

UTILITY ADVISORY BOARD AGENDA

Thursday, May 9, 2019 – 5:15 p.m.
Water Utility Shop
2520 Barrett Avenue

- I. CALL TO ORDER**
- II. APPROVAL OF AGENDA**
- III. APPROVAL OF MINUTES**
 - a. April 11, 2019 Draft UAB Meeting Minutes, page 2
- IV. PUBLIC PARTICIPATION**
- V. ACTION ITEMS**
 - a. Annual Report Draft– Attached, page 4
- VI. INFORMATION ITEMS**
 - a. Report on Rate Recommendation Presentation at 4/17 Finance Committee Meeting – M. Vigue
- VII. NON-AGENDA ITEMS**
- VIII. ADJOURNMENT – Next Meeting:**
 - June 13, 2019**
 - 5:15 PM**
 - Water Utility**

**UTILITY ADVISORY BOARD
REGULAR MEETING – MINUTES
APRIL 11, 2019**

I. CALL TO ORDER

The meeting was called to order at 5:20 pm.

Members present: Leon Vance, Chair, Grant Ritter, Kevin Buckland, Geoff Larsen, Andrew Campbell, Bryan Farrell, and Janet Schempf – phone.

Staff present: Mike Vigue, Brian McGuire, and Janet Sanbei

II. APPROVAL OF AGENDA

No motions to change. Approved.

III. APPROVAL OF MINUTES

Approved.

IV. PUBLIC PARTICIPATION

None.

V. ACTION ITEMS

A. Annual Report – Attached Examples: 2018 Annual Report and Minority Report, Pg. 3

Mike Vigue stated the trend for the City is to move for board members to put together the annual reports instead of Staff. He recommended the Utility Advisory Board start with this year's report, as there is no staff available at the time to do this report timely.

Janet Schempf volunteered to do the report. She will need the minutes from this past year's meetings in order to put a draft together. She will forward the draft to Mike Vigue for review. If there are no changes he will email to all board members.

Mike Vigue said the minutes of all the meetings will be forwarded to all board members.

VI. INFORMATION ITEMS

A. Rate Recommendation Update – Mr. Larson and Mr. Campbell

Geoff Larson and Andrew Campbell gave brief updates on their conversations with Assembly members. They felt the members of the Assembly were courteous and listened to what they had to say. There were a few Assembly members with concerns. They suggested Board members attend the Finance Committee Meeting on Wednesday, April 17, 2019, at 5:30 pm, in the Assembly Chambers.

VII. NON-AGENDA ITEMS

Kevin Buckland asked for a presentation on DEC wastewater review violations. Grant Ritter would like a report of final costs at the end of utility projects. He also asked if the Waste Water Division had a plan for the dried pellets once the dryer comes on line.

Brian McGuire stated that he is working on some solutions. First the pellets must be considered Class A pellets, and then they can be used for several different purposes. One of those purposes is for composting. He is currently working on the requirements to meet the Class A designation.

VIII. ADJOURNMENT

The meeting adjourned at 6:10 PM. Next meeting will be May 9, 2019, 5:15 PM, at the Water Utility Shop, 2520 Barrett Avenue.

DRAFT

MEMORANDUM

DATE: May 9, 2019

TO: City and Borough of Juneau Assembly

FROM: Utility Advisory Board (UAB)

SUBJECT: Annual Report for the period May 2018 through April 2019

This memo comprises the 2019 annual report of the CBJ Utilities Advisory Board (UAB) for the period May 2018 through April 2019 meant to advise the Mayor, Manager, and Assembly on utility issues, in accordance with the enabling CBJ Resolution 2299.

The UAB considers infrastructure, operations, and funding needs of the Water and Wastewater utilities. As a result of study and deliberation, the UAB recommends that both the Water and the Wastewater customer rates are raised 4% each of the next five years. This recommendation included consideration of the financial health of the utilities, an evaluation of asset life expectancies using computerized dashboard software, and consideration of anticipated fund balances, prioritized infrastructure upgrades and replacements, funding sources, and CIP funding needs.

The rate model that was used was designed by a consultant (FCS, Inc.) who are specialists in utility assessments with specific experience in water and wastewater. The rate model is updated as needed by CBJ Staff. This model allows the finances of the Water and Wastewater utilities to be studied looking out ten years and allows the various financial assumptions to be tested. This tool assisted the UAB in its study and deliberation during the reporting period, the UAB developed recommended utility rate changes to fund infrastructure upgrades and replacements, so that the water utility will be better able to provide a dependable supply of high quality water for safety and fire, tourism, domestic, and commercial uses and the wastewater utility will efficiently and effectively collect wastewater and meet or exceed wastewater treatment standards over the coming five years.

The UAB's recommendation assumes that the utilities will receive at least the same sales tax allocation in FY25-FY29 as they are receiving in the current cycle. Staff has developed a 10-year CIP plan based on conditions of division assets and known needs. The UAB supports CIP planning with a 10 year horizon for both the Water and Wastewater utilities. The timing and exact nature of these anticipated CIP expenditures will be presented to the assembly on an as needed basis. The suggested rate increase above does not fund the average of \$7 million annually that would be needed to fully fund the 10 year anticipated CIP needs.

BACKGROUND/ RATE HISTORY

Most recently on the **2017** Ballot the 1% sale Tax passed with 77 percent of votes in favor of renewal. The assembly proposed this ballot measure and said it would “focus on addressing the deferred maintenance needs of the public utilities and facilities” and the Finance Committee specifically identified \$15.5 million for water and wastewater infrastructure, maintenance and improvement.

A rate study was completed in December of **2013** by Financial Consulting Solutions Group Inc. (FCS), an independent consulting group. The public and Assembly were briefed on the study’s contents during three public forums and two public presentations to the assembly. There had been no rate increases since 2011 and FCS proposed three different five year rate plans to address the system reinvestment which was in arrears. The three proposed options to address the lack of system reinvestment, were labeled “Low” which would fund system reinvestment 35%, “Middle” would fund 68%, and “Top” would fully fund system reinvestment 100%. The assembly chose the “Middle” five year option for funding 68% of system reinvestment. While this option did not fully fund system reinvestment it did improve the level of maintenance and replacement costs that had been historically deferred. One reason the assembly chose this option was that it was anticipated that other funding sources would be available. One funding source specifically mentioned was the State of Alaska having a history of granting municipalities money for water and wastewater needs. Subsequently, the Assembly passed Ordinance 2014 36(b)(am) which increased water 6.5% and wastewater 8% for each of the next five years.

A rate study completed in **2003** recommended an immediate rate increase of 19% for water and 39% for wastewater, and further recommended additional specific rate increases over the next 10 years. Customer rates for the two utilities did not increase during the years **1991 to 2003 (thirteen years)**, which led to precarious financial positions for both utilities. Infrastructure maintenance was deprioritized, and the utilities did not have the ability to perform necessary repairs and upgrades. In Ordinance 2003-43 on October 2003, the Assembly approved the 19% and 39% increases, and due to “rate shock” to customers, the Mayor empaneled a seven member Ad Hoc Utility Advisory Board (UAB) in February 2004. This group was tasked with advising the Mayor and Assembly on Water and Wastewater utility issues, including rates, and with making recommendations regarding the advisability of a permanent Advisory Board.

The Ad Hoc UAB presented their first report in December of 2004, which included recommendations to establish a permanent Utilities Advisory Board. In February 2005, CBJ Resolution 2299 created a permanent UAB; seven members of the public were later appointed to the new permanent board, six of whom had served on the Ad Hoc UAB.

Since its establishment, the UAB has continued to advise the Mayor, Manager, and Assembly on utility issues, in accordance with the enabling CBJ Resolution 2299.

UAB PURPOSE

CBJ Resolution 2299 identifies the UAB’s primary responsibilities concerning the status of water and wastewater utility topics:

- (a) Review and make recommendations to the Assembly and Manager on all matters pertaining to the operation of the water system and the wastewater system, to the end that the consuming public is provided with the best possible service consistent with good utility management and cost containment;
- (b) Review annual budgets and funding plans and make recommendations for the efficient and economical operation of the water system and the wastewater system including bond issues, staffing, fiscal matters, and public relations;
- (c) Make recommendations on long-range planning for system expansion replacement, and priorities to meet future needs of the water and wastewater systems;
- (d) Make recommendations on water and wastewater utility rates to ensure that the rates are equitable and sufficient to pay for operation, maintenance, debt reduction, system replacement, and utility reserves necessary to ensure sustainable public utilities;
- (e) Make recommendations on measures to increase the efficiency and cost effectiveness of the water and wastewater utility operations; and
- (f) Perform such other duties and functions related to the utilities as the Assembly or Manager may request

BOARD MEMBERSHIP AND MEETINGS

CBJ Resolution 2299 stipulates that the Board shall consist of seven members, and to the extent practicable, appointments shall be made as follows: one engineer registered in the State of Alaska, preferably with training and experience in water, wastewater, and/or utility systems design and operation; one accountant, preferably experienced with utility financial management practices; one general contractor, preferably experienced in the construction of water and/or wastewater utility systems; two commercial customers of the City and Borough water and/or wastewater utility; one residential customer of the City and Borough water and/or wastewater utility; and one member of the general public.

The following is list of May 2018 – April 2019 members and their membership qualification(s):

- Kevin Buckland – Accountant, Commercial Utility Customer, and Residential Utility Customer
- Andrew Campbell – Alaskan Registered Engineer, General Contractor, Commercial Utility Customer, and Residential Utility Customer
- Bryan Farrell – Commercial Utility Customer and Residential Utility Customer
- Janet Hall Schempf – General Public
- Geoff Larson – Alaskan Registered Engineer and Commercial Utility Customer
- Grant Ritter – Residential Utility Customer
- Leon Vance – Residential Utility Customer

During the reporting period, the Board held six regular meetings and one special meeting. Leon Vance served as chair throughout the year. Geoff Larson continued to serve as vice-chair. Two terms expire in May 2019; Bryan Ferrell and Leon Vance, these individuals have indicated that they will re-apply for their seats.

BOARD MEETING DATES

The UAB meets for regularly scheduled and special meetings. The Board held six regularly scheduled meetings:

May 10, 2018
 June 14, 2018
 September 13, 2018
 January 10, 2019
 March 7, 2019
 April 11, 2019
 May 9, 2019

Regular meetings were not held during July, August, October, November, December, and February due to lack of agenda items or lack of quorum.

A special meeting to consider customer rate increases for the coming five years was held March 14, 2019.

BOARD MEMBER ATTENDANCE AT REGULAR AND SPECIAL MEETINGS

	May	Jun	Sep	Jan	Mar	Mar	Apr	Totals		Term
	5/10/2018	6/14/2018	9/13/2018	1/10/2019	3/7/2019	3/14/2019	4/11/2019	Attended	Absent	Ends
Buckland, Kevin	X	X	X	X	O	X	X	6	1	5/31/2020
Campbell, Andrew	X	O	X	X	X	X	X	6	1	6/30/2021
Farrell, Bryan	X	X	O	X	X	X	X	6	1	5/31/2019
Hall Schempf, Janet	X	X	X	O	O	O	X	4	3	5/31/2020
Larson, Geoff	X	X	X	X	X	X	X	7	0	5/31/2021
Ritter, Grant	X	X	X	O	X	X	X	6	1	5/31/2020
Vance, Leon	O	X	X	X	X	X	X	6	1	5/31/2019
Number of Attendees	6	6	6	5	5	6	7			

FURTHER INFORMATION ABOUT THE UTILITIES ADVISORY BOARD

Engineering and Public Works staff for the UAB include:

- Mike Vigue – Engineering & Public Works Director
- Autumn Sapp – Engineering & Public Works Business Manager
- Janet Sanbi – Engineering & Public Works Administrative Officer

Utilities Advisory Board website: <https://beta.juneau.org/engineering-public-works/utilities-division/utility-advisory-board>