

CITY AND BOROUGH OF JUNEAU

#### Water & Wastewater Rate Study

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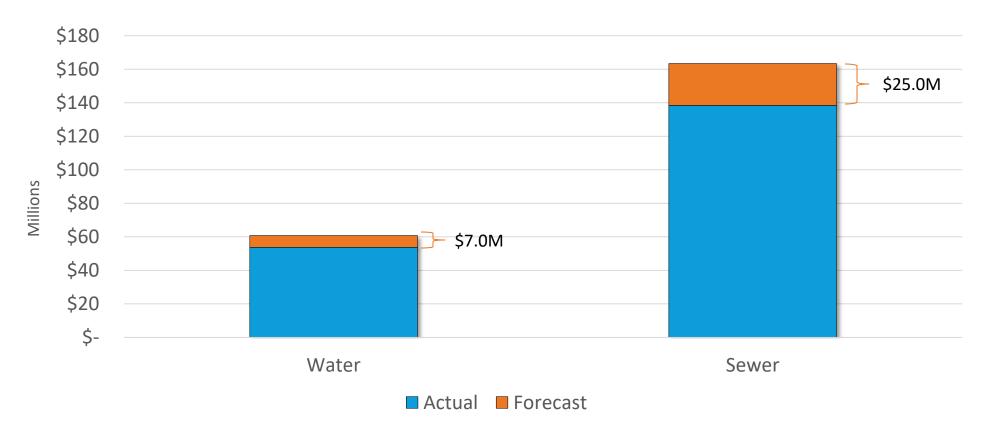
- Review of past rate study
- Overview of revenue requirement
- Key assumptions
- Preliminary results
- Feedback





#### Forecast vs. Actual Revenue Difference

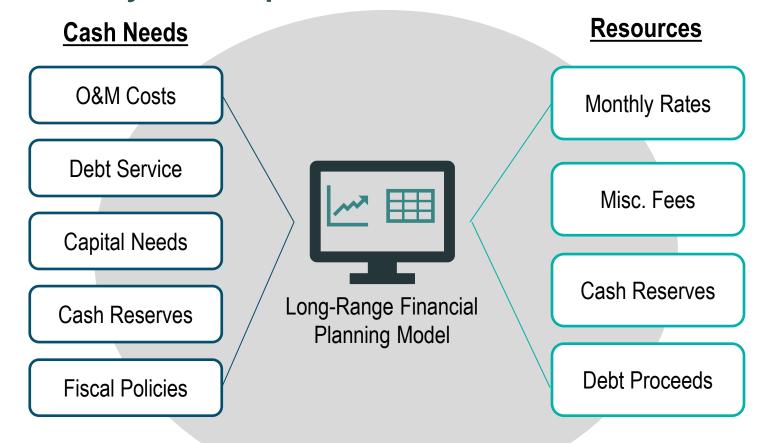
 Compares total forecast rate revenue vs. actual collected from FY2014 – FY2024







#### Rate Study Components



Craft a multi-year rate and financing plan to support the operations and capital needs of each utility





### Financial Forecast Key Assumptions



Forecast Basis
Study Period: FY2025-2030
Budget: FY 2025 and 2026
used as baseline



**Reserve Target** 

90 days of Operating Expenses + 2% of Assets



**Customer Growth** 

Minimal Growth



**Annual Rate Revenue** 

Water: \$5.6M Sewer: \$15.3M



**Operating Expense Inflation** 

4.0% to 5.0% annual cost inflation factors



**Capital Expense Inflation** 

5.0% to 7.0% annual cost inflation



**Existing Debt Service** 

Water: \$0.3M Sewer: \$1.3M



**Capital Plan** 

Water: \$4.1M avg. annual Sewer: \$5.9M avg. annual



# Capital Plan

- Developed by DOWL in consultation with the utilities
  - » Three alternatives developed
  - » Smallest capital plan available for the utilities selected for today's consideration
- FY2026-2030
- Addresses some of the highest priority projects
  - » Defers majority of projects beyond study period (FY2030)
- Risk to utility service exists under this plan





### Capital Plan vs. Current Assets

#### Water infrastructure

- » 2 water sources and treatment facilities
- » 6 reservoirs
- » 8 pump stations
- » 175 miles of pipes

#### Sewer infrastructure

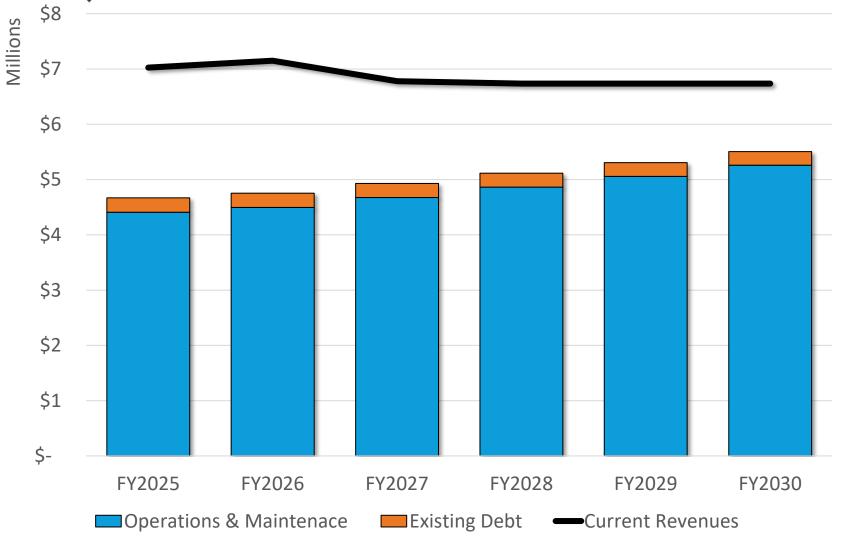
- » 3 wastewater treatment plants
- » 45 lift stations
- » 12 clarifying basins
- » 140 miles of pipes

Description (\$M)	Water	Sewer
Reproduction Cost of Assets	\$264.1	\$263.5
FY25 – FY30 CIP	\$24.7	\$35.6
CIP as a % of Assets	9.4%	13.5%





#### Water Operating Obligations



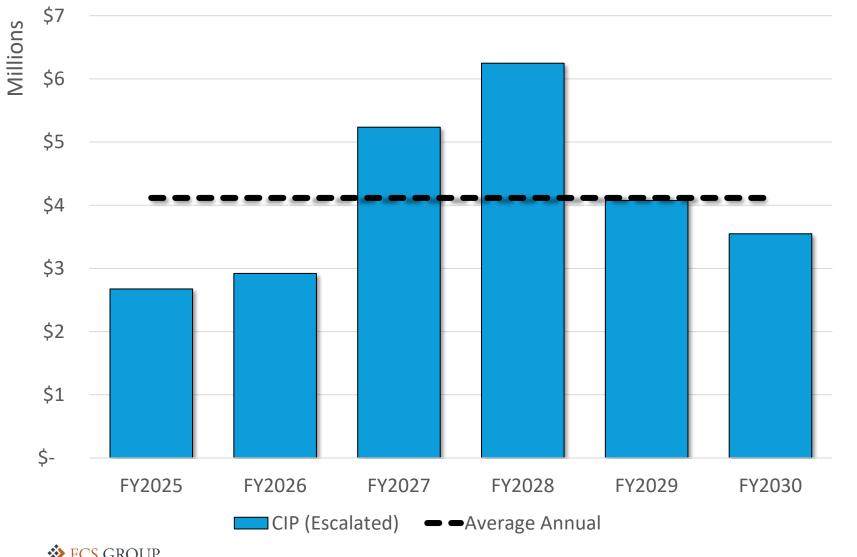
- O&M costs: \$4.4 5.3M
- Debt: \$0.3M annually
- Revenue: \$6.7 7.0M

 Under current rates average of \$1.8M available for capital each year





#### Water Capital Plan



\$24.7M in total capital spending needs

\$4.1M average annual capital spending

Deferring \$141.1M beyond FY2030





### Water Capital Funding Options

- Scenario 1: 100% Cash Funding
  - » Completely fund the capital plan through available fund balance or rate increase
  - » Results in the highest rate impacts
- Scenario 2: Debt Funding
  - » Issue the maximum amount of debt that may be available
  - » Assumed to be 20% of FY2026-2030 capital funded through State loans
    - \$4.3M in debt proceeds





#### Alaska Loan Forgiveness

- State loans are assumed to be paid back by the utilities
- State offers loan forgiveness/grants
  - » Prioritizes disadvantaged communities
  - » Looks at various metrics including
    - Lowest quintile income relative to state's figure
    - Utility rates relative to lowest quintile income
    - Number of households receiving SNAP benefits
    - Number of households below poverty level relative to state average
    - Unemployment rates relative to state average
    - Population change
- Juneau is not a good candidate for loan forgiveness/grants





### Water Scenario Comparisons

Fixed Residential Bill	Current	FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding	\$40.72	\$44.89	\$49.50	\$54.57	\$60.16	\$66.33
Debt Funding	\$40.72	\$43.57	\$46.62	\$49.88	\$53.38	\$57.11

FY30 Moderate CIP
\$114.64
\$95.15

\$ Change to Bill	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Cash Funding	\$4.17	\$4.60	\$5.07	\$5.59	\$6.17	\$25.61
Debt Funding	\$2.85	\$3.05	\$3.26	\$3.49	\$3.74	\$16.39

Debt Proceeds (\$M)	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Cash Funding	\$-	\$-	\$-	\$-	\$-	\$-
Debt Funding	\$0.60	\$1.00	\$1.20	\$0.80	\$0.70	\$4.30

% Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%
Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%

FY26 Moderate CIP

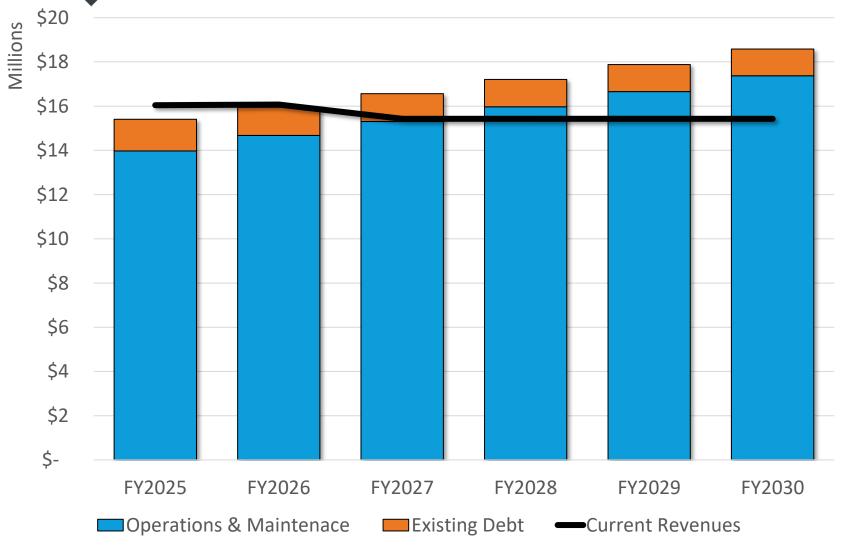
23.00%

18.50%





#### Sewer Operating Obligations



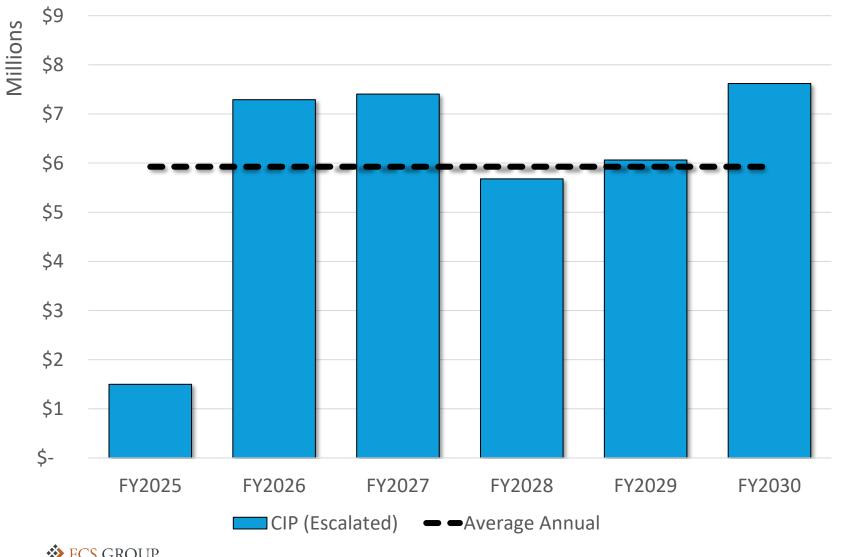
- O&M costs: \$14.0 17.4M
- Debt: \$1.2 \$1.4M
- Revenue: \$15.4 \$16.1M

- No cash generated for capital
  - » Rate increase necessary to address operating deficiency





#### Sewer Capital Plan



\$35.6M in total capital spending needs

\$5.9M average annual capital spending

Deferring \$210.5M beyond FY2030





#### Sewer Capital Funding Options

- Scenario 1: 100% Cash Funding
  - » Completely fund the capital plan through available fund balance or rate increase
    - Includes JD clarifier project
  - » Results in the highest rate impacts
- Scenario 2: Bond Vote Passes & Cash
  - » Issue \$10.0M of bonds to fund the JD clarifier
    - Debt to be repaid through property taxes
  - » All other projects cash funded
- Scenario 3: Bond Vote Passes & Debt
  - » Bond vote passes & utility secures the maximum amount of State loans that may be available
  - » Assumed to be 20% of FY2026-2030 capital funded through State loans
    - \$4.8M in debt proceeds
      - Clarifier project to be funded through separate \$10.0M bond





### Sewer Scenario Comparisons

Fixed Residential Bill	Current	FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding	\$106.08	\$142.15	\$167.73	\$176.12	\$184.93	\$194.17
Bond Vote Passes & Cash	\$106.08	\$119.61	\$134.85	\$152.05	\$170.67	\$191.58
Bond Vote Passes & Debt	\$106.08	\$118.28	\$131.88	\$147.05	\$163.22	\$181.18
\$ Change to Bill		FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding		\$36.07	\$25.59	\$8.39	\$8.81	\$9.25
Bond Vote Passes & Cash		\$13.53	\$15.25	\$17.19	\$18.63	\$20.91
Bond Vote Passes & Debt		\$12.20	\$13.60	\$15.17	\$16.18	\$17.95
Debt Proceeds (\$M)		FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding		\$-	\$-	\$-	\$-	\$-
Bond Vote Passes & Cash		\$10.00	\$-	\$-	\$-	\$-
Bond Vote Passes & Debt		\$10.50	\$0.50	\$1.10	\$1.20	\$1.50
% Rate Adjustments		FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding		34.00%	18.00%	5.00%	5.00%	5.00%
Bond Vote Passes & Cash		12.75%	12.75%	12.75%	12.25%	12.25%
Bond Vote Passes & Debt		11.50%	11.50%	11.50%	11.00%	11.00%
•						

Y30 Moderate CIP	
\$225.47	
\$219.71	
\$212.26	

Total

\$88.09

\$85.50

\$75.10

**Total** 

\$-

\$10.00

\$14.80

FY26 Moderate CIP

95.00%

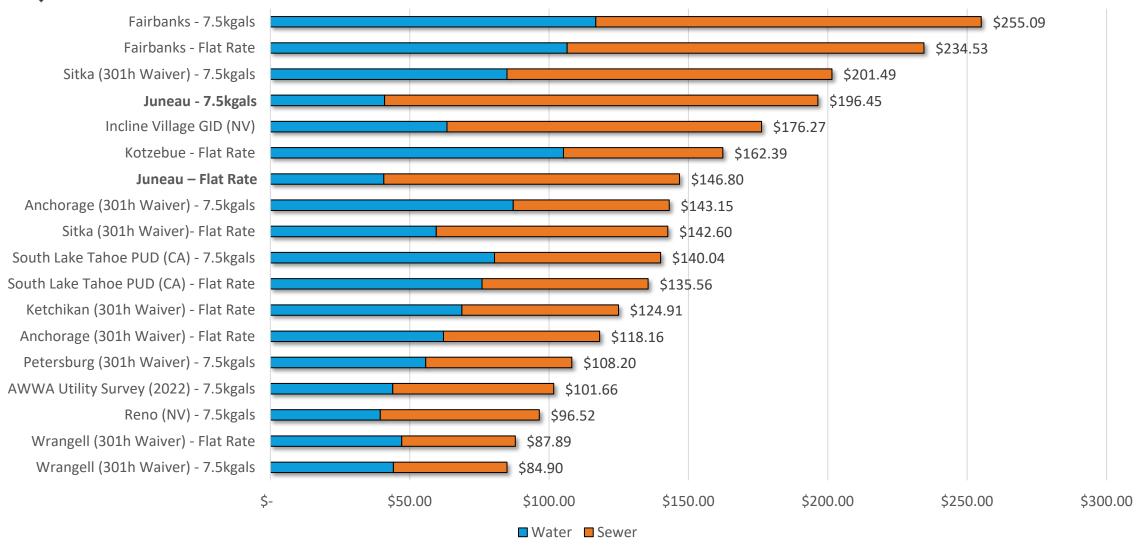
65.00%

50.00%





#### Rate Benchmarking







## Next Steps / Discussion

#### Water Rate Scenarios:

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#### Feedback?



# Thank you! Questions?

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