

CPP

Frank H. Murkowski, Governor FEB 12 2003

Alaska Department of Community and Economic Development

Division of Community and Business Development - Grants Section

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February 7, 2003

Paul McIntosh, Project Officer
Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501

RE: Quarterly Report for Community Priorities Program

Dear Paul:

Enclosed you will find the quarterly report for the Community Priorities Program. As indicated, this report covers the program from July 1 through December 31, 2002.

If you have any questions please feel free to give me a call.

Sincerely



Jo E. Grove
Grants Manager

Enc.

Cc: Nelda Warkentin
Athena Logan
DeAnna Orris
Jennifer Hamilton

COMMUNITY PRIORITIES PROGRAM QUARTERLY REPORT

PROJECT IDENTIFIERS

1. **Project Number:** 0025-DC-2001-17
2. **Project Title:** Community Priorities Program
3. **Name of Recipient Organization:** Department of Community & Economic Development, Division of Community & Business Development
4. **Project Officers:** Nelda Warkentin for Pre-Applications and Jo E. Grove for Grants at DCED and Paul McIntosh for the Denali Commission.
5. **Funding:** \$4,500,000 in Federal funds and \$450,000 in local match
6. **Award Period:** April 9, 2001 through April 8, 2005
7. **Period Covered by this report:** July 1, 2002 through December 31, 2002

PROGRAM SUMMARY

The intent of the Community Priorities Program is to provide grants to communities through the Department of Community & Economic Development for fixed infrastructure and capital projects which are construction-ready and which have been identified in the community's development plan as a top priority. This program specifically excludes energy-related projects and health facilities.

The CPP program will fund no more than 2/3 of the total cost of any proposed project and the community must provide a minimum of a 10% local cash match. Communities must demonstrate a commitment to operation and maintenance costs of proposed facilities. CPP is intended to be funding of last resort. There is a maximum grant amount of \$500,000.

Since the program's inception several changes in the administration of the program have occurred. The Denali Commission modified the eligibility criteria in order to limit applicants to distressed communities with populations of 25 or more (as identified by the Commission) OR any communities with a population between 25 and 1500. The criteria was also modified to reflect that CPP should fund basic community infrastructure rather than optional recreational facilities.

The application process for CPP consists of two steps. First communities are required to submit a Pre-Application. This is a simple 2 page form. If all threshold criteria appear to be met based on information included in the Pre-Application, the community is invited to submit a Full Application. Full Applications are reviewed on a Pass/Fail basis.

If the community has demonstrated that the proposed project has met all the CPP requirements, and there is funding available, the project is funded.

The first Pre-Applications for this program were made available in May 2001. The Department advertised and made program forms available on its web-site as well as initiating press releases and mail outs.

Department staff have made presentations about the program to various audiences during the past year. Brochures were developed and distributed which explain the program to interested parties. Funding Summits and the Alaska Municipal League have also provided opportunities to review the program with interested parties. Grants staff frequently provide regional workshops in rural areas of the state and these too provide an opportunity to inform the public about the program.

Through December 2002 a total of 20 applicants have met the CPP criteria and been invited to submit a Full Application. Ten projects have been awarded funds and at present an additional 2 Applications remain "Active". Both Hyder and Saxman, have been given until February 28th to finalize their applications or they will be considered closed.

In January 2003 the Denali Commission voted to recommend that DCED cease accepting applications immediately and any balance of funds be transferred back to the Commission for other needs. The Department updated our website to reflect that decision and we have begun focusing on closeout procedures. We have 6 active grants currently. We are working with Eyak and Wells Fargo bank to get the required documentation for their loan. Once that is received we will execute Eyak's grant agreement. It is expected to be under grant agreement by March 1, 2003.

PROJECT STATUS

As mentioned earlier, 10 projects have been awarded funds to date. These include the following:

- 1. Native Village of Kwethluk:** The Department awarded \$100,000 to the Native Village of Kwethluk to complete construction of a Community Center building. The building is 4800 square feet and will be used for community gatherings, conferences and activities, and office space for social service programs. The total project budget was \$1,043,500 with other funding coming from the Community Development Block Grant Program (both State and Indian); the Magnuson-Stevens Fisheries Disaster Grant Program; Administration for Native Americans; First Alaskans Foundation; and Kwethluk Housing Authority. The community provided a local match of 10% or \$10,000. The majority of CPP funds were used to purchase and install materials needed for the interior of the building. The project was completed on October 31, 2002 and has been closed out. All funds were expended.
- 2. Igiugig Tribal Village Council:** The Department awarded \$401,500 for construction of a road/landfill project in the community. The total project cost was \$4,044,734 with other funds coming primarily from Village Safe Water and the Bureau of Indian Affairs. The Tribal Council provided \$40,000 in local match.

The project was completed and closed out on November 30, 2002. All funds were expended. Photographs of the project under construction have been received.

- 3. North Pacific Rim Housing Authority:** The Department awarded \$350,000 for a "Mixed Use Supportive Housing" project in Port Graham in November 2002. The project will construct an assisted care facility with a two-bedroom family/visitor unit and a one-bedroom caretaker unit. There is currently not an assisted living facility in the community. Elders and disabled persons are moved to larger hub communities such as Homer or Anchorage when they require care beyond what they can receive at home. This project will allow elders and other disabled persons to remain in the community and contribute to the culture and values of Port Graham. The grant was executed in January 2002 and is expected to be completed by July 2003. A contractor has been selected and site work started in September. The total project cost is expected to be \$550,000 with a 10% local cash match provided by the NPRHA. Other funds are provided by Alaska Housing Finance Corporation. This grantee reports quarterly. Through December 2002, they had expended \$221,265. Photographs of the project under construction have been received.
- 4. City of Cold Bay:** The Department awarded \$322,000 for construction of a Visitor and Community Center facility. The facility will consist of a kitchen and a large room for display of wildlife and World War II artifacts. The facility will be built to accommodate alternative possibilities for its use and will be flexible enough to respond to community needs. It will be used as a visitor center for tourism development including a place for cruise ship passenger activities and exchanges; Fish and Wildlife Service activities; and as the Cold Bay Izembek Wildlife Refuge Information Center. It will also be available for use as a community center for such public gatherings as town meetings, potluck dinners, fundraisers, and as a teen center. The grant was executed in May 2002 and is expected to be completed by February 28, 2003. The total project cost is estimated to be \$493,000 with the Aleutians East Borough and the City of Cold Bay providing local match in the amount of \$96,000. Through November 2002 a total of \$274,850 in federal funds have been reported as expended. The Center is 95% complete and has been inspected by the architect. The contractor is expected to complete the project by the end of the month.
- 5. Tribal Government of S. Paul:** The Department awarded \$221,157 for construction of the St. Paul Tribal Government Business Development Center. Total project cost was originally expected to be \$1,584,536 with \$271,408 in local cash match provided by the St. Paul Tribal Government through materials and labor contributions. The grant was executed in June 2002. The center is a modular unit purchased and shipped from Elmendorf Air Force Base. It was reassembled and placed on a foundation in St. Paul. The facility will provide 14,757 square feet of space with over half donated to tribal government offices and government operations. The rest of the building will be used to provide low cost space for lease to entrepreneurs from the community who wish to establish new businesses.

The central court will provide a community shopping mall atmosphere creating new jobs and diversifying the local economy. To date a total of \$187,580 in CPP funds and \$22,289 in local match have been reported. Problems with this project surfaced several months ago. Damage to the building during shipment and other unexpected costs have been reported. Representatives from St. Paul requested an increase in CPP funds of roughly \$250,000. Department representatives including Jo Grove, Nelda Warkentin, Athena Logan, and Acting Director, Gene Kane met with both community representatives and the architects and engineers to discuss the project on January 30, 2002. After a lengthy discussion and a lengthy review of the financial documents and building plans, we decided to request approval from the Commission to award the additional funds. Although we are not completely convinced that many of these costs could have been anticipated and/or avoided, the bottom line now is that without the additional CPP funds, the facility will remain uncompleted and unavailable for occupancy. This seems unwise given the investment already made to the facility. We await approval from the Commission to proceed. Photographs of the facility have been received.

6. **City of Galena:** The Department awarded \$175,000 for the purchase and set up of a modular building to be used for the Vocational School/Cosmetology Center in Galena. The building was purchased from Inland Homes and shipped by barge to the community. The Cosmetology Center serves both secondary and post secondary students as part the Galena City School District and the Adult Vocational Program. It is located on the Galena Air Base which was downsized in 1994. The Vocational School occupies buildings that were vacated by the Air Force. It offers post-secondary technical programs in aviation, automotive repair, culinary arts, and cosmetology. The total project cost is estimated to be \$2 Million with local cash match provided by the Galena School District in the amount of \$175,000. The project was completed in July 2002 and closed out. Total expenditures were \$173,000.
7. **Matanuska-Susitna Borough:** The Department awarded \$325,000 to the Borough for the Denali Arts Council to renovate the historic Don Sheldon airplane hanger for use as an arts and community center for the Northern Susitna Valley. The interior of the hanger will be reconstructed keeping the architectural style of the Talkeetna Historic district. The interior will be renovated to function as a community and performance center. Total project cost is estimated to be \$631,750. The Mat-Su Borough will provide the required 10% local match. This grant was executed in August 2002 and is expected to be completed no later than December 2003. To date only \$10,825 has been reported as expended. The Borough reports that they are ready to obtain the final set of plans for the hanger and prepare bids for the construction.

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December 31, 2002
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