

# Water & Wastewater Rate Study Update



CITY & BOROUGH OF JUNEAU

APRIL 30, 2025

Updated Analysis  
Paul Quinn





# Presentation Overview

- Background
- Study changes
- Capital plan
- Results
- Questions / discussion



# Background

- December 2022 – Utility Advisory Board (UAB)
  - » Reviewed utility financial outlook
- September 18, 2023 – Public Works & Facilities Committee
  - » Discussed preliminary outlook for rates
- Rate study began in March 2024
  - » August 5, 2024 – Public Works & Facilities Committee
  - » November 6, 2024 – Finance Committee
  - » December 19, 2024 – Public Meeting

Description	FY2026	FY2027	FY2028	FY2029	FY2030
<b>Water</b>					
Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%
Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%
<b>Wastewater</b>					
Cash Funding	12.75%	12.75%	12.75%	12.25%	12.25%
Debt Funding	11.50%	11.50%	11.50%	11.00%	11.00%



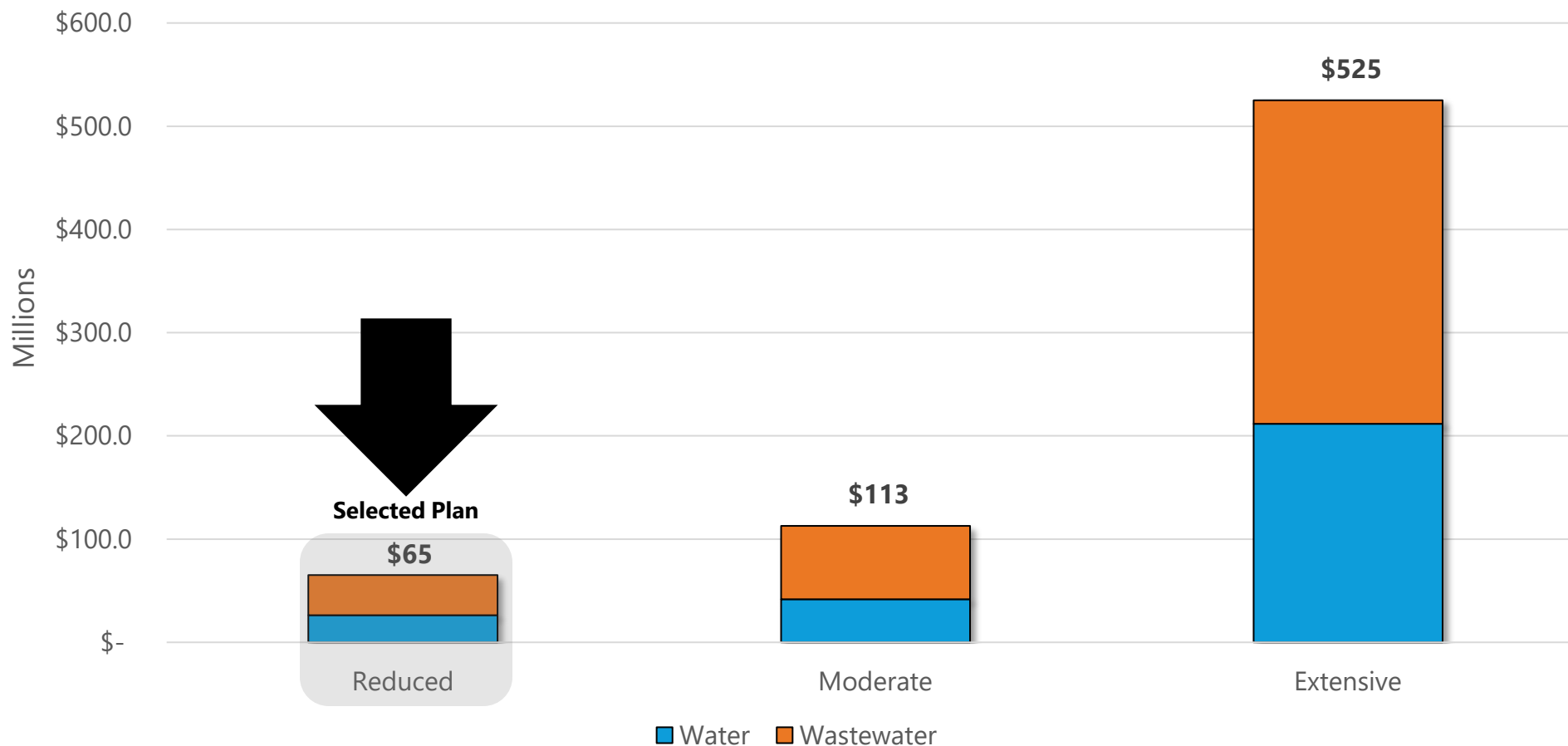
## Key Changes

- Analysis updated to reflect current budget and operating environment

Description	Water (\$M)	Wastewater (\$M)
Beginning Cash Balances	+\$0.9	+\$2.2
Enterprise Funded CIP	+\$0.4	+\$2.6
FY2026 Revenues	+\$0.2	+\$0.2
FY2026 O&M Expenses	+\$0.2	-\$1.2



# FY2025 – FY2030 Capital Plan Comparison



- Risk to utility service exists under selected plan



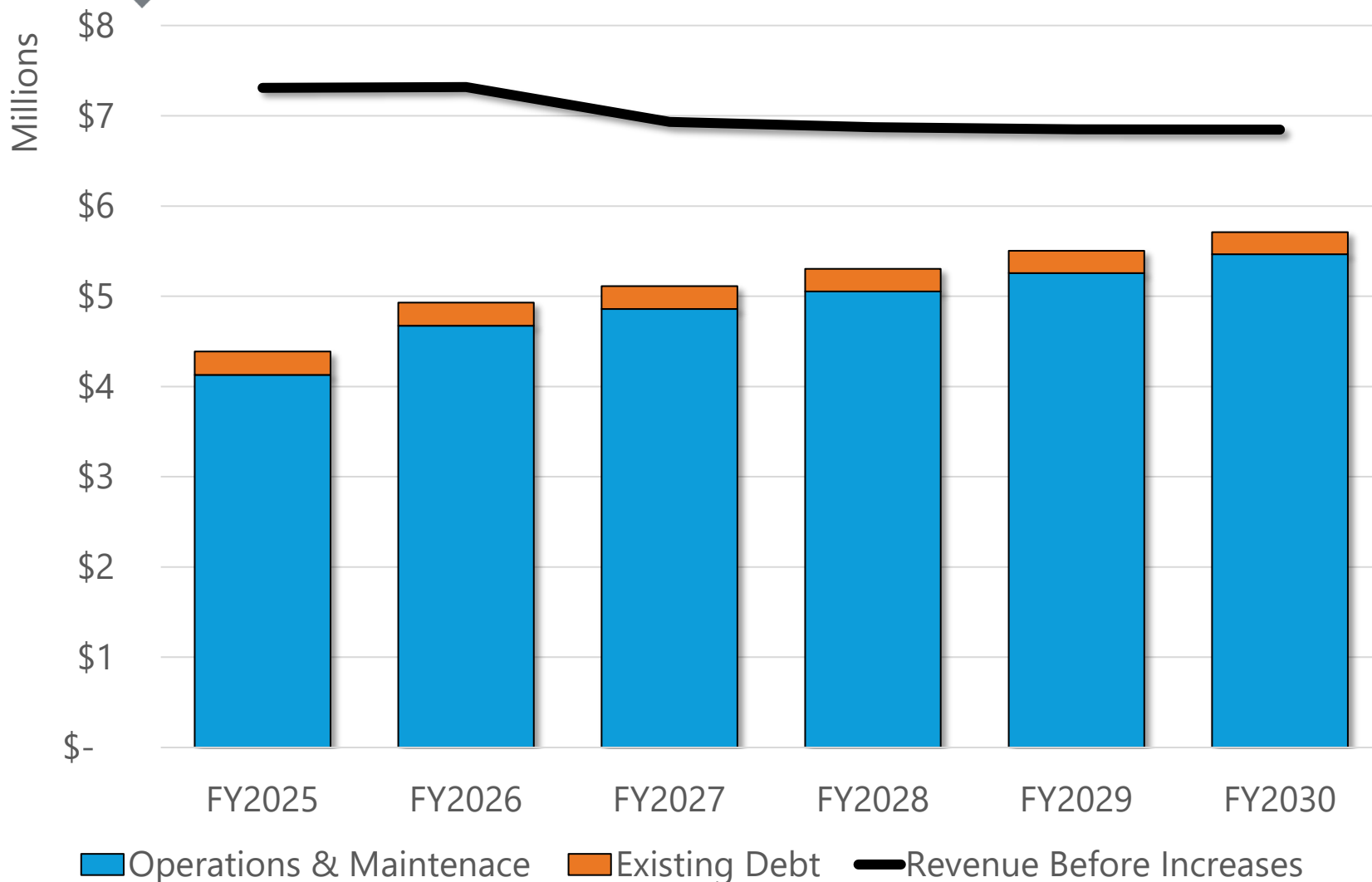


# Water Utility





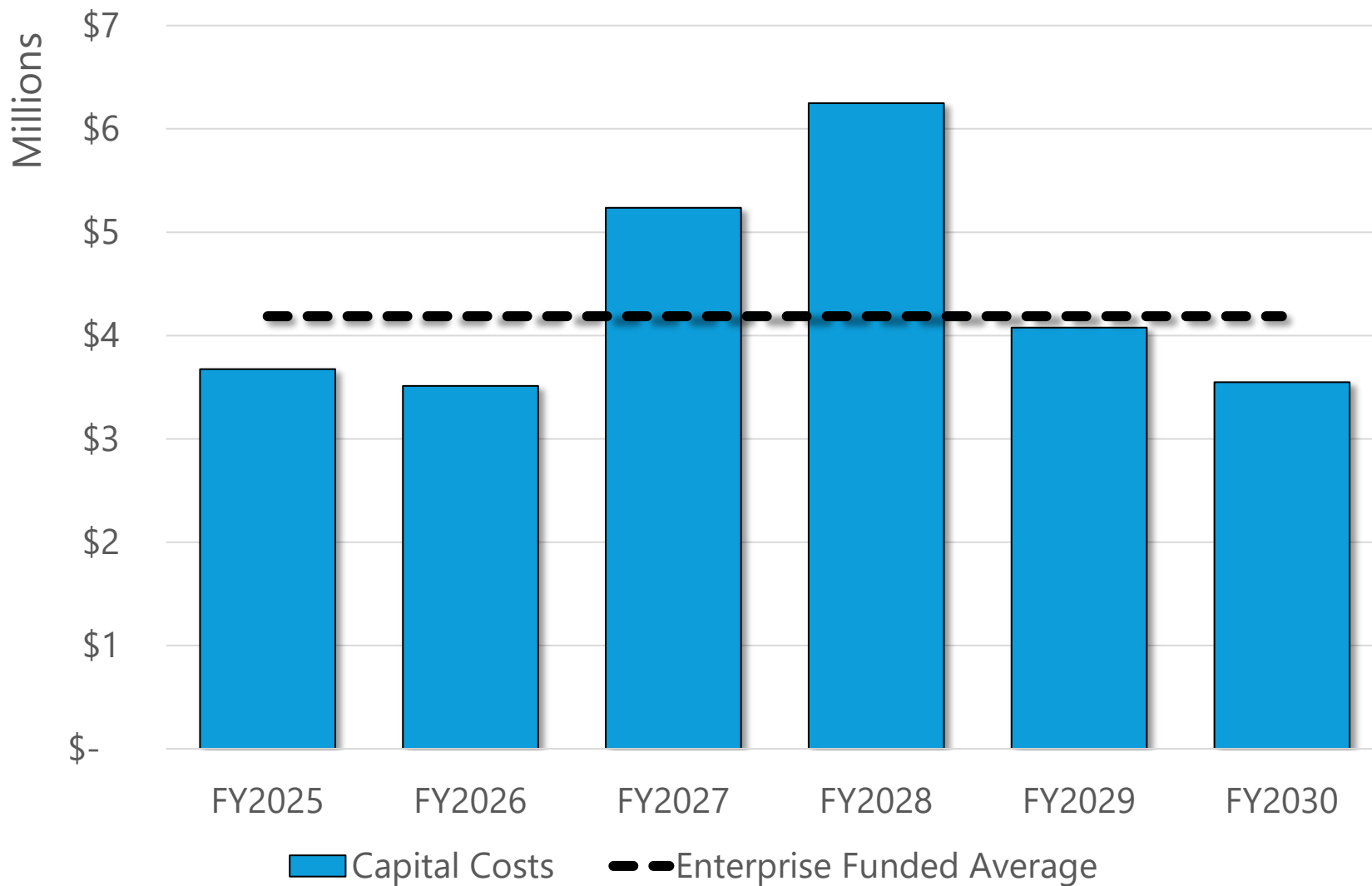
# Water Operating Obligations



- O&M costs: \$4.1 - \$5.5M
- Debt: \$0.3M annually
- Revenue: \$6.8 - \$7.3M
- Current rates generate \$1.9M for capital each year



# Water Capital Plan



- \$26.3M in total capital
- \$4.2M average annual enterprise funded capital
- ***Deferring \$185.3M beyond FY2030***





# Capital Funding Options

- Scenario 1: Cash Funding
- Scenario 2: Debt Funding
  - » State loan (SRF) amounts equal to be 20% of FY2026-FY2030 capital plan (\$4.4M)
- Scenario 3: 5.00% Rate Adjustment & Cash Funding
  - » 5.00% rate adjustments – how much outside funding is required?
- Scenario 4: 5.00% Rate Adjustment & Debt Funding
  - » 5.00% rate adjustments – how much outside funding is required?
  - » State loan (SRF) amounts equal to be 20% of FY2026-FY2030 capital plan (\$4.4M)



# Water Scenario Comparison

Fall 2024 Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	10.25%	10.25%	10.25%	10.25%	10.25%
S2. Debt Funded	7.00%	7.00%	7.00%	7.00%	7.00%

Updated Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.25%	9.25%	9.25%	9.25%	9.25%
S2. Debt Funded	6.00%	6.00%	6.00%	6.00%	6.00%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

State Loan Proceeds	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	700,000	1,000,000	1,200,000	800,000	700,000	<b>4,400,000</b>
S3. 5.00% & Cash Funded	-	-	-	-	-	-
S4. 5.00% & Debt Funded	700,000	1,000,000	1,200,000	800,000	700,000	<b>4,400,000</b>

Other Funding Needed	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	-	-	-	-	-	-
S3. 5.00% & Cash Funded	-	-	1,700,000	1,700,000	900,000	<b>4,300,000</b>
S4. 5.00% & Debt Funded	-	-	-	300,000	600,000	<b>900,000</b>



## Water Scenario Comparison (continued)

- Rate increases apply to all customers
- Current flat rate bill is \$40.72
- S3 & S4 have same impact as annual rate increases are capped at 5.00%
  - » Scenarios differ on capital funding strategy (State loans vs other funding)

\$ Change to Flat Residential Mo. Bill	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 3.77	\$ 4.12	\$ 4.50	\$ 4.91	\$ 5.37
S2. Debt Funded	2.44	2.59	2.75	2.91	3.08
S3. 5.00% & Cash Funded	2.04	2.14	2.24	2.36	2.47
S4. 5.00% & Debt Funded	2.04	2.14	2.24	2.36	2.47



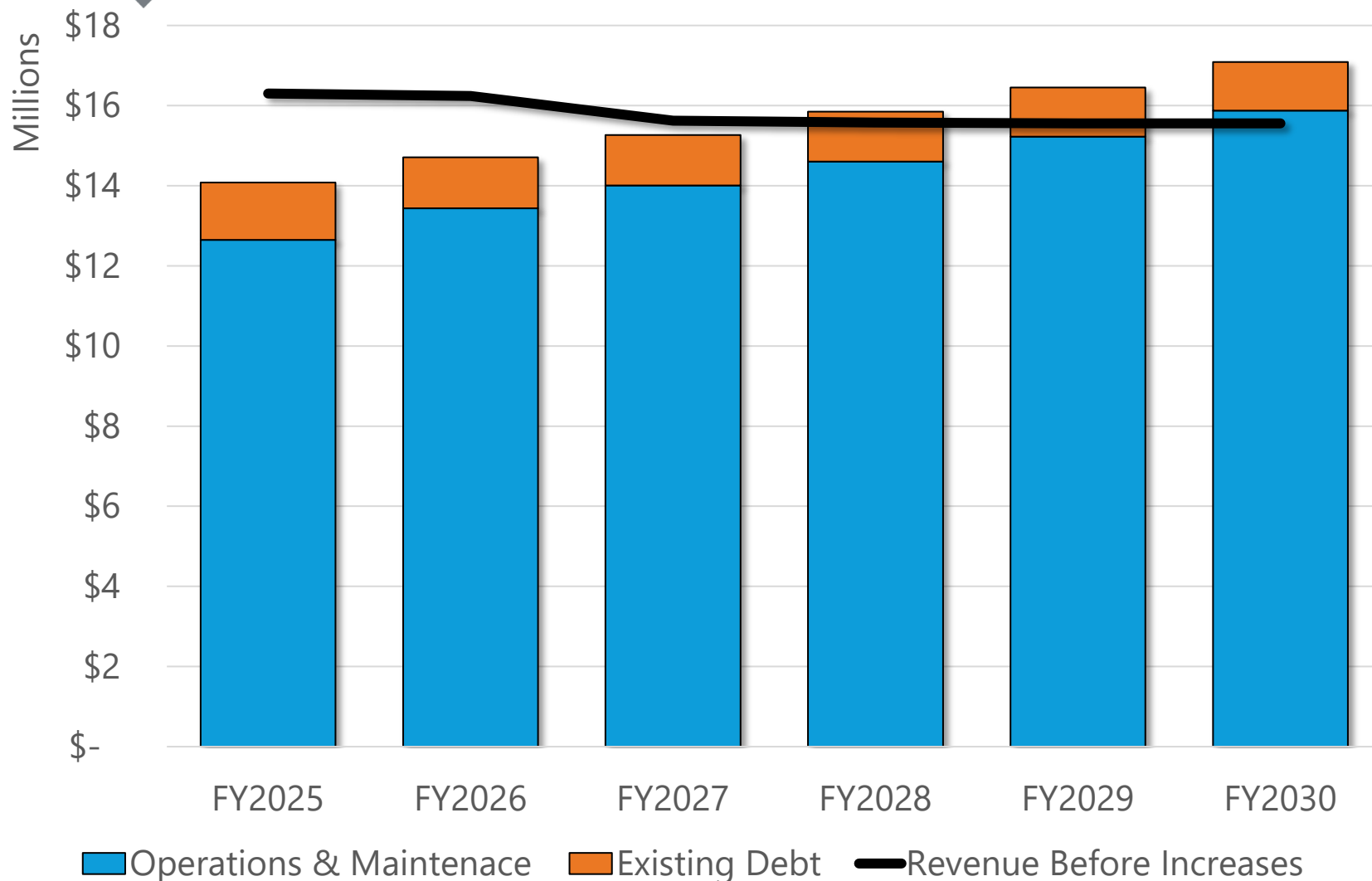


# Wastewater Utility





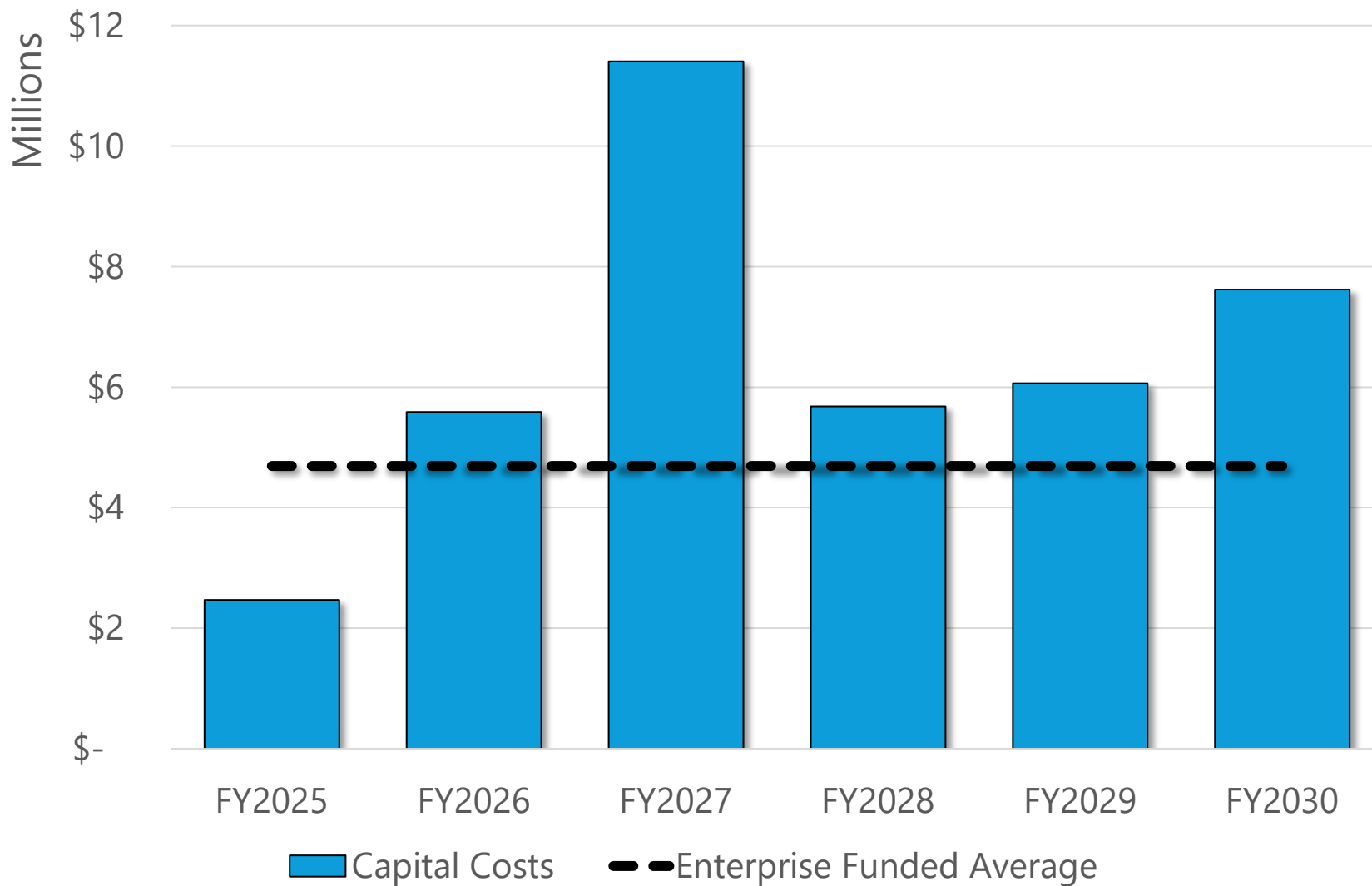
# Wastewater Operating Obligations



- O&M costs: \$12.6 - 15.9M
- Debt: \$1.2 - \$1.4M
- Revenue: \$15.6 - \$16.3M
- Operating deficiency beginning in FY2028



# Wastewater Capital Plan



- \$38.8M in total capital
- \$4.7M average annual enterprise funded capital
- **Deferring \$274.6M beyond FY2030**





# Capital Funding Options

- Scenario 1: Cash Funding
- Scenario 2: Debt Funding
  - » State loan (SRF) amounts equal to 20% of FY2026-FY2030 capital plan (\$4.8M)
- Scenario 3: 5.00% Rate Adjustment & Cash Funding
  - » 5.00% rate adjustments – how much outside funding is required?
- Scenario 4: 5.00% Rate Adjustment & Debt Funding
  - » 5.00% rate adjustments – how much outside funding is required?
  - » State loan (SRF) amounts equal to 20% of FY2026-FY2030 capital plan (\$4.8M)



# Wastewater Scenario Comparison

Fall 2024 Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	12.75%	12.75%	12.75%	12.25%	12.25%
S2. Debt Funded	11.50%	11.50%	11.50%	11.00%	11.00%

Updated Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.75%	9.75%	9.25%	9.25%	9.25%
S2. Debt Funded	8.25%	8.25%	8.25%	7.75%	7.75%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

State Loan Proceeds	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	500,000	500,000	1,100,000	1,200,000	1,500,000	<b>4,800,000</b>
S3. 5.00% & Cash Funded	-	-	-	-	-	-
S4. 5.00% & Debt Funded	500,000	500,000	1,100,000	1,200,000	1,500,000	<b>4,800,000</b>

Other Funding Needed	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	-	-	-	-	-	-
S3. 5.00% & Cash Funded	-	-	3,200,000	4,000,000	5,200,000	<b>12,400,000</b>
S4. 5.00% & Debt Funded	-	-	1,400,000	3,000,000	4,100,000	<b>8,500,000</b>



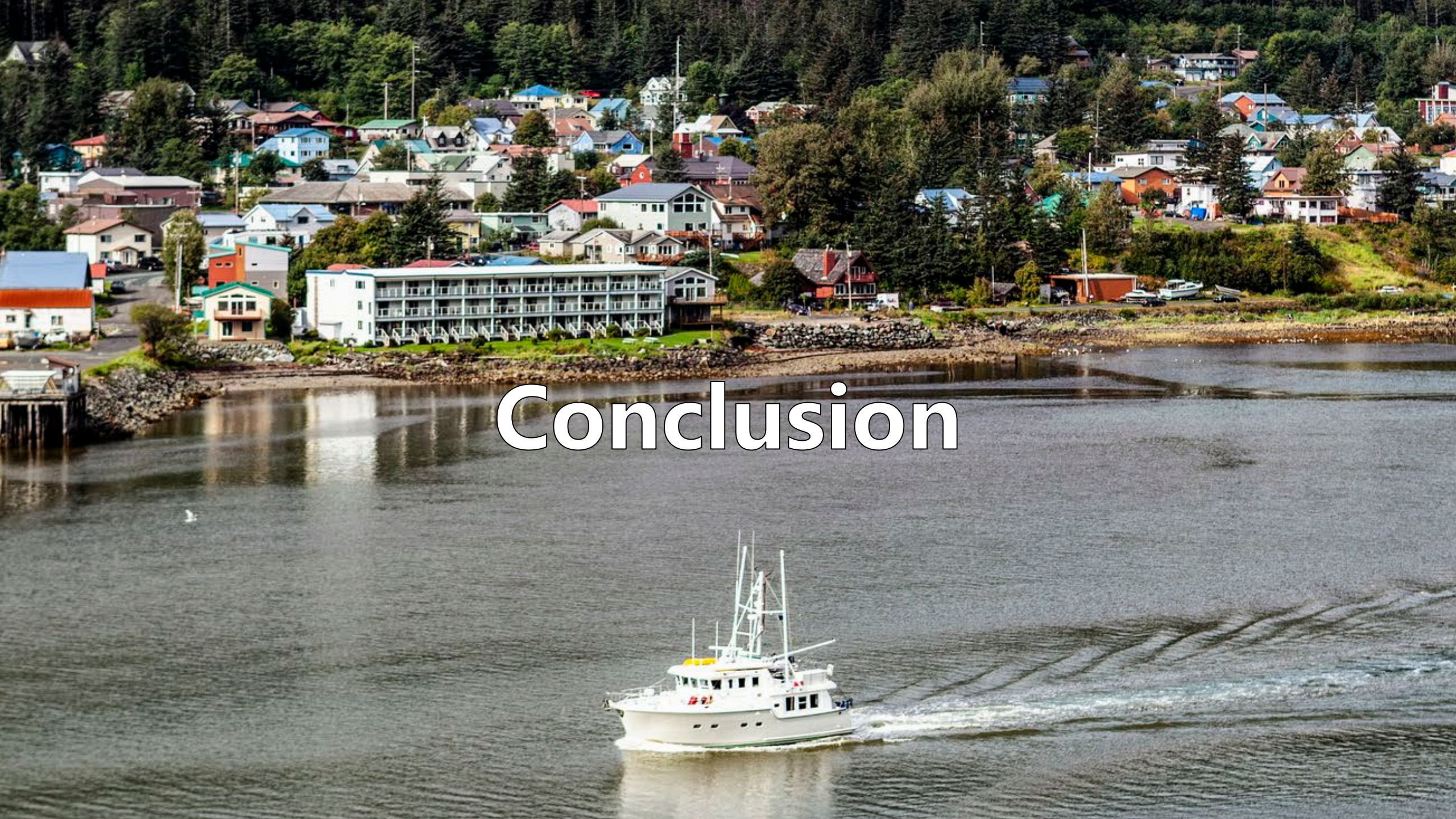
## Wastewater Scenario Comparison (continued)

- Rate increases apply to all customers
- Current flat rate bill is \$106.08
- S3 & S4 have same impact as annual rate increases are capped at 5.00%
  - » Scenarios differ on capital funding strategy (State loans vs other funding)

\$ Change to Flat Residential Mo. Bill	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 10.34	\$ 11.35	\$ 11.82	\$ 12.91	\$ 14.11
S2. Debt Funded	8.75	9.47	10.26	10.43	11.24
S3. 5.00% & Cash Funded	5.30	5.57	5.85	6.14	6.45
S4. 5.00% & Debt Funded	5.30	5.57	5.85	6.14	6.45



# Conclusion







## Other Funding Sources

- Capital funding assistance needed if increases are capped at 5.00%

Description	FY2026	FY2027	FY2028	FY2029	FY2030	Total
<b>Water</b>						
S3. 5.00% & Cash Funded	\$ -	\$ -	\$ 1,700,000	\$ 1,700,000	\$ 900,000	<b>\$ 4,300,000</b>
S4. 5.00% & Debt Funded	-	-	-	300,000	600,000	<b>900,000</b>
<b>Wastewater</b>						
S3. 5.00% & Cash Funded	\$ -	\$ -	\$ 3,200,000	\$ 4,000,000	\$ 5,200,000	<b>\$ 12,400,000</b>
S4. 5.00% & Debt Funded	-	-	1,400,000	3,000,000	4,100,000	<b>8,500,000</b>

- Potential other funding sources
  - » New bond funded by property taxes
  - » 3% sales tax
  - » 1% sales tax (available starting FY2029)
  - » Other?



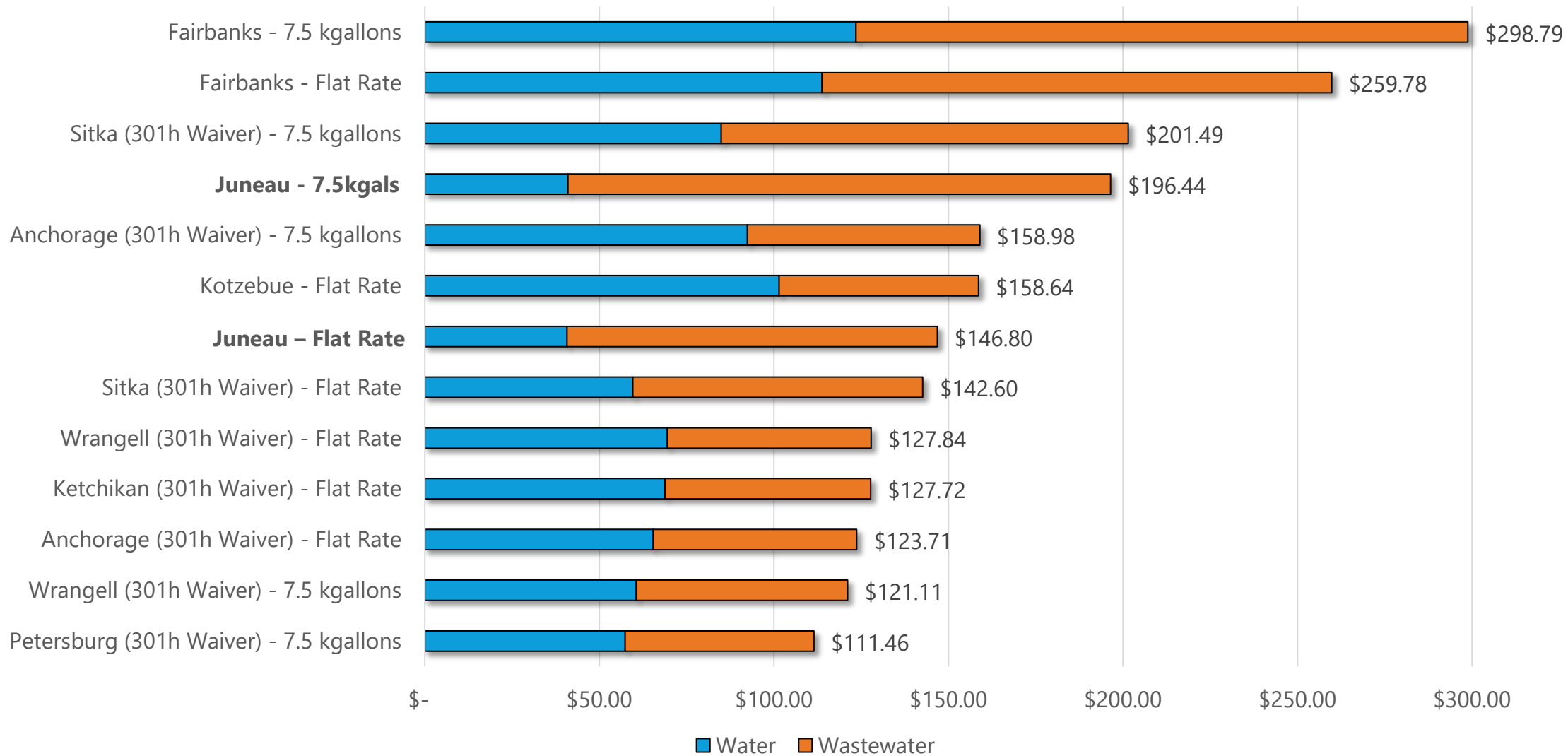
# Flat Rate Residential Monthly Bills

- Proposed combined bills under each scenario

Scenario	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 146.80	\$ 160.91	\$ 176.38	\$ 192.69	\$ 210.51	\$ 229.99
\$ Change		14.11	15.47	16.31	17.82	19.47
S2. Debt Funded	\$ 146.80	\$ 157.99	\$ 170.06	\$ 183.06	\$ 196.40	\$ 210.72
\$ Change		11.19	12.06	13.00	13.34	14.32
S3. 5.00% & Cash Funded	\$ 146.80	\$ 154.14	\$ 161.85	\$ 169.94	\$ 178.44	\$ 187.36
\$ Change		7.34	7.71	8.09	8.50	8.92
S4. 5.00% & Debt Funded	\$ 146.80	\$ 154.14	\$ 161.85	\$ 169.94	\$ 178.44	\$ 187.36
\$ Change		7.34	7.71	8.09	8.50	8.92



# Rate Benchmarking





# Summary

- Scenarios

WATER	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.25%	9.25%	9.25%	9.25%	9.25%
S2. Debt Funded	6.00%	6.00%	6.00%	6.00%	6.00%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

WASTEWATER	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.75%	9.75%	9.25%	9.25%	9.25%
S2. Debt Funded	8.25%	8.25%	8.25%	7.75%	7.75%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

- Rate increases apply to all customers
- Direction / questions?



**Thank you!**  
**Questions?**

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