



# CITY OF SAINT PAUL

## ALASKA

### RESOLUTION 22-20

#### **A RESOLUTION IN SUPPORT OF REFORM OF THE STATE'S BEST PRACTICES PROGRAM (RUBA) TO DIRECTLY SUPPORT COMMUNITIES AND REMOVE BARRIERS TO INVESTMENTS IN WATER/SEWER INFRASTRUCTURE**

**WHEREAS**, the City of Saint Paul, Alaska (City), is a second class municipality organized under the State of Alaska, and;

**WHEREAS**, the City owns and operates small water and wastewater systems for a community of less than 400 residents, and;

**WHEREAS**, the City has identified numerous challenges related to the State Rural Utility Business Advisor (RUBA) program, even as the Legislature has considered ways in which to improve the program, and;

**WHEREAS**, the State's best practice scoring is administered by DEC and DCRA, with DCRA administering the RUBA program, and;

**WHEREAS**, scoring is one way to assess the administrative, financial, and governance capacity of a local government and water utility, and is used to determine whether the State should make additional investments into water and sewer infrastructure in that community, and;

**WHEREAS**, higher scores reflect communities that have capacity to do well, and which receive funds then to further improve existing systems, it is often those communities with lower scores who are more likely unserved or underserved, and where funds would make the biggest difference to improve water and wastewater systems in Alaska, and;

**WHEREAS**, the City identified the following challenges:

- Scoring is often inconsistent with lack of clarity about how a score was determined, and metrics that seem to vary depending on who is producing a score, and;
- Scores are reduced for accrual accounting, even though this is the correct and accurate way to produce financials and reflects government finance best practices (GAAP), and;
- The City's financial accounting software that is different than QuickBooks often results in lower scores because of the proficiency or unfamiliarity of the reviewer, and;
- Turnover at the local level is common, even as many regions experience turnover at the State level with who is responsible for scoring - this cycle means that experienced managers at the local level are helping State staff learn more about the circumstance of working with small and rural communities, and that State staff are working to train up local staff to make them more familiar with best practices requirements; and
- Water operator certification seems to be based on a national program, which doesn't appear to be responsive to rural or small community realities; some of the higher-level

engineering, math, or science requirements may preclude strong candidates for maintenance and operations, even as other solutions like circuit riders or shared resources may have the same result, and;

- Requiring two operators to get extra points in the final score means that communities have to increase rates to maintain skilled operators, which is a illogical incentive for a small community like ours, and;

- To the extent that communities are micro-managed in this process, the program reduces community capacity without improving sustainability; improvements could look like monthly vs. quarterly/annual reporting, including multiple options of documentation about the utility in a city council's meeting minutes, when these are already covered under financials, etc., and;

- There appear to be new requirements, and requirements that have evolved, which seem confusing and unnecessarily burdensome, and implementation of new or different standards should be done in consultation with communities, working both to improve efficiency of program administration and result in improvements to local system management, and;

- The requirement for a Preventive Maintenance Plan is a positive addition, generally, but it was implemented in ways that were very confusing; every additional requirement that lends itself to stronger utility management is reducing the capacity of communities to be successful at all the other items that are required if it doesn't come with additional resources by the State, and;

- New construction and overhauled water and sewer systems result in high costs for residents, and local governments that receive limited (reduced by half in 2015) State support in the form of Community Assistance or other funding, and who have limited tax base, are not in a position to help bring those costs down, and;

**WHEREAS**, the City offers the following potential solutions to address these issues:

- Participating communities may benefit from other training options than that offered by the State, and the State should work to add a list of other trainings where attendance would add to the overall scoring available to the community. There are many ways to get to stronger management, and restricting this to one program (instead of taking advantage of all the options out there) may result in duplication or reduced capacity overall. Recognizing all training would incentivize more training, and;

- Partners can have a role in billing assistance or financial management, and the State should consider the partners that local governments are working with and reflect that in the scores. We know that both ANTHC and AML are in a position to do this, and that could be included in the consideration of the community's capacity, and;

- Finalize the rural water service operator certification that DEC has been working on for rural communities. This can be envisioned similar to having a Trooper in a community, and the development of the VPSO program. Communities that have access to higher level skills, even if they aren't employed, have the same effect for the sustainability of systems, and;

- Change from cash to accrual accounting – this is a straightforward change that would meet communities where they're at and is consistent with Generally Accepted Accounting

Principles, and;

- Consider reform, such that communities in good standing can remain that way with fewer requirements for reporting and compliance. At the same time, focus on the communities that need managerial and financial management assistance most, and work with them directly to improve scores. A dashboard system may be just as effective as current scoring, with different reporting and compliance requirements for green (strong), yellow (improving), and red (at-risk). This could include counting the current required reporting as sufficient – those that are already required for other State programs, like Community Assistance, and;
- Consider working with ANTHC or others on a standardized preventive maintenance plan template and online database for record keeping, and;
- With new infrastructure funding, allow for more than one planning and construction grant at a time so that communities can make the most of it, and;
- Work with the Legislature to establish funding to support maintenance and operations, and to bring down the costs of rural utility systems. This would lessen the burden on communities and strengthen the affordability index that would qualify communities for water and sewer investments, and;
- For high-cost communities, consider a subsidy that lowers residential user fees, even as the State works with communities to improve system management and reduce costs, and;

**NOW THEREFORE BE IT RESOLVED**, that the City of Saint Paul, Alaska recognizes the shared intent of State administrators and local governments, and believes that by working together on these issues, alongside and with State agency officials and the Legislature, we can strengthen Alaska's local governments and community water and sewer systems, and;

**BE IT FURTHER RESOLVED**, that City of Saint Paul, Alaska encourages regulatory and statutory changes that strengthen the capacity of local governments to improve systems of governance and financial management for water and sewer operations.

PASSED AND ADOPTED BY APPROVAL OF THE COUNCIL OF THE CITY OF SAINT PAUL THIS 3<sup>rd</sup> DAY OF NOVEMBER, 2022 BY 6 IN FAVOR 1 OPPOSED AND 0 ABSTAIN.

ATTEST:

  
Aubrey Wegeleben, City Clerk

  
Jacob N. Merculief, Mayor

