



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

Department of Environmental  
Conservation

OFFICE OF THE COMMISSIONER

Post Office Box 111800  
Juneau, Alaska 99811-1800  
Main: 907.465.5066  
Fax: 907.465.5070

April 7, 2023

The Honorable Bryce Edgmon  
State Capitol Room 410  
Juneau AK, 99801

The Honorable CJ McCormick  
State Capitol Room 416  
Juneau AK, 99801

The Honorable Neal Foster  
State Capitol Room 511  
Juneau AK, 99801

The Honorable Josiah Patkotak  
State Capitol Room 411  
Juneau AK, 99801

Dear Representatives,

Thank you for your letter concerning the Operations and Maintenance Best Practices (O&M Best Practices) scoring systems and the opportunity to share information about the Village Safe Water (VSW) Program.

As you are aware, the Infrastructure Investments and Jobs Act (IIJA) has created a massive influx in federal funds to upgrade water and sewer infrastructure projects in rural communities. It is our goal and commitment to spend every IIJA and VSW dollar available to Alaska to build and improve the needed water and sewer infrastructure for our rural communities, and to assist them in all ways possible as they endeavor to operate and maintain the facilities sustainably for the long-term.

Historically, the amount of funding available for sanitation improvements in rural Alaska was woefully inadequate to meet all the identified needs. As a result, the funding agencies developed criteria to determine eligibility and priority for the limited resources available. The O&M Best Practices tool was developed over a two-year process involving federal funding partners, the Alaska Native Tribal Health Consortium (ANTHC), and the Rural Utility Business Advisor (RUBA) Program within the Alaska Department of Commerce, Community, and Economic Development. The O&M Best Practices tool was implemented in 2015 to assess the technical, financial, and managerial capacity of communities and to identify communities that would benefit from assistance from programs such as the Remote Maintenance Worker and Rural Utility Business Advisor.

Through IIJA, Congress allocated \$3.5 billion to the Indian Health Service (IHS) for sanitation improvements to benefit American Indian and Alaska Native homes. VSW provides project and engineering support to approximately 90 communities to implement funded sanitation projects, including projects funded by IHS. While VSW's Capital Improvement Project (CIP) program did not directly receive IIJA funding, the program still provides support for IIJA funded projects. VSW continues to provide approximately \$100M in project funding each year, IHS funded a little more than \$300M in Federal Fiscal Year 2022 and will continue to do so in subsequent fiscal years, and the VSW CIP program provides ongoing planning and construction support for both programs.

The IIJA funds and the ongoing VSW CIP funding will provide the opportunity for rural communities to upgrade their water and sewer infrastructure. While the infrastructure investment is important and provides a means for improved safety and sanitary conditions for the rural residents of the communities, the ability to operate and maintain the facility is equally important for the ongoing safety of the residents and sustainability of the community. The O&M Best Practices tool remains a critical component to evaluate a community's capacity in that regard, and to identify ways to assist the community for their ongoing success.

Below are the program details you requested in your letter of March 30:

***Provide the number of Village Safe Water First Time Service and Expansion, Upgrade, and Replacement projects that have not been awarded due to insufficient Best Practices scores.***

To be eligible for VSW CIP construction project funding, communities must demonstrate both a minimum capacity score and have an approved planning document that defines the proposed construction project. Generally, communities do not apply for funding if they know that they do not meet the eligibility requirements.

The following is the number of the communities that had a complete planning document but were not eligible to apply for construction funding due to an O&M Best Practices score below the eligibility threshold:

2018 – 13  
2019 – 11  
2020 – 13  
2021 – 2  
2022 – 4

***Provide the number of projects that have been put on hold after a grant has been awarded, for the last five fiscal years.***

2018 – 1  
2019 – 2  
2020 – 2  
2021 – 2  
2022 – 0

***What is the expected number of denied and paused projects for the upcoming fiscal year.***

No funded projects will be paused for the upcoming fiscal year. As you noted, in the past, a VSW funded project would be halted if the community could not demonstrate an ongoing minimum level of capacity reflected by the O&M Best

Practices score. However, this practice is no longer in place. Once a project is funded, it may proceed to completion regardless of the community's capacity score.

***What are the number of communities that currently fail to meet the minimum threshold for the current Operations and Maintenance Best Practices scoring for the Village Safe Water Program.***

Based on the Spring 2023 scoring cycle, 95 of 196 communities currently do not meet the minimum threshold for funding through the VSW CIP process. However, in collaboration with the RUBA Program, we are committed to assisting these communities in raising their O&M Best Practices scores and capacity to be eligible for funding. It is important to note that not all of these 95 communities are seeking water sewer infrastructure funding this year.

Most, if not all, of these water and sewer infrastructure projects are located within waters (and wetlands) of the United States and subject to the Section 404 Dredge and Fill Program permitting. As you are aware, the Department of Environmental Conservation is seeking to assume that Section 404 program to ensure smooth and coordinated permitting and approval conditions that are specific to the State's and communities' unique conditions and needs. State permitting of these and other types of projects, combined with ongoing and improved service and support to our communities, will result in monumental and sustainable water and sewer infrastructure solutions in our rural communities.

Sincerely,



Jason Brune  
Commissioner

cc: Laura Stidolph, Legislative Director, Office of the Governor  
Commissioner Julie Sande, Department of Commerce, Community, and Economic Development