

# Water & Wastewater Rate Study Update



CITY & BOROUGH OF JUNEAU

APRIL 30, 2025

Updated Analysis  
Paul Quinn





# Presentation Overview

- Background
- Study changes
- Capital plan
- Results
- Questions / discussion



# Background

- December 2022 – Utility Advisory Board (UAB)
  - » Reviewed utility financial outlook
- September 18, 2023 – Public Works & Facilities Committee
  - » Discussed preliminary outlook for rates
- Rate study began in March 2024
  - » August 5, 2024 – Public Works & Facilities Committee
  - » November 6, 2024 – Finance Committee
  - » December 19, 2024 – Public Meeting

Description	FY2026	FY2027	FY2028	FY2029	FY2030
<b>Water</b>					
Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%
Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%
<b>Wastewater</b>					
Cash Funding	12.75%	12.75%	12.75%	12.25%	12.25%
Debt Funding	11.50%	11.50%	11.50%	11.00%	11.00%



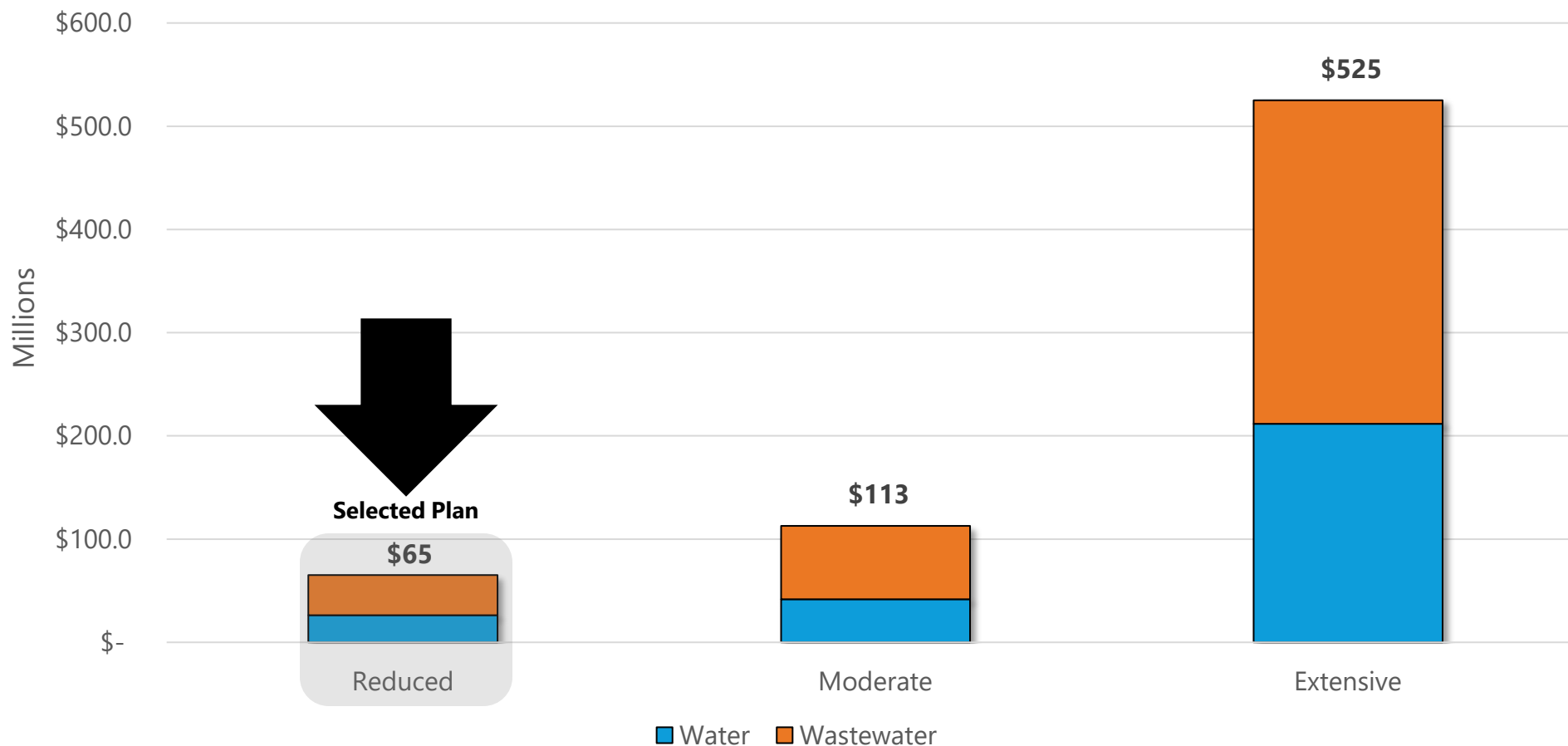
## Key Changes

- Analysis updated to reflect current budget and operating environment

Description	Water (\$M)	Wastewater (\$M)
Beginning Cash Balances	+\$0.9	+\$2.2
Enterprise Funded CIP	+\$0.4	+\$2.6
FY2026 Revenues	+\$0.2	+\$0.2
FY2026 O&M Expenses	+\$0.2	-\$1.2



# FY2025 – FY2030 Capital Plan Comparison



- Risk to utility service exists under selected plan



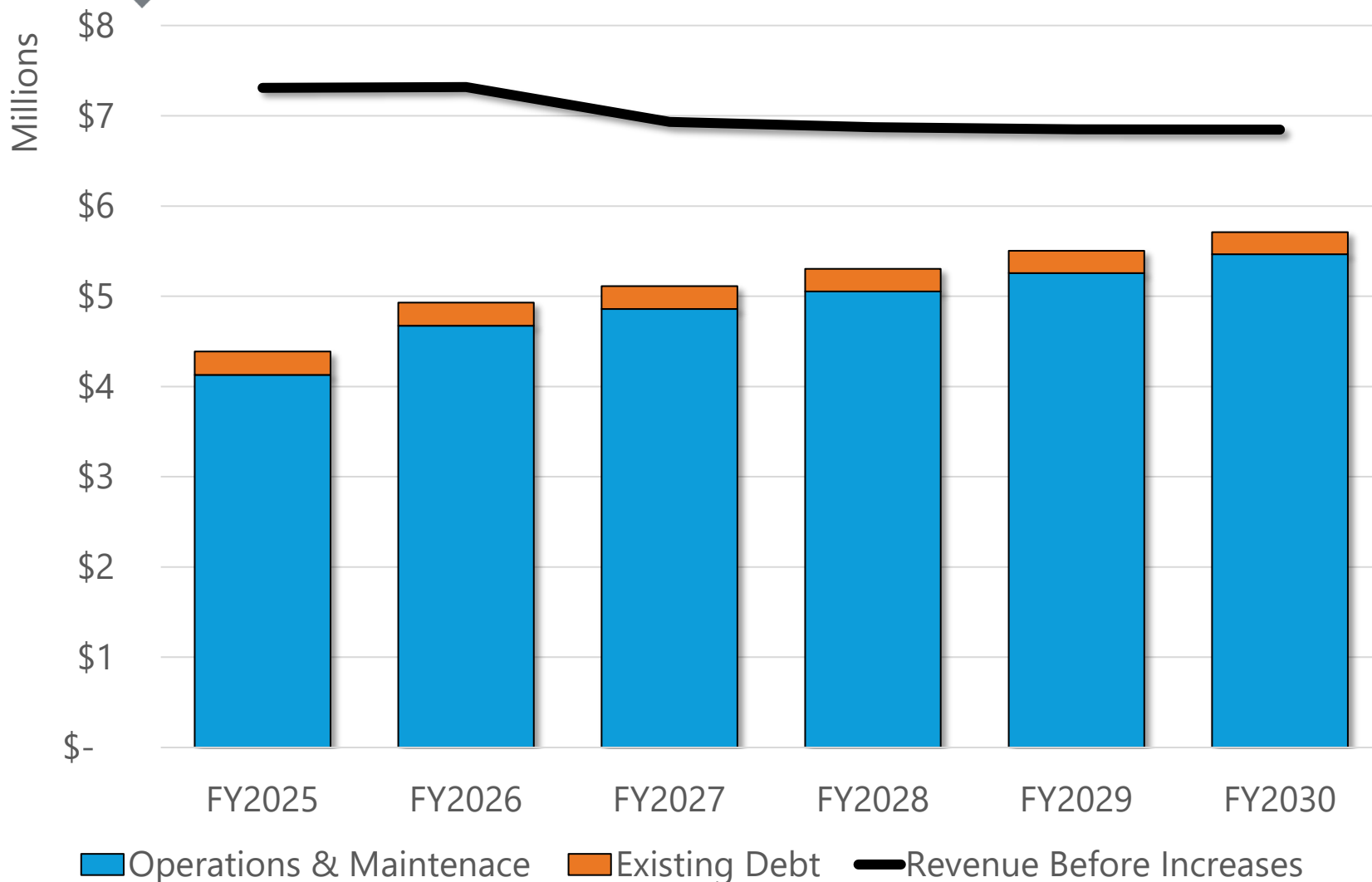
A scenic view of a large dam with a walkway, set against a backdrop of lush green mountains and a calm lake reflecting the sky. The dam features a concrete walkway with a metal railing and a chain-link fence. The water is still, reflecting the surrounding greenery and the sky. The mountains in the background are covered in dense forest and have patches of snow on their peaks.

# Water Utility





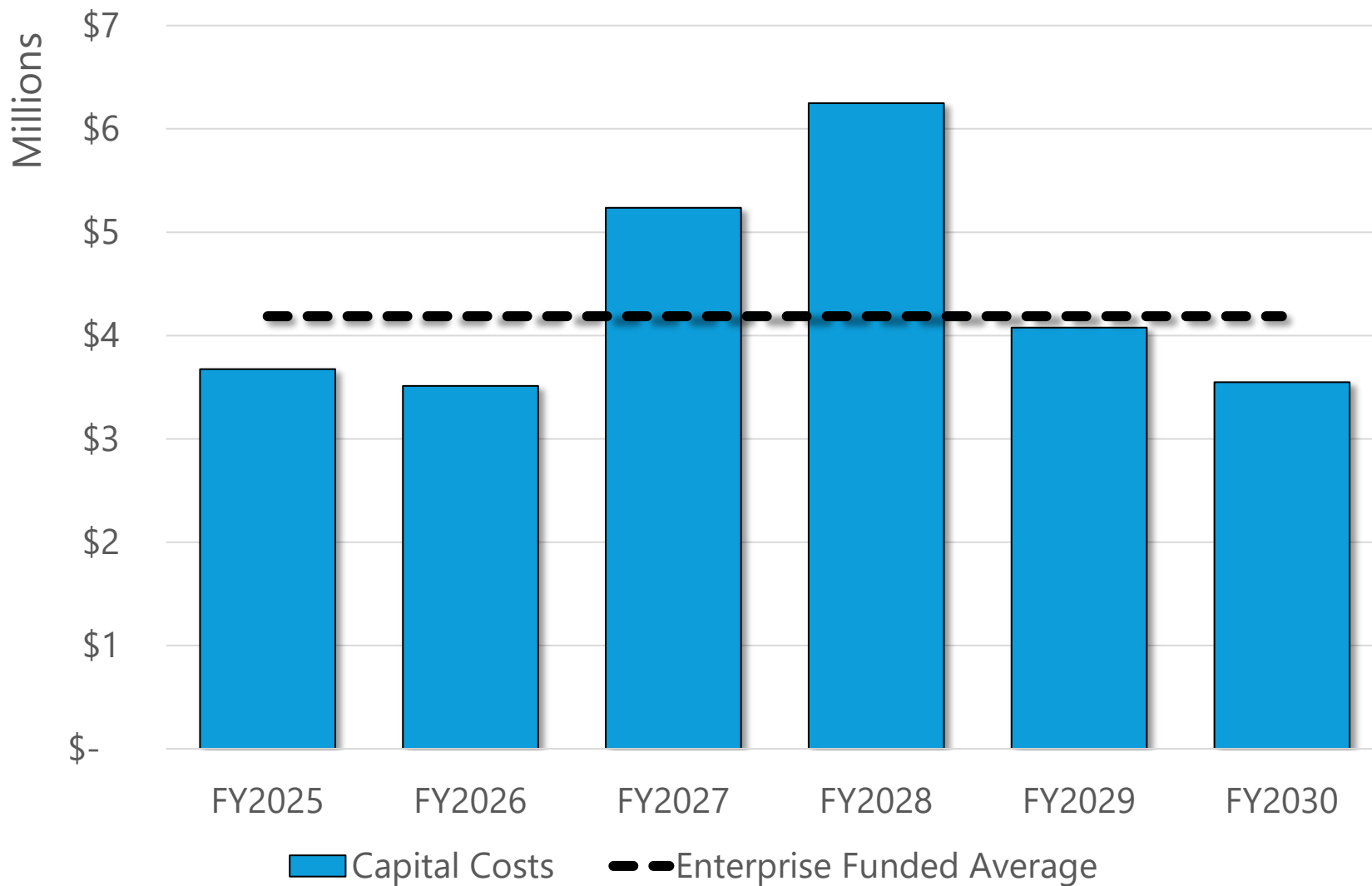
# Water Operating Obligations



- O&M costs: \$4.1 - \$5.5M
- Debt: \$0.3M annually
- Revenue: \$6.8 - \$7.3M
- Current rates generate \$1.9M for capital each year



# Water Capital Plan



- \$26.3M in total capital
- \$4.2M average annual enterprise funded capital
- ***Deferring \$185.3M beyond FY2030***





# Capital Funding Options

- Scenario 1: Cash Funding
- Scenario 2: Debt Funding
  - » State loan (SRF) amounts equal to be 20% of FY2026-FY2030 capital plan (\$4.4M)
- Scenario 3: 5.00% Rate Adjustment & Cash Funding
  - » 5.00% rate adjustments – how much outside funding is required?
- Scenario 4: 5.00% Rate Adjustment & Debt Funding
  - » 5.00% rate adjustments – how much outside funding is required?
  - » State loan (SRF) amounts equal to be 20% of FY2026-FY2030 capital plan (\$4.4M)



# Water Scenario Comparison

Fall 2024 Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	10.25%	10.25%	10.25%	10.25%	10.25%
S2. Debt Funded	7.00%	7.00%	7.00%	7.00%	7.00%

Updated Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.25%	9.25%	9.25%	9.25%	9.25%
S2. Debt Funded	6.00%	6.00%	6.00%	6.00%	6.00%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

State Loan Proceeds	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	700,000	1,000,000	1,200,000	800,000	700,000	<b>4,400,000</b>
S3. 5.00% & Cash Funded	-	-	-	-	-	-
S4. 5.00% & Debt Funded	700,000	1,000,000	1,200,000	800,000	700,000	<b>4,400,000</b>

Other Funding Needed	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	-	-	-	-	-	-
S3. 5.00% & Cash Funded	-	-	1,700,000	1,700,000	900,000	<b>4,300,000</b>
S4. 5.00% & Debt Funded	-	-	-	300,000	600,000	<b>900,000</b>



## Water Scenario Comparison (continued)

- Rate increases apply to all customers
- Current flat rate bill is \$40.72
- S3 & S4 have same impact as annual rate increases are capped at 5.00%
  - » Scenarios differ on capital funding strategy (State loans vs other funding)

\$ Change to Flat Residential Mo. Bill	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 3.77	\$ 4.12	\$ 4.50	\$ 4.91	\$ 5.37
S2. Debt Funded	2.44	2.59	2.75	2.91	3.08
S3. 5.00% & Cash Funded	2.04	2.14	2.24	2.36	2.47
S4. 5.00% & Debt Funded	2.04	2.14	2.24	2.36	2.47



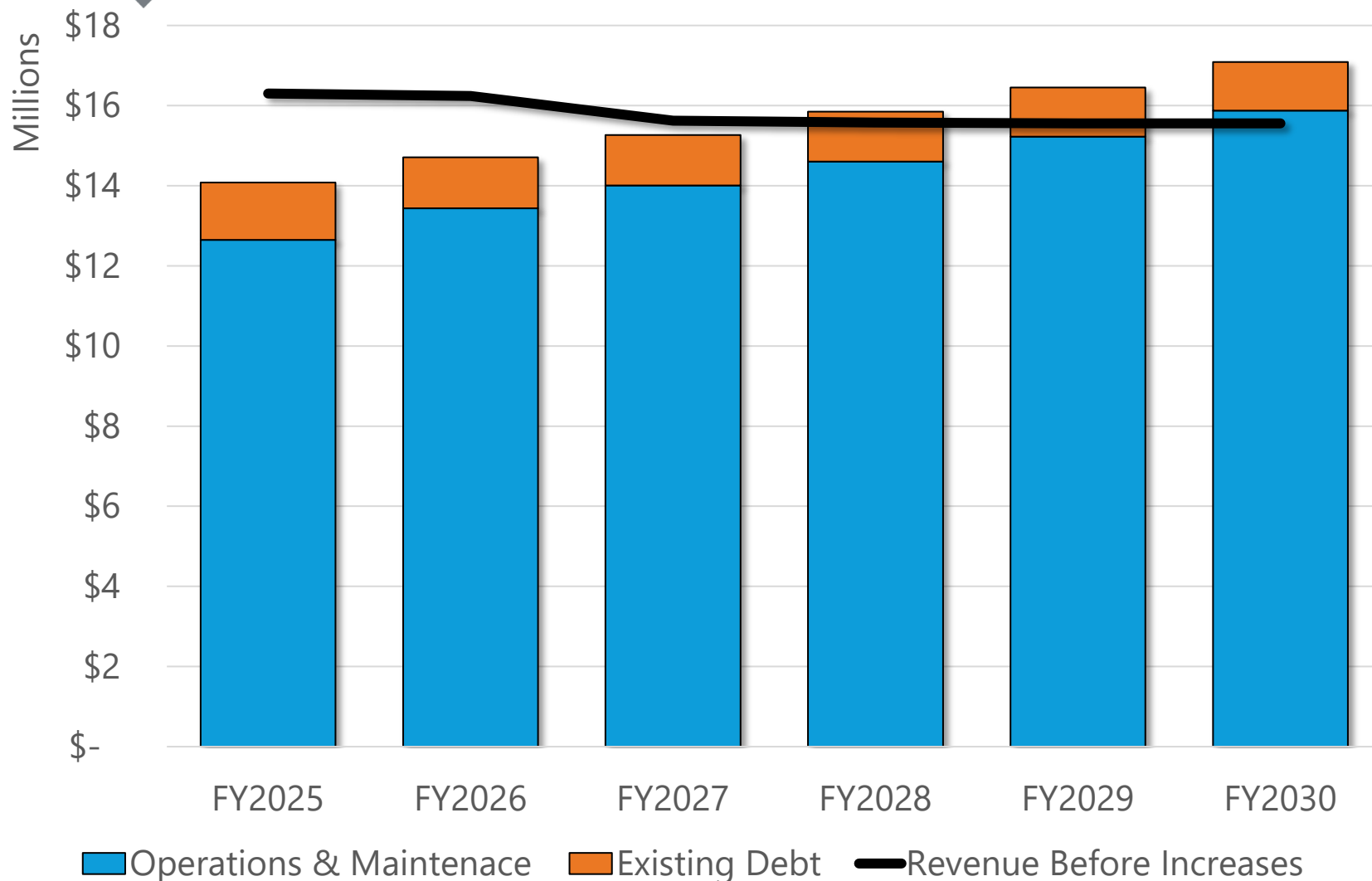


# Wastewater Utility





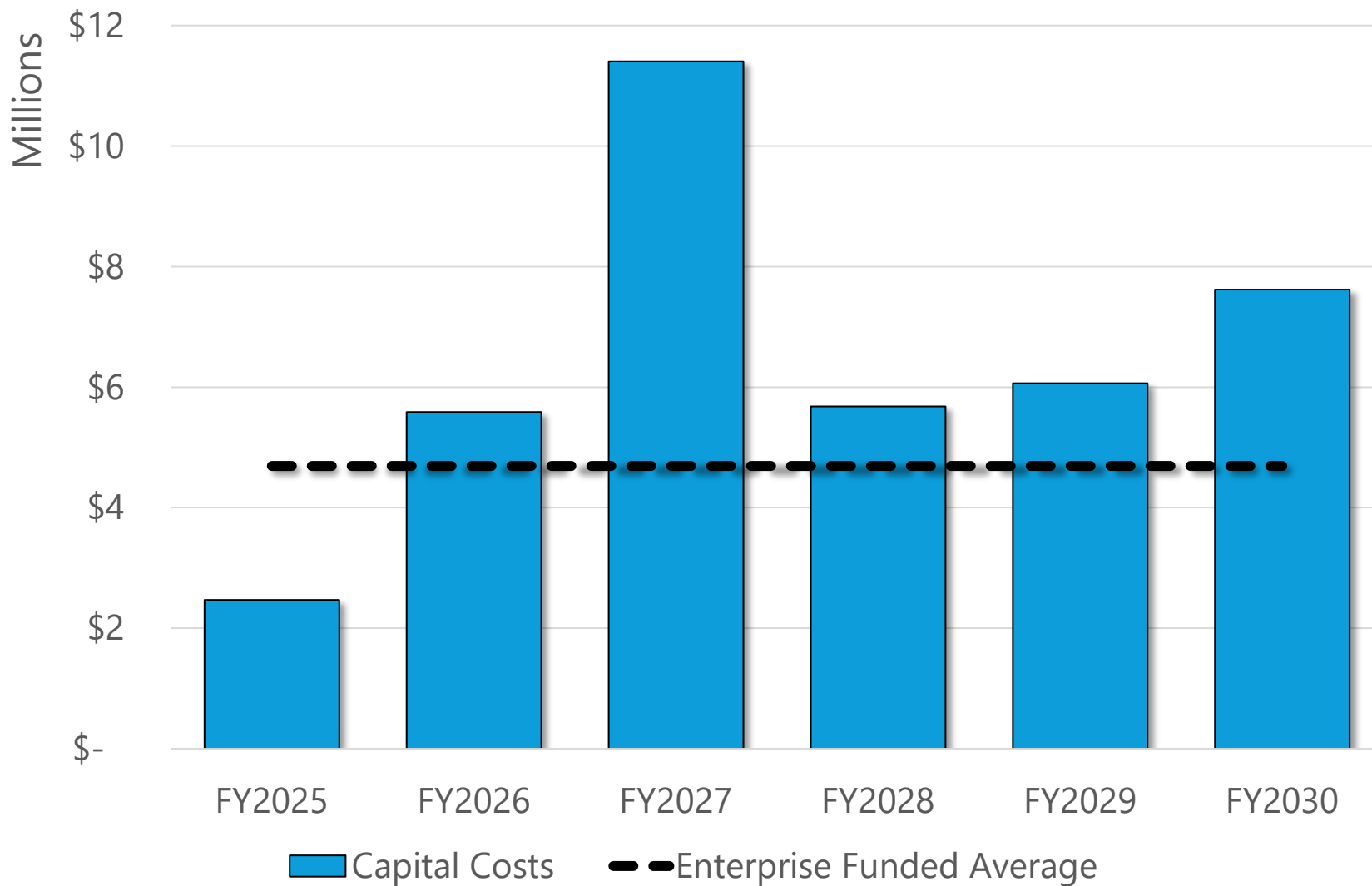
# Wastewater Operating Obligations



- O&M costs: \$12.6 - 15.9M
- Debt: \$1.2 - \$1.4M
- Revenue: \$15.6 - \$16.3M
- Operating deficiency beginning in FY2028



# Wastewater Capital Plan



- \$38.8M in total capital
- \$4.7M average annual enterprise funded capital
- **Deferring \$274.6M beyond FY2030**





# Capital Funding Options

- Scenario 1: Cash Funding
- Scenario 2: Debt Funding
  - » State loan (SRF) amounts equal to 20% of FY2026-FY2030 capital plan (\$4.8M)
- Scenario 3: 5.00% Rate Adjustment & Cash Funding
  - » 5.00% rate adjustments – how much outside funding is required?
- Scenario 4: 5.00% Rate Adjustment & Debt Funding
  - » 5.00% rate adjustments – how much outside funding is required?
  - » State loan (SRF) amounts equal to 20% of FY2026-FY2030 capital plan (\$4.8M)



# Wastewater Scenario Comparison

Fall 2024 Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	12.75%	12.75%	12.75%	12.25%	12.25%
S2. Debt Funded	11.50%	11.50%	11.50%	11.00%	11.00%

Updated Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.75%	9.75%	9.25%	9.25%	9.25%
S2. Debt Funded	8.25%	8.25%	8.25%	7.75%	7.75%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

State Loan Proceeds	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	500,000	500,000	1,100,000	1,200,000	1,500,000	<b>4,800,000</b>
S3. 5.00% & Cash Funded	-	-	-	-	-	-
S4. 5.00% & Debt Funded	500,000	500,000	1,100,000	1,200,000	1,500,000	<b>4,800,000</b>

Other Funding Needed	FY2026	FY2027	FY2028	FY2029	FY2030	Total
S1. Cash Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S2. Debt Funded	-	-	-	-	-	-
S3. 5.00% & Cash Funded	-	-	3,200,000	4,000,000	5,200,000	<b>12,400,000</b>
S4. 5.00% & Debt Funded	-	-	1,400,000	3,000,000	4,100,000	<b>8,500,000</b>



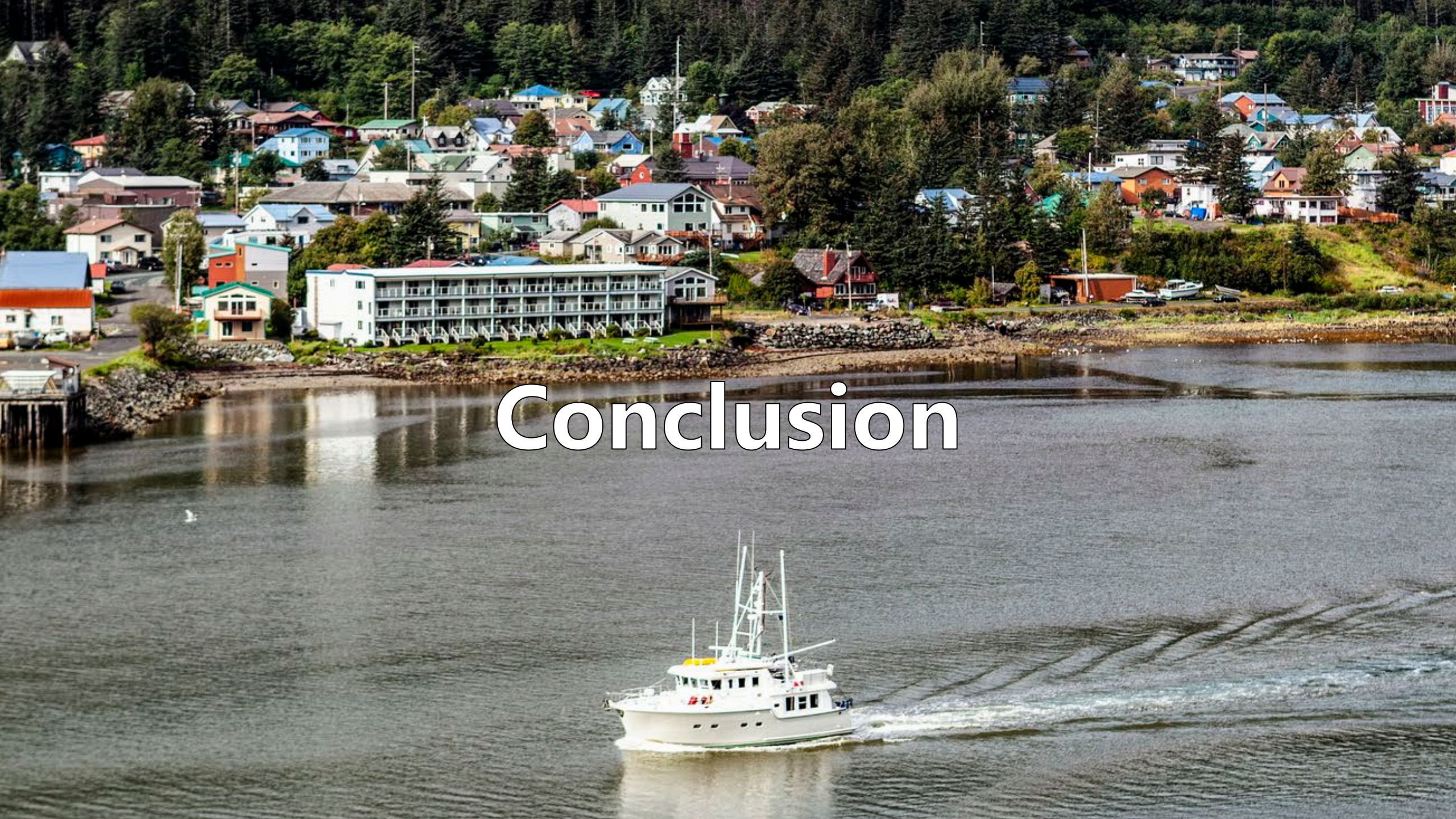
## Wastewater Scenario Comparison (continued)

- Rate increases apply to all customers
- Current flat rate bill is \$106.08
- S3 & S4 have same impact as annual rate increases are capped at 5.00%
  - » Scenarios differ on capital funding strategy (State loans vs other funding)

\$ Change to Flat Residential Mo. Bill	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 10.34	\$ 11.35	\$ 11.82	\$ 12.91	\$ 14.11
S2. Debt Funded	8.75	9.47	10.26	10.43	11.24
S3. 5.00% & Cash Funded	5.30	5.57	5.85	6.14	6.45
S4. 5.00% & Debt Funded	5.30	5.57	5.85	6.14	6.45



# Conclusion







## Other Funding Sources

- Capital funding assistance needed if increases are capped at 5.00%

Description	FY2026	FY2027	FY2028	FY2029	FY2030	Total
<b>Water</b>						
S3. 5.00% & Cash Funded	\$ -	\$ -	\$ 1,700,000	\$ 1,700,000	\$ 900,000	<b>\$ 4,300,000</b>
S4. 5.00% & Debt Funded	-	-	-	300,000	600,000	<b>900,000</b>
<b>Wastewater</b>						
S3. 5.00% & Cash Funded	\$ -	\$ -	\$ 3,200,000	\$ 4,000,000	\$ 5,200,000	<b>\$ 12,400,000</b>
S4. 5.00% & Debt Funded	-	-	1,400,000	3,000,000	4,100,000	<b>8,500,000</b>

- Potential other funding sources
  - » New bond funded by property taxes
  - » 3% sales tax
  - » 1% sales tax (available starting FY2029)
  - » Other?



# Flat Rate Residential Monthly Bills

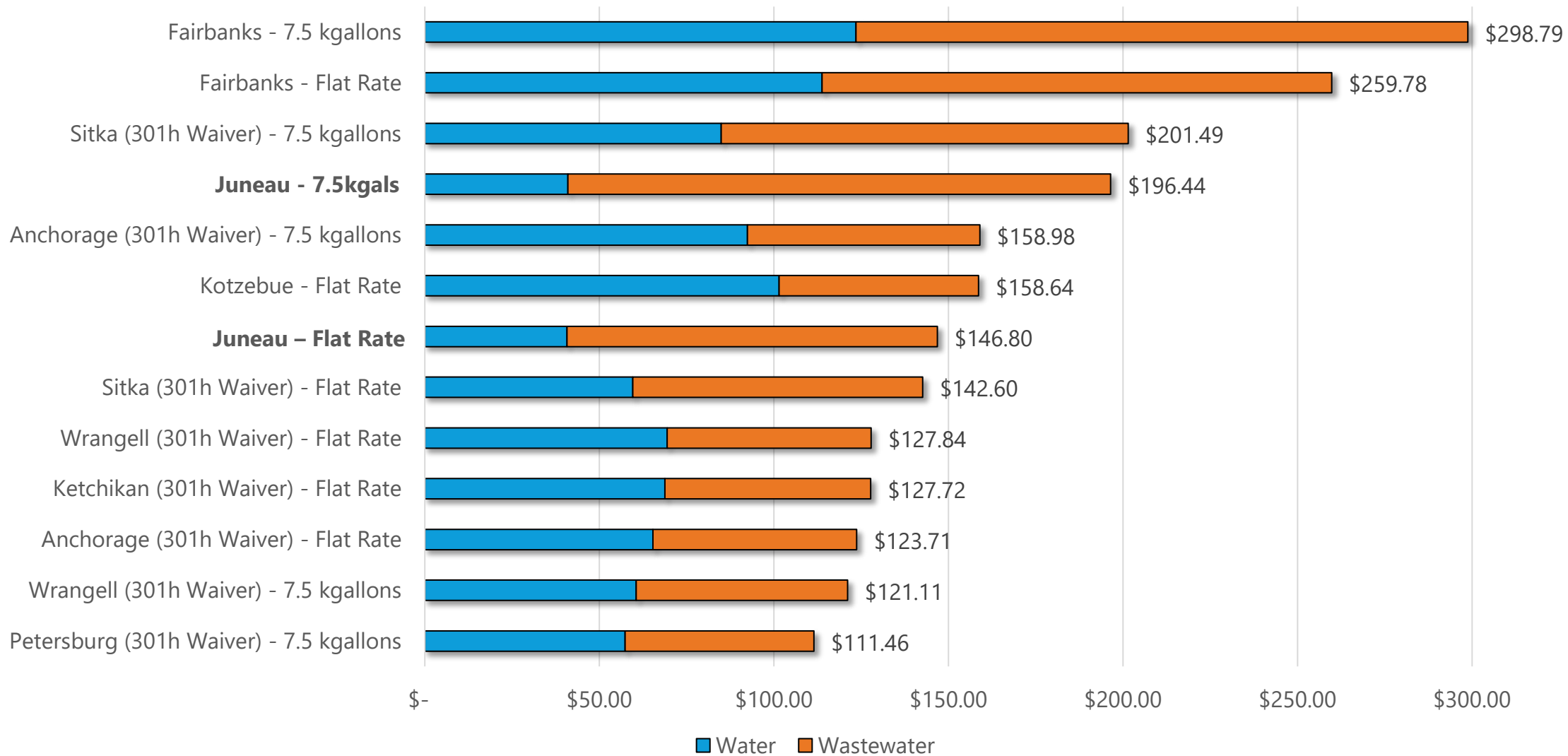
- Proposed combined bills under each scenario

Scenario	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	\$ 146.80	\$ 160.91	\$ 176.38	\$ 192.69	\$ 210.51	\$ 229.99
\$ Change		14.11	15.47	16.31	17.82	19.47
S2. Debt Funded	\$ 146.80	\$ 157.99	\$ 170.06	\$ 183.06	\$ 196.40	\$ 210.72
\$ Change		11.19	12.06	13.00	13.34	14.32
S3. 5.00% & Cash Funded	\$ 146.80	\$ 154.14	\$ 161.85	\$ 169.94	\$ 178.44	\$ 187.36
\$ Change		7.34	7.71	8.09	8.50	8.92
S4. 5.00% & Debt Funded	\$ 146.80	\$ 154.14	\$ 161.85	\$ 169.94	\$ 178.44	\$ 187.36
\$ Change		7.34	7.71	8.09	8.50	8.92





# Rate Benchmarking





# Summary

- Scenarios

WATER	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.25%	9.25%	9.25%	9.25%	9.25%
S2. Debt Funded	6.00%	6.00%	6.00%	6.00%	6.00%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

WASTEWATER	FY2026	FY2027	FY2028	FY2029	FY2030
S1. Cash Funded	9.75%	9.75%	9.25%	9.25%	9.25%
S2. Debt Funded	8.25%	8.25%	8.25%	7.75%	7.75%
S3. 5.00% & Cash Funded	5.00%	5.00%	5.00%	5.00%	5.00%
S4. 5.00% & Debt Funded	5.00%	5.00%	5.00%	5.00%	5.00%

- Rate increases apply to all customers
- Direction / questions?

**Thank you!**  
**Questions?**

**Paul Quinn, Assistant Project Manager**  
**(425) 502-6473**  
**[paul.quinn@bowman.com](mailto:paul.quinn@bowman.com)**

