

Alaska Forum on the Environment: Investing in Rural Infrastructure (Part 1 of 2)
Anchorage, AK
Egan Center
Session Summary Minutes for February 4, 2009

Moderator

Mr. George Cannelos Denali Commission (Commission)

Panelists:

Ms. Colleen Bickford	Housing and Urban Development (HUD)
Mr. Bob Green	Alaska Housing Finance Corporation (AHFC)
Mr. Bill Griffith	Alaska Department of Environmental Conservation (A-DEC)
Mr. Mike Black	Alaska Department of Commerce, Community and Economic Development (A-DCCED)

Introductions & Opening:

Mr. Cannelos began by welcoming the audience, providing an overview of the session and introducing each of the panelists. Mr. Cannelos asked each panelist to provide a brief overview of their agency, and the types of rural infrastructure projects they funded.

Ms. Bickford indicated that HUD is primarily focused on providing affordable housing, generally to individuals who meet low to moderate income (LMI) requirements. HUD also has a role in housing education and enforcement of housing rights acts. HUD typically works with other funding organizations on projects and funds a wide array of community housing projects including but not limited to: clinics, homeless shelters, university programs, community facilities and has at times engaged in job training. HUD actively partners with many entities for project development including other federal agencies, states, local governments and tribal organizations.

Mr. Green stated that AHFC's mission is to provide access to quality, safe, affordable housing. AHFC is a quasi state agency with an independent board of directors; 3 State of Alaska Commissioners and 4 members of the general public. AHFC has several program functions but is engaged primarily in teacher, healthcare and public safety officer housing; a supplemental housing development program and a weatherization and energy rebate program. Many of AHFC's programs are carried out in coordination with HUD and through regional housing authorities, pursuant to the Native American Housing Self Determination Act (NAHSDA).

Mr. Griffith summarized the specific role of DEC's Village and Safe Water (VSW) program, which provides water and sanitation systems to communities throughout Alaska. The VSW program provides State of Alaska match funds to federal program funds from the US Department of Agriculture, Rural Development (USDA-RD) and the Environmental Protection Agency (EPA). VSW also works closely with the remote maintenance worker (RMW) and rural utility business advisor (RUBA) programs at the State of Alaska to ensure project sustainability.

Mr. Black indicated that A-DCCED provides an array of community and economic development services to communities in Alaska, and also manages over a billion dollars in State grant funds.

A-DCCED also houses an office of economic development which encourages economic growth across the state.

Panel Discussion:

Mr. Canelos posed the following questions to each panelist for their response:

1. What is an example of a rural infrastructure project your organization invested in that was particularly challenging? What made the project challenging? What does your organization do differently now to account for those challenges?
2. What are two or three of the most important components of successful infrastructure development from a funder's perspective? Why are those selected components so important? What can applicants do to improve their proposals or submissions in these areas?
3. What are the top 3 policy lessons you've learned about rural investment in Alaska? How does your agency or organization approach these lessons and policies

Ms. Bickford indicated that one of the challenges that HUD has observed is related to the layering of various funding sources that are required to bring projects to fruition. While HUD disseminates a majority of its funds to NAHSDA tribal entities on an annual basis there are a multitude of other application, and timing issues that are challenging for recipients to coordinate and respond to. Ms. Bickford also indicated that the frequent changes in funding requirements, business plans and notice of funding availability (NOFA) has also resulted in projects having more extensive "shelf lives" and aren't built as quickly.

HUD is now looking more critically at how to approach projects to ensure that they are successfully implemented and completed.

Ms. Bickford indicated that the key components for successful infrastructure included:

- Comprehensive, credible plans for either a community or a region
- Local prioritization
- Coordination with funding agencies over the life of the project

Ms. Bickford suggested that HUD has also learned the following policy lessons:

- It is important to build good partnerships throughout the continuum of a project
- It is critical to have the complete picture of a project from an applicant from initial drafting of a project application through the operations plan
- Documentation of community planning and the sustainability of a project are imperative
- It is important to focus on the big picture of project coordination when several funding entities are involved in a project

Mr. Green also discussed the importance of coordination with the multiple funding sources. He provided the example of the A-DCCED RAPIDS database that provides information regarding multiple year planning and infrastructure investments.

Mr. Green provided the example of project development in the northern and upriver regions of the state. These locations are often last to thaw and therefore have limited barge service and construction seasons, making it very easy to miss entire construction seasons if material

procurement and shipping is not carefully coordinated. To ensure this does not occur Mr. Green suggested that advance planning, discussion and coordination with the barge operators, and AHFC's practice of advancing funds to housing authorities to allow for bulk purchasing in advance of project starts.

Mr. Green indicated that the key components for successful infrastructure included:

- Advance planning
- Local involvement which includes job training
- Energy efficient designs
- Back-up and safety planning
- Operations & maintenance plans for the long term

Mr. Green also identified the following policy issues that AHFC has identified:

- Energy efficiency planning can be directly correlated to sustainability
- It is critical to use appropriate design and technology for the climate and location of the project
- Projects must include an operations and maintenance (O&M) plans
- Technical assistance can provide capacity building for local communities and regions

Mr. Griffith discussed VSW's approach to infrastructure development in rural communities. Specifically, that it often takes time to identify whether a water/sewer project and system is sustainable for a given community in the long run. For example, projects may be initially sustainable, but may be challenging to fund for O&M over the long term. VSW has learned that it is important to incorporate standard processes and not rush project determinations.

Mr. Griffith identified the following successes:

- Community involvement in all phases of the project
- Sustainability considerations must be a right fit for communities and must take into account replacement costs and component parts funding
- It is critical to identify people in communities who will keep the project moving forward and be committed to the project success in the long term

Mr. Griffith also cited policy lessons including:

- It is important to take time during the planning phase to develop sustainable alternatives
- Applicants should consider both the actual project costs and the costs of O&M in the future
- It is important for funding entities to think outside the box and consider solutions for funding construction and projects that may not have been considered before
- It is critical to coordinate with other agencies who are also invested in the project

Mr. Black discussed the example of the Newtok. The community is relocating to a new site due to erosion and flooding in the existing community location. Mr. Black also cited the example of the Marshall multi-use facility and the challenges regarding the assumptions both communities and funders made regarding the project. In general Mr. Black suggested that agencies are available to assist with project developments, but communities must stay involved, lead the

decision making and request capacity building and technical assistance if it is needed. Additionally, Mr. Black suggested that communities cannot depend on agencies to provide the full panorama of community development expertise. He also suggested that communities should not accept “Trojan horses” in the form of projects that they cannot afford to build or operate and maintain. Communities shouldn’t take on projects just because they are available.

Mr. Black suggested that communities look for flexibility, economies of scale and purpose to maximize the benefit in exchange for a project. Mr. Black also suggested that communities should work to coordinate regionally, and provided the example of Interior Regional Housing Authority (IRHA) who uses its construction expertise on behalf of the communities in its region.

Mr. Black also indicated that projects should be viewed as a way in which communities can create cash economies and also provide administrative capacity.

Mr. Cannelos asked that panelists respond, in closing, to what they view their role to be after projects are completed.

Ms. Bickford indicated that HUD, in its role as a federal agency, will undertake monitoring for appropriations, fund usage, insurance of the intended benefit. Their role after the project is completed is multifaceted.

Mr. Green stated that AHFC also has a continuum of activities they are involved with. He also stated that a construction completion does not necessarily mean that a project is completed. It is important to keep pace with other factors that are occurring in the community and the region, such as population shifts, other projects that are occurring, etc.

Mr. Griffith indicated that VSW will be focusing on expansions and upgrades to existing systems, and will work closely with RUBA to identify challenges as well as which projects are working, and which are not.

Mr. Black indicated that A-DCCED will continue to engage in working with communities and regional entities.

Closing Comments

Mr. Cannelos thanked the panelists for their participation and concluded the session at 10:30 am.

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Panelists:

Ms. Patricia Phillips	City of Pelican
Mr. Charles Parker	Alaska Village Initiatives (AVI)
Paulette Schuerch	Copper River Native Association (CRNA)
Mike Pfeffer	Kodiak Area Native Association (KANA)
Brent Petrie	Alaska Village Electric Cooperative (AVEC)

Introductions & Opening:

Mr. Cannelos began by welcoming the audience, providing an overview of the session and introducing each of the panelists. Mr. Cannelos asked each panelist to respond to the following three questions in their remarks:

1. What is an example of rural infrastructure project your organization applied for and successfully received funding or partnership for that was particularly challenging? What made the project challenging? What does your organization do differently now to account for those challenges?
2. What are two or three of the most important components of successful infrastructure development from an applicant's perspective? Why are those selected components so important?
3. What are the greatest policy issues facing your organizations future rural infrastructure development? How are you planning to meet these policy challenges and opportunities?

Panel Discussion:

Mayor Phillips opened by providing a summary of the City of Pelican. The City is a municipal corporation of the State of Alaska and was formed in 1943. During the 1970s the City acquired first class city status, and practices land use planning, accepts responsibility for its school, and exercises broad taxing authority. The City collects sales tax, property tax and various user fees for municipal services. The City is governed by a six person city council and a mayor. The Pelican City Council has worked purposely to rebuild and strengthen aging infrastructure critical to the community's social and economic well being, which is connected to the historic commercial fishing and subsistence lifestyles in the community.

Mayor Phillips used the example of a recent application to the Commission's transportation program for build two tee floats in the Pelican boat harbor as a challenging project. The project required cost share match, which in turn required coordination and application to the CDBG program; this also required and environmental assessment (EA). Because the City had limited professional resources to address this requirement the Mayor attended two CDBG trainings and learned the basics of EA compliance. What at first seemed daunting became a doable task and resulted in project selection award by the Commission.

Mayor Phillips indicated that the following are critical components for infrastructure development:

- Do the work
- Follow through
- Make it happen

Mayor Phillips discussed her pride in the City's ability to develop plans, and identify needs. This has allowed the City to attain funds for needed projects and also allows for an active exchange with the funding organizations. The ability to plan and manage the project provides a great sense of satisfaction for the City.

Mayor Phillips indicated that the greatest challenge is staying on top of the various regulatory changes impacting the lifestyles and existence of the City's residents. In addition, the City is actively networking to protect the commercial fishing and subsistence lifestyle that ties residents to the community. The City will be working to update its comprehensive community plan in the near future. For example, one of the issues that will be discussed is the current trend for property in Pelican to transfer from community ownership to retirees. While this is a great asset for the community, it has also resulted in significant changes to the community which are important to address.

Mr. Parker used the example of the Code Red project, which provided fire suppression and safety materials in a small container to communities in Alaska, as an example of a challenging project. Significant costs savings were realized as each "box" cost ~\$85,000 while an individual fire truck may have costs several hundred thousand dollars. Mr. Parker indicated that the challenge was in the innovative nature of the project. The project was difficult to "sell" to funding entities because it was very different from the standard practices and protocols that agencies were familiar with to respond to fire safety and suppression needs.

Mr. Parker indicated that the following were critical components for infrastructure development:

- Projects must be right-sized for the community
- It is essential that a community buy-in to the process and work with the funding agency because they will own the project when it is complete

AVI has identified the following policy issues:

- It may be very worthwhile to seek regional solutions, and apply on behalf of multiple communities or tribal entities, but there can be complex legal issues to address before applications can be successfully completed
- It is critical that appropriate benchmarks be established for projects. They should demonstrate success, but also be the right evaluation measure for Alaskan communities.

Mr. Petrie indicated that AVEC is engaged with another of communities across Alaska, primarily in the development of wind, bulk fuel and rural power system upgrades. Brent pointed out that the partnership with the Commission has been successful, but that there are still almost 1/3 of the original list of communities that need tank farm upgrades. Mr. Petrie suggested it may be time to revisit the bulk fuel needs list and recast it based on current policies and community realities. He also indicated that the Commission's ability to pool multiple resources from various sources such

as the EPA, Department of Energy (DOE), TAPL, etc. has been instrumental in funding a variety of energy projects. Mr. Petrie provided the example of the Mekoryuk project, which allowed for use of dredging material taken from the harbor (a Commission transportation project) to be used to provide fill for the bulk fuel tank farm (a Commission and AVEC energy project). Another example of coordination was the ability to forward fund AVEC to make bulk purchases of tanks, which resulted in a cost of \$19,000 per tank, as opposed to \$50,000 per tank if they had been bought in individual procurement actions.

Mr. Petrie suggested the following are critical components for infrastructure development:

- Planning and logistics management
- Need for agencies to be consistent in their applications and routinely update policies

Mr. Pfeffer provided the following challenges related to project development that KANA has experienced:

- Incorporating both the actual cost and the overall sustainability of a project in the design
- It can be challenging to gather community buy-in that results in a successful project
- It maybe difficult to match what is allowed under a grant program with what a community may actually need or be able to afford
- Partnerships can be challenging but they are critical to project success

Mr. Pfeffer also offered the following successful components for infrastructure development:

- Relationships between funding organizations and recipients are long term, and don't end when a project is completed.
- It is critical to identify what is the best size and fit for a community. It can be easy for projects to be too small or too big, and it takes diligence to find the right fit for each community's needs.

Mr. Pfeffer indicated that KANA has observed the following policy issues:

- Securing cost share match funds
- Community size and proximity related to funding eligibility
- Regional strategies for planning, such as a regional health care strategy are very helpful and effective tools for project coordination and development

Ms. Schuerch discussed the challenges and misconceptions that the CRNA region faces due to its location on the road system. She suggested that many outside the region perceive that CRNA villages are at an advantage and have enhanced access due to the road system. Instead, she said the distances are great, in some cases several hundred miles one-way, and often difficult and dangerous to traverse. Unemployment in the region is very high and most jobs in the villages are professional career jobs, which few, select residents qualify for.

Ms. Schuerch discussed the specific challenges related to CRNA's on-going attempts to secure a new facility to house service and operational activities. The current facilities are in a terrible state of disrepair, are unsafe and unfit for CRNA staff. Ms. Schuerch indicated that the multitude of funding requirements, applications and different agency requirements make application and coordination very challenging. Further complications exist in the region due to the relationship between the non-tribal and tribal delivery systems for healthcare. The region has worked to combat these challenges by forming a regional healthcare network partnership.

Mr. Cannelos asked each of the panelists to conclude their comments by indicating what agencies and funding organizations could do to stay more engaged with recipients.

Mr. Parker suggested that continued partnerships, training sessions, workshops and updates regarding agency policies and priorities were critical.

Mr. Petrie suggested that agencies such as the Commission could evaluate whether initial policies, such as the requirement to set aside R&R funds, were being adhered to and what the success rate and challenges to following various policies were in communities.

Mr. Pfeffer suggested that while it may not be an agency role to maintain continual relationships, it is important for funding entities to consider that funding a project at a particular point in time does not mean the project may not have future equipment, rehab or renovation needs.

Ms. Schuerch suggested continuation of partnerships and a focus by agencies of keeping those partnerships together. She suggested that it is everyone's responsibility to level out funding across the state of Alaska

Mayor Phillips suggested that it is important that communities such as Pelican travel to regional hubs, and participate in the meetings and training opportunities that agencies provide.

Closing Comments

Mr. Cannelos thanked the panelists for their participation, took questions from the audience and concluded the session at 1:45 pm.