

The Legacy – Sustainability Problem

- Affordability Gap of Operating and Maintaining Water and Sewer Services in Rural Alaska
- This O&M financial gap is a function of the community's ability to pay its fair share of the true operating cost of delivering these services at adequate levels.
- Funding is necessary now more than ever to close the gap that will protect and maintain public health and capital investment.

***Sustaining Rural Water Systems
Exploring Options for Funding Operations and
Maintenance of Small Water System***

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Prepare for: Rural Alaska Sanitation Coalition

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Six Options

1. Reimbursement for O&M costs up to “X” amount
2. Grants to offset high fuel costs
3. Subsidy for operator salary
4. Reimbursement for operating costs assisted with meeting federal EPA regulations
5. Incentive program
6. Indirect subsidy to rural water system consumers

Funding Mechanism

- State appropriations
- State capitalized endowment fund
- Stakeholder group appropriations
- Stakeholder group capitalization of endowment fund

Overarching Characteristics for the Success of an Operation and Maintenance Funding Program

- Accountability at all levels – funding must be tied to indicators
- Reporting mechanisms
- Ease of implementation
- Selecting the most appropriate administrative agent - which agency will administer the (subsidy) program

Government of Northwest Territories

- Water and Sewer Services Funding Policy
- Standard Cost Model – Calculate each community cost based on the standard “fixed” costs shared by all communities regardless of consumption.
- Funding Allocation = Total Standard Cost – Total Revenue from Reasonable User Fees

North Slope Borough (Barrow and 7 other villages)

- \$69 per month (\$55 water and \$14 sewer)
- Barrow (2012 – 76% of cost subsidized by NSB)

Develop an O&M Funding Policy and Program for Rural Alaska Water and Services

- Time Frame for “Draft” Policy: End of the 2013
- “Blended” funding formula based:
 - Fixed costs – Standard Cost Model (offset 50% of the gap deficit)
 - Performance Based – Incentives (up to 50% of remaining deficit)
- Time Frame to Develop, Fund and Implement Program: ????