

# Local Utility Matching Program

Alaska's experience with  
water and sewer  
local subsidy



# LUMP

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- Pilot project that ran from November of 1992-October 1994, and was a performance based subsidy offered to 11 communities in the Northwest Arctic Borough through Alaska DEC.
- \$480,000 program funding through State capital appropriation.
- Max of \$10k/village/quarter
- Dollar for dollar match against local collected residential user fees.

# Purpose of LUMP

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- Encourage collection of user fees
- Promote hiring of qualified operators and reduce turnover
- Facilitate preventative maintenance
- Reduce regulatory violations
- Reduce costs for emergency repairs/replacements of existing W/S systems

# Results of Lump

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- Over half of the participating communities showed substantial improvement in collection of fees.
- Turnover in trained operators went from 115% to less than 30%.
- There was 100% regulatory compliance
- All communities produced a critical parts list and maintained critical parts

## However, LUMP had shortcomings

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- Too short of time of performance to see how well it would work at sustaining benefits
- Administrative costs were high in part because it took a considerable time to get communities to join into the program
- No plan for keeping the benefits in place once incentives went away

# LUMP-Lessons Learned

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- Subsidies that are performance based dramatically improve performance.
- LUMP required and resulted in improved recordkeeping and performance measurements.
- Performance based subsidies can extend the life of systems and reduce costly emergencies.
- LUMP brought O&M to the attention of the agencies and organizations that formerly were most interested in construction funding.

# Principles Needed in Any Future LUMP

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- LUMP is a privilege not a guarantee.
- Performance must be measurable.
- Subsidies must include improved training of operator and system management.
- Operator advancement and system performance that extends the life of the investment must be rewarded (bonuses?).

Questions?







