

**CITY OF KOTZEBUE, ALASKA**

**ORDINANCE NO. 26-02**

**ENTITLED: "A NON-CODE ORDINANCE CORRECTING OMITTED FEES FOR CY2026."**

**BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:**

- Section 1.** This is a Non-Code Ordinance.
- Section 2.** Non-Code Ordinance 26-01, was passed and approved on February 19, 2026. However, through a software/technical glitch, several fees were omitted for CY2026.
- Section 3.** As a result of the omission, the City has been charging outdated CY2025 fees for all fees omitted in Non-Code Ordinance 26-01.
- Section 4.** The omitted fees for CY2026 are set forth in Exhibit "A" attached hereto and incorporated by reference herein.
- Section 5.** The omitted fees for CY2026 shall become effective with the June 1, 2026 billing cycle for the bills mailed out in early-July 2026.

**ENACTED** this 20<sup>th</sup> day of May 2026.

**CITY OF KOTZEBUE**

\_\_\_\_\_  
Saima Chase  
*Mayor*

ATTEST:

[SEAL]

\_\_\_\_\_  
Donald Jones  
*City Clerk*

ATTESTATION: I, Donald Jones, Clerk for the City of Kotzebue, hereby attest that the above Non-Code Ordinance, No. 26-02, was duly presented to the Kotzebue City Council, duly published and that a valid public hearing was held and that it was duly enacted on May 20, 2026.

Public Post: April 10, 2026

Introduced: April 16, 2026

Public Re-Post: May 1, 2026

First Public Hearing: May 7, 2026

Public Re-Post: May 14, 2026

Second Public Hearing: May 20, 2026

Passed and Approved: May 20, 2026

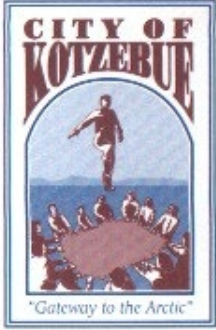
Adopted: June 1, 2026

Attachments:

- **Exhibit "A"**: Table of Fees Omitted in Non-Code Ordinance 26-01 – [1 pages]
- **Exhibit "B"**: DOWL Utility Rate Study – [47 pages]

PUBLIC WORKS - WATER / WASTEWATER							
ITEM	ACTIVITY	VALID PERIOD	CY25	CUOP RATE	DIFFERENCE	CY26	COMMENTS
<b>SENIOR/DISABLED RATES</b>							
1	Water Flat Rate		\$40.58	\$0.48	\$0.00	\$40.58	
2	Wastewater Flat Rate		\$20.18	\$5.96	\$8.82	\$29.00	
<b>RESIDENTIAL RATES Single/Multi-units up to Five-plex</b>							
3	Water Flat Rate		\$101.46	\$84.74	\$0.00	\$101.46	
4	Wastewater Flat Rate		\$46.60	\$32.98	\$21.40	\$68.00	
<b>MULTI-UNIT DWELLINGS RATES Multi-unit Six-plex and above</b>							
5	Water Base Rate	Up to 6000 Gallons	\$107.02		\$0.00	\$107.02	
6	Water Metered Rate	Per 1000 Gallons	\$42.88		\$0.00	\$42.88	
7	Wastewater Minimum Rate	Up to 6000 Gallons	\$57.18		\$10.82	\$68.00	
8	Wastewater Metered Rate	Per 1000 Gallons	\$19.53		\$7.47	\$27.00	
<b>COMMERCIAL RATES</b>							
9	Water Flat Rate	Monthly	\$240.77		\$0.00	\$240.77	
10	Water Minimum Rate	Monthly	\$107.02		\$0.00	\$107.02	
11	Water Metered Rate	Per 1000 Gallons	\$42.88		\$0.00	\$42.88	
12	Wastewater Flat Rate	Monthly	\$118.42		\$21.58	\$140.00	
13	Wastewater Metered Rate	Per 1000 Gallons	\$57.18		\$10.82	\$68.00	

PUBLIC WORKS - SOLID WASTE							
ITEM	ACTIVITY	VALID PERIOD	CY25			CY26	COMMENTS
<b>SENIOR/DISABLED RATES</b>							
14	Residential Pick-Up Elder Service		\$27.29		\$4.71	\$32.00	
<b>RESIDENTIAL RATES</b>							
15	Residential Pick-Up Service		\$52.27		\$11.73	\$64.00	
16	Additional Pick-Up Residential				\$64.00	\$64.00	Additional/Late/Blocked/Missed
<b>COMMERCIAL RATES</b>							
17	Commercial Dumpster Lease	Monthly	\$35.00		\$7.00	\$42.00	
18	Commercial Pick-Up Service	Per Dumpster	\$28.43		\$6.57	\$35.00	
19	Additional Pick-Up	Each			\$35.00	\$35.00	Additional/Late/Blocked/Missed



# CITY OF KOTZEBUE UTILITY RATE STUDY

City Council Meeting

2-6-2025



Exhibit B to Ordinance 26-02 for RCCM May 7, 2026

# AGENDA

- 2024 Rate Study
- 2025 Adjustment Alternatives
  - Water
  - Sewer
  - Solid Waste
- Affordability

# 2024 RATE STUDY

- Built Financial Model for each Fund
- Multi-year Adjustments Recommended for:
  - Sewer
  - Solid Waste

Customer	Old Rate	2024	2025	2026	2027	2028
Residential Wastewater Flat Rate	\$46.60	<b>\$57.18</b>	\$67.87	\$80.56	\$89.99	\$93.32
Residential Refuse Pick-Up Services	\$40.45	<b>\$46</b>	\$52	\$59	\$63	\$63

- City adopted Rate Adjustments for 2024 only

# **WATER FUND**

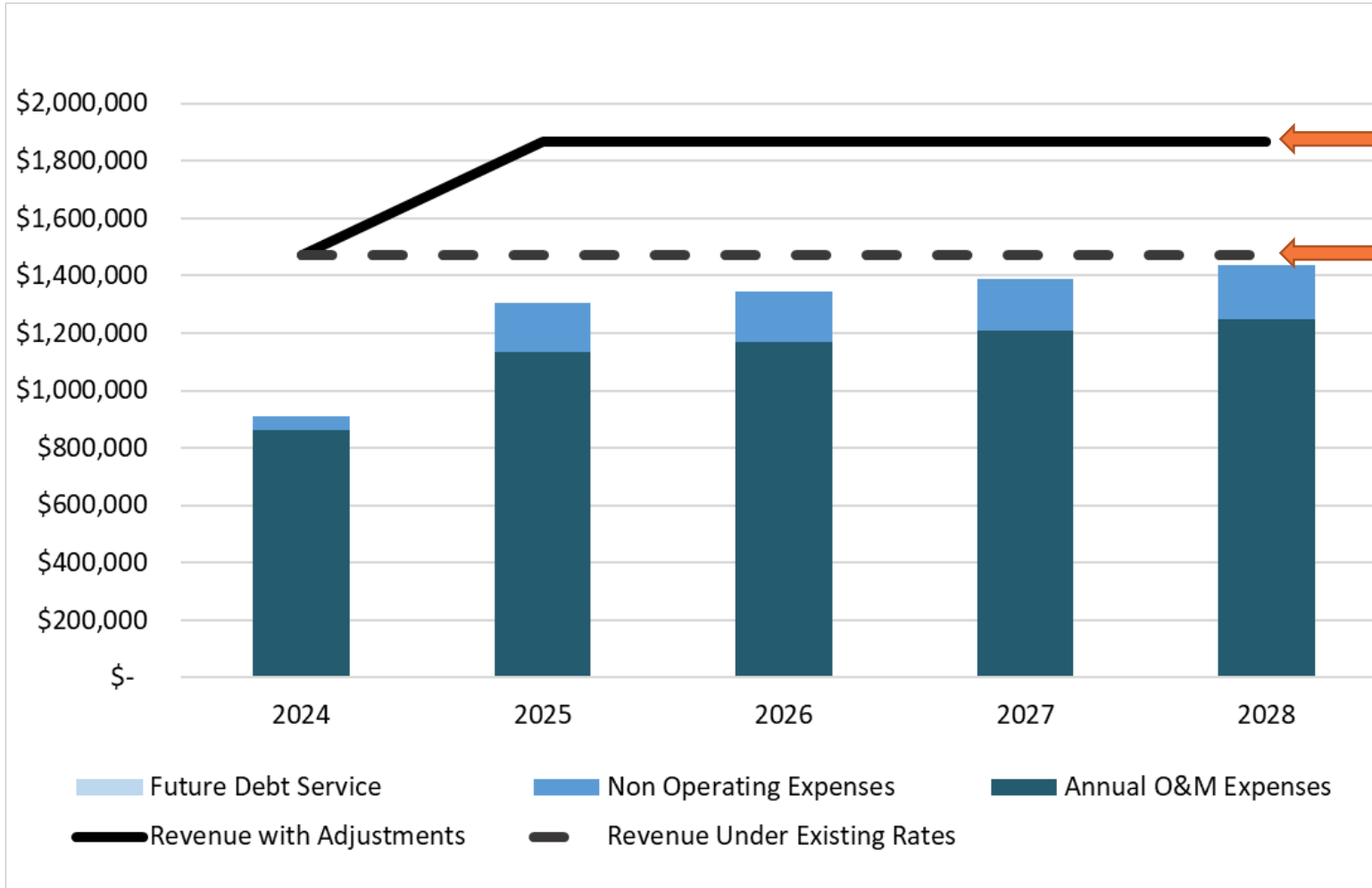
# WATER KEY DATA/ASSUMPTIONS

- 2024 Revenues came in under 2025 Budget
- 2024 Expenses came in under 2025 Budget
- 2024 Revenues exceeded Expenses
- No Rate Adjustments proposed
- All grant or Principal Forgiveness funding for capital projects

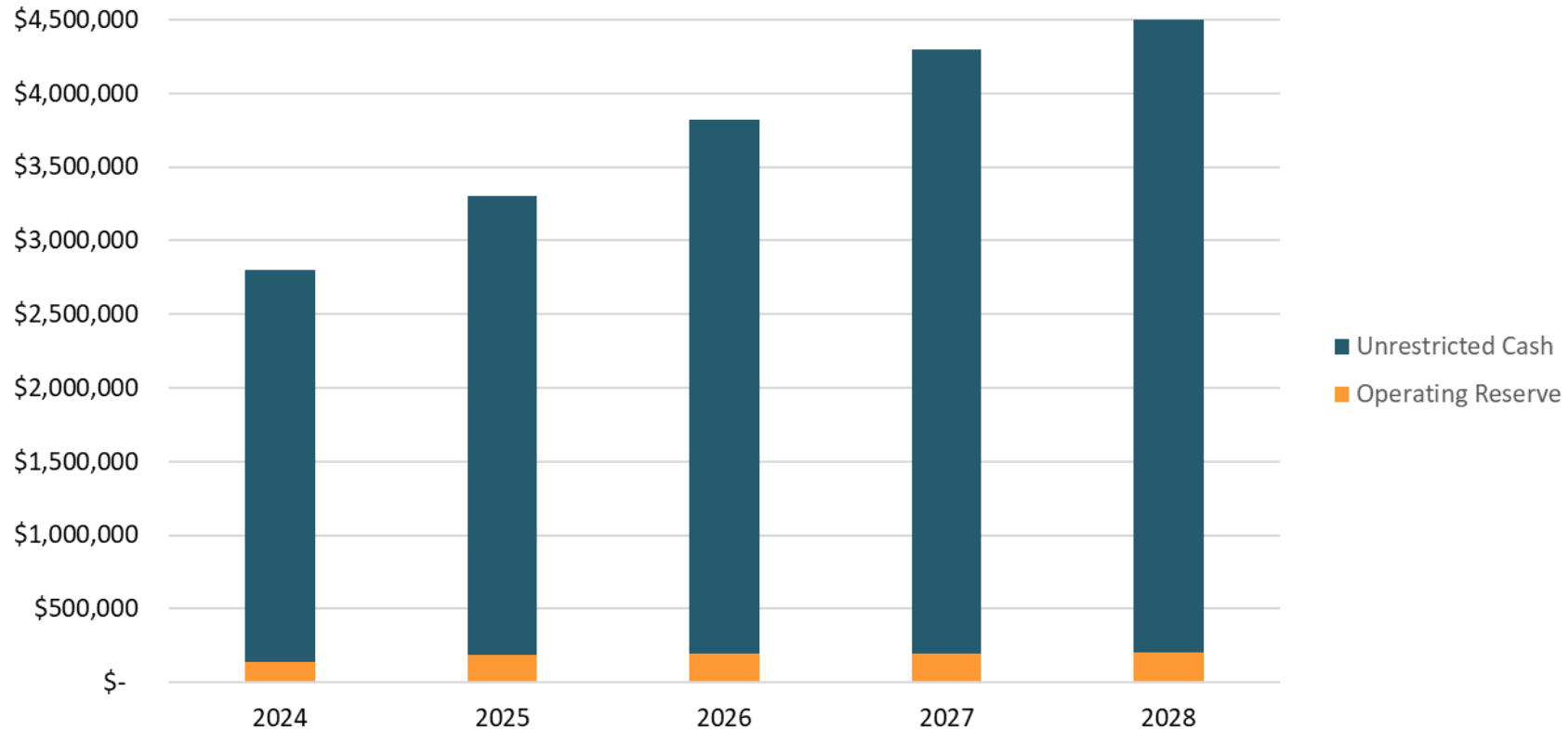
# **WATER FUND ALTERNATIVES**

- Alternative 1 – 2025 Rate Study Recommendation

# WATER FUND: ALTERNATIVE 1 CASH FLOW



# WATER FUND: ALTERNATIVE 1 CASH RESERVES



The water fund is in a solid position to fund the annual operating reserve requirement and build unrestricted cash.

# WATER ALTERNATIVE 1 RATE SCHEDULE

Customer	Existing Rates	2025	2026	2027	2028	2029
		0.0%	0.0%	0.0%	0.0%	0.0%
Commercial Water Flat Rate	\$232.18	\$232	\$232	\$232	\$232	\$232
Commercial Water Metered Rate	\$41.35	\$41	\$41	\$41	\$41	\$41
Commercial Water Minimum Rate	\$103.20	\$103	\$103	\$103	\$103	\$103
Multi Family Water Base Rate	\$103.20	\$103	\$103	\$103	\$103	\$103
Multifamily Water Metered	\$41.35	\$41	\$41	\$41	\$41	\$41
Residential Water Flat Rate	\$101.46	\$101	\$101	\$101	\$101	\$101
Residential Senior/Disables Flat Rate	\$40.58	\$41	\$41	\$41	\$41	\$41

# SEWER FUND

# SEWER FUND – PREVIOUS RECOMMENDATIONS

	2024	2025	2026	2027	2028
Revenue Adjustments + CPI	22.70%	18.70%	18.70%	11.70%	3.70% (CPI)

# SEWER FUND – PREVIOUS RECOMMENDATIONS

	2024	2025	2026	2027	2028
Customer	22.70%	18.70%	18.70%	11.70%	3.70% (CPI)
Commercial Wastewater Flat Rate	\$118.42	\$140.56	\$166.85	\$186.37	\$193.26
Multi Family Wastewater Base Rate	\$57.18	\$67.87	\$80.56	\$89.99	\$93.32
Residential Wastewater Flat Rate	\$57.18	\$67.87	\$80.56	\$89.99	\$93.32
Senior/Disabled Flat Rate	\$24.76	\$29.39	\$34.89	\$38.97	\$40.41

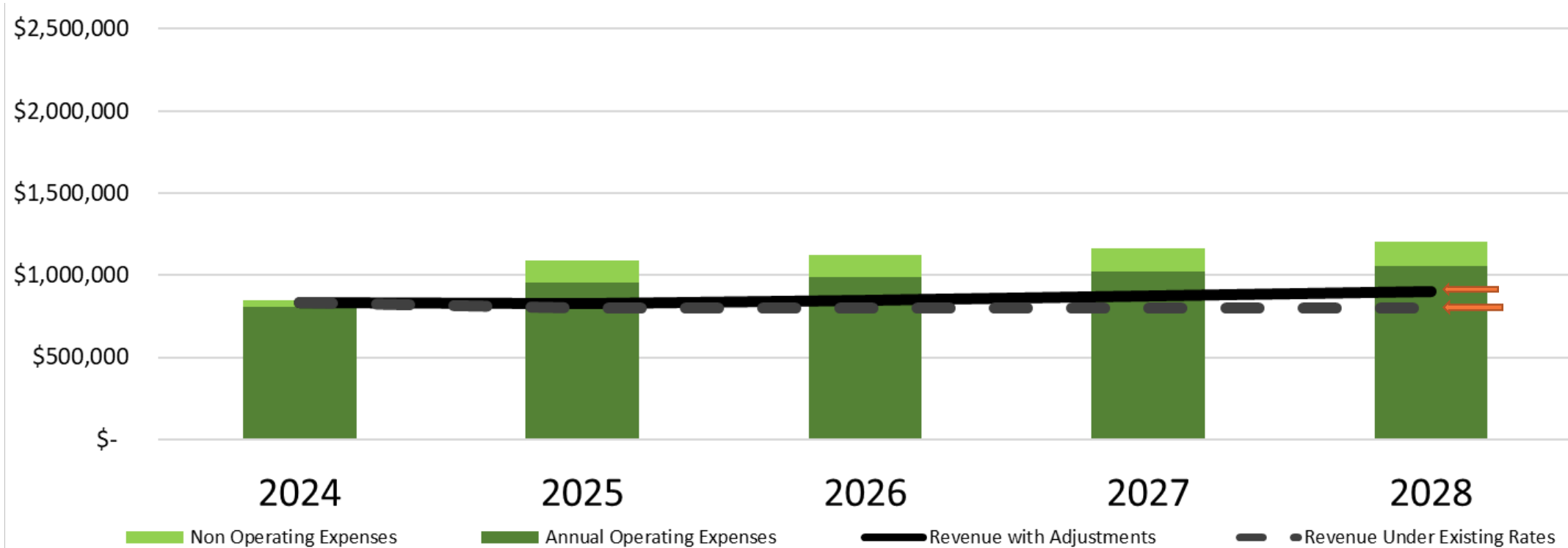
# SEWER FUND ALTERNATIVES

- Alternative 1 – Inflation-only Adjustments
- Alternative 2 – 2024 Rate Study Adjustments
- Alternative 3 – Updated Adjustment

# SEWER KEY DATA/ASSUMPTIONS

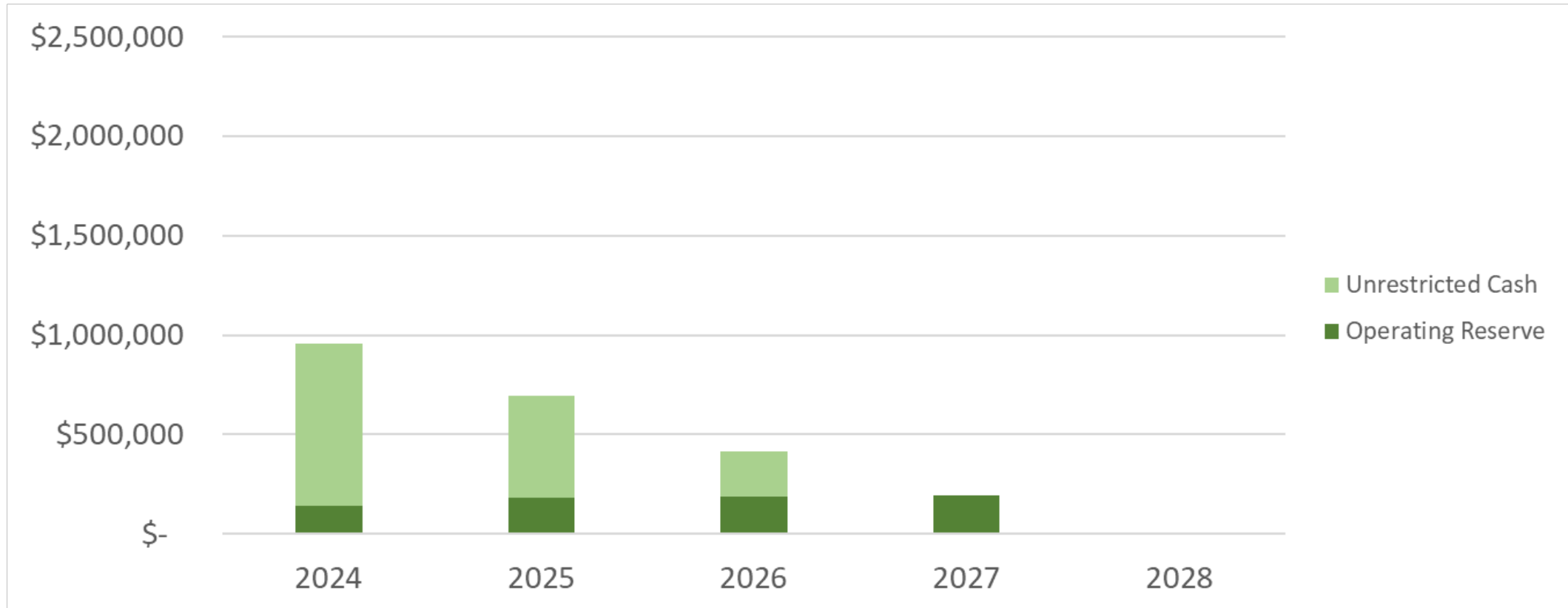
- 2024 Revenues came in over Budget but less than previous Rate Study projections
- 2025 Budget Revenues are \$25k lower than 2024 actuals
- 2024 Expenses exceeded Revenues
- 2024 Expenses were less than 2025 Budget
- All grant or Principal Forgiveness funding for capital projects

# SEWER FUND: ALTERNATIVE 1 CASH FLOW



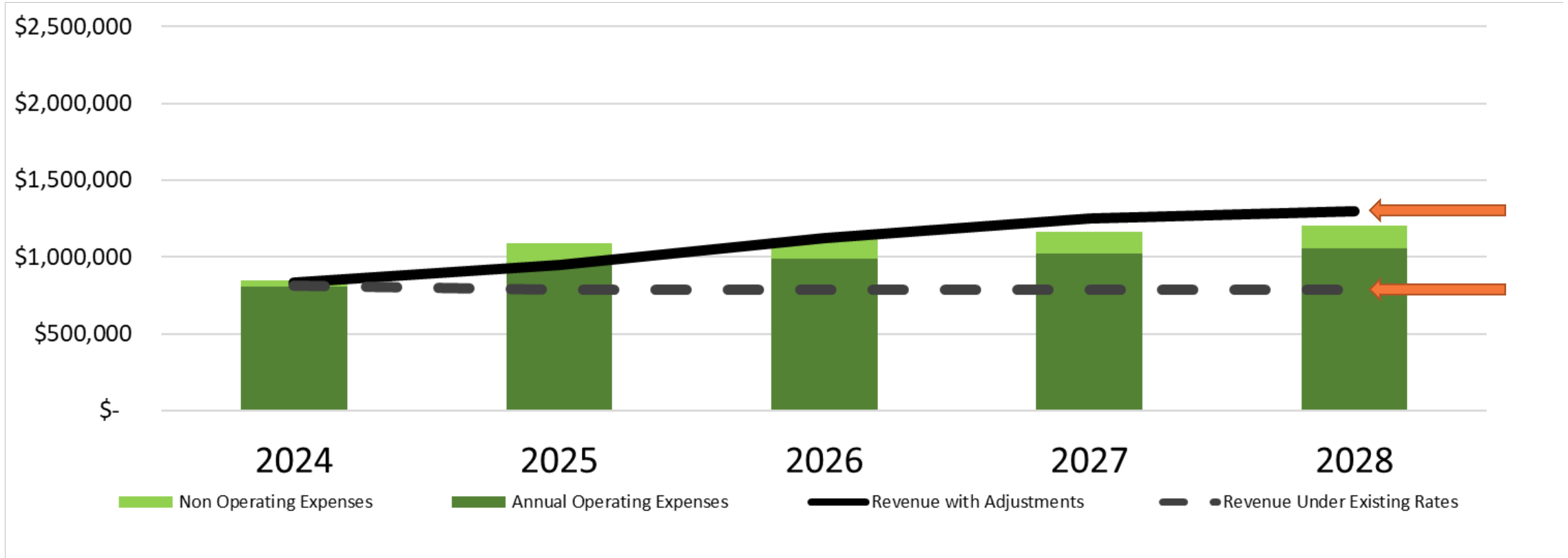
Conclusion: Revenue increases above CPI are needed to fund annual operating expenses.

# SEWER FUND: ALTERNATIVE 1 CASH RESERVES



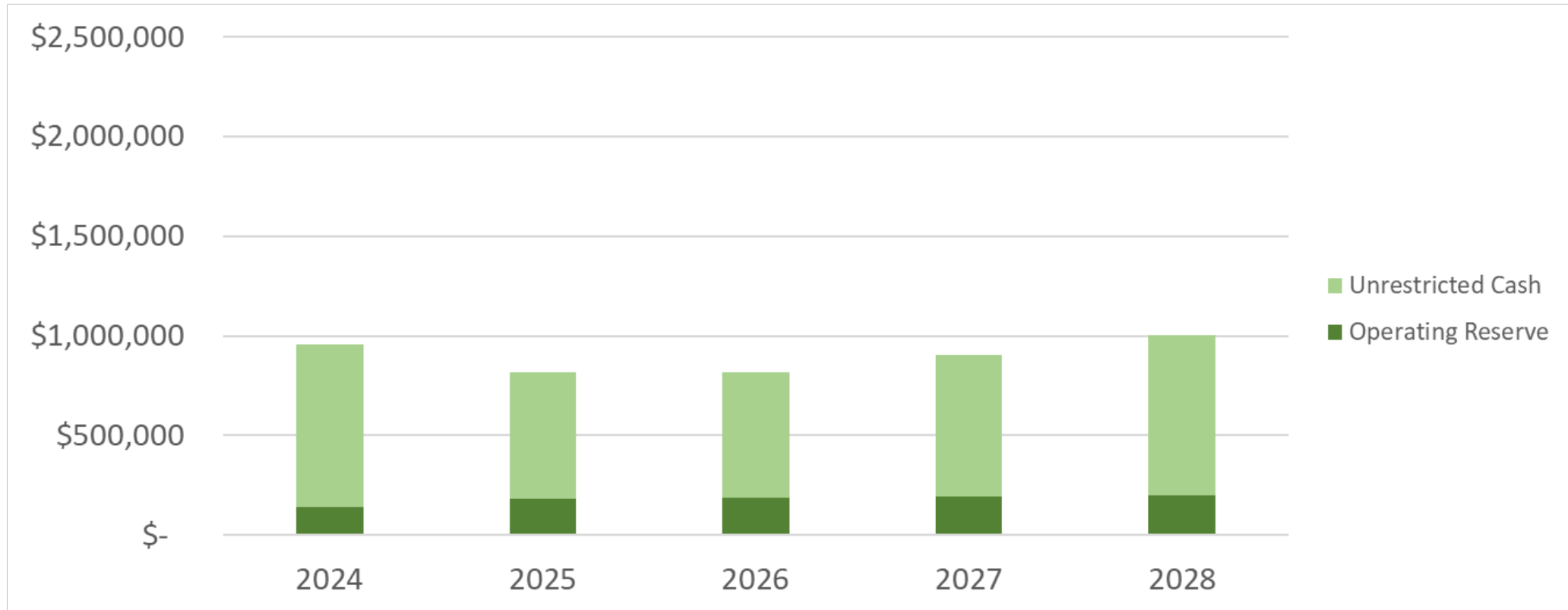
- Future Revenues do not cover future Expenses
- Any Capital Projects would need external funding source
- Fund runs out of reserves by CY 28

# SEWER FUND: ALTERNATIVE 2 CASH FLOW



Conclusion: Additional revenue increases are needed to fund annual operating expenses.

# SEWER FUND: ALTERNATIVE 2 CASH RESERVES



2024 Study's recommendations will keep fund healthy through 2028

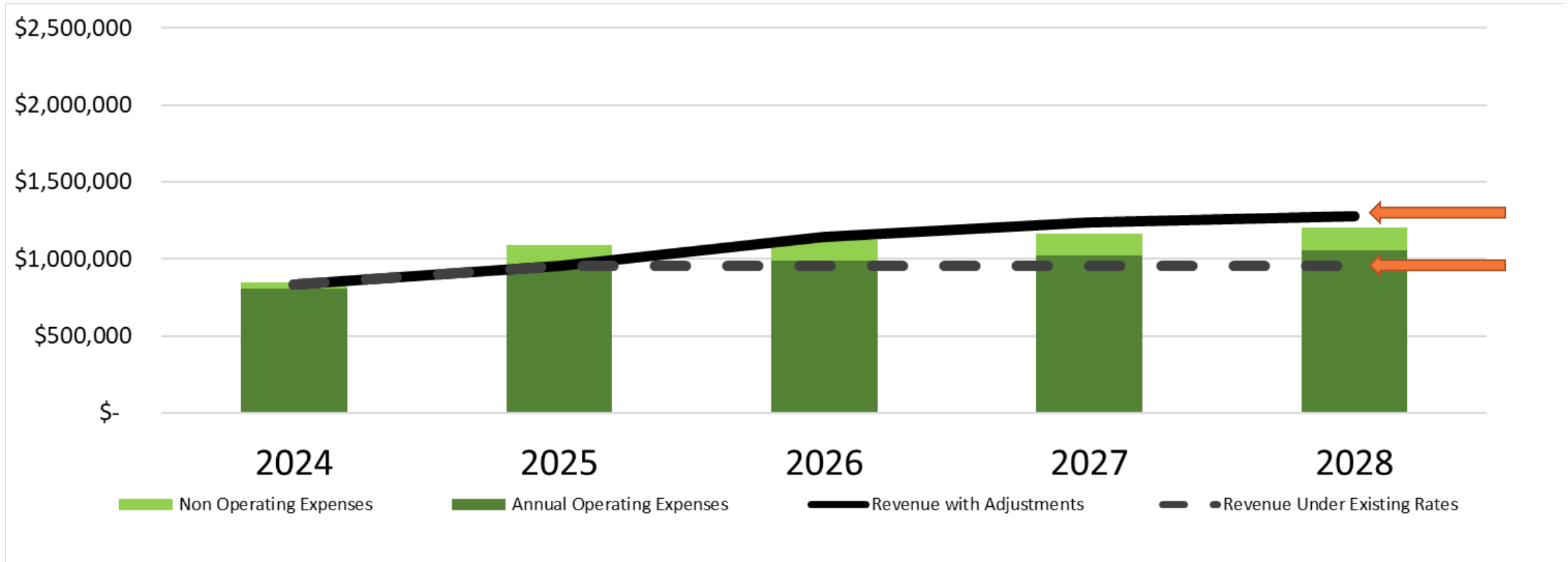
## ALTERNATIVE 2 TAKEAWAYS

- 2024 Study Rate Adjustments appear to be sufficient.
- 18.7% adjustment should generate another \$148k in Rate Revenue
- 2025 Revenue Goal = \$948,730
- 2025 Budgeted Expense = \$1,088,652
- Alternative 2 adjusts rates “equally” for all customers

# ALTERNATIVE 3 DATA

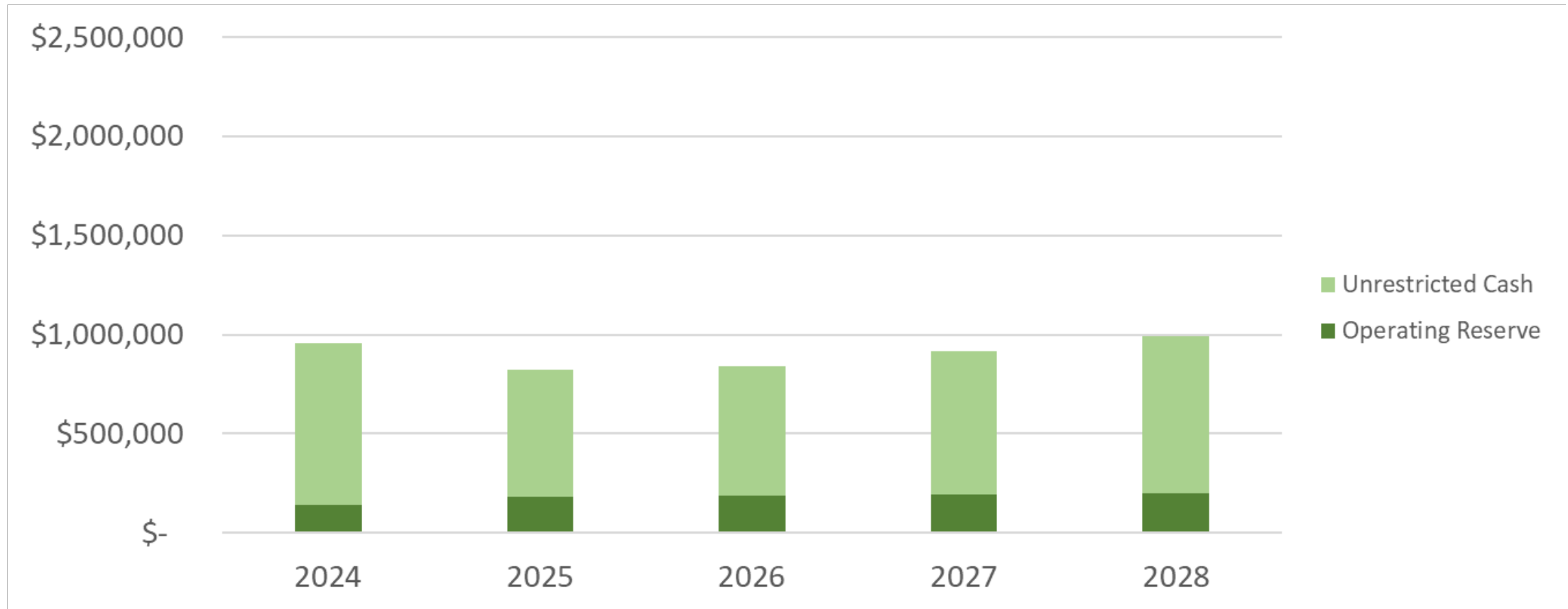
- Adjust Commercial differently from Residential
  - Commercial x 24% \$118 → 147
  - Residential x 12% \$57 → \$64
- Expected Revenue \$955,800 to \$990,151

# SEWER FUND: ALTERNATIVE 3 CASH FLOW



Conclusion: Additional revenue increases are needed to fund annual operating expenses.

# SEWER FUND: ALTERNATIVE 3 CASH RESERVES



24% Commercial + 12% Residential Adjustment in 2025 will work

# 2025 SEWER RATE SCHEDULE

Customer	Existing Rate	Alternative 1	Alternative 2	Alternative 3
		3%	18.7%	24%   12%
Commercial Wastewater Flat Rate	\$118.42	\$122	<b>\$140</b>	\$147
Commercial Wastewater Base Rate (Up to 6,000 Gallons)	\$57.18	\$59	<b>\$68</b>	\$71
Commercial Commodity Rate (per 1,000 gallons)	\$18.26	\$23	<b>\$27</b>	\$28
Residential Wastewater Flat Rate	\$57.18	\$59	<b>\$68</b>	\$64
Senior/Disabled Flat Rate	\$24.76	\$25	<b>\$29</b>	\$28

# SOLID WASTE FUND

# SOLID WASTE – PREVIOUS RECOMMENDATIONS

	2024	2025	2026	2027	2028
Revenue Adjustments + CPI	13.70%	13.70%	12.70%	3.70% (CPI)	3.70% (CPI)

# SOLID WASTE – PREVIOUS RECOMMENDATIONS

	2024	2025	2026	2027	2028
Customer	13.7%	13.7%	12.7%	3.7%	3.7%
Dumpster Lease	\$30	<b>\$34</b>	\$38	\$40	\$41
Commercial Pick-Up Service	\$25	<b>\$28</b>	\$32	\$33	\$34
Landfill Drop-Off Commercial	\$10	<b>\$11</b>	\$13	\$13	\$14
Residential Pick-Up Services	\$46	<b>\$52</b>	\$59	\$63	\$63
Residential Pick-Up Elder Service	\$23	<b>\$26</b>	\$29	\$31	\$32

# CAPITAL IMPROVEMENT PLAN

Project Name	Cost	Year
Baler Facility Upgrade	\$ 1,000,000	2025

This project will be funded by rate revenue and cash reserves for Alternatives 1, 2, and 3

Only 50% funded by rate revenue and cash reserves for Alternative 4

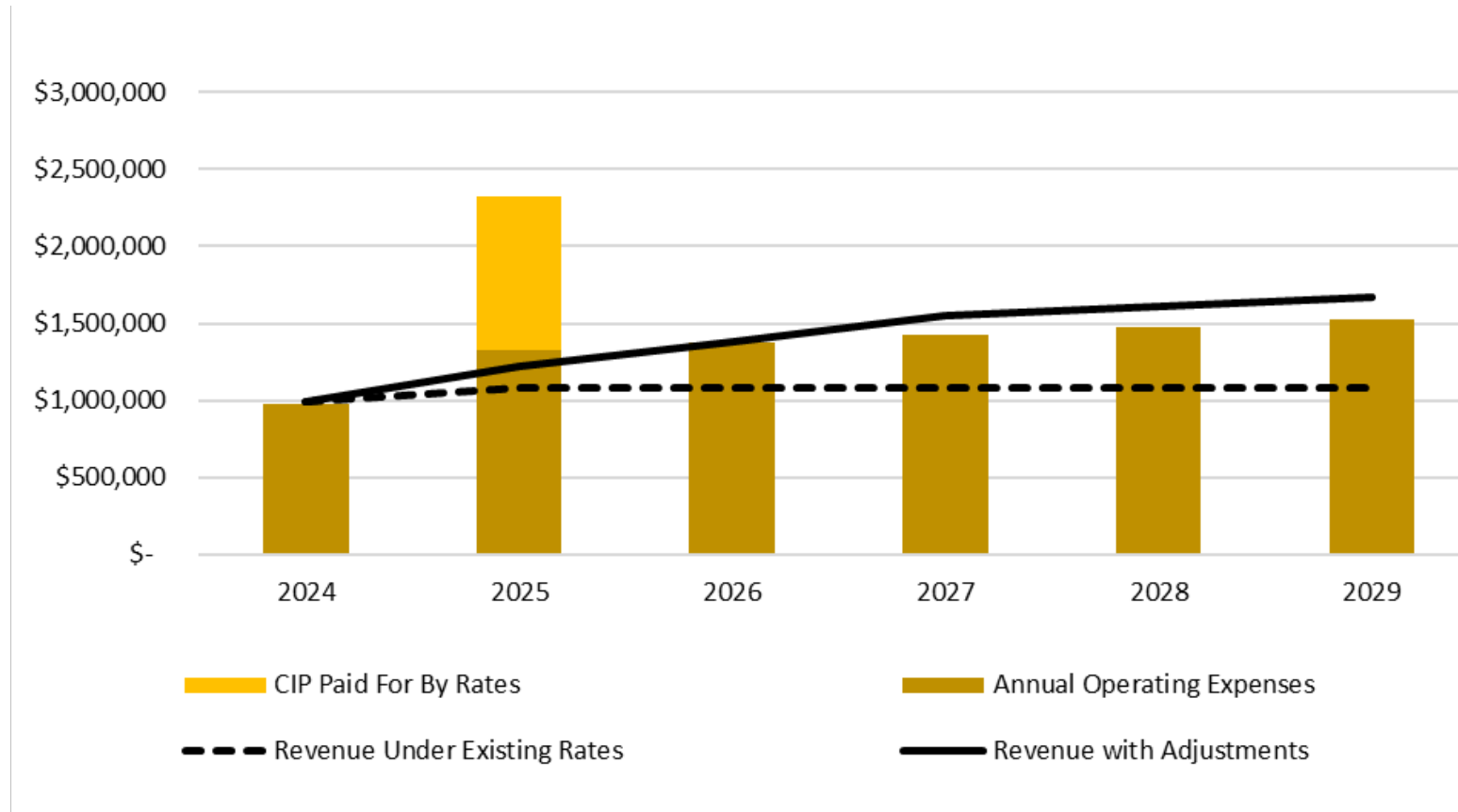
# SOLID WASTE FUND ALTERNATIVES

- Alternative 1 – 2024 Recommendation
- Alternative 2 – Updated Recommendation
- Alternative 3 – Double Tipping Rate + 50% of 2025 Adjustment
- Alternative 4 – 50% Baler Facility + Double Tipping Rate

# SOLID WASTE ALTERNATIVE 1 RATE SCHEDULE

		2025	2026	2027	2028	2029
Customer	Existing Rate	13.7%	13.7%	12.7%	3.7% (CPI)	3.7% (CPI)
Dumpster Lease	\$30	<b>\$34</b>	\$39	\$44	\$45	\$47
Commercial Pick-Up Service	\$25	<b>\$28</b>	\$32	\$36	\$38	\$39
Landfill Drop-Off Commercial	\$10	<b>\$11</b>	\$13	\$15	\$15	\$16
Residential Pick-Up Services	\$46	<b>\$52</b>	\$59	\$67	\$69	\$72
Residential Pick-Up Elder Service	\$23	<b>\$26</b>	\$30	\$33	\$35	\$36

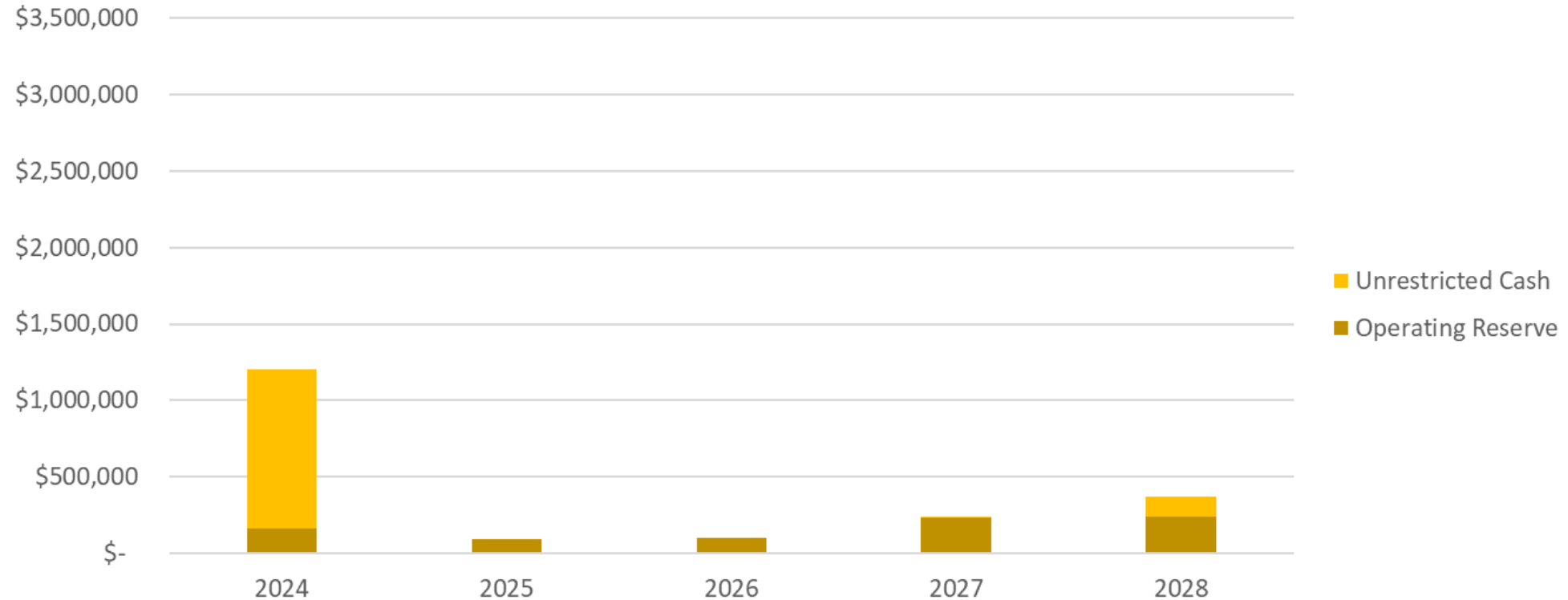
# SOLID WASTE FUND: ALTERNATIVE 1 CASH FLOW



## Takeaway:

- Revenue increases are needed to fund annual operating expenses.
- Baler Facility Upgrade is a significant expense.

# SOLID WASTE FUND: ALTERNATIVE 1 CASH RESERVES

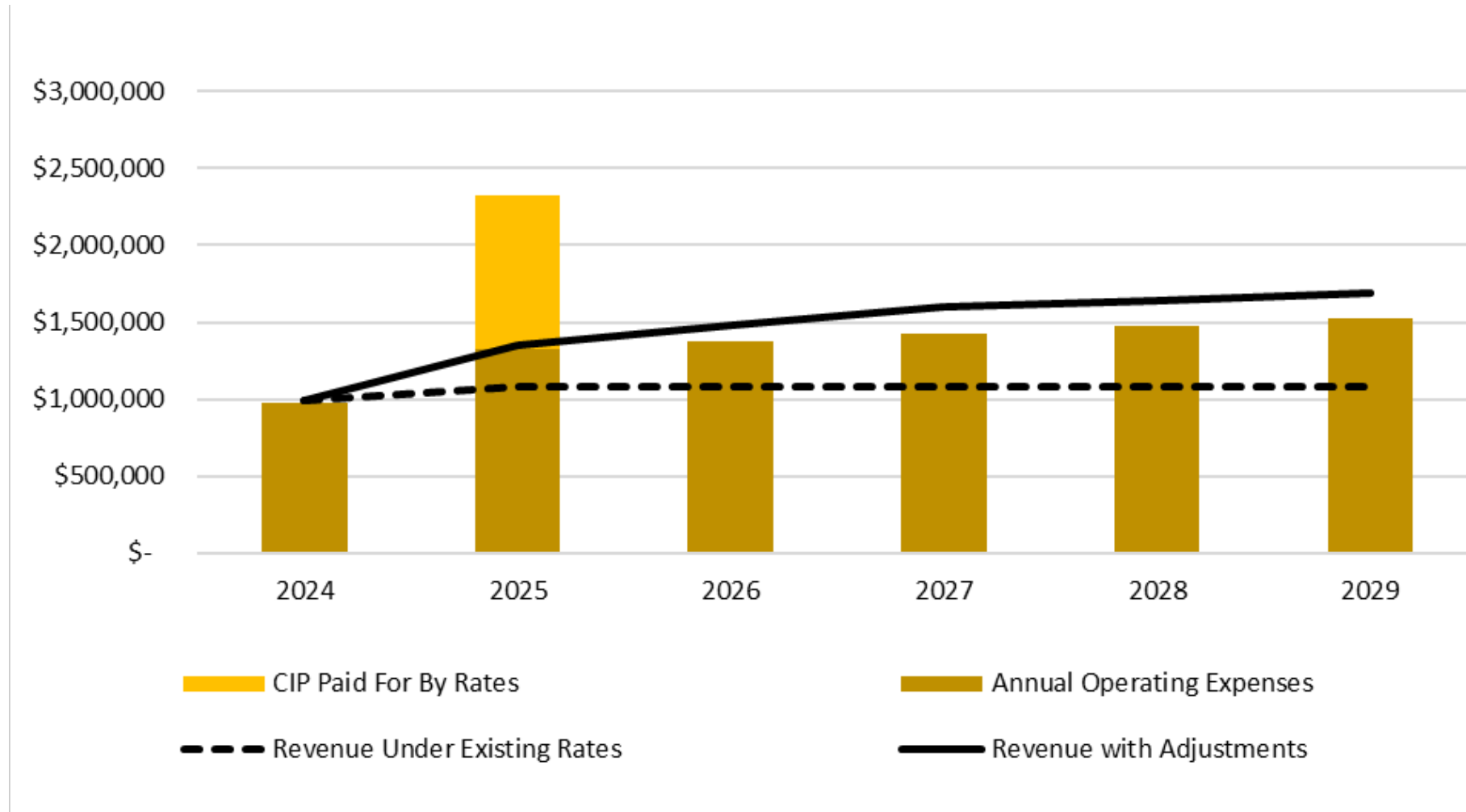


- Minimum Operating reserve not maintained in CY 25-27 (approx. \$225k).
- Utility must raise rates or fund the Baler Facility Upgrade project with external revenue source.

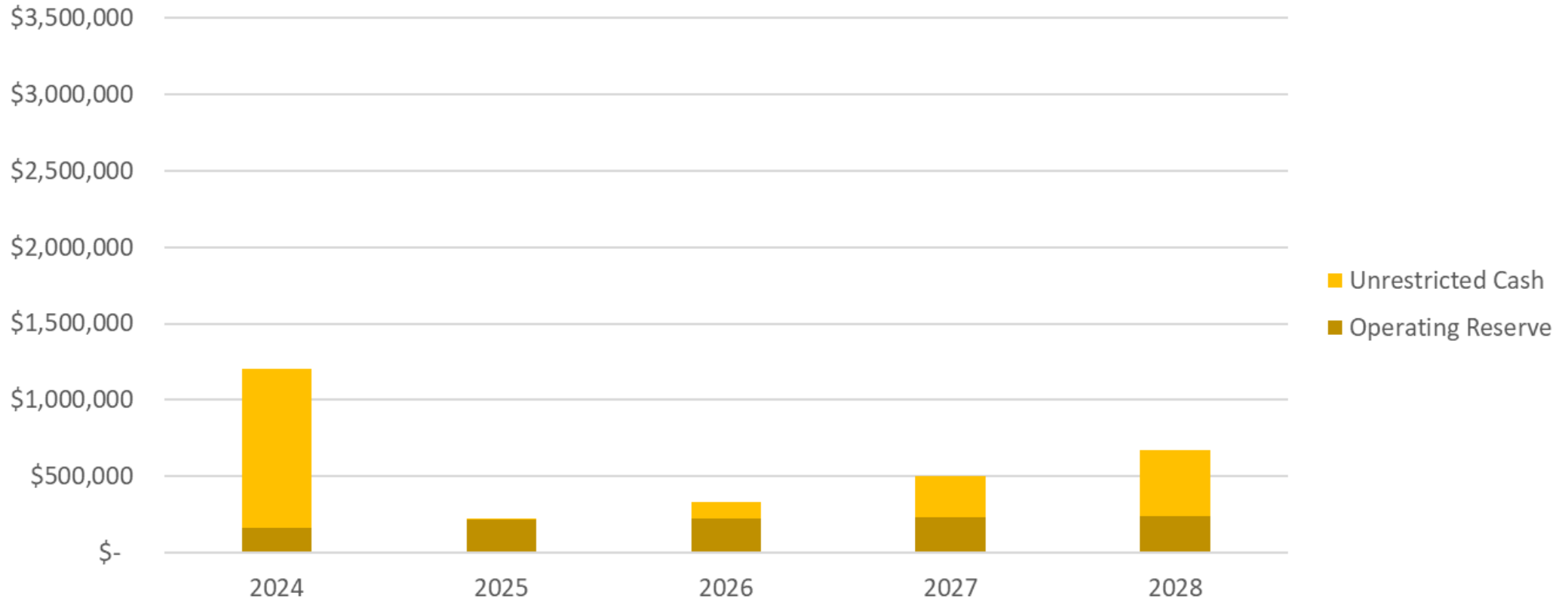
# SOLID WASTE: ALTERNATIVE 2 RATE SCHEDULE

		2025	2026	2027	2028	2029
Customer	Existing Rate	26%	10%	8%	3% (CPI)	3% (CPI)
Dumpster Lease	\$30	<b>\$38</b>	\$42	\$45	\$46	\$48
Commercial Pick-Up Service	\$25	<b>\$32</b>	\$35	\$37	\$39	\$40
Landfill Drop-Off Commercial	\$10	<b>\$13</b>	\$14	\$15	\$15	\$16
Residential Pick-Up Services	\$46	<b>\$58</b>	\$64	\$69	\$71	\$73
Residential Pick-Up Elder Service	\$23	<b>\$29</b>	\$32	\$34	\$35	\$37

# SOLID WASTE FUND: ALTERNATIVE 2 CASH FLOW



# SOLID WASTE FUND: ALTERNATIVE 2 CASH RESERVES

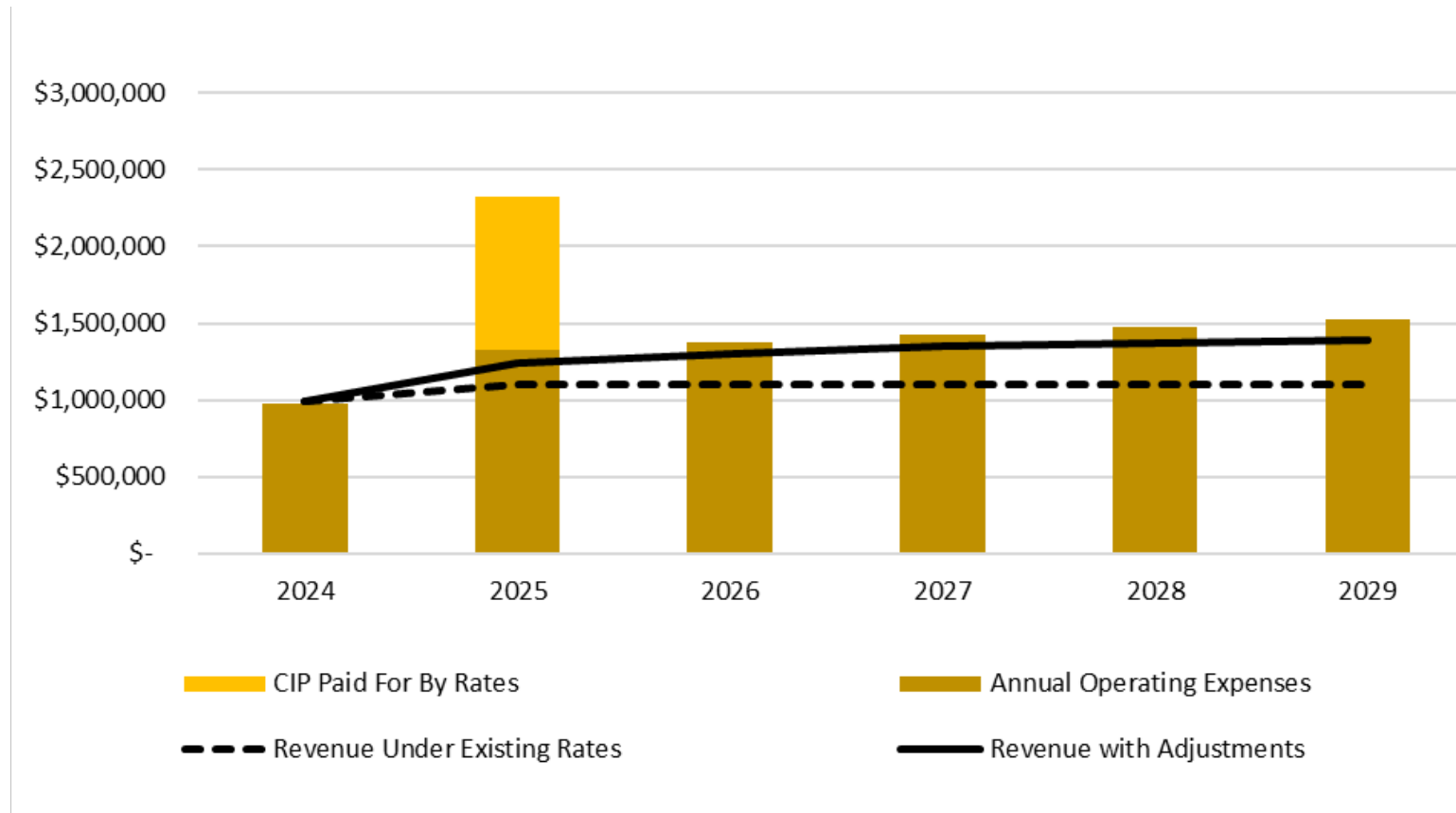


The City maintains an Operating Reserve of approximately \$225,000 in all years

# SOLID WASTE FUND: ALTERNATIVE 3

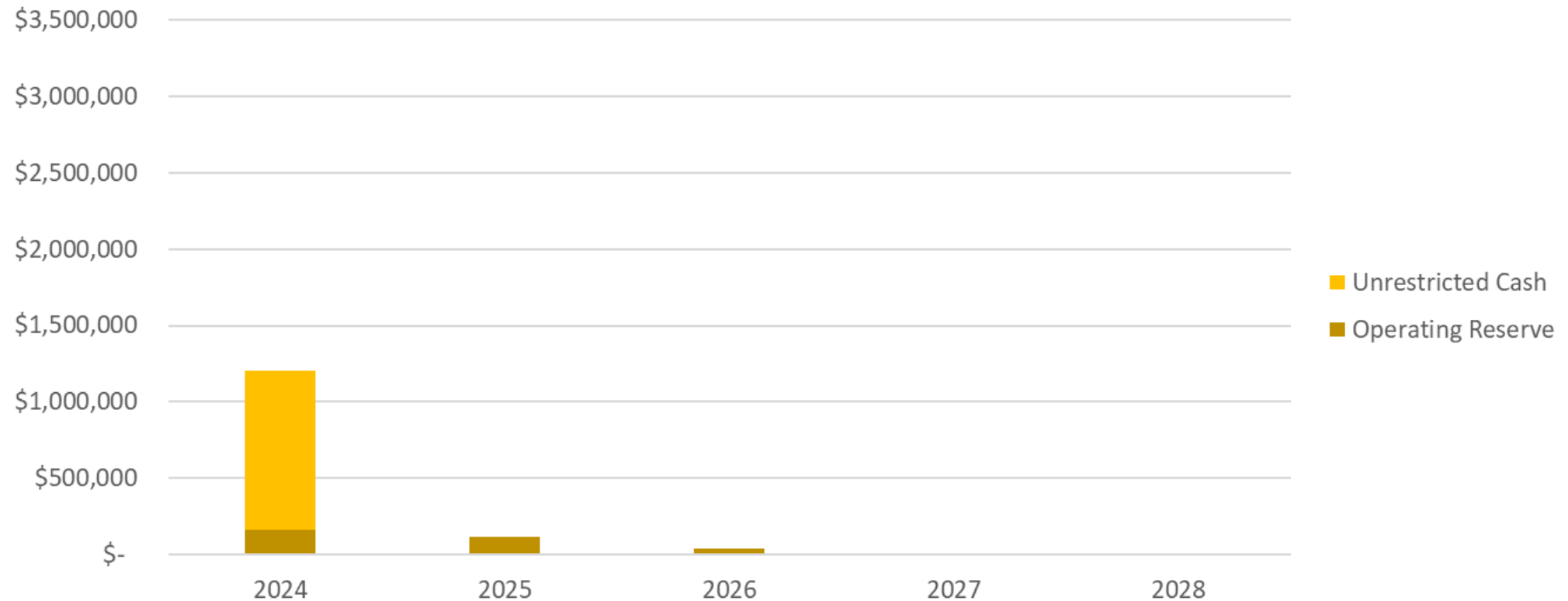
- Current Tipping Rate (i.e., drop-off rate) is low for AK
- What if we modified the Tipping Rate differently from the other customer rates?
- 2024 Baler Revenue was ~\$30k
- 2024 Residential Rate Revenue was ~\$350k
- Alternative adjusts all other rates at ½ of Alternative 2

# SOLID WASTE FUND: ALTERNATIVE 3 CASH FLOW



Takeaway: Revenue increases are needed to fund capital project and annual operating expenses.

# SOLID WASTE FUND: ALTERNATIVE 3 CASH RESERVES

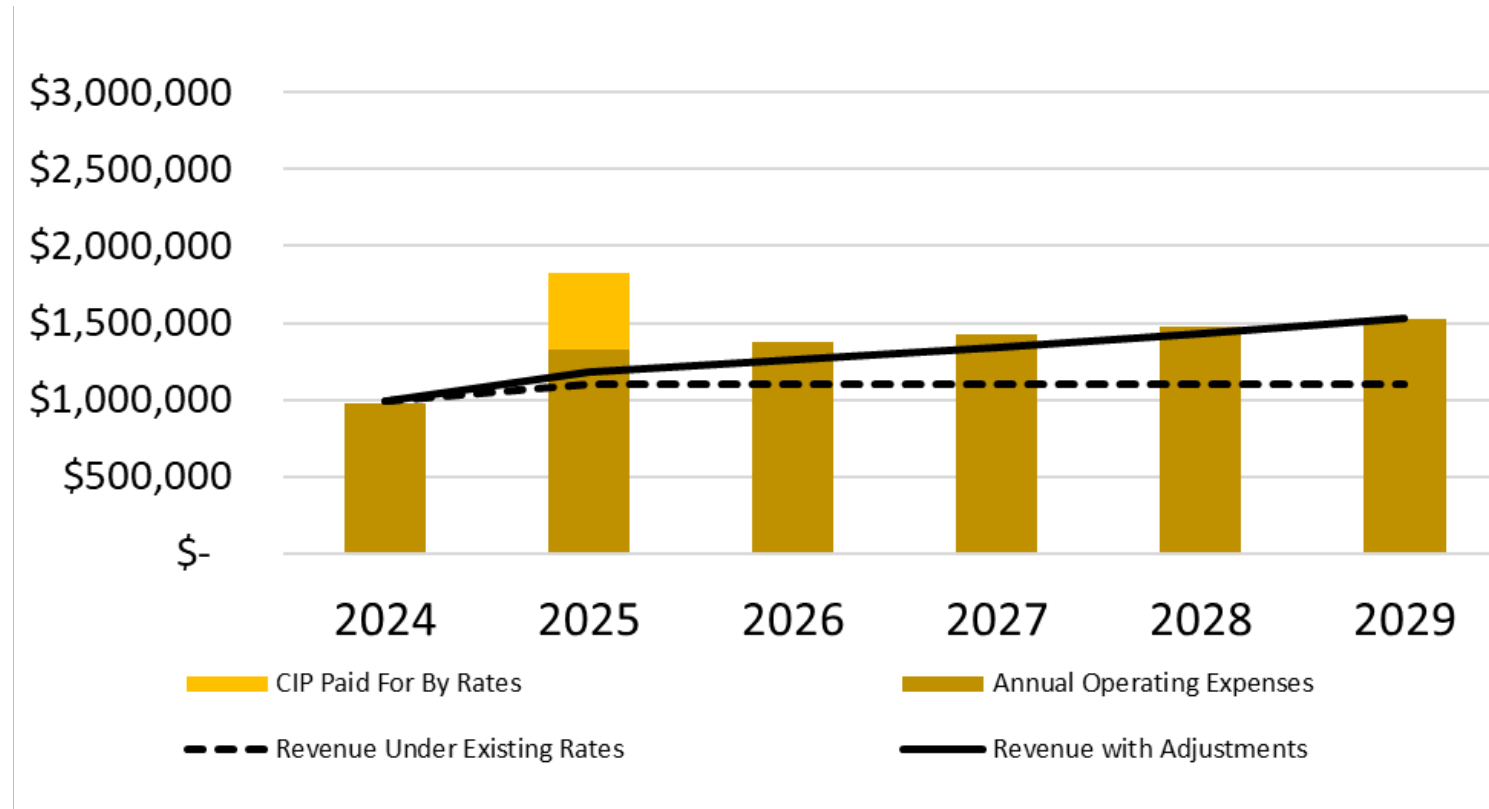


- Utility must raise rates or fund the Baler Facility Upgrade project with external revenue source.

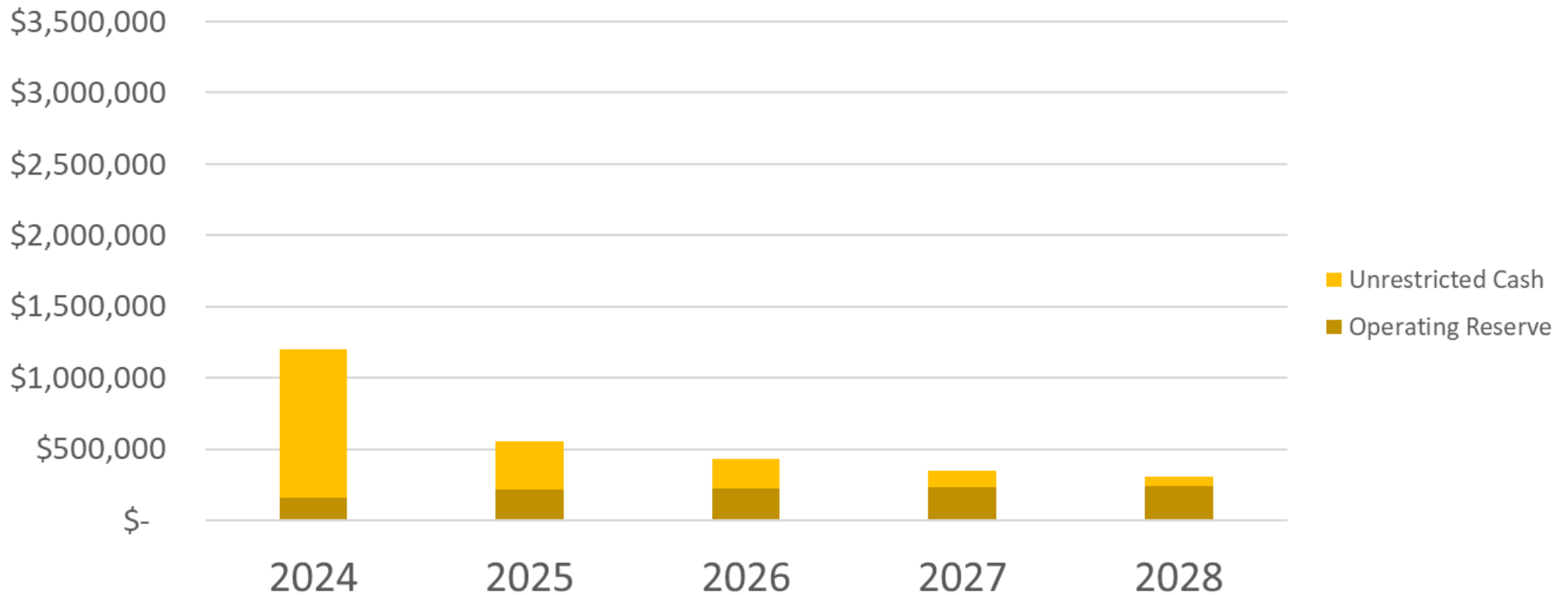
## **SOLID WASTE FUND: ALTERNATIVE 4**

- 50% of Baler Facility funded from another source
- Same Tipping Rate as Alternative 3
- 7% rate increase compared to 14% (Alt 1) or 24% (Alt 2)

# SOLID WASTE FUND: ALTERNATIVE 4 CASH FLOW



# SOLID WASTE FUND: ALTERNATIVE 4 CASH RESERVES



Takeaway: Revenue increases are needed but at a much lower level if Baler Facility funding can come from a different source

# SOLID WASTE ALTERNATIVE SUMMARY - 2025

	Dumpster Lease	Commercial Pick-Up Service	Landfill Drop-Off Commercial	Residential Pick-Up Services	Residential Pick-Up Elder Service
Current	\$30	\$25	\$10	\$46	\$23
Alternative 1	\$34	\$28	\$11	\$52	\$26
Alternative 2	<b>\$38</b>	<b>\$32</b>	<b>\$13</b>	<b>\$58</b>	<b>\$29</b>
Alternative 3	\$34	\$28	<b>\$20</b>	\$52	\$26
Alternative 4	<b>\$32</b>	<b>\$27</b>	<b>\$20</b>	<b>\$49</b>	<b>\$25</b>

# 2025 RECOMMENDATIONS

Water:  
Alternative 1

2025	2026	2027	2028	2029
0%	0%	0%	0%	0%

Sewer:  
Alternative 2

2025	2026	2027	2028	2029
19%	19%	12%	3.7% (CPI)	3.7% (CPI)

Solid Waste:  
Alternative 4

2025	2026	2027	2028	2029
7%	7%	7%	7%	5%

# AFFORDABILITY

Kotzebue MHI = \$101,071

Source	US EPA	ADEC	VSWP
Affordability (% of MHI)	4.5%	5%	See Matrix for Medium Burden
Annual Cost to Customers	\$4,548	\$5,054	\$2,616
<b>Monthly Cost to Customers</b>	<b>\$379</b>	<b>\$421</b>	<b>\$218</b>

# AFFORDABILITY CONTINUED

Affordability Framework of the Village Safe Water Program (VSWP):

- **FCI Score** of 2.3 (Medium Burden) based on socioeconomic indicators such as households on SNAP, households below the poverty level, and the amount of working age adults with full time jobs.
- **RI Score** is 2.8% (Medium Burden) based on the percent burden on the lowest income, second lowest income, and middle income.
- **Existing Rates** are considered a medium burden
- **Proposed Rates** remains within the medium burden classification

The Affordability Framework

		Residential Indicator		
		Low Burden > 0% to ≤ 2%	Medium Burden > 2% to ≤ 5%	High Burden > 5%
Financial Capability Indicator	Strong > 2.5 to ≤ 3.0	Low Burden	Low Burden	Medium Burden
	Mid-Range > 1.5 to ≤ 2.5	Low Burden	Medium Burden	High Burden
	Weak ≥ 1.0 to ≤ 1.5	Medium Burden	High Burden	High Burden

# COMBINED WATER AND SEWER RESIDENTIAL RATES

Fund	Existing	2025 Proposed
Water	\$ 101.46	\$ 101.00
Sewer	\$ 57.18	\$ 68.00
<b>Combined</b>	<b>\$ 158.64</b>	<b>\$ 169.00</b>

# COMBINED WATER AND SEWER RATE COMPARISON (2020 DATA)

Utilities	Monthly Fees
Port Alsworth	\$ 479
Naknek	\$ 392
Sterling	\$ 355
Tazlina	\$ 316
Bethel	\$ 247
Nome	\$ 204
Utqiagvik	\$ 187
<b>Kotzebue</b>	<b>\$ 169</b>

# THANK YOU...

**Any Questions? Comments?**