



City and Borough of Juneau
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TO: Chair Woll and CBJ Finance Committee
 FROM: Katie Koester, City Manager
 DATE: April 25, 2024
 RE: Ballot Timing and Potential Bond Projects

As the Assembly struggles with budget decisions, I want to keep on your radar the significant capital needs CBJ has and continue the conversation on potential bond projects to put on the upcoming October municipal ballot. There may be other ballot questions the Assembly wants to pose to the voter; now is the time to start talking about those to pass an ordinance by early August.

Timing

The Clerks have to approve a final copy of ballot language to the printers by early August. I recommend introducing an ordinance for a bond proposition no later than the June 17th regular Assembly meeting. This gives you one extra meeting should you need additional public hearing or debate.

- May 1** – AFC: Discuss potential bond projects
- May 22** – AFC: Set mill Rate for final action taking into consideration desired bond projects and their impact on the mill rate
- June 3** – Special Meeting: Mill levy ordinance, CIP and CBJ Budget
- June 17** - Regular Assembly Meeting: Introduction of Bond Ordinance
- July 1** - Regular Assembly Meeting: Public Hearing and Adoption of Bond Ordinance
- July 29** - Regular Assembly Meeting: back up date for Public Hearing and Adoption if needed

Projects

The body discussed [debt capacity and fund balance usage](#) in November of 2023 where it was recommended to spend one time expenditures in a way that reduces future CBJ operating costs and works towards achieving Assembly goals. In that vein, I would like to propose two projects for consideration on the fall ballot.

1. **\$11.75M Public Safety Communications Infrastructure.** This project is mission critical; it replaces a radio communication system so outdated that parts are no longer available with dead zones and limited interoperability with other agencies. The new system will be Alaska Land Mobile Radio compliant and allow for communication between CBJ, state, and federal partners.

Available Existing Funds	\$2.6M
Manager's Budget	\$6M
Congressionally Directed Spending	\$2M
1% (split between FY24 and 26)	\$2M
Bond Request	\$11.75M
Total	\$24.35M

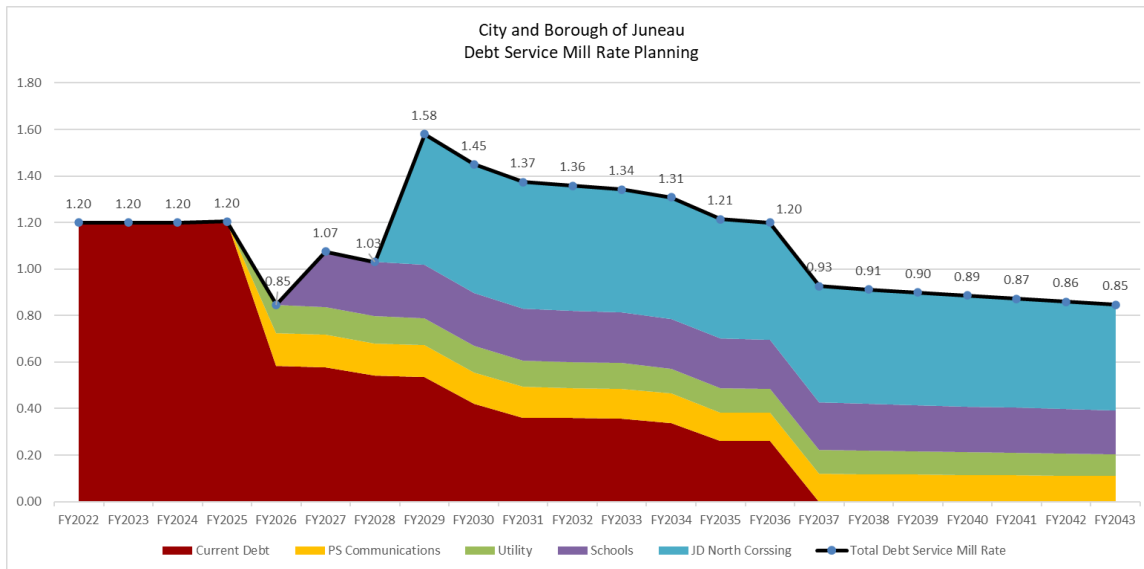
2. **\$10M in Wastewater (WW) Utility Infrastructure.** \$7M would replace corroded roofing above the wastewater clarifier at the Juneau Douglas Wastewater Treatment plant that serves Thane, Downtown, and Douglas. \$3M would replace electrical motor control centers and perform structural improvements to building systems at the Mendenhall Wastewater Treatment Plant that serves the Valley.

The last 2% increase in Utility rates goes into effect on July 1, 2024. In recent years, the Utility has relied on 1% sales tax funding for capital projects, however, water and wastewater projects were not included in the 2023 1% vote. CBJ Utility infrastructure is aging, the Mendenhall Plant was built in the mid-60s and the Auke Bay and Juneau Douglas plants around 10 years later. The list of projects is long. The Utility will be seeking a multi-year rate increase to go into effect starting July 1, 2025 to pay for increased operational cost and necessary capital projects. Every \$10 million dollars that the Utility receives in a general obligation bond enables the Utility to decrease the proposed wastewater portion of the rate increase by 3% per year on average over the 5-year period.

Keep in mind. There are many future CBJ and JSD capital projects that need bond support. For example, a \$300M Juneau North Douglas Crossing will likely require a 20% local match. The list of school improvements is long with \$40M for renovations to Mendenhall River School at the top. The moratorium on new projects for school debt bond reimbursement ends this year (though there are still questions on what that program will look like moving forward). Further out, there are additional Utility projects, improvements to Centennial Hall, and Zero Waste initiatives, just to name a few.

Within limits, we can structure debt to achieve a desired debt service mill rate over time. The figure below illustrates typical terms for bond infrastructure projects.

Name	Ballot Year	Start Year	Duration	End Year	Amount	Rate
PS Communications	2024	2026	20	2046	\$ 11,750,000	5.00%
Utility	2024	2026	20	2046	\$ 10,000,000	5.00%
Schools	2025	2027	20	2047	\$ 20,000,000	5.00%
JD North Corssing	2026	2029	30	2047	\$ 60,000,000	5.00%



Recommendation: Informational only. As you review the debt service mill rate in preparation for setting the final mill rate, staff will be looking for guidance on bond projects to introduce at the June 17th regular meeting.