

CITY AND BOROUGH OF JUNEAU

## Water & Wastewater Rate Study

Paul Quinn, Project Manager

Angie Sanchez Virnoche, Principal

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FCS GROUP

Solutions-Oriented Consulting



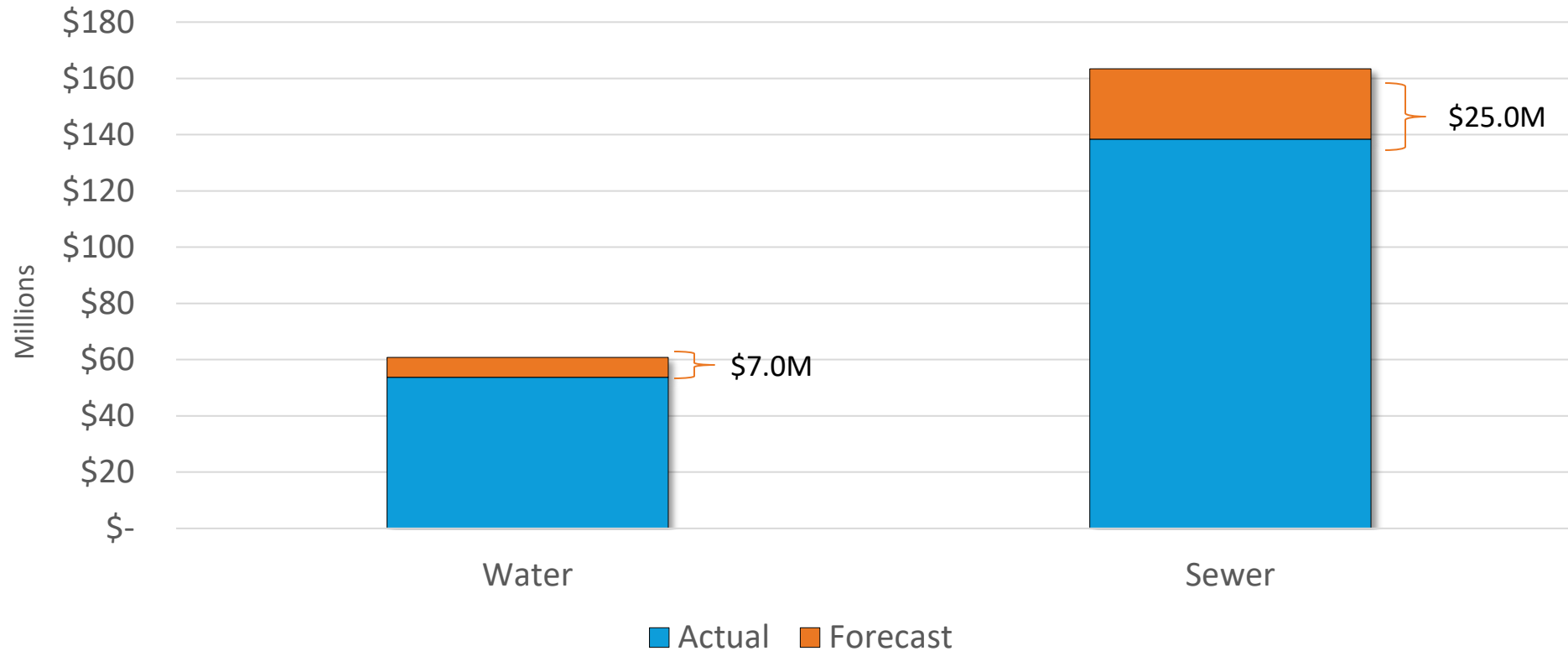
# Agenda

- Review of past rate study
- Overview of revenue requirement
- Key assumptions
- Preliminary results
- Feedback



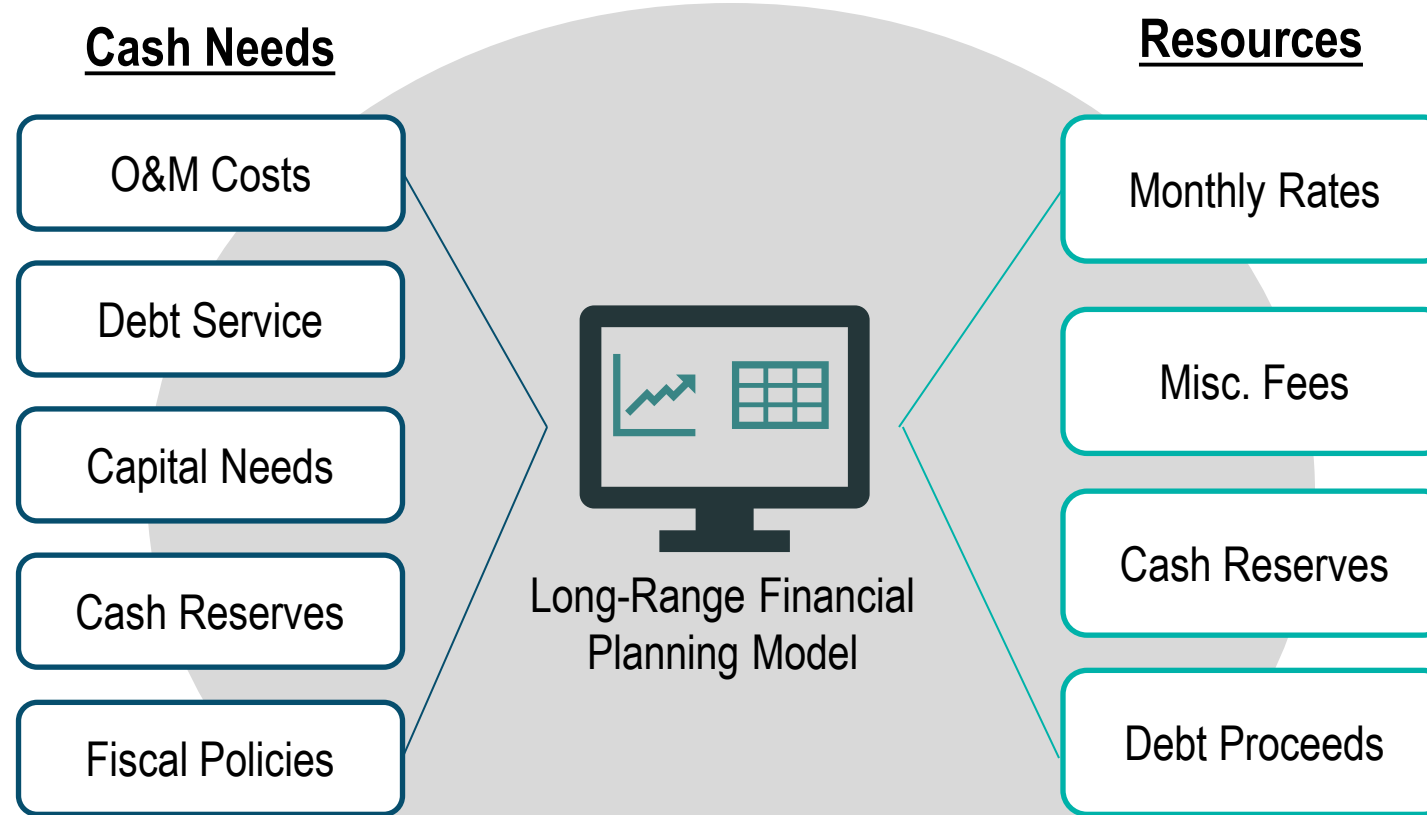
# Forecast vs. Actual Revenue Difference

- Compares total forecast rate revenue vs. actual collected from FY2014 – FY2024





# Rate Study Components



Craft a multi-year rate and financing plan to support the operations and capital needs of each utility



# Financial Forecast Key Assumptions



## Forecast Basis

Study Period: FY2025-2030  
Budget: FY 2025 and 2026  
used as baseline



## Reserve Target

90 days of Operating  
Expenses + 2% of Assets



## Customer Growth

Minimal Growth



## Annual Rate Revenue

Water: \$5.6M  
Sewer: \$15.3M



## Operating Expense Inflation

4.0% to 5.0% annual cost  
inflation factors



## Capital Expense Inflation

5.0% to 7.0% annual cost  
inflation



## Existing Debt Service

Water: \$0.3M  
Sewer: \$1.3M



## Capital Plan

Water: \$4.1M avg. annual  
Sewer: \$5.9M avg. annual



# Capital Plan

- Developed by DOWL in consultation with the utilities
  - » Three alternatives developed
  - » Smallest capital plan available for the utilities selected for today's consideration
- FY2026-2030
- Addresses some of the highest priority projects
  - » Defers majority of projects beyond study period (FY2030)
- Risk to utility service exists under this plan



# Capital Plan vs. Current Assets

- Water infrastructure
  - » 2 water sources and treatment facilities
  - » 6 reservoirs
  - » 8 pump stations
  - » 175 miles of pipes
- Sewer infrastructure
  - » 3 wastewater treatment plants
  - » 45 lift stations
  - » 12 clarifying basins
  - » 140 miles of pipes

Description (\$M)	Water	Sewer
Reproduction Cost of Assets	\$264.1	\$263.5
FY25 – FY30 CIP	\$24.7	\$35.6
CIP as a % of Assets	9.4%	13.5%

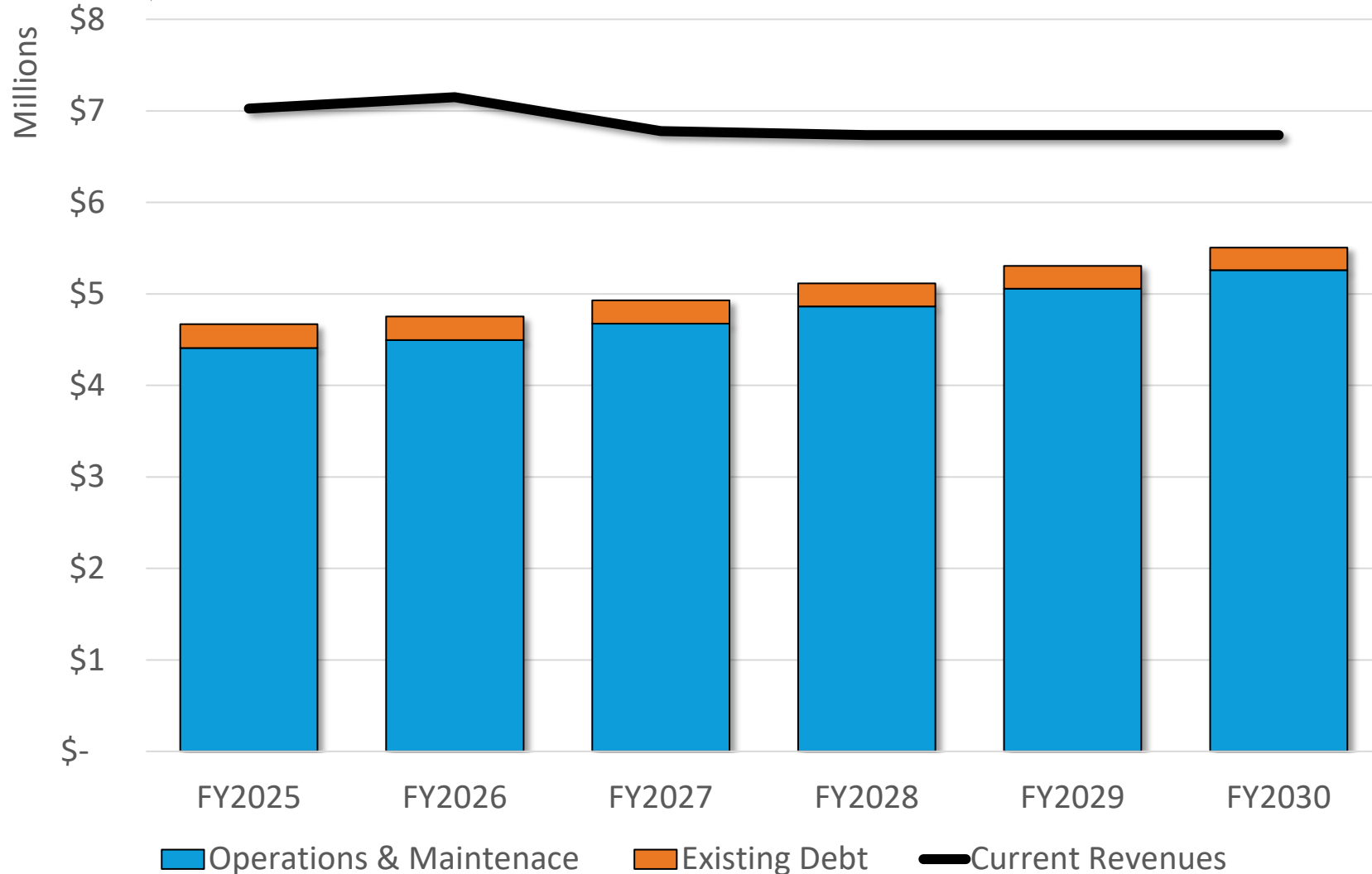


# Water Utility





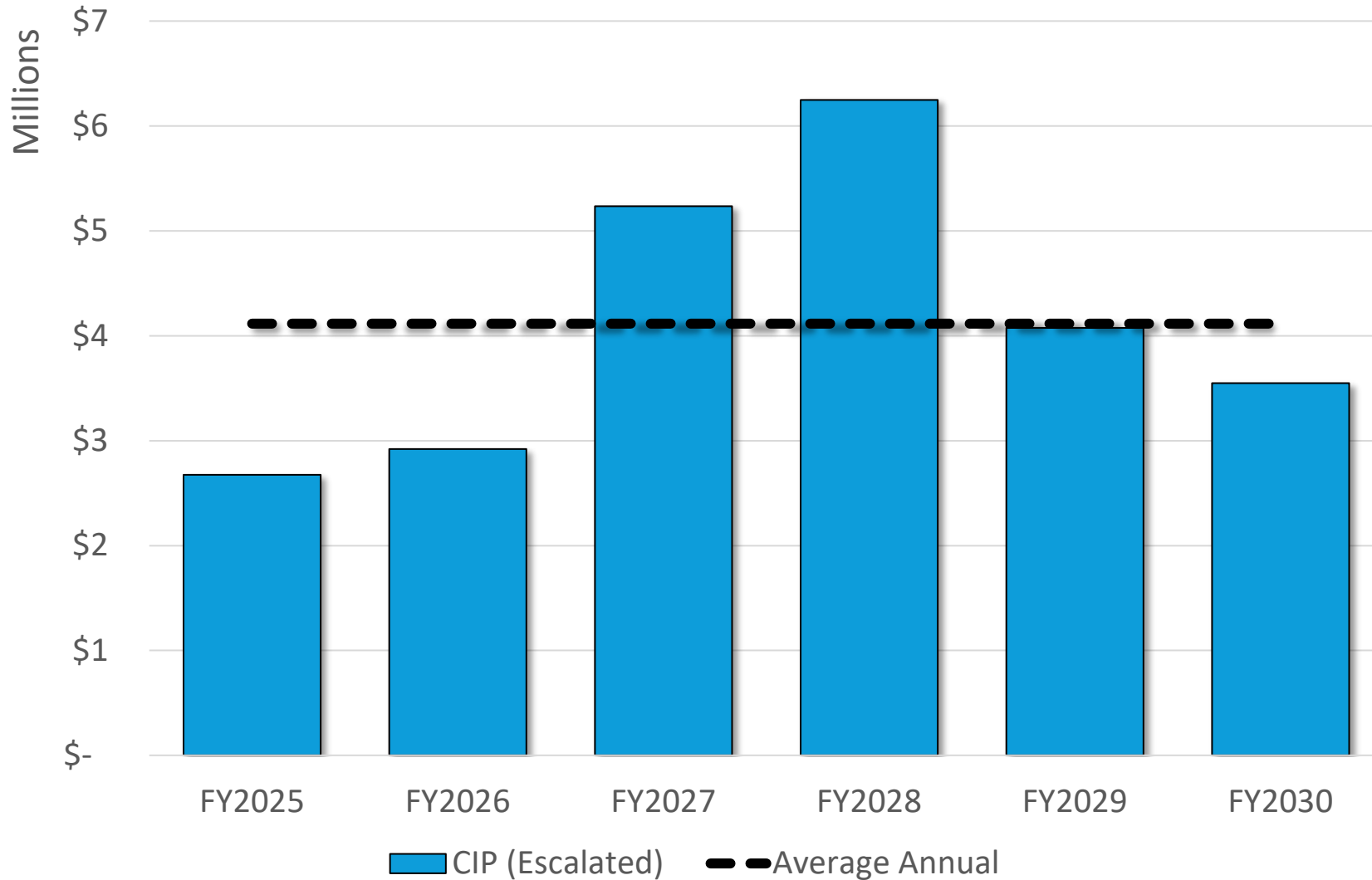
# Water Operating Obligations



- O&M costs: \$4.4 - 5.3M
- Debt: \$0.3M annually
- Revenue: \$6.7 – 7.0M
  
- Under current rates average of \$1.8M available for capital each year



# Water Capital Plan



- \$24.7M in total capital spending needs
- \$4.1M average annual capital spending
- **Deferring \$141.1M beyond FY2030**



# Water Capital Funding Options

- Scenario 1: 100% Cash Funding
  - » Completely fund the capital plan through available fund balance or rate increase
  - » Results in the highest rate impacts
- Scenario 2: Debt Funding
  - » Issue the maximum amount of debt that may be available
  - » Assumed to be 20% of FY2026-2030 capital funded through State loans
    - \$4.3M in debt proceeds



# Alaska Loan Forgiveness

- State loans are assumed to be paid back by the utilities
- State offers loan forgiveness/grants
  - » Prioritizes disadvantaged communities
  - » Looks at various metrics including
    - Lowest quintile income relative to state's figure
    - Utility rates relative to lowest quintile income
    - Number of households receiving SNAP benefits
    - Number of households below poverty level relative to state average
    - Unemployment rates relative to state average
    - Population change
- Juneau is not a good candidate for loan forgiveness/grants



# Water Scenario Comparisons

Fixed Residential Bill	Current	FY2026	FY2027	FY2028	FY2029	FY2030	FY30 Moderate CIP
Cash Funding	\$40.72	\$44.89	\$49.50	\$54.57	\$60.16	\$66.33	\$114.64
Debt Funding	\$40.72	\$43.57	\$46.62	\$49.88	\$53.38	\$57.11	\$95.15

\$ Change to Bill	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Cash Funding	\$4.17	\$4.60	\$5.07	\$5.59	\$6.17	<b>\$25.61</b>
Debt Funding	\$2.85	\$3.05	\$3.26	\$3.49	\$3.74	<b>\$16.39</b>

Debt Proceeds (\$M)	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Cash Funding	\$-	\$-	\$-	\$-	\$-	\$-
Debt Funding	\$0.60	\$1.00	\$1.20	\$0.80	\$0.70	<b>\$4.30</b>

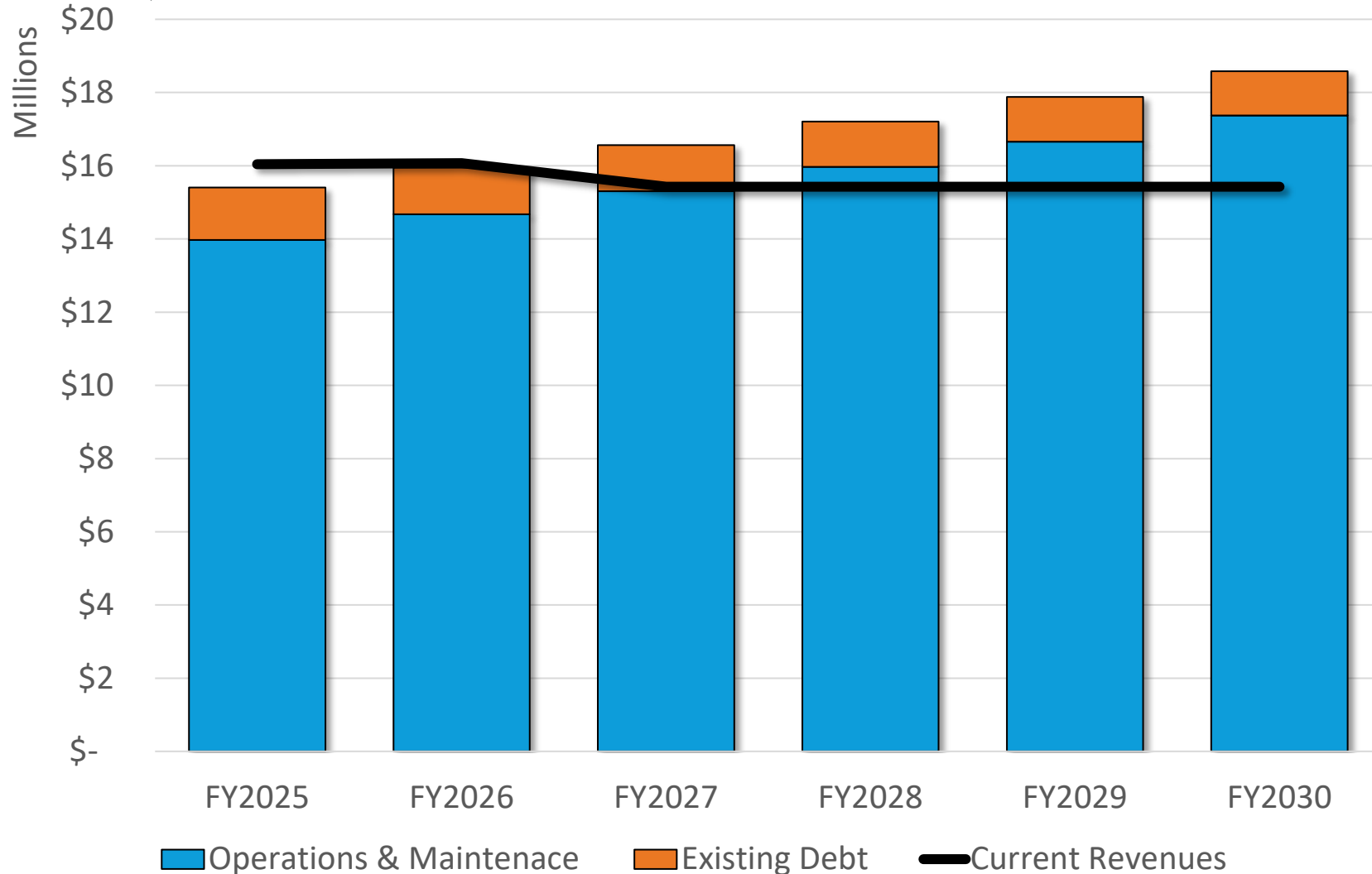
% Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030	FY26 Moderate CIP
Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%	23.00%
Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%	18.50%



Sewer Utility



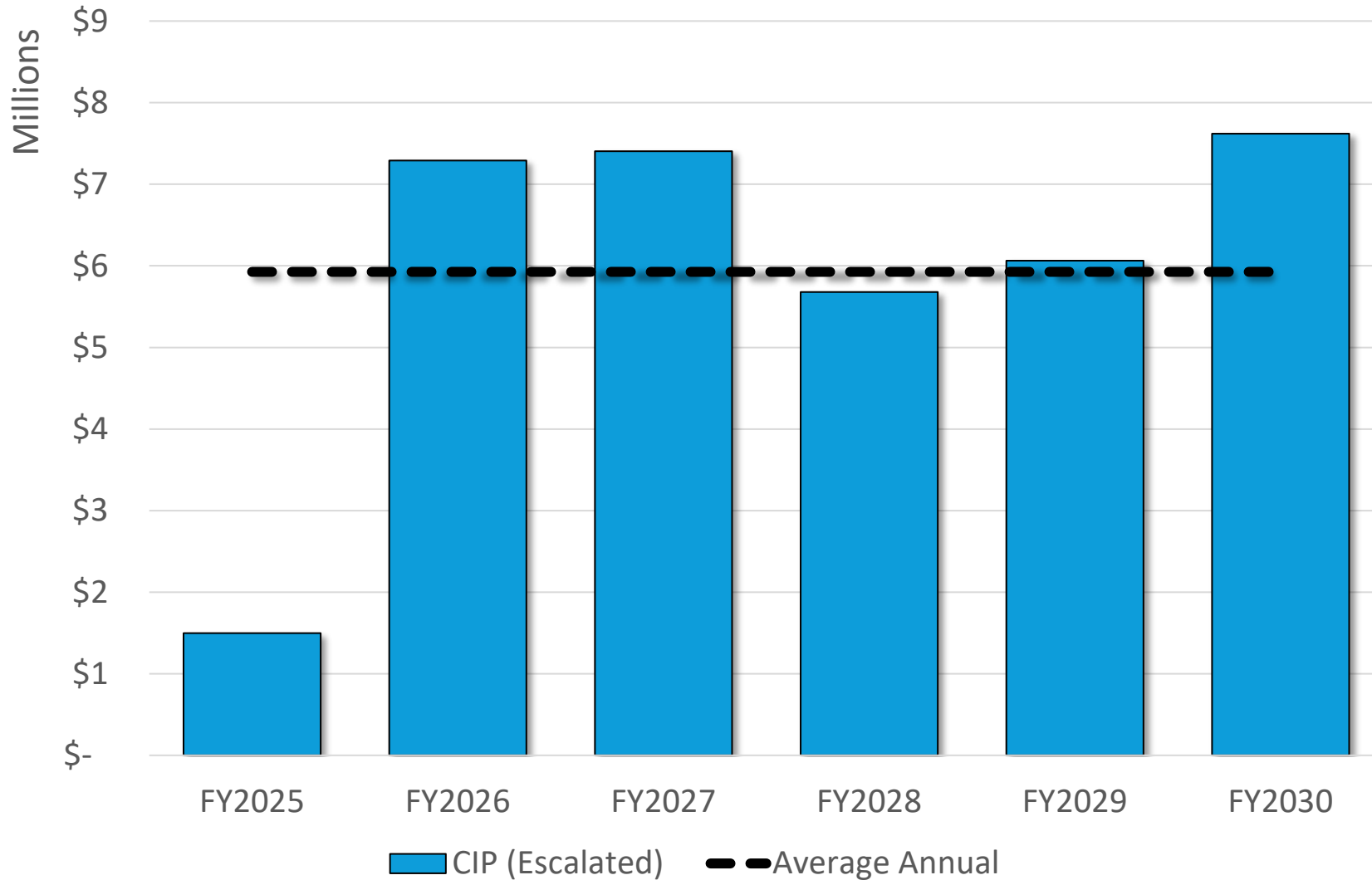
# Sewer Operating Obligations



- O&M costs: \$14.0 – 17.4M
- Debt: \$1.2 – \$1.4M
- Revenue: \$15.4 – \$16.1M
  
- No cash generated for capital
  - » Rate increase necessary to address operating deficiency



# Sewer Capital Plan



- \$35.6M in total capital spending needs
- \$5.9M average annual capital spending
- **Deferring \$210.5M beyond FY2030**





# Sewer Capital Funding Options

- **Scenario 1: 100% Cash Funding**
  - » Completely fund the capital plan through available fund balance or rate increase
    - Includes JD clarifier project
  - » Results in the highest rate impacts
- **Scenario 2: Bond Vote Passes & Cash**
  - » Issue \$10.0M of bonds to fund the JD clarifier
    - Debt to be repaid through property taxes
  - » All other projects cash funded
- **Scenario 3: Bond Vote Passes & Debt**
  - » Bond vote passes & utility secures the maximum amount of State loans that may be available
  - » Assumed to be 20% of FY2026-2030 capital funded through State loans
    - \$4.8M in debt proceeds
    - Clarifier project to be funded through separate \$10.0M bond



# Sewer Scenario Comparisons

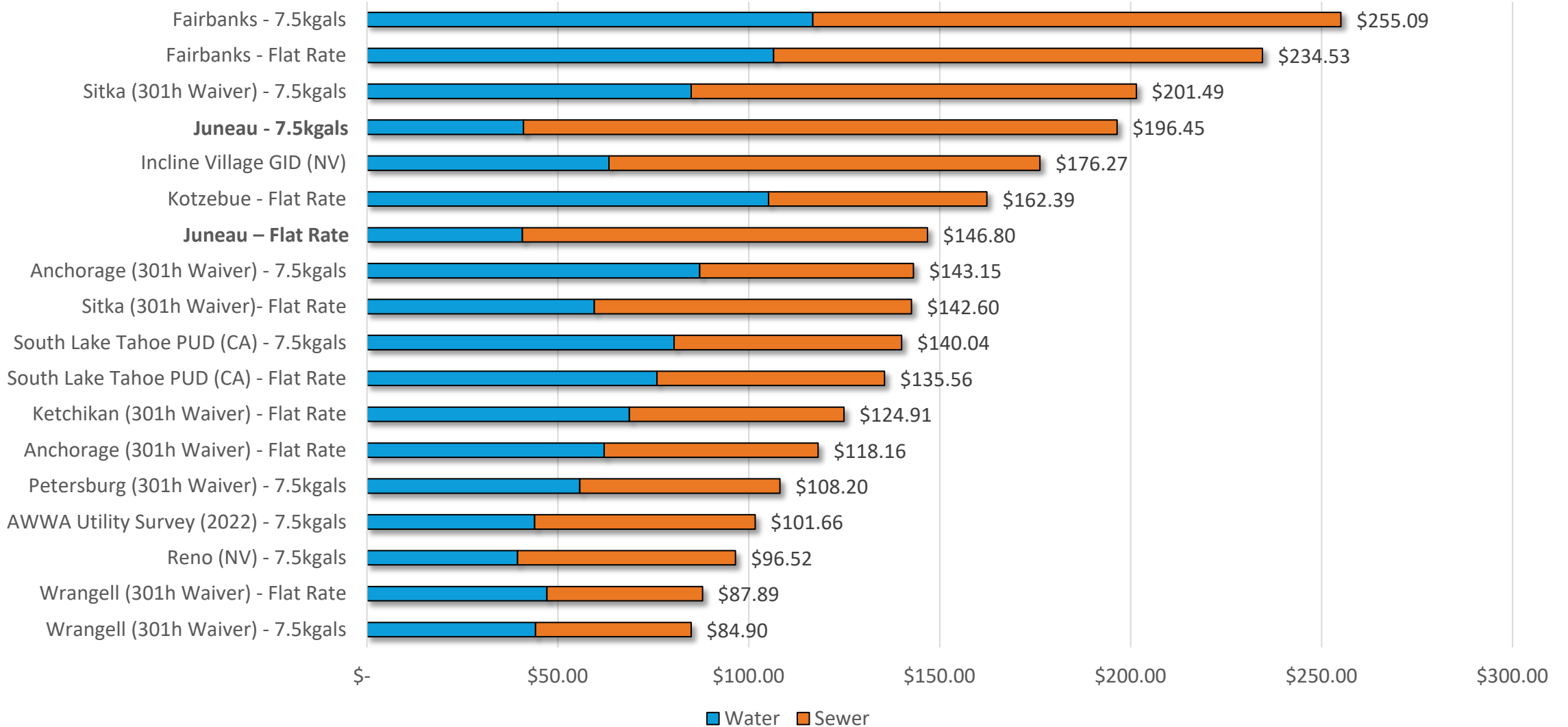
Fixed Residential Bill	Current	FY2026	FY2027	FY2028	FY2029	FY2030		FY30 Moderate CIP
Cash Funding	\$106.08	\$142.15	\$167.73	\$176.12	\$184.93	\$194.17		\$225.47
Bond Vote Passes & Cash	\$106.08	\$119.61	\$134.85	\$152.05	\$170.67	\$191.58		\$219.71
Bond Vote Passes & Debt	\$106.08	\$118.28	\$131.88	\$147.05	\$163.22	\$181.18		\$212.26
\$ Change to Bill		FY2026	FY2027	FY2028	FY2029	FY2030	Total	
Cash Funding		\$36.07	\$25.59	\$8.39	\$8.81	\$9.25	<b>\$88.09</b>	
Bond Vote Passes & Cash		\$13.53	\$15.25	\$17.19	\$18.63	\$20.91	<b>\$85.50</b>	
Bond Vote Passes & Debt		\$12.20	\$13.60	\$15.17	\$16.18	\$17.95	<b>\$75.10</b>	
Debt Proceeds (\$M)		FY2026	FY2027	FY2028	FY2029	FY2030	Total	
Cash Funding		\$-	\$-	\$-	\$-	\$-	<b>\$-</b>	
Bond Vote Passes & Cash		\$10.00	\$-	\$-	\$-	\$-	<b>\$10.00</b>	
Bond Vote Passes & Debt		\$10.50	\$0.50	\$1.10	\$1.20	\$1.50	<b>\$14.80</b>	
% Rate Adjustments		FY2026	FY2027	FY2028	FY2029	FY2030		FY26 Moderate CIP
Cash Funding		34.00%	18.00%	5.00%	5.00%	5.00%		95.00%
Bond Vote Passes & Cash		12.75%	12.75%	12.75%	12.25%	12.25%		65.00%
Bond Vote Passes & Debt		11.50%	11.50%	11.50%	11.00%	11.00%		50.00%



Conclusion



# Rate Benchmarking





# Next Steps / Discussion

- Water Rate Scenarios:

Fixed Residential Bill	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
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<i>\$ Change to Bill</i>		\$4.17	\$4.60	\$5.07	\$5.59	\$6.17
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- Feedback?

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

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