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DATE: August 5, 2024
TO: Wade Bryson, Chair
Public Works and Facilities Committee
FROM: Denise Koch, Engineering & Public Works Director
SUBJECT: Proposed Utility Rate Increase

The CBJ Utility provides the essential public services of providing drinking water and wastewater collection and treatment (sewer). These services are so core to our everyday lives that we assume that they will be provided reliably and hardly ever think about them. Most of the drinking water and sewer plants across the nation were built as a result of Congress passing the Clean Water Act in 1972. The CBJ Utility has assets worth over \$200 million in treatment plants, distribution, and collection lines that can be as old as 50 – 60 years. Consequently, many assets are approaching the end of their designed useful life.

As a municipal entity, the utility proposes and ultimately the Assembly establishes utility rates. The last few years the utility rates increased at a pace of 2%, which didn't even keep pace with inflation. The last approved utility rate increase went into effect on July 1, 2024, with a 2% increase. The Utility has been discussing the need for rate increases with the Utilities Advisory Board (UAB) for over a year. Although nobody likes rate increases, UAB understands and is supportive of the need for rate increases to care for our critical assets. Utility Superintendent, Brian McGuire, gave a [presentation](#) forecasting an anticipated need for rate increases in the 10 – 15% range to PWFC in September 2023. Since that time, we've hired a consultant with expertise in utility rate setting to provide an independent analysis.

My proposed order of addressing the need for Utility rate increases is to vet the proposed increases in PWFC first. Once PWFC has the information that they need, then PWFC would refer the issue to the Assembly Finance Committee (AFC), followed by public meeting(s), COW, and full Assembly. Today's presentations are a continuation of the process that we started in September 2023.

Action Requested

Staff seek guidance on whether:

- 1) PWFC needs specific additional information on this topic to be presented at a future PWFC;
or
- 2) Forward to AFC.

Attachments:

Utilities Superintendent Presentation on Proposed Rate Increases
FCS Presentation on Utilities Rate Study