

Tribal Infrastructure Task Force Meeting Summary
November 3, 2011 2:00-3:30 PM

A. Introductions

Dana Baer, Indian Health Service (IHS), Sanitation Facilities Construction (SFC) Program
Marie Berry, Washoe Tribe
Marta Burg, U.S. Environmental Protection Agency (EPA) Region 9 Tribal Caucus
Dave Clark, Rural Community Assistance Partnership (RCAP)
Matt Dixon, Alaska Native Tribal Health Consortium (ANTHC)
Ron Ferguson, IHS SFC Program
Sheila Frace, EPA Office of Water (OW), Office of Wastewater Management (OWM)
Greg Gwaltney, EPA OW, OWM
Kellie Kubena, EPA OW, OWM
Shaun Livermore, Poarch Band of Creek Indians Utility Authority
Eric Matson, IHS, SFC Program, Phoenix Area
John Melhus, U.S. Department of Agriculture (USDA), Rural Development
John Nichols, ANTHC
Ken Norton, National Water Tribal Council
Nate Rawding, Horsley Witten Group, Inc.
Matt Richardson, EPA OW, OWM

B. Welcome (Ron Ferguson)

Ron Ferguson gave an introduction and provided an overview of the information from the last two ITF meetings with Rex Kontz from the Navajo Tribal Utility Authority (NTUA) and David Saddler from the Tohono O'odham Water Utility Authority (TOUA). Both tribes have been very successful with their utility operations. They both operate a broad range of utilities, with NTUA handling gas and electricity in addition to water and wastewater and TOUA operating telecommunications including cellular service and internet. NTUA and TOUA have been successful by separating politics from utility operations. They both have a governing board that is buffered from politics. Their boards act autonomously and they are able to set rates, meter the water, and charge consumption-based rates. Both tribes also have a robust training program with mentoring and certification for operators as part of their utility operations.

Ron Ferguson mentioned that this meeting will feature John Nichols from the Alaska Native Tribal Health Consortium (ANTHC). John Nichols has set up the Alaskan Rural Utility Cooperative, which is a different approach from those used by NTUA and TOUA. The rural utility collaborative (RUC) model looks for areas in the country with several smaller tribes and communities. The RUC model has been reviewed by IHS with the potential prospect to provide start-up funding for the Portland area and California areas. A RUC is an organization that is separate from the government that would run five or six systems and charge a fee in order to create successful utility operations. This is on the horizon and the information on the Alaska RUC from John will be helpful.

C. Distribution of Previous Meeting Notes & Schedule for Future ITF Meetings (Matt Richardson)

Meeting notes from the last call were emailed out to the Task Force. Any comments, additions, or clarifications, should be emailed to Matt Richardson.

D. Alaska Rural Utility Collaborative (ARUC) Approach to Sustainability (John Nichols) and Potential Discussion Questions

John Nichols suggested that meeting participants refer to the 2011 ARUC presentation on the ANTHC website during the call. John Nichols stated that the goal of the meeting is to provide an overview of ARUC, how it operates, and to answer specific questions. John Nichols mentioned that the questions appear to be focused on how this organization might translate to the lower 48 states.

ARUC is part of the Alaska Native Tribal Health Consortium (ANTHC), previously IHS. ARUC has been designing and building water and sewer systems for rural Alaskan tribes for many years. It was apparent that ARUC needed to do more than just design and construct systems, and to also become involved in the operations and management to achieve a good return on its investment. Water and sewer systems must work well every day to maximize health benefits. ARUC started as a pilot program in 2002, to determine if an operating and management structure could be successful. As of 2011, ARUC is managing and operating twenty-four water and sewer systems in partnership with the tribes.

1. What are the services provided by a Rural Utility Collaborative (RUC)?

ARUC provides full operations and management services for tribes and bills customers in each community. ARUC handles each tribe as a separate standalone non-profit business. They do not share any of the money collected from customers across tribes. This is important because the tribes have made it clear that they do not want their money going to other tribes. ARUC hires the water plant operators for each community and has central management of the water plant operators. ARUC sets rates for tribes each year with input from an advisory committee made up of one member from each tribe. The rates are set so that each tribal water/sewer system acts as a standalone non-profit business. Tribes need to bring in enough money from the water/sewer customers to pay all the expenses of their waste and sewer system. As a side benefit, ARUC also bills for trash collection and electricity if needed.

ARUC does not own any of the tribal water/sewer systems. The tribes continue to own their infrastructure. They sign a three year contract with ARUC for the water and sewer management and operation services. A three year contract provides enough time for ARUC to make a real difference in communities. There is a significant up-front investment for managing and operating a water/sewer system. The contract also gives the tribes the ability to leave ARUC if they are not satisfied with the services. Because tribes can leave, ARUC is held accountable, and must provide valuable services.

John referred to the fourth slide in the 2011 ARUC presentation from the ANTHC website. The slide shows that ARUC works with tribes in very remote parts of Alaska. It is not possible to

drive to any of the tribes. They are all “fly-in” only and are very far apart. For example, from Selawik to Chignik Lagoon is about 800 miles. It could be easier for some of the tribes in the lower 48 states to set up a RUC because driving between tribes is an option.

2. What else allows ARUC to operate as an effective O&M organization?

John Nichols stated that, as previously noted by Ron Ferguson and David Saddler, separation of politics and management is critically important. Increasing water and sewer rates may be a good business decision as a non-profit business, but is it a terrible political decision. John mentioned that one of the best ways not to be reelected is to raise rates. To run a successful utility, it is necessary to separate politics from management. ARUC is able to separate utility operations from day to day political decisions.

The most important element that allows ARUC to operate effectively is trust from the tribes. Without trust from the tribes it is not possible to get anywhere. If the tribes do not trust the collaborative, it is not possible to set up a water/sewer management organization – trust is a critically important element.

The last element that allows ARUC to be effective is working hard for tribes. Showing up every day and working hard to improve the operation of the tribal systems they operate is important. With water and sewer operations, a successful day is when nothing happens because that means everything is working well that day. Customers do not notice when the water and sewer systems are working well, they only notice it when they are not working.

3. How are communities identified to join ARUC?

Initially, with the start up of ARUC, there was a very formal process for joining ARUC. ARUC focused on an area of western Alaska that has high needs. This area experiences many water and sewer emergencies. In Alaska the very cold weather magnifies operational problems. Something that might not be a problem in the lower 48 states, such as a well pump that stops functioning, can be a big problem for communities in Alaska. For example, if a circulating pump malfunctions in western Alaska at 40 degrees below zero, it needs to be fixed in about two hours before the entire system freezes.

The first action in starting ARUC was to ask for a resolution of interest from tribes to allow ARUC to come to their community and talk to them about starting ARUC. From there, ARUC hired an independent third party to go to each tribe and judge their maintenance capacity. ARUC used the information to create a matrix of operational capacity and ranked tribes. When starting a new organization such as ARUC, it is possible to spend an enormous amount of time and resources on a few systems, but to be successful, it is necessary to spend time and resources wisely. For example, by selecting several tribes that have dire water and sewer needs, it is possible to spend a large amount of time on just these tribes. By ranking tribes on their operational capacity, it is possible to decide which ones are going to have the highest level of need. This allows for the selection of one or two high need tribes and maybe three or four tribes that have lower needs to maximize the resources of the organization. ARUC has a document that shows how they determined how much time and resources each tribal system is going to take. If requested, John Nichols could make the document available on the ANTHC website.

4. What are the minimum criteria for joining? What documentation is needed to show that a community meets the criteria?

From its experience operating systems for about nine years, ARUC has a better idea of what makes a solid system. ARUC requires all communities that want to join to use their billing assistance program. The billing assistance program is a program that is used to bill customers for water and sewer on behalf of the tribes. It does not take responsibility for the operational costs. At the end of the month ARUC gives that money collected back to the tribes, minus a small fee, so they can use the funds to operate their water and sewer systems.

All tribes that want to join ARUC have to join billing assistance for the first six months. This allows ARUC to develop an understanding of the level of revenue coming in for a tribe before ARUC takes responsibility for their expenses. ARUC has found that the billing assistance program will show how many people pay their bills on time and whether there are any large users that do not pay for water and sewer because of side agreements with tribes. It has also shown that some local tribal members do not have to pay water and sewer. This is important to know before taking responsibility for the expense side of operations. Also, it is important to know if a community has the ability to shutoff water or sewer. Without the ability to shutoff service, it is very difficult to enforce collections and make people pay for water and sewer. If people are not required to pay for something then they usually will not.

5. What factors are included in rate determinations? (e.g., Operator, chemicals, equipment replacement costs, facility operations, energy, long term capital, etc.?)

In addition, for any new community that wants to join, ARUC will conduct a rate study. ARUC will look at expenses, and determine how much each customer would have to pay to make up those expenses. ARUC also conducts a conditions survey in each community to determine what is necessary to fix to be able to comfortably operate the water and sewer system. For example, if a community has \$50,000 in grant money to fix their system, but it will actually cost \$200,000 to fix the system, then it is not possible to bring them into ARUC unless they are able to find additional funds to fix the system.

6. How frequently are rates reevaluated?

Every year ARUC reviews rates for each tribe. This review also includes operator wages, chemicals, and what ARUC calls “seven-year replacement costs.” The seven-year replacement costs consist of components to the system such as pumps and any rotating stock that is expected to run out. It does not include the big capital replacement projects such as the cost of replacing water or sewer mains, holding tanks, and entire water or sewer plants. ARUC charges a rate that covers all operational costs for each tribal system with the exception of long-term capital replacement costs. Rate setting is conducted by the ARUC advisory committee which is composed of one member from each tribe that is part of ARUC.

7. What are the largest benefits communities have seen from joining a RUC?

John Nichols referred to Slide 11 from the 2011 ARUC presentation on the ANTHC website. This slide shows that one of the biggest benefits for a tribe in ARUC is reliability of service. The return on investment for several million dollars of water and sewer pipes in the ground is keeping people healthy. Reliability of service is important for making sure that people have water and sewer everyday to keep them healthy and keep people out of the hospital. The return on investment for tribes in ARUC is decreased medical costs, because people are healthy and not going to the hospital. Reliability is critical to ARUC and it is critical to the tribes.

An example of the importance of reliability of operations is the community of Selawik. They are located in a very challenging and cold area where it is not uncommon to see 60 degrees below zero. They are on a frozen swamp that moves around a lot and have a vacuum sewer system which can be challenging to operate. Before they joined ARUC, they would have up to 50 homes that would be frozen throughout the winter. Their rates of disease would spike whenever those homes were frozen. After Selawik joined ARUC, they have no longer had homes frozen for up to months at a time. As part of ARUC their homes get good water and sewer every day.

Another observation from communities in ARUC is that the real costs for operating systems are reduced because the systems are operating more efficiently. A challenge for communities in rural Alaska, is maintaining two “champions” for water and sewer systems: an administrator or clerk, and an operator. As long as a community has these two champions, their systems typically work. An issue that ARUC noticed is the potential lack of communication between those two champions on the actual cost of the system. Often times an operator will do things the simplest way operationally, but it may be more costly. There is usually no communication between the administrator and the operator on what the costs are. For example, in Selawik, ARUC has reduced the cost of operating their system by \$200,000 a year since they joined ARUC. ARUC was able to achieve their savings because it is able to see the full picture of costs, not just the cost of operations. The decrease in cost to operate these systems has made a big difference for tribes.

Operator turnover is also crucial. If a community is turning over operators every year, it is very difficult for them to know how to run a system most efficiently. It is important to hire and keep good water operators. ARUC is able to reduce operator turnover by providing them with good benefits, training, and by giving them the tools they need to do their job. For example, if an operator needs a pump immediately, ARUC makes sure that they get it as quickly as possible.

Stability is another benefit experienced by communities in ARUC, especially with smaller tribes, where there may not be a back-up clerk or a back-up full-time water operator. As long as communities have two “champions,” the water/sewer system will work well. It is when they lose one of those champions that the systems really struggle. When they lose an operator and they do not have another one trained, it can take years to find and train that next champion. In the years between operators, there is no stability and the water/sewer system will struggle. For example, Noorvik had a solid administrator and many solid water operators for many years, then there was turnover in the administration and what was a solid system began to struggle to the point where their electricity was about to be shut off.

ARUC provides strength in numbers and has managers that know the systems well. It also has a number of staff that can step in and rapidly train another water operator to make sure that the system continues to work if there is turnover.

8. What are the barriers for starting such an enterprise in the lower 48? And what are your ideas on how they could be overcome?¹

The biggest barrier for starting an organization like ARUC is trust from tribes. Construction projects that enter a community with money for building water lines or a sewer plant do not need much trust from the community because these projects are bringing in outside money and jobs. Even if the tribe is not completely convinced about the system, there is a high probability that the tribe will invite the project into the community and let it be built.

ARUC is a different situation. ARUC is not entering the community with a large amount of funds. A RUC may go into a community with a small upfront investment, but it is managing their money for tribes and that requires a large amount of trust. Often, that trust is not placed in an organization or contract, it is placed in people. Finding people who have a relationship with a tribe and who are trusted by the tribe is probably the biggest challenge.

In Alaska, tribes pride themselves on self sufficiency, which represented another challenge to starting a RUC. In rural Alaska, people believe that if they can shoot their own moose, put up their fish for the year, and fix their snow machine, then they should be able to operate their own water/sewer system too. There is a lot of pride in being self sufficient and it can be challenging to overcome.

9. Have any communities left ARUC - if so why?

ARUC has provided statewide utility management service since 2008 and now has 24 tribes that are members. During that time, ARUC has only had two tribes leave. For one community, Graying, AK, it was not their decision to leave, but they left because they were unable to meet the requirements of ARUC. In that situation ARUC could not find dependable local water plant operators. For ARUC, since the communities are remote and can only be reached by air, it is essential to hire dependable local water operators. The operators do not have to be previously trained when they join ARUC, but they have to come to work every day, be ready to learn, and want to operate their systems well. In Graying, after years of struggling to find good operators, ARUC could not operate it anymore because it was unable to rely on people to come to work.

Another community that left ARUC was Fort Yukon. In this community there was never any trust from the administration. ARUC struggled to work with them, and to get any information from them. When their contract expired with ARUC, they decided not to renew the contract. John Nichols stated that the motivation for Fort Yukon to join ARUC may have been an attempt to show the community that the new water/sewer system that was being built would bankrupt their community. This did not take place, and at the end of the year ARUC left them with

¹ Question primarily aimed at meeting attendees.

\$40,000 in cash and \$55,000 in accounts receivable. John mentioned that it would not be a surprise if communities were to leave ARUC in the future. ARUC views it as a tribe's right to join or leave ARUC. ARUC's goal is to improve health. After six or eight years in ARUC, if a tribe feels confident in their abilities to operate a water/sewer system, and they can do it well, then ARUC will be supportive of their departure. ARUC is concerned with making water/sewer systems last as long as possible, and operate well everyday so people and communities remain healthy. ARUC is not a perpetual contract. The contract with ARUC is renewed every three years and each tribe has the ability to leave ARUC when the contract expires.

10. What input does a member community have in RUC operations after they have joined?

Each tribe selects a member from their community to serve on ARUC's advisory committee. The advisory committee meets four times a year to discuss what is working well and where ARUC can improve. The advisory committee makes changes to ARUC's bylaws and ordinances. It also reviews budgets and makes rate changes each year. It is critical that each community be involved in running ARUC.

11. What are the limitations to the RUC system? (e.g., Might the RUC inhibit the formation of an independent water board?)

One of ARUC's biggest limitations is that it operates as a standalone non-profit for each tribal entity. For the tribes that are in ARUC, there is complete separation of water/sewer revenues from the general fund. Since tribes that are not in ARUC often use revenues from water and sewer in their general fund, if they join ARUC that completely stops because there is a firewall between water/sewer and general funds. This takes a little power away from the local tribal council because they cannot access those funds from the water/sewer system for other things.

ARUC also charges and treats all water and sewer customers the same. In some communities, tribal employees and tribal council members will exempt themselves from paying for water and sewer or will exempt certain people or entities. ARUC does not allow that. ARUC treats all of its customers the same, and that takes some power away from the tribal councils. ARUC also makes some people pay for water and sewer who may have not paid for many years.

John Nichols mentioned that his experience in Alaska with independent water boards is that they do not work well. The problem with small independent water boards is that they do not have an economy of scale. To effectively run an organization, a full time manager is needed. If a couple of small utilities come together as an independent water board, unless they are large enough to have a full time manager, they will not be very successful. John Nichols added that this is not an issue with ARUC.

12. Could a tribes' view of sovereignty potentially be a challenge in implementing a RUC system?²

In Alaska, the tribes' view of sovereignty can also be an issue. ARUC's contract with tribes requires a waiver of sovereignty for conflict resolution. The waiver of sovereignty is specific only to conflict resolution in the contract and does not take away any sovereignty or any other aspect of the tribe. Any lawsuits would be settled in federal court. Personal trust is more important than contract language. For example, there is a standard ARUC contract for any tribe that wants to join. When John Nichols took the contract to Toksook Bay, the tribe had him state before the tribal council that there was not anything in the contract to harm the tribe. The tribe stated that they were trusting John in that matter. Personal credibility means a lot and is important for starting a RUC and continuing to operate a RUC. Nothing that can be written on a piece of paper will mean more than trust and credibility.

Some ARUC materials are available online at www.anthctoday.org/dehe/tribal_util.html

Questions and Answers:

Sheila Frace: Are long-term capital replacement costs part of rates? Has ARUC ever worked with tribes on setting aside funds for future replacement costs?

ARUC works with tribes very closely to help them obtain grants to improve operations. For the tribes ARUC works with, energy efficiency is critical. There is a lot that the tribes can do to lower the cost by implementing some energy efficiency measures. Tribes in ARUC are effective in getting grants because ARUC has excellent data and an excellent track record. Tribes in ARUC set aside funds for "seven-year replacement" costs. This applies to any part that is expected to have a life of seven years or less. Tribes in ARUC do not set aside long term replacement reserves, but this could happen in the future.

Sheila Frace: Are all systems centralized or do they have onsite systems? Also, is there a monthly charge for pumping?

Communities are about 85% sewer system and about 15% onsite systems. ARUC does provide pumping services for the communities with onsite systems. ARUC does not have a standard monthly charge for onsite systems. ARUC does use onsite systems with effluent filters, so when the tank fills up, before the solids go out to the drain field it plugs up the filter. This forces the homeowner to call someone to pump out the system. ARUC lets the pumpers know that they need to pull and clean out the filter. This method to getting systems pumped out is also used by IHS in the Portland area and it has worked well.

Dave Clark: How are the health data collected?

The health data in the 2011 ARUC presentation from the ANTHC website are from an ANTHC study conducted in partnership with Centers for Disease Control, and was published in the American Journal of Public Health a couple of years ago. This study was not specific to ARUC communities. It looked at communities in western Alaska with water and sewer and compared

² Question primarily aimed towards meeting attendees.

them to communities with homes that are not connected to water and sewer. The study found that having homes on water and sewer has a big positive impact on gastrointestinal illnesses, skin infections, and respiratory infections. Communities that lack water and sewer, have a larger rate of hospitalization for skin infections and lung infections. Most communities in the YK Delta Region have homes that are not connected to water and sewer. For such communities, a third of their babies are going to spend part of the first year of their lives in the hospital with a lung infection. 25% of babies will get pneumonia and will be hospitalized. 15% of babies will get Respiratory Syncytial virus (RSV) a disease that costs about \$55,000 to treat initially. RSV also scars the lungs, which compromises the health of these children in future years and results in long-term health costs. If a home does not have functioning water and sewer, it does not matter if pipes are in the ground or not. If the water and sewer system is not working, communities are back to third world health conditions and all the health issues associated with it. This is an enormous reason behind ARUC. ARUC wants the people in piped communities to have all the health benefits of that water and sewer.

Ken Norton: If a village wants to join ARUC, but has a high cost for developing infrastructure for water and sewer, are they denied membership? If they are denied what assistance is available to them?

Before a community joins, ARUC conducts a rate study to determine the amount of revenue that is needed to run the water and sewer system. This is used to calculate the rate per user. If the rate per user is very high, tribes will ask ARUC how they can bring down costs. How the tribes decide to decrease the cost per user is completely up to the tribal council. Frequently, ARUC will meet with the tribal council to ask if they will subsidize the system with \$20,000 dollars a year, to reduce the residential rates by a certain amount. If a tribe decides to subsidize the system by a larger amount it will result in a lower cost per user. From ARUC's point of view, a community needs enough money to operate the water and sewer system. It is not important where the funds come from. ARUC includes tribes that subsidize their water/sewer systems to lower residential rates.

Sheila Frace: How was the ARUC program expanded?

ARUC started as a pilot program in 2002 in the YK Delta Region because it was a high need area. The program was piloted because it was a concept and the ANTHC wanted to see what was successful and what was not before it was made available statewide. John Nichols mentioned that there are a series of reports showing what was successful and he could make these available online if requested. ARUC created an interim report in 2005 and a final report in 2007. Based on the findings, ARUC was showing a real benefit to the communities, and that it was worth it for ANTHC to make it available to all the tribes statewide.

Sheila Frace: Did ARUC become available statewide all at once, or did it target specific areas?

ARUC opened statewide, but also targeted certain areas because it made sense to work with clusters of tribes. Having clusters of tribes makes management and transportation easier. The targeted tribes are located mostly in western Alaska. When starting a RUC, many tribes will not be interested in joining until there is a history of success. Initially, an organization cannot be too selective on the communities that it accepts. At first a RUC will see communities that need a lot of immediate help. As the organization becomes more established and develops a reputation it will be easier to recruit communities. It took a lot of time and effort to get ARUC started and to

get recruiting done initially. It is now easier for ARUC to recruit because it established a reputation in Alaska.

Sheila Frace: How many ratepayers does it take to make a management entity viable?

Initially, ARUC started with one or two communities with an average of 70 connections (ratepayers) a piece. At that level the organization needs to be subsidized. Currently, ARUC has approximately 2,000 connections and much of its management is still subsidized. In the future ARUC sees the amount of the subsidy declining. John stressed that starting an organization like ARUC takes a lot of time, money, and effort.

Shaun Livermore: Do you use local colleges for operator training or is it done within ARUC?

ARUC uses a variety of trainings available in Alaska. There are trainings sponsored by IHS, the state, and regionally. ARUC reviews the various trainings being offered, and will send operators to trainings that make sense for them. Operator training is really crucial for ARUC. For example, ARUC recently paid for vacuum sewer training because of the complexity of this type of system. The training needs depend on the individual and the community. Regional training is always preferable because it is easier to make regional transportation connections.

Shaun Livermore: Have you considered an apprenticeship program for ARUC?

There is an Alaska Job Corps program that is funded by USDA and others. It has an 18 month water plant operator training course. The Alaska Jobs Corps also provides internships and ARUC provides work for some of their interns. ARUC wants to find operators from within each community and does not match interns with a community where they need an operator. Interns with ARUC may be used for statewide positions. ARUC has worked to push the Alaska Job Corps water plant operator training within the communities it works with to develop operators from within the community.

Shaun Livermore: For the lower 48 states, should the operator come from the community?

This depends on the distance between systems. The goal is to find a qualified individual from the community, or someone who really wants to learn and work hard. Developing operators from the community is important because if ARUC is not operated in the future or the tribe decides to get out of ARUC, they will be stronger than when they joined since they still have a local operator. ARUC has found that it needs to pay an operator at least three hours a day to keep someone interested in the position. Smaller communities are not going to have enough work to keep one person busy for three hours a day, so an operator will have to travel among smaller systems.

John Nichols wrapped up the question and answer portion of the meeting by offering to share additional information with individual meeting participants who may contact him directly. If requested, John can post some of the reports and lessons learned on the ANTHC website for people to view.

E. Discussion and Parallels with TOUA and NTUA Sustainability Activities (All)

Sheila Frace thanked John Nichols for the presentation and noted that the agenda calls for discussion on the parallels between TOUA and NTUA. The Task Force will start looking at how to address some of the issues at a smaller scale and for smaller tribes. For members who missed

the call last month, the December meeting will feature information from some smaller tribes. Sheila asked for members to provide suggestions on questions for smaller tribes about how they are moving towards greater sustainability. The Task Force will use the January meeting to have more discussion about these factors and how the Task Force wants to proceed. Sheila asked for observations on parallels or distinctions between NTUA, TOUA, and ARUC.

Kellie Kubena stated that for NTUA and TOUA it was important to run the utility as a business, and asked whether this may be a drawback for a RUC? Also, on the business side how do operations differ with multiple tribes versus a single tribe?

John Nichols responded that ARUC is doing the same as what NTUA and TOUA are doing but at a smaller scale. Each ARUC tribe is much smaller and there is an outside entity (ARUC) that is managing them all – which creates an economy of scale. NTUA and TOUA are similar to ARUC because they do not allow tribes' general fund to tap into the water and sewer revenues either. It is important to separate short term politics and long term management. If the water/sewer fund can be tapped into by the general fund, it can often remain a temptation for tribes.

Operations are more challenging for a RUC compared to the utility for a single tribe because a RUC needs to have people that are well respected by a number of tribes, not just within their own tribal communities. Also, whoever is selected to run an organization in the lower 48 states should not be associated too much with one tribe, because this might lead to opposition to joining if a tribe perceives that one tribe is controlling the organization.

Are all representatives of the ARUC advisory board from ARUC tribes, or are some members from outside the tribes?

John Nichols recalled that TOUA gets some of its board members from outside their tribe including individuals with different backgrounds or business skills. ARUC does not have members of the advisory board that are from outside the tribes. John also noted that at some point the ARUC board may become too big and they may need to form an executive committee to make more of the day to day decisions.

Matt Richardson: How large can ARUC grow?

There is not a solid answer for this. ARUC does slow sustainable expansion, with a target of between four and five new tribes a year.

Currently, one of the biggest drawbacks for ARUC serving all the tribes in Alaska is for the smaller tribes that do not have piped systems. There are a lot of tribes in Alaska that do not have a piped system. Many tribes still use honey-buckets and haul their water and wastewater in five gallon buckets. ARUC has not yet identified how to efficiently manage a community without a piped system.

For ARUC, it is essential to obtain grants to start up new communities because there are problems that need to be fixed in new communities so that ARUC feels comfortable operating their system. Getting start-up funds is a challenge and limitation as well. When ARUC starts a new community it also needs the personnel to manage it and some funding for this comes from grants. As an organization grows, it can be difficult to match the needs with the available resources.

Marta Burg: What grant funding are you referring to and what are the allowable uses for those funds?

Nearly every tribe ARUC talks to asks where they can get O&M grants. ARUC has received technical assistance grants from USDA, EPA, and a three-year grant from the Administration for Native Americans used to start ARUC. There is also a local funding source, the Denali Commission and a local non-profit Rasmuson Foundation which provided some funding early on. ANTHC also provides a significant amount of money. IHS has been good at providing some money for start-up grants, and to repair major issues that need to be fixed in order to operate a system.

Marta Burg: For ARUC does each tribe have its own rate structure?

There is not a spreading of the rate between communities. Tribes in ARUC have made it clear that they do not want to share the costs of another tribe's system. ARUC conducts a rate study and this shows that everyone in the community has to pay a certain amount per household per month. In order for a community to be part of ARUC, they have to agree to that rate. For example, if it is \$200 per household per month, then that is the real cost to operate the system. Some communities may decide not to join ARUC because the cost is too high, but they do not realize that the community is paying that true cost regardless. A community may not show that it is subsidizing the cost of the water and sewer system out of the general fund. A community cannot get around the true cost of operating its water and sewer system. They can try to defer some maintenance for a few years and then have a huge emergency that costs them more. ARUC tries to make it clear that the true cost of operating a system is coming from somewhere. Even if the tribe wants to subsidize the system, it is better to get the true cost of operating the system out on the table. If the customers do not know how much it truly costs to deliver water to their homes they are not going to want to pay more.

ARUC has also found that often businesses and schools have not been charged the true costs of water and sewer. ARUC ensures that all businesses and schools are paying the full cost of water. Often times they do not pay the full cost of the services because they have political influence in the community. ARUC take that politics out of operating a system.

F. Thank You & Next ITF Call (Sheila Frace)

The date for the next Task Force meeting is Tuesday, Dec. 20th, from 2:00-3:30 p.m. Anybody having issues with the attachments sent out should let Matt Richardson know. Kellie Kubena mentioned that the Task Force is exploring options to share files over a website. Sheila thanked the meeting participants and is looking forward to learning from smaller tribes during the December call.

The following are the action items for the December 20 meeting:

- Any questions for the December 20 meeting which will focus on smaller tribes should be sent to Sheila Frace.
- The Task Force is planning a meeting for January on the 18th (Wednesday). Any conflicts with this date should be mentioned to Matt Richardson or Sheila Frace. Sheila will be sending an email to members who have missed meetings.