

Chief Architect Rynne provided insight into the last cancellation of this project and confirmed that funding was secured previously, but BRH opted to cancel the project.

Chair Bryson shared support for the project and shared that the BRH CEO would be providing significant justification at the upcoming Wednesday Assembly Finance meeting as to why they are investing in the ER department while, at the same time, BRH is trying to reduce expenses.

Mr. Hughes-Skandijis moved that the Public Works and Facilities Committee forward the appropriation for \$8.9M from the BRH Fund Balance to CIP #B55-087 be forward to the Assembly Finance Committee for discussion and questions and asked for unanimous consent.

No objections. Motion passed.

4. **Proposed Utility Rate Increase**

Ms. Koch expressed her deep commitment to the Utility, drawing on her educational background, and personal experiences. She highlighted recent instrument failures at Water and Wastewater Treatment facilities that required Utility workers to be present at facilities around the clock.

Chair Bryson asked that staff share the appreciation from the Assembly to Utility staff for their hard work.

Ms. Koch reported that many Utility facilities date back to the 1960s and 1970s, and are beginning to experience significant failures. She noted that there has been substantial collaboration with the Utility Advisory Board (UAB) regarding these issues. She shared that at the September 2023 PWFC, Utilities Superintendent McGuire told the members that a 10-15% rate increase would be necessary. An external consultant has since been engaged, and a recommendation has been received.

Mr. McGuire shared his PowerPoint presentation, which provided an overview of Utility assets and infrastructure, recent rate increases, previous rate studies, and utility goals. Mr. McGuire reminded the group that the last approved Utility Rate Increase took effect in July for Fiscal Year 2025 (07/01/2024 – 06/30/2025).

Mr. McGuire highlighted that from 1984 to 2003, there were no rate increases, and the Utility had an overall operating loss. The next 20-year period, from 2004-2024, is when the Utility Advisory Board (UAB) was formed, and rate increase efforts began. Rate studies were conducted in 2004 and 2014.

Paul Quinn from FCS Consulting presented a PowerPoint presentation on the Water & Wastewater Rate Study. He provided a review of past rate studies (2014 study), an overview of revenue requirements, key assumptions, preliminary results, and requested feedback.

Past Revenue Rate Study: Key takeaways included that the 2014 rate study anticipated more revenue than what was collected (from 2014-2024, Water collected \$7M less than what was projected, and Wastewater (Sewer) collected \$25M less than what was projected due to the deviation from the proposed rates in 2014.

Financial Forecast Key Assumptions (FY2025-2030): Mr. Quinn briefly discussed the forecast basis, reserve target, and capital plan annual spending. He highlighted that the presentation used the smallest capital plan available for Utilities. The capital plan addresses some, but not all, of Utilities' highest priority projects and defers the majority (90%) of projects beyond the study period.

Water Operating Obligations: Mr. Quinn highlighted that although Water Utilities collects enough revenue to support operational costs, there is a deficit for capital projects.

Water Scenario Comparisons: Mr. Quinn provided an example comparing rate increases under two funding methods for a Fixed Residential Bill. The first, Cash Funding, requires a 10.25% increase annually, and the second, Debt Funding, requires a 7% increase annually. Mr. Quinn noted that the

table is based on the smallest capital plan. He demonstrated that using the moderate capital plan would result in nearly doubling the rates by Fiscal Year 2030 (FY30) compared to the smallest capital plan rates. Due to the significant rate increases associated with the moderate capital plan, the decision was made to move forward with the smallest capital plan to ensure rate increases remain more palatable.

Wastewater (Sewer) Operating Obligations: Mr. Quinn highlighted the Sewer Utility is not generating any cash flow that can be used on the capital plan. Beginning in FY26 and FY27, the Sewer Utility will no longer collect enough operating revenue to cover operating expenses.

Sewer Capital Funding options: Mr. Quinn spoke to three different funding options: 100% Cash Funding, Bond Vote Passes & Cash, and Bond Vote Passes & Debt.

Sewer Scenario Comparisons: Mr. Quinn provided an example comparing rate creases under three funding methods for a Fixed Residential Bill. The first is cash funding, which requires a 34% increase in FY26, 18% in FY27, and 5% in the following years. The second, Bond Vote Passes & Cash, requires a 12.75% increase for FY27 through FY28 and 12.25% in FY29 and FY30. The third, Bond Vote Passes & Debt, requires an 11.5% increase in FY26 through FY28 and 11% in FY29 and FY30. He reminded the group that the smallest capital plan was also used for the Sewer Utility and demonstrated that using the moderate capital plan would result in unpalatable increases.

Mr. Kelly inquired if the debt is ever paid for through sales tax or other revenue. Ms. Koch shared that, at this point, the Utility is fully supported by ratepayers. Utilities are not receiving Sales Tax or Property Tax. Ms. Koch reminded the group that this could be a discussion in future years in the 1% Sales Tax.

Chair Bryson asked if the PWFC could recommend the smallest capital plan scenario and forward it to the Assembly Finance Committee. Ms. Koch confirmed this could be done. She clarified that the group could refer the rate study to Finance with recommendations, hold it at PWFC, or decide to wait until after the municipal election.

Mr. Kelly inquired about the term CBJ would be paying back debt. Mr. Quinn shared that for the State loans, they assumed a 20-year term at a 2%% rate consistent with what the State is offering at this time. Mr. Quinn shared that bonds were assumed to be repaid through property taxes and not through Utility Rates; no assumptions were made through the Utility Analysis. Ms. McEwen shared that the Bond on the ballot is a 10-year term.

Ms. Hughes-Skandijs expressed her gratitude to the consultants, superintendent, director, and Utility Advisory board for their work.

Mr. Hughes-Skandijs moved that the Public Works and Facilities Committee forward the full Proposed Utility Rate Increase to the Assembly Finance Committee.

No objections. Motion passed.

G. INFORMATION ITEMS

5. Mendenhall River Drainage Outfall Culverts Update (Check Valves)

Ms. Koch shared that the check valves are installed, and all the storm and sewer drains along the river currently have one-way valves, meaning that water will not travel up through the storm and sewer systems into the community.

6. August 2023 Jökulhlaup Flood Anniversary & Update