



City and Borough of Juneau  
Manager's Office  
155 Heritage Way  
Juneau, Alaska 99801  
Telephone: 907-586-5240 | Facsimile: 907-586-5385

TO: Chair Woll and CBJ Finance Committee  
FROM: Katie Koester, City Manager  
DATE: January 2, 2025  
RE: Potential Bond Projects for October 2025 ballot

---

As the Assembly initiates the budget process for FY2026, I want to bring to your attention the timeline and potential projects for consideration on the October 2025 municipal ballot. If there is appetite for a bond proposition on the fall ballot, it would be useful to get direction on the general categories of projects and a proposed dollar amount to allow staff and committees to do the appropriate leg work to bring back to the body. If the body is hesitant to ask the voters this year, it would be helpful to know that now.

### **Potential Projects**

#### 1. Water and Wastewater (WW) Utility Infrastructure

The last 2% increase in Utility rates went 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. The Utility is seeking a multi-year rate increase to go into effect starting July 1, 2025, to pay for increased operational costs and necessary capital projects.

Voters approved a \$10M bond for wastewater capital projects in October of 2024. Every \$10M 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 five-year period. The Utility has proposed a 12.5% annual sewer increase and 10.25% water increase over the next five years.

From a capacity standpoint, the Utility can manage about \$11M a year in capital spend – anything more than that stretches project management and operational resources. The improvements to the clarifier building (G.O. bond that was approved this fall) are scheduled to begin design now and construction in the fall. Any bonds approved in fall of 2025 would likely be encumbered in Fall of 2026.

#### 2. Juneau School District (JSD) Capital Improvement Projects

The moratorium on new projects for school debt bond reimbursement ends on July 1, 2025, at which time the program will automatically restart (absent legislation to delay that date). However, as we have seen, just because a project is approved through the school debt bond reimbursement process does not mean it will be funded in any given year.

Years of deferring large maintenance projects at JSD due to uncertainty over school debt bond reimbursement and consolidation have created a back log of projects. The six-year CIP from last year's budget process is attached to give you an idea of the types of projects on JSD's radar. If the Assembly would like to propose a school bond, I recommend referring the project development to the Joint Facilities Committee with a target dollar amount.

### **Keep In Mind**

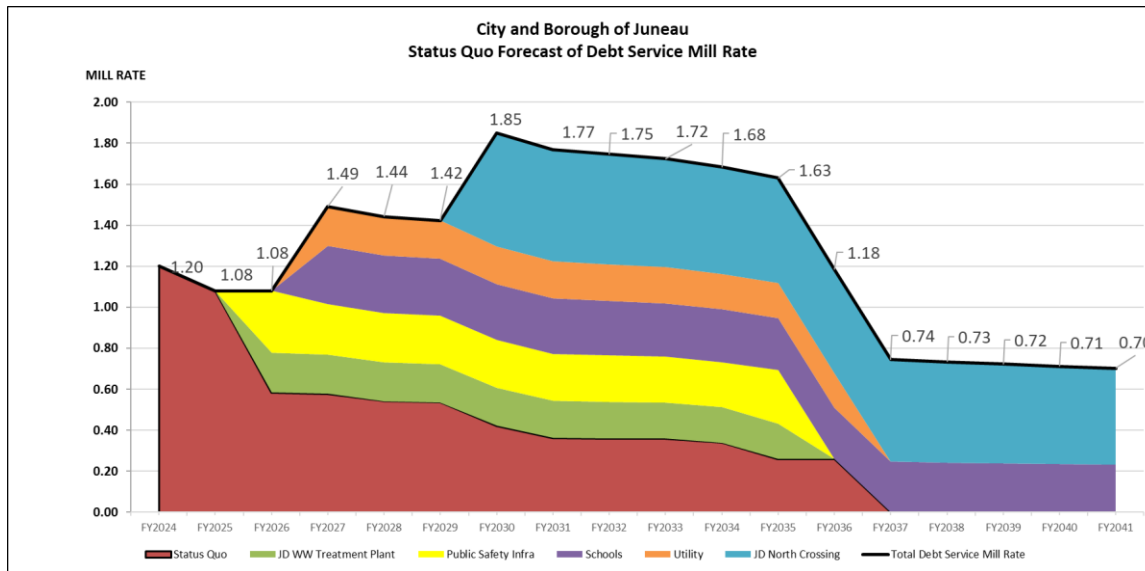
There are many future capital projects that need bond support. For example, any long-term flood mitigation will be expensive and require a local match. In a similar vein, a \$300M Juneau Douglas North Crossing will likely require a 20% local match. In addition, there are needed improvements to Centennial Hall (\$25M), rehabilitation and/or

Demolition of Marie Drake (\$9M) and Zero Waste initiatives just to name a few. Parks are another area where there is a long list of needs and parks projects are generally well received by the voters.

### Debt Capacity

The body discussed debt capacity and fund balance usage at the December 7<sup>th</sup> Assembly retreat where direction was given to maintain the debt service mill rate at 1.08. 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. The chart below reflects a couple of hypothetical scenarios.

Name	Ballot Year	Start Year	Duration	End Year	Amount	Rate
PS Communications Infrastructure	2024 - Passed	2026	10	2036	\$12,750,000	5.0%
JD WW Treatment Plant	2024 - Passed	2026	10	2036	\$10,000,000	5.0%
Schools	2025	2027	15	2042	\$20,000,000	5.0%
JD North Crossing	2029	2030	30	2060	\$60,000,000	5.0%
Utility	2025	2027	10	2037	\$10,000,000	5.0%



### Timing

The Clerks must 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 9<sup>th</sup> regular Assembly meeting. This gives you one extra meeting should you need additional public hearing or debate.

**January 8** – AFC: Discuss appetite for potential bond projects in 2025

**February – March:** Joint Facilities Committee/ Utility Advisory Board/ Public Works and Facilities Committee: Develop potential projects under Assembly guidance

**March 5** – AFC: Review potential bond projects

**May 21**– AFC: Set mill rate for final action taking into consideration desired bond projects and their impact on the mill rate

**June 9** – Regular Assembly Meeting: Mill levy ordinance, CIP, and CBJ Budget

**June 9** – Regular Assembly Meeting: Introduction of Bond Ordinance

**July 1** – Regular Assembly Meeting: Public Hearing and Adoption of Bond Ordinance

**July 28** – Regular Assembly Meeting: for Public Hearing and Adoption if needed

**Recommendation:** Discuss appetite to explore potential bond projects. Refer project development to the appropriate committees with a target dollar amount and a deadline to report back at the March 5 AFC.