

**ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, January 10, 2018, 5:30 PM.
Assembly Chambers**

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

- a. **Wednesday, November 8, 2017**
- b. **Wednesday, December 13, 2017**

IV. ITEMS FOR DISCUSSION

- a. **Regulatory Commission of Alaska (RCA) Proceedings Education Presentations**
- b. **Affordable Housing Recommendations**
- c. **Credit Card Status & Fees**
- d. **1% Sales Tax CIP (Pending Referral from PWFC)**

V. NEXT MEETING DATE

- a. **Wednesday, February 7, 2018**

VI. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, November 8, 2017, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Jesse Kiehl, Chair; Norton Gregory, Mary Becker, Jerry Nankervis Loren Jones, Beth Weldon, Maria Gladyszewski and Robert Edwardson.

Committee Members Participating Telephonically: None.

Committee Members Absent: Mayor Ken Koelsch.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Kirk Duncan, Parks & Recreation Director; Kristi West, Eagle Valley Center Coordinator, Parks & Recreation; Michele Elfers, Chief Landscape Architect, Engineering; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: Connie Hulbert, President/General Manager, AEL&P.

III. Approval of Minutes

The September 13, 2017, minutes were approved as corrected.

IV. Evaluation of Potential Purchase of Alaska Electric Light & Power (AEL&P)

Rorie Watt, City Manager, provided introductory comments regarding the Pacific Financial Management (PFM) report presented pages 8 – 18 of the meeting packet.

Bob Bartholomew, Finance Director, added that the purpose of the PFM report was to help assist both the AFC and the public on determining what next steps (if any) in the discussions regarding the electric utility. Staff would need more questions or direction from the AFC to commit additional resources to the evaluation effort.

Discussion ensued including high level topics: Rights of First Refusal on Snettisham Dam; opportunities for the City to comment to the RCA; news that the RCA (procedurally) rejected the sale of AEL&P to Hydro One and restarted the process earlier in the afternoon; AEL&P financials; and requesting primer into RCA process.

Staff was directed to provide an RCA 101 Primer presentation to a future AFC meeting.

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The meeting recessed at 6:59 PM.

The meeting reconvened at 7:11 PM.

Changes to the Order of the Day

Move Item VI.A. Information Item – Parks & Recreation Eagle Valley Center Update, forward in the agenda to item V. preceding Major Revenue Update.

Without objection.

V. Information Item – Parks & Recreation Eagle Valley Center Update

Mila Cosgrove, Deputy City Manager, presented information found on pages 20 – 26 of the meeting packet.

Kirk Duncan, Parks & Recreation Director, responded to questions from the Assembly members about the Eagle Valley Center Property.

VI. Major Revenue Update

Bob Bartholomew, presented page 19 of the meeting packet. Both FY17 & FY18 showed higher revenues than projected during the budget development in May 2017. With the increase being primarily sales tax driven, 40% of the increase is allocated to the 1% voter approved CIP projects and areawide streets CIPs. Staff responded to questions from Assembly members about CIP funding, future projections. Mr. Nankervis thanked Mr. Bartholomew, stating the presentation was very understandable.

VII. Next Meeting Date

Wednesday, December 13, 2017

VIII. Adjournment

Meeting was adjourned at 7:39 PM

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, December 13, 2017, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Jesse Kiehl, Chair; Norton Gregory, Mary Becker, Jerry Nankervis Beth Weldon, Robert Edwardson, and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Maria Gladziszewski.

Committee Members Absent: Loren Jones.

III. Changes to the Order of the Day

Staff requested to remove Item VI. CBJ Cold Weather Emergency Shelter Operations from the agenda.

Without OBJECTION.

IV. Approval of Minutes

There were no minutes presented to approve. The November 8, 2017, minutes will be presented for approval at the meeting to be held on January 10, 2018.

V. Juneau School District – FY18 Budget Update

Bob Bartholomew, Finance Director, presented information found on pages 2 – 4 of the meeting packet and in an in-meeting handout. Requested direction to staff if the body accepts staff recommendation to de-appropriate the amount of state revenue (\$726,277), related to the reduction in final student count from the original estimate. Staff also asked for direction on the school district's request to redirect the local funding of \$167,000, originally appropriated for core education, to outside the cap programs/activities.

David Means, Director of Administrative Services, Juneau School District, provided clarification on the difference between funding under the cap and the required minimum local contribution.

Chair Kiehl asked if de-appropriation was required. Mayor Koelsch asked if it was necessary to decide on the redirection of local funding (\$167,000) during the current meeting.

Dr. Mark Miller, Superintendent, Juneau School District, indicated the School District can wait for a decision on the redirection of funding.

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Chair Kiehl asked the committee members if there was any objection to de-appropriation of state funding (\$726,277) that will not be provided by the State of Alaska.

Without OBJECTION.

Chair Kiehl asked the committee members if there was any discussion on reallocating the local funding (\$167,000).

Mr. Nankervis stated that he would like additional time to ask questions before deciding on redirection. Chair Kiehl said this topic would be held for discussion at a future AFC meeting.

VI. Financing Senior Assisted Living Project Update

Bob Bartholomew presented an issue paper (pages 5 – 6 of meeting packet), explaining the background, and that there is currently not a legal path for the City to provide financing to help the SCSSI project move forward.

Chair Kiehl asked if Mr. Bartholomew had looked at other options for funding through Alaska Housing. Mr. Bartholomew indicated that he had spoken to representatives with Alaska Housing, and will continue to have discussions with Alaska Housing in the event future programs may provide a path to financing the project.

Mr. Gregory inquired about the steps to be used to fund the project with GO funds. Mr. Bartholomew outlined the steps to include Assembly direction to move forward, and present the project to the citizens for a vote at the next regular election in October, 2018. He also stated that if GO Bonds were to be used, the CBJ would be required to own the property that would be built. However, it is SCSSI's preference that CBJ would not own the facility.

Chair Kiehl directed staff to bring back more information as it becomes available.

VII. Senior Tax Exemption Overview - Update

Bob Bartholomew reviewed the five graphs (pages 7 – 11 of the meeting packet) as an update to past presentations on the topic. Questions ensued.

Mr. Edwardson requested more information on how the projected percentage of senior population was calculated.

VIII. Ordinance 2017-06(X)

Bob Bartholomew presented Ordinance 2017-06(X) which would appropriate additional \$250,000 for legal costs related to CLIAA lawsuit. He also recommended that an additional \$750,000 of sales tax revenue / fund balance be set aside for future litigation costs.

Amy Mead, City Attorney, joined the meeting telephonically at 6:33 PM.

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Chair Kiehl asked if the draft ordinance could be edited to incorporate a 50/50 funding split between MPF and sales tax. Ms. Mead explained that case law is not clear on the usage of MPF and the CLIAA's attorney has indicated they will object to the CBJ's continued use of that funding source. However, it is defensible and up to the Assembly's discretion.

Jerry Nankervis moved to bifurcate the two issues: 1.) Forward the Ordinance as presented in the packet to the Assembly for introduction. 2.) \$750,000 of sales tax revenue/fund balance to be set aside for future legal defense costs.

Maria Gladziszewski OBJECTED.

Maria Gladziszewski moved to amend part 1 of the bifurcated motion to split the funding source of the ordinance to include half from Marine Passenger Fees and half from Sales Tax Revenue.

Mayor Koelsch OBJECTED.

Roll call votes:

Ayes: Gladziszewski, and Kiehl.

Nays: Nankervis, Edwardson, Gregory, Becker, Weldon and Mayor Koelsch.

Absent: Jones.

Motion to amend FAILED 2-6.

Ms. Gladziszewski removed OBJECTION.

Part 1. of the Bifurcated Motion PASSED without OBJECTION.

Mr. Nankervis pointed out that the 2nd part of the bifurcated motion had not been addressed. Mr. Bartholomew indicated that direction was not time critical now and could be discussed at a future AFC meeting.

Chair Kiehl gave the body a heads up about an issue, related to Local First Program, which might be brought forward at the Assembly meeting scheduled for Monday, December 18th.

Mayor Koelsch excused himself and left the meeting at 6:45 PM.

**Beth Weldon moved to refer the priority list for CIP spending of, voter approved, 1% sales tax back to the Public Works and Facilities Committee for clarification.
Without OBJECTION.**

**Minutes - Assembly Finance Committee Meeting
Wednesday, December 13, 2017, 5:30 p.m.**

IX. Executive Session

Employee Contract Negotiations.

Jerry Nankervis moved to recess and convene to Executive Session for the purpose of discussing a matter that has to do with the finances of the City and public knowledge might be detrimental, and the specific issue has to do with contract negotiations. There being NO OBJECTION or public comment, it was so ordered.

The meeting recessed at 6:48 PM.

The committee entered into Executive Session at 7:05 PM.

The committee returned from Executive Session at 7:30 PM.

Jerry Nankervis reported that the committee had discussed employee contract negotiations and the committee gave direction to staff.

Chair Kiehl asked if there was any other business. There was none.

The meeting was adjourned.

X. Next Meeting Date

Wednesday, January 10, 2017

XI. Adjournment

Meeting was adjourned at 7:32 PM

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
Regulatory Commission of Alaska Education
January 10, 2018

Issue:

At the November 8, 2017, AFC meeting, staff was directed to find education on the role and responsibilities of the Regulatory Commission of Alaska (RCA). Objective was to learn more about how the RCA conducts business, establishes/approves electrical rates for Juneau, and how CBJ could participate to help protect citizen interests.

Background:

The local private electrical utility – Alaska Electric Light & Power (AEL&P) is wholly owned by Avista Utilities (Avista), a Spokane, Washington based investor owned utility. In July, 2017, CBJ learned that Avista intends to be acquired by Hydro One Limited (Hydro One), a major Canadian electricity transmission and distribution service provider, with 49.9% of common shares owned by the Province of Ontario, Canada. Approval of this potential acquisition is now a pending matter before the Regulatory Commission of Alaska.

In September 2018, CBJ hired PFM Financial Advisors, LLC (PFM) to assist with the determination of possible future actions in regards to the sale of AEL&P. The PFM report addressed: 1) issues that need to be considered before a decision by the CBJ to try and buy AEL&P; and 2) identifying important issues leading to a strategy for providing comment to the RCA. The report was presented at the November, 2017, AFC meeting.

The CBJ Finance Director evaluated three options for providing RCA education to the Finance Committee:

1. Mr. T.W. Patch, a private consultant and former RCA Commissioner. Mr. Patch could provide the education and the cost for “RCA 101” training, including all travel costs, would be \$2,000.
2. Ms. Grace Salazar, RCA Chief – Consumer Protection & Information Office. Ms. Salazar stated that part of her duties include education of the public and local government on the RCA.
3. Mr. Jason Hartz, State Department of Law – Regional Affairs & Public Advocacy Office. Mr. Hartz represented the Juneau public in the recent AEL&P rate case before the RCA. Mr. Hartz stated he could help with specific questions but their office does not provide public education sessions.

The Committee Chair had contact from a representative (Mr. Kirk Gibson) with McDowell Rackner Gibson PC (MRG), a firm that specializes in energy, environmental and natural resources law. MRG has experience working with the RCA and utilities in Alaska.

Current Status:

Ms. Salazar, from the RCA, is scheduled to present an education session to the AFC on January 10, 2018. CBJ has agreed to pay the cost of airfare from Anchorage.

Mr. Gibson, from MRG, is scheduled for a short presentation on how municipalities can protect ratepayers in RCA proceedings.

Other Issues:**A. Snettisham Project**

- a. Representative Don Young filed a comment with the RCA, on December 4, 2017, opposing the transfer of the Snettisham Dam and related infrastructure from state or local control to Hydro One. He did not oppose the sale of AEL&P/Avista.
- b. Avista/Hydro responded to Representative Young's letter stating that the ownership and operating structure in place (including RCA oversight) after the merger will continue to assure the asset will be managed to benefit the Juneau ratepayers.
- c. The Finance Director has discussed the congressman's letter with staff at AIDEA (current owner of Snettisham). They provided the following comment – "AIDEA owns the Snettisham facility and transmission line; AEL&P is responsible for operations and maintenance. AEL&P will continue to be controlled and regulated locally, and we don't anticipate any changes in their operations."
- d. AEL&P recently submitted a letter (attached) to CBJ regarding the city re-engaging with the "Snettisham Project Committee" to facilitate exchange of information between the parties. CBJ needs to appoint a new representative to the Committee.

The RCA is currently scheduled to issue a final decision in the (sale) proceeding no later than May 20, 2018.

REGULATORY COMMISSION OF ALASKA



Presentation for:
City & Borough of Juneau
By: M. Grace Salazar, Chief
RCA Consumer Protection & Information Section
January 10, 2018

RCA 701 W. 8th Avenue, Suite 300, Anchorage, Alaska 99501-3469
Telephone: (907) 276-6222 Fax: (907) 276-0160 TTY/Alaska Relay: 7-1-1 or (800) 770-8973
Website: <http://rca.alaska.gov>

OVERVIEW

- Who We Are
- What We Do
- Regulatory Rate Review Process
 - Public Comment
 - Tariff Suspension
 - Inviting Interveners (e.g., Attorney General)
 - Public Hearings
- Dispute Resolution
- Rulemaking
- Navigating the RCA Website

BUT FIRST....

○ Ex-Parte Rules

- Pursuant to 3 AAC 48.020(g), a commissioner, presiding officer, or commission staff member may not, except upon reasonable notice and opportunity for all parties to participate, communicate with a party, and other affected persons, about any issue of fact, law, or policy in a pending adjudicatory proceeding (3 AAC 48.020(g))

○ Handouts

- Basic Ratemaking Key Concepts
- Economic Regulation of Public Utilities
- Cost-of-Power/Gas-Cost Adjustments
- Sample Monthly Electric Rates in Alaska
- Navigating the RCA Website
- Information on previous rate cases
 - AEL&P Rate Case / Docket U-16-086
 - ENSTAR Rate Case / Docket U-16-066

WHO WE ARE

- Alaska Public Service Commission (APSC) 1960-1970.
- In 1970, the Alaska Legislature established the Alaska Public Utilities Commission (APUC) to replace the APSC. The Alaska Pipeline Commission (APC) was established in 1972 but the first Commissioners were not appointed until 1974. The APC regulated intrastate pipelines until 1981, at which time the APC was merged into and replaced by the APUC.
- The Alaska Legislature replaced the APUC with the Regulatory Commission of Alaska (RCA) in 1999, giving it broad authority to regulate utilities and pipeline carriers throughout the State.

WHO WE ARE

○ RCA Authority

- Alaska Statute 42.04 (APUC)
- Alaska Statute 42.05 (Public Utilities)
- Alaska Statute 42.06 (Pipeline Carriers)
- Alaska Statute 42.45 (Power Cost Equalization)

WHO WE ARE

○ RCA Commissioners



Stephen McAlpine
RCA Chairman
7/1/2017 – 6/30/2018



Norman Rokeberg



Jan Wilson




Rebecca Pauli




Robert M. Pickett

WHO WE ARE

- Commission Section
 - Five Commissioners (Appointed)
 - Commission Section Manager
 - Consumer Protection & Information Staff
 - Support Staff
 - (admin, law office assistants, records clerks)
 - Administrative Law Section
 - Administrative Law Judges
 - Paralegals
 - Advisory Section
 - Tariff Analysts
 - Engineering Analysts
 - Financial Analysts
 - Common Carrier Specialists (telecom)
- 

WHAT WE DO: REGULATE PUBLIC UTILITIES & PIPELINE CARRIERS

- Certification
 - Tariff Review
 - Regulation of Rates and Services
 - Dispute Resolution
 - Adoption of Regulations
- 

WHAT WE DO: NUMEROUS & DIVERSE UTILITIES

- **Electric Utilities: 127**
 - Rate regulated: 33 Not Rate Regulated: 94
- **Water Utilities: 67+**
 - Rate regulated: 18 Not Rate Regulated: 49
 - Provisionally Certificated: 73
- **Wastewater Utilities: 47+**
 - Rate regulated: 7 Not Rate Regulated: 40
 - Provisionally Certificated: 39
- **Natural Gas Utilities/Pipelines/Storage: 11**
 - Rate regulated: 7 Not Rate Regulated: 4
- **Refuse Utilities: 55**
 - Rate regulated: 9 Not Rate Regulated: 46
- **Steam: 3**
 - Rate regulated: 2 Not Rate Regulated: 1



CERTIFICATION

- **Typical Certificate Applications:**
 - New Certificate – AS 42.05.221
 - Expansion of Service Area – AS 42.05.221
 - Transfer of Service Area/Certificate - – AS 42.05.281
- **Typical Criteria for Approval – AS 42.05.241**
 - Public Convenience & Necessity (PC&N)
 - Whether the Applicant is **Fit, Willing, and Able**
 - Technical competence
 - Managerial competence
 - Basic Financial competence



CERTIFICATION

Other Certificate Applications:

- Transfer of Controlling Interest – **AS 42.05.281**
 - Investigate the effect the controlling interest will have on the utility's fitness
 - Determine whether the transfer is consistent with PC&N
- Discontinuance of Service – **AS 42.05.261**
 - Public notice & opportunity for hearing required
 - Finding: Continued service is not required by the PC&N



RCA Engineering Section



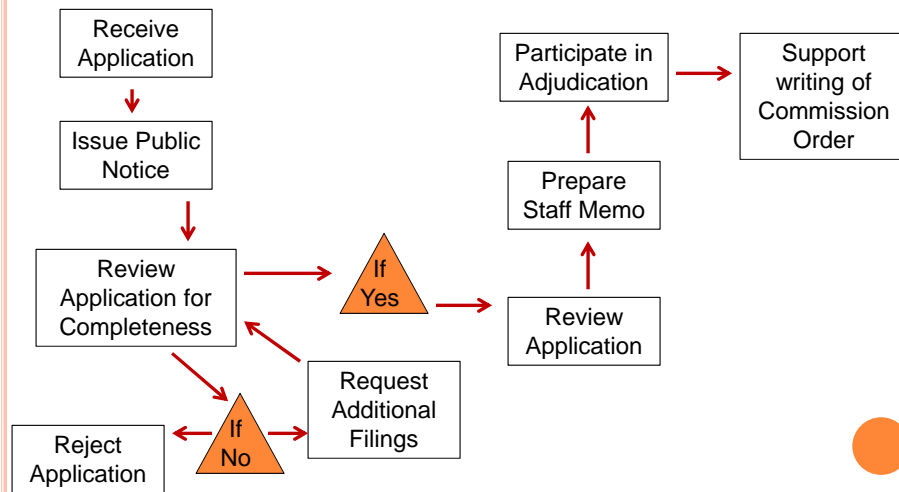
CERTIFICATION

Standard Application Flow and Timelines:

- Receipt of Complete Application (starts clock)
- Public Notice (5 business days after receipt)
- Review of Completeness (15 business days after receipt)
- End of Public Notice (typically 30 days after issuance)
- Review of requests for confidentiality or waiver (30 days after close of public comment period)
 - 3 AAC 48.648(c) and (d)
- Staff analysis and report
- Adjudicate
- Final Order (6 months after receipt) – **AS 42.05.175(a)**



CERTIFICATION PROCESS: APPLICATION



TARIFF REVIEW

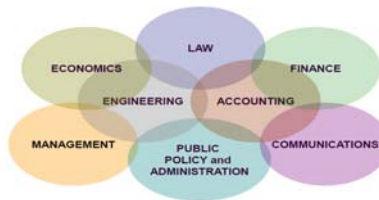
- Analyze terms and conditions of public utility services
 - What are the consequences:
 - to customers?
 - to other utilities?
 - to the community?
 - to the State?



Are the rates
Just and Reasonable?

RATEMAKING PARAMETERS

- Rates Must Be *Just and Reasonable* (AS 42.05.381)
 - Base rates must adequately compensate the utility without overcharging ratepayers
 - Generally this means the utility is entitled to compensation for prudently incurred operating expenses used to provide safe and reliable service
 - Utilities submit a “Revenue Requirement”



See Handout on *Basic Ratemaking Key Concepts*

REGULATORY RATE REVIEW PROCESS

- Tariff Revision
 - Utility files Tariff Advice (TA) letter
 - Issue Notice for Public Comment
 - End of Public Comment (typically 30 days after issuance)
 - Tariff Suspension
- Tariff Suspension into Docket
 - CDM, SDM, Administrative Law Judge
 - Invite Participation to Intervene, including Attorney General (Regulatory Affairs and Public Advocacy)
 - Hold Hearings
 - Final Order (within 450 days, approx. 15 months)
 - AS 42.05.175

Utility Tariff Filing

- Notice & Public Comment (up to 30 days)
- Within 45 days, RCA will either:
 - Approve
 - Deny/Reject
 - Suspend into a Docket

If approved,

- Effective Date in Tariff
- Utility Newsletters
- Utility Bills

If Suspended into a Docket

- ✓ Further investigation
- ✓ Assigned a commission panel, administrative law judge, staff docket manager
- ✓ Subject to Ex-parte communications
- ✓ Regulatory Affairs & Public Advocacy MAY intervene to represent the public interest

GETTING INVOLVED

- Review TA Filing
- Submit Written Comments
 - Include Docket Number
 - Full name, mailing address, email address, and phone number
 - Do not include: utility account number, social security number, date of birth, or other personal identifiable information (comments are public record)
 - Explain your opposition (or support) on the requested rate change

rca.alaska.gov

“View Public Notices & Submit Comments”

GETTING INVOLVED

- Become an Intervener
 - Individuals who wish to be formal parties may file a petition to intervene
 - Intervention deadline is clearly indicated in the Docket
 - Intervention is appropriate for people who intend to actively participate in the rate case through the legal motions, discovery (request for facts or documents), the written preparation, and in-person participation in a formal hearing



RCA PUBLIC HEARINGS



RCA PROCEEDINGS

- Attorney General's Regulatory Affairs & Public Advocacy
 - Advocates on behalf of the public interest
 - Advocacy is not strictly limited to asking for the lowest possible rate for services but is instead balanced to also ensure utilities are financially healthy enabling them to provide safe and reliable service

Visit law.alaska.gov
- Each RCA decision must be supported by the evidentiary record and applicable laws and regulations
- RCA decisions are appealable to the Alaska Superior and Supreme Courts
- RCA Sunset Legislation (AS 24 & AS 44)
 - If the RCA's termination date should be extended
 - If the RCA is operating in the public interest

AEL&P RATE CASE

- TA453-1 filed 9/16/16, requesting 8.1% rate increase
- Public notice issued 9/20/16
- 9 comments received
- RCA Order U-16-086(1)
 - Establishing Timelines
 - Appointing CDM, Administrative Law Judge, SDM
 - Approving Interim & Refundable Rates of 3.86%
- RCA Order U-16-086(2), Order Adopting Procedural Schedule
- AEL&P – RAPA Stipulation/Settlement 10/17/17
- RCA Order U-16-086(6), Order Accepting Stipulation, making the interim rate 3.86% permanent.

If all parties join in a stipulation, the RCA can terminate the proceeding if the RCA does not find that the public interest requires the proceeding to continue. 3 AAC 48.090(d)(2)

ENSTAR RATE CASE

- TA285-4 filed 6/2/16, requesting 5.82% rate increase
- Public notice issued 6/3/16
- RCA Order U-16-066(1)
 - Establishing Timelines
 - Appointing CDM, Administrative Law Judge, SDM
 - Approving Interim & Refundable Rates
- Interveners:
 - Attorney General/RAPA
 - HEA, MEA, Chugach, ML&P
 - Titan Alaska LNG
 - JL Properties
- Public Hearings held 6/5/17 – 6/23/17 (3 weeks)
- Order U-16-066(19), Order Resolving Revenue Requirement and Cost-of-Service Study Issues and Requiring Filings

EXAMPLES OF OTHER TARIFF FILINGS

COPA	3 AAC 48.220/3 AAC 52.504	45 days	No Notice
COPA Exceptions	3 AAC 48.220/3 AAC 52.504	45 days	Commission Notice
PCE	3 AAC 48.220/3 AAC 52.650	45 days	No Notice
Simplified Rate Filing	3 AAC 48.730	45 days	Utility Notice
Other	3 AAC 48.220/3 AAC 48.280	45 days	Commission Notice

- See Handouts on:
 - Cost-of-Power Adjustments (COPA)
 - Simplified Rate Filing (SRF)
 - Economic Regulation of Public Utilities

DISPUTE RESOLUTION: INFORMAL COMPLAINT

Under 3 AAC 48.120, an informal complaint may be filed with the RCA's Consumer Protection & Information Section provided that:

- The complaint was first made to the utility
- The complainant provides every pertinent fact relative to the origin, nature, and basis of the complaint

CP staff will work with the complainant and utility to find a resolution to the complaint.

A party who is not satisfied with the disposition of the informal complaint may file a formal complaint (3 AAC 48.130) or request an alternative dispute resolution (3 AAC 48.121).



DISPUTE RESOLUTION: INFORMAL COMPLAINT

Consumer Protection Staff Investigates:

- Business Office Standards
- Deposit Requirements
- Meter Readings
- General Billing & Collection Requirements
- Estimated Billings
- Levelized Payments / Budget Billing
- Deferred Payment Arrangements
- Disconnection of Service
- Line Extensions and Service Connections
- Quality of Service



DISPUTE RESOLUTION: INFORMAL COMPLAINT

As a utility customer you have many important rights to ensure fair dealings between you and your utility company:



Safe and reliable utility service

A clear and concise bill

Fair credit and deposit policies

Know how your utility bill is calculated



DISPUTE RESOLUTION: FORMAL COMPLAINT

Under 3 AAC 48.130, a formal complaint may be filed directly to the RCA.

A formal investigation will not be instituted on complaint, except for good cause shown to the commission's satisfaction by the complainant. The commission will rule on whether good cause exists to institute an investigation within 30 days after an answer to the complaint (within 20 days) has been filed with the commission.



OTHER PROCEEDINGS: RULEMAKING

- RCA may adopt new regulations or amend existing regulations
 - Development of Market Rules (i.e. telecom competition)
 - Creating special classes of regulation as appropriate (i.e. provisional certification for water/wastewater utilities)
 - Developing consensus within an industry and promulgating new regulations (i.e. net metering, interconnection rules)

Rulemaking process must comply with the Drafting Manual for Administrative Regulations (AS 44.62)

rca.alaska.gov

See Handout on *Navigating the RCA Website*

rca.alaska.gov

Top Searches

- ▶ Issued Orders (30 Days)
- ▶ Recent Documents (30 Days)
- ▶ All Open Utility Dockets
- ▶ All Open Tariff Matters
- ▶ All Open Pipeline Dockets
- ▶ All Open Rule-making Dockets
- ▶ Find a Certificate
Certificate Number? Go
- ▶ Find an Entity (Company)
Entity? Go
- ▶ Find a Matter
Matter Number? Go
Examples: U-06-002
TA758-2

Regulatory Commission of Alaska

Matter Number: U-17-097

In the Matter of the Joint Application Filed by Hydro One Limited and Alaska Corporation for Authority for Hydro One Limited to Acquire a Controlling Interest in Alaska ELECTRIC UTILITY & POWER COMPANY

Summary RCA Applications Service List Order Calendar Event Dates Proceedings Hearings & Meetings Pending Actions Public Notices & Comments

DOCUMENTS

Select the document category to display:

All Documents Filings Only Issuances Only Orders Only

To sort by a column, click the column heading

Document Number	Date	Type	Description	Related Documents
U-17-097-001	12/26/2017	Comments	Public Comment for U-17-097 by Bradley Fluttsch	U-17-097
U-17-097-002	12/26/2017	Comments	Public Comment for U-17-097 by Randall Adair of Echo Ranch Wilderness Camp	U-17-097
U-17-097-003	12/26/2017	Comments	Revised Public Comment for U-17-097 by Neil Frankenson	U-17-097
U-17-097-004	12/22/2017	Comments	Public Comment for U-17-097 by Michelle Sparsh	U-17-097
U-17-097-005	12/22/2017	Comments	Public Comment for U-17-097 by Henry Imagawa	U-17-097
U-17-097-006	12/21/2017	Comments	Public Comment for U-17-097 by Deborah Hart	U-17-097

See Handout on *Navigating the RCA Website*

rca.alaska.gov

Regulatory Commission of Alaska

RCA Statutes & Regulations

ALASKA STATUTES

Alaska State Legislative Database

NOTICE: The database is not the official version of the Alaska statutes currently in effect. The database is provided for informational purposes only. The State of Alaska makes no warranty, express or implied, in the accuracy or completeness of the database. Please refer to the official printed version of the laws.

Statute lookup: Select your search type

How to search: STATUTES AND COMPILING AND STATUTE PROVISIONS

- Chapter 40.01: Regulatory Commission of Alaska
- Chapter 40.02: Alaska Public Utilities Regulatory Act
- Chapter 40.03: Pipeline Act
- Chapter 40.04: Alaska Electric Energy Corporation
- Chapter 40.05: Rural and Electric Energy Programs

ALASKA ADMINISTRATIVE CODE (REGULATIONS)

Alaska State Legislative Database

NOTICE: The database is not the official version of the Alaska regulations currently in effect. The database is provided for informational purposes only. The State of Alaska makes no warranty, express or implied, in the accuracy or completeness of the database. Please refer to the official printed version of the laws.

Chapter 51: Regulations Governing the Alaska Electric Energy Corporation and Pipeline Companies

- 5 AAC 51.010: Authority
- 5 AAC 51.020: The Regulated Public Utilities and Pipeline Companies
- 5 AAC 51.030: Net Metering
- 5 AAC 51.040: General Provisions

RCA Regulations on Operations of Public Utilities

Chapter 48: Practice and Procedures

- 3 AAC 48.010: Practice Before the Commission
- 3 AAC 48.200: Utility and Pipeline Tariffs
- 3 AAC 48.450: Simplified Pipeline Tariffs
- 3 AAC 48.500: Cost of Service Study and Rate Design Info. for Electric Utilities
- 3 AAC 48.600: Applications Generally
- 3 AAC 48.700: Simplified Rate Filing Procedures for Electric Cooperatives
- 3 AAC 48.800: Miscellaneous Provisions

Chapter 49: Deregulations

- 3 AAC 49.010: Deregulation Ballot: Election Procedure

Chapter 50: Energy Conservation

- 3 AAC 50.100: Regulatory Policy Standards
- 3 AAC 50.750: Cogeneration and Small Power Production
- 3 AAC 50.900: Net Metering Standards

Chapter 51: Telecommunications Relay Services (TRS)

- 3 AAC 51.010: Criteria for the Provision of TRS

Chapter 52: Operation of Public Utilities

- 3 AAC 52.010: Gas Utilities
- 3 AAC 52.110: Allocation of Facilities and Services Between Competing Electric Utilities
- 3 AAC 52.200: Telephone Utilities
- 3 AAC 52.350: Criteria for Intrastate Interexchange Telephone Competition
- 3 AAC 52.400: Electric Utilities
- 3 AAC 52.501: Adjustment Clause
- 3 AAC 52.600: Criteria for Determination of Power Cost Equalization
- 3 AAC 52.700: Water and Wastewater Utilities
- 3 AAC 52.900: Joint Use of Utility Facilities

See Handout on *Navigating the RCA Website*

rca.alaska.gov

Article 2
Electric Utilities

Reviews

- §10. Application, process, and review.
- §11. Business office standards.
- §12. Establishment of permanent service.
- §13. Establishment of temporary service.
- §20. Deposit requirements.
- §21. Meter readings.
- §30. General billing and collection requirements.
- §31. Estimated billing.
- §40. Late payment billing.
- §41. Deferred payment agreements.
- §42. Disconnection of service.
- §43. Line extension and service connections.
- §50. Quality of service.
- §62. Disputed charges/billing.

Regulations on Electric Utilities

General Information

The Consumer Protection & Information Section assists consumers resolve disputes with their utility service providers. To file a complaint, select the link: [Submit an Informal Complaint](#).

To reach the consumer protection staff, contact:
(907) 276-6222
1-800-390-2782 (outside Anchorage)
Fax: (907) 276-0160
TTY/Alaska Relay: 7-1-1 or 1-800-770-8973
Email: cp.mail@alaska.gov or rca.mail@alaska.gov

Please NOTE: If your dispute relates to your cable, internet, or wireless services, please contact the Attorney General Consumer Protection Unit at (907) 269-5200 or the Federal Communications Commission at 1-888-CALL-FCC.

Resources by Utility Type

Find consumer fact sheets, FAQs

- Telephone
- Electric
- Natural Gas
- Water & Waste-water
- Refuse

Sample Monthly Utility Rates

RCA Statutes and Regulations

List of Certificated Public Utilities
(Note: Utility tariffs can be accessed through this link by clicking on the certificate number)

Factsheets

Current Utility Tariffs

Sample Monthly Utility Rates

See Handout on *Navigating the RCA Website*

Thank You

REGULATORY COMMISSION OF ALASKA

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Basic Ratemaking

Key Concepts

Introduction

Topics to discuss:

- Why we regulate
- General Ratemaking Parameters
- Basic ratemaking components
- Steps in calculating rates

Why We Regulate

- In most cases providing utility service functions better as a monopoly (more efficient provision of service)
- But by definition monopolies have no competition
- No competition means there is little incentive to keep rates down
- Rate regulation is intended to act as a substitution for competition, while still maintaining the efficiency of the monopoly
- Regulation is by no means perfect and some regulatory lag is inherently present because of due process

Ratemaking is an Art, not a Science

- Ratemaking is very subjective
 - Key concepts provide the foundation but there is much room for interpretation and personal preference
 - Basic ratemaking concepts have been shaped and molded over the last 100 years primarily through experimentation and case law
 - Referred to as “Generally Accepted Ratemaking Principles”

Some Ratemaking Parameters

- Rates must be just and reasonable
 - What does that mean? Rates must adequately compensate the utility without overcharging ratepayers
 - This does not necessarily mean rates will be cheap!
 - Generally this means the utility is entitled to compensation for:
 1. Prudently incurred expenses used to provide safe and reliable service; and
 2. Provide a fair return on the utility's investment

Some Ratemaking Parameters (cont.)

- Rates must be “cost based” and cannot be confiscatory to the utility
- Rates are implemented on a prospective basis ONLY
 - Utilities cannot retroactively collect in current rates for a specific past cost
 - Rates are intended to be representative of costs likely incurred while the rates are in effect
- Costs included in rates must be prudent
 - Plant cannot be “gold plated”
 - Costs deemed to be extravagant, unnecessary or excessive can be disallowed

Some Ratemaking Parameters (cont.)

- Costs in rates must be “used and useful”
 - Assets must actually be in use
 - Costs must provide some benefit to the ratepayer
- Some expenses are almost always disallowed such as:
 - Charitable contributions
 - Lobbying expenses
 - Marketing expenses

Components Used in Calculating Rates

The Revenue Requirement

- Sometimes also referred to as the “cost of service”
- The annual amount of revenue a utility needs to collect in order to recover prudent expenses and earn a fair return on its investment
- A study is performed using a historical “test year” to determine if rates should be revised. This is called a Rate Case or a Revenue Requirement Study
- Much controversy can occur in establishing a just and reasonable revenue requirement

Revenue Requirement

Basic components:

Operating Expenses
+Depreciation
+Fuel and/or Purchased Power
+Income Tax Allowance
+Return
=REVENUE REQUIREMENT

Operating Expenses

- As the name implies, these are expenses that maintain efficient utility operations
 - Operations expense
 - Maintenance expense
 - General and Administrative

Depreciation

- The allocation of cost to an asset with a useful life greater than one year
- Depreciation is how a utility gets recovery of its investment
- This is a key factor in a rate case because the goal is to match the recovery of cost over the period in which the asset will be in service (used and useful)
- Most common approach is “straight line” method, but other methods have also been used

Fuel and/or Purchased Power

- If fuel expense is volatile, either because consumption is volatile or price per gallon is volatile, etc. Commission allows for this to be passed through a separate surcharge, called a Cost of Power Adjustment (COPA)
- Allows for faster response to fluctuating fuel costs
- In a rate case, the base cost of fuel is reset and future fluctuations either increase or decrease the COPA as they occur
- In some rate cases the base cost of fuel is zeroed out and the entire cost of fuel is recovered through the COPA

Income Tax Allowance

- Since return on rate base is an after-tax return, the revenue requirement includes an income tax allowance
- Typically calculated to be representative of what the tax expense will be with new rates in effect
- Applicable state and federal tax rates are applied to derive the Tax Allowance

The Return Component

- Several different methods for deriving depending on the utility
- **Rate Base Rate of Return method is the most common for investor-owned utilities**
 - In its simplest terms:
$$\text{Return} = \text{Rate Base} \times \text{Rate of Return}$$
- **Rate Base** is the net value of property (assets) used in providing service, on which a public utility is permitted to earn a specified rate of return, as determined by the commission
- Weighted average cost of capital is the rate of return

Rate Base

- Methods for calculating RB (Rate Base) differ but the most preferred is the “**Original Cost**” method.
 - **Gross plant minus accumulated depreciation**
- Utility Plant makes up about 90% of Rate Base but other items such as fuel and inventory are also included
- Based on average monthly account balances
- **Contributed Capital is not allowed in rates!**

Rate of Return

- Utilities are allowed the opportunity to recover a fair return but it is **not guaranteed**
- Is typically very controversial because it is highly subjective
- Often the most expensive portion of a rate case proceeding
- Usually requires hiring expert consultants

Rate of Return (cont.)

- Must be a “fair” rate of return
 - Should provide adequate earnings
 - Should allow utility to meet its cost of debt
 - Should allow the utility to attract capital for plant replacement and expansion

Rate of Return Components

- Capital Structure - % composition of debt and equity
 - May be the utility's actual capital structure but usually a hypothetical capital structure is used (either the utility's parent company or a well diversified proxy group)
 - Capital structure used should result in the utility being able to generate capital at reasonable costs
 - Commission usually uses a hypothetical capital structure and tends to prefer a cap structure in the range of 50/50% debt-equity +/-10% in either direction

Return Components

- Cost of Debt
 - Rarely raises dispute and can be easily verified because of contractual debt obligations
- Return on Equity
 - Often where disputes arise because its very subjective
 - Fluctuates with changing market conditions
 - Cannot be definitively measured but techniques exist to compare past, present, and anticipated prices of company stock or earnings with those of comparable companies

Return Components

- Return on Equity (cont.)
 - Must be commensurate to the returns on other investments having commensurate risks
 - Consultants are hired because it requires the exercise of informed expert judgement to attempt to estimate investors' (collectively) required rate of return
 - Many different methods and financial models used involving risk profiles, various growth methods, and the time value of money

Rate of Return Example

- 7.80% in this example, is what is multiplied by Rate Base to derive the return component in rates

	Capital Structure		Cost		Weighted Cost
Debt	60%	X	6.00%	=	3.60%
Equity	40%	X	10.50%	=	4.20%
Total	100%				7.80%

Actual or hypothetical

Comes from the financial statements

ROE-highly litigated

Weighted avg cost of capital

Steps in a Rate Case

- Select a 12 month test year (usually the most recent fiscal year or calendar year)
- Derive historical costs (and revenues) for the selected test year
- Adjust the utility's expenses and revenues for all factors which might distort them prospectively
- Determine whether any of the numbers are either excessive or deficient and make appropriate adjustments for reasonableness
- Adjustments must be known and measurable

Steps in a Rate Case (cont.)

- Determine rate base
- Determine Weighted Avg. Cost of Capital and calculate return
- Calculate the revenue requirement
- Compare pro forma cost of service to revenues at existing rates to determine the revenue deficiency
- If rates are being revised on an across-the-board basis, the rate increase is the amount of the % shortfall
- If rates are not being increased across-the-board, then a cost-of-service study is prepared, which reallocates the revenue requirement over the various classes of customers and reconfigures how rates will be collected from each class



Economic Regulation of Public Utilities

Regulatory Commission of Alaska

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Anchorage, Alaska
99501

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Outside Anchorage:

1 (800) 390-2782

Fax: (907) 276-0160



If you have a question regarding the status of a public utility filing, please contact the RCA's Consumer Protection and Information Section.

The Regulatory Commission of Alaska (RCA) annually receives hundreds of pages of data, much of which requires RCA review, careful analysis, and decision-making.

So what happens when a regulated utility wants to change the base rate it charges its customers?

☉ Tariff Advice Filing

Regulated utilities wishing to change base rates must file a tariff advice (TA) to the RCA. Such a filing typically includes a "Revenue Requirement" which is the amount necessary for the utility to cover its costs to provide safe, reliable services to customers, along with earning a fair "return" on the utility's investment. The tariff review process established by AS 42.05.361 et seq., includes a public comment period and allows the RCA to approve, reject, or suspend a tariff filing. Comments may be submitted on the RCA website located at the top right of the webpage entitled *View Public Notices & Submit Comments*.

☉ Rate Cases

If the RCA suspends the TA into a docket, the RCA functions like a court. A panel of at least three commissioners and an administrative law judge are assigned to consider testimony from experts and party witnesses, and issue a final decision. A rate case could take up to 450 days (about 15 months).

Why so long? There's a lot at stake and it is important that the participants provide comments and evidence so that when the RCA makes a decision regarding the utility's request, it makes a fair and balanced decision that is based upon facts and evidence that has been presented by the parties and thoroughly reviewed by the RCA.

For information about a specific rate case, visit the RCA website at www.rca.alaska.gov and type in the case number in the Find a Matter search box. If the case number is unknown, enter the utility name in the "Find an Entity" search box.



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Cost-of-Power and Gas Cost Adjustments

Understanding COPA & GCA on Your Energy Bills

The Regulatory Commission of Alaska (RCA) annually receives hundreds of pages of data, much of which requires RCA review, careful analysis, and decision-making. Energy bills include other rates that are authorized by the RCA. These are called the cost-of-power adjustment (COPA) and gas cost adjustment (GCA).

☉ COPA

COPA is a separate line item on each electric bill statement that reflects increases *or* decreases in the electric utility company's fuel and purchased power costs. Electric utilities submit their COPA filings with the RCA in accordance with [3 AAC 52.504](#).

In the filing, the utilities must include supporting documentation as required by 3 AAC 52.504(g) which includes copies of invoices for costs recovered through the COPA; reports on generation, sales, station service, and economy energy sales; support of projected costs and sales for the future period; and revised tariff sheets.

Most electric utilities adjust their COPAs quarterly. COPA filings that do not include new cost elements may be implemented immediately upon filing with the RCA. The COPA filing is subject to subsequent review, adjustment, and approval by the RCA. If the COPA surcharge, for example is .02420 and 550 kWh, was used during a billing period, the COPA would be a charge of \$13.31 on the bill.

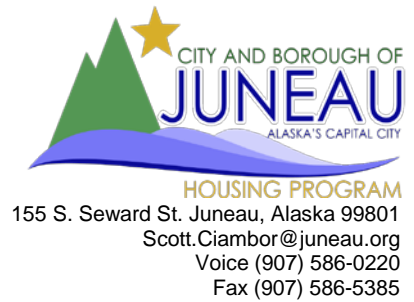
☉ GCA

Similarly, **GCA** is a mechanism for gas utilities to recover gas costs. The requirements for GCA calculation are outlined in [3 AAC 52.505](#).

For example, in southcentral Alaska, the "Supplier Gas Cost" is the price that ENSTAR Natural Gas Company (ENSTAR) customers pay for gas based on ENSTAR's gas supply contracts with oil companies. ENSTAR calculates and submits its GCA annually, beginning July 1 and ending June 30 of the following year.

Without a COPA or GCA mechanism, a utility's base rates would be constantly changing to reflect increases and decreases in the cost of power and gas. For more information, contact the RCA's Consumer Protection & Information Section.

MEMORANDUM



TO: CBJ Finance Committee

FROM: Affordable Housing Commission

DATE: January 3, 2018

SUBJECT: Juneau Affordable Housing Fund

The Affordable Commission forwards this memo to the CBJ Finance Committee with an immediate recommendation for use of the Juneau Affordable Housing Fund and with efforts being pursued for the use of future funds.

What is the Juneau Affordable Housing Fund?

The Juneau Affordable Housing Fund is a ***flexible source of funds*** to be used to provide housing for households at 120% area median income or below by:

- Funding capital costs of rental and ownership housing;
- For capacity-building activities of non-profit housing developers;
- Funding supportive services for occupants of affordable housing; and
- Funding operating expenses of housing developments.

The Juneau Affordable Housing Fund currently has \$700,000 available with an additional \$2 million being added over the next five years through the 1% sales tax vote. (\$400,000/year for five years beginning in FY18)

Juneau Affordable Housing Fund (JAHF) Strategy

Funding for the Juneau Affordable Housing Fund can be used to meet many of the priorities in the Housing Action Plan and the Juneau Economic Development Plan.

The Affordable Housing Commission has indicated a desire to utilize JAHF funds for workforce housing, defined as 80%-120% area median income.

Juneau Affordable Housing Fund Strategy (2018-2023)	
Total Funds Available	\$2,700,000
CBJ Accessory Apartment Incentive Grant Program	\$480,000 (\$96K for 5 years)
Developing Programs	
Community Land Trust Development for Workforce Housing (80%-120% AMI)	<ul style="list-style-type: none"> • Will depend on capacity-building, opportunities, desire, etc. • Potential \$0-\$1 million, or more.
Downtown Revitalization with Downstairs Upstairs Program	<ul style="list-style-type: none"> • CDD and Chief Housing Officer gathering data report on housing opportunity downtown.

	<ul style="list-style-type: none"> • Phase II: Survey downtown property owners about will to develop, barriers, potential use of incentive program. • Use results to help develop size and scope of a potential incentive program • Potential \$0-\$1million, or more.
Requests from housing developers	
Requests from developers, housing authorities, service providers, shelter operators.	<ul style="list-style-type: none"> • Unknown, depends on request

Motion Needed

CBJ Accessory Apartment Incentive Grant Program

The CBJ Accessory Apartment Incentive Grant Program is an established program that encourages new dwelling creation, in-fill, and is a program that is used across the urban service area.

- The Accessory Apartment Incentive Grant Program spends \$6,000 per unit. The first 12 units have brought in roughly \$40,000 in matching dollars per unit.
- The Housing Action Plan calls for the addition of 66 units over 30 years (1980 total) and for CBJ to be prepared to spend \$50K per unit to meet this goal. This grant program provides value and will help meet overall housing production targets.
- **Key Point:** *During the program staff recognized that it is important to make available consistent funding over time (5 years) so that the community knows the resource is available and perhaps can see opportunity that they otherwise wouldn't consider.*

New Dwelling Units Added to Juneau through Permits Issued

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family*	44	39	28	54	43	58	45	40	
Multi-Family**	21	11	35	70	158	37	178	30	
Accessory Apartments	11	12	10	18	14	31	25	12	
Subtotal	76	62	73	142	215	126	248	82	
Manufactured Home (RV's), and Caretaker Units	13	5	4	14	10	5	4	2	
Gross Total	89	67	77	156	225	131	252	84	
Dwelling Units Demolished	10	11	13	24	17	50	11	4	
Net Total	79	56	64	132	208	81	241	80	

*Single Family includes attached homes (townhomes).

**Multi-Family includes duplex, tri-plex, four-plex, condo, and apartment dwelling.

Recommendation: Forward a motion to the Finance Committee to include \$96K per year over 5 years (\$480,000) from the Juneau Affordable Housing Fund for use in the CBJ Accessory Apartment Incentive Grant Program. This allocation of \$480,000 will still leave a balance of \$2,200,000 in the JAHF over the next five years.

Developing Programs

Over the next five years, the JAHF will have \$2,200,000 for use. The following programs are being targeted for utilization of these funds.

A. Community Land Trust Development for Workforce Housing (80%-120% AMI)

The Affordable Housing Commission will meet January, 2, 2018 to continue to explore the potential use of JAHF funds through the Community Land Trust (CLT) program in the community – the Juneau Housing Trust.

A Community Land Trust is a nonprofit organization designed to utilize community and public resources to make housing permanently affordable (99+ years).

The CLT organization supports the residents to attain and sustain homeownership. In return, the homeowner agrees to sell the home at resale-restricted and affordable price to another lower income homebuyer in the future. Consequently, the homeowner is able to successfully own a home and build wealth from the investment, while the organization is able to preserve the public's investment in the affordable home permanently to help family after family.

Recommendation: Continued dialogue and Assembly education on the expansion of CLT activities through the Juneau Housing Trust. JAHF funds could most likely be used to cover capital costs in the acquisition/development of housing and for capacity-building opportunities to bring a program to scale.

B. Downtown Revitalization with Downstairs Upstairs Program

The Housing Action Plan and Juneau Economic Development Plan discuss the need to add more units to downtown Juneau. There has been much discussion about creating an incentive program similar to the Accessory Apartment program – specifically for downtown.

Step One: CDD and Chief Housing Officer are currently putting together data that studies PD 1

- What is the real opportunity for housing development downtown?
- What area/which buildings have the most potential for housing?

This data will come from CDD, Building Dept. and Assessor's Data.

Step Two: Follow-up survey with all property owners.

- Is there the will to develop housing?
- What are the barriers?
- What kinds of incentives would make you consider developing housing in your property

C. Funding Requests from Affordable Housing Developers, Homeless Service Providers

The JAHF is an active fund that can be utilized at any time subject to Assembly approval.

Juneau Housing Needs Assessment 2012: Production Targets

With the release of the 2012 Housing Needs Assessment, production targets were listed for single-family homes, fair-market rentals, and affordable housing units.

Housing Type	Housing Need: 2012 Juneau Housing Needs Assessment	2012 Housing Production Targets	Performance: Units Permitted 2012- 2017
Single Family Homes*(SFH)	New Single Family Homes in the \$251,000 - \$377,00 Price Range	513-517 Single-Family Homes	268 Single-Family Homes (all price ranges)
Accessory Apartments		<i>* No production targets noted in 2012 Housing Needs Assessment</i>	110 units
Fair Market Multi-Family Rental Units**	Achieve 5% vacancy rate	170-230 Fair Market Multi-Family Rentals	360 units
Low-Income Affordable Housing	Fill the gap between what is available for Juneau's public housing, low-income and housing for the homeless.	441 new units or housing vouchers	296 units 2012: 334 vouchers 2016: 355 vouchers *** Gain/Loss: +21 vouchers

(Data Sources: JEDC 2012 Juneau Housing Needs Assessment, CDD Permitting Data)

* Single Family Homes includes attached homes (townhomes). These 324 units are all SFH's permitted, not just those in the 2012 targeted price range.

Page 5

- ** Multi-Family includes duplex, tri-plex, four-plex, condo, and apartment dwellings.
- *** 326 AHFC Classic and Step Program vouchers ([AHFC Housing Choice Voucher Program](#))
 - 8 AHFC Moving Home Vouchers ([Alaska DHSS rental subsidy for individual receiving DHSS-funded subsidies.](#))
 - 11 Empowering Choice Housing Program Vouchers ([Families Displaces by Domestic Violence or Sexual Assault](#))
 - 10 Veterans Affairs Supportive Housing Vouchers ([AHFC/Alaska VA Veterans vouchers](#))
- 2016 Total Vouchers: 355

How does a community land trust work?

Various sources of public and philanthropic capital...

...are used by community land trusts...

...to acquire homes in a geographic focus area.

- Private donors
- Federal housing subsidies
- City-owned property
- Community foundations
- Anchor institutions

CLT



Community land trusts tweak the normal process of homebuying...

A new resident buys their house outright...



...but leases the land underneath from the CLT.

They pay an annual fee to the CLT to support its operations...

CLT

...and the CLT retains permanent ownership of the land.

...to make housing permanently affordable.

Current resident sells their house at a price set by the CLT, earning a portion of the increase in value of their home...

CLT

...while the CLT retains the land.

A new resident buys the house at a price that's been kept affordable...



...and agrees to the same requirements around resale.

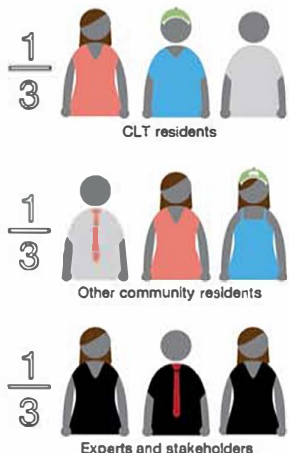
Why CLTs Matter

Although the first community land trust in the US was started in rural Georgia in 1970 by civil rights leaders to help poor black farmers, today, the majority of the country's nearly 250 community land trusts are today located in urban areas.

CLTs create affordable housing while still allowing low-income residents to build equity as homeowners. Moreover, because the CLT retains ownership of the underlying land, this housing remains permanently affordable, even as the original beneficiaries of an affordable home price sell and move on. This long-term, continuing benefit makes CLTs an especially efficient use of affordable housing subsidies.

By locking in permanent access to affordable housing, CLTs can play an important role in countering the market-driven displacement associated with gentrification. And by stewarding neighborhood land for the public good, not speculative profit, CLTs have played an equally important role in stabilizing communities by preventing unnecessary foreclosures.

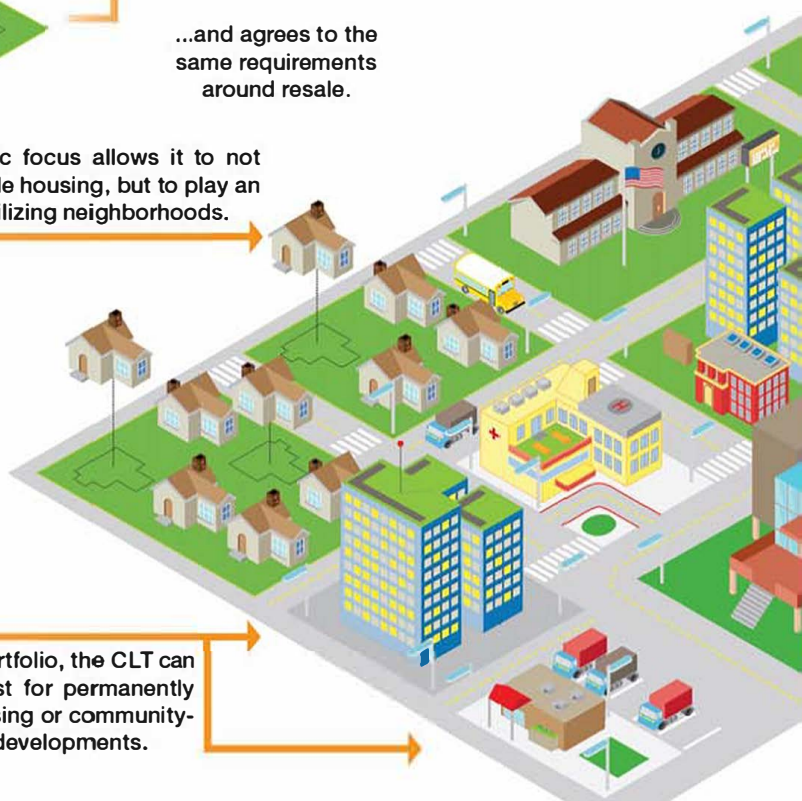
CLTs are typically governed by:



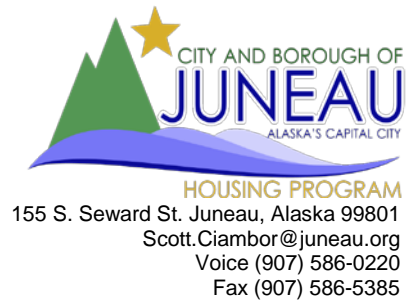
CLT

The CLT's geographic focus allows it to not only provide affordable housing, but to play an important role in stabilizing neighborhoods.

As it diversifies its portfolio, the CLT can also own land in trust for permanently affordable rental housing or community-focused commercial developments.



MEMORANDUM



TO: CBJ Finance Committee

FROM: Scott Ciambor, Chief Housing Officer

DATE: January 4, 2018

SUBJECT: Juneau Affordable Housing Fund (JAHF) Frequently Asked Questions

1. Does the CBJ need to spend money on housing programs?

Yes, the Housing Action Plan indicates in order to have a healthy housing market that over the next 30 years, CBJ must:

- Spend its own resources
- Create more housing opportunities for young families, workers, and a senior population;
- Encourage clustered, moderate density housing with creative public financing and housing policy.

The Housing Action Plan calls for the addition of 66 units a year over 30 years – at minimum--and to expect to incentivize up to \$40,000/per unit to make an impact.

Also, steady decreases in federal housing funds and the limited, competitive state housing funding opportunities means local communities need to provide additional resources for housing.

2. Do we need another housing needs assessment?

No, with the data available from the 2010 and 2012 Juneau Housing Needs Assessments and information collected during the development of the Juneau Economic Development Plan and the Housing Action Plan process, it is very clear about the need to provide consistent CBJ resources to encourage and incentivize steady housing development.

Juneau housing data is available on the [CBJ Housing Programs page](#). Also, CBJ staff has been hired to focus on housing and can provide data upon request or update any of the specific datasets in the needs assessment.

3. What does the housing data suggest for Juneau housing market?

There are three main housing categories to track in a community; single-family homes, multi-family, and low-income affordable housing (public housing, shelters, tax credit projects, etc.)

Single-Family Homes: Historically difficult to develop in Juneau, 2017 new dwelling units permitted are the lowest in five years and of the housing categories

with targets from the Juneau Housing Needs Assessments (2012-2017), single-family homes is lagging behind the most.(see below)

Multi-family Apartments: This category has seen the most activity the past four years with a handful of bigger projects coming on line. This has led to some fluctuation in rental vacancy rates due to absorption and economic changes. (See below)

- [JEDC Economic Indicators cite a March 2017 DOL market survey that put vacancy rates at 7.3%.](#) (This survey is completed each March and available in June.)
- The Affordable Housing Commission has requested tracking of vacancies on Craigslist that indicate there has been some fluctuation – most likely seasonal changes.

Juneau continues to have a strong rental market despite the higher than normal vacancy number in March 2017 and with the additional projects added to the community. Also, rents remain high and affordability a challenge. This can be remedied by adding volume or through income targeted projects or subsidy.

Low-income affordable housing (public housing, shelters, tax credit projects, etc.): Community partners have been successful over the past six years adding 296 additional units. Continued success to provide more supportive housing, more affordable housing may be difficult with decreasing federal and state resources.

Juneau Housing Market – Cheat Sheet	
Single-Family Homes	Historically difficult, incentivize and encourage as much as possible.
Multi-Family Apartments	Historically slightly more volatile than single-family home market and worth monitoring. However, there is strong demand for choice and more rental opportunities because rental prices are high and quality is low for an aging rental housing stock. New rental units have been absorbed quickly. Continue to incentivize and encourage over the long term.
Low-income affordable housing	Difficult to develop. Even more difficult with reduction in HUD funding and limited state funding (AHFC) -- that is competitive. This requires more local funding and partnerships to develop projects. Continue to encourage and incentivize, be prepared to provide funding.

New Dwelling Units Added to Juneau through Permits Issued

In the last year there has been a drop in housing production in every category including, accessory apartments.

New Dwelling Units Added to Juneau through Permits Issued

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family*	44	39	28	54	43	58	45	40	
Multi-Family**	21	11	35	70	158	37	178	30	
Accessory Apartments	11	12	10	18	14	31	25	12	
Subtotal	76	62	73	142	215	126	248	82	
Manufactured Home (RV's), and Caretaker Units	13	5	4	14	10	5	4	2	
Gross Total	89	67	77	156	225	131	252	84	
Dwelling Units Demolished	10	11	13	24	17	50	11	4	
Net Total	79	56	64	132	208	81	241	80	

*Single Family includes attached homes (townhomes).

**Multi-Family includes duplex, tri-plex, four-plex, condo, and apartment dwelling.

Juneau Housing Needs Assessment 2012: Production Targets

With the release of the 2012 Housing Needs Assessment, production targets were listed for single-family homes, fair-market rentals, and affordable housing units.

Housing Type	Housing Need: 2012 Juneau Housing Needs Assessment	2012 Housing Production Targets	Performance: Units Permitted 2012- 2017
Single Family Homes*(SFH)	New Single Family Homes in the \$251,000 - \$377,00 Price Range	513-517 Single-Family Homes	268 Single-Family Homes (all price ranges)
Accessory Apartments		* No production targets noted in 2012 Housing Needs Assessment	110 units
Fair Market Multi-Family Rental Units**	Achieve 5% vacancy rate	170-230 Fair Market Multi-Family Rentals	360 units
Low-Income Affordable Housing	Fill the gap between what is available for Juneau's public housing, low-income and housing for the homeless.	441 new units or housing vouchers	296 units 2012: 334 vouchers 2016: 355 vouchers *** Gain/Loss: +21 vouchers

(Data Sources: JEDC 2012 Juneau Housing Needs Assessment, CDD Permitting Data)

* Single Family Homes includes attached homes (townhomes). These 324 units are all SFH's permitted, not just those in the 2012 targeted price range.

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- ** Multi-Family includes duplex, tri-plex, four-plex, condo, and apartment dwellings.
- *** 326 AHFC Classic and Step Program vouchers ([AHFC Housing Choice Voucher Program](#))
 - 8 AHFC Moving Home Vouchers ([Alaska DHSS rental subsidy for individual receiving DHSS-funded subsidies.](#))
 - 11 Empowering Choice Housing Program Vouchers ([Families Displaces by Domestic Violence or Sexual Assault](#))
 - 10 Veterans Affairs Supportive Housing Vouchers ([AHFC/Alaska VA Veterans vouchers](#))
- 2016 Total Vouchers: 355

Residential Sales Single Family, Attached and Condos

Craigslist Rental Units Listed (2017)												
	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan. 2018
Total Listed	192	161	111	115	120	160	156	186	264	241	171	172
Apartments	142	134	77	68	91	122	103	99	196	101	111	95
Alaska MLS Data												
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Listings (to-date)	38	63	75	77	NA	NA	NA	NA	98	93		
Total Pending (to-date)	25	37	57	58	27	37	49	65	77	64		
New Listings	9	18	22	22	52	49	45	40	39	20		
Pending	8	12	12	8	8	10	12	16	12	8		
Sold	8	21	17	17	36	27	43	34	20	31		
Days on Market	59	73	55	34	64	47	35	17	50	30		
Median Sales Price	\$279k	\$315k	\$283k	\$330K	\$345K	\$325K	\$360K	\$358.00	\$285K	\$310K		
Zillow/JEDC										\$335K		
Loans/Cash												
Other	0	0	1	0	3	0	1	0	3	3		
Conventional	5	5	8	9	13	12	16	16	9	15		
FHA	0	1	2	2	4	1	4	2	0	4		
VA	1	6	1	1	6	6	7	4	0	1		
Cash	1	5	1	1	2	2	3	5	5	5		
USDA	1	4	4	4	8	6	12	7	3	3		
Total Sold	8	21	17	17	36	27	43	34	20	31	0	0

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
Credit Cards & Fees
January 10, 2018

Issue:

Finance Department is working to expand the acceptance of payments via credit and debit cards, both online and in person at City Hall. The 2 major challenges are: 1) what technology platform is available and practical and 2) should we assess fees for taking credit card payments to recover the revenue lost to credit card processing companies.

This paper focuses on the issue of whether CBJ absorbs credit/debit card fees on tax payments or charges fees to citizens making payment. The most pressing decision is in regards to sales tax payments.

Background:

CBJ is currently taking credit card payments at numerous locations where we directly charge the public for programs and services at the point of delivery. In FY15 we had over \$9 million in credit card payments (BRH \$4.8 million – Docks & Harbors \$1.4 million); FY16 had \$10.7M in card payments (BRH at \$5.4M and Docks & Harbors \$2.3M). The programs accepting these payments absorbed \$265,000 (2.8%) and \$316,000 (2.95%) (FY15 and FY16) in fees charged by the credit card processing company (we do not currently recover any fees from these bill payers).

CBJ also accepts credit card payments online, via a 3rd party processor Official Payments (OP), for various types of payments due CBJ. The total annual payments received via OP are approaching \$1M. The bill payer pays a fee directly to OP and CBJ receives the total amount of revenue due.

CBJ does allow utility bill payments to be made via ACH direct withdrawal from your bank account. Total annual payments received via this method are approximately \$4.5M (payment from 3,100 accounts each month). The bill payer is not charged any fees and CBJ pays a small transaction fee to the bank that totals about \$3,000 per year.

CBJ does not currently take credit card payments at the City Hall Treasury payments window. We have many hurdles to overcome when considering credit card acceptance at the window and charging convenience fees; Visa/MC regulations are mostly against charging fees with in-person payments; however, we believe there are exceptions for governments in some instances. CBJ does not currently provide an online payment portal that offers information on citizens' accounts with the city and access to payment history.

CBJ is allowed to charge citizens a convenience fee (which can recover most of credit card processing cost CBJ would pay) for online payments via a payment portal that we provide.

Current Project to Implement Citizen Payment Portal:

CBJ procured the MS Govern Enterprise computer system for our land parcel and revenue billing and collections system. This system is used to bill, track and collect revenues for property & sales taxes, utility payments, airport fees, leases, etc, Centennial Hall activity, collection of delinquent accounts, and other miscellaneous payments.

The MS Govern system contains an e-payment/e-portal function. Staff has been working to implement online filing of sales tax returns and online payments. This could go live in March/April 2018, on a limited basis.

Staff is evaluating what is the best system to use for a citizen payment portal for other major payments (e.g. property taxes, utility billing, parking tickets). Four systems, including MS Govern, are currently being evaluated. Objective is to implement a citizen portal in 2018.

Costs of Card Fees for Sales Tax:

We estimate that between \$3 and \$5 million in sales tax payments could be received online. The processing fee (or reduction to revenue) could range from \$90,000 to \$150,000. We have been proceeding under the assumption that a 3% convenience fee will be charged to tax bill payers.

The approximate costs for implementing the Govern e-portal for sales tax is \$25 - \$40,000 for system modifications. Between the Finance and MIS budgets we have operating budget funding that can cover this. While we expect efficiencies to be realized we do not project we can reduce staff at this time. Providing online services is actually an added service that takes staff support. There will be less volume of payments under the old methods (by mail and in-person) but we still must staff those services. We are implementing the sales tax portal by stretching existing Sales Tax, Treasury and MIS staff resources.

Costs of Card Fees for Other Payment Types:

Payment Type	Card Fee-Low	Card Fee-High	Bank Ck - ACH Fee	Staff-Eqmp Costs	Comments
Property Tax	115,000	155,000	1,000		E-Check Option; initiated by bill payer. Bill payer charged \$1 fee per transaction.
Utility Billing	65,000	85,000	3,000		ACH payments cost CBJ pennies per transaction while CC fees are 2.5 – 3% of the payment.
Airport Billing	5,000	8,000	0		
Sales Tax	90,000	150,000	2,000	0	E-Check Option; initiated by bill payer. Bill payer charged \$1 fee per transaction. Staff & other costs paid by operating budgets
Total	\$275,000	\$398,000	\$6,000	\$150,000	Increased staff & tech costs to expand online CC payments beyond sales tax & at pymt window.

To expand credit card and other online payments to the more major revenue programs does require some increased costs. Expanding the taking of online and other e-payments requires increased staff and technology costs. No new appropriations are necessary as the existing base operating and capital (new 1% CIP funding) budgets anticipated these costs.

Discussion/Recommendation:

The assembly and public rightly expect CBJ to provide the ability to pay bills with a credit card or other electronic methods and the ability to do this online. The ability to pay all bills online with a credit card exists but bill payers incur a cost.

The main question as we implement new and expanded payment options is whether CBJ absorbs the electronic/credit card payment fees (see table above). Utility bill payments offer a good business case. Currently 3,100 accounts/citizens have elected to have their monthly

payment come directly from their bank account to CBJ treasury. Annual cost to CBJ is \$3,000 and we absorb the cost. If one half of those accounts decide to switch to payment by credit card it would cost CBJ about \$60,000. Should we absorb that cost or pass it on to the bill payer?

Sales tax is a separate business case that involves larger dollar amounts. Businesses are collecting the sales tax for CBJ and remitting it. It will be more convenient if they can file and online. The revenue loss to CBJ could be \$150,000.

The Finance Department recommends that CBJ charge a convenience fee for online credit card payments but not for other e-payment methods.

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
January 10, 2018

1% Sales Tax CIP

Issue:

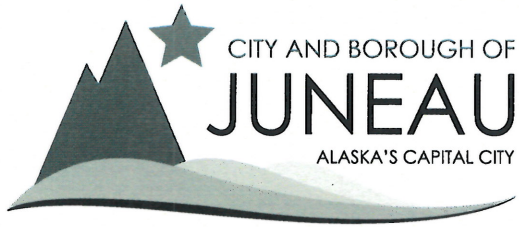
The attached funding schedule is proposed to be included in the FY19 CIP Resolution that will come back for final review in mid-April.

Current Status:

Attached is the proposed schedule that was reviewed by the Public Works & Facilities Committee (PWFC) at their meeting on January 8, 2018. Also included reference is the July 13, 2017, AFC rankings of the CIP Project proposals.

Recommendation:

If approved, direct staff to incorporate 1% sales tax allocation in the draft FY19 CIP Resolution.



Engineering & Public Works Department

155 South Seward Street

Juneau, Alaska 99801

Phone: 907-586-0800 | Fax: 907-463-2606

DATE: January 8, 2018

TO: Loren Jones, Chair
Assembly PWFC

FROM: Roger Healy, PE, Director
Engineering & Public Works Department

RE: FY19 and FY24 Sales Tax Project Funding Schedule

The FY19 – FY24 1% Sales Tax Funding Schedule forwarded by the PWFC on November 20, 2017 has been requested to return to PWFC for further discussion.

Attached is the proposed schedule and for reference the July 13, 2017 Assembly Finance Committee (AFC) rankings for the CIP Project Ideas. For clarification, some of the dollar values identified on the ranking were changed by AFC during that meeting.

Staff requests the PWFC review the funding schedule and forward to the AFC for consideration.

Preliminary FY19 - FY24 1% Sales Tax Project Funding Schedule
14-Nov-2017

Department	Project & Total Cost	Allocation (Millions)	Prior ST Extension		FY19 - 24		3 Mo.		3 Mo.	
			FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24
Public Works	Wastewater Existing Infrastructure Mtnc	13.5			2	2.6	0.5	4	2.4	2
Parks & Rec	Building Maintenance - CBJ Owned	3.5			0.5	0.7	0.7	0.7	0.7	0.2
Public Works	Water Existing Infrastructure Mtnc	2				1	1		0	
Airport	Airport FAA Project Match	3	1.8					0.6	0.6	
Parks & Rec	P&R Augustus Brown Pool Deferred Mtnc	5						1.4	3.6	
Parks & Rec	P&R Centennial Hall Upgrade/Deferred Mtnc	4.5			1.7	2.8				
School District	Building Maintenance - JSD Major Mtnc / Match	5			0.8	1	1	1	1	0.2
Hospital	BRH - Rainforest Recovery Center Upgrades	2.5	0.7		1.8					
Manager	IT - Infrastructure Upgrades	2		0.4	0.4	0.4	0.4	0.4		
Public Works	Waste - RecycleWorks Waste Diversion Program	2	0.6	0.2	0.2	0.4	0.4	0.2		
Manager	Housing	2		0.4	0.4	0.4	0.4	0.4	0.4	
Parks & Rec	Parks	0.5			0.5		1.5			
Harbors	Harbor - Aurora Harbor Rebuild Phase III	1.5								
Totals:		\$47,000,000	3.1	0.6	6.1	8.7	8.7	8.7	8.7	2.4
Estimated Available Sales Tax:		47	3.1	0.6	6.1	8.7	8.7	8.7	8.7	2.4

City and Borough of Juneau
Preliminary List of 1% Sales Tax CIP Project Ideas FY 19-24
Ranking Tabulation Summary Results from AFC members - 7/10/2017

PROJECT TITLE	FULL REQUEST	RANKING TOTAL	COMMITTEE \$ ALLOCATION
Wastewater Existing Infrastructure Mtn	\$ 18,000,000	96	
Building Maintenance - CBJ Owned	5,000,000	79	
Water Existing Infrastructure Mtn	4,500,000	72	
Airport FAA Project Match	3,000,000	69	
P&R Augustus Brown Pool Deferred Mtn	5,500,000	51	
P&R Centennial Hall Upgrade/Deferred Mtn	8,500,000	50	
Building Maintenance - JSD Major Mtn / Match	3,000,000	45	
BRH - Rainforest Recovery Center Upgrades	2,500,000	41	
Airport Snow Removal Equipment Building (SREB) Phase 1c	5,500,000	32	
P&R Treadwell Ice Arena Roof	1,000,000	31	
IT - Infrastructure Upgrades	2,000,000	25	
Waste - RecycleWorks Waste Diversion Program	2,000,000	22	
Affordable Housing Fund Capital & Existing Grant, Loan, Support Programs	3,000,000	21	
P&R Parks	2,085,000	16	
Harbor - Aurora Harbor Rebuild Phase III	7,000,000	14	
JACC - The New Juneau Arts & Culture Center	5,000,000	10	
Parking - Downtown/Willoughby Area	8,000,000	6	
Harbor - Douglas Harbor Parking and Landscape	2,500,000	4	
Land Fund Capital	3,000,000	4	
Airport Terminal Parking Improvements	3,000,000	3	
Housing - New: Loan, Grant & Redevelopment Programs	1,100,000	3	
Equipment/Fleet Replacement Fund Capital - Emergency Vehicles	3,000,000	2	
P&R Mt Jumbo Gym Deferred Mtn	1,000,000	1	
P&R Trails	2,525,000	1	
Childcare & Development - Best Starts	14,000,000	-	
Waterfront Development Local Contribution/Match	5,000,000	-	
Total	\$ 120,710,000	698	\$ -

Note:

Current estimate of available funding is \$47.0M. (\$3.1M available in FY18; \$0.6M available beginning FY19.)