

**Agency: Commerce, Community and Economic Development**

**Grants to Municipalities (AS 37.05.315)**

**Grant Recipient: Matanuska-Susitna Borough**

**Federal Tax ID: 92-0030816**

**Project Title:**

**Project Type: Planning and Research**

# Matanuska-Susitna Borough - Talkeetna Planning Phase Water and Sewer Improvements

**State Funding Requested: \$100,000**

**House District: Mat-Su Areawide (7-11)**

Future Funding May Be Requested

**Brief Project Description:**

This request is to begin the process of review and planning to determine how to proceed with the water system in Talkeetna. Since inception the system has been fraught with significant problems. It is now in dire need of support and maintenance.

**Funding Plan:**

Total Project Cost:	\$100,000
Funding Already Secured:	(\$0)
FY2014 State Funding Request:	(\$100,000)
Project Deficit:	\$0

*Funding Details:*  
No funds have been provided

**Detailed Project Description and Justification:**

The funds will be used to evaluate the current water and sewer system. It has been documented that as the system exists, there are no back-up parts, very serious issues with the system itself, which may involve upgrades and/or replacements, and very serious issues with how to pay for the bills for the system itself. We will seek professional assistance in this evaluation and use this information to help us formulate a long-term plan so that we will be better prepared to submit accurate reports when future funding requests are made.

Our sewer and water system is just short of disaster. As with other small towns, we have a limited user base that pay, and a big ticket system. The costs were significantly increased when the accepted arsenic levels were lowered and we had to accept a grant from the federal government to "maintain acceptable levels". This required us to build a new plant and hire a more technical person with higher levels of certification to run it - more money.

To exacerbate the above problems, the town has become the number one tourist destination in the Mat-Su Valley. Tourists number in the thousands per day during the summer months. The community receives worldwide recognition as the staging point for climbers preparing to challenge Denali (Mount McKinley). It is also close to major salmon-fishing areas. Tourists travel to Talkeetna each summer to fish, raft, shop, visit and go flight-seeing.

Talkeetna is a small community of approximately 867 people (2010 Census which marked an increase of 13.5 percent from

*For use by Co-chair Staff Only:*

\$100,000  
Approved

2000) located 115 road miles north of Anchorage. Unfortunately the increase has not occurred in the base of people connected to the water system, as it is considered by many locals to be broken.

Finally there is a concern that along with this past year's flooding damage, and the continuing increase in tourism, the system will become inadequate to support the needs of the people, be they local or visitors. This funding request is a first step in officially documenting our needs. We know our system is in need. We need help to prepare the necessary reports to provide accurate and cost effective solutions for consideration by state and local governments, as well as any private funding sources we can locate.

**Project Timeline:**

Funding through the Mat-Su Borough will be used to hire a professional water sewer engineer to evaluate the needs of the Talkeetna Community based on shortfalls reported by the Board of Water and Sewer and the residents of the community.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

Mat-Su Borough Operation and Maintenance Division

**Grant Recipient Contact Information:**

Name: James D. Jenson  
Title: Division Manager  
Address: 1420 S Industrial Way  
Palmer, Alaska 99645  
Phone Number: (907)745-9831  
Email: James.Jenson@matsugov.us

Has this project been through a public review process at the local level and is it a community priority?  Yes  No

I am writing with respect to the Talkeetna Capital Project concerning the Talkeetna Sewer and Water Utility.

I am a retired Board member with nearly as many years on the board as the utility has been in existence. I was the board chair for about the last ten years. So I have a lot of frustrating experience with this system.

As an entity of the Borough, the Borough has sole responsibility with the Board as advisory only. This is an unsatisfactory situation. The Borough has it is sad to say no real interest in the system and those with a real interest have only an advisory role. With my time on the board we the board have never been a part of nor were we given the budget to approve or disapprove.

The system pretty much runs in the red and the rates are at least as high or the highest in the State.

I think an infusion of money to do long over due maintenance, is something we have asked to borough for years. I believe we have a list of work that may come to \$1,000,000.00. Including

August 2012

#### List of projects for Talkeetna Sewer and Water Utility

1. Water House improvements
2. Replacement Lift Station Pumps
3. Spare parts for lift Stations
4. Rebuild D Street Lift Station
5. Replace or Repair 6 Fire Hydrants
6. Purchase Lockable curb stops
7. Revegetate Lagoon
8. Insulate service lines between mains and curb stop where necessary due to freezing
9. Repair 10 bent or broken curb stops

But even more important to my way of thinking is a study see what can be done to improve the administration of the system.

Starting with the rate structure. With the installation of water meters we have the means to streamline the rate structure. Making it more fair and removing a lot of questions, definitions etc, ( what is commercial, what is residential, who is turned on, off.) many many more.

Hopefully this project will go forward and make TSWU a system the borough can be proud of. Not one they view as something to get rid of as soon as possible.

Jim Kellard



## Talkeetna Times

Thur, May 24, 2012

### Water boarding in Talkeetna

The purpose of this article is two-fold, one to bring to the forefront the need for your participation in your water utility and two, to clarify that need by providing a brief history of our current dilemma. First, the history:

In 1986 it was decided, after a vote of the people of Talkeetna, (somewhat argued and somewhat misinformed), and a lot of pushing by the Borough, that Talkeetna should have a sewer and water service area.

Those in favor saw the benefits but none foresaw the Borough was not set up for managing a utility, nor does it seem to be now. The "service area concept" would appear inadequate to oversee what has become a multi-million dollar utility with so small a customer base (approx..192 accounts to date).

The whole project got off to a bad start in 1987. In the first action the Borough decided to 'micro-manage' the project. The Borough hired the engineers and contractors, they decided how deep to bury the mains (it's cheaper to not bury too deep but to use insulation to make up for depth), and when it came time to put in insulation, (we were over-budget), maybe not as much insulation got put in because the thought was we would probably make it through most winters anyway.

There were other issues that won't be gone into but as we progressed in West Talkeetna, some stub-outs were put in by request and others were put on vacant "lots without requests. The stub-outs were not accurately recorded, and no swing ties, (measurements

from fixed objects triangulated so the buried valves can be found again without too much trouble), were logged. (This wasn't done in the East either). To encourage people in West Talkeetna to hook up, the customers were given free material to run from the stub-outs into their homes. No records were kept on who took what or who hooked up or when.

It took about two years of "free" service before the Borough was able to set up a structure for administering the utility; the Public Works Department (PWD) was given the job and a minimal secretary and part-time operator were designated to handle the service area. By that time the utility was \$100,000 in debt and was required by the Borough to borrow the money from the Borough Revolving Loan Fund. In 1992, East Talkeetna was hooked up. This phase did go somewhat smoother. However, there was little change in the administration or monitoring. The local Water Board (TSW) was not aware of how bad things were until about the year 2000. Much time had passed and the utility was in the process of paying off the \$100,000 loan and trying to sort out who should pay and how much they should pay.

The records were not accurate, who was commercial and who was residential was not clear, in the meantime some landowners had hooked themselves up and weren't even recorded as having service. The utility was still consistently not operating; in the black and the Borough wanted a rate increase. The TSW decided they had to take matters in to their own hands and look into who was hooked up, who was paying, who was commercial, who had meters, etc. As a community we owe those board members and others who have followed a great deal for at least trying to rise up against a "Goliath."

To no surprise the TSW found many discrepancies, though it took many years to find them. By 2004 the TSW was beginning to get a handle on records but it was somehow difficult to get the PWD to accept them. One example, the TSW couldn't get the PWD to shut off water from people who were not paying their bills and then the customer would leave with a large outstanding debt. Finally in 2004 TSW got its first onsite full-time operator. We also received a \$3 million grant to improve the sewage lagoon. However this required matching money that we had to again borrow from the revolving loan fund, another \$100,000. We were about a year from having the first loan paid off.

In 2009, we got a new clerk in the PWD working with the TSW and in August, 2010 we got a new on-site operator. With the addition of these new people the TSW began to see positive results. Over the years meters had been installed along the line for large users but it is questionable for how long the meter readings were kept up. The new operator began to look at the meter readings - his finding" there appeared be 25 meters installed , 10 working) three on seasonal standby broken, seven broken, and five installed but not read. Major business water meters had been allowed to fail and were not repaired.

In late 2010 the TSW again asked for all businesses to be metered (with working meters), and was promised that would be a priority to get done by June 2011. It was estimated this would increase our revenues by around \$20,000 per year. This didn't happen. This estimate was based on a per-gallon cost of 2 cents per gallon. If you do the math that means there are currently 10 million gallons of water being used that are not being paid for, and most of that use occurs during the summer months. We are

now heading in to the 2012 season with no change.

Unfortunately in 2010 we were required to borrow another \$100,000 for matching money to install a federally mandated arsenic treatment plant at the cost of about \$1million.

Now it appears the new operator's time is consumed with this new plant, not to forget water and sewer freeze-ups, much less the paper work keeping the system up to date with the Alaska DEC and the federal EPA. Also it was discovered the current sewage treatment facility is no longer functioning properly and is consistently breaking purification limits.

The latest torture is that the TSW was informed there was money found for the installation of water meters for all services. After being threatened in 2011 with a doubling of all water rates by the PWD, tabled by Vern Halter, we breathed a sigh of relief that maybe, just maybe, we would finally have a system which would at least be fair, paid for and monitored.

That work was to begin in January 2012. It required all Talkeetna users to submit a right of entry form allowing entry by a PWD employee to install a meter. Needless to say, as we head in to the second tourist season after clearly making the PWD aware that water is not fairly being paid for, this work is four months behind schedule, has not begun, and the meter situation is still as it was two years ago.

We need you, the users, to get involved. Participate in meetings, sit on the board, mail in your right of entry form, help coordinate letter-writing, help apply for grants to pay for the redoing of the water treatment facility and possibly getting rid of

debt we have incurred and get whatever done that needs to get done to fairly share the cost of using water. The days of "free" water need to be over. Recent letters have been sent to the corporate headquarters of Princess, CIRI, and the Alaska Railroad asking for help - add your letter. A proposed bed tax increase was ruled out as unconstitutional. Contact the TSW, please. The next meeting will be held at the end of June. Check the Frontiersman or listen to KTWA announcements.

*Karen Schapansky, Talkeetna*

PO Box 203  
Talkeetna, AK 99676  
February 15, 2013

Jim Pound  
Wes Keller Executive Assistant

To Whom It May Concern;

I am writing on behalf of the proposal being submitted by Mr. Keller as our state representative. Currently I am chairperson of the Talkeetna Sewer and Water Advisory Board, a seat which I have held since May 2012.

This letter's main purpose is to express to you the dire need for funds to investigate the Talkeetna water issues. They are complicated and many. It is my understanding you will be receiving historical information which has led to our current circumstances. Suffice it to say, from my perspective; it appears to be a tiny microcosm of what is happening on our national stage - there is much talk that has gone on, but, unfortunately, very little action.

I want to preface this letter with stating my sincere gratitude for what the Borough has been able to do for Talkeetna. Certainly after the flood of 2012, we received great support from the Borough. With the dedication of many locals and the support of the Borough, much work and good deeds were accomplished. The point of this letter is to ask for assistance in seeing that that same kind of effort be applied to our water system.

Talkeetna has become the number one tourist destination in the Mat-Su Borough. This influx of people, both tourists and the workforce to support the tourist industry has brought about major changes in the small town of Talkeetna. Anyone who was familiar with the town, as late as 2003, would be amazed at the changes that have occurred in our little community in the last 10 years. I believe it is this pressure on the community, along with more stringent arsenic standards for drinking water, which have caused us to be in the plight we are in.

We, as a board, with the support of the Talkeetna Community Council and the townspeople have been putting in major effort to come up with solutions to our problems. The major issues we face are:

- A yearly operating budget of approximately \$300,000 for a system which only serves 200 accounts
- A debt now in place which currently resides in the \$150,000 range
- A cost per month which is \$87.05 per household, for users which may only use 1,000 gallons of water a month. (The townspeople know of the seriousness of our situation and have agreed to 2.5% increases over the last 5 years – the same as Wasilla.)
- A new metering system put in place by the Borough in 2012 which can be used for a new rate structure, but the advisory board is at a loss to come up with the operating costs without causing serious injury to individuals and/or causing businesses to leave town because they cannot afford the water.
- A sewage treatment facility which is not operating to federal standards
- Virtually no back-up parts, pumps, fire-hydrant repair equipment, etc. for our system

With all of the above, probably the number one issue we face is the lack of oversight of the system. Unfortunately, the Water Board is only advisory; all policy must be made at the Borough level. Unfortunately, with the small user base, you can imagine the Borough's plight, as their job does not really depend on how we fare. I cannot say as I blame their lack of oversight, just that as a townspeople, it has now become our crisis.

We have no real power to effect any change. We have asked for solutions and been promised much. A promise to request a million dollars in funds to correct our system (current estimate), a promise to look in to Talkeetna receiving some of the \$800,000 in bed-tax money raised to help pay for our operating cost as we are the number one reason tourist visit the Borough, and as simple a change in the ruling that a person can sit on the advisory board and not be required to live in the service area, only that they are an Borough resident and own property in the service area and have an active account. NOTHING has been done.

When Jim Pound, Wes Keller's assistant, came to us with this request, I was greatly impacted. I felt as if a light had been turned on. I was floored that someone, on their own, had decided to pursue action on our behalf. Even the Community Council did much of the initial work. I hope you hear our plea for assistance and intervention.

In closing I will say that according to past board members, the intervention at the state level has what has driven any change in the past. Again, we are in need.

Thank you for your time, consideration and concern.

Sincerely,

Karen Schapansky  
Concerned Citizen First  
Chairperson of the Water Board Second

Cc: Talkeetna Community Council, Talkeetna Chamber of Commerce, Jim Okonek (TSW Board Member), Jane Steere (TSW Board Member), John Moosey (Borough Manager), Jim Jenson (Borough Operations and Maintenance Manager), Vern Halter (Borough Representative)