

UTILITY ADVISORY BOARD - SPECIAL SESSION MINUTES

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

The meeting was called to order at 5:20 PM on November 11, 2024.

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 Members Present:

- Andrew Campbell
- Geoff Larson
- Stuart Cohen
- Buffy Pederson
- Andrew Campbell
- Grant Ritter
- Janet Schempf

CBJ Employees Present:

- Denise Koch, Director, Engineering & Public Works
- Brian McGuire, Utilities Superintendent
- Chad Gubala, Utilities Production & Treatment Manager
- Amanda Hatch, Utilities Administrative Assistant

D. APPROVAL OF AGENDA

Mr. Larson requested that approval of minutes be skipped until the next regular meeting. Without objection, the approval of minutes was skipped.

E. APPROVAL OF MINUTES

1. September 12, 2024 - Regular Meeting

Mr. Larson requested that approval of minutes be skipped until the next regular meeting. Without objection, the approval of minutes was skipped.

F. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

G. AGENDA TOPICS

2. Rate Study & Rate Increase Discussion

- Mr Larson: In the past UAB meetings have gone to talk to assembly members, and have agreed upon talking points. Mr. Larson suggested that this occur again.
- Chair Campbell: The Assembly has seen the Rate Study and that would be the primary content.
- UAB members offered to outreach to the following assembly members:
 - o Chair Campbell: Mayor Beth Weldon, and Assemblyperson Wade Bryson
 - o Mr. Larson: Assemblypersons Neil Steininger ,Alicia Hughes-Skandijs, & Christine Woll
 - o Mr. Cohen: Assemblypersons Greg Smith, Maureen Hall, Ella Adkison, & Paul Kelly
- Mrs. Koch: We will reforward the Rate Study presentation to UAB Members.
- Mr. Larson: What is the timeline for public presentations, presentations to the assembly, etc?
- Mrs. Koch: The discussion started with the Public Works & Facilities Committee (PWFC), then the Assembly Finance Committee (AFC), and will then go before the Committee of the Whole (COW).
- Mr McGuire: At PWFC, the wastewater bond had not passed, and by the time of the AFC meeting, the bond had passed.
- Mr. Cohen: It would be helpful to have a list of likely things that would happen if rates are not raised.
- Mr. Campbell: The most important thing that I want to discuss with them is if they do what they did last time we came to them and they give us half of what we're asking for, we're going to continue to fall down this hole. The drastic nature of the situation is caused by the removal of the sales tax funding. That was a huge hit on top of them already cutting our rate increase request in half in the last cycle.
- Mr. Cohen: The assembly might think that since there weren't big obvious effects the last time the rates weren't raised as much as requested, so there may be a need to provide evidence of what would happen if rates weren't passed.
- Mrs. Koch: There were components of the Capital Plan that the current proposal is based upon that had risks associated with it, and Mr. McGuire can share those risks with the group.
- Mr. McGuire: The capital projects were coded by the following risk factors, and capital projects with more risk factors were moved up on the list. So there are projects with some of the following risk factors that are not addressed in the current plan:
 - o For Wastewater (Sewer)
 - § System Controls and Security
 - § Condition of Infrastructure, including Obsolescence, End of Life, Deferred Maintenance
 - § Mendenhall TP Viability
 - § Infiltration and Inflow Reduction
 - § Road Reconstruction Alignment
 - o For Water
 - § System Controls and Security
 - § Condition of Infrastructure, including Obsolescence, End of Life, Deferred Maintenance

§ Valley Water Supply Disruption

§ Road Reconstruction Alignment

- The reduced capital plan reduces a total of 80 Water projects to 21 over the course of 5 years, and for Sewer, reduces from 50 projects to 15. The total cost is 56 million over 5 years instead of over 500 million.
- A lot of the projects that were removed from the rate increase model had to do with aging infrastructure, things that were reaching end of life but were not otherwise failing. These projects not being included may result in service outages due to failed infrastructure.
- All of the projects that are being discussed are already known - they may well be other issues that are not already discovered. So there is a need to be thinking about contingency plans.
- There are also concerns about physical and cybersecurity that will require funding.
- There is a goal to upgrade and renew Mendenhall Wastewater Treatment Plant in such a way that would extend the life of the plant for another 20 years, in order to avoid a current replacement estimate of 100 million dollars for the plant.
- Mr. Cohen: Can Mr. McGuire and Mr. Gubala create a simplified narrative that could be shared with UAB that they can use to guide their conversations with assembly members who may not be able to understand the details of utility capital projects?
- Mr. Campbell: We need to tell the assembly members that the CIP list is a plan created by Utility experts about how to maintain the system and extend its life however possible, and that the plan needs to have a certain stable level of funding to be viable. When the assembly took away sales tax money, that effectively undercut the planning that went into coming up with the full CIP list and the priorities. Now the Utility has come up with the absolute, bare minimum plan that keeps the city moving forward. It's still less than what has been done or what should be done, but it's something. Not having a continual plan for replacement for the utility infrastructure greatly increases the chance that there will be an emergency failure.
- Mr. Gubala: CBJ now is working on having plans for emergency infrastructure failures, which includes looking at other cities and water systems that have gone through those kinds of failures. Some cities might turn off certain neighborhoods, or provide water on a timed basis, or deliver water through distribution centers. CBJ is not set up to flex services in this kind of way, which makes it challenging to come up with emergency plans.
- Mr. Campbell - Which is wise, but also not what we should be doing. We should be funding a healthy level of utility replacement. What we are asking for now is not that, it's below a healthy level. Having funding available also allows for project efficiencies - like ensuring that utility lines are updated when another entity is working on a street.
- Mr. Larson: It's important to remind the assembly that this is not a crisis that just occurred- it's the legacy of deferring maintenance. Deferred maintenance is not a cost-saving - it's actually going to cause an increase in the future for repairs due to inflation and when emergency repairs have to occur. This all started back in the 80's and 90's, and it's just compounded over time.
- Mr. Gubala - In addition to the aging infrastructure, we also have newer, increased regulatory mandates that we now need to find resources to meet or push back on. While this hasn't been true for CBJ, for example, many municipalities are seeing substantial costs associated with the Lead Service Line Inventory from the EPA.

- Mr. Campbell - It would be interesting to be able to talk about what the rate increases would have looked like if the sales tax had not previously been removed from the Utility funding structure.
- Mr. McGuire: Since 2016, Water had received 2 million and Wastewater had received 13.5 million in funding. It likely would have had a significant impact on the rates we're asking for now.
- There was a question about the timeline and when the conversations should occur. The public meeting is going to happen the week of December 16th. It would be ideal if the assembly members have heard from UAB before that meeting.
- Mr. Campbell - The next time there is a discussion about sales tax, the UAB members should be present and visible.

H. NEXT MEETING DATE

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

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

Meeting Adjourned at 6:11 PM.

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.