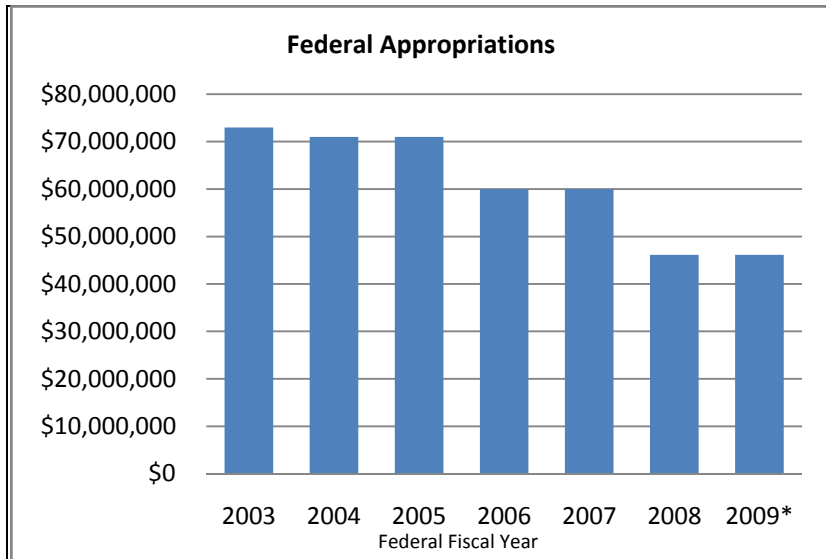


Rural Alaska Sanitation Appropriations



Annual funding for rural sanitation improvements has declined by nearly \$27 million or 37% since FFY 2003.

Fiscal Year	EPA				USDA				Total Enacted
	President	House	Senate	Enacted	President	House	Senate	Enacted	
2003	\$40,000,000	\$35,000,000	\$45,000,000	\$43,000,000	\$20,000,000	\$24,000,000	\$30,000,000	\$30,000,000	\$73,000,000
2004	\$40,000,000	\$25,000,000	\$45,000,000	\$43,000,000	\$11,800,000	\$0	\$30,000,000	\$28,000,000	\$71,000,000
2005	\$40,000,000	\$20,000,000	\$50,000,000	\$45,000,000	\$11,800,000	\$0	\$28,000,000	\$26,000,000	\$71,000,000
2006	\$15,000,000	\$15,000,000	\$40,000,000	\$35,000,000	\$11,800,000	\$0	\$26,000,000	\$25,000,000	\$60,000,000
2007	\$14,850,000	\$15,000,000	\$40,000,000	\$35,000,000	\$0	\$0	\$25,000,000	\$25,000,000	\$60,000,000
2008	\$15,500,000	\$10,500,000	\$30,000,000	\$24,610,000	\$0	\$0	\$21,945,000	\$21,515,000	\$46,125,000
2009*	\$15,500,000			\$24,610,000	\$3,300,000			\$21,515,000	\$46,125,000

* Assumes the Continuing Resolution for the first six months of FFY09 will be extended through last six months of FFY09.

While funding has declined by 37% over the last six years, there are still over 500 rural Alaska sanitation projects that need funding. The cost of completing these projects is approximately \$700 million.

The State's continued goal is to increase the number of rural households with adequate sanitation facilities by an average of 3% per year while at the same time assisting communities address sanitation needs relating to aging infrastructure and complying with new regulations.

We are concerned that although we've achieved this goal for the last several years, the momentum that we've gained may wane due to a decrease in federal funding levels.

DEC Water, Wastewater and Solid Waste Grant Programs

- Facility Programs of DEC's Division of Water work with communities to develop and maintain sustainable water, sewer, and solid waste services in full regulatory compliance.
- There are two types of grant programs managed by DEC for sanitation projects. The *Village Safe Water* program offers 100% grant funding for smaller, rural communities and the Municipal Matching Grants program offers 60%-85% grant funding for larger communities.

Village Safe Water (VSW) Program

- VSW Funding comes from a combination of federal grants and state appropriations. The two primary federal funding sources (which have provided a five year combined average of \$57 million per year) are the U.S. Department of Agriculture and the Environmental Protection Agency. Funding through these agencies requires a 25% State match. In addition, the Denali Commission and the Indian Health Service have provided a recent average of \$10 million a year in 100% federal grants for projects through VSW.
- Communities apply each year for proposed sanitation project funding. Applications are scored, based heavily on the proposed project's ability to address assessed critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Capital funding is requested for the highest ranking projects.
- Per a federal funding requirements established in 2004, the VSW CIP priority list which is divided into two types of projects – those that can be completed in less than three years and those that will take three years or longer.
- Projects that are estimated to take one year to complete receive full funding in a single fiscal year.
- The Three Year List contains large, high scoring projects; however projects on the list are not prioritized. This allows the flexibility that is required in scheduling funding for multi-year projects. An

unanticipated delay in one project will not hold up funding for a different project that is ready to go.

- Funding for the construction phases of Three Year List projects is granted based upon completion of design packages and chronological approval, available funding, and sufficient drawdown of existing project funds. In other words, this is a “first ready, first funded” list and new funds are not made available to a project until prior project grant funds for the project are exhausted.
- In some cases, funding is transferred by VSW through the Indian Health Service to the Alaska Native Tribal Health Consortium, who in turn assists communities in design and construct of sanitation projects.

Municipal Matching Grants Program

- The Alaska Municipal Water, Sewerage, and Solid Waste Matching Grant program provides partial funding and engineering support for drinking water, sewer, solid waste and non-point source pollution projects, such as water quality enhancement and waterbody restoration and recovery.
- These state grants primarily assist the larger communities and boroughs in the State.
- Each year, communities submit sanitation grant questionnaires which are scored weighing primarily the extent to which proposes projects address critical public health and environmental needs. Grants are awarded to the highest ranking projects as funding allows.
- SB 303 which passed the Legislature last year amended the Municipal Matching Grants enabling statute to change the State/Local funding ratio of eligible project costs. The State share of project costs for grants awarded under the program are now:
 - 85 percent of eligible costs for a municipality with a population of 1,000 persons or less.
 - 70 percent of eligible costs for a municipality with a population of 1,001 to 10,000 persons.
 - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.