

DENALI COMMISSION
JANUARY 28, 2005

9:00 a.m.

Taken at:
Centennial Hall
Juneau, Alaska

Commissioners Present:

Jeffrey Staser	Federal Co-Chair
Loren Leman	State Co-Chair
Mark Hamilton	University of Alaska
Richard Cattanach	Associated General Contractors
Julie Kitka	Alaska Federation of Natives
Kevin Ritchie	Alaska Municipal League
Gary Brooks	AFL-CIO
(For Jim Sampson)	

PROCEEDINGS:

Commissioner Staser welcomes the Commissioners to Juneau and the public to the meeting.

Opening Remarks

Commissioner Brooks states that he is filling in for Commissioner Sampson and looks forward to a productive meeting. Commissioner Leman states that there was a good hearing two days ago and that it is constructive for people to offer comments on what the Commission has done and where they think it should go. Commissioner Kitka welcomes all and introduces a colleague, Barry Brickman, from Calgary, Canada and also John Tetpon from AFN staff. Commissioner Ritchie also comments on the retreat and public hearing. Commissioner Cattanach thanks all for coming and looks forward to today's agenda.

Agenda

Commissioner Leman moves to approve the agenda; Commissioner Ritchie seconds. The agenda is adopted.

Commissioner Staser gives an overview of progress using Commission accountability measures with a slide presentation and then moves to an update on Commission actions

and the MOU implementation process. Mr. Muncy states that he is here on behalf of Bill Allen to reassure the Commission that business will continue with the Commission as usual, and to thank them for his reappointment to the MOU Chair. He hands out the report of the plan for '05 for all the subgroups from Mr. Allen. Commissioner Staser presents Rosalee McCreary with a plaque and states that she is an individual who rose to a level of above and beyond the call of duty. Mr. McIntosh states that the Forest Service is transitioning one radio system to another and had an excess of radios that Ms. McCreary helped to move out to the emergency responders along with the support equipment.

Economic Development

Commissioner Kitka begins with an update on the Economic Development Initiative and what has been accomplished in the State. The hope is to use some of the principles of this high-impact assistance to go forward in developing this program. The idea is to expand the private sector in rural areas and create a new development model characterized as a people-centered model and invigorate the existing model of identifying the best practices and translating them into blueprints for replication and scaling up. She states that there is a lot of support behind these initiatives and that there is room for a lot of participation in the state. Mr. Brickman adds that he is working with the AFN on a mission to the Asian Development Bank Headquarters in Manila, Philippines. They are increasingly focusing their development aid efforts on the needs and aspirations of indigenous people, and need the expertise that the AFN has earned over the last 30 years. He continues that Alaska's Native development experience is a model for the world. He asks the Denali Commission to involve itself in this mission to Manila.

Discussion on the annual thematic approach of the Commission to keep focus.

Commissioner Staser states that the first year is bulk fuel tanks and energy. Commissioner Ritchie states that both of them are the highest purposes of the Denali Commission intergovernmental coordination. Commissioner Hamilton notes that we ought to be involved in absolutely direct involvement. Commissioner Cattanaach adds to proceed cautiously. Commissioner Brooks comments and applauds the efforts of the Commission and the steps taken in the past. Commissioner Kitka states that keeping the rest of the Commission informed and that the Commissioners know there is room for everyone to participate in the initiative. Commissioner Lemman states that the purpose as a Commission to be supportive. Commissioner Staser states that the idea of a theme is not meant to be exclusionary to anything else. It helps put things in language for the annual report. There are two things emerging: Economic development and poverty reduction.

Commissioner Staser introduces Cliff Jennings, Inspector General, visiting from Washington, D.C.

Discussion on how to communicate the work of the Commission with the public and among each other.

Commissioner Staser proposes to move information out on the web or out to public places where people can look at it months in advance of a quarterly meeting.

Commissioner Hamilton comments on the public hearing, which was verbatim on the record and offered a lot of insights. He continues with a discussion on the consent agenda. Commissioner Cattanach states that if the hard 10 percent cash match requirement is implemented, not a single new project will move forward. The AVEC representation, Ms. Kohler, leads the discussion on the hard 10 percent cash match requirement and states that they are prepared to go forward with their projects. Commissioner Ritchie puts on the table for discussion a 5 percent cash match for the AVEC projects and a 5 percent in-kind participation, e.g. laying gravel. The discussion continues. Commissioner Ritchie states that there is a crisis among the communities in Alaska. They are all poor and the State has stopped revenue-sharing. Temporarily, a cash match is not required, but a very stringent community responsibility is. If the Commission is going to put a facility in their community, they have to maintain it. Commissioner Ritchie suggests taking whatever the State matches and allocating it across all of the bulk fuel projects. The impact on the ratepayers ought to be uniform. Commissioner Staser urges the Commission not to adopt a policy that is a lower standard than it has. Commissioner Kitka expresses that view that is supportive of a match as long as there is flexibility and that the Commission takes into account the reality that the communities face. Mr. Harper asks that if a notion of a hard-cash match is required to put it in the contract as a requirement. Ms. Kohler comments that their communities are no different than the communities that AEA builds projects for except that they are self-sufficient for their energy needs. She asks that their communities not be treated any different than the others. She asks for appropriate consideration.

Commissioner Staser calls for a 15-minute break.

(Break.)

Commissioner Staser convenes the Commission and continues the morning discussions. He announces that Alaska Industrial Development Export Authority handout is available, and that the National Automotive Center is coming to Anchorage to do a Clean Energy Symposium. The Commission is one of the sponsors. He highlights this as an opportunity for some of the Commissioners to get involved as keynote speakers to address some of the energy concerns in Alaska.

Discussion on the different forms of competitive processes to bring in more competition to the way projects are delivered.

Commissioner Cattanach states that competitive bidding at the extreme represents the traditional design bid, build-type approach where each of those functions is separate and distinct. The Denali Commission projects, for a variety of reasons, have gone to force account. It appears that many of the projects are experiencing significant and consistent cost overruns and the magnitudes concern us. He continues that maybe some different and alternative procurement methods need to be entertained to give the Denali Commission a better product delivery system. Something that is more consistent and predictable and more easily managed. He asks some of the project partners for their views on this. Commissioner Ritchie talks about an exciting new concept called value contracting, which is another alternative method of getting better projects built cheaper,

faster, and meeting the needs of the community in as many ways as possible. The key concept is comparing different processes and being able to relate to the communities that there are options which would work best for them. Mr. Mello states that he competitively bids the work, all the materials, freight and subcontracts. He continues that they work with the construction management mode to oversee the bulk fuel upgrade program and the rural power system upgrade program. The cost is heavy on materials and freight and fairly low on labor. He states that many of the cost overruns are happening because of the delays of schedule, such as a barge not making it in. He states that several different criteria are needed because of the differences in the communities. He adds that the Commission also reaps the savings if the costs are kept down. The guys that are used know that their ability to bring projects in on schedule and at budget is what is going to assure them of the next job. That is one of the advantages of small-scale, short-term jobs. The discussion continues. Ms. Kohler, the utility manager of AVEC, the other major energy partner, talks about the private sector dealing with the same problems. Commissioner Cattanach offers a criticism of that program of its inability to consistently deliver the product on time, which does not happen if the bidding is competitive; and he voices concern about the stringout delays, and asks about hiring additional resources. Commissioner Staser asks for another program partner to talk about this issue. Mr. Marcil introduces himself as the statewide planning and funding coordinator at the Alaska Native Tribal Health Consortium and states that they are the primary program partner for building small clinics. He states that he supports Commissioner Cattanach's promotion of competitive contracting and describes their approach to contracts. He recommends defining what is important and passing it down to the program partners and prioritizing.

Commissioner Staser announces a lunch break.

(Lunch break.)

Commissioner Staser welcomes Representative Foster and Commissioner Blatchford. He states that the luncheon honored Joel Niemeyer, who is moving over to the Rasmuson Foundation to work with them. He opens up the business session of the Commission's quarterly meeting and returns to the agenda.

Business Session

Mr. Ewing, chief of staff, summarizes the decisions or issues to come before the Commission for today and recaps some of the key decisions through a PowerPoint briefing. He gives an update on Rural Alaska Fuel Services and states the proposal to allocate 200,000 to get to a sustainable Rural Alaska fuel organization for management purposes. A discussion follows.

MORRIS THOMPSON CULTURAL AND VISITORS CENTER

Commissioner Hamilton recuses himself from this conversation because of being on their board and a private donor. Commissioner Staser states that there is no dedicated funding

stream or program for visitors' centers. Commissioner Cattnach defers to the Economic Development Committee and their recommendation. Commissioner Leman states that this was considered in committee and one of the things that helped it rise to the top is that it has multiple funding sources, and he adds that he supports the project very much. Commissioner Kitka requests the Denali Commission follow up on the Morris Thompson Culture and Visitors Center and request a briefing on what kind of cultural programs this center is going to be offering.

ALASKA PUBLIC BROADCASTING PROPOSAL

Commissioner Staser moves on to the Alaska Public Broadcasting proposal. Mr. Waste states that there are no issues involving competition with the private sector.

YUUT ELITNAURVIAT, PEOPLE'S LEARNING CENTER

Mr. Johnsen explains that they are looking at being able to use the million-dollar funding at this time and to proceed forward with the project. Commissioner Staser states that the issue is to release the funds that previously had a hold on based on being able to fund the entire project. He then moves into the list of discussion about some of the motions. Commissioner Kitka adds two more motions to the list. The first one is a motion to ratify the Federal Code Shares planned hearing schedule and process over the next two years as part of the outreach. The last motion is a result of the outreach and comments and is a motion to extend an invitation to the AFN Human Resources Committee to designate one individual on each of the work groups on the Commission.

- Commissioner Kitka makes a motion to ratify the schedule of outreach hearings; and then the companion piece is to invite the AFN human resources group to participate. Commissioner Ritchie seconds the motion. The Commissioners vote in favor; the Federal Co-Chair votes last and votes for it. The motion is adopted.
- Commissioner Ritchie makes a motion to create two new committees on the Board. One would be a Denali Commission Code Review Committee; and the other one would be Budget and Audit Committee. Commissioner Brooks seconds the motion. After discussion, there being no objection, the motion carries unanimously.
- Commissioner Hamilton moves the current 25 percent match requirement for wind alternative energy projects reduced to 10. Commissioner Ritchie seconds. An amendment is offered and dies for lack of a second. Commissioner Staser asks all those in favor of ending debate to vote. Commissioners vote aye. Commissioner calls the question; motion passes unanimously.
- Commissioner Hamilton makes a motion for a consistent policy of a 10 percent cash match for all projects. Commissioner Brooks seconds. Commissioner Leman states support for having matches. Commissioner Staser asks for a friendly amendment to the motion to have a first reading of that motion today and then bring it up at the next quarterly meeting. Motion passes unanimously, as amended.

- As Chair, Commissioner Staser suspends the motions and agrees to welcome the Governor and invite him to join us and take up the discussion after we have heard from the Governor.

Commissioner Staser welcomes the Governor and invites him to address the Commission.

Governor Murkowski re-emphasizes the dedication of the staff and Administration on the recognition of the contribution of this organization that was created by Senator Stevens and supported by the delegation to optimize the effectiveness of the coordinating responsibility of the State and the Denali Commission with regard to Rural Alaska. His basic message being to insure that we go hand-in-glove as much as possible to achieve a degree of efficiency that oftentimes does not exist to establish much closer cooperation between the Denali Commission and the State, particularly on rural issues.

Commissioner Leman announces a ten-minute break.

(Break.)

Commissioner Staser welcomes all back to the quarterly meeting of the Denali Commission.

- Commissioner Staser asks the consent of the group since there was a motion and a second to concur with that, that the second withdraw his motion.
Commissioner Leman withdraws his second and has no objection to withdrawing the motion. Hearing no other objection, Commissioner withdraws that proposal and will come back to that motion later.

Public Testimony

Commissioner Staser recognizes Meera Kohler.

Ms. Kohler shares information on Rural Alaska facing a 22-cent gas implementation on the aviation fuel that can be used in diesel fuel which was exempt, but due to the implementation of the American Job Creations Act of 2004 is no longer exempt. She shares her written summary of this issue with the Commission, which is made part of the record.

Mr. Carlton Kuhns, the executive director of Yuut Elitnaurviat, the People's Learning Center in Bethel, gives an update on the status of this project. Commissioner Ritchie asks about the agreements for long-term operation funding. Ms. Janelle Vanasse speaks about the sustainability of this project, especially the transition of leadership which has not even caused a pause in the momentum of this project.

Tom Harris, Alaska Village Initiatives, talks about two items that they are working on. One is Project Code Red, which is fire departments in rural communities; and the other is the issue of wildlife in Alaska and the private wildlife management program.

Tom Okleasik comments on cost overruns, supports cultural centers, adds his support for the Southeast Intertie, and asks for future consideration for substance abuse treatment projects.

Mayor Michael Swain from Bristol Bay gives testimony in support of the Port of Bristol Bay. He asks for consideration as a discretionary project in the Tier 1 process should these projects come in at their estimated amount, and if not, that they at least be in line to be considered in a priority on the Tier 2 process. He adds that this dock has been operated as an enterprise fund. The Borough found a need to borrow from that fund. Those funds have been paid in their entirety; and the fund remains stable.

Richard Knapp, chairman of Docks and Harbors, states that an information packet was submitted in December which described a construction of a fish-handling loading facility combined with a small cargo loading facility. A piece of land has been found just north of the ferry terminal that fits the bill and they would like to proceed. The community has about \$2-and-a-half million that could be put toward the project, with respect to cost-sharing. He asks for a review of the packet.

Nancy Webb states that she was the originator of the Morris Thompson project before it was named. She suggests that if you get projects in their early stages not to require that it just be cash; it could kill a project before it gets started.

Commissioner Staser closes public comment and moves to docket resolutions.

Docket Resolutions

Commissioner Staser calls for any motions to introduce a resolution.

Commissioner Leman states that there is still a motion before us and suggests that it be withdrawn or set aside.

- Commissioner Hamilton withdraws the motion. Hearing no objection from the Commissioners, friendly withdrawal and reintroduction.
- Commissioner Leman moves the adoption of the Energy Projects Resolution. Commissioner Hamilton seconds. There being no objection, the motion carries.
- Commissioner Kitka makes a motion to support Resolution No. 2, the Rural Alaska Fuel Services. Commissioner Leman seconds. There being no objection, the motion carries.
- Commissioner Kitka makes a motion to accept resolution No. 4, The Primary Care Projects. Commissioner Leman seconds. There being no objection, the motion carries.
- Commissioner Ritchie makes a motion to approve the Alaska Federation of Natives Economic Development Initiative. Commissioner Hamilton seconds.

- Commissioner Kitka abstains from voting. Commissioner Leman objects to her abstaining, stating that she ought to identify her potential conflict and require her to vote anyway. Commissioner Staser states that the rules are full disclosure. Commissioner Kitka states that she will vote. Commissioner Staser makes a friendly amendment to the motion to strike the words “an immediate line of credit of” and say “further be resolved that the Commission allocate up to \$200,000 immediately to AFN”. Commissioner Leman asks to move the conceptual amendment to modify that to use the correct technical and confirming language. Commissioner Ritchie changes it again to read “The Commission allocates up to 200,000 to be awarded immediately to AFN against the BIA funding for planning of an economic conference.” Commissioner Ritchie makes a motion to accept the amendment. Commissioner Cattnach seconds. Motion as amended carries.
- Commissioner Staser states, for the record, the support of the notion of a trade mission and states that a resolution for travel is not required.
 - Commissioner Leman moves the adoption of the resolution regarding Galena Dock Funding. Commissioner Ritchie seconds. Commissioner Staser asks for technical clarification from staff. Commissioner Leman makes an amendment stating release of the money is subject to the gathering of the balance of the funds they need to finish the project. Commissioner Hamilton seconds. Motion to amend is approved. Motion as amended carries.
 - Commissioner Hamilton makes a motion to approve the Morris Thompson Cultural and Visitor Center proposal. Commissioner Brooks seconds. Commissioner Kitka makes an amendment that after “investment policies and” to add “whereas the Morris Thompson Cultural and Visitors Center will provide the Commission with a detailed description of what cultural programs the Center will be supporting.” Commissioner Kitka calls the question, and the Commissioners pass it unanimously. Motion as amended carries.
 - Commissioner Kitka makes a motion to approve the Alaska Broadcasting. Commissioner Hamilton seconds. There being no objection, the motion carries.
 - Commissioner Leman moves the adoption of the Yuut Elitnaurviat resolution. Commissioner Kitka seconds. The motion carries unanimously.

Commissioner Staser asks for a motion on how to deal with policy concerning cost sharing. He states that he has received from Commissioner Blatchford a signed administrative order, signed by the Governor on this date, laying out the program collaborations among the State and Federal agencies that we are working through our Denali Commission MOU. Commissioner Ritchie asks about the motion requiring a 10 percent cash match for the energy program. Commissioner Staser proposes reading it as a proposal today and taking it up at the next quarterly meeting. Commissioner Ritchie asks if the delay will cause a dollar cost to the AVEC communities. Ms. Kohler states that the Co-Chair has given his assurance that we will be able to work with him and staff on figuring out how to make that cost-share in such a way that we are not unduly burdened compared with the other partners. Commissioners Ritchie and Cattnach are both satisfied to delay it. Commissioner Staser suggests a joint letter from the two Co-Chairs sent to the committees of jurisdiction on the Hill leadership indicating the

Commission's intent to implement this policy, and engage them in a discussion as to the process and align it with their process.

- Commissioner Staser states that the motion is tabled for further deliberations.
- Commissioner Cattanach makes a motion to adopt the proposal on the competitive procurement which is a target of 20 percent measured in dollars, and any project with an estimated cost of 3 million or more would utilize competitive procedures unless the Commission determines that it is not in the best interest of the Federal Government. Commissioner Kitka seconds. Commissioner Leman amends it to state "unless the Commission determines it is not in its best interest." The motion, as introduced by the sponsor of the motion with friendly amendment, passes unanimously.

Commissioner Staser thanks Shari Showalter for all of her support and the community of Juneau and all the folks that participated. Thanks to Payton Snyder with the IT support and Frank Guinn. The compliments from the audience was that our sound system is the best there ever was. Thanks also to Sandi Mierop for the record. He asks for any closing comments.

Closing comments

Commissioner Brooks states that it was an interesting learning process. Commissioner Ritchie appreciates spending most of both days in substantive discussion and thanks the audience for bearing with us. Commissioner Leman states that it is a testament to each of us and to the Chair the fact that we can work together and get to a consensus; that is what our charter says we should try to do, and we have achieved that. Commissioner Staser thanks all and asks the staff to please stand for a round of applause from the Commission. He adjourns the meeting.

(Meeting adjourned at 4:49 p.m.)