JUL 15 2002

Tony Knowles, Governor

Alaska Department of Community and Economic Development

Division of Community and Business Development - Grants Section
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July 11, 2002

Mr. Paul McIntosh, Project Manager
Denali Commission Mini Grant Asst. Program
510 "L" Street, , Suite 410
Anchorage, AK 99501

RE: Quarterly Progress Report on FFY 00 and FFY 01 Mini-Grant Assistance Program

Dear Mr. McIntosh:

Enclosed you will find a Quarterly Progress Report for both the FFY 00 and FFY 01 Mini-Grant Assistance Programs. These reports cover activity through June 30, 2002.

Should you have any questions which these reports leave unanswered, please do not hesitate to contact me.

Sincerely,

Jo E. Grove

Jo E. Grove
Grant Program Manager

Enc.

QUARTERLY PROGRESS REPORT

A. PROJECT IDENTIFIERS

Project Number: 0011-DC-2000-EI (Denali Commission) and 00CA11100000210 (United States Forest Service)

Project Title: FFY 00 Mini-Grant Assistance Program (State Fiscal Year 2001)

Name of Recipient Organization: State of Alaska, Department of Community & Economic Development, Division of Community & Business Development

Principal Contacts: Jo E. Grove for Grants and Nelda Warkentin for Applications

Funding: Federal: $652,000 ($500,000 DC & $152,000 USFS)
Recipient Share: $123,000 ($65,000 for DC and $58,000 for USFS)

Award Period: From: July 1, 2000 through June 30, 2002 for DC*
From September 1, 2001 through September 30, 2002 for USFS

Period Covered by this Report: July 1, 2000 through June 30, 2002

B. PROJECT SUMMARY and STATUS OF INDIVIDUAL GRANTS

The Department of Community & Economic Development administers the Mini Grant Assistance Program with funds from the Denali Commission and the United States Forest Service. The Department awards Mini-Grant Assistance funds for both agencies through an annual competitive application process to local governments, tribal governments and non-profit organizations. The application materials are generally made available in May; applications are due in October; and awards are made in January. We experienced some delay in the awards process in FY 01 due to the quantity of applications received, (over 100) but awards were eventually announced in February 2001.

Another issue which caused delays in the application process in FY 01 was the requirement that all applicants submit signed resolutions of support from both the City and the Tribal governments in the community (if both existed). We found this requirement to be very burdensome and difficult for applicants to fulfill. It was agreed by the Department and the two funding agencies that we should explore other mechanisms for demonstrating community consensus. We did so and changed the requirement in the FY 02 annual application process.

*The Department has requested an extension of the termination date through 12/31/02 but has not yet received amendment documents from the Denali Commission. Have received verbal approval.

A third issue which was reconsidered after the FY 01 application cycle was the process of having the applications ranked for priority by the ARDORs. This regional ranking process was developed out of a desire, on the part of both the Department and the funding agencies, to make the funding decisions as close to the regional level as possible. We found however that the mechanics of this process and inconsistencies in the ranking procedures made this process unworkable. With the FY 02 application process, we left all ranking of applications to the official selection and review committee.

With a total of $629,000 available for grants, 25 applicants were awarded funds from the two pots of money. Four of the awarded grants did not materialize because the grantee could not satisfy contingencies placed on the awards or the applicant decided not to accept the funds. The City of Thorne Bay, the City of Cold Bay, the City of False Pass, and the Native Village of Kiana grants were not executed.

The remaining grants were executed between February 1, 2001 and April 15, 2001 as identified below:

The following grants are active and are funded with Denali Commission funds:

1. **City of Aniak #811329** **VPSO Housing Upgrade**

Grant term:	4/1/01 – 12/31/01	FR received to:	4/30/02	On budget?	Y
Amend term:	6/30/02	$ Source:	DC	On schedule?	Y
Grant award:	$30,000				

The purpose of this grant is to move an existing building to city-owned property with sewer access and complete renovations for use as VPSO housing. The grant term was extended since final renovation work cannot be completed until the ground thaws.

2. **Cheesh'na Tribal Council #811330** **Grocery Feasibility Study**

Grant term:	4/1/01 – 12/31/01	FR received to:	12/31/01	On budget?	Y
Amend term:	3/31/02	$ Source:	DC	On schedule?	Y
Grant award:	$19,567				

The purpose of this grant is to prepare a feasibility study for a mini-grocery store in Chistochina. Quarterly reporting approved. The feasibility study is complete; pre-business plan in progress.

3. **Northway Inc. #811274** **LodgeFeasibility Study**

Grant term:	4/15/01 – 12/31/01	FR received to:	6/4/02	On budget?	Y
Amend term:	6/30/02	$ Source:	DC	On schedule?	Y
Grant award:	$28,875				

The purpose of this grant is to complete a feasibility study for a lodge in Northway. The study is complete and indicates that the lodge is feasible. The Grantee requested that the balance remaining in the grant (approximately $5,500) be utilized for the preparation of architectural plans; this request was denied. Instead, it was suggested that they have a business plan prepared. They agreed and submitted a professional cost estimate and timeline that showed that the business plan could be completed with the funds available and finalized by the grant term date. First Alaskan Management & Marketing was awarded the contract.

4. **Pedro Bay V. Council #811213** **Boat Landing Design**

Grant term:	3/1/01 – 12/31/01	FR received to:	3/31/01	On budget?	Y
Amend term:	3/31/02	$ Source:	DC	On schedule?	Y
Grant award:	$30,000				

The purpose of this grant is to complete a preliminary design for a public boat landing and waterfront. The design alternatives have been finalized and the community selected a preferred option based on current and projected needs. Grant will be closed out upon receipt of the final design document.

5. **Port Alsworth Imp. Corp. #811214** **Road & Trail Plan**

Grant term:	3/1/01 – 12/31/01	FR received to:	3/31/02	On budget?	Y
Amend term:	6/30/02	$ Source:	DC	On schedule?	Y
Grant award:	$26,000				

The purpose of this grant is to define and establish legal public rights-of-way throughout the community and appropriately mark and map these to provide legal access for residents.

RP Kinney Associates was awarded the contract. A preliminary draft map of existing roads, easements and trails has been completed with title research data, status maps, existing plats and US surveys. The community is in the process of reviewing and commenting on the draft.

6. **City of Ruby #811248** **Develop Riverfront Park**

Grant term:	4/1/01 – 12/31/01	FR received to:	4/30/02	On budget?	Y
Amend term:	6/30/02	$ Source:	DC	On schedule?	Y
Grant award:	$16,675				

The purpose of this grant is to develop a public park as an extension of the campground. All materials have been purchased and are safely stored in Ruby so that work can begin again as soon as the ground thaws.

The following projects are complete and the grants are closed:

1. **City of Anderson #811215** **Upgrade Riverside Park**

Grant term:	3/1/01 – 12/31/01	Grant award:	$30,000	$ Source:	DC

The purpose of this grant is to upgrade Riverside Park, a 616-acre recreational park next to the Nenana River.

2. **Circle Traditional Council #811192** **Sawmill Equipment Purchase**

Grant term:	3/1/01 – 12/31/01	Grant award:	$30,000	$ Source:	DC

The purpose of this grant is to purchase & install a lumber drying kiln at the existing sawmill.

3. **Denali Arts Council #811244** **Renovate Community Hall**

Grant term:	4/1/01 – 12/31/01	Grant award:	$30,000	$ Source:	DC

The purpose of this grant is to renovate an airplane hangar for use as a community center and theatre.

4. **Boys & Girls Club of the Tanana Valley # 821015** **Acquire B/G Club**

Grant term: 9/1/01 – 12/31/01 Grant award $16,500 $ Source: DC

The purpose of this grant is to cover a portion of the down payment to acquire an existing building in North Pole to house the Boys & Girls Club programs.

5. **Funny River Emergency #811256** **Construct Fire Hall**

Grant term: 4/1/01 – 12/31/01 Grant award: $30,000 $ Source: DC

The purpose of this grant is to construct a new Fire Hall. MG funds will be used for the foundation and building materials.

6. **Naknek Native Council #811233** **Seafood Processing Feasibility**

Grant term: 4/1/01 – 12/31/01 Grant award: $19,400 $ Source: DC

The purpose of this grant is to prepare a feasibility study and business plan for a community-owned value-added seafood processing facility in Naknek to serve the Bristol Bay area.

7. **Nelson Lagoon V. Council #811143** **Strategic Plan**

Grant term: 2/1/01 – 12/31/01 Grant award: $14,995 $ Source: DC

The purpose of this grant is to complete a Strategic Economic and Community Development Plan.

8. **City of Ouzinkie #811242** **Restore Boardwalk**

Grant term: 4/1/01 – 12/31/01 Grant award: $30,000 $ Source: DC

The purpose of this grant is to restore the existing boardwalk to a safe condition so that it can be used by the local residents and for promoting local economic development in tourism.

9. Seward Chamber of Commerce #811240 **Media Campaign**

Grant term: 3/29/01 – 6/30/01 Grant award: $26,000 $ Source: FS/DC

The purpose of this grant is to fund a media campaign to include a video, a brochure and an Internet PowerPoint presentation. The purpose of this grant is to fund a media campaign to include a video, a brochure and an Internet PowerPoint presentation. This grant was funded with MG funds leftover from prior years: FFY99 USFS @ $14,698 and AIDEA @ $6,675; FY01 DC @ $2,630 and FY01 USFS @ $1,997.

10. Stebbins Community Assoc. #820770 **D/E Clinic**

Grant term: 4/1/01 – 12/31/01 Grant award: $28,800 * $ Source: DC

The purpose of this grant is to prepare an engineering study and preliminary design plans for a new clinic.

***Note: Grantee only expended $25,000 of the award.**

11. City of Thorne Bay #811191 **Site Appraisal & Purchase**

Grant term: 3/1/01 – 12/31/01 Grant award: $30,000 $ Source: DC

The purpose of this grant is to prepare a preliminary design and appraisal of an industrial site and deep-water port and purchase of the site from the Alaska Mental Health Trust.

Note: This award was declined by the applicant.

12. City of Togiak #811144 **Arts & Crafts Business Plan**

Grant term: 2/1/01 – 12/31/01 Grant award: $16,125 $ Source: DC

Amend term: 3/31/02

The purpose of this grant is to prepare a business plan for the community's existing arts & crafts center.

The following grants are funded with United States Forest Service funds:

1. **Bristol Bay EDC #811265** — **Install Ice Plants**

Original grant: 4/1/01 – 12/31/01 FR received to: 3/31/01 Balance = $904.63
Amend term: 6/30/02 $ Source: FS
Grant award: $30,000

The purpose of this project is to purchase and install portable Flake Ice Production Plants in the following communities: Dillingham, Egegik, Manokotak, Naknek, Port Heiden, Togiak, Twin Hills and Ugashik. Grant funds will be utilized to cover administrative and engineering start-up costs for the first year of the three-year installation project.

Quarterly reporting approved. Manokotak and Twin Hills have declined participation in the project. Construction was completed in March on the Dillingham and Bristol Bay Borough ice machines. Both machines were tested and shipped in April. It is estimated that they will be operational by last June. Togiak and Egegik machines were supposed to be complete on time for May barge. Delivery was delayed for Ugashik and Port Heiden as their barge services is limited. Training is planned during the next quarter for maintenance and operations staff on the ice machines in each community.

2. **Native Village of Kiana #unassigned** — **Craft Marketing Plan**

Original grant: FR received to: Balance = $0.00
Grant award: $15,914 $ Source: FS

The purpose of this grant is to develop an arts & crafts marketing plan/business plan. The Grantee was notified via certified mail on 2/27/02 that this award has been officially withdrawn. Repeated attempts to negotiate the grant and finalize the grant agreement were unsuccessful.

3. **City of Nulato #811194** — **Townsite Survey/Subdivision**

Original grant: 3/1/01 – 12/31/01 FR received to: 12/31/01 Balance = **$9,023.50**
Grant award: $21,220* $ Source: FS

The purpose is to survey and subdivide two blocks to provide 20 new lots in the Nulato New Townsite. This project is complete; grant is officially closed. The project was complete under budget; award reduced to **$12,196.50**.

4. **City of Nunam Iqua #811148** — **Causeway Feasibility/Engineering**

Original grant:	2/1/01 – 12/31/01	FR received to:	3/31/02	Balance = -0-
Amended term:	3/31/02	$ Source:	FS	
Grant award:	$30,000			

The purpose is to prepare a feasibility/engineering study to determine a cost-effective approach for causeway construction. The causeway would support utilities and provide a transportation route. This project is complete; close out is in progress. Copies of the final feasibility/engineering study were received.

5. **Pilot Point T. Council #811216** — **Energy Engineering Study**

Original grant:	3/15/01 – 12/31/01	FR received to:	12/31/01	Balance = -0-
Amended term:	3/31/02	$ Source:	FS	

The purpose of this grant is to complete the critical engineering studies necessary to proceed with developing co-generational wind power for the village of Pilot Point. This project is complete but the term was extended to 3/31/02 to allow time for the study to be finalized and approved by the Council. Per the Grantee on June 6, 2002, the final report has been delayed pending transfer of the final data to Earth Energy Systems in Wisconsin.

6. **Seward Chamber of Commerce #811240** — **Media Campaign**

Original grant:	3/29/01 – 6/30/01	FR received to:	6/30/01	Balance = -0-
		$ Source:	FS/AIDEA/DC	

The purpose is to fund a media campaign that includes a 20-minute video, an Internet PowerPoint presentation and a printed brochure. This grant was funded with funds from prior years: FFY99 USFS @ $14,698 and AIDEA @ $6,675; FFY01 DC @ $2,630 and FFY01 USFS @ $1,997. This project is complete. The project is complete and the grant will be closed once we have received copies of the final products.

C. SUMMARY OF PROGRESS AND RESULTS

The following projects were completed successfully utilizing FY01 Mini-Grant funding. The grants below were supported with **Denali Commission funds**.

1. Nelson Lagoon Village Council – Strategic Plan: Nelson Lagoon is located on the northern coast of the Alaska Peninsula on a narrow sand spit that separates the lagoon from the Bering Sea. The local economy is primarily dependent on the commercial salmon industry. The purpose of this grant was to complete a Strategic Economic and Community Development Plan. The plan was prepared by The Stadum Group of Anchorage and includes the following: history and demographics; descriptions of existing infrastructure; environmental and political concerns; all human, natural and governmental resources; past and existing economic conditions; and a common vision for the future. The Plan also includes strategies for economic development based on well-defined community values and pertinent research. The vision for Nelson Lagoon as stated in the Strategic Plan is: "Nelson Lagoon will continue to be a beautiful, clean, and stable community that grows and develops slowly, with a strong emphasis on community pride, a subsistence lifestyle, protection of natural resources, and diversification and strengthening of the commercial fishing industry."

2. Northway Inc. – Preparation of hotel feasibility study: Northway Natives Inc. (NNI) is the ANCSA Village Corporation for the Athabascan village of Northway. Northway Inc. is a non-profit organization that was established to handle community activities, grant procurement and other activities in coordination with the for-profit NNI. In 1998 NNI purchased property located at mile 1263 of the Alaska Highway. The goal is to develop this 18+ acre parcel into a business that will bring greater development to the area, attract income via highway travelers during all seasons, provide needed services to the community as well as training for the local workforce and year-round employment. One possibility is a four-star hotel that would provide lodging, a restaurant and cultural activities for travelers and independent tour companies. Riddell Kurczaba, an engineering firm from Canada, completed the study in January 2002. Findings indicate that sufficient demand exists for a 32- to 40-room hotel and restaurant. Northway Junction is located on the Alaska Highway and is in a good position to capture traffic along the Alaska Highway corridor. It is located almost halfway between two major tourism destinations: Whitehorse in the Canadian Yukon, and Fairbanks in Alaska. Riddell Kurczaba has recommended a resort-style design with a main lodge of 5,000-sq. ft. to house dining and lounge facilities, with hotel rooms of approximately 350-sq. ft. built in clusters of separate buildings, each containing four hotel suites. This would permit the operation of only those parts of the hotel required by actual levels of demand.

3. City of Togiak – Business Plan for the Nangucuilnguq Arts & Crafts Center: The purpose of this grant was to prepare a business plan for the Nangucuilnguq Arts & Crafts Center that was built, in part, with funds from the Community Development Block Grant program. The Nangucuilnguq Arts & Crafts Center was named for a village elder. Translated into English, *Nangucuilnguq* means "never runs out."

The double meaning of this name expresses the core values of the center. First, the primary part of the center's mission is to ensure that traditional skills, language and culture 'never run out.' By passing on skills and practices to younger generations, the well will never run dry. Second, the center is a safe and healthy place that stands firm against the degrading effects of abuse of all kinds – it will 'never run out' on the people of Togiak. The title of the business plan is *Planning for Sustainability*, which reflects its overriding intention. Thea Agnew and Christopher Beck, consultants, prepared the business plan. The purpose of this document is to provide a map for the course of the center's future. The center has an office, game room, carving and sewing rooms, assembly room and a gift shop. The goal of the center is to provide safe, supervised alternative activities for the children and youth focusing mainly on the traditional arts. There are approximately 290 students, not including children under the age of five, who utilize the center as well as young adults and older adults. The business plan is expected to not only make the center self-sufficient, but also to return a positive cash flow to increase profitability of the Native arts and crafts marketed through the gift shop.

4. Seward Chamber of Commerce – Media Campaign: Both DC and USFS funded this project. The purpose of this grant was to fund a media campaign designed to encourage economic growth and diversity for the community of Seward. The campaign includes a 20-minute video, an Internet PowerPoint presentation and a printed brochure. A distribution strategy/marketing plan for the video will also be produced by Syntex Productions in Anchorage, the consultant hired for the project. These media tools detail the fiscal and lifestyle amenities that Seward has to offer to potential businesses interested in expanding or relocating to Seward. An ad hoc economic development group in Seward initiated this project in 2000. This group and other community members recognized that while Seward has a strong summer-season tourism industry, the community suffers economically because it lacks sustainable year-round jobs. The goal of this project is to attract non-tourism related businesses to establish year-round operations in Seward.

5. City of Anderson—Upgrade Riverside Park

6. Circle Traditional Council—Sawmill Equipment Purchase

7. Denali Arts Council—Renovate Community Hall

8. Boys & Girls Club of the Tanana Valley—Acquire Boys & Girls Club

9. Funny River Emergency Services—Construct Fire Hall

10. Naknek Native Village Council—Seafood Processing Facility

11. City of Ouzinkie—Restore Boardwalks

12. City of Togiak—Arts & Crafts Business Plan

The following grant projects were supported by **US Forest Service funds**:

1. Bristol Bay Economic Development Corporation (BBEDC) – Purchase/Install Ice Plants: BBEDC is a Community Development Quota (CDQ) organization created to stimulate economic growth within the economically depressed Bristol Bay region.

   BBEDC's mission is to return maximum social and economic benefits to its 17 member communities. The purpose of this grant was to purchase and install portable Flake Ice Production Plants in the following communities: Dillingham, Egegik, Naknek, Port Heiden, Togiak, and Ugashik. Over a three-year period, BBEDC will coordinate the purchase, shipment and installation of Flake Ice Production Plants, complete with icemakers, delivery systems and ancillary items, in the eight villages. After installation, the Flake Ice Plants will be owned, operated and maintained by each village. Training will prepare village workers to operate and maintain the facilities, and local fishers will be trained to make best use of the ice. The project is designed so that the placement of the eight Flake Ice Plants will result in ice being available to local fishermen on every major river system in the region, thereby enhancing the value and marketability of salmon and other fisheries. These grant funds were utilized to cover administrative and engineering start-up costs for the first year.

2. City of Nunam Iqua – Causeway Feasibility/Engineering Study: The community currently has a single watering plant and a honey bucket wastehaul system. In 1997 the community developed a Nunam Iqua Water/Sewer Improvement Plan through joint meetings between the city council, Swan Lake Corporation board and the tribal council. Construction began in 1998 and a washeteria, water plant and water tank were operational in 2000. Connecting water/sewer to residential housing is in the planning phase. Because erosion on the south end of the lake threatens existing boardwalk and utility lines, a plan was proposed to construct a causeway across Swan Lake to connect the east and west sides of the community. The causeway would support water/sewer pipes, all other utilities, and provide a route for intra-village transportation. The purpose of this grant was to complete a feasibility/engineering study to determine the most cost-effective approach for causeway construction. This study identified required permits, site control, and included detailed land analysis for determining the engineering design. As a result of this planning process, the City of Nunam Iqua is one step closer to providing essential public health services to residents. Studying the current conditions and developing an engineering design is essential to securing funds for the eventual construction.

3. City of Nulato – Project completed under budget @$12,197.

Jo E Grove 7/11/02

Prepared by Jo E. Grove, Grants Manager Date