



*Denali Commission*  
*Annual Performance Report (APR)*  
*Fiscal Year 2007*

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Denali Commission Performance and Accountability Report, Alternative Annual Performance Report Portion Fiscal Year 2007.

*Anchorage, AK., February 2008*

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**Annual Performance Report**

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# Annual Performance Report (APR)



## Message from the Federal Co-Chair

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Pursuant to Circular A-136, the Denali Commission is pleased to produce an alternative to the consolidated Performance and Accountability Report (PAR). The **Annual Performance Report (APR)** is one of three reports for this year's PAR. Our FY 2007 *Agency Financial Report*, our *Highlights* and our *Annual Performance Report* can all be found on our website at [www.denali.gov](http://www.denali.gov).

We are happy to participate in the Office of Management and Budget's alternative PAR reporting process. Through this new reporting format, we look forward to providing information in a new, clear and concise format. Our *Highlights* provides a brief overview of our programs, services and funding. The *Agency Financial Report* provides details on our financial condition, including our audited financials and our *Annual Performance Report* provides an overview of our program outcomes and our future goals and objectives.

The most significant gap in the Commission's performance is the lack of an agency wide systematic approach for evaluating and reporting the impacts of our programs and projects. To begin this process, the Denali Commission (through the Bureau of Public Debt) solicited proposals in 2006 from qualified firms nationwide to conduct the first overall evaluation of the Commission's work in Alaska. The McDowell Group completed this evaluation in August 2007.

A critical finding by McDowell noted, "the Commission's output performance indicators do not reflect the impact or "outcome" of the Commission's programs and policies on the sustainability of projects or the wellbeing of communities. With the exception of the Training Program, the Commission has not identified outcome performance measures." To that end, the Commission has made establishing an appropriate system of evaluation a top priority for FY08. Three primary outcome measurements will be focused on across all programs: *cost*, *quality* and *access*.

To achieve these outcomes, the Commission has instituted a structural change. This change incorporates a new advisory committee model for all major program areas within the Commission. Modeled after the already successful Transportation Advisory Committee and the Health Steering Committee, the Commission developed, in FY07, advisory groups comprised of experts in the field to assist and advise on future funding by the Commission. These experts will also aid in determining outcomes by identifying key



**Federal Co-Chair  
George J. Canelos**



***Message from the Federal Co-Chair (continued)***

indicators and data sources for future evaluation and reporting processes. New advisory committees include: Economic Development, Training, Energy and Financial Management.

As reported by McDowell, the Commission has been effective at establishing a substantial quantity of badly needed infrastructure in rural Alaska and is widely regarded as essential for that purpose. To date, Commission-funded projects include:

- ▶ 160 completed energy projects
- ▶ 100 completed health projects
- ▶ 100 other completed infrastructure projects
- ▶ Employment training for more than 2,000 Alaskans

The work of the Denali Commission has resulted in improved access to healthcare for rural Alaskans, greater environmental safeguards around fuel storage, more efficient power generation, and a better-trained workforce than would have been the case in the absence of the Commission.

As reported by McDowell, a wide variety of tribal, non-profit and other service organizations around Alaska are stronger and more effective as a result of receiving Commission grants and partnering with the Commission in carrying out its programs. Thank you for your interest in this year's Annual Performance Report.

Sincerely,



George J. Canelos  
Federal Co-Chair  
February 2008





Annual Performance Report (APR)

*Overview of the Denali Commission*



**Overview of the Denali Commission**

**Overview of the Denali Commission**

In 1998, national attention was focused on the immense infrastructure and economic challenges faced by rural Alaskan communities by passing the Denali Commission Act. The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121).

The Denali Commission is an independent federal agency that acts as a regional commission focusing on the basic infrastructure needs of frontier Alaska. Working as a federal-state-local partnership, the Commission provides critical utilities, infrastructure and support for economic development in Alaska by delivering federal services in the most cost-effective manner possible. By creating the Commission, Congress intended for those involved in addressing the unique infrastructure and economic challenges faced by America’s most remote communities to work together in new ways to make a lasting difference.



**Commissioners:**

*(Seated Left to Right) - Karen Rehfeld, State Co-Chair, Director of the Office of Management & Budget - State of Alaska and George J. Cannelos, Federal Co-Chair*  
*(Standing Left to Right) - Kathie Wasserman, Executive Director - Alaska Municipal League, Richard Cattanaach, Executive Director - Associated General Contractors of Alaska, Vince Beltrami, Executive President - Alaska AFL-CIO, and Karen Perdue, Associate Vice-President for Health - University of Alaska*  
*(Not Pictured) - Julie Kitka, President - Alaska Federation of Natives*

**Purpose:**

- ▶ 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%).
- ▶ To promote rural development and provide power generation and transmission facilities, bulk fuel storage tanks, and other infrastructure needs.



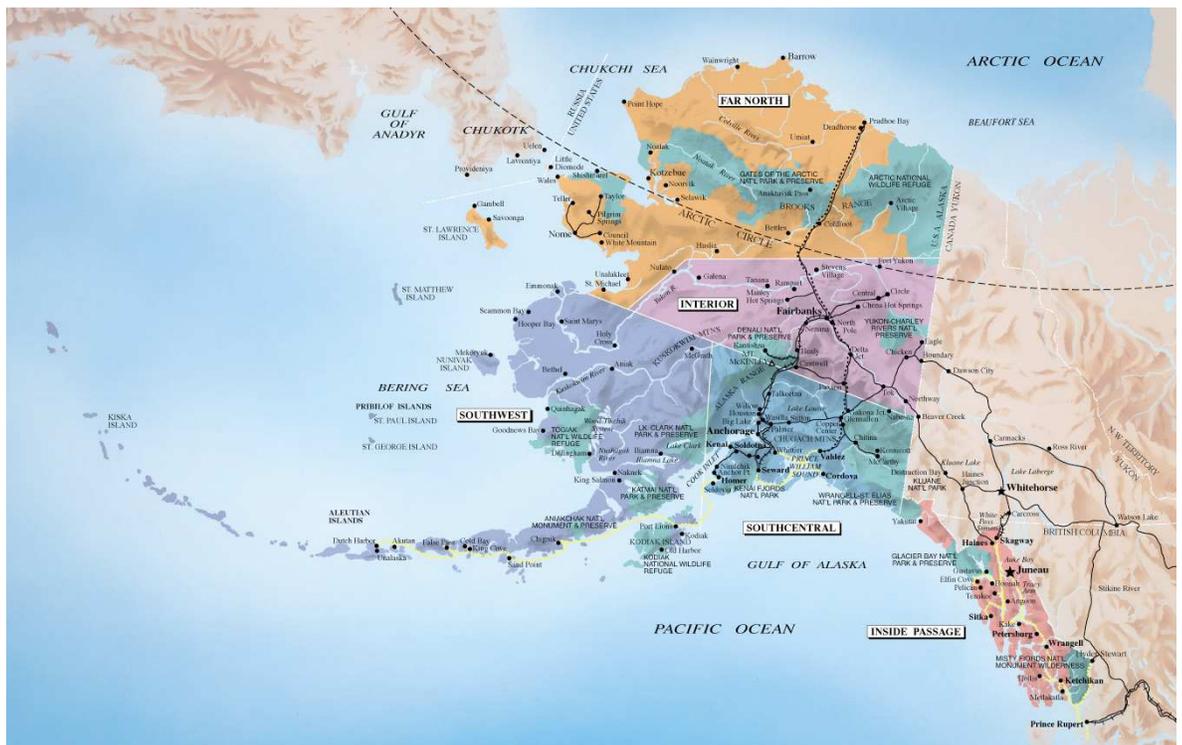
**Overview of the Denali Commission**

The Commission Act required that seven leading Alaskan policy makers form a team as the Denali Commission:

- ▶ Federal Co-Chair appointed by the U.S. Secretary of Commerce
- ▶ State Co-Chair who is the Governor of Alaska
- ▶ Executive President of the Alaska, American Federation of Labor and Congress of Industrial Organizations
- ▶ President of the Alaska Federation of Natives
- ▶ President of the Alaska Municipal League
- ▶ President of the Associated General Contractors of Alaska
- ▶ President of the University of Alaska

Commissioners meet at least twice a year to develop and monitor annual work plans that guide its activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations and partners to guide funding decisions. This approach helps provide basic services in the most cost-effective manner by moving the problem solving resources closer to the people best able to implement solutions.

The Commission is staffed by a small number of employees, together with additional personnel from partner organizations. The Commission relies upon a special network of federal, state, local, tribal and other organizations to successfully carry out its mission.



**Overview of the Denali Commission**

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**Work Plan**

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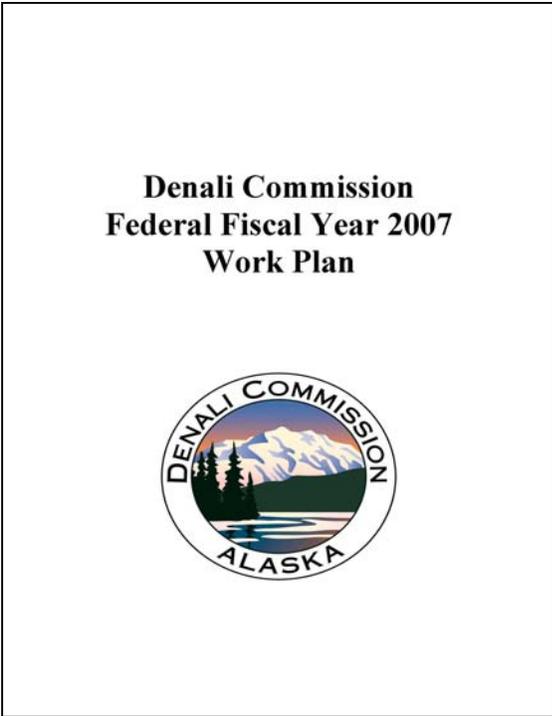
The Act outlines specific duties of the Commission primarily focused upon the development and implementation of an annual work plan. The Commission must develop an annual proposed work plan that solicits project proposals from local governments and other entities and organizations; and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the area covered under the work plan.

This proposed plan is submitted to the Federal Co-Chair for review who then publishes the work plan in the Federal Register, with notice and a 30 day opportunity for public comment.

The Federal Co-Chair takes into consideration the information, views, and comments received from interested parties through the public review and comment process, and consults with appropriate Federal officials in Alaska including but not limited to Bureau of Indian Affairs, the Department of Housing and Urban Development, Economic Development Administration, and USDA Rural Development.

The Federal Co-Chair then provides the plan to the Secretary of Commerce who issues the Commission a notice of approval, disapproval, or partial approval of the plan.

*See the Agency Financial Report, Appendix C: for the complete Denali Commission FY 07 Work Plan.*



**Overview of the Denali Commission**

**Vision and Mission of the Denali Commission**

**Vision**

Alaska will have a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure.

**Mission**

The Denali Commission will partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska’s basic infrastructure.

COMMISSION FUNDING SOURCES FY99-FY08



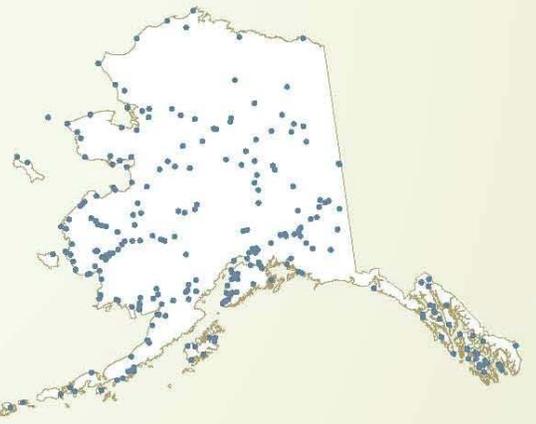
\* Estimated funding.



**Overview of the Denali Commission**

**Projects Completed and In Progress**

	<u>Complete</u>	<u>In Progress</u>	<u>In Planning</u>
Energy Facilities	158	78	56
Health Facilities	105	52	74
Training	2,000*		
Multi-Use Facilities	10	6	12
Washeterias	17**	7	
Solid Waste	28	11	
Elder Housing		19	
Teacher Housing	21	10	8
Domestic Violence	22		
Economic Development	252	40	
Transportation		60	



\* Total individuals as of 2005. Does not include those trained by our program partners. \*\* Funding for this program was discontinued in FY07.

This table was produced by the McDowell Group. In FY07 the McDowell Group conducted an independent evaluation of the Denali Commission’s activities providing an in-depth program and policy review. Major findings in this report conclude that the “Commission has facilitated and funded an impressive number of essential infrastructure projects in rural Alaska. The legacy programs in particular (Energy and Health) have been well-conceived and are effective” and the “Commission is widely viewed as an effective and necessary organization.” The Executive Summary of the McDowell Report is available as a downloadable pdf file on our website under Programs in the Government Coordination section under Program Documents. You can also request a copy of the report be mailed to you by calling 1-888-480-4321.



Annual Performance Report (APR)

*Summary of Performance Goals, Objectives and Results*



*Summary of Performance Goals, Objectives and Results*

**Summary of Performance Goals, Objectives and Results**

The Commission is staffed by a small number of employees, together with additional personnel from partner organizations. The Commission relies upon a special network of federal, state, local, tribal and other organizations to successfully carry out its mission.

Since inception in 1998, the Denali Commission programs have included:

- ▶ Energy
- ▶ Health
- ▶ Training
- ▶ Economic Development
- ▶ Transportation
- ▶ Government Coordination
- ▶ Solid Waste
- ▶ Multi-use Facilities
- ▶ Washeterias
- ▶ Elder Housing
- ▶ Teacher Housing
- ▶ Domestic Violence

Historically, Energy, Health and Training represent the largest investments of Commission funding.



*Bulk fuel farm in Buckland.*



*Wind tower in Toksook Bay.*

The remaining programs were either designated to the Commission by Congress or represent “emerging” programs, the potential of which is still being explored. Transportation, Government Coordination, and, to an extent, Economic Development fall into the last category.

The Denali Commission has been effective at establishing a substantial quantity of badly needed infrastructure in rural Alaska and is widely regarded as essential for that purpose.

For example, Commission-funded projects include:

- ▶ 160 completed energy projects
- ▶ 100 completed health projects
- ▶ 100 other completed infrastructure projects
- ▶ Employment training for more than 2,000 Alaskans

The work of the Denali Commission has resulted in improved access to healthcare for rural Alaskans, greater environmental safeguards around fuel storage, more efficient



Summary of Performance Goals, Objectives and Results



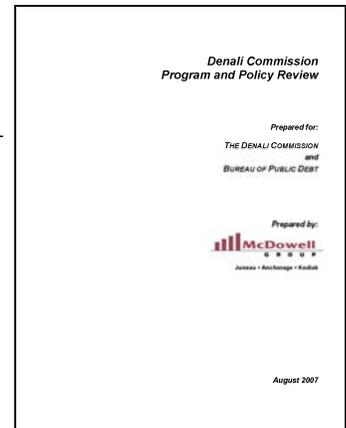
power generation, and a better-trained workforce than would have been the case in the absence of the Commission. (See Appendix B: for McDowell findings located at [www.denali.gov](http://www.denali.gov) under the Finance section.)

A wide variety of tribal, non-profit and other service organizations around Alaska are stronger and more effective as a result of receiving Commission grants and partnering with the Commission in carrying out its programs.

In FY 2007, in response to the independent program evaluation conducted for the Denali Commission by the McDowell Group (McDowell), the Commission's output and outcome measures and performance goals are under revision and development. The McDowell study included the evaluation of the Commission's infrastructure and training programs, and was designed to provide both qualitative and quantitative information regarding the success, effect and demonstrated outputs and outcomes of the Commission's programs and major federal investments in the state of Alaska.

In response to the evaluation, each of the Commission's programs, which includes the following: Health Facilities, Energy, Training, Transportation, Economic Development and Other Infrastructure, have developed outcome reporting systems that capture both outputs and outcomes. The Commission believes strongly, and the McDowell report confirmed, that discussion of the number and nature of projects completed (output measurements), along with more detailed discussion of the ef-

fect of these project completions (outcome measurements) are critical for demonstrating the Commission's success and explaining its unique and critical mission in Alaska.



Nilavena sub-regional clinic in Iliamna. Photo inset - new urgent care room in the clinic.



**Summary of Performance Goals, Objectives and Results**

The Commission is in the process of implementing three primary outcome measurements, across all programs, in the areas of *cost*, *quality* and *access*. These outcome measures, in coordination with the Commission’s strategic goals and objectives in the areas of physical infrastructure, acquiring skills and knowledge, providing access to financial and technical resources and enhancing and improving the delivery of services provides a holistic summary of both annual and long-range performance. The Commission has selected the three primary outcome measures of *cost*, *quality* and *access* as they can be applied consistently across both infrastructure and training and economic development programs, and are also uniquely designed to discuss the Commission’s work and accomplishments within Alaska.



*The Transportation Program provides funds for dust control in rural*

To achieve these outcomes, the Commission has instituted a structural change. This change incorporates a new advisory committee model for all major program areas within the Commission. Modeled after the already successful Transportation Advisory Committee and the Health Steering Committee, the Commission developed advisory

groups comprising of experts in the field to assist and advise on future funding by the Commission. New advisory Committees include:

- ▶ Economic Development Advisory Committee
- ▶ Training Advisory Committee
- ▶ Energy Advisory Committee
- ▶ Financial Management Advisory Committee

**Fiscal Year 2007 Programs Include:**

- ▶ Energy Program
- ▶ Health Facilities Program
- ▶ Training Program
- ▶ Transportation
- ▶ Solid Waste
- ▶ Teacher Housing
- ▶ Economic Development
- ▶ Government Coordination

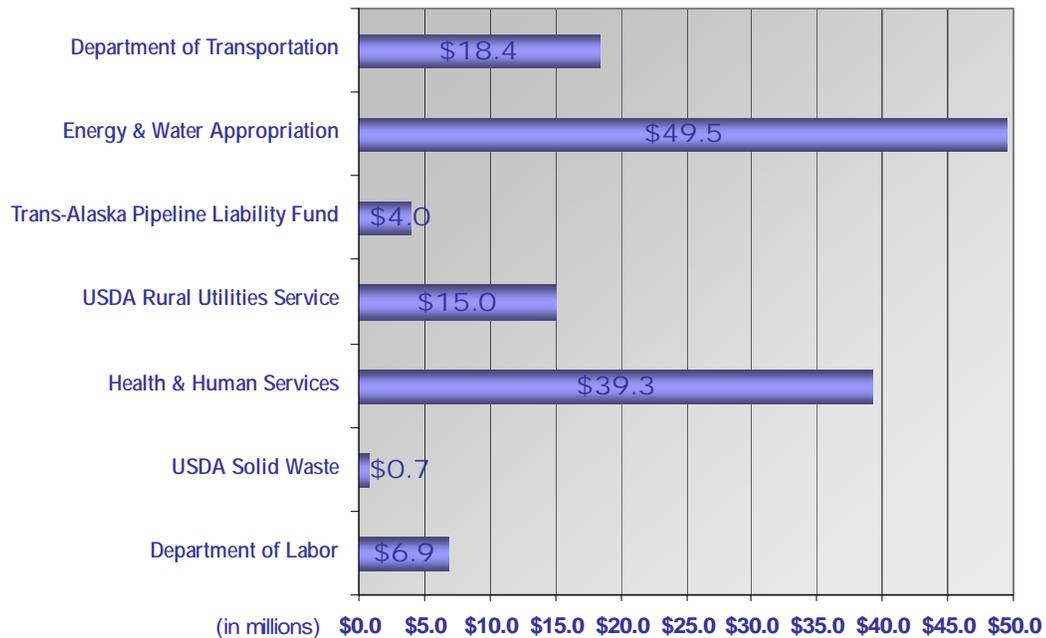


*Teacher housing in Scammon Bay.*



Summary of Performance Goals, Objectives and Results

Denali Commission Funding Sources FY07 (in millions)



As the Commission looks to FY08 the Commission will see all Advisory Committees fully implemented and acting on behalf of the Commission.

- ▶ Health Steering Committee
- ▶ Transportation Advisory Committee
- ▶ Economic Development Advisory Committee
- ▶ Training Advisory Committee
- ▶ Energy Advisory Committee
- ▶ Financial Management Advisory Committee

This is a significant change at the Commission and we look forward to positive outcomes with this new process in FY08.

FY08 also holds a significant milestone for the Commission. The Commission was created through Public Law 105-277 (The Omnibus Appropriations Bill for Fiscal Year 1999). This bill was signed into law by President Clinton on October 21, 1998 and October 21, 2008 marks the Denali Commission’s 10 Year Anniversary.

The Commission’s focus on the ten year anniversary will be evaluating what still needs to be done in the state of Alaska to bring rural Alaska to equal footing with other rural communities in the lower 48 states.



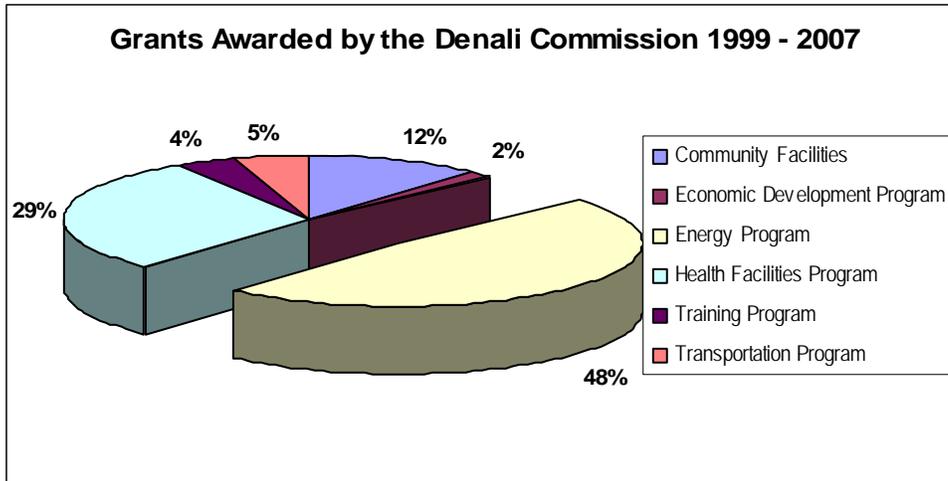


Annual Performance Report (APR)

*Program Overviews and Performance Reports*



**Program Overviews and Performance Reports**  
**Energy Program**



through a competitive process.

**Program Performance:**

The Energy Program achieved several critical outcomes and outputs. These include continued funding of design and construction of new bulk fuel tank farms, upgrades to community power generation systems and power distribution systems (considered the “legacy”

**Program Overview:**

Recognizing the critical role energy plays in the quality of life and economic development of Alaska’s communities, the Denali Commission has made energy its primary infrastructure theme since 1999. We’ve made great strides developing safe and reliable energy infrastructure in Alaska while minimizing expenses.

The Energy Program primarily funds design and construction of replacement bulk fuel storage facilities, upgrades to community power generation and distribution systems, and some energy cost reduction projects. The Commission works with the Alaska Energy Authority (AEA), Alaska Village Electric Cooperative (AVEC), Alaska Power Company (APC) and other partners to meet rural communities’ fuel storage and power generation needs. Since its inception, the Commission has provided over \$383 million in support of energy projects. In 2007, for the first time, the Commission set aside a portion of funding specifically for alternative energy projects: up to \$5 million was available

program component of the Commission’s Energy Program).

In summary:

- ▶ 85 communities have completed bulk fuel tank farms, 46 of which are in distressed communities
- ▶ 37 communities have completed rural power system upgrades (RPSUs), 23 of which are in distressed communities
- ▶ 64 “other” energy projects were completed, including: hydro electric, wind, and replacement of power cables)



## Program Overviews and Performance Reports Energy Program



- ▶ As of FY07 the Commission has dedicated \$386 million to energy projects
- ▶ The Commission undertook a data validation survey to evaluate success in completing projects on the bulk fuel “universe of need.”
- ▶ The Commission developed measures and outcomes for completed RPSU projects including:
  - ⇒ Increased generating efficiencies in villages - of the 37 communities with completed RPSU projects 24 communities showed improved generating efficiencies.
  - ⇒ Reduced gallons per HDD consumption over a period of time.
  - ⇒ Savings (in thousands of dollars) as a result of RPSU project completion. For example, in the village of Kasigluk, the Commission’s energy project resulted in a total savings over 24 months of \$158,391.
- ▶ The Commission, staff, energy interns and program partners advanced the Commission’s critical role in alternative/renewable energy as mandated by the Energy Policy Act of 2005.

### Energy Advisory Committee:

Seated left to right: Dick Cattanach; Dr. Buck Sharpton; Standing left to right: Vince Beltrami; Nels Anderson, Jr.; Not pictured: Dan Salmon; Eric Marchegiani, P.E.; Brad Reeve; Bob Martin.

- ⇒ The Commission published a Letter of Interest (LOI) for alternative/renewable projects across the State of Alaska. The responses included more than \$2 billion in requests, and are currently under review by the Energy Advisory Committee, the policy body that provides guidance and technical expertise to the Energy Program
- ▶ In partnership with major program partners the Commission provided high cost energy reduction grants and documented the following significant outcomes:
  - ⇒ One month of savings associated with 7 projects funded under the high cost energy reduction grant resulted in over \$12,000 in savings for the following villages: Mt. Village, Hooper Bay, Emmonak, Nunapitchuk, Togiak, Selawick, St. Marys. Mt. Village reported an average generating efficiency of 15.05 kilowatt/gallon at an average load of 272 kilowatt. In one month the village calculated a savings of \$4,200.



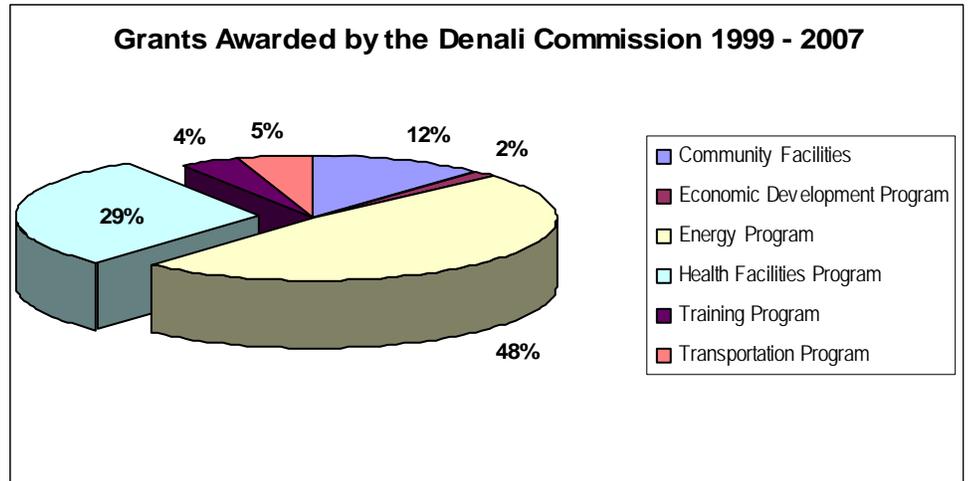
Chena Hot Springs Resort, near Fairbanks, Alaska, is the lowest temperature geothermal resource to be used for commercial power production in the world.



## Program Overviews and Performance Reports Health Facilities Program

### Program Overview:

Congress amended the Denali Commission Act in 1999 to provide for planning, constructing and equipping health facilities. Since then the Health Facilities Program has methodically invested in regional networks of primary care clinics across Alaska. Primary care clinics have remained a priority for the program. In 2003 additional program components were adopted in response to Congressional direction to fund a mix of other health and social service related facility needs. The Commission has adopted innovative additions to clinic design, including behavioral health and dental care. The Commission has expanded the program to include domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment and hospital designs.



The program utilizes a universe of need model for primary care and an annual selection process through the Health Steering Committee for other sub-program areas. In 1999 the program created a deficiency list for primary care clinics and found 288 communities statewide in need of clinic replacement, expansion and/or renovation. As of December 2007, 84 clinics have been completed (either new construction or renovation), 37 are in construction and 50 are in planning/design. Projects are recommended for funding if they have completed all necessary due diligence and demonstrate project readiness.

### Program Performance:

The Health Facilities Program achieved several key outputs and outcomes in 2007. These include continued funding of planning, design and construction of new and renovated primary care clinics, behavioral health facilities, domestic violence facilities, primary care in hospital projects and primary care equipment projects. In summary:



Program Manager Kathy Berzanske stands in front of the Buckland clinic which was funded by the Denali Commission.



## Program Overviews and Performance Reports Health Facilities Program



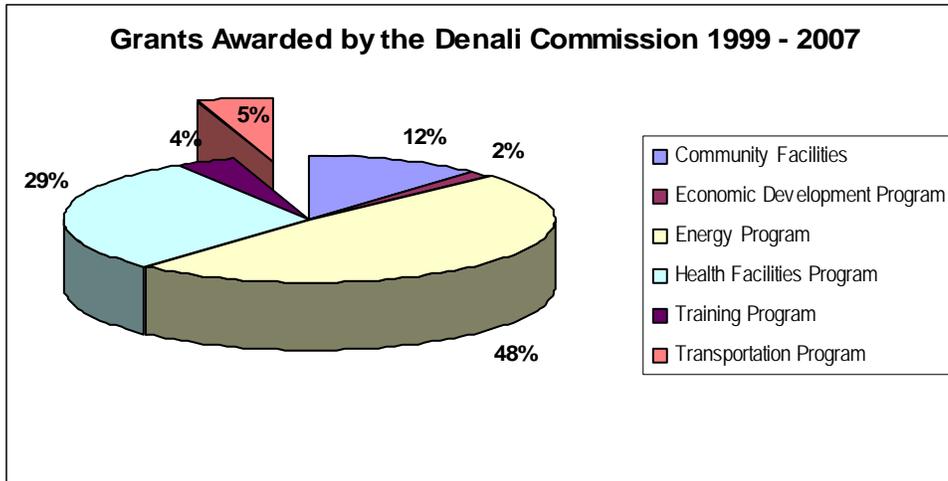
### Health Steering Committee:

Back row left to right: Jerry Fuller; Beverly Wooley; Karen Perdue; Kenneth Glifort; Front row left to right: Jeff Jessee; Bill Hogan; Marilyn Kasmar; Lincoln Bean. Not pictured: Don Kashevaroff; Rod Betit; Tom Coolidge; Rod Moline.

- ▶ The primary care clinic program has completed 95 projects, funded another 34 projects currently in construction and 48 projects in planning and design from a total clinic universe of need of 282 communities.
  - ⇒ An important outcome of this progression has resulted in the near completion of several of the primary care clinic needs in major regions of the State of Alaska including the Northwest.
- ▶ The domestic violence program has completed 20 projects and is undertaking other projects currently in construction from a total domestic violence program universe of need of 25 communities
- ▶ A total of 44 other health program projects are completed and 1 project is currently in progress
  - ⇒ This includes Commission funding of the design and construction of a residential psychiatric treatment center (RPTC), in partnership with the State of Alaska through the “Bring the Kids Home Initiative” which will result in the ability to bring a significant number of the approximately 500 youth under the age of 18 housed in out-of-state mental treatment facilities. Additionally, the project is being conducted in partnership with the Southcentral Foundation, a regional Alaska Native health organization which provides health services to Alaska Native and non-native beneficiaries. This partnership is critical as it will allow for the state to achieve 100% Medicaid reimbursement, a significant savings for Alaska and a way to successfully transition youth closer to their village of residence and birth.
- ▶ The business plan process was revised to include evaluation and update factors related to the cost of fuel, and erosion and relocation issues. These two issues pose significant challenges to many small communities and villages, as a result, and in correlation with the business plan update, the Commission has also undertaken an innovative Request for Proposals (RFP) for a new, small clinic design which will be both modular and relocatable, and may be used in very small villages as a meeting space, clinic space and community facility.
- ▶ The primary care program has continued to integrate behavioral health and dental space in clinics in the medium, large and sub regional size categories, ensuring that critical space is available for providers in remote locations. Many rural Alaska communities suffer from the highest per capita rate of dental and behavioral health issues in the country. Inclusion of these spaces in new clinics is a fundamental part of a successful treatment modality and model across Alaska.



**Program Overviews and Performance Reports**  
**Transportation Program**



The Denali Commission approved the first generation of road and waterfront development projects in May 2006. Now in its third year of operation, the program has over 80 projects underway.

**Program Performance:**

The Transportation Program achieved several critical outcomes and outputs. These include continued funding of design and construction of port and harbor and village road projects across the state of Alaska. The road program primarily targets basic road improvements in rural Alaska. It also looks at opportunities to connect rural communities to one another and the state highway system, and for opportunities to enhance rural economic development. The

**Program Overview:**

Led by then House Transportation Committee Chairman Congressman Don Young, on August 10, 2005, the President signed H.R. 3 - Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into law creating the Denali Commission's newest program, transportation. The Transportation Program has two primary elements: roads and waterfront development. The road program primarily targets basic road improvements in rural Alaska. It also looks at opportunities to connect rural communities to one another and the state highway system, and for opportunities to enhance rural economic development. The waterfront development program addresses port, harbor and other waterfront needs for rural communities. For example, the program has prioritized the design of site appropriate barge landing structures in several communities. These enhancements will result in improved efficiency for fuel and freight transfers and also may reduce instances of bank erosion.

*Looking downriver along the Bethel waterfront. The Denali Commission provided funding along with the local governments, the State of Alaska and the US Army Corps of Engineers to repair and improve this sheetpile dock face. The port facility is fully utilized throughout the short summer season to bring in fuel and freight, and to redistribute those products throughout the Kuskokwim River region.*

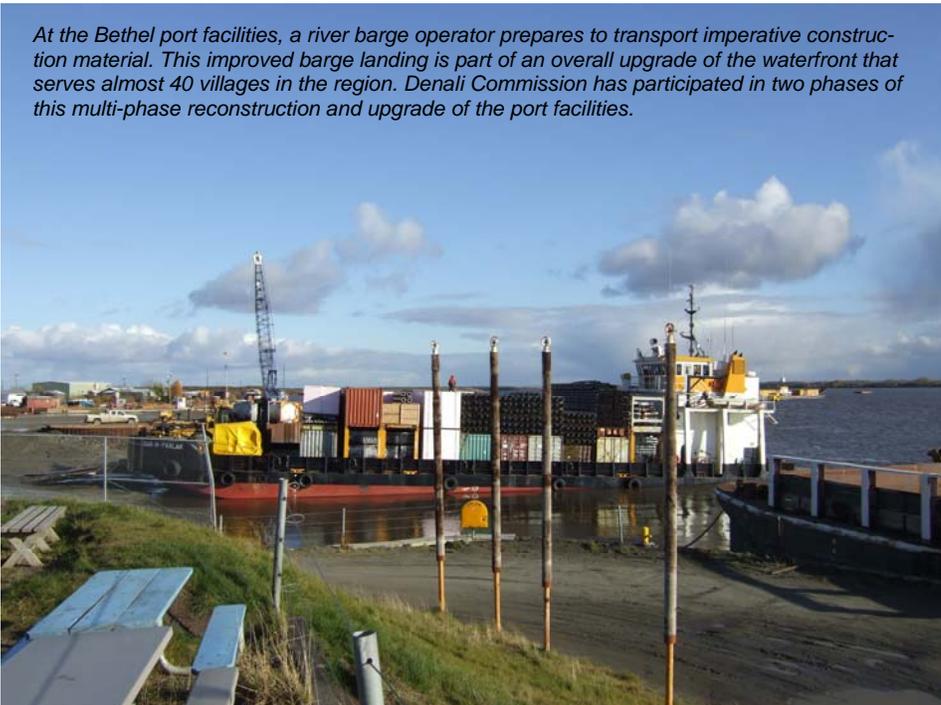


## Program Overviews and Performance Reports Transportation Program



waterfront development program addresses port, harbor and other waterfront needs for rural communities. In summary:

- ▶ The Transportation Program has continued to fund and develop, in partnership with the Corps of Engineers, the design of site appropriate barge landing structures in several communities across coastal and riverine parts of



*At the Bethel port facilities, a river barge operator prepares to transport imperative construction material. This improved barge landing is part of an overall upgrade of the waterfront that serves almost 40 villages in the region. Denali Commission has participated in two phases of this multi-phase reconstruction and upgrade of the port facilities.*

*Transportation Advisory Committee:  
Standing left to right: Norm Phillips; Chuck Pool; Ray Koonuk; Mike Hoffman. Seated left to right: Steve Ivanoff; Walter Sampson; Randy Romenesko. Not shown: Carvel Zimin, Jr.; Chuck Quinlan; George Cannelos.*

Alaska. These enhancements will result in improved efficiency for fuel and freight transfers and also may reduce instances of bank erosion.

- ▶ In three short years since the inception of the Transportation Program the Commission has over had 80 projects (both roads and waterfront development) underway.
- ▶ The Commission has funded a total of ~\$17 MM in waterfront and road projects in FY07 with a continued focus on dust abatement, road connection projects and economic development opportunities.

⇒ For example, Stevens Village, a small Athabascan village located in Alaska's Interior region, has elected, after much community discussion and debate to proceed with a reconnaissance engineering study with Commission Transportation funds. The study will result in development a preferred design route for connection of the village to the Dalton Highway, which will allow tribal members to return to Stevens Village, while still working in larger communities. The economic implications of connectivity are immense for the village and would not have been possible without a concerted community effort and funding from the Commission.

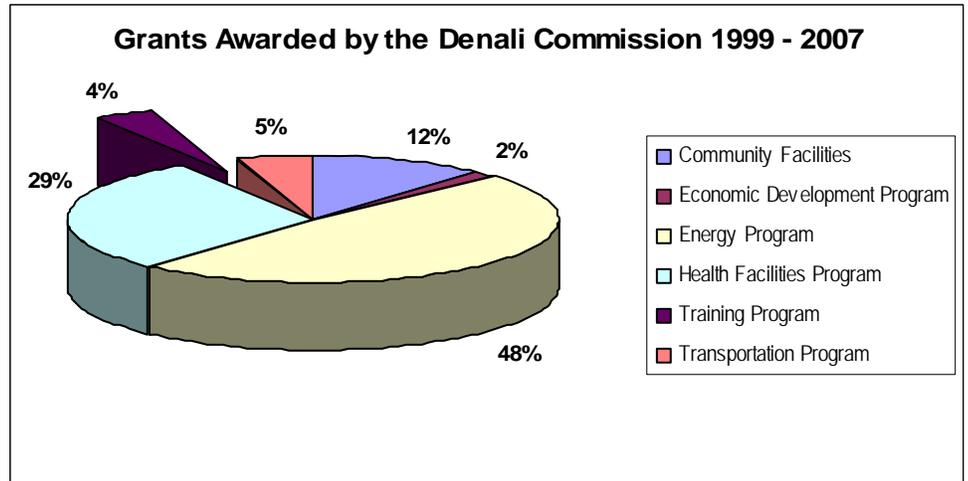


## Program Overviews and Performance Reports Training Program

### Program Overview:

The Denali Commission has placed job training at the center of its comprehensive plan for economic growth in Alaska. In just a few short years, the Commission has made significant strides in assisting rural communities with their workforce development needs. As the Commission funds projects for new clinics, roads, and tank farms, it also builds sustainability into those projects by providing training funds for local residents to maintain and operate the new facilities.

The Denali Commission training partners include the Associated General Contractors of Alaska, the University of Alaska, First Alaskans Institute, Alaska Works Partnership and the



Department of Labor and Workforce Development. Each of our partners provide high level training opportunities that support Commission investments in rural Alaska by providing training for careers related to Commission programs such as: Energy, Transportation, and Health Facilities. Mike Andrews, the Director of Alaska Works Partnership, Inc., stated the “Denali Commission training programs are the most effective

job training programs I know of. Hundreds of people living in rural and remote communities trained by Denali workforce programs are building skills, communities and personal incomes. Our research shows that Denali job training could be the best anti-poverty program in the nation.”

### Program Performance:

The Training Program achieved several critical outcomes and outputs. These include continued funding of workforce develop-



*Henry Smith, of Hooper Bay, and Nickefer Nick, of Bethel, work together to build a shed during the hands-on portion of their carpentry class.*



**Program Overviews and Performance Reports**  
**Training Program**



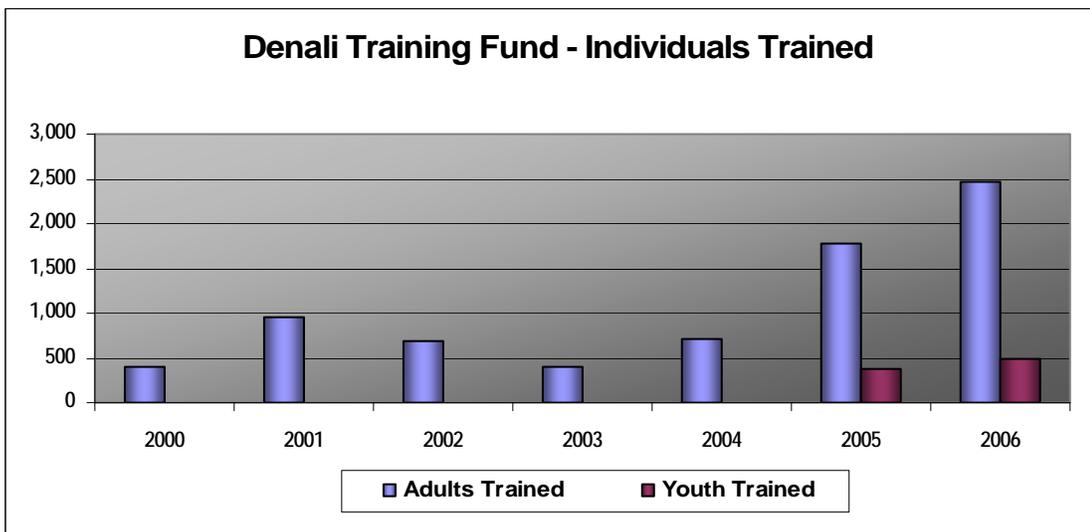
ment and job creation projects across the State of Alaska. In summary:

- ▶ The Commission, with the assistance of the Training Advisory Committee, identified the following Training Program Priorities:
  - ⇒ Construction, Operations and Maintenance Training of Denali Commission projects (to include health services and training related to allied health)

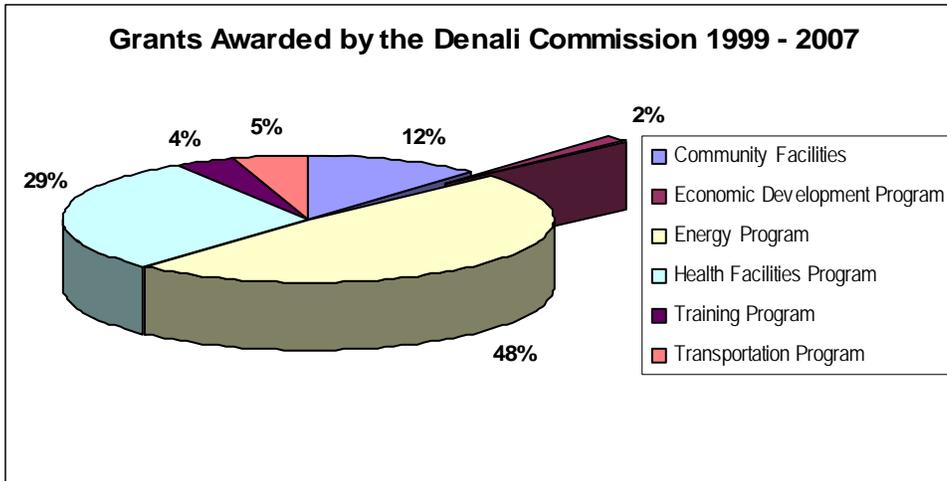
*Training Advisory Committee:*  
 Standing left to right: Click Bishop; Dick Cattanach; Wanetta Ayers. Seated left to right: Rose Heyano; Vince Beltrami; Bernice Joseph.

- ⇒ Management Training for Commission projects
- ⇒ Youth Initiatives
- ⇒ Construction, Operations and Maintenance Training of “Other Pubic Infrastructure”
- ▶ As a result the Commission’s Training Program, in coordination with program partners including the State of Alaska, Department of Labor, Associated General Contractors, the University of Alaska, First Alaskans Institute, and Alaska Works Partnerships, the program has continued to deliver high quality training initiatives and projects that result in job creation for Alaska residents
- ▶ Commission staff has worked in partnership with local and regional training partners to identify critical barriers to job training and has developed projects to respond to these needs on a regional basis.
  - ⇒ For example, many rural residents are unable to obtain drivers licenses’ (required for most construction jobs in villages) without traveling to regional “hubs” or cities such as Anchorage, Juneau or Fairbanks. Often,

this travel is cost prohibitive. Commission staff is working with the State of Alaska, Department of Administration, to try and resolve this challenge by providing approved proctors in regional centers and villages.  
 ⇒ Through 2006, a total of 8,263 individuals have been trained.



**Program Overviews and Performance Reports**  
**Economic Development Program**



The Initiative for Accelerated Infrastructure Development (IAID) creates new maps for communities around Alaska. IAID has completed mapping for nearly 100 Alaskan communities providing them with a necessary planning tool. The community mapping effort is becoming even more crucial in light of coastal erosion.

**Program Overview:**

The Commission firmly believes that sustainable economic development for Alaska’s rural communities will be generated in the private, commercial sector, not within government. To that end, the Commission supports the development of public infrastructure upon which the private sector creates jobs and wealth and helps ensure that good businesses and entrepreneurial ideas have a chance to become long-term, self-sustaining enterprises.

This year the Commission’s Economic Development Program supported the development of community profile maps upon which community planning and public infrastructure development can be based. The program also funded the State of Alaska mini-grant program, the Alaska Marketplace, and an important study conducted by First Alaskans Institute titled “Rural Development Performance Measures.” Through this study, First Alaskans Institute identified ways to measure the performance of development efforts in rural Alaska and provided key indicators for use by the Commission.

**Program Performance:**

- ▶ The Economic Development Program has been working diligently to re-craft its focus areas in augmenting the tremendous body of work that is in motion around the State of Alaska in strengthening and giving communities needed planning tools.
- ▶ During 2007, in partnership with the State of Alaska Department of Community and Regional Affairs, the Denali Commission funded a mini-grant program which had



## Program Overviews and Performance Reports Economic Development Program



*Economic Development Advisory Committee:  
Standing left to right: Barb Nickels; Sheri Burette; Wilfred “Boyuck” Ryan; Christi Bell; Berney Richert, Jr. Seated left to right: Joseph Austerman; Wanetta Ayers. Not pictured: Kathie Wasserman; Julie Kitka; Dr. Bruce Borup; Doug Ward.*

several small projects around the state to assist communities in capacity building and community planning efforts.

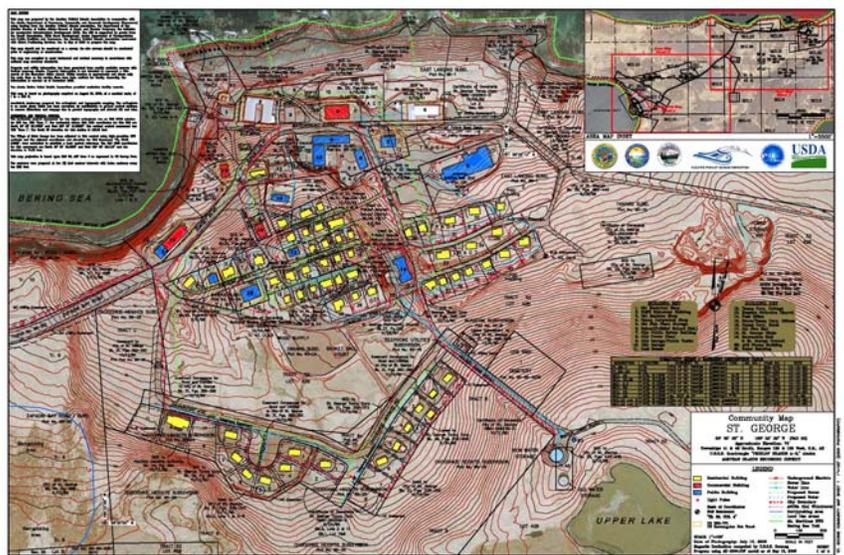
- ▶ Also, in partnership with the State of Alaska, the Commission funded the Initiative for Accelerated Infrastructure Development (IAID), an effort to map communities around rural Alaska. The community maps provide a much needed tool for future community strategic planning, especially in light of the concerns currently being faced by communities with coastal erosion issues. Communities do not want to make the mistake of locating critical infrastructure in harms way.

- ▶ During 2007 the Economic Development Program funded a study by First Alaskans Institute to identify ways to measure progress being made in Alaska rural development titled “Rural Development Performance Measures Project Report”. Key findings indicated measures should use a capabilities approach and should not be focused on com-

munity weaknesses instead, on strengths. Other findings, rural economies are complex and mixed between the traditional and the new; a focus must be made to determine the non-market activities to the overall economic well-being of a community.

- ▶ The overall focus of the Economic Development Program is moving towards building capacity in rural Alaska, or to come alongside communities and organizations to assist them in identifying their own unique strengths and weaknesses so that the Commission’s focus can be “How can the Denali Commission help?”.

*Many communities in Alaska either do not have a community profile map or the map that exists is outdated. Through the Denali Commission’s mapping program communities like St. George, shown here, can develop community maps that will help with future community planning efforts.*





Annual Performance Report (APR)

*Management and Performance Challenges Facing the Denali Commission*



## Management and Performance Challenges Facing the Denali Commission

### ALASKA IS A GEOGRAPHIC MARVEL

- ◆ 656,425 square miles (2 ½ the size of Texas)
- ◆ 3,000,000 lakes over 20 acres in size (compared with Minnesota's 10,000 lakes)
- ◆ 6,640 miles of coastline (longer than all other U.S. states combined)
- ◆ An estimated 10,000 glaciers (covering nearly 5% of the state)
- ◆ 80% of all active volcanoes in the U.S.
- ◆ 39 mountain ranges containing 17 of the 20 highest peaks in the U.S.

### Program Performance Evaluation and Reporting

The most significant gap in the Commission's performance is the lack of an agency wide systematic approach for evaluating and reporting the impacts of our programs and projects. To begin this process, the Denali Commission (through the Bureau of Public Debt) solicited proposals in 2006 from qualified firms nationwide to conduct the first overall evaluation of the Commission's work in Alaska. The McDowell Group completed this evaluation in August 2007.

A critical finding by McDowell noted, "the Commission's output performance indicators do not reflect the impact or "outcome" of the Commission's programs and policies on the sustainability of projects or the wellbeing of communities. With the exception of the Training Program, the Commission has not identified outcome performance measures." To that end, the Commission has made establishing an appropriate system of evaluation a top priority for FY08. Three primary outcome measurements will be focused on across all programs: cost, quality and access.

To achieve these outcomes, the Commission has instituted a structural change. This change incorporates a new advisory committee model for all major program areas within the Commission. Modeled after the already successful Transportation Advisory Committee and the Health Steering Commit-



tee, the Commission developed, in FY07, advisory groups comprised of experts in the field to assist and advise on future funding by the Commission. These experts will also aid in determining outcomes by identifying key indicators and data sources for future evaluation and reporting processes. New advisory committees include: Economic Development, Training, Energy and Financial Management.

### Ethics Regulation and Training

The Commission has been aggressively conducting ethics and public accountability training and will continue to do so.

With the help of the Office of Government Ethics, both the staff and Commissioners have participated in this important training process and will continue to make this a priority in years to come.



# Management and Performance Challenges Facing the Denali Commission

## Federal Financial Management Advisory Committee

The Commission is a pioneer among small independent federal agencies in establishing a Federal Financial Management Advisory Committee. Composed of three Commissioners and three nationally respected experts in federal financial management, this Committee advises the Federal Co-Chair and the Inspector General on agency-wide financial management issues.

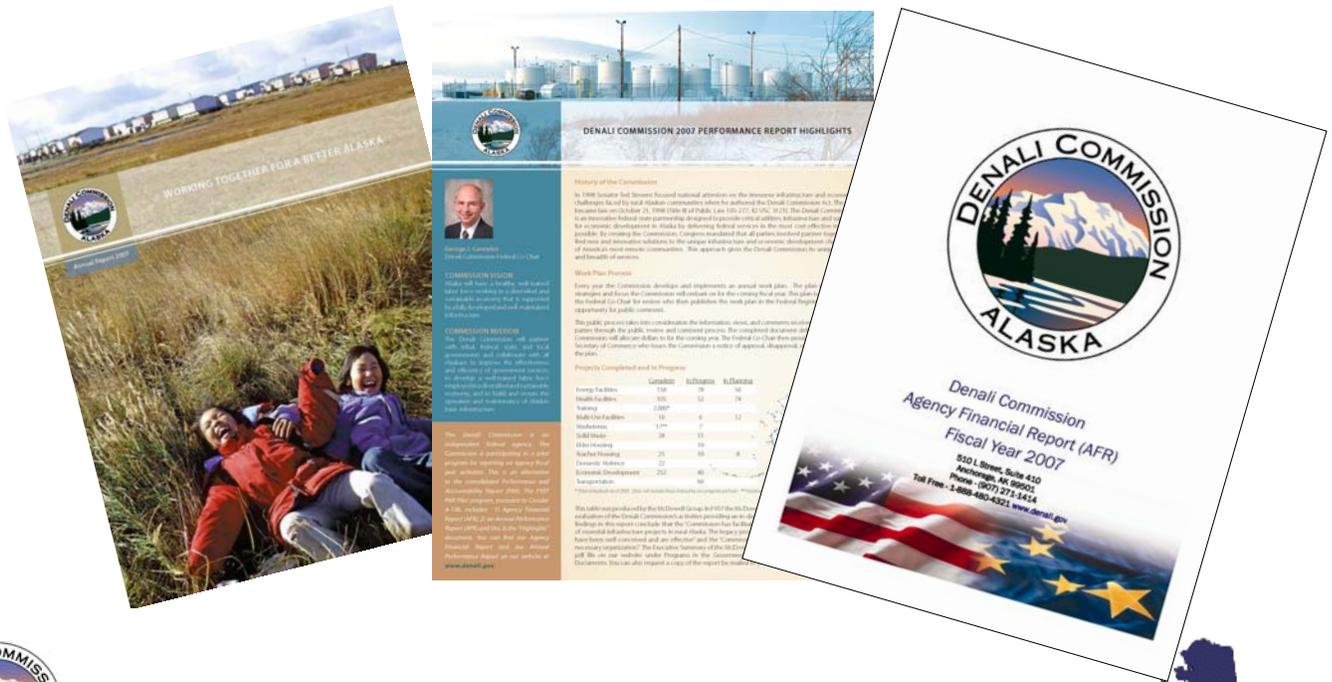
## Improved Performance Communication to the Public

The Denali Commission is proud to be participating in three volunteer initiatives related to the PAR: (1) OMB's PAR "pilot project" for user friendly reporting; (2) the CEAR review by an expert panel from the Association of Government Accountants (AGA); (3) the AGA "citizen centric" reporting project for succinctly briefing the public.

## Core Competencies

The great strides that have been made in the areas of replacing bulk fuel facilities, upgrading rural power plants and improving access to healthcare would likely not have happened without the strategic focus of the Denali Commission. These areas continue to form the core of our mission - improving conditions in rural Alaska and addressing these basic necessities in communities.

The spirit of innovation at the Commission has provided avenues for new ideas in addressing these needs. Ideas like an alternative-renewable energy focus. Alternative-renewable energy projects bring new innovative solutions to the energy crisis plaguing rural Alaska. For the first time ever, the Commission designated program dollars specific to alternative-renewable energy projects in FY07 and will continue to encourage innovation in meeting these growing needs in the years to come.





Annual Performance Report (APR)

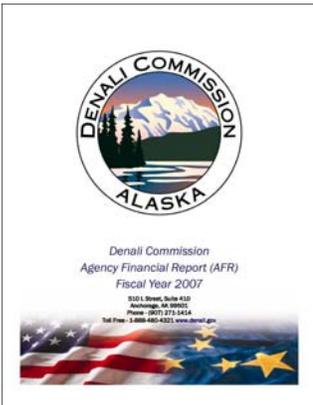
*Additional Information*  
*Appendix A:*



**Appendix A: Additional Information is Available**



The Denali Commission is an independent federal agency. The Commission is participating in a pilot program for reporting on agency fiscal year activities. This is an alternative to the consolidated Performance and Accountability Report (PAR). The FY07 PAR Pilot program, pursuant to Circular A-136, includes: 1) Agency Financial Report (AFR), 2) an Annual Performance Report (APR) and 3) the "Highlights" document. You can find our Agency Financial Report, Annual Performance Report and our Highlights on our website under the Finance section at [www.denali.gov](http://www.denali.gov).

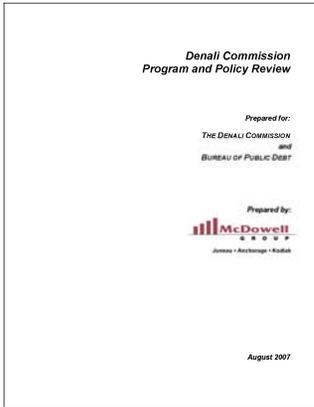


The Denali Commission's FY07 Annual Report is available both online and can be mailed upon request. This report gives an overview of current programs, program funding and current activities. This document is also located on our website under the Resource Center section at [www.denali.gov](http://www.denali.gov) or by contacting the Denali Commission offices at 907-271-1414 or toll free at 888-480-4321.

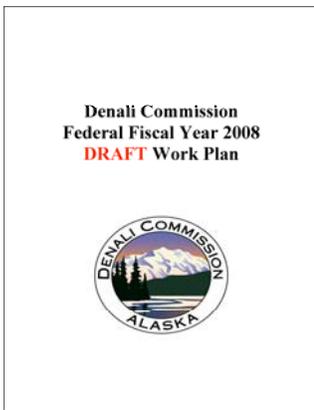
Denali Commission  
510 L Street, Suite 410  
Anchorage, AK 99501



Appendix A: Additional Information is Available



The Denali Commission Program and Policy and Review is available by request. Please contact the Denali Commission offices at 907-271-1414 or toll free at 888-480-4321. The Executive Summary of this report is available on our website at [www.denali.gov](http://www.denali.gov) under the Finance section, Appendix A of the Agency Financial Report.



The Denali Commission's FY07 Work Plan is available online. The plan can be found on our website at [www.denali.gov](http://www.denali.gov) under the Finance section, Appendix C of the Agency Financial Report.



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