



UTILITY ADVISORY BOARD - SPECIAL SESSION AGENDA

November 21, 2024 at 5:15 PM

Water Utility Shop 2520 Barrett Ave./Zoom Webinar

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

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

We would like to acknowledge that the City and Borough of Juneau is on Tlingit land, and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. *Gunalchéesh!*

C. ROLL CALL

D. APPROVAL OF AGENDA

E. APPROVAL OF MINUTES

1. September 12, 2024 - Regular Meeting

F. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

G. AGENDA TOPICS

2. Rate Study & Rate Increase Discussion

H. NEXT MEETING DATE

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

I. SUPPLEMENTAL MATERIALS

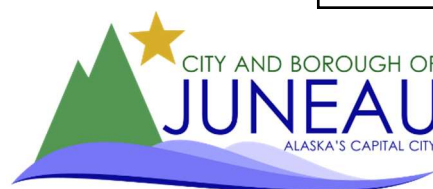
J. ADJOURNMENT

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

UTILITY ADVISORY BOARD MINUTES

September 12, 2024 at 5:15 PM - **DRAFT**

Water Utility Shop 2520 Barrett Ave./Zoom Webinar



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

A. CALL TO ORDER

Meeting called to order at 5:18 PM

B. LAND ACKNOWLEDGEMENT

We would like to acknowledge that the City and Borough of Juneau is on Tlingit land, and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. *Gunalchéesh!*

C. ROLL CALL

UAB: Geoff Larson (Zoom), Janet Schemf (Zoom), Andrew Campbell, Stuart Cohen, Buffy Pederson

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

D. APPROVAL OF AGENDA

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

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

E. APPROVAL OF MINUTES

1. August 8, 2024 - Regular Meeting

Meeting minutes approved without comment.

F. AGENDA TOPICS

Special Agenda Items added during Approval of Agenda:

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

2. Ballot Measure Discussion:

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

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

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

2. Utility Update

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

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

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

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

3. Discussion: Rate Increase Recommendations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Discussion: Rate Increase Outreach

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

H. NEXT MEETING DATE

5. October 10, 2024 at 5:15PM

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

Meeting adjourned at 6:20 PM.

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