



City and Borough of Juneau
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TO: Chair Hale and Assembly Public Works and Facilities Committee

DATE: January 29, 2021

FROM: Rorie Watt, City Manager

RE: COBC, DEC Fine

As is detailed in your packet, CBJ will pay a fine of \$64,000 to ADEC.

The Assembly should take its role as oversight body and ask questions designed to answer a very basic policy question:

Do we have a systemic problem with the way we run the Utility?

I think that we have a big picture culture issue that we need to adjust. In short, across the organization the Utility has been accommodating. While there are far worse things to be criticized for, the culture of accommodation is the root of the accumulation of the Notices of Violations that led to the COBC and fine. Let me elaborate:

For a period of at least ten years, the CBJ chose to deny utility rate increases because we wanted to keep costs low for our customers. This choice underfunded our ability to proactively plan and implement capital and policy improvements.

We tried to accommodate flows from cruise ships during a construction project, when we should have been less helpful and denied the service.

We are behind in limiting high strength inflows and need to take a sterner more proactive approach with disallowing some products from being sent down the drain.

Running a utility is difficult and complicated (and difficult to explain to the public). We need to do a better job knowing and explaining our limitations and better at creating and enforcing policies that will lead to success.

The Assembly and prior City Manager made two very good decisions in support of the Utility. First, the Assembly created the Utility Advisory Board. The Assembly should continue to support the UAB and ask the UAB to spend time ensuring that we do not have systematic problems. Second, Manager Kiefer had the good sense to merge the Engineering and Public Works Departments in 2015. This has led to much better coordination, communication and efficiencies in both Departments. Staff resources are now better aligned and support the different strengths and needs of the work groups. Operations decisions are now strongly connected to the capital projects and the larger department can share and manage technical and communications resources.