1. INTRODUCTIONS
Persons present identified themselves and their agency affiliations.

Steve Colt summarized the day’s agenda. First, Scott Goldsmith (ISER) would go over work in progress on Alaska’s economic, fiscal and demographic outlook, plus a look at the Wade Hampton census area. Then, Mark Foster would lead a discussion on emerging findings on best practices, staffing levels and standards. In the afternoon, Amy Wiita and Steve Colt would discuss the survey of what is going on in other places around the country and the world. Then, there was a need to talk about criteria for evaluating alternative management systems. Feedback was also needed on case study communities.

Jamie Kenworthy said he would like a road map on what has been done and what needs to be done.
Sheila Selkregg said she would like a time line estimate on when the various tasks will be done.

2. REVIEW OF BACKGROUND INFORMATION – ECONOMIC, FISCAL AND DEMOGRAPHIC OUTLOOK (Task D) – Scott Goldsmith
Scott Goldsmith gave a PowerPoint presentation, noting that the work on this Task was not completed.

Alaska Economy on the Surface
- Positive Signs
- People Feel Good
- Future Looks Positive

Economic Indicators
- Jobs
- Wage Rate
- Total Personal Income
- Per Capita Personal Income
- Gross State Product (Value Added)
- Population Under 40

Jobs: Growth Rate Down
- Since 1990, Alaska’s job growth rate is down from historical average and below U.S. average

Basic Jobs: Growth Since 1990
- Declines in basic industries (oil and gas, timber, federal civilian and military)
- Growth in tourism, air cargo, seafood and mining
- Tourism is the big winner. Increase of 4,600 jobs since 1990
- Tourism jobs tend to be seasonal and associated with relatively low wages
- Big loser is the military. Loss of 5,080 military jobs since 1990
Basic Jobs: Growth 1980 to 1990
- The 1980-1990 decade saw growth in all major basic job sectors
- If we had held on to our basic jobs, Alaska would have 15,000 to 20,000 more jobs today

Average Paycheck: Falling
- Alaska's average paycheck is falling compared to the U.S. as a whole
- The decline is currently at 1.5% per year, adjusted for inflation

Real Personal Income: Growth Rate Down
- Real personal income is a measure of total purchasing power by households
- Alaska is experiencing a much slower growth rate than in previous decades

Real Personal Income: Growth Since 1990 (figures in millions of 1998 dollars)
- Alaska has experienced a decline in Labor Income since 1990 ($-78)
- Greatest growth has been in Other Government Transfers ($659)
- Some growth in Investment Income ($251) and Permanent Fund Dividends ($154)

Real Personal Income: Growth 1980 to 1990 (figures in millions of 1998 dollars)
- Most growth was from Labor Income ($2,620)

Per Capita Personal Income: Growth Rate Down
- Alaska has experienced an actual decline since 1990.
- Alaska per capital personal income is now below the U.S. average

Non-Oil Gross State Product (Value Added): Growth Rate Down
- Big jump took place during the 1970-80 decade
- Alaska has fallen below the rest of the U.S.
- (Tax cap impacts in Anchorage – the adjusted assessed value of commercial property in Anchorage today is worth less than it was in 1980. This is due in part to the fact that new jobs do not bring a lot of property tax with them)

Regional Breakdown
- Anchorage per capita income is still well above the national average – the rest of Alaska is below
- Urban (Railbelt and Juneau)
- Everything else is broken down into four categories: Predominantly Non-Native Maritime Area (Ketchikan, Valdez, Kodiak); Mixed Native/Non-Native Maritime Area (Bristol Bay, Prince of Wales, etc.); Predominantly Native areas – includes a maritime area (Aleutians, Yakutat, etc.) and interior area (North Slope, Interior). This breakdown works for population analyses
- Have not yet broken down employment or personal income by region, but intend to do so

Population Under 40: No Growth
- Growth for this age group has been negative since 1990
- Baby boomers now turning 40 is one factor
- Another factor is that there is less in-migration (in-migrants tend to be younger people)
- Nationally, the baby boomer effect is also seen, but to a lesser extent than in Alaska
The Post-Prudhoe Blues: Market Value of Oil (and Other Resources)

- The export market value of oil (and other resources) peaked in the mid-1980's
- The value of oil dwarfs that of fisheries and mining
- Alaska has to adjust its expectations of what the economy will be doing in the next 10-20 years to the reality that we are coming off good times

Rural Alaska Economics

- Sources of Economic Activity
  - Natural Resources
  - Government
  - Transfers
  - Other
- Wage Employment
- Non-Monetary Economy (includes subsistence)
- Total Community Income. (There are not many studies that include estimates of the value of non-monetary income. National statistics do include the value of farm-consumed food)

Wade Hampton: Sources of Personal Income in 1997

- Largest source is Government Transfers, then State/Local Government - together accounted for close to 2/3rds of total personal income in 1997
- Very small amount is from Resources
- If thinking about sources of economic growth, it is hard to see where this will come from
- Retail and Services sectors are quite small. Growth in the region (new money) will stimulate some growth in retail and service jobs, but most of the money will quickly leave the region without creating much in the way of additional jobs

(Joe Sarcone commented that there are jobs in rural communities when utility systems are being built, but not when construction is completed).

Rural Alaska Demographics

- Demographic Profile
- Labor Supply
- Migration

Wade Hampton: Population 20-29: Projection Uses Out-migration Rate from 1990 to 2000 (30%)

- An echo to the baby boom will show up between 2010 to 2020
- The "actual" 1980 population was 800 rather than 1,000 because of out-migration, i.e. there is net out-migration of young people. This has been the case historically and it is assumed it will continue in the future
- Number of young people has plateaued for the moment but, because of the baby boom echo effect, there will be a significant growth in the number of young adults over the next ten to twenty years. A lot more people will be at an age to enter the labor market

Native Population Growth: Percent 1990 to 1999

- The Native population of the North Slope Borough and the Yukon-Koyukuk census area has declined
- The Native population in the Nome, Bethel and Wade Hampton census areas has grown by more than 20%
- The Native population in the Northwest Arctic Borough has grown almost 15%
Native population is growing at a faster rate (21%) than Alaska’s total population (13%).

Urban Native population is growing at a faster rate (34%) than Alaska’s total urban population (16%).

Non-urban Native population is growing at a faster rate (14%) than Alaska’s total non-urban population (3.6%).

Rural Alaska Public Revenues
- Local Sources
  - Taxes
  - User Fees
- Outside Sources
  - State Revenue Sharing
  - Federal
  - Other
- Service Demands

Wade Hampton: Sources of Local Government Operating Revenues
- Not a lot of growth overall from 1985 to 1997
- An increased share of local government operating revenues is now derived from local sources. Outside sources have been drying up

MAP Model Projection: Jobs
- Latest projections for basic industry, infrastructure, support, and state/local government jobs
- 1990 to today shows a bit more than a 1.2% decline in basic industry jobs. Most growth during this period is in infrastructure and support jobs, with about 0.55% increase in state/local government jobs
- Projections from today to 2010 are pretty flat – a little below 1% per year
- Projections from 2010 to 2025 show some recovery, contingent on what happens in the oil patch. Gas will be less of a factor
- Two key drivers have been growth in the Permanent Fund Dividend and the Ted Stevens effect. Their future is unclear

MAP Model Projection: Population
- 1990 to today, civilian non-Native population growth has been a bit below 1%, while Native population growth has been a bit above 2%
- Projections from today to 2010 and from 2010 to 2025 show modest gains, with civilian non-Native population growth reaching 1.5% from 2010 to 2025 and Native population growth reaching 2.5%

Scott Goldsmith said that is very difficult to try to forecast internal migrations within the State and to try to project how the size of small communities will change.

Dick Emerman commented that it is difficult to relate rural standards of living to State statistics.

Jamie Kenworthy noted that the increasing dependence on government transfer payments will mean that less money will be available to support rural Alaska. He added that he foresaw no increase in State revenue sharing or the “Stevens” impact.

Pat Poland said that the federal PILT (Payment in Lieu of Taxes) program has been institutionalized and won’t change once Ted Stevens leaves office. Similarly, Forest Service receipts. He added that Native American program funds will not necessarily change because Ted Stevens leaves office.

Jill Smythe said there has been a shift in funding in rural Alaska. Outside funding to cities has declined but there has been a growth in funding to tribes. Cities usually run the utilities.
Joe Sarcone said that rural communities today have less money for operations and maintenance. Mike Black said he agreed that tribes have more money than cities. There are ways of dealing with these issues, such as through tribal/municipal agreements. Virginia Washington said that rural people still need training, especially for operations and maintenance and how to run facilities. She added that rural utility systems will be broken in 5 years if there is not money available to maintain them. Steve Colt asked for guidance on enumerating federal sources of revenue. Pat Poland a good source; may be others. Jamie Kenworthy asked if there is going to be enough wealth in rural Alaska to support rural utilities. He said there is a need to enumerate the various programs – both temporary Stevens and programmatic – and also a need to ascertain where those revenues are flowing. He added that there is a need to make sure that the necessary wealth is in the places with responsibility for operating and maintaining utility system. Pat Poland said that public construction in rural Alaska is a driving part in the rural economy. However, most benefit in terms of construction does not end up in rural Alaska, but in Anchorage or Seattle. Steve Forthun noted that construction activity in rural Alaska is sporadic. Pat Poland said there was a need to look at things from a regional perspective. Sheila Selkregg commented that USDA should possibly have a TERO (Tribal Employment Rights Offices) policy. Dan Easton said that funds that come through Village Safe Water cannot be subject to any tribal preference. Mike Black said that to sustain the local economy, some people would have to leave and travel around the region. Steve Colt said that increased money into operations and maintenance would result in more local jobs. This is less true for new construction. Pat Poland said that there is a need to look at goals beyond the construction of facilities. People in urban Alaska get resentful and draw their own conclusions over who benefits from rural programs. He added that those benefits do not generally accrue to the Native communities. Sheila Selkregg said that Anchorage may be much worse off than rural Alaska. Anchorage lacks rural Alaska’s fallback mechanisms. Jamie Kenworthy said that there is a need to come up with a realistic economic strategy. We need to determine what is going on and, assuming that things do not change much, how do we approach the rural utilities issue. We do not want to develop a strategy that is contingent on changes in policy. Scott Goldsmith said that we are looking at numbers produced by State and federal governments. Those numbers are not down to the village level, so we can’t really see what is going on. He added that the evaluation and inventory work to be done in pilot villages for this project will be really useful. Mike Black said that tribes and cities are really sitting down together and talking about how to keep their utilities running. As part of this project, there is a need to take a good look at the city and tribal governments and see where they are going. Virginia Washington said that the St. Michael city and tribal governments do sit down together. Jill Smythe said that schools are another component of village utilities. Mike Black commented that ISER has all of the data collected by Sharman Haley. Steve Colt said that ISER wants to choose communities that it has already studied as pilot communities for this project. Mark Foster asked how the group wanted to frame up the scenarios. He noted that it may be useful to cast more than one alternative future and cautioned against getting into only a “realistic” scenario forecast. Steve Colt said that a utilities strategy could be a large part of other changes. Some utility strategies will probably be more “robust” than others.
Sheila Selkregg said there needs to be a frank discussion in the document on the economic realities. What needs to change needs to be indicated.

Jamie Kenworthy said that there is a need to look at federal programs to see where the money is coming from.

Sheila Selkregg said the Denali Commission may be able to help.

Joe Sarcone asked how the Denali Commission could help.

Jill Smythe said that a lot of federal money goes directly from the national to the local level and would be hard to track.

Mike Black said that there are many programs that do not result in benefits at the local level.

Joe Sarcone said that EPA provides assistance through multiple programs. For example, in the last four years, Tanana has had funding through 3 separate EPA programs, plus EPA money through Village Safe Water, and probably even more.

Sheila Selkregg said it is important to identify long term funding streams that are in place in terms of transfer payments that can be relied upon.

Jamie Kenworthy suggested separating capital and operating funds. He added that if we start by asking federal agencies for information, it will slow the process down.

Sheila Selkregg said that USDA is putting together a directory of funding sources which is a very difficult process.

Joe Sarcone asked what information do the economists need? He said that grants last a year or two, impact the local economy, and then disappear.

Scott Goldsmith said it is useful for a number of reasons. It tells you how important those sources of money flows are relative to fishing, Permanent Fund Dividends, etc. If it was possible to get historical information, he could ascertain trends and analyze the reasons for them. It can also be looked at in relation to the State's ability to provide assistance to rural Alaska. Ultimately, we do not know because the amount of money available is a political decision and politics can change ongoing funded programs. Scott added that we can't think of what will happen post-Ted Stevens, but it will probably not be as bad as people say.

Sheila Selkregg said we want to be careful not to expand the study into an economic analysis of a village. She said she would be interested in a second study that details more of this information.

Jamie Kenworthy said that if we do not have reliable information, it will be difficult to obtain agreement on the assumptions.

Joe Sarcone said that of the EPA funds for communities, very little directed at water/sewer. However, people use much of that money to hire employees, etc. He said that he is more interested in how that money affects the local economy than how it is used to maintain the utilities.

Virginia Washington said that the Alaska Native Tribal Health Consortium leases the clinic building in St. Michael but does not contribute to utilities operation and maintenance.

Sheila Selkregg said that the difference goes back to a specific piece of legislation.

Steve Forthun said that clinics programs are handled through the health facilities side of the Indian Health Service/ANTHC, not sanitation.

Joe Sarcone said he wanted to know if ISER wanted federal funding information and, if so, how many years back does ISER want it, and when was it needed.

Jamie Kenworthy said that we want to know if rural Alaska will be more or less able to afford utility services in the future. First, we need to worry about per capita income. Then, we can worry about sources of funds for capital and operating funds. His basic question is “Are we designing something that is economically sustainable?”

Virginia Washington said that 20% of funding should be for administration.

Sheila Selkregg said that 1% of USDA Rural Development’s Alaska Village Grant funds are reserved for improving interagency coordination. Perhaps this percentage needs to be increased.

Mike Black noted that blocks of money for projects are reduced a lot less by the time they get to the community level.
Joe Sarcone said that we need to know what percentage of funding is used for force account projects. He asked how Scott Goldsmith’s information related to rural areas and added that he was still asking what Scott actually needs to make his information more relevant to rural Alaska. For example, what EPA funds actually go directly to the community level and impact the local economy through employment?

Dan Easton said that there was a need to determine what actually went to local employees. He said he could actually provide Scott with those figures for Village Safe Water projects.

Steve Colt said he had done this work before for a couple of villages and it was a huge task.

Sheila Selkregg said that in the context of the work before us, what information is most readily accessible and how do we use it.

Pat Poland said that if he were the mayor of a village, the most relevant information would be what funds are available without having to go through a competitive grant process. That is the essential building block from the village perspective. What are the basics that are available year by year and how do they stack up against village responsibilities?

Joe Sarcone said that those funds can be substantial.

Virginia Washington said that villages would like to know where all the agency money goes.

Scott Goldsmith said that on one hand, he would like to have all the information because there is so little that we really know. However, for purposes of this project, his philosophy is to get the information needed, but not any more. On the simplest level, how much information do we need to be able to be comfortable about future assumptions. Scott noted that we can spend a lot of time on this issue, but more information does not necessarily add to the solution. He added that more money is now going into rural areas, but that these things do not last forever and funding will eventually move toward the mean. He suggested that he and Steve Colt wrestle with this issue.

LUNCH

3. THE SEARCH FOR “BEST PRACTICES” IN RURAL ALASKA UTILITIES: DISCUSSION DRAFT
(Part of Tasks G, H, I, L, N, O and P) - Mark Foster

Mark Foster said that he is coming at the problem in the position of reviewer of issues for the PCE program in the early 1990’s. More recently, he is looking at rural Alaska villages and regions from the point of view of a long distance telephone company trying to decide if it should enter the market or not. How much money is there and should the company enter the market or partner with someone else? What are the best practices in rural Alaska? Regional centers have more access to skills for billing, collections, utility management policies, etc. Further away from the regional centers, there is more variability in the degree of capability. A “best practices” improvement might be just more than a utility is currently doing. Best practices are context driven. “Appropriate management practice” might be a better term. In trying to build up a baseline of utility capability, it depends on where communities are starting from. Do we want to acknowledge that difference because of variations in where places are starting from? How many people per kWh? How sophisticated a management structure is an attainable best practice?

Mike Black said that “attainable best practice” makes some assumptions and asked if it excluded assumption of service by regional organizations.

Mark Foster said that regional centers appear to be more capable of doing more utility policy and procedure work, i.e. can generally attain management and administrative functions. This is less true upriver, but expectations there are not as high.

Steve Colt clarified Mike Black’s question, saying that Mike was asking if the consolidation of village services was being considered. Steve said that the best practice might be determined to be “X” but that it might not be good enough and so it could perhaps be best done on a regional basis.

Mark Foster said that “appropriate management practices” is based on the distillation of information from the American Public Works Association. If this is set out as a best practice
standard, we will have created a document that will not get much use. He wants to look at the wide range of variability among communities and tailor a few different levels of best practices - a building block approach. In some communities, the level of capability is fairly basic, while others can do quite a lot more. He referred to the Management Practice Pyramid on page 10 of his draft paper. He said that policies and structures need to be in place to fit the variability among communities. He asked if this would be a suitable framework.

Jamie Kenworthy said that he agreed with the incremental approach. However, he asked what the implied assumption was behind that approach. Is it to migrate responsibility up to the next level? He did not want to do that. He added that he assumes people behave at a certain level of skill because they are at the appropriate level and because that is how money and authority are allocated to them. There is a need to link it to some model of behavior.

Sheila Selkregg said there was a need to understand why things are what they are and what incentives are needed.

Tom Coolidge said that some basic standards are needed. He referred to the Sanitation Deficiencies System (SDS) scoring which uses three basic categories. Mike Black said that there is a minimum for any utility service. However, we do not say that to the communities receiving the project, because it is not a qualification in order to get a project. Jill Smythe cited RUBA scoring systems for different elements of community capacity.

Tom Coolidge said that IHS/ANTHC checklists do not necessarily reward people for doing advanced preventive maintenance, creating sinking funds and taking care of the future.

Mark Foster said that a number of planning items are included and the system is pretty sophisticated.

Mike Black said that the 45-50 communities identified by DCED that did not rectify or balance their checkbooks on a regular basis represented the level at the bottom of the pyramid.

Mark Foster said he was willing to take cut at establishing the "minimum" requirement, but he needed to be able to articulate its purpose.

Mike Black said that each checklist deals with one small piece of the puzzle.

Steve Colt agreed that we need to establish a minimum requirement.

Mark Foster asked people to give him their checklists.

Steve Forthun referred to the capacity building strategy being developed by the Department of Environmental Conservation (Keven Kleweno). It is extensive and includes a risk matrix for the technical, management and financial arenas. Utilities are scored, so it is possible to figure out where assistance can be targeted rather than looking for something with penalties attached. DEC will initially do a self-assessment. It is like a sanitary survey, but it hits more the management and financial end of things. It is another tool.

Mike Black said we don't necessarily want to adopt DEC's work, but a lot of work (at least a year) went into its development.

Steve Forthun said that competing interests are funding and targeting assistance.

Sheila Selkregg said that there is a need to look at the DEC work.

Tom Coolidge said that minimums tend to define themselves by statute and noted that Keven Kleweno's work is driven by EPA requirements.

Steve Colt said he was interested in taking a cold hard look to see if minimums are in line with rational behavior, or are we setting communities up for failure by promulgating the list.

Sheila Selkregg said that our analysis should also include an evaluation of the other minimums.

Steve Colt said that we are not necessarily going to iterate the next round of the list.

Mike Black said he would be happier if ISER looked at incentives and disincentives.

Pat Poland said that all small communities are supposed to get a certificate of convenience.

Mike Black said that Regulatory Commission of Alaska requirements are not always applicable to village situations. For example, they ask for resumes.

Mark Foster showed a graphic of electric utility non-fuel efficiency versus size. He said that the Regulatory Commission of Alaska (RCA) takes PCE filings from rural electric utilities and looks at non-fuel costs per kWh versus kWh sold to evaluate how efficient they are in accomplishing their goals. Larger utilities (over 1 million kWh) clump between 5 and 15 cents per kWh. Smaller
utilities have a wide distribution of costs (5 cents to 40 cents per kWh). Mark noted that there are data limitations for reported costs. Many utilities fail to report all costs because RCA adjusts the requests. Also, the PCE program only pays up to a cap and has a floor. This creates a framework around which utilities will report their costs. Still, given that range, the data supports a robust conclusion, that smaller utilities have a wider range of circumstances. A follow-up is the “Y” pattern of staffing, even within relatively comparable communities, in terms of the number of customers. A great variety of employment is reported to RCA. There have been some attempts to squeeze the numbers and set limits on the amount that PCE will reimburse for fuel efficiency measures. (The process to set those standards in State regulation was very long and contentious). Another problem, especially for fuel efficiency and may not translate to water/sewer, is that the fuel efficiencies available have been greater than the standard. This now only affects one or two utilities.

Steve Colt referred to a graduate student paper that suggested that the size of a community was very significant.

Mike Black asked if the data was broken down by owners and was told that the data are available.

4. UTILITY MANAGEMENT PRACTICES IN OTHER PLACES (Part of Task H) - Amy Wiita, Steve Colt

Steve Colt said that most literature and experience is from areas without permafrost. Nevertheless, the experiences of many areas without permafrost are still relevant to rural Alaska organization and management issues.

FINLAND
- Community water associations have historically taken several legal forms (partnerships in the 1700's, joint stock companies with municipal share ownership beginning in the 1860's, and cooperatives beginning around 1900.
- Systems seem to be demand driven and initiated by communities.
- Key role of the “Champion”, an individual who steps forward and mentors the program.
- Importance of volunteers and part-time labor
- Separation of management from financial support (cooperatives are supported with municipal funds).

Steve Colt said that much of the information on Finland was obtained from the international expert, Tapio Katko, through an engineer at Village Safe Water in Anchorage.

Amy Wiita said that the separation of management from financial support has decreased in recent years.

Steve Colt said that some of the water associations have become profitable or have the potential to become profitable and are now a source of funds rather than a recipient.

Amy Wiita said on the subject of systems being demand driven, that the systems developed over time. It was a gradual process as communities built up their capacity. Other alternatives for water (wells) also existed.

Steve Colt noted that Finland was seeing an increasing public-private partnership in utility operational management. Privatizing of services is one result of municipal financial instability.

CANADA
- Urban systems need rejuvenation.
- Rural Praire areas face similar challenges to Alaska, plus a need for bulk water supply (pipelines have mixed success).
- Multiple institutional forms (cooperatives, associations, municipalities, for-profit corporations).
- Decline in the role of the Praire Farm Rehabilitation Administration.

Tom Coolidge said that the Canadian federal government pays a utility operation and maintenance fee for the bands.

Steve Weaver said that there is an 87% subsidy for Northwest Territories’ systems.
Steve Colt commented that both Canada and Finland have multiple institutional forms. At least in Canada, there was an initial, more dominant role of the Prairie Farm Rehabilitation Administration (an organization roughly equivalent to USDA Rural Development) but this organization is now pulling back. These are challenging times for rural Canadian areas. Some of the provinces are currently actually losing population. Their economic situation is loosely similar to that of rural Alaska.

**COLONIAS**
- Colonias are unincorporated communities that are characterized by:
  - Poverty and high unemployment
  - Haphazard water and sewage systems
  - Impermeable clay soils that drain poorly
- Developers developed subdivisions but were not required to provide any basic services such as water and sewer
- Colonias were primarily developed for low income families who built their own houses or installed mobile homes
- Large numbers of people (in the hundreds of thousands) are affected who are without utilities or waste facilities
Steve Colt said that impermeable clay soils were often a complicating factor.
Amy Wiita commented that many people in the Colonias are volunteering their time and working together to improve conditions.
Steve Colt added that volunteer assistance was also fortified with technical assistance, advocacy with other agencies, and agency funds. He cited the Small Towns Environment Program. One of Colonias ad hoc groups is the Border low Income Housing Coalition. In the case of Colonias in Texas, the State government decided to get around the problem by eliminating this kind of subdivision, i.e. to do no more harm.
Steve Forthun said that the volunteer labor aspect would not be very popular in rural Alaska where people now expect to be paid to work on capital improvement projects.

**APPALACHIA – NORTH CAROLINA**
- Madison County - Straight pipe problem
- Local Development District formed
- Assessment process using Appalachian Regional Commission funding and Health Department door to door canvass
- Needed upgrades funded through loans from the Center for Community Self-Help (a statewide Non-Government Organization)

Steve Colt said that one of the themes that has developed from ISER’s review to date is that other places seem to be willing to divorce the two goals – of providing sanitation facilities and the aim of providing cash income.
Jamie Kenworthy said that it was important to look at common elements.
Tom Coolidge asked what choices were available to those other places?
Amy - one community said that being on a government list would take too long and took the initiative to put in their water system, coordinating it and doing much of the labor themselves.
Sheila - in Alaska, the most hopeless communities get rewarded. Taking ownership is not rewarded. A lot of the helplessness is a result of public policy.
Jill Smythe asked if ISER was taking a look at management structures used elsewhere and how successful they were, e.g. cooperatives.
Amy Wiita said that this was an approach used in Canada and Finland.
Tom Coolidge said that literature talked about how things got built, but not what happened afterward.
Steve Colt said that one tends to read only about success stories.
Joe Sarcone and Steve Fortun both said that in many Alaska villages, the “Champion” and volunteer concepts are still alive at the maintenance end of utility systems. Mike Black said that volunteerism for construction work such as laying pipe, etc. does not exist any more in rural Alaska. Amy Wiita said that ISER did not find much information on climatic conditions in northern environments. Joel Neimeyer asked about utilities other than water/sewer. He said that we are looking more at management structures than at methodologies. For example a local community that runs and maintains its own system, the AVEC model, or a cluster model. He asked if ISER had come across anything like that? Steve Colt said that ISER needed to revisit the topic. Joel Neimeyer asked if ISER still planned a site visit to Canada. Steve Colt said probably not. Pat Poland noted that there are only about 5 communities in Northern Canada versus close to 200 in Alaska.

5. POTENTIAL EVALUATION CRITERIA FOR ALTERNATIVE RURAL ALASKA UTILITIES STRUCTURES (Part of Task K) - Steve Colt

Steve Colt referred to the August 16, 2000 workshop and said that ISER had attempted to do another iteration based on that discussion. He had the following questions and comments.

- Shouldn’t ISER use the same criteria to judge if pilot projects are successful? Based on the discussions of August 16, Steve Colt said he understood that it would be nice if evaluation criteria could be used down the road but that we should not kill ourselves to develop them.
- Should ISER develop one list or have over-arching goals that criteria should be applied against?
- Are goals for an agency different from those for a village?
- After discussion on August 16, it was agreed to use five measures of success, which could be weighted more or less heavily, depending on where a community or area was in the great scheme of things. The five measures of success are to: #1 - Provide an Appropriate Level of Service; #2 - Minimize Cost; #3 - Community Control; #4 - Sustainability; and #5 - Political and Administrative Feasibility. Steve Colt noted that Measure #5 was added to Scott Goldsmith’s original list.

Sheila Selkregg referred to Measure #5. She said she remembered that we needed to go back to look at the original mission statement, which includes a recognition of cultural compatibility. There needs to be some consideration about what will really work in a cultural framework, e.g. subsistence, employment seasonality. Are we using the measures of success to measure policy decisions or outcomes of community behavior? Where does the incentive piece fit? Who and what are we measuring?

Steve Colt said we want to have criteria that can be used for alternative models. They will stack up differently against the different measures. We need something that will work to evaluate broad policy options. Would they make sense if the policy were implemented?

Joel Neimeyer said that at the end of the study, we want recommendations. If we are going to give ISER a tool for recommendations, ISER needs to develop measures of success. ISER will not be able to give recommendations without it.

Jamie Kenworthy said that he and Sheila Selkregg have the same problem. We have a checklist of criteria but goals against which the checklist will be applied are not clear. The goal of sustainable local utilities to provide safe sanitation in rural Alaska makes a lot of sense. Economic impact during construction is a potential cross-cutting goal. We need to figure out what goals ISER has developed. Full life cycle costs are also needed.

Sheila Selkregg said that there is a need to reduce full life cycle costs. She referred to the statement of work and commented that ISER has already done the work, but that it needs to be revisited.
Steve Colt said that deciding which system is more culturally compatible, provides more employment, etc. results in conflicting goals with multiple measures of success, only some of which apply.

Sheila Selkregg said that measures must relate to what we are doing.

Steve Colt said that ISER had developed 5 measures. Sheila Selkregg added cultural compatibility. Jamie Kenworthy tightened the language up.

Jamie Kenworthy said he did not understand how 5 experiments could be measured at once. He said that he would not know which criteria should be applied to those goals.

Mark Foster said that we need to produce a set of criteria against which he can evaluate utility performance - organizing and thinking about utility systems and how they perform against a variety of incentive and management structures. Level and quality of service, life cycle cost of service, alignment with community vision (includes culture and sustainability), ease of execution - administrative, political and commercial feasibility. These are things he would look at in terms of competing utility services.

Sheila Selkregg said that another level is to define policy options. It is necessary to look at the State structure in terms of public policy for funding and recommendations for policy changes to have a more efficient long-term operations and maintenance structure for rural utilities.

Steve Colt said that if this was put in alignment with state and national policies, he could go with it.

Sheila Selkregg said that we need something to give to legislators and policy makers for improving rural Alaska utilities.

Joel Neimeyer said that if we are looking at 5 different alternatives and 5 different measures, this means a total of 25 combinations which is very complex. If we look at quality of service and minimizing costs, we can broadly look at many different alternatives. Many could be collapsed. Perhaps we are trying to measure too much.

Tom Coolidge said that we are assuming there is a right answer and there may not be one. He asked where comparing one utility structure with another would get us. A community or agency may be willing to pay more for one alternative. It almost seems as if there could be an objective measure but do you come up with a score at the end? What is the answer and what is the value?

Steve Colt said that he does not want to be the person who does the collapsing.

Steve Weaver said that utilities analyses can look at typical thresholds. If you want to impact policy, there is a need to set thresholds, not rights and wrongs. Different agencies have different definitions of success. For example, he cited differences between ANTHC and Village Safe Water in terms of what the two agencies define as adequate service - 250 gallons per day versus 90 liters per day. If want to create a model that impacts policy, when both ANTHC and Village Safe Water use adequate service as a measure, what good is it?

Sheila Selkregg said that what minimum levels are appropriate needs to be defined.

Pat Poland said that standards are out there. We are trying to create an environment where communities select a certain standard and agencies decide to support those choices. What is preventing communities from meeting standards they select from a range? We do not care if communities decide to form a regional cooperative, etc. as long as they are meeting some kind of minimum standard. We don't define what is culturally acceptable, the communities do. That is their choice. However, the bottom line is that water has to meet certain cleanliness standards.

Sheila Selkregg said that we have that now.

Pat Poland asked why it isn't working?

Tom Coolidge said that a list of standards for management practices would be helpful. If we had a list of standards and reduced it to a numerical score, it would give you a number on a scale that would measure a utility's performance, regardless of its management structure.

Pat Poland said that there is a legitimate question about whether everything to make a utility system work is now on the table. Pieces of money for technical assistance have too many requirements attached. If getting rid of the honeybucket is so important, why do agencies not require that “X” amount of funds must be directed to that service instead of allowing
communities to spend it on something like a whale festival. The same thing is true for the tribes, which typically do not see themselves as having a responsibility for utility services. There is a need to get the various entities together. The presumption that everything is broke is not something that is well documented.

Sheila Selkregg said that we started out to build a body of information to help the State.

Joe Sarcone cited an example to see if the evaluation criteria work. He noted that Shishmaref has a flush haul system that has been refitted so that it works. He said that he had recently stayed there overnight. When he used the flush haul system, he found out there was a basin in the bathroom that was used as if it were a honeybucket house. The way the system is used, water is not from a treated source. People in the village use water as if they were still on a honeybucket system. As a result, opportunities for the transfer of disease are still there. In such a case how would you answer the appropriate level of service question? If we don’t ask questions at that level, we will miss our opportunity.

Tom Coolidge said that there is the same issue in Mekoryuk where people still haul their own water. The water from the water treatment plant water may meet the required regulations, but people still use river water either because they prefer it or don’t want to pay. However, the decision is up to the community.

Steve Weaver asked if the system is meeting an achievable goal? What percentage of their income are people willing to pay? What is the potential for success? Perhaps we should be looking at user fees as a percentage of income.

Virginia Washington cited St. Michael’s situation. People in the village were asked how much they would pay for utilities. All chose piped water, even when told the cost. In terms of measuring the success of a project, St. Michael is still having trouble understanding DEC regulations. Setting up a utility board is an abstract thing right now, but a board needs to be established before installation of the piped system is completed. She said that training should be implemented at the village level. At present, St. Michael’s city clerk is trained in Nome. The City Council does not concern itself about the utility system because members were not at the training and do not understand what measures of success are. Measure of success in St. Michael - city clerk does training in Nome. Council doesn’t care because they were not at the training. Needs to be implemented at the village level. Don’t understand what measures of success are.

Mike Black said that St. Michael’s problem is common. RUBA discusses best management practices all the time. Councils typically don’t look at the community’s ability to pay but like to have the service and the associated jobs.

Sheila Selkregg suggested another mini-group meeting to discuss the topic further. She asked if meeting participants wanted to move on.

Steve Colt said that he would prefer to stay with this topic.

Joe Sarcone said that process must be sensitive enough to capture what Virginia Washington and he have said.

Jamie Kenworthy said we are sitting around to come up with good sustainable utilities and to measure the criteria that will get us there. It is not a jobs program.

Pat Poland said that we have not discussed the other utilities, especially bulk fuel and solid waste.

Tom Coolidge said that he did not think we needed to deal with the issue of how people use systems for whatever reason. He said we could probably not deal with it in any case. Decisions to select a flush haul system are a community decision.

Mike Black said that we need to look at risks and point at where level of risk are when people go around a system. He added that Tom also had made a good point. There will always be a bypass of systems, some of it dependent on costs. For example, elders in Hooper Bay will probably continue to use traditional water sources.

Tom Coolidge said that this issue could be made into a really complicated problem. However, although it may be a public health issue, it is not necessarily an operations issue.
Virginia Washington stressed that more training is needed. There is also a need to add for agencies putting out new regulations to maintain a better liaison with communities if they expect the communities to implement those regulations.
Jamie Kenworthy said that criteria, problems, and answers must all be related.
Sheila Selkregg said that a mini-work group will probably be pulled together to go over the issue again.
Steve Colt said he felt it would take a half-day meeting.

THE MEETING WAS ADJOURNED.