



DENALI COMMISSION

1999 – 2000 Work Plan

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DENALI COMMISSION

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Part One: Denali Commission Purposes and Approach

Purposes of Commission: The Denali Commission Act of 1998 (Division C, Title III, PL 105-277) states that the purposes of the Denali Commission are:

- To deliver the services of the Federal Government in the most cost-effective manner practicable by reducing administrative and overhead costs.
- To provide job training and other economic development services in rural communities, particularly distressed communities (many of which have a rate of unemployment that exceeds 50 percent).
- To promote rural development, provide power generation and transmission facilities, modern communication systems, bulk fuel storage tanks, water and sewer systems and other infrastructure needs.

Challenges to development and economic self sufficiency:

Geography – The State of Alaska encompass twenty percent of the landmass of the United States, encompassing five (5) climatic zones from the arctic to moderate rain forests in the south.

Isolation – Approximately 220 Alaskan communities are accessible only by air or small boat. Regional hub communities are separated by over a thousand miles from their State Capital.

Unemployment – The economy of rural Alaska is a mix of natural resource extraction and traditional native subsistence activities. Many Alaskans are absolutely dependent on subsistence hunting and gathering. Cash paying employment opportunities in rural Alaska are scarce; unemployment rates exceed 50% in 147 communities.

High cost and low standard of living - Over 180 communities suffer from inadequate sanitation and a lack of safe drinking water. Residents pay up to 61 cents per kilowatt-hour for electricity even with State subsidies for rural power.

Commission Relationship with Other Organizations:

The Commission intends to act as a catalyst to encourage local, regional, and statewide comprehensive assessment, planning and ranking of needed infrastructure improvements and economic development opportunities and training needs.

The Commission, working with existing agencies or other organizations whenever feasible, intends to improve coordination and to streamline and expedite the development of needed infrastructure, economic development, and training.

The Commission may build on the work of both Federal and State of Alaska agencies to identify statewide needs, to establish priorities, and to develop comprehensive work plans.

The Commission will seek the support and involvement of affected local communities, governing bodies, businesses and other organizations.

The Commission will encourage partnerships between government, non-profit organizations, and businesses to expedite sustainable economic and infrastructure development.

Commission Schedule: The Commission will hold quarterly public and make every reasonable effort to maximize public participation in plan development and update. The next scheduled meeting will be on October 20, 1999, in Anchorage, Alaska.

In order to integrate the Commission work plan with the federal FY2001 budget cycle, the Commission intends to have that work plan completed by December 1999. This will complete a multi-year work plan, which will be updated at least annually.

Staffing: The Federal Co-Chairman is solely responsible for Commission staffing and administrative matters. Staffing will be kept to a minimum, and the Commission will utilize staff detailed from federal, state, or other organizations to the maximum extent possible. Contract support will also be utilized where appropriate.

Funding Criteria: The following criteria are intended to foster careful and systematic planning and coordination on a local, regional and statewide basis for infrastructure and economic development, and to strongly support local involvement in project planning and implementation.

- Projects should be compatible with local cultures and values.
- Projects that provide substantial health and safety benefit, and/or enhance traditional community values, will generally receive priority over those that provide more narrow benefits.
- Projects should be sustainable.
- Projects should have broad public involvement and support. Evidence of support might include endorsement by affected local government councils (municipal, Tribal, IRA, etc.), participation by local governments in planning and overseeing work, and local cost sharing on an 'ability to pay' basis.
- Priority will generally be given to projects with substantial cost sharing.
- Priority will generally be given to projects with a demonstrated commitment to local hire.

- Commission funds may supplement existing funding, but will not replace existing federal, state, local government, or private funding.
- The Commission will give priority to funding needs that are most clearly a federal responsibility.

Additional Criteria for Infrastructure Projects:

- A project should be consistent with a comprehensive plan.
- Any organization seeking funding assistance must have a demonstrated commitment to operation and maintenance of the facility for its design life. This would normally include an institutional structure to levy and collect user fees if necessary, to account for and manage financial resources, and having trained and certified personnel necessary to operate and maintain the facility.
- Proposals should include a cost breakdown by phase including breakout for design, construction and annual O & M.

Additional Criteria for Economic Development Projects:

- Priority will be given to projects that enhance employment in high unemployment areas of the State, with emphasis on sustainable, long-term local jobs or career opportunities.
- Projects should be consistent with statewide or regional plans.
- The Commission may fund demonstration projects that are not a part of a regional or statewide economic development plan if such projects have significant potential to contribute to economic development.

Part Two: Fiscal Year 1999 Work Plan

The Fiscal Year 1999 Work Plan meets statutory requirements and is currently in the process of budget execution. This plan is subject to amendment by the Commission.

In order to provide focus for the Commission's start up season of work, the theme of "Rural Energy" was selected by the Commission. Bulk Fuel Storage and Utility Upgrades were further selected as areas of concentration for the first season of work.

Bulk Fuel Storage: Background - The U.S. Coast Guard (USCG) documented major deficiencies associated with rural bulk fuel tank farms in 1991 and began the process of notifying communities that failure to correct deficiencies would result in substantial fines and suspension of fuel deliveries. Deteriorated tanks dating back to WW-II vintage were leaking petrochemical contamination into local water supplies causing sickness in children and elderly people. Lack of building code compliance further exposed residents to a high risk of catastrophic fire. Large numbers of tanks lacked adequate spill control features.

Arctic and sub-arctic communities are totally dependent on these leaking fuel storage tanks for heat, power and light. In most instances, fuel is delivered annually by barge. Suspension of even one delivery would have catastrophic impact on local residents, many of whom live in a subsistence economy without cash to bring fuel tanks into compliance with federal standards or to pay fines. Overwhelmed by the cost and urgency of this crisis, residents appealed their plight to State and Federal government representatives.

In 1994 the Governor and Congressional Delegation responded by requesting a moratorium on enforcement actions until an effective solution could be found. With funds provided by Congress specifically for this purpose, the U.S. Environmental Protection Agency (EPA), working through the State Department of Environmental Conservation (DEC) and Alaska Division of Energy (Division), identified a work backlog, not including cleanup, estimated at between \$250-500,000,000. Principle responsible parties were often traced to pre-statehood federal agencies or to a hodgepodge of now defunct entities. No one accepted responsibility.

Electric Power: Background - Rural communities of Alaska, much like the rest of the nation, are dependent on electric power for basic life support. Unlike most other areas of the country, Alaska's rural communities are remote (not connected to a power grid) and subject to extreme weather conditions. When a system fails, there are no backups and the life and safety of people are in jeopardy. Funding for upgrade and maintenance of systems has been grossly inadequate, resulting in many systems being unsafe, undependable, and very expensive to operate. A comprehensive assessment of needs has not yet been completed, but the Division has identified a number of systems needing immediate assistance. The Division has also identified some opportunities to replace or supplement high cost diesel power with alternative energy sources.

SUMMARY OF FUNDING FOR BULK FUEL STORAGE CONSOLIDATION PROJECTS
(\$ Thousands)

<u>Community</u>	<u>Denali Commission</u>	<u>Total Project Cost</u>
Noorvik	300.0	3,050.0
Chefornak	200.0	1,440.0
Emmonak	900.0	1,600.0
Napaskiak	200.0	700.0
Tuntutuliak (1)	400.0	1,640.0
Tuntutuliak (2)	200.0	500.0
Tanana	900.0	1,315.0
Arctic Village	600.0	825.0
Kiana	1500.0	2,000.0
Nikolski	700.0	800.0
Upper Kalskag	700.0	800.0
Lower Kalskag	1,100.0	1,200.0
Toksook Bay	1,700.0	1,800.0
Port Graham	600.0	700.0
<u>EY00 Site Feasibility (20)</u>	<u>500.0</u>	
 Total	 10,500.0	 19,370.0

SUMMARY OF FUNDING FOR
ELECTRIC UTILITY UPGRADES
(\$ Thousands)

A brief discussion of each project follows the summary table below.

<u>COMMUNITY</u>	<u>DENALI COMMISSION</u>	<u>VILLAGE SAFE WATER</u>	<u>CDBG</u>	<u>OTHER FEDERAL</u>	<u>DIVISION OF ENERGY</u>	<u>TOTAL</u>
Old Harbor	1,000.0			900.0	45.0	1,945.0
Atka	600.0				100.0	700.0
Kotlik	700.0	105.0			45.0	850.0
Hughes	750.0				45.0	795.0
Koyukuk	500.0				45.0	545.0
Deering	400.0	113.0	200.0		45.0	758.0
Golovin	350.0				45.0	395.0
Arctic Village	700.0				45.0	745.0
Nome	<u>750.0</u>	—	—	—	<u>45.0</u>	<u>795.0</u>
Total	5,750.0	218.0	200.0	900.0	460.00	7,528.0

Old Harbor: A recent Division analysis of rural hydroelectric prospects ranked Old Harbor near the top in terms of technical and financial feasibility. Alaska Village Electric Cooperative (AVEC) is managing licensing and design work.

Atka: The same Division analysis resulted in a high ranking of the proposed Atka hydroelectric project at Chuniisax Creek. The City of Atka is now working with a private developer on licensing and design using Division of Energy grant funds.

Kotlik: Division staff, as well as the assessment contractor, have determined that the powerhouse structure in Kotlik is in very poor condition and greatly undersized for the generating capacity required by the village. Construction is planned this summer for the installation of 28 new homes and a water/sewer treatment plant. This project would provide a new power plant structure, generating equipment and waste heat recapture system for the water treatment facility.

Hughes: The 1994 Koyukuk River flood damaged the electrical distribution system and powerhouse. This project would rebuild the electrical distribution system and place the power plant above the flood plain.

Koyukuk: The Division has responded to several electrical emergencies in Koyukuk over the last several years. The electrical distribution system is built on untreated native poles – basically, stripped trees – that are rotting at the base. The powerhouse is in very poor condition and is considered a significant fire hazard. This project would replace the distribution system and power plant.

Deering: A new water and sewer project is being installed, which requires that the existing power plant be relocated and its generating capacity expanded. The estimated project cost is \$758,000. The utility has obtained \$200,000 from the Community Development Block Grant program and \$113,000 from the Department of Environmental Conservation, which is managing the water and sewer project.

Golovin: The community has outgrown the existing low voltage distribution system and is experiencing brownout conditions during peak loads. This project would replace the existing distribution system with a high voltage system.

Arctic Village: The Division's assessment contractors determined that the Arctic Village power plant is in very poor condition. This project would provide a new power plant closer to the bulk fuel storage facility being constructed this year.

Nome: The City of Nome requested funds to extend electric utility service to 58 existing homes and approximately 100 lots. The project would fund distribution line extensions to eight subdivisions and residential areas within several miles of the existing utility grid.

Project Selection Process for FY99 Bulk Fuel Program and Electric Power Utility Upgrades:

The Commission focused on the most severe problems first by drawing on an extensive database compiled by the State of Alaska in coordination with EPA and the U. S. Coast Guard (USCG). This data was used to develop a preliminary ranking of communities based on the current condition of their facilities as reported by both State and Federal field inspectors. To these preliminary rankings the Commission then applied additional selection criteria, including:

- Citations or warning letters from EPA, USCG, or other regulatory agencies.
- Imminent threat to health and safety, or threat of winter system failure.
- Alternative or supplemental community/region specific funding opportunities, i.e. Federal through the U.S. Department of Housing and Urban Development (HUD) or state through the Department of Education.
- Financial need based on existing costs, rates, and income levels.
- Community commitment and support of tribal elders.

Factors reviewed by the Commission staff, working with Alaska Division of Energy, in formulating recommendations to the Commissioners included:

- Opportunity for consolidation of smaller tanks and economies of scale.
- Community size.
- Cost sharing.
- Demonstrated administrative, operation and maintenance capability.
- Any federal tax delinquency of tank farm owner(s).
- Community contribution and commitment.
- Past experience working in the community.

- Unusual conditions or costs.

Ultimately, project selection reflected the active involvement, cooperation and support of federal and state regulators, tank farm and electric utility owners, and community leaders.

Project Management Procedures

The Commission determined that the most cost-effective manner to reduce overhead and administrative costs involved with managing its Bulk Fuel Storage Tank Program in FY99 was to take full advantage of the Division of Energy contracts and structure, while maintaining appropriate oversight.

Key elements of project development used by the Division of Energy are:

1. Consult with facility owners and community representatives Staff traveled to the community to meet with tank farm owners, utility owners, and community representatives to obtain information, to develop an initial project concept, and to determine project participants. Community representatives include municipal government, tribal government, and the Village Corporation. The Commission made approval by village elders a prerequisite for funding. In this way, traditional cultural values are sustained and potentially harmful community impacts are minimized.

Any tank farms that would not be included in the program for FY99 are also identified and the reasons for such exclusion are determined. If deficient facilities will not be upgraded as part of the Commission's program, efforts are made to develop a plan with the facility owner on how those facilities will be brought up to code in the future.

2. Consult with State and federal agencies The Commission asked the Division to coordinate with other agencies and to determine potential sources for supplemental funding of the project wherever possible. Federal agencies include the USCG, EPA, HUD, Bureau of Indian Affairs, and Public Health Service. State agencies include the Departments of Education, Environmental Conservation, and Transportation and Public Facilities.

3. Develop Grant Agreement When agreement is reached on a project concept, and funding has been identified, the Division prepares a grant agreement and a "consolidation agreement." Grant agreements not only formalize the funding commitment project but also commits grantees -- the future owners of new or reconstructed facilities -- to assist in project development and to properly maintain the projects in the future.

a. Most labor is hired locally on "force account" by the local grantee or government entity. The only "outside" hires are typically foremen, who must have extensive experience, and specialized skilled labor (i.e. welders) not usually locally available. In the future, through focused training, we hope to be able to fill all positions locally or at least within a region.

b. A private sector firm is retained to perform the project accounting, local payroll, and invoice payment, a significant advantage in cost and time compared with government

administration, particularly in the context of tight construction schedules.

c. Competitive bids are solicited for equipment and materials. The Division has chosen to use State regulations for competitive awards among vendors.

4. Develop Consolidation Agreement The consolidation agreement binds all of the tank farm participants and records agreement on specific ownership and management structure for the new facility upon its completion.

5. Place Project Funds and Set Up Accounts with Trustee Accounting Firm The Division uses a standing contract with a private sector accounting firm to provide all accounting and payment services required. The Commission releases funding for projects involving Denali Commission funds to the trustee firm as oversight criteria are met.

Disbursements to vendors for project materials, to engineering and construction management firms for services rendered, and to force account labor are made by the trustee firm only as directed by the Division and/or Commission. The trustee firm, in order to ensure clear, up-to-date budget and expenditure information for each project, provides monthly expenditure and activity reports.

6. Project Design and Site Selection In consultation with the project participants and community representatives, the Division then proceeds into site selection and project design. The participants must agree to the site and design before funds are committed to project construction.

The Division maintains standing contracts with local engineering firms for a broad scope of services. At the present time, the Division has four such contracts in place that will remain in effect through December 2000, at which time a new set of contracts will be issued. At any time, the Division can issue one or more work orders to any of these four firms to immediately begin work on a project related task. These firms are primarily for project design, both for bulk fuel storage and for electric utility upgrades.

7. Site Control Similar contracts are in place with a right-of-way firm to immediately begin work on site control services, including all tasks related to land ownership determination, ownership transfers, leases, and easements. The site control task begins in conjunction with preliminary design, specifically on the determination of land ownership. When the project design has been adopted, the contractor proceeds with all steps needed to acquire site control. The present contract runs through February 2000, at which time one or more new contracts will be issued.

8. Permitting and Environmental Compliance Commission oversight ensures that all applicable permits and regulations pertaining to project construction and operation are obtained or satisfied. Among these permits and approvals are the following:

The U.S. Army Corps of Engineers developed a “general permit” that will expedite approval under Section 404 of the Clean Water Act for the placement of fill material in wetlands for rural bulk fuel storage facilities. This approval process, which is necessary for virtually all tank farm projects in rural Alaska, normally requires 3-4 months to complete but is expected to require only 15-30 days under the general permit

The State of Alaska has adopted the Uniform Fire Code (UFC) as part of its Alaska Administrative Code requirements for building permits. The UFC was not written for rural Alaska conditions and, in some cases, is difficult or impossible to apply to rural Alaska tank farms. Therefore, the Division and the State Fire Marshal signed a memorandum of agreement that provides practical solutions to problems posed by UFC requirements. The agreement reflects consideration for dispensing tank placement, tank setback, flood protection, fire-resistive supports or pilings, dike wall materials, equipment placement inside the secondary containment area, overfill prevention equipment, and bulk transfer to small tank vehicles.

9. Construction Management and Local Hire Local hire is a basic principle of the Commission. The Commission seeks to stimulate the creation of not only jobs, but also careers. Local labor helps hold down project costs. Local hire means that people who are knowledgeable about the project will remain in the community after construction.

As mentioned above, four project management firms supplement the Division’s in-house ability to provide overall project management. These flexible contracts are set up on a work order basis – whenever the Division needs to assign a project manager to a project, it will be able to issue a work order that specifies the particular individual or skill set to be assigned. This provides access to as many project managers as needed, whatever the workload demands.

This is essential to maintaining the force account construction approach that has been successful in the past and has been well received by local communities. A project manager is needed to communicate directly with the community grantee, the design engineer, the site control contractor, and the on-site construction foreman; to handle material procurement, scheduling and transportation; and to provide financial management and control.

10. Operations and Maintenance The Commission oversees the preparation and proposal process, including details on operations and maintenance (O&M) responsibility. Local sponsors must participate in addressing their estimated O&M budget and revenue requirements. The Commission also supports training for tank farm operators.

11. Insurance The Division purchases liability insurance to cover damages that may be claimed during the construction phase of our projects, and arranges pollution and liability insurance coverage for consolidated tank farms after the project is complete and placed in operation. To date, insurance applying to the operational phase has been purchased by the Division on behalf of the new tank farm owner for the first year of operation – no commitments have yet been made for succeeding years.

12. Regulatory Plans A part of the Division scope of work for every tank farm project is the

preparation of all required regulatory plans, including the Operations Manual and Facility Response Plan required by the USCG and the Spill prevention Control and Countermeasure Plan required by EPA.

13. As-Built Drawings and Project Completion Report Closeout tasks include as-built drawings and a project completion report, along with a final project accounting.

Long-Term Follow-up The Division developed and maintains a rural tank farm database.

They plan to continue re-visiting rural tank farms on a three-year rotating schedule to update information on tank farm conditions, and to provide limited circuit rider services. In the future, the Commission may expand and integrate these programs into other initiatives. For example, every three years, staff or contractors could examine both the tank farms and electric utility systems in each community, update the data base on current conditions, and provide preventive maintenance services as needed for both fuel storage and electrical systems. This may expand to include all utilities in the future.

Other power related projects under review

Statewide energy needs assessment and planning is being undertaken in a cooperative arrangement between State and federal government in order to guide capital funding decisions. The Commission is a partner in this effort with the State and U.S. Department of Agriculture Rural Development. A comprehensive assessment of issues and their inter-relationships will be completed in October 1999.

The Commission is also considering regional energy planning on a case by case basis, with emphasis given to the poorest regions of the State and optimum cost-sharing relationships.

Other projects under review

The Commission received numerous local or community specific recommendations. To date, these include economic development, infrastructure, and capacity building projects. Consistent with its published criteria, the Commission obligated all remaining FY99 funds to address as many of these projects as possible.

In addition, the Commission has several cooperative efforts to enhance coordination among State and Federal agencies under review. Therefore this work plan is subject to further amendment by the Commission as necessary and appropriate.

PROJECT/FUNDING SUMMARY

Funding Category	Category Class	\$	\$
Infrastructure	Housing Construction/Development	0	
	School Construction and Major Maintenance	0	
	Power Utilities	5,750,000	
	Fuel Storage	10,000,000	
	35% Design	500,000	
	Drinking Water Facilities	0	
	Waste Water Utilities	0	
	Waste Management Facilities	*	
	Health Care Facilities	0	
	Airport Facilities	0	
	Road Construction	0	
	Port Facilities	0	
	Telecommunications	**	
	Community Facilities	0	
	Other	3,000,000	
	Subtotal		19,250,000
Economic Development	Comprehensive Planning	250,000	
	Other	0	
	Subtotal		250,000
Job Training, Education, Capacity Building	Comprehensive Planning	0	
	AK Works Partnership (training for rural Alaskans on Infrastructure project constructions)		
	Other	0	
	Subtotal		0
Administration			500,000
	Total		20,000,000

**Denali Commission is working with tribal organizations to monitor and evaluate the design and outcome of 20 rural waste management demonstration projects funded by the Environmental Protection Agency.*

***Denali Commission is currently gathering information on the scope of telecommunications projects throughout Alaska to determine need for a potential coordination role.*

Part Three: Work Plan for FY00 and beyond

The Commission determined that the scope and scale of infrastructure issues facing rural Alaska are staggering. The following table summarizes identified needs for infrastructure categories such as drinking water and wastewater utilities, power utilities, and fuel storage.

The backlog of work in the Bulk Fuel Storage Program alone has been estimated by the Alaska Division of Energy to be between \$250-500,000,000. No estimate is currently available for some fundamental needs, including health care facilities and telecommunications.

Assessment of needs and refinement of estimates will be an ongoing process. The total of *known* infrastructure needs is estimated to be over \$10 billion. Allocation of funds to various funding categories and classes within those categories (see following table) will be based on a formula agreed to by the Commission at the beginning of each fiscal year. For FY 00 the formula allocates 75% of available funds to infrastructure, 10% to economic development and 10% to job training and capacity building. The Commission has a statutory limit of 5% for administrative expenses.

On-going feasibility work will guide specific project selection and approval at quarterly Commission meetings.

Of necessity, the Commission's work must be phased over a number of years based on the urgency of competing needs and availability of funding. The theme of rural energy, as one important prerequisite to all other utilities and economic development, guided the decisions for FY99 and will continue to be a primary area of focus in FY 00. For planning purposes, the Commission budgeted \$25,000,000 using the Commission's approved formula.

The Commission seeks to be informed by the public year to year as to how best to allocate its efforts and thus reserves the option of changing its allocation formula after hearing from the public. Likewise, there may be variations in specific areas of focus from year-to-year to reflect the public sense of priority and judgement of the Commission.

Once the Commission approves specific projects, they are assigned to a category class. The Federal Chairman may authorize moving funds within and among categories of work as staff determines is appropriate and necessary to meet efficient construction schedules or comprehensive plans. Commissioners must vote to approve moving funds between major funding categories of work as identified in the following table.

In all matters that come before the Commission, strategic direction will be decided by vote. The Federal Chairman shall vote on such matters only to break ties.

The incremental budget plan for FY00 is as follows:

Funding Category	Category Class	\$	\$
Infrastructure		18,750,000	
	Subtotal		
Economic Development		2,500,000	
	Subtotal		
Job Training, Education, Capacity Building		2,500,000	
	Subtotal		
Administration		1,250,000	
	Subtotal		
	Total		25,000,000

The following table summarizes current estimates of needs:

Funding Category	Category Class	\$	\$
Infrastructure	Housing Construction/Development	1,800,000,000	
	School Construction and Major Maintenance	530,000,000	
	Power Utilities	168,000,000	
	Fuel Storage	250,000,000	
	Drinking Water Facilities		
	Waste Water Utilities	1,058,000,000	
	Waste Management Facilities		
	Health Care Facilities	unknown	
	Airport Facilities	926,000,000	
	Road Construction	5,600,000,000	
	Port Facilities	214,000,000	
	Telecommunications	unknown	
	Community Facilities	unknown	
	Other	unknown	
	Subtotal		10,546,000,000
Economic Development	Comprehensive Planning	unknown	
	Other	unknown	
Job Training, Education, Capacity Building	Comprehensive Planning	unknown	
	Other	unknown	
	Total		10,546,000,000

Following is documentation of the sources used to compile the preceding table.

Housing Construction/Development

Need: \$1.8 Billion

Annual Funding: \$58-87 million

Source: Housing and Urban Development FY 1999 Report.

Background: According to the FY99 report published by HUD, Alaska has a need for 12,519 new units. At an average cost of \$145,000 per unit, the total need for new housing is approximately \$1.8 billion. This estimate does not include repairs and renovation projects. The number of units needed has increased from the 1990 census, which showed over 11,000 units needed.

At the current rate, 400 to 600 units are constructed in Alaska each year (approximately \$58-87 million)

Projects are prioritized and funded in a variety of ways including grants to local housing authorities, regional housing authorities, low interest loans, and transfers to other agencies.

Entities providing funding for housing includes, but may not be limited to, HUD, AHFC, and USDA.

School Construction and Major Maintenance

Need: \$530,183,470

Annual Funding: None

Source: Final Agency Decision: 4/5/99; Project Priority List Published by the State of Alaska Department of Education.

Background: Based on requests from individual school districts, the State of Alaska Department of Education (DOE) has compiled a listing of school construction and major maintenance projects. DOE has reviewed the project requests and distilled the eligible projects to list that totals \$530,183,470. Of the eligible projects, DOE has requested funding in the amount of \$251,875,370 from the Alaska Legislature.

Historically, funding from the Legislature has been spotty. Over the past five years, the funding for school construction has been largely non-existent. Following is the record of funding from the Alaska Legislature. It is noteworthy that DOE's #1 priority project for the past five years has still not been funded. When the Legislature provides school funding, they do not follow the DOE priority list.

1995	\$0
1996	\$9 Million
1997	\$7 Million
1998	\$450 Million
1999	\$0

There is no revenue stream defined for school construction and major maintenance. Funding is strictly at the discretion of the Legislature.

Power Utilities

Need: \$168,000,000

Annual Funding: No program of annual funding

Source: Percy Frisby, Director State of Alaska Department of Community and Regional Affairs, Division of Energy.

Background: According to the State of Alaska Division of Energy, they have needs in the following categories for the following amounts.

\$68,000,000 Power Plant Construction and Rehabilitation

\$100,000,000 Power distribution system construction, expansion and rehabilitation

Division of Energy is a state agency commissioned with oversight of energy related infrastructure in rural Alaska. The agency functions predominantly in areas that are typically not covered by a utility cooperative. These power plants and distribution systems are typically in areas where the economic base is insufficient to bond or self-fund construction of the power facilities and other sources of funding are required. At the current time, the Division of Energy is the only source of funding for these projects, and there is no defined funding stream to take care of the above stated needs.

Fuel Storage

Need: \$250-500 million

Annual Funding: \$15-18 million (\$8-10 million Denali Commission)

Source: Bulk Fuel Consolidation Plan; 4/14/99; Published by the State of Alaska Department of Community and Regional Affairs, Division of Energy.

Background: Current projects in fuel storage amount to approximately \$18 Million. This information comes from a report prepared by the State of Alaska Division of Energy. The Division is still determining the full needs of Bulk Fuel storage. The global need for bulk fuel storage work is estimated by the Alaska Division of Energy at between \$250-500 million.

Water, Wastewater, Solid Waste

Need: \$1,057,512,641

Annual Funding: \$78.1 Million;
\$18 Million ANTHC,
\$21.6 million FC&O (Incl. AHFC, EPA, USDA-RD and state)

Source: Sanitation Deficiencies System Update, May 1999, Published by the Alaska Native Tribal Health Consortium, Department of Environmental Health and Engineering, Division of Sanitation Facilities Construction.

Background: The Alaska Native Tribal Health Consortium (ANTHC) is the responsible organization for administering the Public Health Service (PHS) construction program here in Alaska. The currently defined needs, according to the ANTHC/PHS Sanitation Deficiency System that estimates the overall need in the areas of Water/Wastewater/Solid Waste, to be \$873,670,525. Currently the ANTHC receives approximately \$18,000,000 annually to perform this work. ANTHC has responsibility for the tribal communities and the mission is to provide facilities for Native Alaskans. There is some overlap with the VSW

Source: SFY00 Capital Budget Priority Lists, 12/16/98; Published by the State of Alaska Department of Environmental Conservation, Division of Facility Construction and Operations

Background: Village Safe Water (VSW); The State of Alaska Village Safe Water Program is a division of the State of Alaska Department of Environmental Conservation's Facility Construction and Operations (FC&O) Division. The division provides grants for planning, design, and construction of water, sewer, and solid waste projects in small, rural communities throughout Alaska. The currently defined needs as submitted by VSW only reflect the requests from communities interested in projects. This amount does not reflect the overall need. The current list of requested projects totals \$105,690,744. The current funding level for VSW is \$41,890,574.

Municipal Matching Grant and Loan Program provides grants and loans to medium sized communities for planning, design, and construction of water, sewer, and solid waste projects. The program is a division of the State of Alaska Department of Environmental Conservation's Facility Construction and Operations (FC&O) Division. The currently defined needs as submitted only reflect the requests from communities interested in projects. This amount does not reflect the overall need. The current list of requested projects totals \$78,151,372. The current funding level of this 50% matching grant program is \$18,164,200.

It should also be noted that the information provided by FC&O is not broken out by project type, nor does the division have the resources to provide such a breakout.

Health Care Facilities

Need: Unknown

Annual Funding: Unknown

Source: None

Background: There is no comprehensive source of information relating to the needs for local healthcare facilities. Typically, a community or village will build a clinic and lease the facility back to the organization responsible for healthcare in their community. The Commission will seek to complete an assessment of need during the next year.

Airport Facilities

Need: \$926 Million

Annual Funding: \$58-87 Million

Source: 1995 Transportation Needs and Priorities in Alaska; Published by State of Alaska Department of Transportation and Public Facilities. And the current FAA Aviation Improvement Program (AIP)

Background: The Federal Aviation Administration currently provides most of the funding for airport projects throughout the state. The state or local sponsor will contribute roughly 10% in the form of match. There are 1,112 designated airports, seaplane bases, and aircraft landing areas in the state of Alaska. The [Alaska Department of Transportation & Public Facilities](#) (ADOT&PF) owns and operates 261 [public airports](#), the majority of Alaska's public airports. Additionally, 23 public airports are owned and operated by local governments.

Backlog of airport projects in the state amounts to approximately \$926 million (\$1.3 billion in an informal, 1997 tally completed by statewide aviation).

Historically, funding that the state receives for airports from the FAA AIP program has ranged from \$58 million in 1990, to \$81million in 1998, principally due to our local, Alaska FAA successfully defending our project requests at headquarters in DC.

Road Construction and Major Maintenance

Need: \$5.6 Billion

Annual Funding: \$320,000,000

Source: 1995 Transportation Needs and Priorities in Alaska; Published by State of Alaska Department of Transportation and Public Facilities.

Background: The State of Alaska administers all of the Federal Highway funding allocated to Alaska with the exception of money specifically designated for the Bureau of Indian Affairs, which amounts to approximately \$14 million per year. Although overall funding levels are up for roads, the BIA share has slipped from \$16 million under ISTEA. The BIA funding does not go far considering it must provide for approximately 200 tribes.

Overall needs for highway and road projects were estimated at \$5.6 billion in 1995. Average funding levels are estimated at approximately \$320 million, up from approximately \$220 million under ISTEA.

Most of the FHWA funding stays in the rail-belt, with some funding going to rural communities for sanitation roads and trail markings. Funding for projects off of the road system goes primarily to the larger hub communities.

This is critical considering the state does not have a state funded road program. Alaska is the only state entirely dependent on the federal government for all major road construction.

Port Facilities

Need: \$214 Million

Annual Funding: Varies by year, typically between \$0-5 Million

Source: 1995 Transportation Needs and Priorities in Alaska; Published by State of Alaska Department of Transportation and Public Facilities.

Background: The State owns 78 of 95 public harbor facilities, operates those harbors through agreements with local governments, and provides financial and technical assistance to communities expanding or developing new harbors to meet demand and economic development objectives. The state of Alaska DOT&PF estimates that there are approximately \$214 million in deferred maintenance, port, and harbor projects. The department's goal is to eventually be out of the harbor and port business with the possible exceptions of Alaska Marine Highway System facilities, and several refuge floats in remote areas.

In recent history, there has been little to no funding for ports and harbors in the state of Alaska. Most of the funding that is received provides match to Corps of engineers funding. Some funding appropriated in recent years has gone to repair and transfer of selected harbors in the state.

Telecommunications

Need: Unknown

Annual Funding: Unknown

Background: Many of the rural communities have little or no access to the Internet. Typically, small communities have access only through the local public school or library, and tribes may have limited access through a program being implemented by the Department of the Interior.

The most critical limitation for Internet access and dependable phone service lie with the telecommunications equipment located in these villages. In most of the villages, both landline service, and satellite service are cost prohibitive.

Community Facilities

Need: Unknown

Annual Funding: Unknown

Background: Communities have a need for community assembly facilities for various purposes, including planning, meetings, traditional functions, and recreation for youth. These facilities, when available, are heavily used in rural communities. No assessment mechanism is in place for determining statewide needs for community facilities.