



City and Borough of Juneau  
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TO: Chair Woll and CBJ Finance Committee  
FROM: Katie Koester, City Manager  
DATE: January 29, 2025  
RE: Potential Bond Projects for October 2025 Ballot

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At the January 8<sup>th</sup> Assembly Finance Committee (AFC) the Assembly discussed potential bond projects for the October 2025 ballot. At that meeting, members requested more time to decide whether to task the Joint Assembly/School Board and Utility Advisory Board on developing potential projects.

1. Water and Wastewater (WW) Utility Infrastructure

At the January meeting the AFC expressed an interest in exploring additional bond project projects as a way to defray utility rate increases. I want to caution the Assembly that if we do not increase rates, we risk putting the community in an even worse 'rate shock' scenario in 2030 – years of insufficient rate increases have gotten us to where we are today – needing an annual 12.75% increase in wastewater rates and 10.25% increase in water rates for the next 5 years. Not raising rates compounds the issue over time.

That being said, I appreciate the very real impact utility rate increases will have on each and every household and business in our community. A \$10M bond for wastewater (WW) projects reduces the need for WW rate increases by 3%. Our utility rate model includes \$4M of annual spending in underground utility infrastructure (water and wastewater) that is done in conjunction with street improvements. I have asked our utility rate consultant to model a scenario where we use street sales tax funds to pay for this underground work. This would mean we would be able to do at least 2 fewer street projects a year. Currently we spend \$12M annually in this category on transportation infrastructure including pavement management, stair and sidewalk repairs, transit capital expenditures, and an average of 4-5 streets. Diverting 1/3 of these funds to utility work would have a major impact on our ability to respond to our need to stay on top of our street rehabilitation. However, this would be a way to spend sales tax dollars on utility infrastructure. In the 2025 Capital Improvement Plan (CIP) the Assembly approved some sales tax spending on underfunded utility infrastructure due to insufficient funds in the utility. You will see another ask from just short of \$1M in this year's CIP.

<b>Recommended WW Rate increase: 12.75%</b>	
With additional \$10M in capital spending in FY27	9.25%
With \$2M in street sales tax funding annually	5.5%

<b>Recommended Water Rate increase: 10.25%</b>	
With \$2M in street sales tax funding annually	0%

If the Assembly would like to use bonds to offset utility rate increases, I recommend giving the Utility Advisory Board direction to develop a \$10M project or list of projects that can be spent in FY27 and return with a recommendation to the AFC in April. Further committee work needs to be done on offsetting utility rate increases to land on a number the body is comfortable with through sales tax; please let me know what additional questions you have or scenarios you would like to see, and we will bring this back to you at a future AFC.

## 2. Juneau School District (JSD) Capital Improvement Projects

The FY2026 JSD six-year CIP is attached – hot off the press from the 2026 CIP presentation at Public Works & Facilities Committee (PWFC).

The moratorium on new projects for school debt bond reimbursement ends on July 1, 2025. We heard at the Legislative breakfast that it is unlikely legislation to delay that date will pass this session. I have not found easily available information on what a restart to the program will look like, however exploring project eligibility would be part of the work of the Joint Assembly/School Board Facilities Committee. The Capital Grant program and Debt Reimbursement are governed under the same set of [statutes and regulations](#) and can offer guidance. The Capital Grant program receives millions of dollars of submissions from school districts a year. They are scored and the top projects are funded by the Legislature; you will recall we received funding for school roof replacement projects under this program. JSD submits a list of projects to DEED annually.

If the Assembly would like to pursue a school bond this year, I recommend giving guidance to the Joint Assembly/School Board Facilities committee to develop a list of maintenance projects that would meet the program eligibility requirements and a target number (\$10M, for example).

### **Timing**

The Clerks must approve a final copy of ballot language to the printers by early August. I recommend you give the committees until an April AFC meeting to bring you back recommendations. A bond proposition should be introduced no later than the June 9<sup>th</sup> regular Assembly meeting. This gives you one extra meeting should you need additional public hearing or debate.

**Recommendation:** Continue to discuss appetite for potential bond projects on the October '25 ballot. If desired, refer project development to the appropriate committees with a target dollar amount and a deadline to report back at an April AFC meeting.