

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

May 2, 2023

8:05 a.m.

MEMBERS PRESENT

Representative CJ McCormick, Chair
Representative Kevin McCabe, Vice Chair
Representative Tom McKay
Representative Justin Ruffridge
Representative Rebecca Himschoot
Representative Donna Mears

MEMBERS ABSENT

Representative Josiah Patkotak

COMMITTEE CALENDAR

PRESENTATION(S): INVESTING IN WATER/SEWER INFRASTRUCTURE IN ALASKA

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CARRIE BOHAN, Program Manager
Facilities Services
Division of Water
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint presentation on the Village Safe Water program.

RANDY BATES, Director
Division of Water
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Answered questions during the presentation on the Village Safe Water program.

ACTION NARRATIVE

[8:05:33 AM](#)

CHAIR CJ MCCORMICK called the House Community and Regional Affairs Standing Committee meeting to order at 8:05 a.m. Representatives McKay, Ruffridge, Himschoot, Mears, McCabe, and McCormick were present at the call to order.

PRESENTATION(S): Investing in Water/Sewer Infrastructure in Alaska

[Contains discussion of HB 178.]

[8:06:13 AM](#)

CHAIR MCCORMICK announced that the only order of business would be a presentation on investing in the water and sewer infrastructure in Alaska. [The presentation is a continuation from the meetings on April 20, 2023, and April 25, 2023.]

[8:06:52 AM](#)

CARRIE BOHAN, Program Manager, Facilities Services, Division of Water, Department of Environmental Conservation (DEC), continued the presentation on the Village Safe Water program. She referred to slide 10, titled "Village Safe Water Project Prioritization," which addressed the application process for new projects. She reiterated that all new projects must show a planning effort. For this process there is a review committee using a collaborative approach. She expressed the hope that this approach would help communities have a planning document for a project that could be funded from any of the funding agencies. She stated that the projects would be scored on the provided health benefits, how the community rates in its current level of service, and the technical, financial, and managerial capacity of the community. She added that other aspects of the communities could be awarded a small amount of points. She commented on the multi-year project process and how this helps with project estimates and funding. She stated that once funding is committed to a project, the project will be on the project list until it is completed.

[8:10:23 AM](#)

MS. BOHAN continued to slide 11, which listed several projects the Village Safe Water program is currently constructing. She gave details on projects in Unalakleet, Wales, Nunapitchuk, St. Paul, Shaktoolik, and St. George. She moved to slide 12, titled

"Village Safe Water SFY24 Governor's Budget." She pointed out that the capital requests are substantial, with the bulk of funding being tied to the Indian Health Services (IHS) and the U.S. Environmental Protection Agency (EPA).

MS. BOHAN continued to slide 13 and stated that once utilities are built, the program would provide support. She stated that funding for this support would be from EPA and the U.S. Department of Agriculture. She stated that when there is no willing partner in a region, the division has staff to provide training and preventative maintenance. She added that this support staff would also respond to emergencies, which occur most often in the worst of weather. She noted the detailed data concerning emergency response and support on the slide.

MS. BOHAN moved to slide 14, titled "Village Safe Water and Sewer Challenge." She stated that in reaction to projects being underfunded, an international challenge was created with the goal to have teams develop prototypes for in-home water reuse. She stated that the University of Alaska Anchorage's team was the most successful in developing a unit, which is now in the testing stages. She expressed hope that the next stage of using the recycled water would be soon, so this could be deployed in homes where it is "unreasonably expensive to get a pipe there."

[8:17:15 AM](#)

REPRESENTATIVE HIMSCHOOT asked if containers would be brought out to these houses to have a contained system.

MS. BOHAN responded that this is exactly the idea. In response to a follow-up question, she replied that captured grey water would be treated for reuse, with wastewater being disposed through a haul out or septic system.

[8:18:42 AM](#)

MS. BOHAN moved to slide 15, titled "Village Safe Water Current Challenges." She stated that IHS does have the funding for underserved communities; however, she expressed concern that the funding is awarded without the consideration of communities having sufficient support after the service is provided. She discussed the gaps created when IHS cannot provide the funding. She pointed out the challenge concerning staffing for the engineers, contractors, and laborers needed. Along with this challenge, she pointed out the difficulty in obtaining the materials, and the rising costs of these materials. She

addressed lack of guidance for the requirements for the federal Build America, Buy America program.

MS. BOHAN proceeded to slide 16 and discussed the State Revolving Fund loan program, which is a low-interest loan program. She stated that the program receives grants from EPA each year, with the state contributing a 20 percent match. She explained why this funding has decreased over the years.
[8:22:29 AM](#)

REPRESENTATIVE MCCABE questioned the process and whether a representative from the Village Safe Water program would contact the underserved communities or would the communities need to contact the program.

MS. BOHAN replied that there is a pool of about 40 communities of regular borrowers that come for loans. She suggested that because of staffing changes the program has not been as proactive in reaching out to communities. She pointed out the program is being funded by the Infrastructure Investment and Jobs Act (IIJA) and EPA, so there are now funds for outreach, and the program is engaged in a "big push" to inform communities.

REPRESENTATIVE MCCABE questioned whether the federal funding would be subject to the population limits of the Village Safe Water Act.

MS. BOHAN replied that the Village Safe Water program is a separate program, so there would be different requirements, as municipalities and privately owned utilities are regulated by the Regulatory Commission of Alaska (RCA). In response to a follow-up question, she stated that RCA looks at the burden to the communities concerning the rates, so for those with privately owned utilities, RCA would make sure the loans received could be paid back without [the burden of high utility rates]. She suggested that this requirement is "archaic," but it is still part of the statute.

[8:28:32 AM](#)

MS. BOHAN continued onto slide 17, which showed the first year of IIJA funding and the Village Safe Water program's "game plan" for the year. She discussed how the plan would be administered and how the money would be spent. She pointed out that some of the funding sources require the money go to disadvantaged communities, adding that the definition of "disadvantaged

communities" is being reworked. She concluded the presentation on slide 18 and requested questions.

8:31:42 AM

CHAIR MCCORMICK questioned whether HB 178 would make any changes to this process.

8:32:03 AM

RANDY BATES, Director, Division of Water, Department of Environmental Conservation, answered that the division is aware of the bill. He stated that because of the wording and lack of definitions in the bill, it would not impact capacity assessment or the awarding of funding.

8:32:49 AM

REPRESENTATIVE MEARS expressed concern about the communities that would not meet the scoring threshold; therefore, they would not receive funding. She questioned any additional "building blocks" that could be offered to help these communities.

MS. BOHAN replied that there are several different opportunities for these communities, including the Rural Utility Business Advisory and Remote Maintenance Work Program. She added that the Alaska Municipal League (AML) would be receiving grant funding from EPA, which would target wastewater systems. In response to a follow-up question, she expressed the hope that these communities would be helped. She expressed the understanding that, from conversations with AML, AML is willing to help. However, she suggested that there is more work to be done than assistance provided.

8:35:16 AM

REPRESENTATIVE MCKAY expressed curiosity as to whether there is an end to this. He pointed out the 47 villages that need help and questioned whether there is a progression to an end.

MS. BOHAN replied that presently the Alaska Native Tribal Health Consortium has been doing expansive efforts to decide what is the right direction to take, and it is moving through planning efforts as quickly as possible. She suggested that designing a project entails a 2-year process, while construction entails a 5-year effort. She suggested that in 15 years there would be substantial progress. Once services are installed, she stated

that many the communities will struggle to support the services. She advised that funding is already being given to older systems that need support. She concluded that in general this is an ongoing process. In response to a follow-up question, she stated that the alternative to pipe service would be a haul system, or wells and septic tanks.

[8:38:52 AM](#)

REPRESENTATIVE MCCABE asked what it would take to make MR. BATES replied that the division has not had any conversations with the sponsors of this bill, so at this point he expressed uncertainty concerning what is being sought with the proposed legislation. He pointed out that first and foremost there are requirements that the division must follow, such as the capacity issue. He explained that this issue would be addressed through the Operations and Maintenance Best Practices ("Best Practices") scoring. He suggested that HB 178 is trying to get around the assessment. He stated that now the division is working on improving service, and he discussed how this is being done.

REPRESENTATIVE MCCABE expressed the understanding that when a community fails, the assessment tool is important. He stated that the tool may need development, but not circumvented. He pointed out the two bills [including HB 178] that are now "in play" and requested any recommendation on how these bills may be made better.

MR. BATES expressed interest. He suggested that some simple changes to statute in relation to RCA could provide a significant change for eligibility. He stated that there are "three big pots" of money, and the division intends to use these for the communities with the need.

[8:45:11 AM](#)

REPRESENTATIVE HIMSCHOOT, returning to slide 13, pointed out that all the communities have gone through the Best Practices tool, and should be set up; however, 48 emergency trips a year have been required. She questioned whether this is standard.

MS. BOHAN responded that 50 emergency trips a year has been the average over the past several years. She stated that Best Practices scoring has been used since 2015; therefore, communities have been through the assessment prior to funding. She pointed out that different aspects are continually changing,

and the situation is cyclic. She mentioned the changing climate situation.

MR. BATES continued the explanation and referred to Angoon's early freeze last year, which caused a significant issue, and this was unrelated to the community's capacity. He stated that breakdowns always occur in inclement weather.

[8:49:08 AM](#)

REPRESENTATIVE HIMSCHOOT commented that in 2023 there are communities living in less than sanitary conditions. She stated that if there is a regulatory barrier to getting services to these communities, the division can contact her office with any regulatory change that is needed.

[8:50:21 AM](#)

CHAIR MCCORMICK questioned the biggest barrier to bringing these [sanitation] services to the underserved communities.

MR. BATES stated that there is a list of barriers, including money and time.

MS. BOHAN replied that historically the barrier has always been the money; however, now with IIJA funding this is not the case. She stated that the biggest barrier now is a clear path for communities to remain sustainable after the infrastructure is built.

[8:52:50 AM](#)

REPRESENTATIVE MCCABE asked what the biggest cost driver is for managing utilities. He suggested that it is the cost of power.

MS. BOHAN expressed agreement. She stated that in the communities that remain unserved in Northern and Western Alaska, 40 percent of operational cost is from the energy, as diesel is still used there.

[8:54:02 AM](#)

REPRESENTATIVE RUFFRIDGE questioned what other Arctic environments are doing to address sanitation and water supply.

MS. BOHAN replied that the division has investigated what other Arctic states and nations are doing. She discussed some other methods in dealing with these issues.

MR. BATES reminded the committee that IIJA is not just one-time funding, but funding for 5 fiscal years for the infrastructure program, which relates to 10-years' worth of work. He expressed the understanding that it feels like a rush to do this, but he noted that there is time. He reiterated that it is the division's intention to spend every available dollar to assist in building the facilities, as well as supporting communities and their capacity to own and operate the facilities.

[8:57:46 AM](#)

CHAIR MCCORMICK provided ending comments and thanked the presenters.

[8:58:37 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:59 a.m.