

**Meeting Minutes for January 23, 2004
Sitka, Alaska**

Commissioners Present

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

Call to Order

Co-Chair Leman called the meeting to order at 9:05 am at Centennial Hall in Sitka, Alaska.

Opening Remarks

Both Co-Chairs Staser and Leman gave welcoming remarks; other Commissioners gave opening remarks.

Agenda and Minutes

- Commissioner Cattanach moved to approve the agenda and Commissioner Staser seconded the motion. Motion passed.
- Commissioner Ritchie moved to approve the April meeting minutes (as edited by Commissioner Leman) and Commissioner Cattanach seconded the motion. Motion passed.

Update on Commission and Staff Activities

- Commissioner Staser provided an update on activities since the last quarterly meeting of the Commission, including his attendance at the State meeting in Juneau with Chief of Staff Jim Clark and Department heads and staff including Lt. Governor Leman, Cheryl Frasca, Commissioner Blatchford, Commissioner Barton, Commissioner Ballard, and staff for the purpose of coordinating work within the State of Alaska.
- Commissioner Staser and Commissioner Leman also recently met with the Bush Caucus and testified before a joint meeting of House and Senate Finance committees in Juneau. Some legislators expressed concern that the Denali Commission projects could be creating future unfunded liabilities for the State of Alaska. Both Commissioners Leman and Staser assured them that we are watching this carefully.
- Commissioner Staser has an upcoming trip to Washington, D.C. that will include testimony before the House Subcommittee on Infrastructure and Transportation.
- Commissioner Staser announced that the FY04 Omnibus Appropriations bill passed yesterday and is awaiting the signature of the President.
- Performance measures of the Commission operations and program activities were presented to the Commissioners and public.
- Fund expenditures to date have the following averages: 61% to energy; 22% to health related activities; 4% training; 5% Other Infrastructure; and 3% Economic Development. Administration is operating under 5% with the balances going to additional program activities.

Discussion about State request for cost-effectiveness study:

Commissioner Kitka wondered how the Commission would be able to gather the data regarding the legislative request of a cost-effectiveness study. For example, when examining what impact our clinic program has on the economics of the State budget the Commission should seek assistance from Joel Gilbertson, Commissioner of the Department of Health and Social Services, in gathering impact numbers. Commissioner Sampson wondered if perhaps while looking at the impact of Commission health dollars statewide, we should also look at the benefits that the State receives from the federal funding of the Commission. Commissioner Ritchie wondered if we should also look beyond health care dollars and instead look at the benefits of our bulk fuel program such as savings to the State of fewer spills. Commissioner Leman suggested that the cost-effectiveness report be delivered to the Legislature by the first of March, if possible, to meet the Legislature's accelerated schedule for dealing with the budget this session. Commissioner Kitka recommended that Alaska Native Tribal Health Consortium (ANTHC) be involved.

Discussion about State involvement in the Commission:

Commissioner Kitka suggested that the State should put resources on the table in partnering with us; we need the Administration and Legislature to work with us with matching resources. Commissioner Kitka is concerned that the State is not really staying active in the health clinic arena since the Commission is putting funds in this area. She wondered why the Commission should conduct a cost-effectiveness study, if health care is in fact an unmet need by the State. Commissioner Leman commented that the State has in fact been an active partner in many projects.

Discussion about Cost Containment:

Commissioner Ritchie suggested that the cost containment policy is consistent with what the Commission has been attempting to accomplish from the beginning. He suggested that as the Commission matures, we may decide to move projects out a little more slowly since we better understand factors affecting costs. He suggested that an independent study needs to be completed by a management or CPA firm. Chief of Staff Al Ewing noted that we have a task order drafted for this purpose and it will be implemented within a few weeks. Commissioner Kitka was concerned that it may not be acceptable for the Commission to accept a proposal/budget then come back later and see if it could have been accomplished for less money. Commissioner Staser suggested that we may be able to avoid that conflict by looking at what we can learn from completed projects- not casting blame. Commissioner Cattanach noted that bulk fuel project costs are all over the board. He wondered why the original expectations were so far misjudged. He noted that the Commission should be compiling lessons learned.

Discussion of Energy Program:

Commissioner Cattanach noted that the Alaska Energy Authority (AEA) energy project exceptions report has explanations that are based on scope changes that cause cost overruns and that the same explanation is used over and over for increases and decreases. He wondered while looking at the exceptions report of Alaska Village Electric Cooperative (AVEC) whether or not AVEC has the appropriate number of people to do the work? Brent Petrie of AVEC spoke about this issue and explained that there was a need to "untangle" systems in order to execute several upgrades and that their internal workforce was better equipped than a contractor to complete the task. In addition, to save funds, demobilizations were conducted with other projects which often changed the original time schedules for certain communities. Also, some early estimates did not

include all of the costs and other sources of funding that arrived later in the project; he noted that the AVEC accounting system has matured as a result of the Commission work. Commissioner Kitka commended Commissioner Cattanach for his request for these exceptions reports.

Break 10:30 to 10:40 am

Discussion on Alternative Energy:

Commissioner Cattanach noticed that the pilot wind project is completed; he wondered what that means. He would like to see cost savings compared to alternative sources of power. Since this was a pilot project, he would like to see these details to determine how it worked. Commissioner Ritchie wondered again how we should allocate funds among different energy projects; he noted that a statewide energy strategy is still missing on the State level.

Discussion on Tok to Chistochina Intertie:

Commissioner Cattanach asked if Alaska Power and Telephone (APT) is sufficiently out of bankruptcy for the Commission to feel comfortable funding their projects. Denali Commission staffer Kathy Prentki replied in the affirmative.

Discussion on Fire Island Wind Generation and Intertie:

Commissioner Cattanach wondered why we are funding something in Anchorage; are we going to be asking anything from them? Commissioner Leman expressed hope that this project is meant to produce knowledge that could be extended to rural Alaska. Commissioner Staser expressed hopes that wind generation expertise learned from this project could extend to rural Alaska.

Discussion on Southeast Intertie:

Commissioner Cattanach wondered how the Commission ranks the energy funding requests when the earmarks come through essentially taking away decision-making authority. He wondered if we could formalize the process of having the requestors rank the priorities for the Commission. Dave Carlson, the Southeast Conference Intertie coordinator, said that the Intertie Committee does indeed rank the priority list for the energy needs of Southeast Alaska using hydroelectric power resources.

Discussion on Health Care Program:

Commissioner Sampson stated that he needed to understand from ANTHC and the Commission this program; he expressed surprise about the square footage costs for clinics and indicated that he needs some education on this. Commissioner Cattanach requested that Design and Materials be separated in future presentations. Commissioner Ritchie noted that our required business plans are the cornerstone of our agency and he would like to cover this topic in more detail at the summer Commission retreat. Commissioner Cattanach noted the Exceptions Report listed all projects as over budget. He wanted to know if the Commission is questioning this or do we just pay them the extra money? Mr. Ewing responded that budget increases are not automatic, but must be justified.

Discussion on Letters of Interest:

Commissioner Cattanach stated that he is not comfortable with proposed funding of the United Way of Anchorage project. He wanted to know why this project was recommended; in essence, what were the principles applied? Commission staffer Tessa Rinner noted that this is a conceptual planning proposal of a virtual provider network of medical experts who would be volunteering to provide services to individuals through recommendations to a specialist.

Commissioner Staser noted that rural Alaskans often do not have access to those specialists; this virtual provider network would match up an open appointment with their needs. It would be efficiency-based on volunteer experts and doctors. Commissioner Ritchie said that this proposal sounds like a planning program with no construction and no software. He wondered what the criteria in prioritizing these applications were. Doug Bruce, Director of Division of Public Health for the State of Alaska and chair of the Health Steering Committee, said that the criteria is access of primary care to the underserved especially for those Alaskan residents from outside of Anchorage who often do not have access to sub specialists. Commissioner Staser noted that this fills an unmet need. Commissioner Pugh asked that the Commission be presented with a list of active partners in this proposal.

Commissioner Cattanach had reservations regarding the proposal by Southeast Alaska Regional Health Consortium (SEARHC) and wondered if this is the type of funding that we wish to get involved with? He questioned as to whether or not Sitka is the place with the most need. If so, what is the process that the Commission used to determine that Sitka is the place to start? Commissioner Sampson would like these projects that are presented to the Health Steering Committee to perhaps then go through the Infrastructure Committee. Commissioner Ritchie wanted to know if the Commission is still remaining focused on primary care or are we just responding to federal funding? Mr. Bruce noted that is less expensive to house someone in this type of extended care housing instead of a hospital and that the Steering Committee looks at need and sustainability when deciding on projects but that in fact it would be the job of the Commission to evaluate the larger questions. Commission Chief of Staff Al Ewing said that the Commission does not have a good process yet for deciding what comes first since a whole bunch of new things are coming at the Commission as result of earmarks and new Congressional direction.

Discussion on Behavioral Health:

Commissioner Cattanach said that the approach being taken by the Commission looks like the Powder River syndrome ... a mile wide, but no depth. The Congress is diluting our ability to be effective. Do these projects meet criteria that we originally set for ourselves? Commission staffer Denali Daniels noted that the criteria used by the Steering Committee are in fact criteria used by the Commission as a whole: construction readiness; integration of behavioral health in primary care setting; and does a project fit into the overall continuum of care. In addition, some projects may serve as a potential model for other programs across the State. Commissioner Sampson said that the Commissioners need to understand the thinking behind these decisions. Commissioner Kitka said that past health practices in this arena have not worked, especially with young people. What is missing is quantifying what difference these programs make. She wondered if the Rasmuson Foundation and organizations like them would partner with us if we had firm numbers to show the benefits of such programs.

Commissioner Ritchie agreed that if we could quantify such results and show how funding these projects make the world better perhaps our funding choices would be easier. He wondered if construction ready should always be an important criterion since being construction ready does not necessarily mean that it is the best project.

Commissioner Pugh noted that this is an area of growing needs; many Alaskan children are being treated out-of-state right now. Commissioner Staser noted that Congressional language has directed us to do more than primary care. Mr. Ewing assured the Commissioners that the Health Steering Committee and Infrastructure Committee can meet to allow Commissioners to question the experts directly.

Commissioner Cattanaach wondered if the Commission could vote on these projects at the April meeting. Commissioner Sampson believes the Commissioners could resolve these funding requests at the Infrastructure committee level instead of the full Commission April meeting. Mr. Ewing said that the timing may be about the same since time was needed for full proposals to be submitted to the Commission as well as review time by the Health Steering Committee.

Break 12:00 to 12:33 pm

Discussion about Other Infrastructure:

Washeterias

Commissioner Cattanaach wondered if the numbers for FY03 were at the \$500,000 or \$5,000,000 level; should the minutes from Nome be changed? Al Ewing responded that the \$500,000 number in the minutes is correct. It was an incremental increase above the amount allocated in the January 2003 Commission meeting to cover known project costs. Commissioner Leman requested that the word million be used instead of an M in all resolutions and minutes, to avoid confusion over “thousands” and “millions.”

Multi-use facilities

Commissioner Sampson wanted more information on the Letters of Interest (LOI) that went to potential recipients. Was the letter really dated October 10 with a deadline of November 19? What were the minimum criteria required on this program; for those who did not get approved the first time, could they try again in the same year? If not, why? Must the funds revert to other program work? Commissioner Staser noted that after a first round rejection, the recipient does receive a list of the reasons so they can reapply in the future. Commissioner Cattanaach wanted to know if the criterion to select a project includes the cost of the project. He would like the Commission to provide “vanilla” projects with the community paying for any “toppings”.

Teacher Housing

Commissioner Leman would like to see a substantial match by a local entity in this program area. This would certainly provide an incentive to lower the costs of the projects and provide for more projects around the State.

Elder Housing Need

Commissioner Cattanaach wanted to know if we indeed do have a program in place. Staff responded that we do not have a program in place, but have been directed by Congress to fund Elder Assisted Housing.

Solid Waste

Commissioner Leman wanted to know about the prohibition about why sewer and water funds cannot be mixed with solid waste funds. Commission staffer Cindy Roberts said that there were former abuses where water and sewer money had been inappropriately used to solve solid waste problems. Both Indian Health Service (IHS) and Village Safe Water (VSW) have the prohibition.

Alaska Growth Capital

Commissioner Cattanaach cannot understand why the Commission would reject this proposal since the loan program at Alaska Growth Capital (AGC) is our only economic development program. He stated that he wants to support this request. If we need to reallocate funds, he proposed that the Commission use \$3 million of rollover training dollars for this purpose. Commissioner Kitka supports this effort as well. Commissioner Ritchie considers the AGC project as one of the most successful things that the Commission has done. Commissioner Leman

requested an explanation as to why the staff did not support this request. Mr. Ewing stated that staff recommended that it be declined for two reasons: one, limited funds; and two, the Commission has already substantially capitalized this loan program. Commissioner Sampson wondered if we could further discuss this and take up the vote at the full Commission meeting in April. Commissioner Kitka is supportive of the program since it does fall within the economic development arena. She suggested that we could hold off a decision until Congressional intent is known on the new Economic Development Commission.

Mini-Grant

Commissioner Cattanach supported eliminating this funding since he felt that it does not meet our standards. Commissioner Sampson was not so sure that we should eliminate funding since this is the process that the State uses. Commissioner Ritchie stated that we may wish to continue our support of this program since the expectation is there that the Denali Commission will assist economic development in small communities through this process. He stated that this is clearly an unmet need. Commissioner Kitka would like to take an opportunity between now and the full April meeting to work with Commissioner Blatchford to present an alternative to the Mini-Grant program.

Allied Health Learning Center

Commission staffer Krag Johnsen noted that the need in this area is so tremendous that this would be a wise investment with partners such as the University system. Commissioner Pugh noted that the nursing program at University shows collaboration with hospitals across the state.

People's Learning Center (Yuut Elitnaurviat)

Commissioner Kitka proposed that the funding for this project be increased to \$1,000,000. Commissioner Cattanach concurred. Commissioner Sampson concurred.

Yakutat Fuel Dock Project

Even though he believes this is a good project, Commissioner Lemman expressed concern about the precedent that this funding might create. Commissioner Sampson said that this is a unique project that he does support. Commissioner Cattanach asked if the Commission is the answer to everyone's problems. Commissioner Staser stated that the Economic Development Administration of the Department of Commerce has indicated strong support for this project and therefore does support the Commission funding this component, especially if it can be tied to a specific fuel project.

Training Program

Mr. Johnsen noted that the Omnibus language has \$7 million from the Department of Labor for the Denali Commission. The \$3 million in reserve for training was intended to be returned to our core program if the Labor appropriation materialized. Commissioner Kitka questioned why the \$3 million must go back to core program projects instead of being added to this year's training program. Commissioner Staser is concerned about the program training people in anticipation of future jobs instead of current jobs. Commissioner Sampson suggested that the \$3 million be set aside until the April meeting.

Investment Policy

Commissioner Lemman offered suggested changes and further suggested that the Commission have this policy remain as draft until more public comment. Commissioner Staser noted that he appreciated the public input statewide.

Overview Presentation

Mr. Ewing presented the Commissioners with a summary of what items that they would be asked to make decisions on. He covered legislative initiatives in his presentation in various program areas. He presented a summary of funding from various federal sources in the Omnibus legislation.

PUBLIC TESTIMONY

Tom Lovas, Four Dam Pool Power Agency

Mr. Lovas noted that all permits are in place; right-of-way has been cleared; and design and survey work are nearly complete. Contractor bid and selection will occur in February with possible completion of the project in late 2005. Funds received to date: \$52.7 million with a current cost estimate \$90.3 million thereby leaving an additional amount required of \$30.8 million. Commissioner Sampson wanted to know if the general contractor was an Alaska firm. The answer was no.

Dave Carlson, Southeast Conference Intertie

He spoke on project progress.

Janelle Vanasse, People's Learning Center

She spoke on community collaboration, sustainability and fund sharing.

Lisa Bush, Sitka Trail Works

She spoke about this organization promoting and building trails throughout the Sitka area. The trail plan for Sitka has multiple local, state, and federal partners. She wondered if the Denali Commission funds economic grants to organizations such as Sitka Trail Works. Gap funding is what it is needed for these types of projects in the amount of \$50,000.

Patricia Atkinson, State Department of Health and Social Services, Division of Senior and Disabilities Services

She spoke on the topic of Assisted Living Facilities. As part of an overall State plan, the State has been working on trying to develop more assisted living facilities throughout Alaska. An advisory committee that includes ANTHC, HUD and others has developed a plan as to how assisted living development should proceed. There are some places that would be successful including the Yukon-Kuskokwin area. Some are already under construction, some are opening this spring and some are ready to begin construction.

Hugh Short, Yukon-Kuskokwin Health Corporation

He spoke about having an assisted living home in Bethel; currently a request before the Commission. This project represents a large unmet need with a large population that is eligible for these services

Mark Gorman, SEARHC

He requested that the Commission consider a full proposal of the Raven's Way program which treats a statewide constituency of adolescents for substance abuse. This project is a strategic priority of the region. He noted that there are similar amazingly successful adolescence programs in Indian country.

Terry Hoefflerle, Bristol Bay Native Association

He spoke on the topic of the Investment Policy and wanted to congratulate the Commission for being open-minded to the public input. Thanks for taking the time to reconsider and rewrite that

policy. He encouraged the Commissioners to focus on a comprehensive energy strategy for the State of Alaska. He would like for the Commissioners to consider that renewable energy resources may be the only way that affordable power may be brought to rural communities. He is in support of the assisted living facility in order to keep our elders as close to home as possible. He encouraged communities to look at developing smaller homes since they may require less state licensing.

Dan Salmon, Igiugig Village Council

They were originally precluded in original investment policy; thanks for revising the standards. He wanted to let the Commission know that the Campbell Air Strip was rebuilt by an Igiugig construction company instead of a Rail belt construction firm getting the job.

Mayor Victoria Demmert and Skip Ryman, City of Yakutat

In answer to questions from the Commissioners, the dock that is in need of replacement is not the dock that was built in the early 1980s. The 1980s dock is still in use and in good repair. However, that dock is three quarters of a mile from the fuel facility and would require a lengthy pipe to connect for fuel delivery. This would not be possible to construct since it would create a safety hazard through roads and residential homes. The importance of replacing the dock was realized when a March 2003 letter written by the Coast Guard warned about a pending shutdown. This request for funding from the Commission is intended for engineering and permitting. If they do not get it, we would need to take it out of borough funds. An EDA grant is already going to require \$500,000 of in-kind contributions by the city.

Public comment ended at 3:25 pm.

Resolutions

Commissioner Ritchie moved to take \$250,000 from training reserve of \$3 million for People's Learning Center and take \$110,000 out of Energy Infrastructure resolution for the Yakutat dock, seconded by Commissioner Sampson. Voting consent were: Commissioners Pugh, Kitka, Sampson, Ritchie, and Leman. Voting dissent was: Commissioner Cattanach. Abstaining was: Commissioner Staser. Motion passed.

Commissioner Cattanach would like the Commissioners to consider forwarding the funding requests for Alaska Growth Capital and Mini grant program to the new Economic Development committee for action. He suggested that only one committee should be doing economic development.

Break at 3:50 pm; the meeting resumed at 4:18 pm.

Resolution Energy Infrastructure Funding

Commissioner Cattanach moved for approval; Commissioner Kitka seconded. Commissioner Leman made a friendly amendment to edit third whereas with "demonstrated" instead of "indicated" and to also spell out Southeast. The amendment passed. Motion passed.

Resolution Health Facilities

Commissioner Kitka moved for approval; Commissioner Pugh seconded. Motion passed.

Resolution Washeteria Program

Commissioner Ritchie moved for approval, Commissioner Cattanach seconded. Motion passed.

Resolution Multi-Use Facilities

Commissioner Sampson moved for approval; Commissioner Cattanach seconded. Commissioner Kitka requested an amendment that the first round would be for \$2.5 million and that a second round would occur. After discussion, Commissioner Kitka withdrew her amendment and requested that it be placed on the April agenda of the next full Commission meeting. Motion passed.

Resolution Rural Teacher Housing

Commissioner Sampson moved for approval; Commissioner Ritchie seconded. Commissioner Staser offered an amendment that after now therefore, the language would read "... projected to provide at least \$10 million to rural teacher housing." Commissioner Kitka seconded. The amendment passed. Commissioner Lemman requested an amendment that the first whereas, the language would read "... Congress recognizes and has directed the Denali Commission". Commissioner Ritchie seconded. Amendment passed. Motion passed.

Resolution Elder Assisted Housing

Commissioner Kitka moved for approval; Commissioner Ritchie seconded. The Commissioners agreed that this topic needed to be on the April agenda at the next full Commission meeting. Motion passed.

Resolution Solid Waste Program

Commissioner Cattanach moved for approval; Commissioner Pugh seconded. Motion passed.

Resolution Alaska Public Broadcasting Incorporated

Commissioner Ritchie moved for approval; Commissioner Pugh seconded. Motion passed.

Resolution Domestic Violence and Sexual Assault Facility

Commissioner Kitka moved for approval; Commissioner Pugh seconded. Commissioner Lemman introduced an amendment that the language would read "... Congress has directed the Commission to fund". Commissioner Sampson seconded the amendment. Amendment passed. The Commissioners agreed that this topic needed to be on the April agenda at the next full Commission meeting. Motion passed.

Resolution Alaska Growth Capital

Commissioner Cattanach made a motion to table this decision to the April full Commission meeting; Commissioner Ritchie seconded. Motion passed.

Resolution Mini-Grant Program

Commissioner Ritchie moved for approval; Commissioner Sampson seconded. Commissioner Staser moved to table this decision to the April full Commission meeting; Commissioner Sampson seconded. Motion passed.

Resolution Initiative for Accelerated Infrastructure Development

Commissioner Staser moved for approval; Commissioner Sampson seconded. Commissioner Staser moved for an amendment for edit changes; Commissioner Kitka seconded. Amendment passed. Commissioner Lemman moved for an amendment for edit changes; Commissioner Sampson seconded. Amendment passed. Motion passes.

Resolution University of Alaska Allied Health Learning Center

Commissioner Pugh moved for approval; Commissioner Staser seconded. Motion passed.

Resolution Infrastructure Funding for The People's Learning Center

Commissioner Cattanaach moved for approval; Commissioner Ritchie seconded. Commissioners agreed to make changes in the whereas to use the word collaborated instead of establish as well as commitments and appropriations instead of support. Commissioner Leman moved for an amendment that the full cost of \$15.9 million dollars be noted in the resolution as well as the word "all" be replaced by the word "required".

Commissioner Sampson seconded. Amendment passed. Commissioner Sampson noted for the record that this is the first resolution he has seen that uses the term "null and void". Motion passed.

Resolution Yakutat Fuel Dock

Commissioner Ritchie moved for approval; Kitka seconded.

Voting consent were: Commissioners Pugh, Kitka, Sampson, Ritchie, Staser, and Leman...

Voting dissent was: Commissioner Cattanaach. Motion passed.

Motion to Identify Categories of Fiscal Year 2004 Training Program

Commissioner Kitka moved for approval; Commissioner Sampson seconded. The Commissioners agreed to add an (s) to proposal. Motion passed.

Draft Motion Investment Policy

Commissioner Staser moved to table this action but then withdrew the motion.

The Commissioners agreed to use simpler language when incorporating the suggested comments and changes. Commissioner Staser stated that those changes would occur at staff level and be circulated among Commissioners prior to web site posting.

The meeting adjourned at 5:30 pm.

DRAFT