recommendation made to the borough manager for the increase or decrease of rates as needed for the sound financial management of the sewer utility. The borough manager shall review the findings and present the recommendation to the borough assembly.
- E. Interest shall accrue on past due accounts: Maximum rate allowable by state law.

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This Ordinance shall become effective immediately upon final passage.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Clerk

Adopted:
Noticed:
Effective:

MEMORANDUM

TO: MAYOR JENSEN AND ASSEMBLY MEMBERS
FROM: KARL HAGERMAN, UTILITY DIRECTOR *KHA*
SUBJECT: ORDINANCE REVISIONS: WATER #2022-05 AND SEWER #2022-06
DATE: 4/13/2022
CC: STEVE GIESBRECHT, BOROUGH MANAGER
DEBRA THOMPSON, BOROUGH CLERK
BECKY REGULA, DEPUTY CLERK

This memo is provided as supplemental information for Ordinances #2022-05 and #2022-06, revisions to the water and sewer code.

As the Assembly surely recalls, the water, sewer and sanitation departments underwent a comprehensive rate study that started in 2019. The plan was to take a close look at the utilities and bring rate adjustments, as indicated, and recommended in the rate study, forward to the Assembly for the FY21 budget. Unfortunately, the pandemic derailed many things, with the rate study and subsequent rate considerations being among the items that were deferred. At this time, with the bulk of the pandemic behind us, I am bringing forward the rate discussion for the water and sewer utilities.

Included in the packet is the final report from the rate study that was completed by FCS Group in the fall of 2020. While the study has not been updated, the principles and plans are still very relevant and can be used to justify the current rate adjustment requests. You'll see in the ordinance revisions that the rate increases recommended in 2019/2020 are being brought forward, with the only difference being the fiscal years in which they are being requested.

For both water and sewer utilities, the recommendation is to increase rates across-the-board by 3% per year for four (4) years. This was to commence in FY 22, but now the recommendation is to start the increases in FY23, with the last increase in FY26. The utilities are glad that these increases can be made incrementally to lessen the impacts on our customers. The regional rate comparison performed in 2019 showed that Petersburg's rates would still be comparable to other SE Alaskan water and sewer rates with the recommended increases. Capital improvement plans had also been largely put on hold, with a couple of smaller sewer projects being completed in the last two years, but many other projects that were approved for debt financing by local voters are waiting to begin. These rate increases will ensure that revenues are adequate to seek loans for the future projects of the utilities. The utilities last saw increases in FY18.

In addition to the rate structure, there are other changes to consider. Some minor edits of language and codifying fees for services provided by the water and sewer utility are included. Water deliveries outside of the distribution system and septic pumping services are now specifically defined and fees established.

Aside from capital improvements, the departments saw increases in virtually all supplies and services as the FY23 budgets were being developed. This caused me to include the recommended rate increases in the FY23 projected revenues for the departments. The existing rates will not support the normal O&M expenses any longer. If the increases are not passed by the Assembly, budget revisions will be needed.

Thank you for your consideration of the ordinance revisions. I will be happy to answer any questions that you may have.

Petersburg Borough

UTILITY RATE STUDY FINAL REPORT October 2020

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FCS GROUP
Solutions-Oriented Consulting

October 2, 2020

Karl Hagerman, Utility Director
Borough of Petersburg
PO Box 329
Petersburg, AK 99833

Subject: Utility Rate Study

Dear Karl:

FCS GROUP is pleased to submit this Water, Wastewater, and Sanitation Rate Study report prepared for the City of Petersburg. This report summarizes the methodology, findings, and recommendations for each of the core study elements.

Recommended water and wastewater rate adjustments were presented at a public meeting in September 2019. These rate adjustments were revised in June 2020 due to the COVID-19 pandemic. Sanitation rate adjustments and recycling scenarios were presented to the Assembly in August 2020.

The table below outlines the annual rate revenue adjustments for each utility. The combined monthly residential bill based on average water use (4,000 gallons or 4 kgals) is estimated at \$119.50 in FY 2021. The combined monthly residential bill in FY 2022 is estimated at \$123.70 or a monthly increase of \$4.20 from the prior year.

Annual Rate Revenue Adjustments					
Utility	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water	0.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	3.00%
Sanitation	0.00%	5.00%	5.00%	5.00%	5.00%

Monthly Residential Bill Impact						
Utility	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water (3/4" Meter and 4 kgals)	\$44.51	\$44.51	\$45.85	\$47.22	\$48.62	\$50.10
Wastewater	\$44.48	\$44.48	\$45.81	\$47.18	\$48.59	\$50.07
Sanitation (32G + Recycle)	\$30.51	\$30.51	\$32.04	\$33.64	\$35.32	\$37.09
Total	\$119.50	\$119.50	\$123.70	\$128.04	\$132.53	\$137.26
<i>Monthly Increase from Prior Year</i>		\$0.00	\$4.20	\$4.34	\$4.49	\$4.73

We appreciate the contributions from Borough staff to this study process. It has been a pleasure working with you and we look forward to assisting you with your future financial / management needs. Any questions or commentary regarding this report can be directed to Matt Hobson at (425) 615-6056 or matthewh@fcsgroup.com.

Regards,



Angie Sanchez-Virnoche
Principal and Vice President



Matt Hobson
Project Manager



Chase Bozett
Senior Analyst

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Section I. INTRODUCTION

I.A. PURPOSE

FCS Group was engaged by the Petersburg Borough (“Borough”) to conduct a utility rate study for the water, wastewater, and sanitation utilities. The purpose of this study was to provide a utility rate and financial forecast for the FY 2021 to FY 2025 planning period. The water and wastewater analyses were conducted sequentially in fall 2019 and the sanitation analysis was completed in spring 2020.

I.B. APPROACH

The methods used to complete the study are based on analytical principles that are generally accepted and widely followed throughout the industry – rates and charges should generate enough revenue to maintain self-supporting and financially viable utilities.

Throughout the study, we worked with staff from the Borough to arrive at rate conclusions that meet forecasted utility financial obligations, achieve financial reserve goals, comply with legal requirements, and adhere to industry best practices. Meetings were held with Borough staff to validate input parameters, review interim findings, and receive policy direction. Recommended water and wastewater rate adjustments were presented at a public meeting in September 2019.

Following the initial completion of the utility study, we worked with staff to revise the rate recommendations to align them to the Borough’s policy goals related to COVID-19. These adjustments are reflected in this report and were reviewed with Borough staff in June 2020.

I.C. SCOPE

The scope of the project included the following key elements:

- Review of fiscal policies.
- Assess revenue needs for a multi-year period that includes adequate funding for operations and maintenance, system reinvestment, debt service, and other program activities.
- Project capital needs and incorporate these needs into a multi-year funding forecast.
- Facilitate staff reviews of preliminary results.
- Facilitate an Assembly workshop and public hearing to present final results, options, and recommendations of the multi-year plans.
- Adjust rate recommendations based on the Borough’s policy goals related to COVID-19.

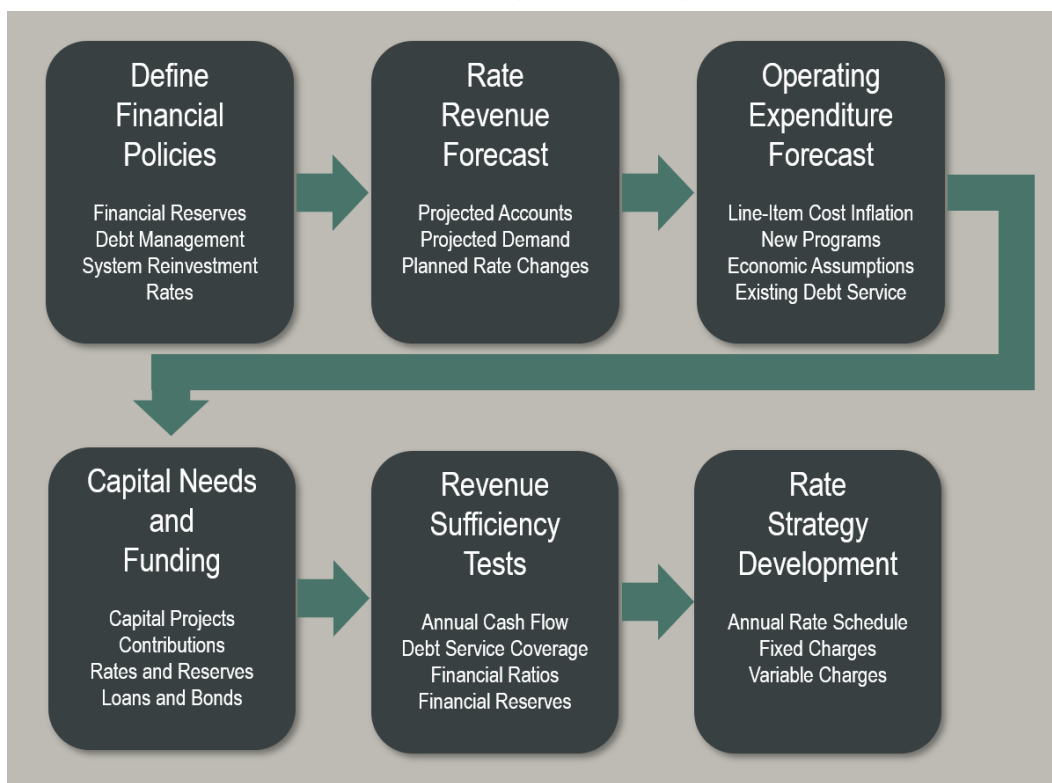
The general methodology for the utility rate study is summarized in **Section II** of the report. **Section III, IV, and V, and VI** detail the assumptions, key factors, conclusions, and recommendations of the water, wastewater, and sanitation utilities. Supporting analyses and financial models for the utility rate study were provided in Microsoft Excel format to the Borough.

Section II. METHODOLOGY

II.A. OVERVIEW

The methods used to establish customer rates are based on principles that are generally accepted and widely followed throughout the industry. These principles are designed to produce rates that equitable recover costs from each class of customer by setting the appropriate level of revenue to be collected from ratepayers. **Exhibit 1** illustrates the rate setting methodology used throughout the study.

Exhibit 1
Rate Setting Methodology



II.B. REVENUE REQUIREMENT

A revenue requirement analysis forms the basis for a long-range financial plan and multi-year rate management strategy for each utility. It also enables the Borough to set utility rates which fully recover the total cost of operating each system: capital improvement and replacement, operations and maintenance, general administration, fiscal policy attainment, cash reserve management, and debt repayment. Linking rate levels to a financial plan such as this helps to enable sound financial performance for the Borough's utilities and creates a clear and reasonable relationship between the costs imposed on utility customers and the costs incurred to provide the service.

A revenue requirement analysis includes the following core elements to form a complete portrayal of the utility's financial obligations.

- **Fiscal Policy Analysis:** Identifies formal and informal fiscal policies of the Borough to ensure that current policies are maintained, including reserve levels, capital/system replacement funding, and debt service coverage.
- **Capital Funding Plan:** Defines a strategy for funding the Borough's capital improvement program, including an analysis of available resources from rate revenues, debt financing, and other special resources that may be readily available.
- **Operating Forecast:** Identifies future annual non-capital costs associated with the operation, maintenance, and administration of the system.
- **Strategy Development:** Designs a forward-looking strategy for adjusting rates to fully fund all financial obligation on an annual basis over the FY 2021 to FY 2025 time period. In July 2020 Borough staff requested that the Sanitation study period extend to FY 2026. This draft report

Section III. WATER UTILITY

III.A. INTRODUCTION

The Borough owns and operates the water utility, which provides water services to customers within the service area. Water is provided from two surface water sources: Cabin Creek and City Creek. As of 2019, the City serves approximately 1,100 connections and maintains over 27 miles of water distribution mains.

III.B. REVENUE REQUIREMENT

The revenue requirement is the amount of revenue that a utility's rates must generate to meet its various financial obligations. This analysis has two main purposes – it serves as a means of evaluating the utility's fiscal health and adequacy of current rate levels, and it sets the revenue basis for near-term and long-term rate planning. The rate revenue required is defined as the net difference between total revenue needs and the revenue generated through non-rate revenues. Hence, the revenue requirement analysis involves defining and forecasting both needs and resources.

III.B.1. Operating Forecast

The purpose of the operating forecast is to determine whether the existing rates and charges are sufficient to recover the costs the utility incurs to operate and maintain the water utility. The operating forecast was developed for the FY 2021 to FY 2025 time period. The FY 2020 budget formed the baseline of the forecast. The operating forecast includes revenues, operating expenses, and debt service.

III.B.1.a Financial Reserves

- **Total Fund Balance:** A total fund balance is designed to provide financial resources to the utility in two ways. The first is as a liquidity cushion to protect the utility from the risk of short-term variation in the timing of revenue collection or payment of expenses and can help smooth rate increases over time. The second is to have funds set aside in case of an emergency should a piece of equipment or a portion of the utility's infrastructure fail unexpectedly. This study assumes an operating reserve target of four months (~120 days) of operating and maintenance expenses consistent with the Borough's current policy. This minimum reserve ranges from \$265,000 to \$295,000 through the study period.

III.B.1.b Operating Revenues

- **Rate Revenue:** Based on budgeted FY 2020 residential and commercial sales revenue.
- **Non-Rate Revenue:** Line-item adjustments were made to non-rate revenues are described below:
 - » The utility receives revenue from charges for services and water delivery in addition to monthly residential and commercial rate revenue. Annual revenue from these sources totaled \$16,000 in FY 2020, which is assumed throughout the financial forecast.
 - » Economic development subsidy based on a minimum of \$165,000 or debt service owed to debt related to Cabin Creek and Scow Bay.
 - » State PERS Relief based on FY 2021 budget and tied to State PERS Relief expense.

- » Investment interest was calculated based on unused fund balances during the study period and a 1.75 percent interest rate. The interest rate was based on feedback from Borough staff and historical investment earnings.

III.B.1.c Operating and Maintenance (O&M) Expenses

- **General Cost Inflation:** 3.00 percent per year; based on the Borough's historical cost increases and discussions with Borough staff.
 - » **Professional Services:** Baseline forecast adjusted downward by \$34,000 in FY 2021 to account for one-time expenses in FY 2020 (e.g., periodic safety inspections at reservoirs and rate study). Inflationary adjustments are applied at 3.00 percent per year thereafter with exception to FY 2023 which includes a one-time \$20,000 adjustment for the safety inspections at the reservoirs.

III.B.1.d Debt Service

- **Existing Debt:** The water utility's existing debt consists of three state loans as well as one loan related to Cabin Creek, and one loan related to Scow Bay improvements. Annual debt service for all existing debt is approximately \$355,000 in FY 2020 and decreases to approximately \$260,000 by the end of the forecast period due to the retirement of the Cabin Creek loan.
- **New Debt:** Annual loans issued by the Alaska Department of Environmental Conservation (ADEC) are assumed in the water revenue requirement. Total loan proceeds throughout the period total \$2,325,000. Each loan is expected to be financed based on the following terms
 - » Twenty (20) year term
 - » 1.50 percent annual interest rate
 - » No debt issuance costs
 - » Historically, a portion of the Borough's ADEC loans have been forgiven (maximum \$500,000 annually or 50 percent of the loan). Based on discussions with Borough staff, the likelihood of future loans being forgiven may be lower than in the past. To be conservative, the forecast assumes that ADEC loans would be repaid by the Borough in full. If the Borough were to have a portion of a loan forgiven, it would reduce the reliance on future borrowing.

III.B.1.e System Reinvestment

System reinvestment funding is a utility best practice that promotes system integrity. It is a funding strategy that recognizes and proactively plans for the eventual retirement and replacement of utility assets with rate revenues. Target system reinvestment funding levels are commonly linked to the annualized replacement cost of assets determined through an asset management plan. In the absence of a formal asset management plan, annual depreciation expense is used as a funding target. The specific benchmark used to set system reinvestment funding targets is a matter of policy and must balance various objectives including managing rate impacts, keeping long-term costs down, and promoting "generational equity" (i.e. not excessively burdening current customers with paying for facilities that will serve a large group of customers in the future).

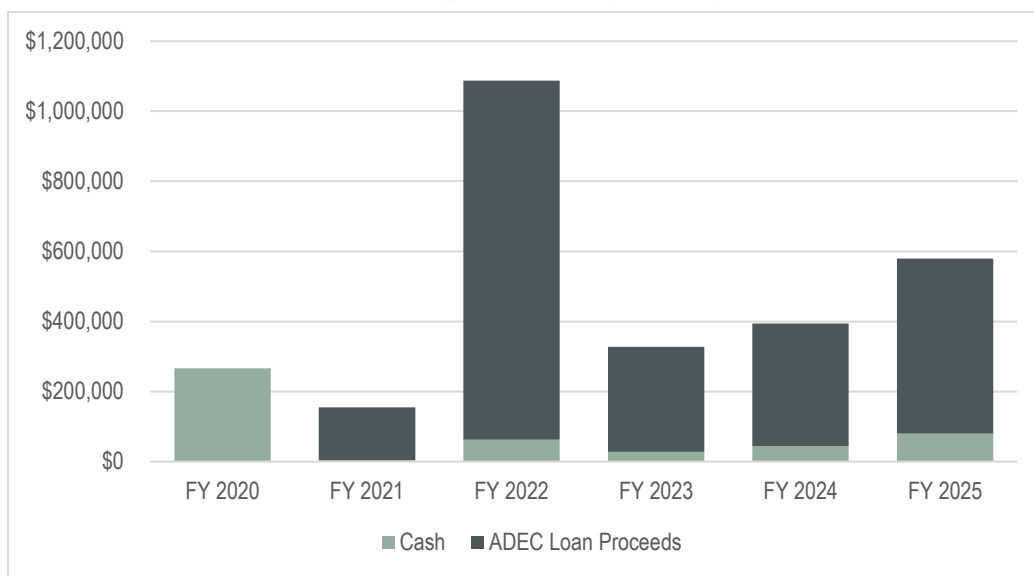
The Borough does not have a formal system reinvestment policy. While we would generally recommend enacting a reinvestment policy, the Borough has a unique financial resource through low-interest state loans that provides a similar benefit to a system reinvestment policy. Unlike many utilities, the Borough has access to low-interest loans from the Alaska Drinking Water Fund State

Revolving Fund which is administered by the Alaska Department of Environmental Conservation (ADEC). This state program allows the Borough to access capital project funding at a relatively low interest rate and provides a chance that the loan may be forgiven. Implementing a system reinvestment policy is not recommended at this time. This policy decision should be revisited by the Borough in the future given any changes to the ADEC loan program.

III.B.2. Capital Funding Plan

The water utility’s original capital plan totaled \$6.9 million over the FY 2020 to FY 2025 time period. After an initial review with staff, a revised capital plan was developed to mitigate significant rate increases or “spikes” to customers. The revised rate plan includes \$2.8 million from FY 2020 to FY 2025. Projects not funded within this time frame would be deferred to later years. Funding for these projects has been identified as existing reserves, interest on available fund balance, and ADEC loans. Based on this plan, the Borough would cash fund approximately 17 percent of the capital plan while the remaining 83 percent would be funded by low-interest, forgiveness-eligible, ADEC loans. **Exhibit 2** provides a summary of funding strategy by year.

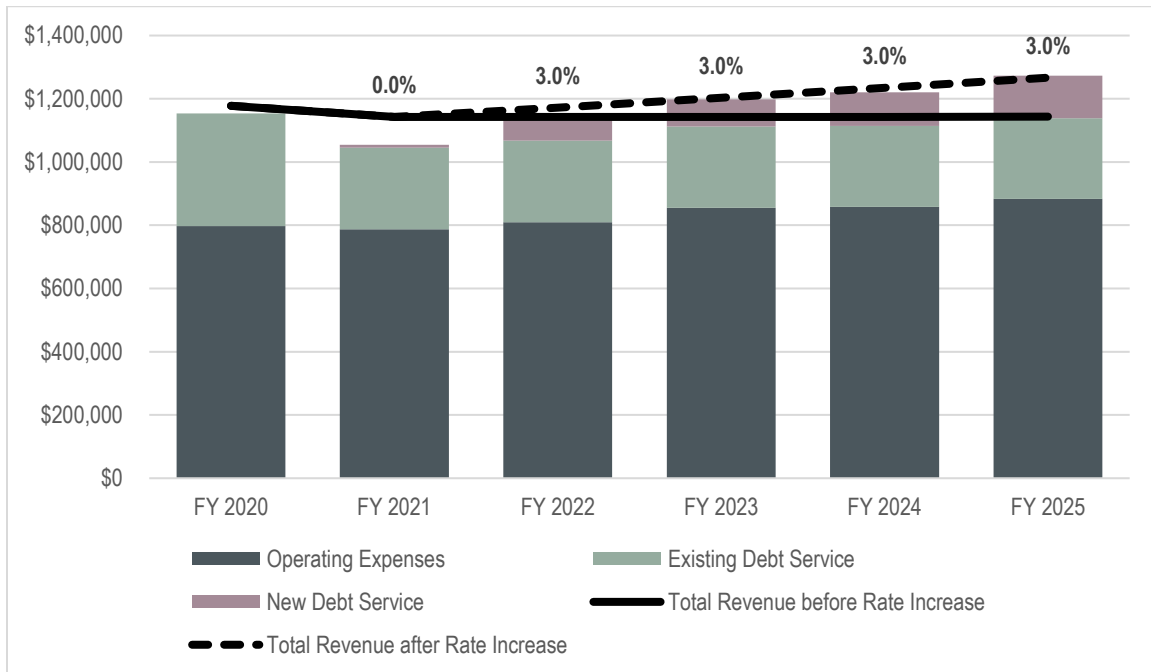
Exhibit 2
Water Capital Funding Strategy



III.C. SUMMARY OF REVENUE REQUIREMENT

The operating forecast components come together to form the multi-year revenue requirement. The revenue requirement compares the overall revenue available to the water utility to the expenses and evaluates the sufficiency of current rates on an annual basis. **Exhibit 3** illustrates a summary of the revenue requirement findings.

Exhibit 3
Water Utility Revenue Requirement



Key observation of the revenue requirement include:

- Total revenues at current rates are sufficient to cover operating cost and existing debt obligations through the forecast period. Existing rates are not sufficient to cover new debt service associated with financing the utility’s FY 2020 to FY 2025 capital plan.
- Final debt payment related to Cabin Creek occurs in FY 2020. As a result, existing debt service is expected to decrease in FY 2021. Debt service for the Cabin Creek and Scow Bay debt are partially offset each year by revenue from the Economic Development Subsidy. This subsidy is expected to decrease in FY 2021 as the Cabin Creek debt reaches maturity.
- To meet projected financial obligations and achieve the Borough’s financial targets, annual revenue increases are needed from FY 2022 to FY 2025 at 3.0 percent.
- In addition to the rate revenue increases, the utility will likely need to rely on available fund balance from FY 2023 to FY 2025. The utility’s fund balance is projected to remain above the minimum reserve target of four months (~122 days) of operating expenses through the forecast period. By 2025, the projected fund balance is estimated at 269 days of operating expenses or approximately \$652,000 as illustrated in **Exhibit 4**.

Exhibit 4
Water Fund Balance



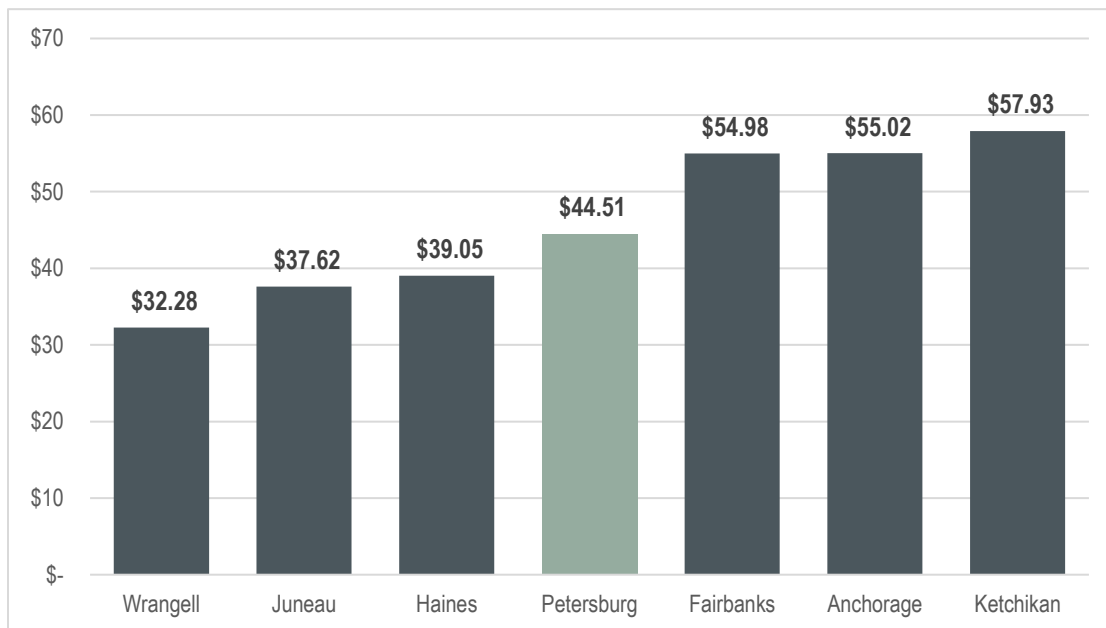
Exhibit 5 illustrates the projected water rates for each customer class from FY 2021 to FY 2025 based on the rate revenue recommendations. All rates are projected to remain at current levels in FY 2021. Annual rate adjustments from FY 2022 to FY 2025 are applied equally or across the board (ATB) to residential and commercial rate classes and to base and volumetric rates. Between FY 2021 and FY 2025 the 3/4-inch residential base charge is expected to increase from \$35.31 to \$39.74 – a difference of \$4.43 over the five-year period. The commodity charge is expected to increase from \$2.30 per 1,000 gallons to \$2.59 per 1,000 gallons over the same time period.

Exhibit 5
Projected FY 2021 to FY 2025 Water Rates

Across-the-Board Rate Schedule	Existing FY 2020	ATB FY 2021	ATB FY 2022	ATB FY 2023	ATB FY 2024	ATB FY 2025
Annual System-Wide Rate Increase		0.00%	3.00%	3.00%	3.00%	3.00%
Charges						
3/4" Residential Base Charge	\$35.31	\$35.31	\$36.37	\$37.46	\$38.58	\$39.74
3/4" Residential 1,000 Gallon Charge	\$2.30	\$2.30	\$2.37	\$2.44	\$2.51	\$2.59
3/4" Residential Senior Discount Base Charge	\$17.66	\$17.66	\$18.19	\$18.74	\$19.30	\$19.88
3/4" Residential Senior Discount 1,000 Gallon Charge	\$1.15	\$1.15	\$1.18	\$1.22	\$1.26	\$1.29
1" Base Charge	\$47.39	\$47.39	\$48.81	\$50.28	\$51.78	\$53.34
1" 1,000 Gallon Charge	\$4.10	\$4.10	\$4.22	\$4.35	\$4.48	\$4.61
1.5" Base Charge	\$118.48	\$118.48	\$122.03	\$125.70	\$129.47	\$133.35
1.5" 1,000 Gallon Charge	\$4.00	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
2" Base Charge	\$248.81	\$248.81	\$256.27	\$263.96	\$271.88	\$280.04
2" 1,000 Gallon Charge	\$3.81	\$3.81	\$3.92	\$4.04	\$4.16	\$4.29
3" Base Charge	\$544.98	\$544.98	\$561.33	\$578.17	\$595.51	\$613.38
3" 1,000 Gallon Charge	\$2.38	\$2.38	\$2.45	\$2.52	\$2.60	\$2.68
4" Base Charge	\$829.33	\$829.33	\$854.21	\$879.84	\$906.23	\$933.42
4" 1,000 Gallon Charge	\$1.84	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07
6" Base Charge	\$1,244.02	\$1,244.02	\$1,281.34	\$1,319.78	\$1,359.37	\$1,400.16
6" 1,000 Gallon Charge	\$1.04	\$1.04	\$1.07	\$1.10	\$1.14	\$1.17

Exhibit 6 compares sample residential bills between nearby and similar jurisdictions. It is assumed that the typical residential customer uses 4,000 gallons per month with a ¾ inch meter (based on figures from 2019 water quality report).

Exhibit 6
Sample Bill Comparison



Section IV. WASTEWATER UTILITY

IV.A. INTRODUCTION

The Borough owns and operates the wastewater utility, which provides wastewater services to customers within their service area. The wastewater collection system includes 17 miles of underground piping and 20 lift stations. The wastewater treatment plant processes approximately 200 million gallons of wastewater annually from 1,100 connections.

IV.B. REVENUE REQUIREMENT

Similar to the water utility, the revenue requirement is the amount of revenue that a utility's rates must generate to meet its various financial obligations. This analysis has two main purposes – it serves as a means of evaluating the utility's fiscal health and adequacy of current rate levels, and it sets the revenue basis for near-term and long-term rate planning. The rate revenue required is defined as the net difference between total revenue needs and the revenue generated through non-rate revenues. Hence, the revenue requirement analysis involves defining and forecasting both needs and resources.

IV.B.1. Operating Forecast

The purpose of the operating forecast is to determine whether the existing rates are sufficient to recover the costs the utility incurs to operate and maintain the wastewater utility. The operating forecast was developed for the FY 2021 to FY 2025 time period. The FY 2020 budget formed the baseline of the forecast.

IV.B.1.a Financial Reserves

- **Total Fund Balance:** A total fund balance is designed to provide protection in two ways. The first is as a liquidity cushion to protect the utility from the risk of short-term variation in the timing of revenue collection or payment of expenses and can help smooth rate increases over time. The second is to have funds set aside in case of an emergency should a piece of equipment or a portion of the utility's infrastructure fail unexpectedly. This study assumes a target of 4 months (~122 days) of operating and maintenance expenses consistent with the Borough's current policy. This minimum reserve ranges from \$230,000 to \$260,000 through the study period

IV.B.1.b Operating Revenues

- **Rate Revenue:** Based on budgeted FY 2020 residential and commercial sales revenue.
- **Non-Rate Revenue:** Line-item adjustments were made to non-rate revenues are described below:
 - » The utility receives revenue from charges for services in addition to monthly residential and commercial rate revenue. Annual revenue from this source totaled \$10,000 in FY 2020, which is assumed throughout the financial forecast.
 - » State PERS Relief based on FY 2021 budget and tied to State PERS Relief expense.

- » Investment interest was calculated based on unused fund balances during the study period and a 1.75 percent interest rate. The interest rate was based on feedback from Borough staff and historical investment earnings.

IV.B.1.c Operating and Maintenance (O&M) Expenses

- **General Cost Inflation:** 3.00 percent per year; based on the Borough's historical cost increases and discussions with Borough staff.
 - » **Professional Services:** Baseline forecast adjusted downward by \$14,000 in FY 2021 to account for one-time expenses in FY 2020. Inflationary adjustments are applied at 3.00 percent per year thereafter.

IV.B.1.d Debt Service

- **Existing Debt:** The wastewater utility's existing debt consists of four state loans as well as three loans related to Kisenno Street, Scow Bay Pump Station 1, and Pump Station 4 Force Main that begin repayment in FY 2022. Annual debt obligation ranges from \$150,000 at the beginning of the study period to \$210,000 at the end of the period.
- **New Debt:** Annual ADEC loans are assumed in the wastewater revenue requirement. Total loan proceeds throughout the period total \$2,250,000. Each loan is expected to be financed based on the following terms
 - » Twenty (20) year term
 - » 1.50 percent annual interest rate
 - » No debt issuance costs
 - » Historically, a portion of the Borough's ADEC loans have been forgiven (maximum \$500,000 annually or 50% of the loan). Based on discussions with Borough staff, the likelihood of future loans being forgiven may be lower than in the past. To be conservative, the forecast assumes that ADEC loans would be repaid by the Borough in full. If the Borough were to have a portion of a loan forgiven, it would reduce the reliance on future borrowing.

IV.B.1.e System Reinvestment

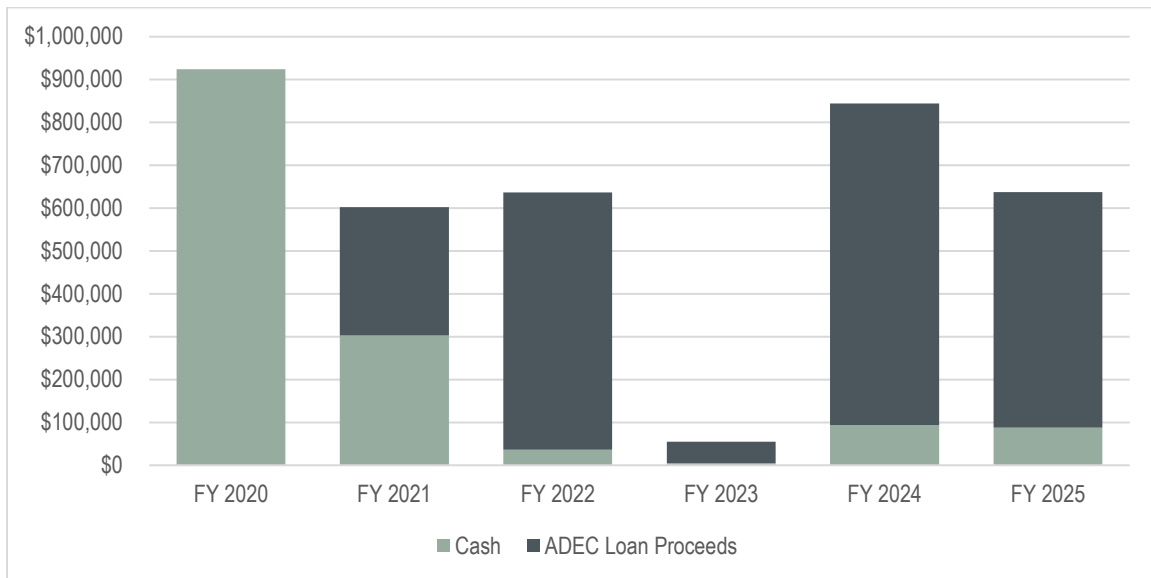
Similar to the water utility, the Borough does not have a formal system reinvestment policy for the wastewater utility. While we would generally recommend enacting a reinvestment policy, the Borough has a unique financial resource through low-interest state loans that provides a similar benefit to a system reinvestment policy. For a description of these state loans and their impact on the water and wastewater utility financial plans, please refer to pages 6 and 7 of this report. In summary, this state program allows the Borough to access capital project funding at a relatively low interest rate and provides a chance that the loan may be forgiven. Implementing a system reinvestment policy is not recommended at this time. This policy decision should be revisited by the Borough in the future given any changes to the ADEC loan program.

IV.B.2. Capital Funding Plan

The wastewater utility's capital plan totals \$3.7 million from FY 2020 to FY 2025. Funding for these projects has been identified as existing reserves, interest on available fund balance, and ADEC loans. Based on this plan, the Borough would finance approximately 39 percent of the capital plan while the

remaining 61 percent would be funded by low-cost, forgiveness-eligible ADEC loans. **Exhibit 7** provides a summary of the capital funding strategy by year.

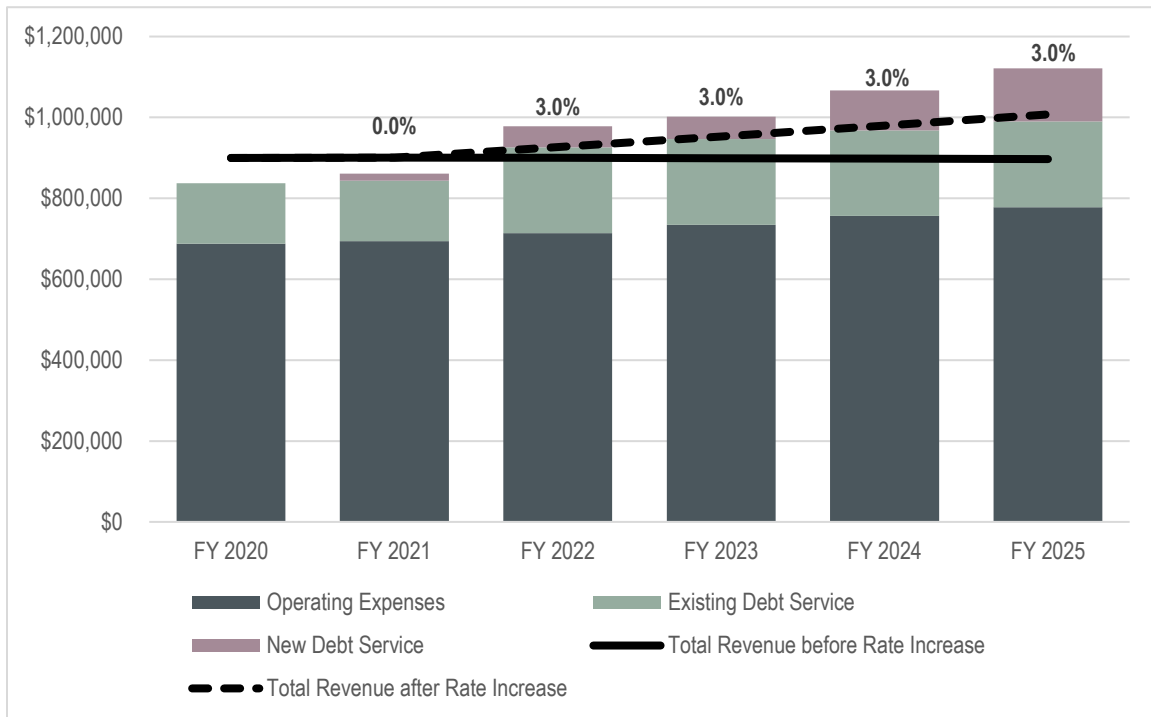
Exhibit 7
Wastewater Capital Funding Strategy



IV.C. SUMMARY OF REVENUE REQUIREMENT

The operating forecast components come together to form the multi-year revenue requirement. The revenue requirement compares the overall revenue available to the wastewater utility to the expenses and evaluates the sufficiency of current rates on an annual basis. **Exhibit 8** illustrates a summary of the revenue requirement findings.

Exhibit 8 Wastewater Revenue Requirement



Key observation of the revenue requirement include:

- Total revenues at current rates are sufficient to cover operating cost obligations through the forecast period. Beginning in FY 2022, revenue levels are not projected to cover existing and new debt service costs.
- The initial rate recommendation included 3.0 percent annual adjustments from FY 2021 to FY 2025. In response to the financial impacts of COVID-19, this initial recommendation was revised in June 2020 to defer any rate action in FY 2021. The revised rate recommendation includes 3.0 percent annual rate adjustments beginning one year later from FY 2022 to FY 2025.
- By deferring rate action in FY 2021, the wastewater utility will need to rely more on available fund balance to meet its operating cost and debt service obligations. The utility’s fund balance is projected to remain above the minimum reserve target of four months (~122 days) of operating expenses through the forecast period. By FY 2025, the projected fund balance is estimated at 269 days of operating expenses or approximately \$573,000 as illustrated in **Exhibit 9**.

Exhibit 9
Wastewater Fund Balance

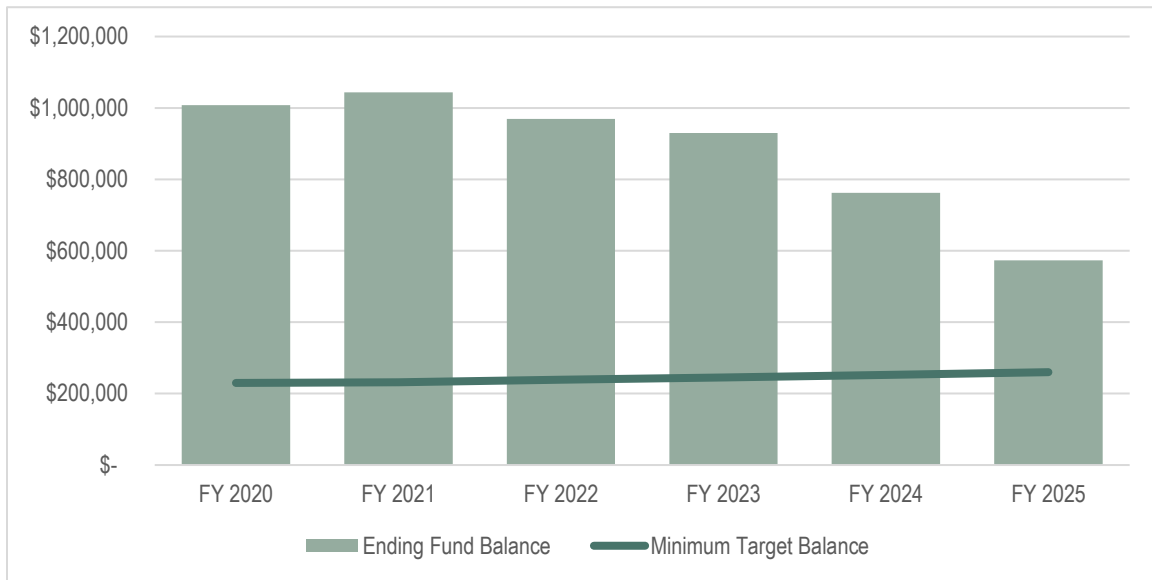


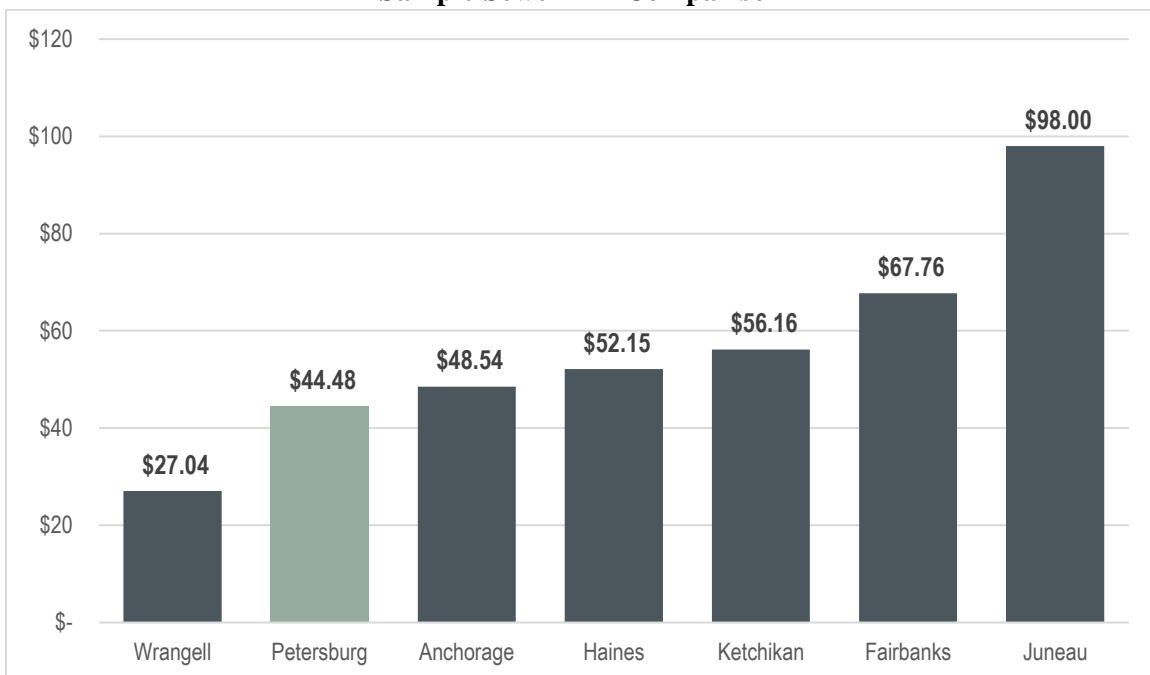
Exhibit 10 illustrates the projected wastewater rates for each customer class from FY 2021 to FY 2025 based on the rate revenue recommendations. All rates are projected to remain at current levels in FY 2021. Annual rate adjustments from FY 2022 to FY 2025 are applied equally or across the board (ATB) to residential and commercial rate classes and to base and volumetric rates. Between FY 2021 and FY 2025 the residential base charge is expected to increase from \$40.40 to \$45.57 – a difference of \$5.07 for the five-year time period. The commodity charge is expected to increase from \$1.02 per 1,000 gallons to \$1.15 per 1,000 gallons over the same time period.

Exhibit 10
Projected FY 2021 to FY 2025 Wastewater Rates

Across-the-Board Rate Schedule	Existing FY 2020	ATB FY 2021	ATB FY 2022	ATB FY 2023	ATB FY 2024	ATB FY 2025
Annual System-Wide Rate Increase		0.00%	3.00%	3.00%	3.00%	3.00%
Base Charges						
Residential	\$40.40	\$40.40	\$41.61	\$42.86	\$44.15	\$45.47
1" Sewer	\$90.51	\$90.51	\$93.23	\$96.02	\$98.90	\$101.87
1.5" Sewer	\$217.81	\$217.81	\$224.34	\$231.07	\$238.01	\$245.15
2" Sewer	\$435.64	\$435.64	\$448.71	\$462.17	\$476.04	\$490.32
3" Sewer	\$839.16	\$839.16	\$864.33	\$890.26	\$916.97	\$944.48
6" Sewer	\$2,191.66	\$2,191.66	\$2,257.41	\$2,325.13	\$2,394.89	\$2,466.73
Industrial	\$528.61	\$528.61	\$544.47	\$560.80	\$577.63	\$594.96
Commodity Charge per 1,000 Gallons						
Senior Citizen Discount	\$0.51	\$0.51	\$0.53	\$0.54	\$0.56	\$0.57
All Other Accounts	\$1.02	\$1.02	\$1.05	\$1.08	\$1.11	\$1.15

Exhibit 11 compares sample residential bills between nearby and similar jurisdictions. It is assumed that the typical residential customer uses 4,000 gallons per month.

Exhibit 11
Sample Sewer Bill Comparison



Section V. SANITATION UTILITY

V.A. INTRODUCTION

The Borough owns and operates the sanitation utility, which provides solid waste and recycling services to customers within the service area. As of 2018, the City serves approximately 1,200 customers. The City collects municipal solid waste from customers and utilizes service contracts for the transport, disposal, and material processing of collected material. The planning period for the Sanitation utility was originally FY 2021 to FY 2025. In July 2020, Borough staff requested to extend the planning period by one additional year to FY 2026.

V.B. REVENUE REQUIREMENT

Like the water and wastewater utilities, the revenue requirement analysis for sanitation evaluates the revenue sufficiency of existing rates against forecasted operating, capital, and financial policy expenses. This assessment provides the foundation for a multi-year rate plan that ensures long-term financial sustainability and compliance with the Borough's financial reserve goals.

V.B.1. Operating Forecast

The purpose of the operating forecast is to determine whether the existing rates and charges are sufficient to recover the costs the utility incurs to operate and maintain the sanitation utility. The operating forecast was developed for the FY 2021 to FY 2026 time period. The FY 2020 budget formed the baseline of the forecast. The operating forecast includes refuse collection rate revenues, baler charges, and operating expenses (e.g., staff, equipment fuel and maintenance, disposal contract charges).

V.B.1.a Financial Reserves

- **Total Fund Balance:** A total fund balance is designed to provide financial resources to the utility in two ways. The first is as a liquidity cushion to protect the utility from the risk of short-term variation in the timing of revenue collection or payment of expenses and can help smooth rate increases over time. The second is to have funds set aside in case of an emergency should a piece of equipment or a portion of the utility's infrastructure fail unexpectedly. This study assumes an operating reserve target of four months (~120 days) of operating and maintenance expenses consistent with the Borough's current policy. This minimum reserve ranges from \$295,000 to \$350,000 through the study period.

V.B.1.b Operating Revenues

- **Rate Revenue:** Based on budgeted FY 2020 refuse collection and baler/landfill charges revenue. No growth in customer accounts are assumed in the forecast.
- **Non-Rate Revenue:** Line-item adjustments were made to non-rate revenues are described below:
 - » State PERS Relief based on FY 2020 budget and tied to State PERS Relief expense.

V.B.1.c Operating and Maintenance (O&M) Expenses

- **General Cost Inflation:** 3.00 percent per year; based on the Borough’s historical cost increases and discussions with Borough staff.
 - » Motorpool O&M line item is adjusted downward in FY 2021 from approximately \$109,000 to \$90,000.
 - » Additional maintenance expenses for a new baler are estimated at \$26,000 per year beginning in FY 2021 and increases each subsequent year with general cost inflation.
 - » Additional annual equipment replacement funding for a new collection truck estimated at \$4,000 in FY 2021 and increasing to \$18,000 each year thereafter.
- **MSW Transport and Disposal:** 3.50 percent per year; based on the Borough’s 2018 contract renewal with Republic Services.

V.B.1.d Debt Service

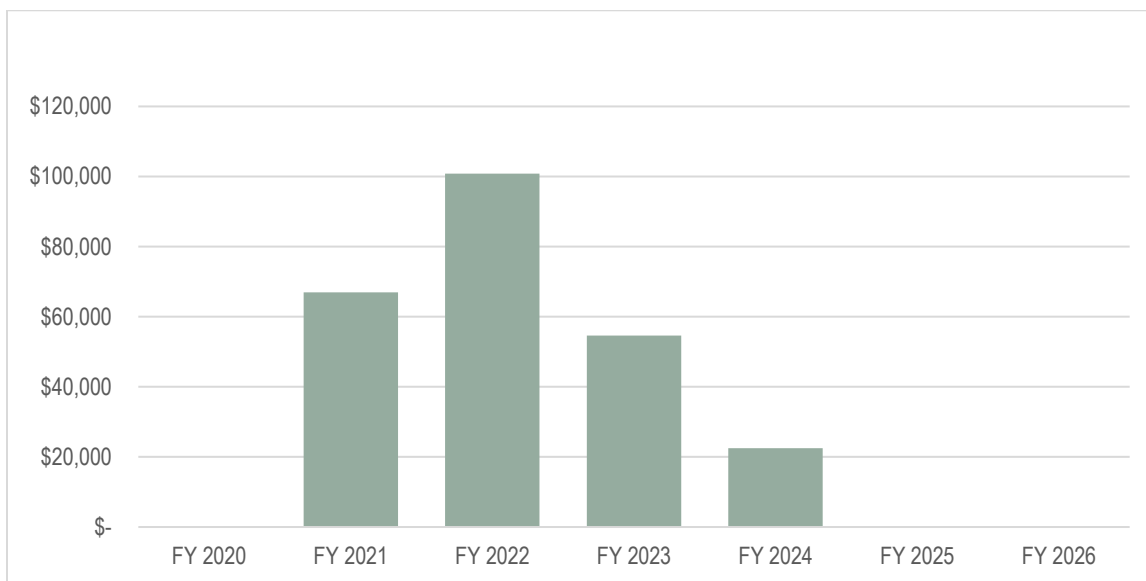
The Sanitation utility currently does not have any outstanding debt and is not projected to issue debt for any capital projects over the study period.

V.B.2. Capital Funding Plan

The sanitation utility’s capital plan totals \$250,000 over the FY 2020 to FY 2026 time period.

Exhibit 12 provides a summary of capital by year. The Borough has also identified a roof replacement project beyond the study period for \$200,000 (FY 2028).

**Exhibit 12
Sanitation Capital Plan**

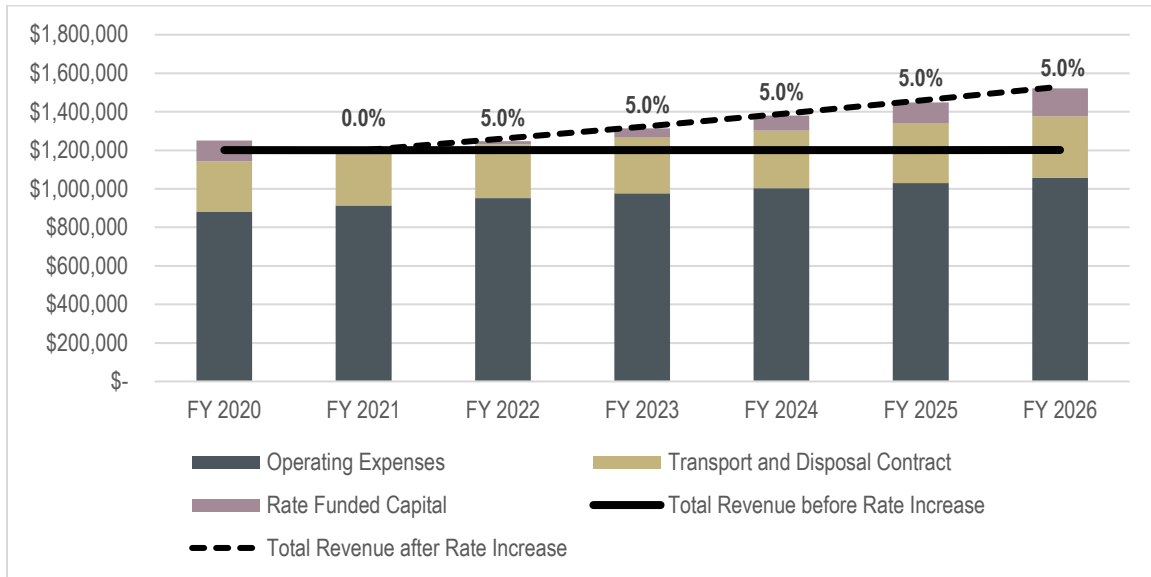


V.C. SUMMARY OF REVENUE REQUIREMENT

The operating forecast components come together to form the multi-year revenue requirement. The revenue requirement compares the overall revenue available to the sanitation utility to the expenses

and evaluates the sufficiency of current rates on an annual basis. **Exhibit 13** illustrates a summary of the revenue requirement findings.

Exhibit 13
Sanitation Utility Revenue Requirement

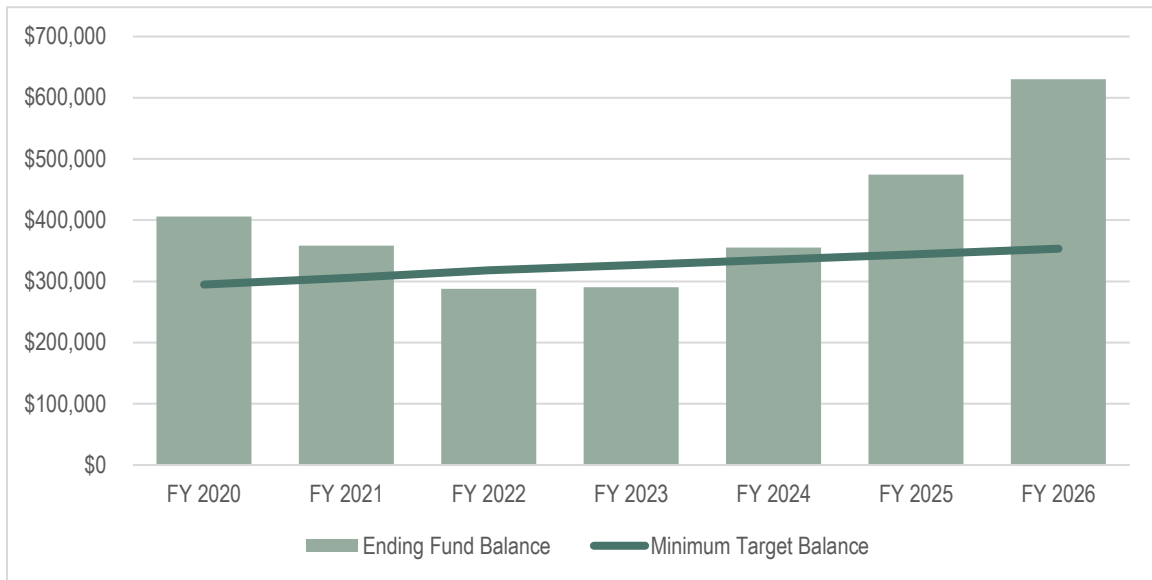


Key observation of the revenue requirement include:

- Total revenues at current rates are sufficient to cover operating costs including the transport and disposal contract in FY 2021.
- Operating expenses begin to outpace rate revenues beginning in FY 2022. Operating expenses are expected to exceed revenues by \$175,000 in FY 2026.
- Annual rate adjustments of 5.00 percent beginning in FY 2022 are anticipated to fund operating expenses, generate revenue for the planned capital projects, and maintain a financial reserve at or near the Borough’s target level.

Exhibit 14 summarizes the fund balance through the forecast period compared to the target level of four months of operating expenses.

Exhibit 14
Sanitation Fund Balance



Key observations on the utilities ending fund balance include:

- Fund balance drops to 110 and 108 days of O&M expenses in FY 2022 and FY 2023 respectively to fund capital needs.
- Fund balance increases after FY 2023 to target levels throughout remaining years of study period.

Exhibit 15 illustrates the projected sanitation rates for each customer from FY 2021 to FY 2026 based on the rate revenue recommendations. All rates are projected to remain at current levels in FY 2021. Annual rate adjustments from FY 2022 to FY 2026 are applied equally or across the board (ATB) to all rates.

Based on this multi-year rate plan, the customer monthly rate for a 32-gallon solid waste can and recycling service is expected to increase from \$30.51 to \$32.04 in FY 2022 – an increase of \$1.53. Between FY 2021 and FY 2026 the customer monthly rate for a 32-gallon solid waste can and recycling service is expected to increase from \$30.51 to \$38.94 – a increase of \$8.43 over the five-year period.

Exhibit 15
Projected FY 2021 to FY 2026 Sanitation Rates

Across-the-Board Rate Schedule	Existing FY 2020	ATB FY 2021	ATB FY 2022	ATB FY 2023	ATB FY 2024	ATB FY 2025	ATB FY 2026
Annual System-Wide Rate Increase		0.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Charges							
G1R	\$ 30.51	\$ 30.51	\$ 32.04	\$ 33.64	\$ 35.32	\$ 37.09	\$ 38.94
G1	\$ 36.61	\$ 36.61	\$ 38.44	\$ 40.36	\$ 42.38	\$ 44.50	\$ 46.72
G2	\$ 54.19	\$ 54.19	\$ 56.90	\$ 59.74	\$ 62.73	\$ 65.87	\$ 69.16
G2S	\$ 27.10	\$ 27.10	\$ 28.46	\$ 29.88	\$ 31.37	\$ 32.94	\$ 34.59
G3	\$ 63.57	\$ 63.57	\$ 66.75	\$ 70.09	\$ 73.59	\$ 77.27	\$ 81.13
G1S	\$ 18.30	\$ 18.30	\$ 19.22	\$ 20.18	\$ 21.18	\$ 22.24	\$ 23.36
G1SR	\$ 15.25	\$ 15.25	\$ 16.01	\$ 16.81	\$ 17.65	\$ 18.54	\$ 19.46
G5	\$ 304.84	\$ 304.84	\$ 320.08	\$ 336.09	\$ 352.89	\$ 370.53	\$ 389.06
G6	\$ 184.20	\$ 184.20	\$ 193.41	\$ 203.08	\$ 213.23	\$ 223.90	\$ 235.09
G7	\$ 342.54	\$ 342.54	\$ 359.67	\$ 377.65	\$ 396.53	\$ 416.36	\$ 437.18
G8	\$ 83.68	\$ 83.68	\$ 87.86	\$ 92.26	\$ 96.87	\$ 101.71	\$ 106.80
G9	\$ 123.89	\$ 123.89	\$ 130.08	\$ 136.59	\$ 143.42	\$ 150.59	\$ 158.12
G10	\$ 365.16	\$ 365.16	\$ 383.42	\$ 402.59	\$ 422.72	\$ 443.85	\$ 466.05
G11	\$ 606.43	\$ 606.43	\$ 636.75	\$ 668.59	\$ 702.02	\$ 737.12	\$ 773.98
G12	\$ 681.83	\$ 681.83	\$ 715.92	\$ 751.72	\$ 789.30	\$ 828.77	\$ 870.21
G13	\$ 113.16	\$ 113.16	\$ 118.82	\$ 124.76	\$ 131.00	\$ 137.55	\$ 144.42
G14	\$ 184.20	\$ 184.20	\$ 193.41	\$ 203.08	\$ 213.23	\$ 223.90	\$ 235.09
G15	\$ 546.11	\$ 546.11	\$ 573.42	\$ 602.09	\$ 632.19	\$ 663.80	\$ 696.99
G16	\$ 908.01	\$ 908.01	\$ 953.41	\$ 1,001.08	\$ 1,051.14	\$ 1,103.69	\$ 1,158.88
G17	\$ 1,021.11	\$ 1,021.11	\$ 1,072.17	\$ 1,125.77	\$ 1,182.06	\$ 1,241.17	\$ 1,303.22
G18	\$ 244.52	\$ 244.52	\$ 256.75	\$ 269.58	\$ 283.06	\$ 297.22	\$ 312.08
G19	\$ 485.79	\$ 485.79	\$ 510.08	\$ 535.58	\$ 562.36	\$ 590.48	\$ 620.00
G20	\$ 244.52	\$ 244.52	\$ 256.75	\$ 269.58	\$ 283.06	\$ 297.22	\$ 312.08
G21	\$ 727.06	\$ 727.06	\$ 763.41	\$ 801.58	\$ 841.66	\$ 883.75	\$ 927.93
G22	\$ 1,209.60	\$ 1,209.60	\$ 1,270.08	\$ 1,333.58	\$ 1,400.26	\$ 1,470.28	\$ 1,543.79
G23	\$ 1,360.39	\$ 1,360.39	\$ 1,428.41	\$ 1,499.83	\$ 1,574.82	\$ 1,653.56	\$ 1,736.24
G24	\$ 908.01	\$ 908.01	\$ 953.41	\$ 1,001.08	\$ 1,051.14	\$ 1,103.69	\$ 1,158.88
G25	\$ 1,511.19	\$ 1,511.19	\$ 1,586.75	\$ 1,666.09	\$ 1,749.39	\$ 1,836.86	\$ 1,928.70
G26	\$ 1,699.68	\$ 1,699.68	\$ 1,784.66	\$ 1,873.90	\$ 1,967.59	\$ 2,065.97	\$ 2,169.27
G27	\$ 2,076.66	\$ 2,076.66	\$ 2,180.49	\$ 2,289.52	\$ 2,403.99	\$ 2,524.19	\$ 2,650.40
G28	\$ 2,378.25	\$ 2,378.25	\$ 2,497.16	\$ 2,622.02	\$ 2,753.12	\$ 2,890.78	\$ 3,035.32
G29	\$ 1,088.97	\$ 1,088.97	\$ 1,143.42	\$ 1,200.59	\$ 1,260.62	\$ 1,323.65	\$ 1,389.83
G30	\$ 1,081.43	\$ 1,081.43	\$ 1,135.50	\$ 1,192.28	\$ 1,251.89	\$ 1,314.48	\$ 1,380.21
G31	\$ 2,174.68	\$ 2,174.68	\$ 2,283.41	\$ 2,397.58	\$ 2,517.46	\$ 2,643.34	\$ 2,775.50
G32	\$ 681.82	\$ 681.82	\$ 715.91	\$ 751.71	\$ 789.29	\$ 828.76	\$ 870.19
G33	\$ 1,360.39	\$ 1,360.39	\$ 1,428.41	\$ 1,499.83	\$ 1,574.82	\$ 1,653.56	\$ 1,736.24
G34	\$ 2,038.96	\$ 2,038.96	\$ 2,140.91	\$ 2,247.95	\$ 2,360.35	\$ 2,478.37	\$ 2,602.29
G35	\$ 2,717.53	\$ 2,717.53	\$ 2,853.41	\$ 2,996.08	\$ 3,145.88	\$ 3,303.17	\$ 3,468.33
G36	\$ 3,396.10	\$ 3,396.10	\$ 3,565.91	\$ 3,744.20	\$ 3,931.41	\$ 4,127.98	\$ 4,334.38
G37	\$ 4,074.67	\$ 4,074.67	\$ 4,278.40	\$ 4,492.32	\$ 4,716.94	\$ 4,952.79	\$ 5,200.43
G38	\$ 4,753.24	\$ 4,753.24	\$ 4,990.90	\$ 5,240.45	\$ 5,502.47	\$ 5,777.59	\$ 6,066.47
G39	\$ 2,038.96	\$ 2,038.96	\$ 2,140.91	\$ 2,247.95	\$ 2,360.35	\$ 2,478.37	\$ 2,602.29
G40	\$ 727.06	\$ 727.06	\$ 763.41	\$ 801.58	\$ 841.66	\$ 883.75	\$ 927.93
G41	\$ 402.86	\$ 402.86	\$ 423.00	\$ 444.15	\$ 466.36	\$ 489.68	\$ 514.16
G42	\$ 523.49	\$ 523.49	\$ 549.66	\$ 577.15	\$ 606.01	\$ 636.31	\$ 668.12
G43	\$ 1,043.73	\$ 1,043.73	\$ 1,095.92	\$ 1,150.71	\$ 1,208.25	\$ 1,268.66	\$ 1,332.09
G44	\$ 1,563.96	\$ 1,563.96	\$ 1,642.16	\$ 1,724.27	\$ 1,810.48	\$ 1,901.00	\$ 1,996.05
G45	\$ 968.33	\$ 968.33	\$ 1,016.75	\$ 1,067.58	\$ 1,120.96	\$ 1,177.01	\$ 1,235.86
G46	\$ 2,604.44	\$ 2,604.44	\$ 2,734.66	\$ 2,871.40	\$ 3,014.96	\$ 3,165.71	\$ 3,324.00
G47	\$ 164.10	\$ 164.10	\$ 172.31	\$ 180.92	\$ 189.97	\$ 199.46	\$ 209.44
G48	\$ 44.47	\$ 44.47	\$ 46.69	\$ 49.03	\$ 51.48	\$ 54.05	\$ 56.76
G49	\$ 68.15	\$ 68.15	\$ 71.56	\$ 75.14	\$ 78.89	\$ 82.84	\$ 86.98
G51	\$ 2,084.20	\$ 2,084.20	\$ 2,188.41	\$ 2,297.83	\$ 2,412.72	\$ 2,533.36	\$ 2,660.03
G52	\$ 112.16	\$ 112.16	\$ 117.77	\$ 123.66	\$ 129.84	\$ 136.33	\$ 143.15
G53	\$ 365.16	\$ 365.16	\$ 383.42	\$ 402.59	\$ 422.72	\$ 443.85	\$ 466.05
G54	\$ 3,883.73	\$ 3,883.73	\$ 4,077.92	\$ 4,281.81	\$ 4,495.90	\$ 4,720.70	\$ 4,956.73
G55	\$ 3,056.82	\$ 3,056.82	\$ 3,209.66	\$ 3,370.14	\$ 3,538.65	\$ 3,715.58	\$ 3,901.36
G56	\$ 508.55	\$ 508.55	\$ 533.98	\$ 560.68	\$ 588.71	\$ 618.15	\$ 649.05
G57	\$ 1,454.13	\$ 1,454.13	\$ 1,526.84	\$ 1,603.18	\$ 1,683.34	\$ 1,767.50	\$ 1,855.88
G97	\$ 304.84	\$ 304.84	\$ 320.08	\$ 336.09	\$ 352.89	\$ 370.53	\$ 389.06

V.D. RECYCLING PROGRAM ALTERNATIVES

FCS Group coordinated with Borough staff to estimate the cost and rate impacts of reducing or eliminating recycling service. These recycling service alternatives included:

- Every-other-week recycling service (existing service is weekly)
- Replace weekly recycling collection with a drop off site for recyclables
- Eliminate recycling service

The following section summarize the estimated rate impacts of each scenario as well as the key assumptions supporting the estimates. **Figure 16** compares the projected sanitation rate increases of each scenario to the baseline annual rate adjustment of 5 percent from FY 2021 to FY 2026.

Exhibit 16
Projected Sanitation Rate Increases by Recycling Service Scenario

Scenario	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Baseline	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Every-Other-Week Collection	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Recycling Drop-Off Center	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Eliminate Recycling Service	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

V.D.1. Every-Other-Week Recycling Service

In this alternative, recycling pick-up would be picked up every other week compared to the current weekly service. Key changes to the utility's cost include:

- Recycling routes are run half as often as current levels reducing Motorpool O&M costs.
- Routes are recalibrated to move one front-line truck to a reserve truck.
- With reduced recycling pickups, it is assumed that a portion of previously recycled materials will be placed in solid waste bins which will increase disposal costs and reduce recycling processing costs.

V.D.2. Drop Off Site Only Recycling

In this alternative, recycling collection service is replaced by a recycling drop-off center. Key assumptions for this scenario include:

- All recycling routes are eliminated reducing the Motorpool O&M costs.
- Routes are recalibrated to move one front-line truck to a reserve truck.
- Fifty (50) percent of recycling tonnage would be baled as solid waste for disposal.
- \$20,000 worth of capital improvements would need to be completed at the drop off site to accommodate increased customer traffic.

V.D.3. Eliminate Recycling Service

In this alternative recycling service is eliminated and all municipal solid waste is collected in the garbage bin. Key changes to the utility's cost include:

- All recycling routes are eliminated reducing the Motorpool O&M costs.
- Routes are recalibrated to move one front-line truck to a reserve truck.
- All recycling tonnage would be baled as solid waste for disposal.

Section VI. CONCLUSION

The results of this study provide a financial plan and rate strategy for the water, wastewater, and sanitation utilities for the FY 2021 to FY 2025 planning period. The recommended annual rate adjustments are designed to generate adequate funding in each year of the planning period for utility operations, existing and new debt service, capital projects, and the Borough's financial reserve policies.

Throughout the study, we worked with staff from the Borough to arrive at these rate recommendations. Meetings were held with Borough staff to validate cost and revenue assumptions, review interim findings, and receive policy direction. Recommended water and wastewater rate adjustments were presented at a public meeting in September 2019. Sanitation rate adjustments and recycling scenarios were presented to the Assembly in August 2020.

Exhibit 17 outlines the annual rate revenue adjustments for each utility. The combined monthly residential bill based on average water use (4,000 gallons or 4 kgals) is estimated at \$119.50 in FY 2021. The combined monthly residential bill in FY 2022 is estimated at \$123.70 or a monthly increase of \$4.20 from the prior year. We recommend that the Borough regularly monitor the financial status of the utility, adjusting the rate strategy as needed to maintain equitable rates that are adequate to meet the Borough's financial needs.

Exhibit 17
Summary of Annual Rate Adjustments and Monthly Residential Rates

Annual Rate Revenue Adjustments						
Utility	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Water	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sanitation	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Monthly Residential Bill Impact						
Utility	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water (3/4" Meter and 4 kgals)	\$44.51	\$44.51	\$45.85	\$47.22	\$48.62	\$50.10
Wastewater	\$44.48	\$44.48	\$45.81	\$47.18	\$48.59	\$50.07
Sanitation (32G + Recycle)	\$30.51	\$30.51	\$32.04	\$33.64	\$35.32	\$37.09
Total	\$119.50	\$119.50	\$123.70	\$128.04	\$132.53	\$137.26
<i>Monthly Increase from Prior Year</i>		\$0.00	\$4.20	\$4.34	\$4.49	\$4.73

**PETERSBURG BOROUGH, ALASKA
RESOLUTION #2022-07**

**A RESOLUTION APPROVING THE SOLE SOURCE PROCUREMENT FOR EATON
AMI LARGE COMMERCIAL METERS**

WHEREAS, Petersburg Municipal Power and Light (PMPL) solicited a Request for Proposals in 2019 for the supply and commissioning of an Advanced Metering Infrastructure (AMI) system to upgrade harbor electric meters and start the process of upgrading the entire electrical distribution system; and

WHEREAS, EATON corporation was selected as the top ranked proposal for AMI infrastructure and meters by the Borough and granted a contract for the work; and

WHEREAS, PMPL plans to expand on the existing AMI system to include all large commercial customers in FY 2023; and

WHEREAS, PMPL has received a quote from EATON for large commercial meters that are compliant with all aspects of the existing AMI system; and

WHEREAS, EATON meters are the only brand of meters that can fully integrate with the EATON AMI system and software; and

WHEREAS, due to extremely long lead times that are being experienced in the metering industry it is in the best interest of the Borough to order meters at the present time in order to ensure receipt of the meters within the fiscal year in which their expense is budgeted; and

WHEREAS, PMPL has proposed a budget of \$35,000 for the purchase of large commercial AMI meters in FY 2023 within line item 410 000 506507; and

WHEREAS, completion of a bid process for this work would not be productive in finding compatible meters from another vendor due to the proprietary aspect of the EATON AMI system.

THEREFORE BE IT RESOLVED, the Assembly for the Petersburg Borough approves of the sole source issuance of a purchase order with EATON Corporation dba Cannon Technologies, for the order of large commercial AMI meters at a price of \$32,416.20.

Passed and Approved by the Petersburg Borough Assembly on April 18, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Debra Thompson

From: burrell1 <burrell1@gci.net>
Sent: Thursday, March 31, 2022 7:13 PM
To: Assembly
Subject: Resolution 2022-05

We don't typically get too involved in political things however we think this is an important one for Petersburg and all the fishermen in Alaska that may be dealing with the issue of the cruise ships dumping their sewage in our pristine waters. Fishing has not been great the past few years so when we do have fish in the marketplace we want to make sure they are top-of-the-line for the consumer. I have experienced firsthand the dumping of sewage by three cruise ships in Lynn Canal. The sewer smell was atrocious! This should not be happening.

Please sign the proposed resolution 2022-05 Steve Burrell and Desi Burrell Sent from my iPhone

Debra Thompson

From: Molly Miller <mollymiller@hotmail.com>
Sent: Friday, April 1, 2022 12:05 PM
To: Assembly
Subject: Early Childhood Task Force

Dear Assembly members,

Thank you for being of service to our community and acknowledging topics of concern. A topic of high concern for all members of our community, for well over a decade, has been early childhood development. The core of the problem here is worker retention within this field. The lack of qualified workers within this field then reduces the number of daycare spots available to working parents. This in turn has operating issues with the industries and businesses that make up our community. Having children of our own or not, this lack of qualified childcare in Petersburg reaches many in our town. Ready to work, educated parents find keeping kids within their care at home pencils out rather than stepping into the workforce in our community.

I support the creation of an Early Childhood Education Task Force to take a closer look at the logistics and operations of why this is and what the community can do to support and create a solid foundation in the Early Childhood field. Local, State and Federal governments support the funding of school aged children. (5-18) Children of younger age (newborn-5) need support and a proper, quality foundation.

The Task Force could come up with a facilitator to assist in organizing the group, obtain a community study and then go forward with logical requests.

Some of these requests are not necessarily out of reach for a local government to assist with. These could be in the form of assisting to host a summer day camp, providing an already present borough space (land or building), paying into a fund based upon Borough employee daycare usage, offering a flex spending account to Borough employees that involve childcare. Let the Task Force inform the community on ways that we can all assist with this perpetual shortage of space and quality supervision involving our pre-public school aged kids and summer care for younger school aged children.

Thank you for your service,
Molly Taiber

Debra Thompson

From: Ronn and Tina Buschmann <buschmann@gci.net>
Sent: Saturday, April 2, 2022 9:29 AM
To: Assembly
Subject: Ocean Ranger Program

Dear Assembly members,

I am writing to support the continuation of the Ocean Ranger program. This program was established as a result of a citizen referendum in 2006 and is paid for by a small tax on Cruise Line tickets. Those of us that derive our livelihood and feed our families from the waters of Alaska are appalled at the amount of refuse, human pollution, and airborne and waterborn(from scrubbers) pollution that is dumped into Alaskan waters every year.

This Ocean Ranger narrative has been twisted into a pro versus anti tourism which is really a misdirected argument. The Ocean Ranger program is in place to protect Alaskan waters from pollution. The anti Ocean Ranger group argues that DEC can accomplish the role of the Ocean Rangers and that self enforcement should be sufficient. First of all DEC has a history of not following up on pollution complaints and not supporting the Ocean Ranger program. As to self-enforcement, the following illustrates that self enforcement hasn't worked:

Carnival Cruise lines, the major cruise line company operating in Alaska with Holland America and Princess among its subsidiaries, was fined \$40,000,000 and put on a 5 Year probation in 2017 for illegal pollution. They were fined an additional \$20,000,000 in 2019 for violating that probation. A court ordered inspection of some of Carnival's cruise ships found that in addition to the monitored overboard piping, five boats had additional illegal unmonitored piping installed when the boats were built.

The Ocean Rangers program is not anti tourism; it's to keep everybody honest and protect our waters.

Ronn Buschmann

Sent from [Mail](#) for Windows

Debra Thompson

From: Bill Tremblay <brtrembla@gmail.com>
Sent: Sunday, April 3, 2022 8:26 PM
To: Assembly
Subject: Resolution #2022-05

I agree with the Borough Resolution Opposing House Bill No. 303 and Senate Bill No. 180 of the State of Alaska Thirty-Second Legislature.

The fact that the citizens need to ask our State government to keep this program in place is an embarrassment to our democracy. The Governor has gotten away with preventing this program from taking place for the last several years but enough is enough.

In 2006, Alaska voters passed Ballot Measure 2 creating an Ocean Ranger program in the Department of Environmental Conservation) which became law on December 17, 2006. Alaska is the first and only state to require U.S. Coast Guard licensed marine engineers on board vessels to act as independent observers monitoring State environmental and marine discharge requirements. Ocean Rangers also check that passengers and crew are protected from improper sanitation, health, and safety practices. This program is managed by the Commercial Passenger Vessel Environmental Compliance Program, which was created in 2001 to monitor cruise ships in Alaskan waters.

This program protects our resources and citizens who depend on them. I see this as nothing more than a ploy by our Governor to raise money for his re-election campaign. Please pass this resolution.

Bill Tremblay
P.O. Box 662
Petersburg, AK 99833
(907) 772-4461

Debra Thompson

From: Bill Tremblay <brtrembla@gmail.com>
Sent: Sunday, April 3, 2022 8:39 PM
To: Assembly
Subject: Please pass Resolution #2022-06A Resolution, Establishing an Early Childhood Education Task Force

Dear Assembly,

While some may speak to the problems caused by the pandemic, I also know that the pandemic highlighted problems within our community that should be addressed. Early Childhood Education is just one of them.

I came to Petersburg in 1991 with two young children. They benefited by attending early childhood education through several programs in the community. I was fortunate to be able to afford this for my kids but I know many others cannot. Childcare is expensive for families.

We do need to take a closer look at this program within our community to find better ways to support the early childhood staffing. Their good work helps our local economy, builds lifelong friendships, and improves their education.

Please make an effort to better understand how the Borough can better support early childhood education.

Bill Tremblay
P.O. Box 662
Petersburg, AK 99833
(907) 772-4461

Debra Thompson

From: rickgbraun@gmail.com
Sent: Sunday, April 3, 2022 1:48 PM
To: Assembly
Subject: Ocean Ranger Program

Greetings,

I am writing in support of Borough Resolution #2022-05 which opposes HB No. 303 and SB No. 180. The continuation of the Ocean Ranger program is essential to ensuring that Alaskan waters are protected from contamination from cruise ship pollution. It would be naïve to rely on the cruise ship industry to police themselves to ensure compliance with environmental protection regulations. In 2017, Carnival Cruise Lines was fined \$40 million for violation of these regulations and for falsifying their records of their discharges into state waters. The cost of the Ocean Ranger program is paid for by the cruise industry. The Alaska cruise industry was hurt by the pandemic, but it will recover soon. The beauty and pristine waters of Alaska will continue to make this a popular destination. It will not help the cruise industry to let them sully the attractions that draw their passengers, year after year.

Rick Braun

Sent from [Mail](#) for Windows

April 3, 2022

Dear Mayor and Assembly,

I am writing today encouraging your support for the continuation of the Ocean Ranger Program.

The citizens of the State of Alaska voted to put this program in place in 2006. Our Governor single handedly removed the program without listening to the people.

It is so very important to many that we keep this program alive. Our clean waters are vital to our livelihoods (fishing, charter) and subsistence lifestyles.

Our eyes were rudely opened to what was going on during the fall of 2019. When our son came across miles of sludge in Stevens Passage during the dark of night.

Ironically the following summer my husband Ladd came across a discharge in Stevens Passage. Samples were taken, date, time, latitude and longitude recorded, the name of the ship that was leaving the trail. All to no avail. DEC would not accept the information.

Ladd also reported a major discharge in our own boat harbor that summer.

The same summer Gerald Whitethorn reported some sort of waste in front of our own LeConte Bay.

The Ocean Ranger Program is paid for by the passengers of the ships. There is no cost to the State of Alaska why wouldn't one support this program?

Some say that money can be used to cover the costs of pump stations in our communities. It is said those funds would not even begin to cover the costs.

It is very apparent and a sad fact that the cruise ship companies cannot be trusted to self report. As most of the reports that have taken place in the past were done so after, an Ocean Ranger made the ships captain aware of a situation.

I believe that if the passengers of these ships were made aware of what these cruise line companies are doing. The passengers would be appalled.

Please show you care for our Alaskan Waters by showing your support for the Ocean Ranger Program.

Cruise Ship companies are happy to bring tourists to Our Beautiful Alaska and we are happy to have them. As we are all tourists at some point. However, they literally dump waste (shit) on us as they leave our cities. This has to STOP!

Respectfully, Brenda Norheim

Debra Thompson

From: Joni Johnson <jjohnson@alaskacf.org>
Sent: Monday, April 4, 2022 8:10 AM
To: Assembly
Cc: Debra Thompson
Subject: Early Childhood Education Task Force

Good morning Debbie and Assembly Members,

If the airport logistics work out I will call in. The below are some brief thoughts in support of Resolution 2022-06 I would like to share:

Comments on an item related to the agenda: Resolution 2022-06 the early childhood education task force.

The issues related to early childhood (0-12) education are not new; however, The SHARE Coalition early childhood working group has recognized that forward movement needs to include additional resources within the community if we are to affect change. The primary purpose of the task force is to identify and tackle issues on behalf of community youth. I would hazard to say that continuing to wait for a national or state fix will leave us in the same position for the unforeseeable future. The community task force would develop a strategic plan that identifies short- and long-term goals, information needs, resource needs, and pilot programs. Some of the task force outcomes would likely serve the early childhood educators and administrators directly or pinpoint available resources; other outcomes would be brought forward to the Borough Assembly for action. This objective of this work, 100%, is to strengthen Petersburg's early childhood education system on behalf of our kiddos. What we are able to do has an effect on families, on the Petersburg City School District, and not least on Petersburg economics and attractiveness as a home for families.

(Viking Swim Club ,3rdplace finish at the 2022 Southeast Champs swim meet).

Thanks kindly, joni

Debra Thompson

From: Debra Thompson
Sent: Monday, April 4, 2022 8:47 AM
To: Assembly
Subject: Support of Ocean Rangers

From Gary Aulbach this morning.....

Morning Jeff,

Couldn't find the link on the Borough website to leave a comment so I am sending this to you. I am in favor of passing the resolution to require Ocean Rangers on Cruise ships. The Rangers program needs to be funded by the Cruise Ship industry no matter how small the ships are, even 2 person longline trips get observed and have to pay for it. The Cruise industry has already proven that they can not police themselves.

Thank You

Gary

Debra Thompson

From: karen severson <fvodinfamilie@gmail.com>
Sent: Monday, April 4, 2022 8:40 AM
To: Assembly
Cc: Stephen Giesbrecht
Subject: Resolution in support of the Ocean Ranger program

Dear Assembly Members and City Manager,

We hope you support and pass the Resolution to amend SB 180. We need the Ocean Ranger program to stay in law and that it is also funded for 2023.

It is crucial to Southeast that we have the Ocean Rangers eyes and ears on deck of these large cruise ships. The Cruise Ship industry has proven to not be trust worthy.

The Department of Environmental Conservation needs more funding to prosecute when these egregious acts occur. The commercial fishing fleet has seen disturbing discharges from the cruise ships for years. Randy Bates of DEC water division who is now in charge of supervising the Cruise Industry has asked commercial fishermen to be the watchdogs when they see violations. We have reported and DEC did nothing. The Cruise Industry only self reported when they were caught in the act with evidence. Without Rangers we will never know what is being discharged in our fjords and bays.

We need to insist on a better plan.

The cruise lines are tired of the Ocean Rangers breathing down their backs. The Governor has made it his mission since being elected to defund and remove the program. He wants "Alaska open for business" and cares little about the cost to our environment.

We hope the legislature will approve to increase the passenger fee from \$4 to \$20, the cost of a fancy cocktail. This would provide funds for Ocean Rangers, and money to Southeast community waste facility upgrades. It would also help DEC with funding needed to follow up with reported violations they receive.

We are hoping other communities join in this effort to stand up for Alaska.

We appreciate your efforts and hard work in this fight. Thank you!

Sincerely,

Karen and Mark Severson

Sent from my iPad

Debra Thompson

From: Bill Tremblay <brtrembla@gmail.com>
Sent: Tuesday, April 5, 2022 8:44 AM
To: Assembly
Subject: Ranked Choice Voting

Dear Assembly,

I appreciate your efforts to help people to understand our new Rank Choice Voting system in Alaska. Much has been made about how people will be able to rank persons from 1 to 4 as their choices. This seems particularly interesting as there are almost 50 people running for the vacant House of Representatives seat for Alaska.

While this may seem daunting to some what is missed is that the primary vote will only allow you to vote for one person. (As reported on last night's Alaska Nightly News through the Alaska Public Media) When I heard this my stress level at trying to pick 4 candidates out of 50 went away. I think others will calm down if this fact is better known.

Thanks for wanting to help people understand this new voting process.

Bill Tremblay
P.O. Box 662
Petersburg, AK. 99833
(907) 772-4461

Katherine Holmlund
Good Beginnings & Kinder Skog
Director
PO Box 709
Petersburg, AK 99833
Work: (907-738-3044)
Email: kinderskogak@gmail.com
11 April 2022

Petersburg Borough Assembly

Mayor Mark Jensen
Vice Mayor Jeigh Stanton Gregor
Member Bob Lynn
Member David Kensinger
Member Thomas-Fine Walsh
Member Chelsea Tremblay
Member Jeff Meucci

RE: Childhood Task Force

Dear members of the Petersburg Assembly,

I want to thank our assembly members for unanimously supporting the formation of the Childhood Task Force on the April 4th assembly meeting. I am hopeful this will be a huge step towards supporting professionals who support the growth and learning of our children. Thank you for recognizing the need for the Borough to be involved in future advocacy efforts.

I hereby express my interest in joining the Childhood Task Force. I have been involved with the SHARE Coalition for about five years, am the co-founder and director of Kinder Skog Nature Program, and the lead teacher and director of Good Beginnings Preschool. I feel my experience serving these various roles would benefit the Childhood Task Force and I look forward to being considered for this new role on the task force. Thank you for your consideration.

With Respect,

A handwritten signature in black ink, appearing to read 'Katie Holmlund', written in a cursive style.

Katie Holmlund