



Engineering and Public Works Department
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DATE: November 6, 2024
TO: Christine Woll, Chair
Assembly Finance Committee
THROUGH: Denise Koch, Engineering & Public Works Director
FROM: Brian McGuire, Utilities Superintendent
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 rates, which are ultimately established by the Assembly. In recent years, utility rates have increased by only 2% annually, falling short of keeping 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 Utility 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. Their [analysis](#) was presented to PWFC in September of 2024 and referred the matter to the Assembly Finance Committee (AFC).

Staff's recommended next proposed steps for proposing Utility rate increases are public meeting(s) followed by Committee of the Whole (COW), and the full Assembly. Today's presentations are a continuation of the process that we started over a year ago.

Action Requested

- 1) Provide guidance to staff on whether AFC would like any follow-up information before we schedule a public meeting.
- 2) Please express preference for either the Cash or Debt funding options for the rates:

Water % Rate Increase:

% Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
Option 1 - Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%
Option 2 - Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%

Sewer % Rate Increase:

Sewer % Rate Adjustment	FY2026	FY2027	FY2028	FY2029	FY2030
Option 1 - Bond Vote Passes & Cash	12.75%	12.75%	12.75%	12.25%	12.25%
Option 2 - Bond Vote Passes & Debt	11.50%	11.50%	11.50%	11.00%	11.00%

Attachments:

Utilities Superintendent Presentation on Proposed Rate Increases

FCS Presentation on Utilities Rate Study