

State of Alaska
FY2010 Governor's Operating Budget

Department of Environmental Conservation
Facility Construction
Component Budget Summary

Component: Facility Construction

Contribution to Department's Mission

Assist communities in improving sanitation conditions.

Core Services

- Provide grants, loans and engineering assistance for drinking water, sewerage, and solid waste facilities.
- Provide training programs for and certification of water and sewerage system operators.
- Provide over-the-shoulder and emergency assistance to system operators in remote communities.

| End Result | Strategies to Achieve End Result |
|---|---|
| <p>A: Citizens are protected from unsafe sanitation facilities.</p> <p><u>Target #1:</u> 100% of serviceable rural Alaska homes are served by safe and sustainable sanitation facilities.</p> <p><u>Status #1:</u> The Village Safe Water Program has seen an annual average increase of 2.5% for serviceable rural Alaska homes served by safe and sustainable sanitation facilities over the past nine years; nearly 90% being served by the end of FY 2008.</p> | <p>A1: Allocate funding based on health related needs.</p> <p><u>Target #1:</u> 2.5% increase in rural sanitation health related deficiencies met each year.</p> <p><u>Status #1:</u> Due to the continuing increase in rural sanitation health related deficiencies each year and the continuous decline of funding available to meet these needs, there has been a continuous decline in the number of health related deficiencies met each year.</p> <p>A2: Increase operator certification compliance.</p> <p><u>Target #1:</u> 2% annual increase in the number of regulated systems that comply with water supply system operator certification requirements.</p> <p><u>Status #1:</u> The operator certification program has seen a 5% increase in two years for the number of regulated systems that comply with water supply system operator certification requirements.</p> |

Major Activities to Advance Strategies

- Provide engineering and technical assistance to communities in planning, designing, and constructing sanitation facilities.
- Issue grants and track grant payments.
- Execute loan agreements and track loan payments.
- Administer grants and loans.
- Train water and wastewater facility operators and respond to facility emergencies.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$7,217,800

Personnel:

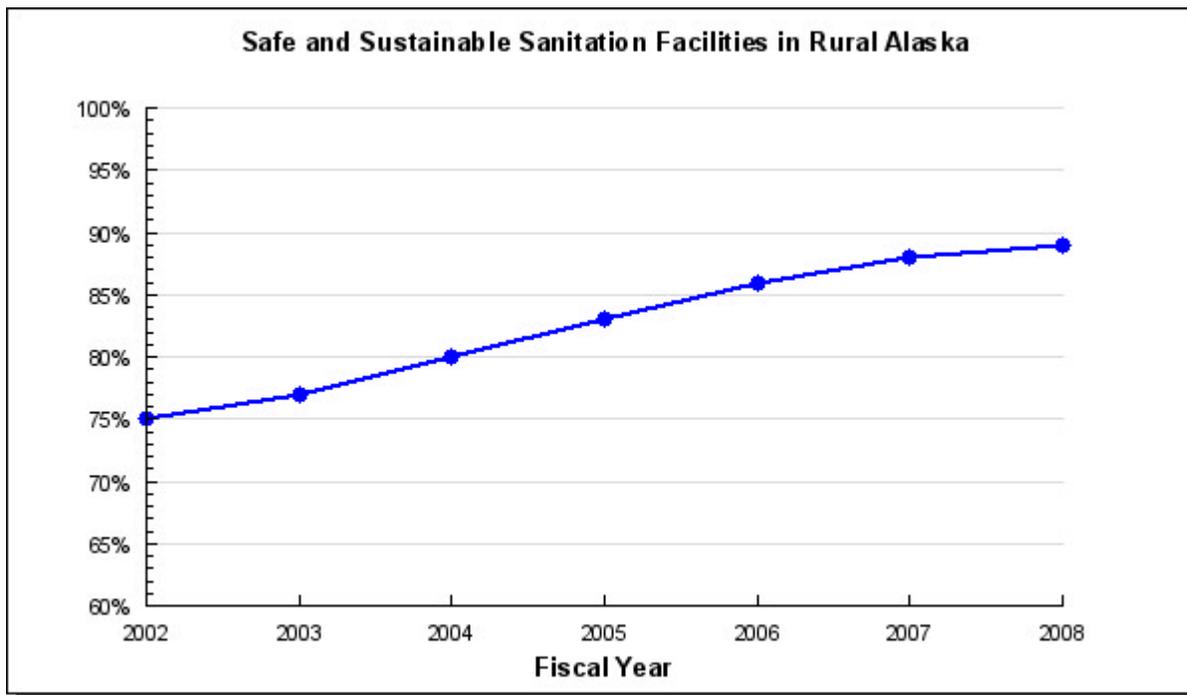
| | |
|--------------|-----------|
| Full time | 37 |
| Part time | 0 |
| Total | 37 |

Performance

A: Result - Citizens are protected from unsafe sanitation facilities.

Target #1: 100% of serviceable rural Alaska homes are served by safe and sustainable sanitation facilities.

Status #1: The Village Safe Water Program has seen an annual average increase of 2.5% for serviceable rural Alaska homes served by safe and sustainable sanitation facilities over the past nine years; nearly 90% being served by the end of FY 2008.



Methodology: Total number of serviceable housing units divided by total number of homes connected for service.

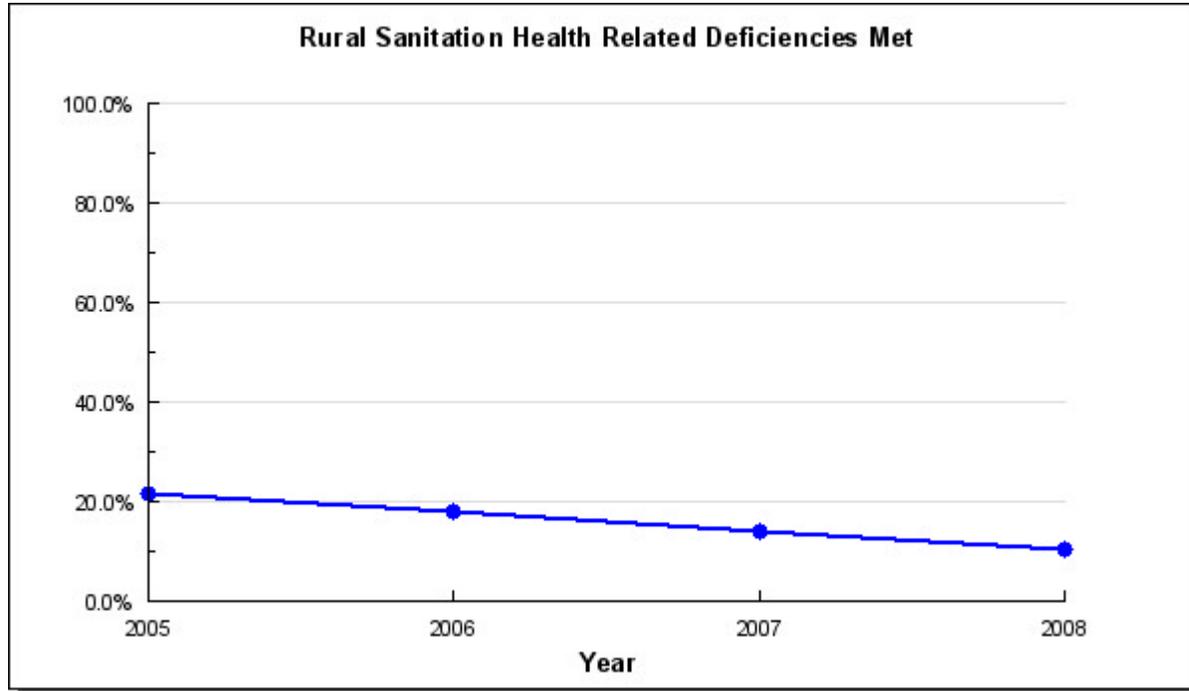
Analysis of results and challenges: By assisting communities plan, design and construct drinking water and wastewater infrastructure, the Village Safe Water (VSW) program is making progress in achieving its goal that 100% of serviceable rural Alaskan homes have access to safe and sustainable sanitation systems. A serviceable home is defined as a year-round occupied home located in an area where piped, closed haul or individual septic tanks/wells are feasible. A sanitation system is defined as sustainable if the community managing it has the financial, technical and managerial capacity to properly operate and maintain it over a period of time which equals or exceeds the system's design life.

Over the last nine years, the percentage of rural Alaska homes served by adequate sanitation systems has increased from 66% to 89%. This equates to an annual average increase of 2.5%. Contingent upon the availability of sufficient funding, the program's target is to maintain momentum at this rate.

A1: Strategy - Allocate funding based on health related needs.

Target #1: 2.5% increase in rural sanitation health related deficiencies met each year.

Status #1: Due to the continuing increase in rural sanitation health related deficiencies each year and the continuous decline of funding available to meet these needs, there has been a continuous decline in the number of health related deficiencies met each year.



Methodology: Annual funding for sanitation improvements available divided by total health related need.

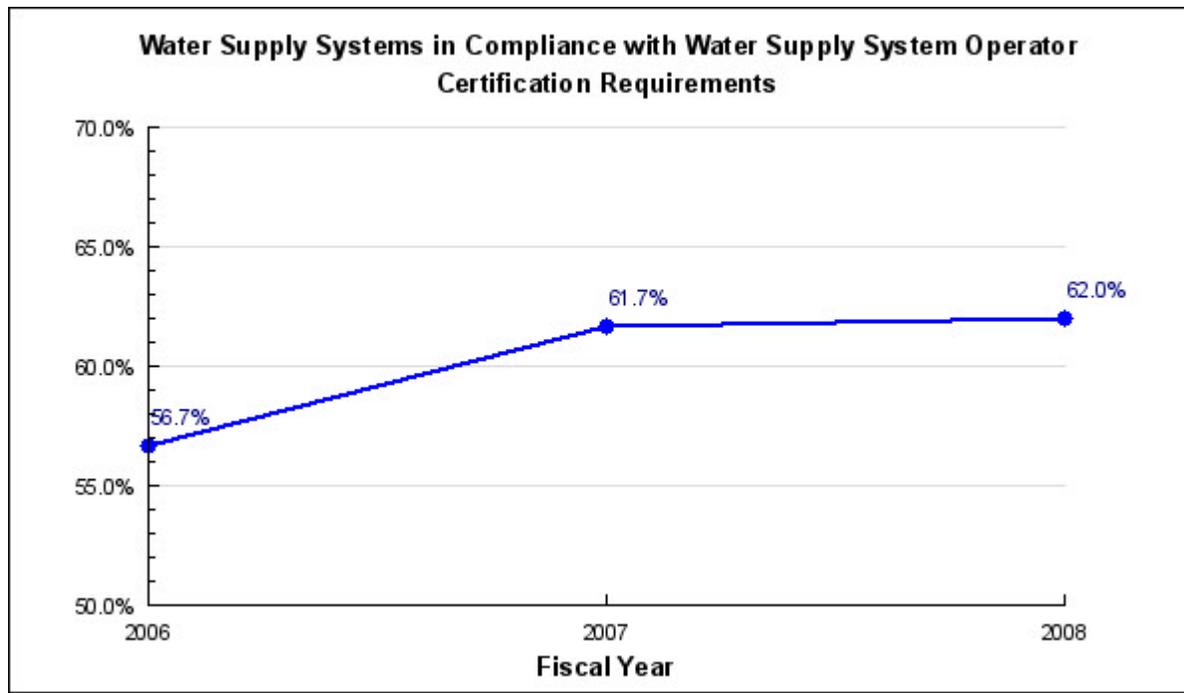
Analysis of results and challenges: Using State and federal funds, the Village Safe Water (VSW) program assists rural Alaska communities plan, design, and construct sanitation projects which address health related water and sewer deficiencies. Over the past several years, the estimated cost of addressing these deficiencies has increased significantly (due to inflation, regulatory changes and aging facilities), while funding has decreased.

In FY 2008, the total health related need was estimated at \$592,300 while the total funding (State and federal) to meet those needs came in at \$61,500. Therefore only 10% of health related deficiencies were met in FY 2008. In contrast, the total health related need in FY 2005 was \$433,600 with total funding (State and federal) totaling \$94,700, meeting approximately 22% of health related deficiencies in the state. Because of the increasing costs of these needs and the declining funding to meet those needs, this presents a challenge to increasing health related sanitation deficiencies met by an average of 2.5% annually. Achieving this goal will require sufficient funding, targeting resources to projects that will do the most good, and utilizing limited funding efficiently and effectively.

A2: Strategy - Increase operator certification compliance.

Target #1: 2% annual increase in the number of regulated systems that comply with water supply system operator certification requirements.

Status #1: The operator certification program has seen a 5% increase in two years for the number of regulated systems that comply with water supply system operator certification requirements.



Methodology: The number of water supply systems that employ an operator certified at the correct level is divided by the total number of water supply systems that are subject to this requirement. This calculation yields a decimal, which is multiplied by 100 to arrive at a percentage of water supply systems that are in compliance with this requirement. In FY 08, 396 out of 639 systems or 62% were in compliance with this requirement.

Analysis of results and challenges: Water system operators are responsible for safeguarding public health. Certification validates that operators have the qualifications necessary to meet this responsibility. The State's Operator Certification (OC) program classifies water systems based on system size and complexity and determines whether operators have experience and knowledge commensurate with the system's classification. In order to assist operators with achieving certification, the OC program offers training and administers examinations.

Although the OC program oversees certification in water treatment, water distribution, wastewater treatment and wastewater collection, this measure is limited to drinking water supply system certification as it is related most directly to public health. This measure also excludes systems with less than 25 users or systems where users obtain water on a house by house basis (private wells or rain catchments) since these systems are not subject to operator certification requirements.

Key Component Challenges

In Alaska, ensuring safe and sustainable sanitation services which meet regulatory requirements often requires overcoming unique challenges including harsh climates, remote locations, permafrost soils, limited cash economies, small populations, frequent turnover of local utility staff, high energy costs, expensive freight and transportation, and rapidly increasing populations.

In order to assist communities facing these challenges, the Facility programs offer financial, technical, and training assistance to Alaska communities in developing and enhancing their water and sewer utilities.

Significant Changes in Results to be Delivered in FY2010

None.

Major Component Accomplishments in 2008

MUNICIPAL WATER, SEWERAGE AND SOLID WASTE MATCHING GRANTS PROGRAM

- Awarded a total of \$214.9 million in new and increased state and federally-funded matching grants to 114 communities for 174 water, wastewater and solid waste projects. The total local contribution for all funding was \$21.9 million.

MUNICIPAL LOANS PROGRAM

- Awarded \$50.0 million in new or increase, low-interest loans to 9 communities for 47 water, wastewater and solid waste projects.
- Secured \$12.34 million in federal funding to add to loan account capital.
- Collected \$10.4 million in loan principal and interest for deposit into the loan funds.

VILLAGE SAFE WATER PROGRAM

- Secured \$45.7 million in federal Environmental Protection Agency and US Department of Agriculture-Rural Development grant funding for rural sanitation improvements.
- Awarded \$80.7 million in grants for 62 water, wastewater and solid waste projects.

REMOTE MAINTENANCE WORKER PROGRAM

- Due, in part, to remote maintenance worker assistance, there have been no large scale failures of rural sanitation systems since 1989.
- Provided regular over-the-shoulder operator assistance to 187 communities.

OPERATOR CERTIFICATION PROGRAM

- Administered two statewide operator certification examinations to over 314 applicants where approximately 260 examinees attained certification or upgraded their existing certifications.
- Administered 546 exams to village operators in conjunction with 22 special entry-level training courses, of which 329 achieved entry-level certifications.

Statutory and Regulatory Authority

AS 46.03.030, AS 46.03.032, AS 46.03.036, AS 46.07, AS 46.30, 18 AAC 73, 18 AAC 74, 18 AAC 76, 18 AAC 77

Contact Information

Contact: Lynn Kent, Director
Phone: (907) 269-6281
Fax: (907) 269-7508
E-mail: Lynn.Kent@alaska.gov

**Facility Construction
Component Financial Summary**

All dollars shown in thousands

| | FY2008 Actuals | FY2009 Management Plan | FY2010 Governor |
|---|----------------|---------------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 3,328.9 | 3,793.4 | 3,841.1 |
| 72000 Travel | 98.2 | 208.9 | 208.9 |
| 73000 Services | 470.8 | 1,251.7 | 1,251.7 |
| 74000 Commodities | 112.1 | 93.1 | 93.1 |
| 75000 Capital Outlay | 7.8 | 30.0 | 30.0 |
| 77000 Grants, Benefits | 1,574.9 | 1,793.0 | 1,793.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 5,592.7 | 7,170.1 | 7,217.8 |
| Funding Sources: | | | |
| 1002 Federal Receipts | 2,399.7 | 2,640.7 | 2,648.7 |
| 1003 General Fund Match | 730.1 | 732.5 | 732.5 |
| 1004 General Fund Receipts | 304.2 | 309.4 | 311.8 |
| 1005 General Fund/Program Receipts | 78.6 | 57.1 | 57.1 |
| 1061 Capital Improvement Project Receipts | 2,026.6 | 3,363.7 | 3,400.4 |
| 1075 Alaska Clean Water Loan Fund | 53.5 | 66.7 | 67.3 |
| Funding Totals | 5,592.7 | 7,170.1 | 7,217.8 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2008 Actuals | FY2009 Management Plan | FY2010 Governor |
|---|------------------------------|----------------|---------------------------|-----------------|
| Unrestricted Revenues | | | | |
| None. | | 0.0 | 0.0 | 0.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 |
| Restricted Revenues | | | | |
| Federal Receipts | 51010 | 2,399.7 | 2,640.7 | 2,648.7 |
| General Fund Program Receipts | 51060 | 78.6 | 57.1 | 57.1 |
| Capital Improvement Project Receipts | 51200 | 2,026.6 | 3,363.7 | 3,400.4 |
| Alaska Clean Water Loan Fund | 51205 | 53.5 | 66.7 | 67.3 |
| Restricted Total | | 4,558.4 | 6,128.2 | 6,173.5 |
| Total Estimated Revenues | | 4,558.4 | 6,128.2 | 6,173.5 |

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2009 Management Plan | 1,099.0 | 2,640.7 | 3,430.4 | 7,170.1 |
| Adjustments which will continue current level of service: | | | | |
| -FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements | 2.4 | 8.0 | 37.3 | 47.7 |
| FY2010 Governor | 1,101.4 | 2,648.7 | 3,467.7 | 7,217.8 |

**Facility Construction
Personal Services Information**

| Authorized Positions | | | Personal Services Costs | |
|----------------------|---|----------------------------------|----------------------------------|------------------|
| | <u>FY2009</u> <u>Management</u> <u>Plan</u> | <u>FY2010</u> <u>Governor</u> | | |
| Full-time | 37 | 37 | Annual Salaries | 2,687,159 |
| Part-time | 0 | 0 | COLA | 95,700 |
| Nonpermanent | 4 | 4 | Premium Pay | 0 |
| | | | Annual Benefits | 1,303,076 |
| | | | <i>Less 5.99% Vacancy Factor</i> | <i>(244,835)</i> |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 41 | 41 | Total Personal Services | 3,841,100 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-----------------------------|-----------|-----------|-----------|----------|-----------|
| Administrative Clerk I | 1 | 0 | 0 | 0 | 1 |
| Administrative Clerk II | 0 | 0 | 1 | 0 | 1 |
| Analyst/Programmer IV | 0 | 0 | 1 | 0 | 1 |
| College Intern III | 1 | 0 | 1 | 0 | 2 |
| Division Director | 1 | 0 | 0 | 0 | 1 |
| Env Eng Associate I | 1 | 0 | 0 | 0 | 1 |
| Environ Engineer I | 1 | 0 | 0 | 0 | 1 |
| Environ Engineer II | 1 | 0 | 1 | 0 | 2 |
| Environ Program Manager II | 0 | 0 | 1 | 0 | 1 |
| Environ Program Manager III | 1 | 0 | 0 | 0 | 1 |
| Environ Program Spec II | 0 | 0 | 1 | 0 | 1 |
| Environ Program Spec III | 0 | 0 | 1 | 0 | 1 |
| Grants Administrator II | 2 | 0 | 1 | 0 | 3 |
| Maint Spec Bfc Foreman | 1 | 0 | 0 | 0 | 1 |
| Maint Spec Bfc Jrny II/Lead | 4 | 0 | 1 | 0 | 5 |
| Planner III | 0 | 0 | 1 | 0 | 1 |
| Prog Coordinator | 0 | 0 | 1 | 0 | 1 |
| Project Asst | 0 | 0 | 1 | 0 | 1 |
| Secretary | 1 | 0 | 0 | 0 | 1 |
| VSW Engineer I | 7 | 0 | 0 | 0 | 7 |
| VSW Engineer II | 5 | 0 | 0 | 0 | 5 |
| VSW Engineer III | 1 | 0 | 0 | 0 | 1 |
| VSW Engineering Assoc | 1 | 0 | 0 | 0 | 1 |
| Totals | 29 | 0 | 12 | 0 | 41 |