

**ALASKA STATE LEGISLATURE**  
**HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

March 13, 2012

9:04 a.m.

**MEMBERS PRESENT**

Representative Cathy Engstrom Munoz, Chair  
Representative Neal Foster, Vice Chair  
Representative Alan Austerman  
Representative Alan Dick  
Representative Dan Saddler  
Representative Sharon Cissna  
Representative Berta Gardner

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 362

"An Act relating to an Alaska Water and Sewer Task Force; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 362

SHORT TITLE: WATER AND SEWER TASK FORCE

SPONSOR(s): COMMUNITY & REGIONAL AFFAIRS

03/02/12	(H)	READ THE FIRST TIME - REFERRALS
03/02/12	(H)	CRA, FIN
03/13/12	(H)	CRA AT 9:00 AM BARNES 124

**WITNESS REGISTER**

PAUL LABOLLE, Staff  
Representative Foster  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 362 on behalf of the House Community and Regional Affairs Standing Committee, of which Representative Foster is the vice chair.

BILL GRIFFITH, Facilities Program Manager  
Division of Water  
Department of Environmental Conservation  
Anchorage, Alaska

**POSITION STATEMENT:** During hearing of HB 362, answered questions.

**ACTION NARRATIVE**

[9:04:09 AM](#)

**CHAIR CATHY ENGSTROM MUNOZ** called the House Community and Regional Affairs Standing Committee meeting to order at 9:04 a.m. Representatives Foster, Austerman, Saddler, Cissna, Gardner, and Munoz were present at the call to order. Representative Dick arrived as the meeting was in progress.

**HB 362-WATER AND SEWER TASK FORCE**

[9:04:27 AM](#)

CHAIR MUNOZ announced that the only order of business would be HOUSE BILL NO. 362, "An Act relating to an Alaska Water and Sewer Task Force; and providing for an effective date."

[9:04:37 AM](#)

PAUL LABOLLE, Staff, Representative Foster, Alaska State Legislature, speaking on behalf of the House Community and Regional Affairs Standing Committee of which Representative Foster is the vice chair, explained that HB 362 makes a declaration of legislative findings and establishes a task force to address those findings. Section 1 is the legislative findings. Section 2 has three parts, including subsection (b) that details the membership of the task force. In Section 2, subsections (c)-(f) address the workings of the task force while subsection (g) delineates the tasks assigned to the task force.

[9:05:52 AM](#)

MR. LABOLLE, in response to Representative Foster, reviewed the membership of the nine-member task force as follows: one member appointed by the House Bush caucus, one member appointed by the Senate Bush caucus, one member appointed by the full membership of the House, one member appointed by the full membership of the Senate, a public member who is a civil engineer, one member

appointed by the Bush caucus who represents a federal agency - ideally one that is involved with the funding of water and sewer projects, one member appointed by the Bush caucus who represents a state agency, two public members appointed by the Bush caucus who live in rural communities that are off the road system or the Alaska Marine Highway System. He noted that the Bush caucus is defined on page 3, lines 22-23, of HB 362.

9:07:39 AM

REPRESENTATIVE CISSNA asked if this proposed task force is stage one, step one.

MR. LABOLLE stated that the idea behind this concept is to proceed very fast. In fact, the task force will have less than one year, essentially six months to do its work. The task force is to report to the legislature by January 2013 and will have to have the report completed by December 2012. Mr. LaBolle related that the task force doesn't have to recreate the wheel as there is much information it can utilize, such as previous legislative audit reports and information from the Council on Rural Sanitation under Governor Tony Knowles, DEC, the Environmental Protection Agency (EPA), and the Alaska Native Tribal Health Consortium (ANTHC).

9:08:58 AM

REPRESENTATIVE CISSNA informed the committee that the Legislative Health Caucus held a forum entitled "Keeping it Clean", the information from which she offered to make available to the sponsor. She indicated that Troy Ritter's studies would be helpful. Representative Cissna emphasized that although the conditions in rural Alaska are absolutely shameful, the conditions in the perimeters of communities, including Anchorage, are shameful as well. She asked if any work has been done on the perimeters of communities where there is unsafe water.

MR. LABOLLE replied no, adding that the primary focus has been to review rural areas. He highlighted that the answers to the problems in rural Alaska versus the perimeters of [urban] communities are different. For example, the economy of scale issues aren't an issue for the perimeter of Anchorage nor is the issue of access to an infrastructure that works. In Southwest Alaska there is permafrost ground in which pipe can't be buried nor is there infrastructure to access. Obtaining water when there isn't a well that's readily available to drill means it

has to be obtained from the river, which has its own sanitation and particulate issues that have to be addressed. The issues with obtaining water from a river in a rural environment aren't really the case in an urban environment. Furthermore, waste disposal is a very different animal for a rural situation versus the availability of tying into an urban grid.

[9:11:11 AM](#)

REPRESENTATIVE CISSNA referred to the Commonwealth North study report entitled "Energy for a Sustainable Alaska", which ties energy into sewer and water. Sanitation systems are linked to energy because when energy systems fail so do the sanitation systems, which was evidenced in her recent trip to the Yukon. Representative Cissna stressed the need for step two to tie the report of this proposed task force to a state energy plan.

MR. LABOLLE directed attention to the language on page 3, lines 16-18, which directs the task force to consult with the appropriate state and federal agency representatives regarding how safe water and sewer systems might be more quickly provided to rural Alaska. The expectation is that combining [state] water and sewer projects with other state and federal projects, including energy, transportation, and school construction projects, will afford [the state] the ability to do projects faster, cheaper, and better. He noted that in rural Alaska the largest single contract item is almost always mobilization and demobilization. Therefore, combining state projects would achieve economies of scale on that large ticket item.

[9:13:17 AM](#)

REPRESENTATIVE GARDNER echoed Representative Cissna's comments regarding the scandalous situation that exists in many of Alaska's rural communities, which she opined is unacceptable. Although she said that she's generally not a fan of task forces, in this case she said she was comforted by the list of resources the proposed task force will use as well as the tight timelines. She expressed concern that many members of the Bush caucus don't represent the Bush, but since the proposed task force is short-lived she said she wouldn't make it an issue.

[9:14:38 AM](#)

REPRESENTATIVE DICK related that he had legislation that referred to the Bush caucus, which was of concern for some. Although he couldn't imagine a body better equipped to identify

who would be an important member of the proposed task force, he questioned whether there was any problem with the Bush caucus making appointments.

MR. LABOLLE told the committee that he spoke with the primary sponsor of the companion legislation in the Senate. There was discussion regarding whether there would be a problem with the Bush caucus appointing members to the task force. The [House] is deferring to the Senate to take the lead on this legislation. However, one problem that might be encountered with a directive of a body is that a single individual isn't accountable. Therefore, he suggested that perhaps the chair of the Bush caucus should be responsible, and thus beholden to the members to obtain a consensus. He said he is still working with the Senate sponsor on the aforementioned.

[9:16:03 AM](#)

REPRESENTATIVE DICK acknowledged that there is a need for prioritization as there isn't enough money to meet the need. In the past, there have been some major boondoggles when facilities were constructed out of proportion to the need. Therefore, he opined that this proposed task force could help the state spend its funds more wisely, prioritize, and realize that one size doesn't fit all. He opined that only those really in touch with the situation could establish the criteria. Representative Dick said that he liked [HB 362].

[9:17:20 AM](#)

REPRESENTATIVE FOSTER requested that Mr. LaBolle discuss the funding issues, in terms of the ever growing need versus the expenditures and the available funding.

MR. LABOLLE stated that the funding issue has created the existing situation rather than what's addressed by the task force. Essentially there is a stated need of \$650 million, but state funding ranges from \$8-\$20 million over the last 15 years and total funds \$25-\$70 million. He noted that there is a funding breakdown for 1997-2011.

[9:18:56 AM](#)

REPRESENTATIVE SADDLER inquired as to the source of the information in the findings section that estimates that 6,028 families in Alaska don't have safe potable water or safe sanitation systems in their homes.

MR. LABOLLE answered that the estimate was from Village Safe Water within the Department of Environmental Conservation (DEC) and was provided by Bill Griffith via email.

[9:19:38 AM](#)

REPRESENTATIVE SADDLER directed attention to page 1, lines 11-12, which read: "it is the responsibility of the legislature to ensure that safe and sustainable water and sewer systems are provided for all state residents." He characterized the aforementioned as a broad finding, and therefore he questioned whether the state would bear 100 percent of the cost of providing safe water and sewer systems if federal funding isn't available.

MR. LABOLLE referred to Article VII, subsection 5 of the Alaska Constitution, which read: "The legislature shall provide for public welfare". Since water and sewer would fall within that, the sponsor views it as a constitutional mandate.

[9:20:35 AM](#)

REPRESENTATIVE SADDLER, referring to the quick timeline of the task force, asked if the task force might be aiming toward any particular conclusions.

MR. LABOLLE responded that essentially the discussions have been that if there were answers, they would be implemented. The hope is that the task force will reach some answers.

[9:21:03 AM](#)

REPRESENTATIVE SADDLER asked if there is something the state government, Village Safe Water, isn't doing now or lacks the resources to do that the proposed task force could guide them to do.

[9:21:12 AM](#)

REPRESENTATIVE SADDLER highlighted that safe water and sewer has been an issue for decades. Therefore, he questioned whether the task force might decide that permanent entity regarding rural sanitation is necessary in addition to the Village Safe Water program.

MR. LABOLLE said that if that's the wisdom of the legislature, he didn't view it as a problem.

9:21:53 AM

REPRESENTATIVE SADDLER asked if there is something the [Division of Water] hasn't had the resources or direction to do that necessitates the appointment of a separate task force to address this issue. He further asked what the task force can do that the division cannot.

9:22:10 AM

BILL GRIFFITH, Facilities Program Manager, Division of Water, Department of Environmental Conservation, reminded the committee that funding for rural water and sewer improvements has declined by over 64 percent in the last seven years, which has had a dramatic impact on the division's ability to provide services to rural communities. He noted that although the Indian Health Service provides funding for rural water and sewer improvements, it hasn't increased either. While funding has decreased, the cost of addressing critical health-related rural sanitation such as homes without running water and flush toilets or inadequately treated drinking water has increased by over 60 percent since 2006. He attributed that increase to a variety of factors, including aging facilities and more stringent regulations. The situation is a combination of declining funds, aging facilities, increasing costs of construction, and increasing regulations. Therefore, the gap, over \$650 million, between available funding and the cost to address these health-related sanitation needs is growing exponentially. In fact, that gap has almost doubled since state fiscal year 2006. The challenge is that the needs are so great compared to the available funding that it's very difficult to accomplish the necessary work. Mr. Griffith said, "We're actually losing ground."

9:24:35 AM

REPRESENTATIVE SADDLER inquired as to the time when the state put forth its best effort [for water and sewer improvements].

MR. GRIFFITH recalled that the peak funding occurred in 2004, and therefore he opined that the best funding years were the years leading up to 2004 and the approximately five years after. Whether the funding ever reaches that point again is primarily dependent upon federal funding as 80-85 percent of all funding for rural sanitation improvements has been from the federal

government over the last 20 years, unless the state decides to contribute much more.

9:25:36 AM

REPRESENTATIVE CISSNA informed the committee that in about 2008 Legislative Research performed a study on safe water for her. The study went into some of the political aspects of the issue, which is one of the tragedies of it. She opined that it's easy to forget what one can't see. She then offered to provide members with a copy of the study, which she indicated remains relevant today. She related hearing from residents of Western Alaska who were part of a group put together by the Alaska Native Tribal Health Consortium; this group consisted of areas that were somewhat geographically close. The group was able to decrease the costs because they were sharing water and sewage infrastructure costs. The group she spoke with was planning on leaving the bigger group as were a couple of other communities, which jeopardized the entire group. She then asked if the department tracks the aforementioned.

MR. LABOLLE surmised that Representative Cissna may be referring to the Alaska Rural Utilities Cooperative (ARUC). He then suggested that it could be the split responsibilities of the ANTHC and Village Safe Water in terms of the construction of systems. He noted that ARUC has more to do with the administration of the systems, rather than construction, and aid with Rural Utility Business Advisor Program (RUBA) reporting and collections.

MR. GRIFFITH related that Representative Cissna is likely referring to ARUC, which is a collaborative effort that is sponsored by and continues to be run by ANTHC. The ARUC includes about 20-25 communities in Southwest and Northwest Alaska. Much is known about those communities and how things are going. The division also tracks information about how things are going in other communities. In fact, when the division funds projects and throughout the construction of any projects, it closely reviews how well the community is operating and maintaining its existing facilities and what type of assistance they may need with the aforementioned. The division wants to ensure that communities are able to operate and maintain the facilities they have as well as what's constructed for it. The division also tries to provide the technical assistance to communities to build their capacity. In further response to Representative Cissna, Mr. Griffith said that the division has provided assistance to a number of communities

through its remote worker maintenance program. The division also works closely with ARUC to provide assistance to ARUC communities as well as communities throughout the state. The division doesn't have a website with this information, but could pull together information regarding the communities that faced weather-related challenges this winter.

[9:32:40 AM](#)

REPRESENTATIVE DICK, pointing out the desperate need for this proposed task force, informed the committee that for thousands of years the residents of Lime Village drank water from the river, until about 14 years ago when the government determined that the Native peoples shouldn't do so. At that point, a \$25 million water building was constructed down by the river. However, since the water didn't taste good, residents still drank from the river and used the washing machines until they broke down. Every so often, residents would move into the building as it was well insulated. Eventually, there was a significant high water event during the breakup and ice bumped the building. The aforementioned resulted in the Federal Emergency Management Agency (FEMA) labeling [the water building] as a contaminated well and flew in steamed, distilled water to Lime Village. Still, the residents continued to drink river water and used the steamed, distilled water to wash things such as dishes and houses. In the meantime, a washateria was being built in Lime Village for \$1.7 million. However, it was built on a well that pumps only five gallons a minute and was completed one year prior to the school closing. There were only 17 people in Lime Village. He questioned how much it costs to fly fuel oil into Lime Village to heat the washateria. However, he stressed that the big problem was that the washateria had three dryers and the community that generally drew 3-5 kilowatts now had to run a 25-35 kilowatt generator just in case someone might want to run all three dryers at the same time. Since it costs \$4 a load to run the dryers, no one uses them. Representative Dick emphasized that this proposed task force is desperately needed so that those who are on the ground and in touch with what's happening are involved.

[9:36:26 AM](#)

REPRESENTATIVE GARDNER expressed interest in comments regarding the concern that water and sewer planning doesn't happen concurrently with school districts, and thus there are overlaps, gaps, and duplicate spending.

MR. LABOLLE reiterated that the language on page 3, lines 16-18, addresses the aforementioned. He also reiterated the concern that mobilization and demobilization costs the most, but [the state] doesn't seem to package projects to share those costs and obtain economies of scale for projects.

[9:37:52 AM](#)

REPRESENTATIVE FOSTER related that a year and a half ago he visited the local Native corporation in Hooper Bay. The building was a typical office building, save the bathrooms where there were honey buckets lined with trash bags. In that same timeframe, he also visited Kotlik where he was surprised to find raw sewage disposal bins on the docks. He expressed concerns with regard to people coming into contact with raw sewage and the associated diseases, not to mention that when people don't have piped water, they tend to conserve it and not wash their hands as much and that results in increased illness. He noted that he grew up with a honey bucket until he was age six or seven.

MR. LABOLLE informed the committee that Hooper Bay is a community with a population of about 1,200.

REPRESENTATIVE FOSTER interjected that Hooper Bay is actually the second largest community in his district.

[9:40:40 AM](#)

CHAIR MUNOZ inquired as to the current process for evaluating projects and how the department works with various organizations to make funding recommendations.

MR. GRIFFITH explained that currently funding is available through two allocation processes. One is a federal process that is a national allocation system administered by the Indian Health Service. The other process is used to allocate funding in Alaska through the Village Safe Water program. A number of years ago there was an effort to bring these two allocation systems into alignment in order that communities wouldn't have to submit requests through both systems. Therefore, the requests have occurred concurrently every summer. The division compiles a list of water and sewer needs in every community and that database is updated annually. Communities have the opportunity to identify those projects that are a priority for them and for which they want to request state funding. All projects in the database are automatically considered for

funding by the Indian Health Service. The only thing that communities have to do with regard to the Village Safe Water program is let the division know for which projects they want to request funding. The list of projects is scored using a prioritization system. The two sets of criteria for the Indian Health Service and the Village Safe Water program are very similar. The division primarily reviews the health impact of the project, which ensures the prioritization of projects that will provide running water and sewer for the first time in a village over a project to provide additional water storage or upgrade the filtration system. Still, projects to provide additional water storage or bring systems to regulatory compliance would be funded over other projects, such as a project to make a system more efficient, because they have a greater health impact. The division also reviews a community's ability to operate and maintain their current system. He noted that the division reviews a few other things, such as whether there are other ongoing projects as it's very expensive and inefficient to start and stop a project.

[9:44:06 AM](#)

CHAIR MUNOZ asked if the earlier mentioned \$18 million in state and federal funding is an annual amount and whether that's all that's expected to meet the \$650 million in unmet need.

MR. GRIFFITH clarified that the current gap between available funding and need is about \$667 million while the total need is about \$700 million. This year, through the state the department will allocate \$35 million in state and federal funds. As mentioned earlier, there is approximately another \$20-\$25 million that will be made available through the Indian Health Service.

[9:45:11 AM](#)

REPRESENTATIVE AUSTERMAN asked if the problem in some locations is that the technology isn't available to construct water and sewer projects.

MR. GRIFFITH said that the division has approached the challenge of rural water and sewer services for many years by reviewing the most appropriate technology for each community. The optimal system is an individual well and septic system. However, individual well and septic systems aren't always possible and thus the primary system used otherwise is a centralized pipe system with a centralized water plant that pipes water to homes,

collects [waste] with pipes, and disposes of it in a sewage lagoon. The division is discovering that such approaches are increasingly expensive to implement and the lack of funding may result in the inability to provide service to everyone and keep it running. Currently, the division is trying to implement a major initiative to develop other approaches that address water and sewer needs. The division is considering innovative technological approaches throughout the state, and thus the governor's current budget includes a \$1 million request to start that effort. Mr. Griffith informed the committee that there have been discussions with the university and the Cold Climate Research Center in Fairbanks regarding how to collaborate to review new technological approaches. Although there won't be an end to providing centralized services, the division wants to review innovative decentralized approaches in communities where it would be very expensive to provide a centralized system.

9:48:05 AM

REPRESENTATIVE CISSNA expressed concern with the lack of interdepartmental work, which results in students learning things that don't have to do with their local energy, water, and sanitation systems and how to operate and maintain them. She then emphasized that prices will always continue to increase and the [state] doesn't work toward sustainability. She asked if the division has discussed systems that can be maintained by residents in the area that have been there for thousands of years and didn't pollute the area. One aspect of this issue, she opined, is with regard to how to [educate] locals in the skill sets necessary to operate these systems. The aforementioned would keep costs down while creating jobs.

MR. GRIFFITH confirmed that the division frequently discusses the need to maintain these systems affordably and for the residents to be able to do so. He informed the committee that currently there is no subsidy funding available for water and sewer systems in Alaska. Therefore, communities are left to raise the funds to maintain these systems through local user fees. He further informed the committee that almost always its people from the community that run the systems, provide the utility management, and operations. He noted that there are a number of technical assistants providing programs around the state and through the ANTHC that train operators and administrators and provide technical assistance. Mr. Griffith agreed that it's a critical piece of planning of any system and something the division tries to spend a lot of time on throughout the course of the project.

9:51:19 AM

REPRESENTATIVE SADDLER referred to a November 2011 email from Mr. Griffith to Dorothy Shockley that says regarding the total number of unserved homes: "This number also includes homes that are considered "unserviceable" because of their remote location, or excessively high capital/operational costs associated with service". He asked if there are some locations that will never be able to receive decent sanitation and water services.

MR. GRIFFITH answered that there are homes located a distance away from the community center and it's not economical to run pipes that far for a few homes. To try to serve every isolated home in a community becomes an operational burden, he said. Furthermore, there are also very small communities for which a central water plant with circulated heated water to a few homes costs a lot to build and maintain. The division, he related, has worked with a lot of communities that have reviewed the projected costs of such a system in terms of the cost per home. The conclusion has been that it's not something [small communities] can afford to operate. Given the current slate of typical technologies, there are homes for which it's not affordable to try to serve. The aforementioned, he opined, speaks to the need to try to develop new approaches and bring technologies together that may be available but hasn't been considered in combinations that may be workable in rural Alaska.

9:53:33 AM

REPRESENTATIVE SADDLER commented that while HB 362 does include provisions [on page 3, lines 12-13] that the task force study ways to build, install, and maintain [water and sanitation systems in rural Alaska]. He expressed the need to place a sharper focus on maintenance to ensure that research is identified as well as to ensure that whatever investments are identified for this need are protected such that it can be maintained in order to avoid another wholesale investment in the future. He expressed the need to place a sharper focus on sustainability.

9:54:33 AM

REPRESENTATIVE DICK told the committee that this wasn't a problem in the past because people weren't in the village consistently due to the need to leave to hunt, trap, and such. He said that the real reason for spring camp was to let the

village dry out because during the time when there were dog teams the sanitation issues were worse than now. When residents returned from spring camp to the village, the land was dry and residents raked and burned their yard. The problem, he said, is a direct result of mandatory school in the villages that resulted in residents staying in the village consistently.

[9:56:30 AM](#)

REPRESENTATIVE SADDLER nominated Representative Dick to serve on the proposed task force.

[9:57:08 AM](#)

CHAIR MUNOZ announced that HB 362 would be held over.

[9:57:22 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:57 a.m.