

I, Geoff Larson, attended the Public Meeting regarding Rate Increase Proposal held at the Thunder Mountain Middle School on December 19th, 2024. Below is my overview of that meeting followed by **Other Questions, Topics and Discussions** I thought were germane but were not included/covered in the articles written by KTOO and the Empire that focused on the rate increases. And finally, I attached the subsequent news coverage articles from KTOO and the Empire that summarize much of the financial information presented.

OVERVIEW: The meeting held at Thunder Mountain Middle School on December 19 from 6pm to 8 pm was well attended with engaged and thoughtful questions and comments. One member of the assembly was in the audience along with a reporter from the Empire and KTOO. Staff did a good job outlining the rate assessment needs process with their presentations supported by story boards that covered significant elements of the overall capital expenditure plan, other municipal rate comparisons and facility descriptions.

The FCS Consulting representative then presented their analysis of needs and options which we at the UAB have seen and that the Assembly has seen via various committee presentations, e.g. public works, and Finance Committees. And this presentation will be seen again by the public when this is presented for assembly action.

The Juneau Empire and KTOO did follow up articles on this meeting covering some of the questions that came up verbally during this meeting but they did focus on the financial rates extensively. Also, Staff have gathered written questions from the attendees which will need to be addressed and answered for the assembly. The Utility has successfully engaged the public with the same comprehensive information as the assembly has. I believe this will make the assembly feel more comfortable so that they can make an informed decision with the knowledge that the public has been given the chance to be engaged. This doesn't mean everyone is on board and supportive of the rate increases but the facts are before everyone.

This was a successful outreach to the public. Also, staff will have the chance to address the questions the public raised to the assembly so the assembly can incorporate this in their preparation for assembly action.

The meeting ended with a member of the public saying "You do a great job! This is a Need! Sales Tax money is for needs!"

Other Questions, Topics and Discussions which may need some attention:

Are commercial rates going up, like VRBO's, the same percentage as residential customers?
(answer is YES this is across the board % increases)

Why did we opt for the Higher Treatment System and not go for the 301H waiver like the other AK cities? Can we get a 301 H waiver? (answer...)

There is no Revenue Growth forecasted in the model, but the city is forecasting slow population growth- that doesn't seem right, Why the need for higher rates when population growth will already drive revenues up?)

Are property taxes (other taxes) helping to support the utility? (Answer – sales tax was applied – but is not any longer)

How can we improve solid waste disposal costs (Answer :Pyrolysis making Biochar, we have a 2+ million\$ emerging technology grant to establish the technology to destroy PFAS and make a commercial product while recovering energy and use it in the plant- this was applauded by the audience)

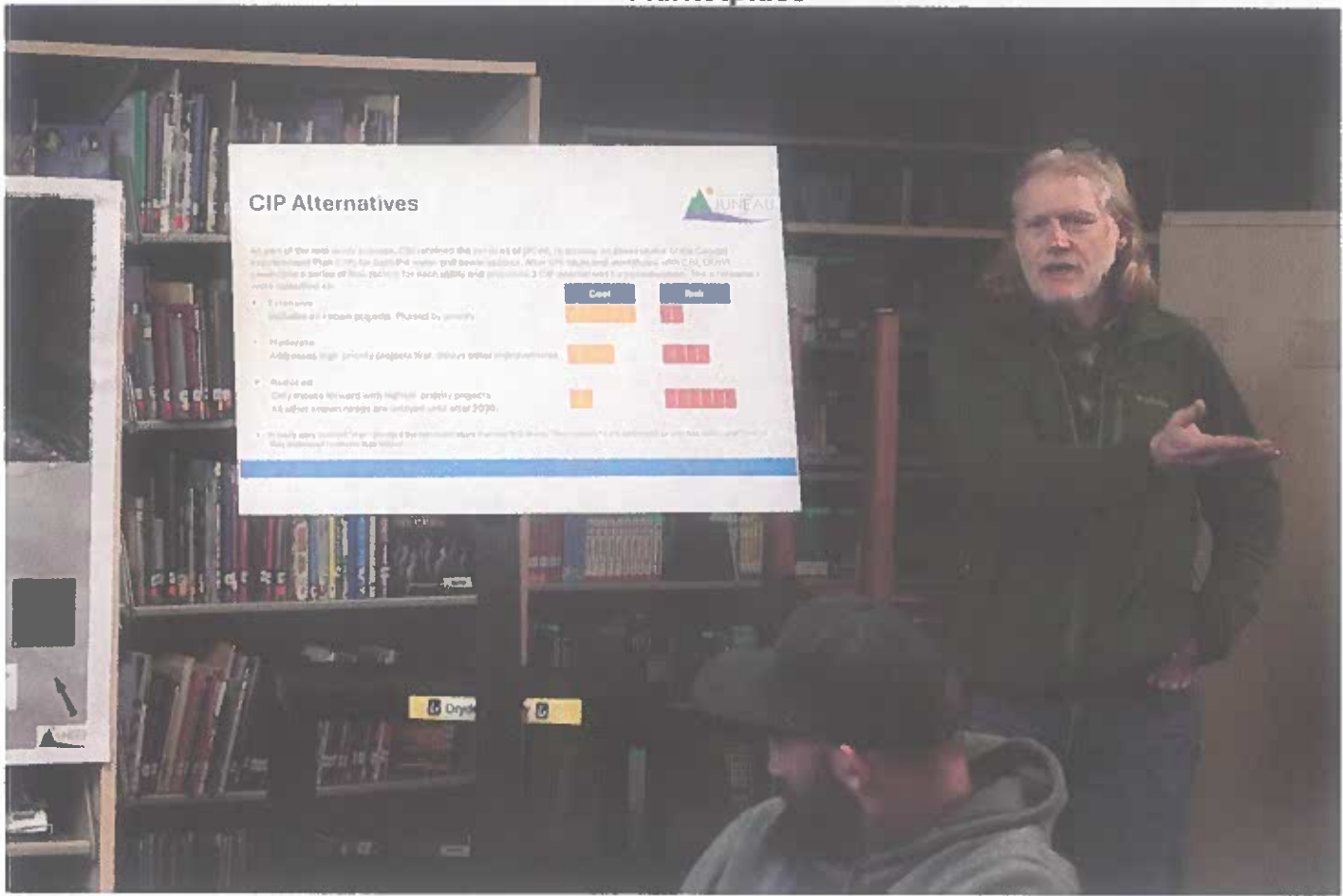
Why not charge big users more. (answer the % increases are applied to all therefore big users will be paying more)

Can consumer awareness reduce costs (answer yes Grease, *diapers*, source control programs to control upsets and other examples were discussed)

The Tourist industry topic came up in different ways with questions like “Can we look at Winter WW solids vs in the summer vs to assess tourist costs?” “How much does Cruise ship impact downtown vs Mendenhall?” (An observation from Staff was that on a dry day we get 1.1 million gallons of water, on a rainy day we can get 4 million gallons of water. Implying other effects with storm water impacts with downtown/valley comparisons)

Are vacant houses still paying water and ww rates? Waste Water Meters? (answer/observation: out the road with all the lift stations vs next to the Mendenhall WW treatment plant, lots of people in a house vs a house downtown vs Valley)

The questions and discussions did also include, describing this rate increase proposal process of Utility Advisory Board review, FCS hired, Public Works Committee, Finance Committee, COW and Assembly. Also brought up by staff were successes like Permit modification created a (?\$100 MM?) savings and we had landscape collection removed from our requirements. (?)



Alan Steffert, a project engineer for the City and Borough of Juneau, explains alternatives considered when assessing infrastructure improvements including utilities upgrades during a meeting to discuss a proposed fee increase Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

Hike of more than 60% in water rates, 80% in sewer over next five years proposed by CBJ utilities

Increase needed due to rates not keeping up with inflation, officials say; Assembly will need to OK plan.

By Mark Sabbatini

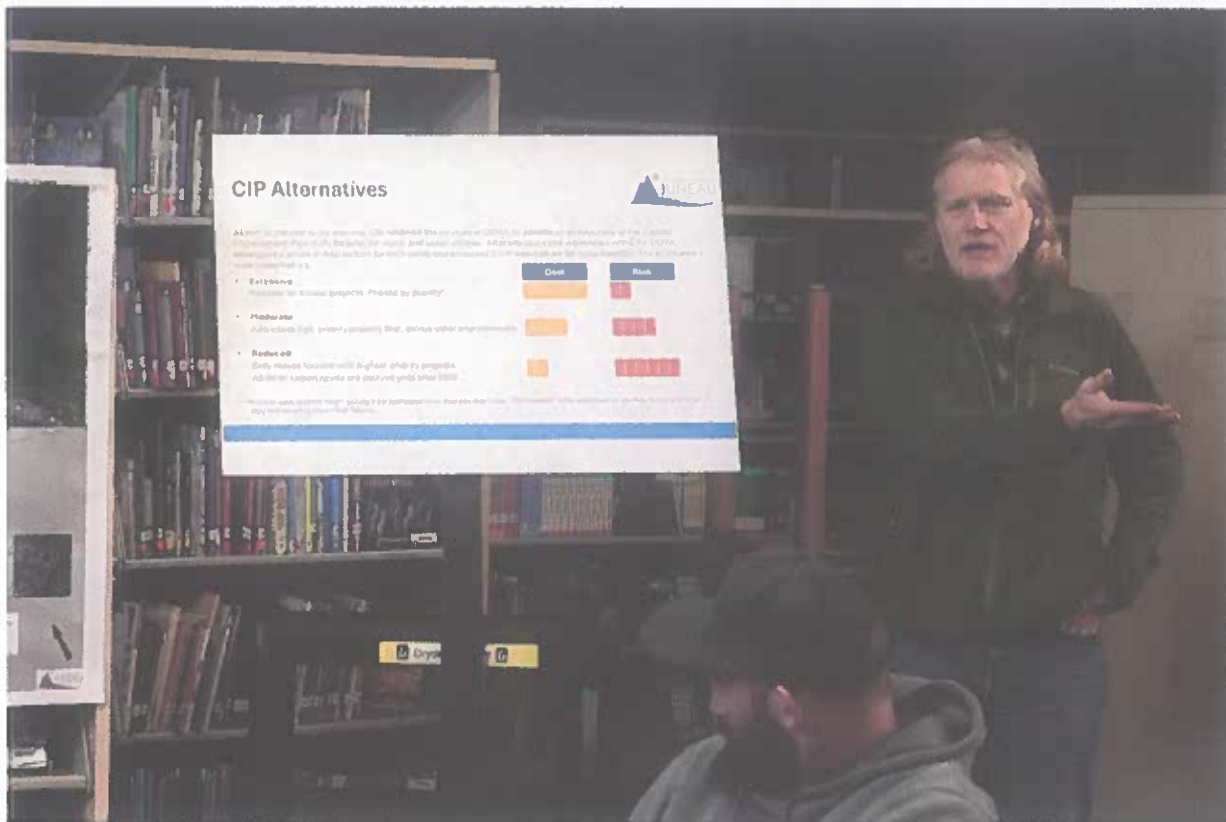
Friday, December 20, 2024 3:26pm | NEWS MUNICIPAL GOVERNMENT

A proposed increase of more than 60% in water rates and 80% in sewer rates during the next five years has some unhappy residents wanting answers to a lot of questions before it gets to the Juneau Assembly for a vote.

Proposed increases highlighted by the city's utilities division at its website would raise water rates 10.25% and wastewater 12.75% a year for each of the next five years for Residential Flat Rate customers. The accumulating increases mean a current monthly water bill of \$40.72 would be \$66.33 as of July of 2029 and a current sewer bill of \$106.08 this year would be \$191.58 by 2029.

Officials discussing the increases during an open house Thursday night at Thunder Mountain Middle School said other options with lower rate hikes exist, if bonds or other funding measures are implemented. Comments from the meeting as well as other public input are being collected for when the matter will be presented to the Assembly during the coming months.

Juneau residents in October approved a \$10 million bond to fund wastewater improvements by a 7,000 to 3,565 vote, with utilities officials saying Thursday the proposed rate hikes would have been higher had the measure failed. Some Assembly members have said since the election it may be tough to come back next year with another bond measure — especially if a rate increase is also implemented.



Alan Steffert, a project engineer for the City and Borough of Juneau, explains alternatives considered when assessing infrastructure improvements including utilities upgrades during a meeting to discuss a proposed fee increase Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

However, the City and Borough of Juneau hasn't been keeping up with inflation by increasing its rates 2% a year since 2020, which is a primary reason there is a need to catch up now to cover costs ranging as operating facilities, maintenance and upgrades, and disposal of treated sewage, said Paul Quinn, a project manager for the FCS Group, a Washington-state company hired by CBJ to compile a [rate increase study](#).

"We've been trying to kind of kick the can down the road and now we are where we are, and we have to look at how to move forward," he said during Thursday's meeting.

Among the rapidly increasing costs are shipping about 1,200 tons of dried and treated sewage biosolids south for disposal per year, said Brian McGuire, CBJ's utilities superintendent.

"We've seen quite a bit of escalation in everything that leaves here," he said, adding "one year we saw a 40% increase in just the shipping."

But residents in turn expressed concern about the rising costs they're already paying for utilities.

"We just got done with five rate increases just recently and those rate increases are as much as what I was charging on (utilities) on my apartments," said Jim Sidney, who with his wife co-owns Swampy Acres.

"The new rate increases are going to be here in five years and so now you're making your rental units go sky high by an additional \$200 here in the next five years. We've got to be able to stop our inflation in town to where we can get it under control. Is it going to be where we can privatize the sewer system where we can get it run by private people so we don't have these tremendous wages going out?"

CBJ Public Works Director Denise Koch, in response, noted that a rate comparison of other Alaska communities in the FCS Group study notes Fairbanks, which has a private operator, had the highest rates among those surveyed.

Multiple options are included in the company's report for water and wastewater rates and other funding. The water options include a "cash" option covering costs through rate fees and existing municipal funds, while a "debt" option suggests having 20% of infrastructure costs over five years covered with state loans.

The "debt" option would result in water bills increasing by about 40% to \$57.11 in five years, compared to \$66.33 under the cash option.

Similar options are proposed for covering wastewater costs. However, CBJ officials note the city isn't considered a good candidate for some government loans because it's not considered a disadvantaged community.

Quinn also said the study considers three different levels of funding capital project costs, from minimal to cover critical short-term needs to higher end to cover major needed improvements.

"Under that reduced plan that we're going to be discussing results for tonight that's about \$60 million of costs through 2030," he said. "Now you look at the extensive plan that's (about) \$520 million of cost. The extensive plan identifies all the projects that the utilities are going to need to fund at

the current point in time. What staff has done is they've prioritized projects — so what is absolutely critical to get done today? What do we what do we need to make sure? What do we need to do to make sure we can provide reliable service over the next five years? So that's what that reduced plan does. It has identified the absolute critical projects that absolutely need to get done over the next five years in order to continue providing you all service.”

“It is important to note that under the reduced plan, there is still a small risk to utility service,” Quinn added. “Staff has evaluated this and they do feel comfortable moving forward under this reduced plan in order to keep rates as manageable as we can.”

Residents, beyond saying they're unhappy about the prospect paying more for utilities, questioned officials during the meeting about what type of customers are paying what rates for their volume of usage. Some asked, for instance, about the city's volume of water use and sewage during the cruise ship season, and whether the passengers/companies responsible were in some way paying for that use.

“They are charged a different rate schedule than you all,” Quinn said. “I believe it's the industrial rate schedule of the utility and so, on a per-gallon basis, they pay more than anyone else in the community. So they are paying their share.”

McGuire said CBJ's public works department has also applied for and at times gotten Marine Passenger Fees, which are collected from each passenger and used toward purposes meant to offset impacts and/or improve city services used by tourists.

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Paul Quinn, a project manager for the FCS Group based in Washington state, explains the process resulting in a proposal to increase water and wastewater rates during a meeting Thursday night at Thunder Mountain Middle School. (Mark Sabbatini / Juneau Empire)

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Juneau residents wary of proposed utility rate hikes down the pipe

December 20, 2024 by Clarise Larson, KTOO (<https://www.ktoo.org/author/clarise-larson/>)

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Alan Steffert with the city's Engineering and Public Works department fields questions at an informational meeting about utility rates at Thunder Mountain Middle School on Thursday, Dec. 19, 2024. (Clarise Larson/KTOO)

Municipal utility staff say they need to raise Juneau residents' water and sewer rates (<https://juneau.org/engineering-public-works/utilities-division/proposed-rate-increase>) by more than 50% over the next five years to address critical infrastructure repairs.

At an informational meeting at Thunder Mountain Middle School Thursday evening, residents reacted to the news. Jesse Hay, a Mendenhall Valley resident, said he understood the need for repairs, but he's disappointed with the city's overall approach to spending.

"The utilities are definitely a requirement. But I think people just get frustrated that every time we turn around, the city's asking for more and more," he said. "The residents are just kind of getting tired of it because it's getting too damn expensive to live here."



Juneau's utility rates have gone up 2% each year since 2020 (<https://www.ktoo.org/2023/06/08/juneau-water-and-sewer-utility-rates-will-rise-in-july/>). The last time rates were increased was this summer.

Now, the division proposes increasing the flat residential water rate by 10.25% starting next July. Then, another 10.25% each July until 2029. The proposed sewer increase is between 12 to 13% each year.

At the meeting, city staff said it could have been much higher. (https://juneau.org/wp-content/uploads/2024/09/PWFC_Rate-Increase_8_5_24_FCS.pdf) In October, Juneau voters approved a wastewater bond (<https://mccmeetingspublic.blob.core.usgovcloudapi.net/juneauak-meet-0076fa1fc318435db6ba03abf2f8b1ca/ITEM-Attachment-001-b32640757acc471a9acc39098be25042.pdf>) to borrow \$10 million to replace critical infrastructure at the Juneau Douglas Wastewater Treatment Plant.

Alan Steffert with the Engineering and Public Works department said the bond helped shave off a significant amount of repair costs – but there are still a lot of upgrades that need to happen beyond that.

“We’re actively replacing our infrastructure, be it wastewater or water, be it treatment, be it collections, be it distribution,” he said. “There’s no end of products or projects we can spend on and it’s a matter of prioritizing.”

Some residents, like Shawn Lovell, wanted to know how much cruise ship traffic takes a toll on the city’s wastewater infrastructure, and if residents will be the only ones paying if rates increase.

“How much are we actually getting from the cruise industry to offset that? Because it seems like we, as the locals, are the ones that are footing that excess bill, where maybe a little bit more should be twisted or pushed on to help them pay for it,” he said.

His comments, and many others from residents who attended the meeting, will be passed on to the Juneau Assembly. Residents may also submit comments about the proposals online. (https://forms.office.com/Pages/ResponsePage.aspx?id=OoUKb_r_NoqVGYPeSlSigmq6Dju9A8dBrAb1qIwLqcxUMINWWUMyNTY4RDlSSoU2RVBZUDBWRlFMTCQlQCN0PWcu) The Assembly will vote on the rate proposal before July.

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