

# Environmental Finance Advisory Board

## Backhaul Alaska Consultation

### Overview

On February 12, 2020, the Environmental Finance Advisory Board (EFAB) will engage in a consultation with EPA on financing options for the Backhaul Alaska program. Prior to this consultation, the EFAB prepared an advisory report in 2019 on revenue options for a waste service backhaul program in rural Alaska, called Backhaul Alaska. At the request of EPA Region 10, the EFAB has agreed to engage in further discussions on financing and governance options for the Backhaul Alaska program. A consultation is a form of advisory activity that provides oral advice and feedback from the EFAB members at a public meeting.

### Product

The product of the Backhaul Alaska consultation will be a summary of the consultation discussions. During the consultation, EPA seeks recommendations for the Backhaul Alaska program in each of the following areas: (1) Structure, (2) Organization and Administration, and (3) Finance and Sustainability.

### Session Framework

During the Backhaul Alaska consultation session, EFAB members will be presented with a scenario and then the board will be broken into small groups to discuss tailored questions for each topic area.

### Scenario:

The Backhaul Alaska program will be fully functional in March of 2021 (one year from now). It is estimated that operations will cost approximately \$1,000,000 per year to backhaul materials initially. At full capacity, the program will cost about \$3,700,000 per year. There will be an estimated \$500,000 available for startup costs which will be funded through government grants. For the purpose of this scenario, assume there will be an estimated \$500,000 available for startup costs, funded through government grants. Also assume that the first two years need to be funded via grants. Past that, the ongoing funds will be a combination of (1) Government Funding (federal, state, tribal, or local grants or appropriations), (2) Other funding, such as income from other Backhaul Alaska services (including EPR support<sup>1</sup>), donations, and/or foundation grants, and (3) Program fees, collected from villages for backhauling services. For purposes of this exercise, assume the below source funding ratio:

- 40% government
- 50% other funding and
- 10% program fees

Unless EFAB recommends differently, the organization will be set up as a non-profit with a Board of Directors with advisory committees for each stakeholder group. Administration would be centralized with possible contracting/sub-awarding of all or some program functions.

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<sup>1</sup> The Solid Waste Alaska Taskforce is pursuing a statewide Extended Producer Responsibility (EPR) initiative that will legislate electronic manufacturer support of e-waste recycling. If successful, funding supplementation could be significant.

## Task:

EFAB members are tasked with helping Backhaul Alaska partners design an organization that maximizes the usefulness of each of the funding sources, is run efficiently within known legal constraints, and leverages the opportunities inherent in having a multi-stakeholder funded organization.

## Process:

EFAB members will be divided into three groups to each discuss one of the consultation's three focus areas, using a set of structured questions. Each EFAB member will be assigned to a section to work on for the first 30 minutes. After the first 30 minutes, each group will report out then EFAB members will rotate to another group. One EFAB member will stay to be the "history". There will be a total of three rotations so that all members have an opportunity to consider questions in all three topic areas.

Group report outs will answer the following questions:

1. What did you discuss?
2. What questions did you not get to?
3. What should the next rotation focus on first?

During the third and final group report out rotation, Groups will provide:

1. Summary of what was discussed by the group **with recommended next steps**
2. Recommendations for further information gathering.
3. Key take-aways especially related to opportunities or obstacles.

### Group 1: Structure

- A. Should Backhaul Alaska be organized as a not-for-profit or quasi-governmental authority (in the latter case, with responsibilities delegated to it by the state)?
- B. How do the structure and governance of Backhaul Alaska expand or limit alternative models for long-term sustainability?
- C. What not-for-profit (or hybrid) models might be appropriate for Backhaul Alaska and what tradeoffs are involved?
- D. What are the advantages/disadvantages of different corporate forms in funding Backhaul Alaska? E.G. quasi-governmental, special districts, for profit, etc.
- E. Should Backhaul Alaska be structured within or affiliated with an existing governmental or nongovernmental organization in order to share capacities and improve effectiveness?
- F. What other key issues should be addressed in this area?

### Group 2: Organization and Administration

- A. What technical and administrative capacities should Backhaul Alaska maintain internally, and what functions might be contracted out?
- B. How would an oversight board for Backhaul Alaska be organized to ensure stakeholder representation as well as organizational accountability?
- C. What external linkages will be critical for Backhaul Alaska and how can they be cultivated and maintained over time?
- D. How would Backhaul Alaska communicate and interact with its stakeholders and constituents?
- E. How should Backhaul Alaska prioritize its work and what challenges and risks are likely to arise?
- F. How should Backhaul Alaska monitor and evaluate program performance?
- G. What other key issues should be addressed in this area?

### Group 3: Finance and Sustainability

- A. How should capital expenses be funded by Backhaul Alaska, particularly startup expenses?
- B. How should operational expenses be funded by Backhaul Alaska?
- C. What combination of existing and innovative tax instruments, grants (governmental and nongovernment), and fees should be used to support and sustain Backhaul Alaska, initially and over time?
- D. How should fee assessments in support of Backhaul Alaska be structured given locational and resource disparities among villages?
- E. Should Backhaul Alaska build an invested endowment fund in support of operations?
- F. Can financial incentives for industry (positive or negative) be built into the Backhaul Alaska program?
- G. Can Backhaul Alaska transition from governmental support to be financially independent and sustainable, and if so, how?
- H. What other key issues should be addressed in this area?

### Desired Outcome

EFAB will provide financial and organizational advice to help ensure that the Backhaul Alaska organization is both fiscally sound and resilient to financial and other challenges.

Backhaul Alaska  
Preliminary Cost Projections  
for  
Environmental Finance Advisory Board February 2020 Meeting

**Comparison of Program Costs**

Component	2020	2030
Program Operations	\$ 785,825	\$ 1,136,169
Recycling, shipping	\$ 51,107	\$ 557,869
Direct village investment	\$ 181,752	\$ 1,673,716
Administration Indirect	\$ 101,868	\$ 336,775
<b>Total</b>	<b>\$ 1,120,552</b>	<b>\$ 3,704,529</b>
Number of villages	17	162
Per village backhaul costs	\$ 65,915	\$ 22,867
Per person backhaul costs	\$ 218	\$ 66

Note: Program operations include state and regional coordination, training, outreach. Village investment includes supplies, labor, O&M

**Dollar Investment per Village**

Component	2020	2030
Administration	\$ 52,217	\$ 17,345
Recycling and Shipping	\$ 3,006	\$ 3,444
Investment	\$ 10,691	\$ 10,332

Note: At full program, the median village size is larger and more difficult logistics (costlier) villages are added, so the recycle and shipping costs are higher

## Backhaul Alaska January 30, 2020 Webinar for the Environmental Finance Advisory Board: Response to Questions

EPA Region 10 delivered a briefing to the Environmental Finance Advisory Board (EFAB) on January 30, 2020 in preparation for the EFAB February 11-13, 2020 meeting session on Backhaul Alaska Financing. The following are the questions received during, and following, the webinar and the corresponding responses.

1.) Could you provide additional information about Alaska Native Corporations created under the Alaska Native Claims Settlement Act (ANCSA) of 1971?

The following documents and websites will provide additional information about ANCSA and Alaska Native Corporations.

US Government Accountability Office "Regional Alaska Native Corporations: Status 40 Years after Establishment, and Future Considerations. GAO-13-121. Published Dec. 13, 2012.

<https://www.gao.gov/products/GAO-13-121>

- Highlights: <https://www.gao.gov/assets/660/650858.pdf>
- Full Report: <https://www.gao.gov/assets/660/650857.pdf>

ANCSA Regional Association: <https://ancsaregional.com/>

US Small Business Administration, Office of Government Contracting and Business Development. Webpage about Alaska Native Corporations and government contracting:

[https://www.sba.gov/offices/headquarters/ogc\\_and\\_bd/resources/11498](https://www.sba.gov/offices/headquarters/ogc_and_bd/resources/11498)

Washington Post list of Alaska Native Corporation subsidiaries: <https://www.washingtonpost.com/wp-srv/special/nation/alaska-native/anc-list.html>

2.) Is there really a problem? I would be interested in data on the volume of recyclables in each community. If it is limited to electronics, batteries and lights, and concern about leaching into ground water, why not a shipping container in each community for people to bring these items there, rather than the landfill? Then let the community or tribal organization arrange for shipment as needed. How long would it take to fill the container for a village and what is the cost of shipping one container?

Many people living in rural Alaska communities are concerned about contamination from waste affecting air, water, land, and subsistence resources.

The table below shows the estimated consolidated weight of electronics, lead acid batteries, and mercury containing lights that the Backhaul Alaska program will recover from communities served each year and the corresponding weight of toxic heavy metals expected to be removed from the local environment.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Villages backhauling during the year	17	20	25	31	39	42	47	55	61	82	
Lbs Material Backhauled	156,889	184,575	230,719	286,091	359,921	387,608	433,751	507,581	562,954	756,758	3,866,846
Lbs of Toxic Heavy Metals removed	75,945	89,347	111,684	138,488	174,227	187,629	209,966	245,705	272,509	366,323	1,871,822

Solid waste technical assistance partners throughout the state regularly work to educate rural Alaska communities on the importance of segregating waste materials that should not be disposed in unlined landfills. The Backhaul Alaska program will supply each community with a shipping container to store materials for shipping (if the community does not already have one) and the community will stockpile those materials until it is time to ship the full container to an end destination facility. Coordinating shipping and negotiating rates with transportation companies to backhaul materials, which takes advantage of the transporter’s return trip, is onerous for individual communities. The Backhaul Alaska program will provide a single point of contact to all villages and transporters to coordinate backhaul throughout the state – which is an efficiency transporters, recyclers, and villages desire.

All villages participating in the Backhaul Alaska program will have at least one individual who is trained and certified in the Backhaul Alaska waste packaging curriculum, which covers safe handling practices and US DOT compliant packaging and shipping training. The Backhaul Alaska training and certification program aims to reduce liability for transporters and recyclers that are transporting and receiving wastes with hazardous components.

Shipping of materials will occur as needed under the Backhaul Alaska program. Generally, a community will be onboarded to the program by going through the training, obtaining certification, inventorying waste material, receiving packaging material and then shipping the material out. It is expected that the first shipment will include materials that have been stockpiled in a community for some time. After the initial shipment, shipment will be scheduled once a shipping container is full and conditions impacting transportation logistics are favorable for shipping. Depending on the village’s population, it is expected that shipments will occur once a year for larger communities, and every other year or once every three years for smaller communities.

The cost for shipping a container varies depending on weight, distance, and shipping routes. Prior to the Backhaul Alaska program, shipping costs and recycling fees averaged \$8,500 per container to ship materials to Seattle by barge. Those fees were increasing prior to the Backhaul Alaska program due to increased liability and safety risks recyclers faced upon receipt of noncompliant packaging of waste materials. With the increased training and coordination provided through the Backhaul Alaska program, as well as centralizing rate negotiation, transportation and recycling fees are projected to reduce to an estimated \$3,300 per container shipped by barge to Seattle.

3.) Is this an important issue for the communities? What do the residents see as their most important environmental concerns? If the island or coastal community will have to relocate in 10-15 years, how much interest/local resources can one expect from the community for backhaul?

One of EPA's key programs that engages with tribal communities is the Indian Environmental General Assistance Program (GAP) which provides grants to federally recognized tribes and tribal consortia for planning, developing and establishing environmental protection programs in Indian country. Tribes seeking GAP grants are required to develop and implement an EPA-Tribal Environmental Plan (ETEP), a document that articulates the scope of environmental issues facing the tribe and the issues the tribe will be working on. ETEP documents help prioritize tribal work funded under GAP. A review of 61 ETEP documents found that 100% of Alaska tribes identify solid and hazardous waste issues as a priority and over 50% of Alaska tribes specifically mentioned backhaul in their ETEP document.

Out of the 160+ communities the Backhaul Alaska program is planning to serve, there are several rural Alaska communities that are imminently facing threats associated with flooding and erosion and evaluating relocation or sheltering in place. Those communities may not prioritize backhauling waste over the other extreme challenges they face; however, waste management and backhaul is constantly an issue for these communities as waste with toxic components continue to accumulate. Backhaul Alaska program will serve the larger set of communities that are willing and able to participate in the program first and support those communities struggling with imminent risks whenever they are ready and able to backhaul.

4.) Involve the native organizations. It appears that Alaska does not have tribes with sovereign powers, but native Alaskans have been stewards of their lands for centuries. Native organizations should prioritize their own environmental programs, with financial and technical assistance from EPA. Backhaul program may be too top-down.

There are 229 federally recognized tribes within the State of Alaska that are governments with inherent sovereignty. See this memo to former Alaska Governor Bill Walker on the Legal Status of Tribal Governments of Alaska from the former Alaska Attorney General dated October 19, 2017: [http://www.law.state.ak.us/pdf/opinions/opinions\\_2017/17-004\\_JU20172010.pdf](http://www.law.state.ak.us/pdf/opinions/opinions_2017/17-004_JU20172010.pdf)

The Alaska Native Claims Settlement Act (ANCSA) of 1971 did not enhance or diminish the sovereignty of tribes. It extinguished aboriginal land title in Alaska. For more information, see ANCSA Regional Association: <https://ancsaregional.com/about-ancsa/>

Many regional organizations and individual tribes and municipalities have successfully backhauled their waste over the past two decades. The Backhaul Alaska program was modeled after a successful coordinated backhaul program that was implemented by an Alaska Native Non-Profit located in the Bering Straits Region, Kawerak. The Backhaul Alaska program seeks to achieve economies of scale by serving communities statewide and provide backhaul services coverage to those communities that do not currently benefit from a coordinated program at their village or regional level.

Native organizations do acknowledge the importance of backhauling waste and the how challenging it is for local communities to consistently backhaul effectively. The [Alaska Federation of Natives](#) (AFN), an Alaska Native organization, has a membership of 175 federally recognized tribes, 155 village corporations, 11 regional corporations, and 12 regional nonprofit and tribal consortiums. At the October 2019 AFN convention, AFN delegates passed a resolution in support of backhaul. <https://secureservercdn.net/198.71.233.161/ekq.405.myftpupload.com/wp-content/uploads/2019/10/2019-AFN-Convention-Resolutions-final-4.pdf> (See Page 41-42. Search for the keyword “backhaul”).

5.) Assessment should be made of which communities backhaul programs will be most cost effective. Where will investment have the most impact? Start with the largest communities with the lowest transport costs.

The Backhaul Alaska program will consider cost efficiency as influenced by a variety of factors when recruiting villages to participate as the program matures and advances to full implementation. Constraints and opportunities related to grouping villages along shipping routes across the state will likely be a primary consideration in how the program is expanded. The key to gaining efficiencies is in statewide program implementation where recycling and transporter contracts can be negotiated on a larger scale, packaging and shipping supplies can be purchased in bulk, and coordination is centralized.

6.) Program budget seemed high on administrative costs and low on actual transport costs. I'd like to see a detailed budget of administrative and other expenses.

The initial budget projections provided contained minimal detail. Time constraints during the February 12<sup>th</sup> session necessitate that discussions remain at a high level.

Transportation costs are low compared to costs for personnel. Personnel costs included in the program include staff time needed for coordination and training at the village, regional, and statewide levels. To keep transportation and recycling costs low, waste packaging must be done safely and in compliance with applicable regulations. To ensure safe, compliant packaging, extensive training and coordination is needed to build up capacity to implement best practices within each community served by Backhaul Alaska.





ALASKA FEDERATION OF NATIVES  
2019 ANNUAL CONVENTION  
RESOLUTION 19-16

- TITLE:** A RESOLUTION TO RAISE AWARENESS AND GAIN SUPPORT TO BACKHAUL HOUSEHOLD HAZARDOUS WASTE OUT OF RURAL ALASKA COMMUNITIES AND TO RESPONSIBLY RECYCLE THEM
- WHEREAS:** The Alaska Federation of Natives (AFN) is the largest statewide Native organization in Alaska and its membership includes 191 federally recognized tribes, 171 village corporations, 12 regional corporations and 12 regional nonprofit and tribal consortiums that contract and compact to run federal and state programs; and
- WHEREAS:** the mission of AFN is to enhance and promote the cultural, economic, and political voice of the entire Alaska Native community; and
- WHEREAS:** all communities produce waste such as spent batteries and electronics which can be hazardous to human health and the environment when they are improperly disposed of and subsequently deteriorated; and
- WHEREAS:** there are no safe ways to discard household hazardous waste in rural landfills, as rural Class III landfills are unlined, often unpermitted, and the infrastructure is not designed to prevent contaminant release into the surrounding water, land, and air; and
- WHEREAS:** AFN represents a group of people who are intimately tied to the land through year-round subsistence hunting, fishing, and gathering, and whose subsistence activities provide a physical, mental, and spiritual connection to the land; and
- WHEREAS:** Alaska communities do not have, and cannot afford to construct, the storage infrastructure to separate and keep these wastes indefinitely; and
- WHEREAS:** because communities cannot indefinitely store these wastes, they must transport them to recyclers, employing the act of backhauling, or the hauling back, of wastes; and
- WHEREAS:** rural Alaska communities are small, remote, have relatively little economic base and are unable on their own to afford the full cost of waste management, transport, and recycling required to backhaul these wastes to recycling companies; and
- WHEREAS:** substantial waste management and backhaul expertise is available in some individual communities and working models for regionally-coordinated efforts exist, backhaul Alaska, a statewide coordination program, is in pilot phase and

through that program the knowledge needed to efficiently, and sustainably provide safe backhaul opportunities to all our rural communities exists, but to do so successfully will require political will and support in developing the effort.

NOW THEREFORE BE IT RESOLVED that the delegates of the 2019 Annual AFN Convention will advocate for better management of these wastes that pose serious risks to our health and subsistence way of life when hazardous waste is discarded in rural communities; and

BE IT FURTHER RESOLVED that AFN will urge local, state, federal, and private partners to join us in supporting household hazardous waste backhaul programs and projects that can safely collect, store, transport, and recycle these wastes; and

BE IT FURTHER RESOLVED that it is recommended that AFN will form a rural waste backhaul subcommittee to explore potential avenues in which AFN member organizations can contribute to safe and affordable backhaul of these wastes.



Julie Kitka  
President

SUBMITTED BY: KAWERAK, INC.  
COMMITTEE RECOMMENDATION: PASS  
CONVENTION ACTION: PASS