

Village Safe Water Projects that Match U.S. Department of Agriculture-Rural Development (USDA-RD) Funds **FY2001 Request: \$25,952,740**
Reference No: AMD 32577

AP/AL: Appropriation with Allocations **Project Type:** Construction
Category: Health/Human Services **Recipient:** Various
Location: Statewide **Contact:** Greg Capito
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-5137
Estimated Project Dates: 07/01/2000 - 06/30/2005

Brief Summary and Statement of Need:

Village Safe Water construction projects with federal U.S. Department of Agriculture-Rural Development (USDA-RD) funding.

Funding:	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	Total
AHFC Div	\$6,488,140						\$6,488,140
Fed Rcpts	\$19,464,600	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$119,464,600
G/F Match		\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$32,500,000
Total:	\$25,952,740	\$26,500,000	\$26,500,000	\$26,500,000	\$26,500,000	\$26,500,000	\$158,452,740

<input checked="" type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
25% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Village Safe Water projects that match federal USDA/RD funds has received prior appropriations of \$7,505.3 in FY 98, \$10,000.0 in FY 99 and \$6,644.9 in FY 00.

Project Description/Justification:

The Village Safe Water program provides technical and financial support to Alaska's smallest communities to design and construct water, wastewater and solid waste facilities. Each year, grant funds are made available to the State through the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Agriculture-Rural Development (USDA-RD) program. Those funds require the State to appropriate matching funds. Communities apply each year to the State for grants for sanitation projects. Applications are scored weighing primarily the extent to which proposed projects address critical public health needs, as well as the communities' capacity to operate and maintain the facilities. Grants are awarded for the highest ranking projects. Village Safe Water program engineers work directly with community officials to make sure that planning results in facilities that are appropriate for each community, that facilities are properly and efficiently constructed, and that state and federal grant funds are used appropriately.

This particular appropriation funds grants to communities for designing and constructing water, sewerage and solid waste facilities. The appropriation includes projects funded with a combination of USDA-RD grant funds and a 25 percent state match. Projects funded with a combination of EPA grant funds and state match are included in a separate appropriation.

In the past, funding from the USDA-RD was awarded directly to communities and authority to receive and expend these federal funds was not included in the State budget. Only the matching funds were reflected in the State budget.

USDA-RD is in the process of changing their procedures such that funding would be awarded to and disbursed by the State to the communities in the same fashion as EPA grant funds. The primary reason for this change is to reduce the bureaucratic burden imposed on communities through the cumbersome USDA-RD grant application process. Instead of

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lengthy grant applications, required of multiple communities under the current USDA-RD process, all funding will transfer through a single grant agreement from USDA-RD to the State. Funds will then transfer from the State to communities under the same concise agreements used to transfer the State grant funds.

To reflect the intended USDA-RD policy change, the Village Safe Water program has amended its capital budget request to include authorization to receive and expend the \$19.5 million in federal USDA-RD funding. Because the Department of Environmental Conservation currently manages all the USDA-RD grant funds for the communities, this change will not add administrative workload or result in increased administrative costs.