



UTILITY ADVISORY BOARD AGENDA

April 13, 2023 at 5:15 PM

Water Utility Shop 2520 Barrett Ave./Zoom Webinar

<https://juneau.zoom.us/j/83013202186?pwd=YINSY2Q0bnJaUXlCV0NDTFI3YWdnZz09> or 1-877 853 5257 Webinar
ID: 830 1320 2186 Passcode: 0046870

A. CALL TO ORDER

B. APPROVAL OF AGENDA

C. APPROVAL OF MINUTES

- [1.](#) March 9, 2023 Draft UAB Meeting Minutes

D. INFORMATION ITEMS

2. Board Update
Board Member Recruitment
Annual Report
- [3.](#) Rate Tool Discussion

E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

F. NEXT MEETING DATE

4. May 11, 2023

G. ADJOURNMENT

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



**ENGINEERING & PUBLIC WORKS
DEPARTMENT
Utilities Division**
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UTILITIES ADVISORY BOARD MINUTES (DRAFT)

*Thursday, March 9th | 17:15pm
2520 Barrett Ave. & Teleconference – Zoom*

I. CALL TO ORDER

- a. *The meeting was called to order at 5:23pm by Board Chair Andrew Campbell*
- b. *Members Present: Andrew Campbell, Geoff Larson, Elizabeth Pederson (teleconference), Janet Schempf (teleconference), Stuart Cohen*
- c. *Staff Present: Chad Gubala (teleconference), Brian McGuire, Ty Yamaoka, Denise Koch (teleconference), Alan Steffert (teleconference)*

II. APPROVAL OF AGENDA

- a. *March 9, 2023 agenda was unanimously approved by the Board*

III. APPROVAL OF MINUTES

- a. *February 9, 2023 minutes were unanimously approved by the Board with the following change:*
 - i. *“Janet noted that the Army Corps office may have transferred the files to USCG would have the most up to date files in Juneau.”*

IV. INFORMATION ITEMS

- a. *Rate Discussion*
 - i. *Projections Model & Rate Tool*
 1. *Brian gave a tour of the interactive rate setting tool and what expense or revenue is included in each column. He gave credit to Joshua Midgett for working with the Finance department to get this tool created.*
 2. *Brian noted that we were approved to receive Marine Passenger Fees in FY19, but to date have not received any revenue from MPF.*
 - ii. *Adjustable Elements*
 1. *Brian gave an overview of the adjustable elements of the tool: Revenue Increases (Sales Tax & MPF), Rate increases (Future Annual Rate Increase & Future Flat Fee Increase), and Cost Increases (Future Inflationary Cost Increase & CIP Spending).*
 2. *Andrew asked to clarify when they use the tool, they are looking for the Ending Fund Balance to be a minimum a four-month operational cost of the utility. Brian confirmed*
 3. *Brian demonstrated the tool by inputting some sampled numbers, showing how a Future Flat Fee of \$5.00 would affect the Ending Fund Balance FY25-FY29.*
 4. *Geoff asked if the Future Inflationary Cost was separate from the Rate Increase. Brian clarified that Inflationary Cost is applied to Expenditures, not Revenue. Geoff asked if the Rate Increase the UAB enters would need to address the Inflationary Cost. Brian Clarified giving an example of an Inflationary Cost and CIP Spending in the tool, and then they would adjust the Rate Increase to cover the Expenditures.*
 5. *Andrew wanted to extend a thank you to Joshua for putting this tool together and*



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noted that this will be very helpful.

iii. **Next Steps**

1. *Brian noted there were additional edits to the tool needed and that he would send an update when it is available. He then requested the Board to use the updated Rate Tool to run scenarios and to bring a scenario to look at for the next meeting.*
2. *Andrew asked if the 5-Year CIP Plan was already out if they could use those numbers for their scenarios. Brian said yes they could.*
3. *Stuart asked why there was a jump in Debt Service from \$500k in FY21 to over \$2M in FY22. Brian answered that was about 4 years after we started up the dryer and DEC starts drawing payments on the loans for the dryer a couple years after the project is completed. Stuart asked if that is a fixed or adjustable interest rate. Brian answered that he believes it is a fixed rate.*
4. *Brian noted that if the utility were receive MPF or Sales Tax, it must be applied to CIP Spending. If you are modeling a CIP Spend number for a certain year, it must be equal to or greater than Loans, Sales Tax, and MPF Fund for that year.*
5. *Stuart asked the rate for Cruise Ships disposing of their wastewater and how much it could increase? Brian answered their rates increase similar to the general public, and are comprehensive; including volume and loading from biochemical and oxygen demand and solids. Stuart asked if we knew offhand how much revenue that brings in. Brian answered that is included in the Other Revenue column in the spreadsheet and it is set up right now under city ordinance, if the rates are increased 2%, that is a 2% increase for everybody and he would have to check if that could be uncoupled.*
6. *A couple of different scenarios of CIP Spending, Rate Increases and Inflationary Costs were ran in the tool.*
7. *Janet asked if there was anything in the Infrastructure law that congress passed that could be used for local water and sewer. Brian answered that there is, but DEC had published what money was coming out of that for wastewater. After speaking with the State Revolving Fund, Denise pointed out that there was \$10M for wastewater infrastructure in the State of Alaska. Denise clarified that the DEC has a State Revolving Loan Fund that has roughly two pots of money; one larger pot they make low interest loans and a pot for "Forgivable Loans," which includes the \$10m*
8. *Andrew noted that in his last talks with the Assembly, he proposed a 10% increase that was immediately shot down. Looking at a scenario of \$5M per year in CIP Spending and 5% Inflationary Costs Increase per year, there would need to be a large rate increase of 12% per year and that still would not cover us past FY26.*
9. *Andrew noted that what this tool is showing us so far, is that if the city chooses to fund the Utility through rate payers and not contribute Sales Tax, this is what the model would have to be. Stuart added that his personal water bill is about \$150/month which is pretty standard and is already on the high end so a large increase would be troubling.*
10. *Denise added Joshua had been assigned to look at and collect water and wastewater Utility bills from other PNW and Alaskan cities as examples to compare Juneau to. Brian answered that he knew Joshua had been working on that but had not shared his findings yet.*



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11. Denise gave examples of the Sitka utility billing breakdown for water and wastewater and noted that their utility bill includes electricity and garbage service so she's not sure if consumers know the allocation for each service.
12. Andrew noted that what he liked about this tool is that it could be given to the Assembly for them to manipulate and would hope that they would see that there would need to be some sort of Sales Tax contribution or a one-time allocation, which was given as an option by the Mayor when he suggested a 10% per year increase. He also noted that the Assembly should be asked if they knew this was going to be the effect of cutting Sales Tax Contributions to the Utility.
13. More scenarios were tested with the tool, such as adding Sales Tax contributions.

b. *MV Tagish Update*

- i. Chad spoke to the one-pager included in the Meeting Packet. Chad added that post-Tagish, the Utility has learned how to monitor the force-main better and will incorporate in the coming cruise season; including the development of a contingency plan in. The outstanding piece is being able to get eyes on the main in the location that the salvage took place.
- ii. Chad also gave an update on the West Juneau Pump Station that went out of commission at 5:30am that morning. The dry side of the pump station that holds the motors for the pumps started flooding and the Collections crew responded and turned off the electricity to prevent a short from occurring and started pumping sewage out of the system at about 1pm. DEC was notified of the emergency discharge and a PSA was sent out. In a group effort of Collections Operators, our lead Engineer Alan Steffert, and our Instrument Tech Ricky Becker, they were able to get the pump station back in operation around 4pm.
- iii. Geoff asked to clarify if the PSA that went out was in regard to raw sewage being discharged into the channel. Chad confirmed that was correct.
- iv. Geoff asked if there would be any ramification for this discharge. Chad answered that it was an uncontrolled forces measure so he doesn't believe there would be any ramifications.
- v. Andrew asked what broke in the dry area to cause the leakage. Chad answered that it is believed to be a check valve but it's still under investigation.

c. *Board Update*

- i. The Board tabled this agenda item for the next meeting.

V. PUBLIC PARTICIPATION & NON AGENDA ITEMS

- a. None

VI. ADJOURNMENT

- a. The meeting adjourned at 6:30pm
- b. Next meeting:
April 13th, 2023 | 17:15pm | In Person & Teleconference

REVENUE													EXPENSE			
Fiscal Year	Starting Fund Balance	Status Quo Rate Revenue	Other Revenue^	Interest Income	WW Utility Revenues	Grants	Loans	Sales Tax*	Marine Passenger Fees**	Rate Increase %	Additional Rate Revenue	Additional Flat Fee Revenue	CIP Spending	Operating Costs	Debt Service	Ending Fund Balance***
FY16	\$ 2,088,955	\$ 10,808,613	\$ 477,607	\$ 116,372	\$ 11,402,592	\$ -	\$ 10,000,000	\$ -	\$ -		\$ -	\$ -	\$ 13,940,000	\$ 6,574,950	\$ 581,583	\$ 2,395,014
FY17	\$ 2,395,014	\$ 11,537,215	\$ 373,178	\$ 51,217	\$ 11,961,610	\$ -	\$ 10,000,000	\$ -	\$ -		\$ -	\$ -	\$ 10,550,000	\$ 6,791,403	\$ 566,791	\$ 6,448,430
FY18	\$ 6,448,430	\$ 12,372,652	\$ 626,282	\$ 97,355	\$ 13,096,289	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 4,815,000	\$ 6,114,476	\$ 507,848	\$ 8,107,395
FY19	\$ 8,107,395	\$ 13,432,525	\$ 858,182	\$ 541,128	\$ 14,831,835	\$ -	\$ -	\$ 2,000,000	\$ -		\$ -	\$ -	\$ 5,845,000	\$ 6,246,509	\$ 501,000	\$ 12,346,720
FY20	\$ 12,346,720	\$ 14,433,522	\$ (235,603)	\$ 810,704	\$ 15,008,623	\$ -	\$ -	\$ 2,600,000	\$ -		\$ -	\$ -	\$ 5,825,000	\$ 7,193,174	\$ 495,351	\$ 16,441,819
FY21	\$ 16,441,819	\$ 13,438,619	\$ (1,120,884)	\$ 100,418	\$ 12,418,153	\$ -	\$ -	\$ 1,500,000	\$ -		\$ -	\$ -	\$ 9,215,000	\$ 7,453,376	\$ 459,651	\$ 13,231,945
FY22	\$ 13,231,945	\$ 13,970,604	\$ 147,541	\$ (703,862)	\$ 13,414,283	\$ -	\$ -	\$ 3,700,000	\$ -		\$ -	\$ -	\$ 9,159,000	\$ 9,998,099	\$ 2,116,329	\$ 9,072,800
FY23	\$ 9,072,800	\$ 14,317,000	\$ 560,500	\$ 258,000	\$ 15,135,500	\$ -	\$ -	\$ 3,200,000	\$ -		\$ -	\$ -	\$ 9,865,000	\$ 10,594,900	\$ 1,678,400	\$ 5,270,000
FY24	\$ 5,270,000	\$ 14,283,900	\$ 797,000	\$ 618,300	\$ 15,699,200	\$ -	\$ -	\$ 500,000	\$ -		\$ -	\$ -	\$ 1,832,000	\$ 12,751,400	\$ 1,553,700	\$ 5,332,100
FY25	\$ 5,332,100	\$ 14,042,071	\$ (5,000)	\$ 46,987	\$ 14,084,058	\$ -	\$ -	\$ -	\$ -	2.50%	351,052	\$ -	\$ -	\$ 13,070,185	\$ 1,504,958	\$ 5,192,066
FY26	\$ 5,192,066	\$ 14,042,071	\$ (5,000)	\$ 31,942	\$ 14,069,013	\$ -	\$ -	\$ -	\$ -	2.50%	710,880	\$ -	\$ -	\$ 13,396,940	\$ 1,344,898	\$ 5,230,122
FY27	\$ 5,230,122	\$ 14,042,071	\$ (5,000)	\$ 18,127	\$ 14,055,197	\$ -	\$ -	\$ -	\$ -	2.50%	1,079,704	\$ -	\$ -	\$ 13,731,863	\$ 1,328,053	\$ 5,305,106
FY28	\$ 5,305,106	\$ 14,042,071	\$ (5,000)	\$ 5,512	\$ 14,042,582	\$ -	\$ -	\$ -	\$ -	2.50%	1,457,748	\$ -	\$ -	\$ 14,075,160	\$ 1,311,219	\$ 5,419,058
FY29	\$ 5,419,058	\$ 14,042,071	\$ (5,000)	\$ (5,861)	\$ 14,031,210	\$ -	\$ -	\$ -	\$ -	2.50%	1,845,243	\$ -	\$ -	\$ 14,427,039	\$ 1,294,364	\$ 5,574,109

DATA ENTRY

		FY25	FY26	FY27	FY28	FY29				
REVENUE INCREASES	Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	TOTAL SALES TAX	\$ -		
	Marine Passenger Fees	\$ -	\$ -	\$ -	\$ -	\$ -	TOTAL MPF	\$ -		
RATE INCREASES	Future Annual Rate Increase (FY25 thru FY29):		2.50%	2.50%	2.50%	2.50%	2.50%	average increase	2.50%	
	Future Flat Fee Increase (FY25 thru FY29):		\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -	
	USERS	Res. Flat	5,656	\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -
		Res. Metered	946	\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -
		Comm. Flat	28	\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -
		Comm. Metered	678	\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -
		TOTAL	7,308	\$ -	\$ -	\$ -	\$ -	\$ -	average increase	\$ -
	COST INCREASES	Future Inflationary Cost Increase (FY25 thru FY29):		2.50%	2.50%	2.50%	2.50%	2.50%	average increase	2.50%
CIP Spending		\$ -	\$ -	\$ -	\$ -	\$ -	TOTAL CIP	\$ -		

	REVENUE												EXPENSE			
Fiscal Year	Starting Fund Balance	Status Quo Revenue	Other revenue*	Interest Income	Water Utility Revenues	Grants	Loans	Sales Tax*	Marine Passenger Fees**	Rate Increase %	Additional Rate Revenue	Additional Flat Fee Revenue	CIP Spending	Operating Costs	Debt Service	Ending Fund Balance**
FY16	\$ 5,187,271	\$ 4,367,645	\$ 488,627	\$ 75,707	\$ 4,931,979	\$ 3,000,000	\$ -	\$ 1,527,000	\$ -			\$ -	\$ -	\$ 2,704,376	\$ 174,531	\$ 5,910,343
FY17	\$ 5,910,343	\$ 3,628,363	\$ 551,324	\$ 34,501	\$ 4,214,188	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 2,483,556	\$ 244,596	\$ 6,506,379
FY18	\$ 6,506,379	\$ 4,905,517	\$ 597,421	\$ 71,073	\$ 5,574,011	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 2,478,556	\$ 73,977	\$ 7,027,857
FY19	\$ 7,027,857	\$ 5,274,187	\$ 623,890	\$ 388,009	\$ 6,286,086	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 2,516,052	\$ 72,956	\$ 9,124,935
FY20	\$ 9,124,935	\$ 5,260,119	\$ 589,342	\$ 500,893	\$ 6,350,354	\$ (5,200,000)	\$ -	\$ 1,000,000	\$ -			\$ -	\$ -	\$ 2,824,414	\$ 71,963	\$ 8,528,912
FY21	\$ 8,528,912	\$ 5,119,150	\$ 729,680	\$ 53,257	\$ 5,902,087	\$ -	\$ -	\$ 1,000,000	\$ -			\$ -	\$ -	\$ 2,615,618	\$ 71,525	\$ 7,830,856
FY22	\$ 7,830,856	\$ 5,363,133	\$ 784,353	\$ (433,342)	\$ 5,714,144	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 2,911,200	\$ 204,600	\$ 7,672,500
FY23	\$ 7,672,500	\$ 5,537,500	\$ 832,000	\$ 196,100	\$ 6,565,600	\$ 1,000,000	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 3,271,900	\$ 355,400	\$ 7,807,800
FY24	\$ 7,807,800	\$ 5,628,500	\$ 877,000	\$ 436,800	\$ 6,942,300	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 3,705,100	\$ 330,900	\$ 7,214,100
FY25	\$ 7,214,100	\$ 5,697,543	\$ 900,000	\$ 40,813	\$ 6,638,356	\$ -	\$ -	\$ -	\$ -	2.50%	142,439	\$ -	\$ -	\$ 3,797,728	\$ 407,250	\$ 9,789,917
FY26	\$ 9,789,917	\$ 5,697,543	\$ 950,000	\$ 42,042	\$ 6,689,584	\$ -	\$ -	\$ -	\$ -	2.50%	288,438	\$ -	\$ -	\$ 3,892,671	\$ 402,300	\$ 12,472,968
FY27	\$ 12,472,968	\$ 5,697,543	\$ 1,000,000	\$ 40,196	\$ 6,737,739	\$ -	\$ -	\$ -	\$ -	2.50%	438,088	\$ -	\$ -	\$ 3,989,987	\$ 397,350	\$ 15,261,457
FY28	\$ 15,261,457	\$ 5,697,543	\$ 1,000,000	\$ 34,543	\$ 6,732,086	\$ -	\$ -	\$ -	\$ -	2.50%	591,478	\$ -	\$ -	\$ 4,089,737	\$ 392,400	\$ 18,102,884
FY29	\$ 18,102,884	\$ 5,697,543	\$ 1,000,000	\$ 24,654	\$ 6,722,197	\$ -	\$ -	\$ -	\$ -	2.50%	748,704	\$ -	\$ -	\$ 4,191,981	\$ 388,450	\$ 20,993,354

DATA ENTRY

		FY25	FY26	FY27	FY28	FY29		
REVENUE INCREASES	Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	TOTAL SALES TAX	\$ -
	Marine Passenger Fees	\$ -	\$ -	\$ -	\$ -	\$ -	TOTAL MPF	\$ -
RATE INCREASES	Future Annual Rate Increase (FY25 thru FY29):		2.50%	2.50%	2.50%	2.50%	average increase	2.50%
	Future Flat Fee Increase (FY25 thru FY29):		\$ -	\$ -	\$ -	\$ -	average increase	\$ -
	USERS	Res. Flat	5,656	\$ -	\$ -	\$ -	average increase	\$ -
		Res. Metered	946	\$ -	\$ -	\$ -	average increase	\$ -
		Comm. Flat	28	\$ -	\$ -	\$ -	average increase	\$ -
		Comm. Metered	678	\$ -	\$ -	\$ -	average increase	\$ -
		TOTAL	7,308	\$ -	\$ -	\$ -	average increase	\$ -
COST INCREASES	Future Inflationary Cost Increase (FY25 thru FY29):		2.50%	2.50%	2.50%	2.50%	average increase	2.50%
	CIP Spending		\$ -	\$ -	\$ -	\$ -	TOTAL CIP	\$ -